

**NEW INTERNATIONAL TRADE CROSSING (NITC) AGREEMENT**  
**Overview**  
**June 15, 2012**

**Key Points**

- The interlocal agreement signed by Gov. Rick Snyder and Canadian officials is a milestone in Michigan's reinvention. It positions our state to successfully compete in the global economy while ***protecting taxpayers from shouldering any of the NITC's costs.***
- This is "relentless positive action" at its finest. The agreement is the result of collaboration with our international neighbor, all levels of government, the private sector and labor. It shows what we can do when we work together to achieve common goals.
- The NITC is vital to enhancing Michigan's economic strength and security. Building a modern bridge between Detroit and Windsor will move our state forward by:
  - ▶ Creating a demand for 10,000 jobs related to the NITC project.
  - ▶ Opening new global markets for farmers, entrepreneurs and manufacturers across our entire state.
  - ▶ Allowing Michigan to maximize federal matching funds for use on highway projects across the state.
  - ▶ Providing additional capacity to meet long-term demands as the economy grows.
  - ▶ Minimizing the likelihood of an economic disaster should the other crossings sustain a lengthy shutdown.
  - ▶ Attracting new investment to Michigan.
  - ▶ Reducing costs to job providers, especially the auto industry. Estimates show that border regulations and delays now add significant costs to vehicle production.
  - ▶ Providing a direct connection between I-75 in Michigan and Highway 401 in Canada, reducing the amount of truck traffic that goes through residential communities.
  - ▶ Helping to establish southeast Michigan as a global transportation hub.
- The agreement allows for the creation of an International Authority to oversee the letting of bids to privately design, develop, finance, construct and operate the NITC.
- No tolls will be charged in Michigan for use of the bridge. Canada will charge tolls, which will reimburse the Canadian government for the funds it advances related to the NITC. Canada also will pay all costs required for land acquisition in Michigan and Canada.
- The NITC will not put existing border crossings out of business. Its additional capacity and strategic location will complement existing crossings. In fact, our growing economy demands that Michigan's current bridges and tunnel remain viable.
- The governor's authority to enter into this agreement is granted by the Legislature under the state Urban Cooperation Act as well as by Michigan's Constitution.

### **Agreement Highlights**

- The Crossing Agreement provides that Canada, through a Canadian entity to be created called the Crossing Authority, will be responsible for the design, construction, finance, operation and maintenance of the NITC.
- Signing the agreement on behalf of Michigan are Gov. Snyder, the MDOT director and the president of the Michigan Strategic Fund. Signing on behalf of Canada are Transport Minister Denis Lebel and a representative of the Crossing Authority.
- Michigan will ***not be obligated to pay*** any of the costs of the NITC and no state appropriation will be required.
- Actual design, construction, operation and maintenance of the NITC will be done by a ***private entity*** through a 40-50 year public-private partnership agreement (P-3 Agreement) between the Crossing Authority and the private entity as concessionaire.
- Canada will make annual “availability payments” to the concessionaire to pay for the costs of financing the design and construction of the NITC and for the on-going operation and maintenance expenses during the terms of the P-3 agreement.
- The government of Canada will also pay all costs of required land acquisition in Canada and in Michigan and will also pay for the construction of the interchange to connect the NITC to I-75. No tolls will be charged in Michigan for the use of the NITC. Canada will charge tolls in Canada for use of the bridge.
- Toll revenues received by Canada will be used to reimburse the government of Canada for its advances of funds for costs related to the NITC and for its annual availability payments to the concessionaire.
- Canada’s expenditure of up to \$550 million will be eligible as matching funds for U.S. federal aid for Michigan highway projects.
- An International Authority will be established with three members appointed by Michigan and three members appointed by Canada.
- The International Authority will oversee the competitive procurement process to select the concessionaire. It must approve the forms of the Request for Qualification (RFQ), the Requests for Proposals (RFP), the winning proposal and the P-3 agreement.
- The International Authority will oversee compliance by the Crossing Authority with the terms of the crossing agreement and compliance by the concessionaire with the terms of the P-3 Agreement, both before and after the opening of the NITC.
- The RFP and the P-3 Agreement must contain provisions for a community benefits plan and for the involvement of the affected communities in both Michigan and Canada.
- Effectiveness of the crossing agreement is subject to approval of the U.S. Secretary of State, in accordance with the provisions of Article I, Section 10 of the U.S. Constitution and federal laws implementing those provisions.
- No state or local entity in Michigan will be obligated to make any availability payments or any other payments to the concessionaire or to any third party in connection with the design, construction, operation and maintenance of the NITC.

### **Bridge Cost**

- Construction cost of the bridge itself is estimated at \$950 million. The cost will be paid for by the private concessionaire and will be repaid by Canada through tolls.

### **Next Steps**

- All environmental clearances in the U.S. and Canada have been received. However, the following permits must be secured:
  - ▶ A “presidential permit” must be issued by the U.S. State Department before the NITC agreement becomes effective. Presidential permits are required under the U.S. Constitution for the construction, connection, operation or maintenance of certain facilities at U.S. borders with Canada and Mexico. This requirement applies to all new border crossings and to all substantial modifications of existing international crossings.
  - ▶ A U.S. Coast Guard permit to construct a bridge in navigable waters.
- Land acquisition must be initiated.

### **Statistics**

- Canada is Michigan’s largest trading partner. In 2011, Michigan/Canada trade totaled \$70.2 billion. That’s 11.7 percent of the total U.S. trade with Canada.
- In March 2012, Michigan once again led all states in surface trade with Canada, at \$6.3 billion in two-way trade. That’s a 3 percent increase from March 2011.
- About 237,000 Michigan jobs depend on Michigan-Canada trade. That’s 1 in 8 jobs in southeast Michigan and 1 in 7 jobs in west Michigan.
- The existing bridge between Detroit-Windsor is the busiest trade crossing on the U.S. – Canada border.
- The Detroit-Windsor crossing is the No. 1 traffic bottleneck in the entire Pan-American freeway system.
- On the Canadian side of the border, the existing bridge empties more than 8,000 trucks a weekday into an area surrounded by the University of Windsor and a residential community.

**END**