

Michigan Department of Transportation
Status Update – Continental Rail Gateway Project
PA 252 of 2014 Section 1006(3)
November 6, 2014

Sec. 1006. (1) From the funds appropriated in part 1, there is appropriated to the department \$10,000,000.00 for the purposes of facilitating the construction of a new rail tunnel crossing of the Detroit River between the city of Detroit and Windsor, Ontario, Canada, referenced in the balance of this section as "the project".

(2) The department shall not expend any funds from the appropriation in subsection (1) until the following conditions are met:

(a) The project has obtained all necessary environmental and cross-border crossing permits from the governments of Canada and the United States.

(b) The project is included in the long-range transportation plan of the southeast Michigan council of governments.

(c) The department is satisfied that the project will accommodate not fewer than 400,000 rail cars per year.

(d) The department is satisfied that the project will be available for use by all rail companies.

(e) The department is satisfied that all approvals necessary for the completion of the project have been secured.

(3) On November 10, 2014, the department shall provide a status update to the house and senate transportation appropriations subcommittees and the house and senate fiscal agencies.

Funding Status

MDOT has not expended any funds or entered into any contracts regarding the Continental Rail Gateway Project and will not do so until the conditions outlined in 2014 PA252 have been met.

Background

The Continental Rail Gateway (CRG) project is an infrastructure project of national and regional significance. It will provide immediate state and national economic stimulus, while also supporting long-term growth and stability in global trade and travel to and from the region. The construction of this replacement high-clearance rail tunnel linking Detroit, Michigan and Windsor, Ontario will accommodate domestic double-stacked 9'6" containers, which cannot fit in the existing 100-year-old tunnel.

The project will have direct benefits to both the Detroit Intermodal Freight Terminal (DIFT) project and cross-border passenger rail service between Michigan and Ontario.

Project Status

- Preliminary engineering for the project has been completed.
- All required approvals have been obtained with the exception of the Canadian International Bridges and Tunnels Act (IBTA) approval and the U.S. Presidential Permit, neither of which can be sought until full project funding is in place.
- Discussions have begun to include the project in the SEMCOG Long Range Plan; approval to add the project is anticipated in March 2015.
- Issuance of an RFP/RFQ for construction is expected in early-to-mid 2015.

Project Funding

The total cost of the project is estimated to be \$400 million. The Detroit River Tunnel Partnership, consisting of Borealis and CP Rail, has committed to providing \$200 million. As noted above, Michigan has appropriated \$10 million. The CRG is working with the U.S. Federal Railroad Administration to explore the feasibility of a Railroad Rehabilitation & Improvement Financing (RRIF) loan to cover the \$190 million balance of the project. Meanwhile, CRG will continue to seek out grant monies from the Canadian and U.S. Federal governments (i.e. TIGER), to reduce the amount borrowed.