

M-1 Rail
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Chairman
Roger S. Penske

President & CEO
Matthew P. Cullen

The Honorable Rick Snyder
Governor of Michigan
P.O. Box 30013
Lansing, MI 48909

The Honorable Dave Bing
Mayor
The City of Detroit
Coleman A. Young Municipal Center
Detroit, MI 48226

Dear Governor Snyder and Mayor Bing,

Thank you for your commitment to investing in transportation infrastructure in Detroit and across Michigan in order to improve the quality of life, spur economic development and enhance our economic competitiveness. We value your leadership and partnership in this area, as in so many others.

Having been involved in the effort to deliver rail transit to the Woodward Corridor for over four years, we are as sensitive as any party to the financial challenges facing the 9.3 mile Woodward Corridor LRT project as a result of the broader financial challenges facing the City of Detroit. We also fully share the commitment to regional transit and believe that regional Bus Rapid Transit (BRT) is an important mobility solution and predicate for a regional transit authority.

We believe, however, that it remains possible to achieve a rail circulator project that can have incredibly significant economic development and mobility impacts in Downtown Detroit *as well as* the regional Bus Rapid Transit project. We believe that we can have a win-win – and avoid the reality and perception of loss that would follow the cancellation of the Woodward Avenue rail project. Most importantly, we ask for your leadership in ensuring that such a possibility is given every consideration before a final consensus is reached that would leave unfulfilled the promise of light rail on Woodward Avenue that we have all stood behind, leave unused all the work that has come to date, leave on the table \$100 million in private and philanthropic investment, and leave to the next generation the prospect of rail transit on Woodward Avenue.

As currently planned, the first and original 3.4 mile phase of the Woodward Corridor rail project can be completed at a cost of approximately \$225 million – and likely less with value engineering. At a 60/40 cost share, the federal New Starts commitment to such a project would be \$135 million. Combined with the \$25 million TIGER grant and \$100 million in M-1 Rail contributions for a total of \$260 million, there is sufficient funding to pay for the capital cost of the project *and* operating expenses as part of a regional authority or until an authority is created. With such a viable financial plan in place, it is our understanding that this project could readily enter the New Starts program. With the NEPA process already complete for the 3.4 mile phase, it is also our understanding that the project could move relatively expeditiously through the New Starts process. The prospects of a successful rail project would seem to be well within reach.

The benefits of this project would be substantial on every dimension. The private and philanthropic sector came together to invest \$100 million – without desire for return – in this 3.4 mile phase because of what it would mean for economic development, revitalization, mobility and transformation in Downtown Detroit. We see every reason it would be a complement to a regional BRT network – not in that riders would transfer from a BRT to the rail for the final 3.4 miles into Downtown, but in that it would spur and support a revitalized, livable, walkable, vibrant Downtown where businesses want to invest, people want to live, and retail wants to locate. On the other hand, should the Woodward Corridor LRT project be

terminated in its entirety, we can only presume that the sense of disappointment and even disillusionment would be acute.

As significantly, it appears that moving forward with the 3.4 mile rail project would be complementary to the BRT proposal from a timing perspective. Despite an assured intention to expedite the BRT project, the fact remains it is but a concept, and that it must begin at stage one of a long and multi-stage process. As we understand it, before the project could even enter the New Starts program, it would have to complete an Alternatives Analysis and – more significantly – the regional transit authority would have to be in place for there to be the viable capital plan that is required. Even then, the environmental process must be completed on approximately 80 miles of BRT. This must entail a multi-year timeframe. On the other hand, all of these steps are already complete for the 3.4 mile rail circulator.

Detroit is at a critical juncture. The need for a powerful catalyst to spur investment, attract new residents and businesses and help restore the City's tax base is urgent. We thus ask that you consider the possibility of Detroit getting to work now on a rail circulator that means so much for mobility and development Downtown – all while the necessary work is ongoing to prepare a regional BRT system for New Starts funding. The region could then apply for New Starts funds for the BRT system when ready in the future. As we understand it, cities across the country including Houston, Salt Lake City, Denver, Portland, Seattle, San Francisco and New York City have all moved forward successfully with multiple New Starts projects either at the same time or with relatively short periods between them. And the BRT project – when ready – would presumably have the combined weight of all of Southeastern Michigan behind it.

We do not want to give the impression of presupposing anything, or to suggest that there are not flaws or failures in this proposal that we have not considered. But we are asking that you and your team help to ensure that it receives every consideration before a final consensus is reached. This is a very significant decision. We have all put a great deal into the Woodward Corridor project on the belief that it would be transformational for the City of Detroit and region. We have given rise to that same conviction and commitment among others. We should not walk away from it without having every confidence it is the right and necessary decision.

Sincere Regards,



Roger Penske
Chairman, M-1 Rail



Dan Gilbert
Vice Chairman, M-1 Rail



Matt Cullen
CEO, M-1 Rail



Richard Rapson
President and Chief Executive Officer
The Kresge Foundation

Cc: The Honorable Ray La Hood
The Honorable Peter Rogoff