

# Testimony: DRIC ‘Study’

Charles Perricone, *Former Speaker of the MI House*

Chairman Gilbert, Chairman LaJoy, Committee Members...it is an honor to be here.

It would be difficult to overstate the economic importance of this topic...and that is why I’ve chosen to visit you today. I believe these hearings are historic.

First, a bit of background: one of my last official duties as Speaker fo the House was to serve as ‘Host’ for the Council of State Government’s National Conference in the Detroit/Windsor corridor. It was during that Conference that we announced the Province of Ontario’s membership in CSG. With over 1,000 participants crossing the river, it truly was an international affair.

After leaving office, I was invited to work with a trade advocate based in Canada. In fact, I served as President until learning that the group’s finances and accounting had been taken ‘in house’ by a Canadian Corporation looking to build a particular border crossing.

My point in sharing this with you: I have a passion for this international trade corridor. To me, it’s not just a crossing; it’s very much a *bridge* conveying *people* as well as goods and services. The proximity of our two cultures is fascinating. How can so much be so different across such a narrow river?

A couple of years ago I began to hear of ‘the DRIC’. My interest piqued, I asked a lot of questions...and I didn’t like the answers. My significant interaction with experts on this topic—and the perspective I gained from listening—enabled me to recognize fundamental problems. The assumptions and the approach to this report too often conflict, dismiss simple logistics or ignore the facts.

As leaders, this matters because this state’s—and this country’s—economic future depend upon your legislative actions.

First, we should step back and take stock of the big picture here. In this case, there is a particular crossing—the Ambassador Bridge—that already exists and has a clear and compelling story. But I wish to stress that from my perspective, the issue of our Border transcends any particular venue.

This bridge could have been a suspended bike path, a tunnel or even a ferry service. But it’s not; it happens to be a bridge. And for a public servant, what matters are the facts...and this particular crossing has a longer track record than anyone else sitting in this room.

The facts are as follows:

1. This venue has been in operation for nearly seven decades. That’s a long time.
2. This particular crossing has had no shutdowns save for 9/11.
3. This asset is—by all accounts—regularly and well maintained.
4. Ownership plows revenues back into maintenance, security and improvements.
5. Federal, state and local governments have planned, approved and invested in its expansion

What’s even more compelling is what has NOT been an issue over the course of these Hearings:

1. The cost of crossing this bridge. It hasn’t come up. If it were a problem, you’d have heard about it loud and clear.

2. Traffic flow today. There have been no pictures...no testimony involving 'waits'. MDOT stated in the very first Hearing that their own projections—and they referenced more than one—indicated that there was no need for a new venue until 2030 to 2035. Last year a Windsor-based business group stated that, 'no compelling business case could be made to build another crossing'.
3. Security. Not a single complaint or concern raised.
4. Access to this bridge. It is connected to not one, not two, but three distinct highways.

So why are we here? Unfortunately for the same reason you find yourselves having to intervene in so many other time-consuming issues: money.

This bridge is owned by a corporation and your government wants to own it. It's really that simple.

This drive for ownership didn't start with the DRIC; it started with the Blue water Bridge. Hundreds of millions of dollars have been spent in an attempt to redirect traffic from a privately-held bridge with a proven track record...to their own.

However there was—and is—a problem: commerce is like water in that it seeks its own level. The fact is, the Detroit/Windsor crossing—even without a direct connection to a highway on the other side—is faster and therefore cheaper for truckers than the Port Huron/Sarnia crossing. The fact is, the population of both Michigan and Ontario is clustered around the Detroit/Windsor crossing...not further north.

To accelerate the shift in traffic to the BWB, our own governments advocated, planned and then constructed a twin span complete with its own plaza. But traffic count is still lower than the day it was built. In fact, in their rush to complete this expansion, the plaza was so poorly conceived that taxpayers are now forced to spend well over \$300M to fix it less than 10 years after initial construction...and with less traffic passing through it than on the day it opened.

Regardless of which side of the border you're on, bureaucrats administer but the officials elected to serve have to answer for their administration. If I may, I'd like to list the most egregious problems this study—and the process utilized by our own Executive Branch in managing it—has and will create for you and your constituents:

### **First, the issue of 'integrity'**

For many years—and at a cost of over \$150M TAX dollars—the departments administering this study also approved, planned and constructed improvements w/ the intent of twinning the Ambassador Bridge.

There were no notable public objections. However, these same state and federal agencies blessing those plans and expenditures now ask that you simply walk away.

How can this action be explained to taxpayers anywhere, let alone here in Michigan given the challenges we currently face? How will you as Legislators explain this about-turn to your constituents?

Were the years of approvals, planning and spending of tax dollars all a mistake? This process that built upon itself for years...if the decisions were so flawed, where was the Governor and Legislature on this?

Then there is the issue of "where do they think they're going from here?" Federal agencies such as the Coast Guard do not grant permits without first having the local governments issue their own. Detroit's City Council can only act upon actions initiated by the Mayor...and the Mayor opposes relocation. Therefore, what leads anyone to believe required federal permits would be forthcoming?

The fact is that what made sense yesterday still makes sense. The Bridge has the required permits. Their record of service is such that they've already been told that no further federal permits are necessary. This public-private partnership saved taxpayers millions of dollars and achieved economies of scale. Why subject yesterday's reasoning to ridicule by allowing this bureaucratic about-face today?

### **Second, the issue of a 'fair and open process'**

It is my understanding that Mayor Kilpatrick—the Mayor of Michigan's largest city—was never consulted by our own government in this process.

It should come as no surprise, then, that he declined to attend the public meetings advocating a plan he did not support and for which he was never consulted. As a general rule Legislators wouldn't, either.

But of even more interest is MDOT's own testimony regarding our Northern neighbor's role. You were told that it was at the request of Canadian interests that the Ambassador Bridge be removed from consideration. This is a troubling public-policy precedent for many reasons:

- Foreign concerns have apparently 'trumped' Michigan interests
- MDOT has apparently placed concerns re: Windsor ahead of Mayor Kilpatrick's requests
- Windsor declined to expend funds appropriated by its own government for its end of the bridge...
- while our government proposes abandoning our own past planning and investments

This doesn't pass the smell test.

On a personal note, I also wish to raise the issue of communication between the Legislature and MDOT. I've been told by more than one of you that while you asked a number of questions—many in writing—the department was slow to respond...if they responded at all. In the eyes of the public you serve, that is, of course, unacceptable.

The fact that you had to schedule these Hearings to secure answers to basic and reasonable questions is NOT indicative of a 'fair and open process'.

### **Third, the issue of cost**

When this story breaks in the press—and it will—this issue will be the headline because it's the easiest to understand. Taxpayers have two options:

- a) a \$400M private expenditure that generates a \$2B unrestricted match for MI roads, or
- b) At least \$1.5B in taxpayer funds to build ½ a bridge and recreate all the requisite infrastructure

You and I both know the taxpayers would expect you to choose 'Door #1', but government wants to own a bridge so they're pushing hard for 'Door #2'. Where are they going to be the money? Federal tax dollars? From what I understand those are almost as hard to come by as state tax dollars.

The ultimate irony is this: MDOT is supposed to be responsible for the maintenance of our roads and bridges. Every survey done over the last 10 years says the same thing: the condition of Michigan's roads and bridges is deplorable and has hurt us economically.

Why would the department that is supposed to care more about our roads than any one of us be so comfortable walking away from a \$2B unrestricted match?

I know they want a bridge, but your constituents want their roads fixed. With revenue sharing down, local governments can't fix what they used to. Those matching funds are needed...right now. Calling for another bond is easy...working to secure a \$2B match for our roads is leadership.

Of course, there's more to it than this. Any new site will require starting from scratch with studies, zoning and permitting. That takes years and the underlying uncertainty is extremely disruptive to all involved. But that's not the worst of it: any other site will also require condemnation.

As I've traveled along this border the last few years I've learned many things. One of which is the fact that you and I have been spoiled in one respect: we've not had to deal with the issue of condemnation to any great degree. I never had to deal with it at all.

I've met Legislators that have. If you wish, I'd be happy to introduce you to them.

#### **Fourth, the issue of logistics**

After 'cost', the citizens of this state will next question the logistical 'wisdom' behind our governments' continuing attempts to gain ownership of all crossings. Why? For several reasons:

- Shifting traffic from a site w/ three highways to a neighborhood with only one defies logic
- Recreating or duplicating a 'Welcome Center' and overall 'Gateway' is a luxury we can't afford
- Security will always be a concern...and central sites are easier to secure than isolated crossings
- Expensive property and infrastructure is already in place...why start over with condemnation?
- If the problem is the Windsor end and the 401, then debate should center around that issue

#### **Finally, the issue of oversight**

This issue sounds superficial, but it is not.

I ask that you step back and think about this: not one of you would be comfortable with the Bridge, the tunnel, the City or any single interest hammering out a plan that would lock you into a future crossing.

Correct? You would cite 'conflicting interests', 'personal agendas' and all the rest. You would be right.

Why then, are we allowing the Departments that have sat in this chair and told you—for the record—that they intend to plan, design and build the next crossing...and collect the tolls...to control this process?

MDOT and at least one Canadian government want to own a bridge. We now know that. They are disqualifying successful, effective 'going concerns'. Every site and operation taken off MDOT's list suffers an immediate impact.

The interests that have stated for the record that they are working to site, operate and benefit from a crossing are now engaged in building a case for where they wish to locate...at any expense. That is easy for them to do since it's not their money they'd be spending.

This is why I am here today.

The danger here is that memories fade and exercises like this then become a public benchmark. We cannot allow that to happen. Not like this.

Ladies and Gentlemen, those that are administering this study are a self-serving alliance. This has not been—and is not now—a ‘fair and open process’.

The fact is that MDOT and their partners identified their favored site a long time ago. They have stated that here. They showed you the schematics. They’ve held numerous public rallies in that area already. This is no longer a ‘fair and open’ study; it’s now a marketing campaign funded with taxpayer dollars.

Even more troubling is the fact that we are allowing bureaucracies to set precedents that will bind your successors. With so much going *wrong* in MI, why interfere with something that is going *right*?

This is not ‘good government’...and it is a disservice to you, your constituents and the future of the state of Michigan. Remember: when the bureaucracy has finished, it will be you—those that are directly elected—that will be held accountable for the outcome.

I respectfully ask that you seize control of this DRIC Report to protect yourselves against the issues I’ve raised...and to preserve the integrity, profile and importance of our border crossing. I also ask that you continue to exercise legislative oversight to ensure that this process is, in fact, stopped.

Thank you for your time and I look forward to attempting to answer any questions that you may have.