



QUALITY LIFE THROUGH GOOD ROADS:
ROAD COMMISSION FOR OAKLAND COUNTY
"WE CARE."

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March 11, 2008

VIA FAX

The Hon. John G. Pappageorge
State Senator
State Capitol
P.O. Box 30036
Lansing, Michigan 48909-7536

Dear John:

In followup to our recent conversation, I have investigated the issue of the proposed second bridge from Detroit to Windsor. I am putting my findings in writing so that I can copy my three road commissioners, two of whom were involved in our conversation at the CRAM reception on March 5.

Please note that I really have no biases in this situation. I personally believe that a second bridge would benefit Oakland County's economy, but I really do not care who builds it. It will not connect to or impact any RCOG road, as it will be located in the city of Detroit and Wayne County.

I spoke with three people: Kirk Steudle, Director of MDOT; Carmine Palombo, Director of SEMCOG's Transportation Department; and James Steele, Michigan Division Administrator for FHWA. All three have been heavily involved in the studies related to a second bridge. I have learned the following:

1. The bridge proposed by Manuel "Matty" Maroun would connect on the City of Windsor side with a city street (Huron Church Road) and not a state highway. Huron Church Road is five lanes wide, is already congested, has 17 traffic signals, and has businesses on both sides. The truck traffic from such a connection of a new bridge could devastate this area. Carmine Palombo advises that he has seen westbound trucks on the Canadian side backed up for five miles. That was before tightened security, which is about to get even tighter. It would be like connecting such a bridge with that type of traffic to Rochester Road or Maple Road in Troy. The Canadian government would not force the City of Windsor to suffer such impacts if there were other alternatives any more than MDOT and FHWA would force such an impact on the City of Troy.
2. MDOT is working with FHWA, the Ministry of Ontario, and Transport Canada (Canada's MDOT). In fact, there was a meeting of representatives of all four agencies in Canada last Thursday, March 6. While MDOT may not have authority to negotiate international matters such as border crossings, FHWA certainly does have such authority and has done it many times. Jim Steele was at that March 6 meeting.
3. Jim Steele advises that FHWA has not offered \$2 billion in cash or toll credits to anyone. He tells me that he has put his denial of a \$2 billion offer in writing. I have known Jim for many years, and respect him for being an honorable and straightforward individual. Whatever he says can be trusted.



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4. The "\$2 billion bonus" that FHWA was supposedly offering if the Matty Maroun alternative were selected would not be cash; it would be in toll credits. The toll credit idea came from Mr. Maroun. Toll credits are not cash. They are simply a way of obtaining and obligating federal funds, since FHWA will accept them as the required local match to federal funds.
5. I have been aware that MDOT has been accepting toll credits as a substitute for the local match for transit projects. For example, credit for tolls collected at the Mackinac Bridge. Let's say that transit organizations in Michigan want to buy \$1 million in buses using 80 percent (\$800,000) in federal funds and the usual 20 percent (\$200,000) local match. Because MDOT does not have the 20 percent match in cash, it offers the 20 percent in toll credits. FHWA accepts this, but since toll credits are not cash, the transit organizations will only have the \$800,000 in federal funds to spend on buses, not the full \$1 million. Toll credits are "Monopoly money," not cash that can be used for real road or transit improvements. If our agency were to be given \$2 billion in toll credits, we could not fill one pothole on Big Beaver Road. Toll credits are simply an accounting concept.
6. Mr. Maroun appears to be hoping to use "Private Activity Bonds," which are low interest, non-taxable bonds. That would be fine if his proposed bridge location were workable. MDOT and the Canadians will also bond for the construction money. No matter who bonds to build it, the bonds will be paid off with the toll revenues from the bridge. No additional public funds should be involved.
7. Public hearings have been scheduled for March 18 and March 19 at two different locations in Detroit. Let me know if you would like to know the times and locations. The soil borings have been completed, and a suitable site has been found.
8. MDOT, FHWA, and the Canadians are looking toward a public/private solution for the proposed bridge. They would like a private entity to operate and maintain the bridge, once it is built. This is consistent with what FHWA is advocating nationally. Public/private partnerships (PPP) are a hot topic at the national level, recognizing that the public coffers simply cannot support our national road infrastructure. Note that Indiana leased its toll roads to private entities for 99 years. The City of Chicago did something similar with its Skyway.

For additional information, you may want to talk to Fred Hoffman, state relations director for Chrysler Corporation, about all of this. I know Fred and respect him, and am aware that he has been heavily involved in this issue due to the importance to Chrysler of another river crossing. I have not contacted him, but will do so if you wish.



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It appears to me that Mr. Maroun and his staff are throwing everything they can think of at the wall to see what will stick. Obviously, some of it has stuck, at least temporarily. In particular the misinformation regarding the \$2 billion from FHWA. I am not impressed by all of this.

Once again, I really do not care who builds the bridge. However, I do care if people I know are being misled by statements such as the "\$2 billion from FHWA to spend on roads around the state." As I told you at the reception, the idea of FHWA offering \$2 billion in cash to be spent anywhere was totally inconsistent with any FHWA policies or past practices I have seen in almost 31 years at the RCOC. It appears I was right, FHWA did not offer that.

If you should have any questions about any of this, please do not hesitate to give me a call. Note that I am also copying the other Oakland legislators in case they, too, have been misled with incorrect information.

Sincerely,

Brent O. Bair
Managing Director

C: Road Commissioners Larry Crake, Dick Skarritt, Eric Wilson
State Senators Michael Bishop, Nancy Cassis, Deborah Cherry,
Gilda Jacobs
State Representatives Fran Amos, Paul Condino, Craig DeRoche,
Marie Donigan, John Garfield, Marty Knollenberg, David Law,
Jim Marleau, Andy Meisner, Tim Melton, Chuck Moss, John Stakoe,
Aldo Vagnozzi