

Thank you for the invitation to testify today regarding this critical issue. I apologize that I was unavailable to attend the previous committee hearing regarding the Detroit River International Crossing (DRIC) study. As you know, I was out of town for a family wedding. Before I answer questions, I would like to share my thoughts regarding a few of the issues and concerns raised at the last meeting.

First, let me address the role of the Michigan Department of Transportation in the environmental clearance process for a major project such as the DRIC. The federal role is to cooperate with MDOT to ensure compliance with federal requirements, such as the National Environmental Policy Act. Under Department of Transportation/Federal Highway Administration governing legislation, MDOT is the responsible agency for all aspects of project development, including environmental review. This responsibility is spelled out in Title 23, United States Code, Section 145 and from such other Title 23 provisions. Pursuant to 23 CFR 771.109(c)(1), the State DOT's may currently prepare the environmental impact statement (EIS) and other environmental documents with the FHWA's guidance, participation, and independent evaluation of such documents. Therefore, once an MDOT prepared environmental document is acceptable to FHWA, it becomes an FHWA document.

The issue of border redundancy was discussed and I understand that a point was made that the Blue Water Bridge in Port Huron is in close enough proximity to the Ambassador Bridge to meet the redundancy needs of the busiest international trade corridor in the world. First, let's be clear, the Blue Water Bridge is

approximately 60 miles from the Ambassador Bridge, not the 30 miles that was indicated at the previous hearing. That being the case, the BWB does provide an element of redundancy. However, with just-in-time delivery as the cornerstone of the manufacturing industry production logistics in this state, businesses are not comforted by the knowledge of an alternative route that adds in excess of 3 hours to their delivery logistics. In addition, there are finite capacities in the current BWB border system and we are currently working to address those shortcomings in Port Huron, just as we are working to address similar issues in Detroit.

I have stated on several occasions that this debate must be more than a discussion of an appropriate bridge location and necessary bridge capacity. A border crossing system is comprised of 3 equally critical elements: access roads, inspection plazas, and bridge. Providing the necessary infrastructure to meet the long-term needs of these 3 elements is costly, but essential if we are to remain the leading state trading partner with Canada. If Michigan doesn't move, Buffalo N.Y. will.

In Port Huron and Sarnia, for instance, in the last decade a twin span was constructed to meet bridge capacity needs. On the US side, plans are underway to expand the plaza to meet current and future border inspection needs; and the freeway system that leads to the bridge in Port Huron will be modernized as well. However, the fact that the BWB has freeway to freeway accesses on both sides of the border is a significant distinction between that bridge and the situation both nations face at the Ambassador Bridge.

In regards to the question concerning the actions I have taken to assist the

Detroit International Bridge Company (DIBC) in obtaining the necessary US Coast Guard permits for their replacement bridge proposal, I will remind you Senator Cropsey that on 2 occasions (September 14, 2006 and November 15, 2007), I provided letters to the Coast Guard indicating that the department has no objection to the DIBC proposal. However, their international bridge proposal will require Canadian approvals as well. Responding to the question I asked in April of this year on the status of Canadian approvals regarding their replacement proposal, the Canadians have been clear that their environmental clearance application is lacking in sufficient detail. This information was conveyed to the DIBC several months ago and I can confirm that the Canadian officials that I have talked with regarding this situation are of the mind that the ball is in the DIBC court.

In my opinion, there is no opportunity to develop a new freeway access to the Ambassador Bridge through the heart of Windsor. Clearly, the Mayor of Windsor has made his thoughts known about the likelihood of this occurring. Furthermore, those proposing to provide the necessary border infrastructure for the next 30 years should be cognizant that the 3 border elements must be addressed, not just 1 component. Any proposal that lacks these 3 elements on both sides of the border is not a viable solution in my opinion.

Along with the 3 elements that create a border system, there are multiple elements to the funding of this system. Typically, the funding of the interchange and access roads would be the responsibility of the state and federal governments. As the busiest trade corridor in the world, the department has explored the potential for 100 percent federal funding for this component should this project

move forward to construction. Other states will be competing with similar projects and requests as part of the Border Infrastructure program recently announced by the Federal Highway Administration. I believe it is my fiduciary responsibility to explore these opportunities as they present themselves. In fact, I would have submitted applications for all of our international border crossings if I had not been limited to our top priority project.

Ultimately, the federal government will be responsible for the funding of the required inspection plazas. This will include funding or reimbursement for the necessary right-of-way and construction, either through direct payment or rent.

Finally, a determination of the funding mechanism for the bridge will need to be made. I have talked to everyone who will listen about the likelihood of a public/private partnership as the mechanism for funding this bridge. To those in the Senate that say "let the private sector resolve this issue," I agree. I see a significant role for the private sector in the development of this project. I have been a strong advocate for the use of private dollars, with appropriate public oversight, as my preference for the development of this structure. Further, I am confident that the private sector is anxiously awaiting an opportunity to compete to finance this facility. If this project is a bad deal, the financial markets will tell us during the process.

Regarding the question of the financial viability of the existing crossings if the DRIC becomes a reality, I would argue that this is a very difficult question to answer, with the limited knowledge we have regarding expenses and profits,

particularly at the Ambassador Bridge. While I can say with certainty that the DRIC crossing will affect their profits, I am not in possession of a dollar figure that the DIBC must achieve to remain viable, nor am I in possession of their future toll structure plans. If the DIBC will provide audited financial records and commit to future toll structures, we may be able to have a more specific discussion regarding this topic.

However, I would also ask the DIBC if they in turn have assessed the impact of their “enhancement proposal” on the existing crossings, including the Detroit-Windsor Tunnel. Clearly their proposal will impact border traffic volumes as well. We have examined the impact of the DRIC project on the Blue Water Bridge and we are confident that they will not only remain viable, but will continue to be one of the busiest international crossings on the northern border. We were able to complete this analysis because we have access to financial data at the Blue Water Bridge.

I am also aware that in the Buffalo/Niagara region, the DIBC has proposed to construct a new facility, in proximity to the Peace Bridge. In that trade corridor there are 14 lanes of traffic at multiple bridges connecting the US and Canada. The Buffalo/Niagara corridor has approximately 65 percent of the total trade volumes that occur between Windsor and Detroit. Currently, 35 percent more trade occurs on facilities between Detroit and Windsor on just 6 lanes of traffic. If the DIBC believes it is profitable to add a new bridge in Buffalo/Niagara, I must assume they will remain viable in Detroit.

I am discouraged that this debate remains between the department and the legislature when so many others have shared their opinions regarding this issue. Almost unanimously, the major job producers in this state have supported the DRIC study and the development of border options in this critical corridor. Support within the Delray community remains high. The Detroit Regional Chamber of Commerce has voiced their support regarding the opportunities the DRIC border system will create. I am frustrated that there remain those that have chosen to ignore their voices and continue to oppose an infrastructure project that may well become a catalyst for rebound from our current economic challenges.

Finally, let me conclude by assuring this legislature that throughout the development of the DRIC project, there will be several opportunities to influence the course of this project through required legislation. At the state level, legislation is needed to grant authorization to:

- Construct a new international border crossing
- Enter into an agreement with Canada; and
- Charge tolls on the facility

In the event a Public Private Partnership is deemed the most appropriate governance mechanism to finance, procure, construct and operate the new crossing, the State will need legislation to authorize public-private initiatives for transportation projects.

Thank you for the opportunity to comment and I have time to answer a few questions.