

# DETROIT RIVER INTERNATIONAL CROSSING

## Forum for Private Sector - April 23, 2009



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## Agenda

**Detroit River International Crossing Project  
Public Forum  
April 23, 2009**

**AGENDA**

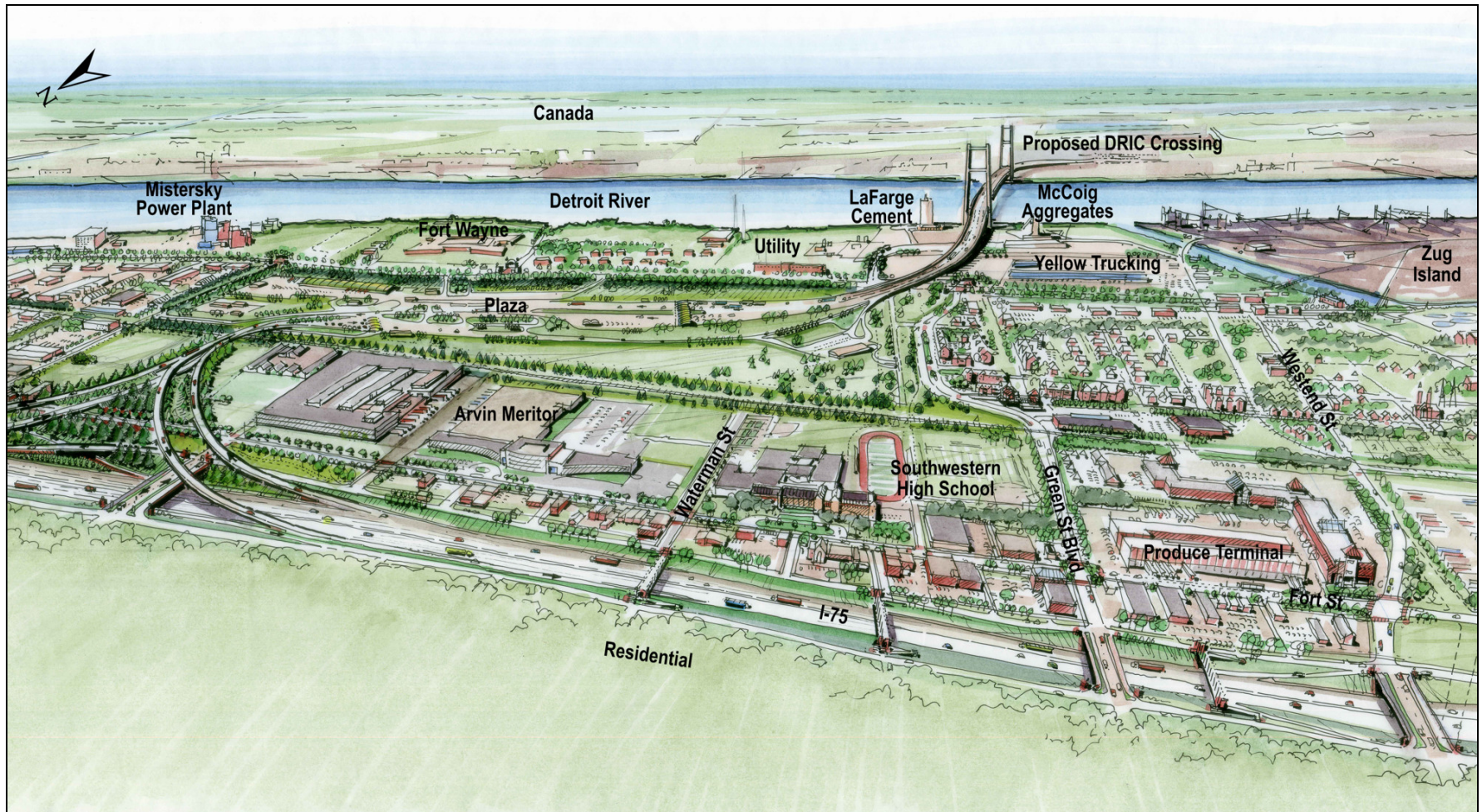
- Introduction: Kirk Steudle, MDOT Director
- Project Overview: M. Alghurabi, DRIC Project Manager
- Project Status: D. Wresinski, Administrator/Project Planning
- Traffic Forecasts: J. Corradino and B. Campbell, Consultants
- Project Cost/Funding: M. Frierson, Finance Director
- Governance: S. Mortel, Director of Planning
- Questions/Comments

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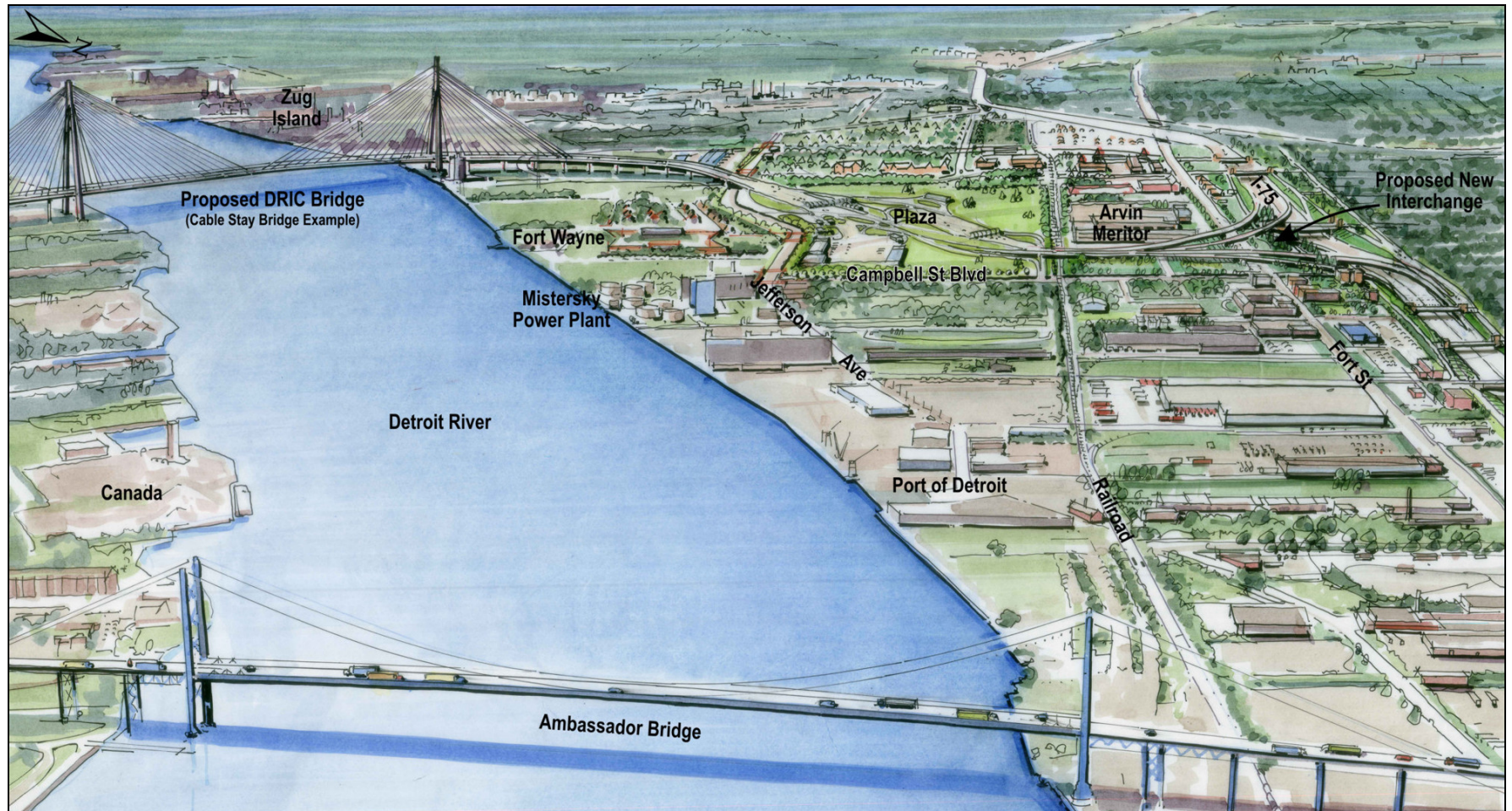
**Location of Project**

# View toward Canada

## Detroit River International Crossing

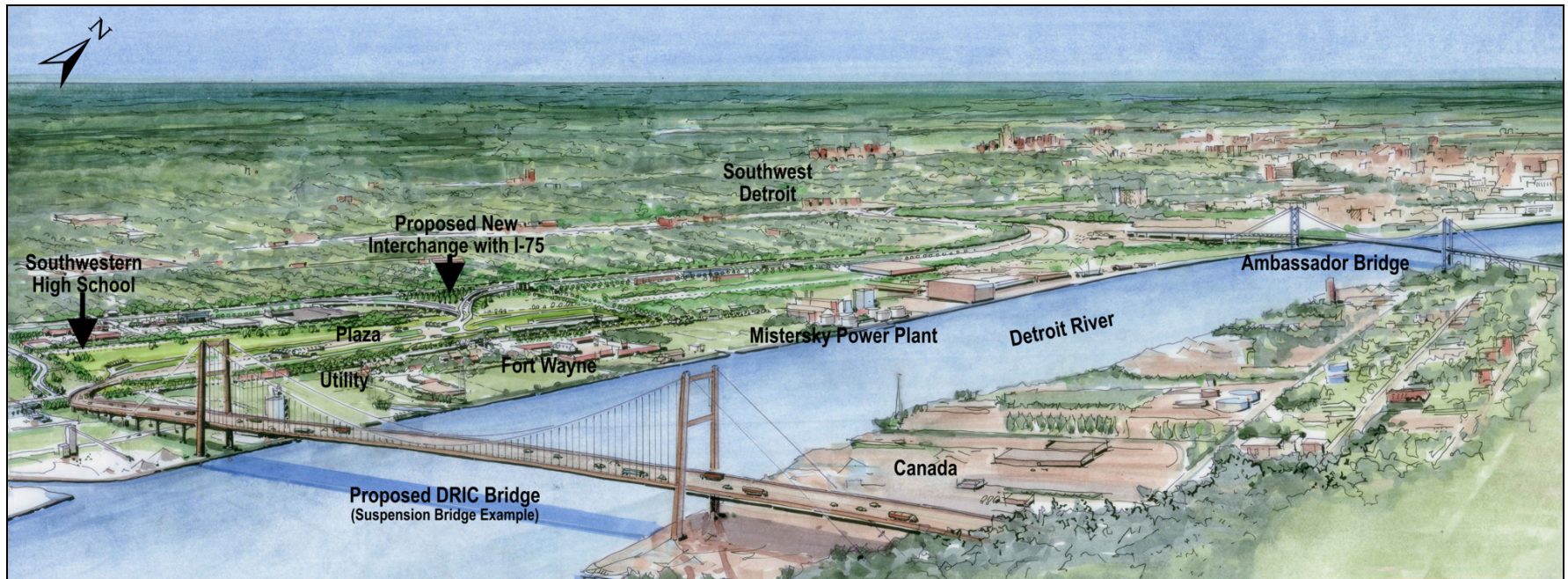


## View from Ambassador Bridge Detroit River International Crossing

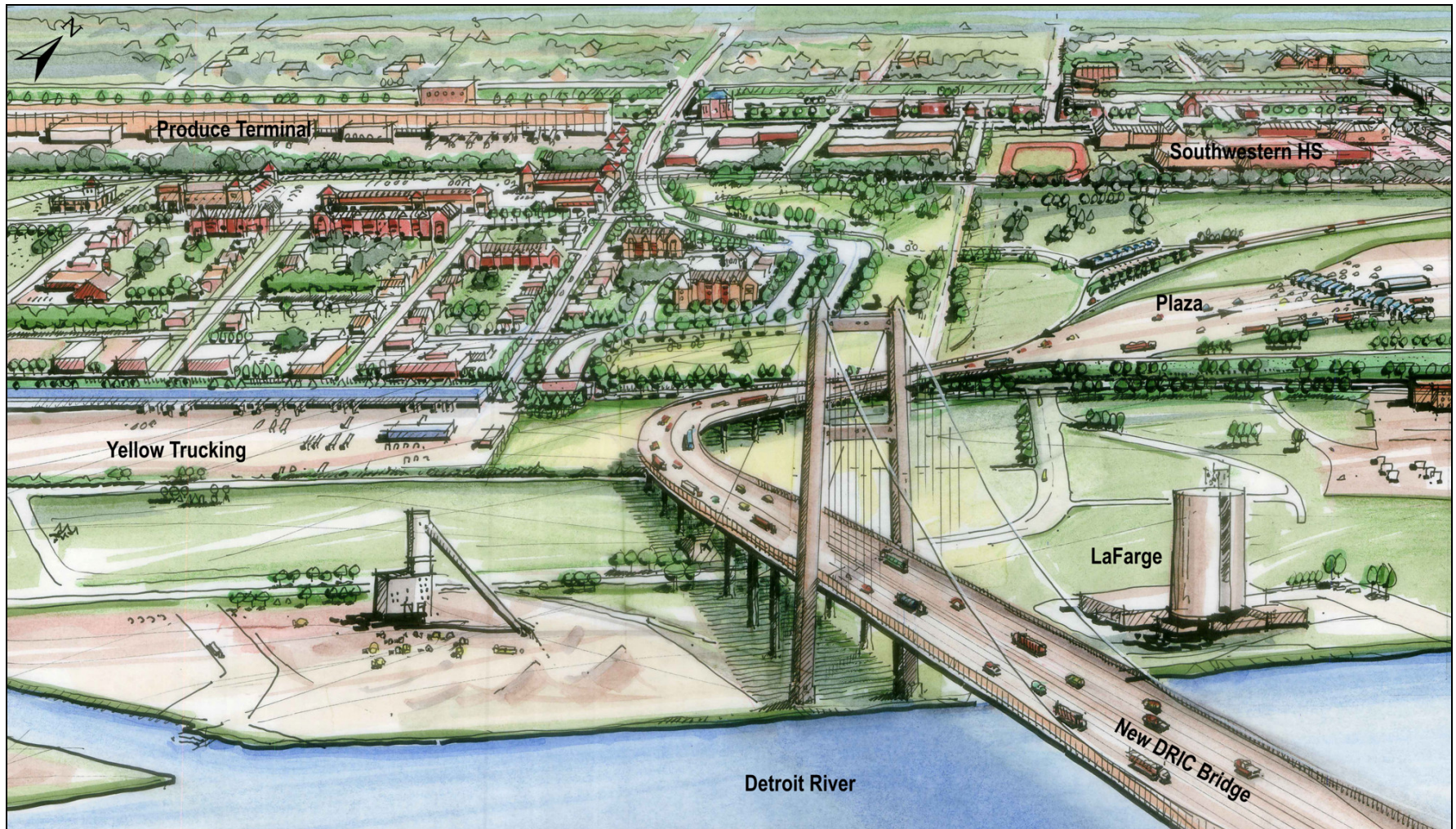


## View from Canada

### Detroit River International Crossing

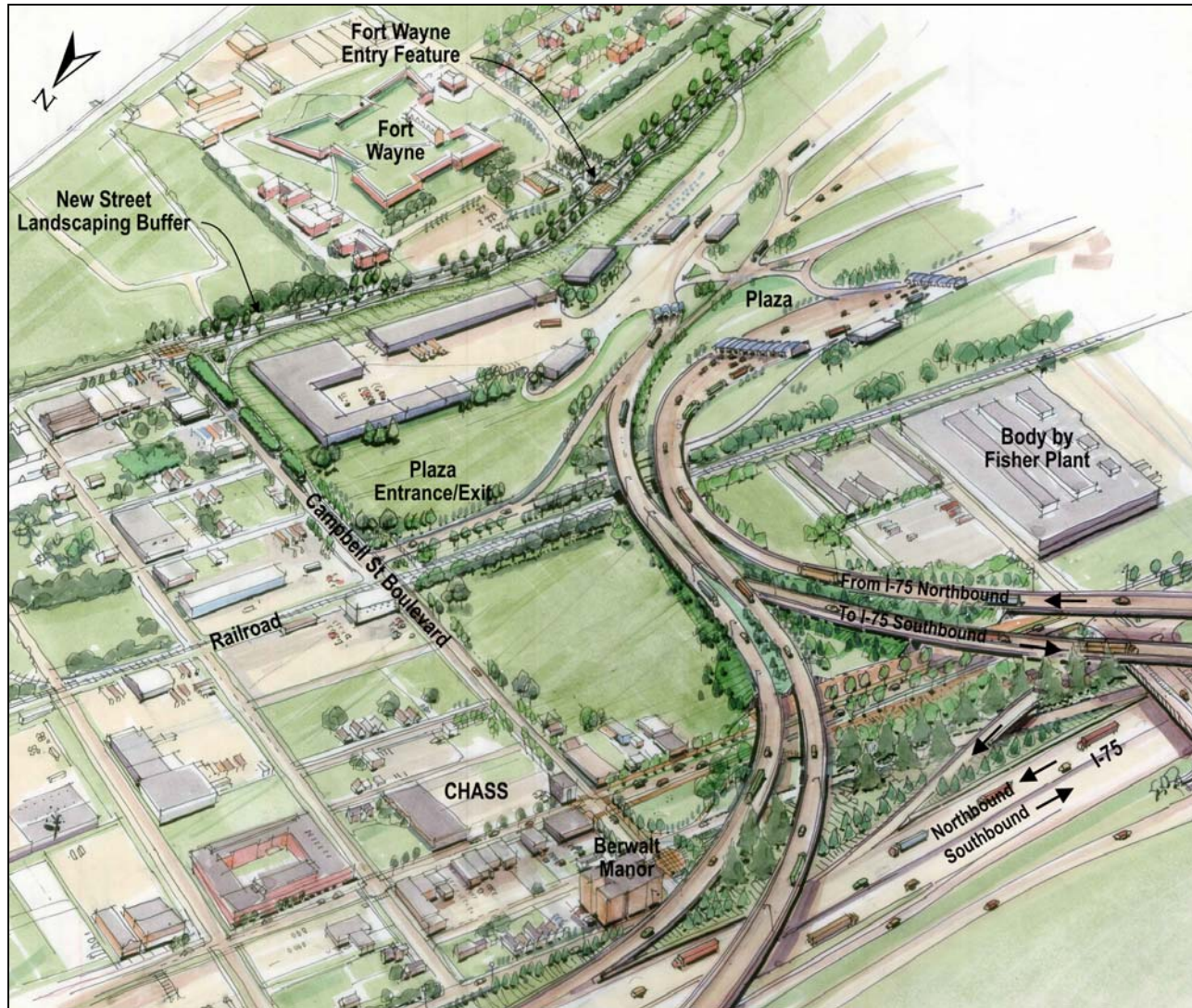


**View Entering U.S.**  
Detroit River International Crossing



## View of Fort Wayne and Surroundings

Detroit River International Crossing



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## Schedule

# Proposed U.S. Project Schedule

- Design begins in 2009
- Property purchase begins in 2009, contingent on funding
- Construction begins in 2010\*

\*Subject to Legislative approval and funding

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**FAQs**

## **Detroit River International Crossing Project Frequently-asked Questions**

***Q1: How high a priority does the new crossing have in the context of other transportation priorities in Michigan and Ontario?***

It is a top priority for Michigan, the Michigan Department of Transportation, and the Federal Highway Administration. The Southeast Michigan Council of Governments (SEMCOG) has added this project to its Long Range Plan. Infrastructure improvements in the Detroit-Windsor area, including a new crossing of the Detroit River, have been identified as high priorities for Canada and Ontario as well.

***Q2: What is the projected U.S. cost of the proposed DRIC border crossing?***

The Final Environmental Impact Statement projects a total U.S. cost of \$1.81 billion, which includes right-of-way acquisition, construction of a plaza, the interchange with I-75, the cost of the U.S./Michigan half of the bridge, and inflation through the end of construction in 2015, the year that the new border crossing is scheduled to open to traffic.

***Q3: How will the DRIC bridge be financed?***

The DRIC bridge will be financed in much the same way as all other international bridges and tunnels. There are three major components of the facility - bridge, plaza and freeway interchange; each is financed differently.

The financing for bridge construction is secured by future toll revenues. In essence, the users of the bridge pay through tolls for the construction of the bridge, the interest costs on the construction financing, and the day-to-day operations and maintenance of the bridge. This is the same mechanism used by the Detroit International Bridge Company (DIBC), owners of the Ambassador Bridge

The cost of the plaza, where the various border protection services are conducted, is recouped from the General Services Administration (GSA), the property ownership and management arm of the federal government. Depending on the situation, GSA either owns the plaza property and buildings used by the various border inspection agencies (like at the International Bridge in Sault Ste. Marie), or it leases the facilities from the bridge owner/operator (like at the Blue Water Bridge and the privately owned Ambassador Bridge).

The third component, the freeway interchange, is financed as a normal highway project, with 80% of the cost coming from federal transportation funds and 20% of the cost coming from state and local transportation funds. This is the mechanism that is paying for the Gateway Project at the Ambassador Bridge.

***Q4: Will the new border crossing be privately or publicly-owned?***

The Partnership is committed to public ownership for the new crossing. The priority is to make sure the Detroit River border crossings are secure, safe, efficient, and well-managed. Details of the final ownership model among the partners are still to be resolved. Work is ongoing on both sides of the border to examine potential governance and ownership models for a new border

crossing. The options being considered include government ownership, various forms of collaboration with the private sector, and/or creation of an authority.

**Q5:** *It has been said that the new crossing should be built by the private sector to save Michigan taxpayers the expense. What is your position on that?*

First, the private sector may very well build the new crossing, whether it is the proposed replacement span suggested by the Detroit International Bridge Company (DIBC) or the new span proposed by the DRIC study team. But, in the case of the proposed DRIC span, the private sector will not own it. In either case – public or private ownership – it will be the users of that new bridge, paying tolls to cross the border, which will pay for the facility, not the taxpayers.

**Q6:** *Why would you want to build a bridge at taxpayers' expense when the owner of the Ambassador Bridge would build it for free?*

The contention that the DIBC project is free is incorrect. Tolls are the financing mechanism. They are paid by the bridge users, not the taxpayers.

**Q7:** *What is a Public-Private Partnership?*

A Public-Private-Partnership (PPP) involves a contractual relationship between a public sector entity and a private sector partner for the provision of infrastructure or services for a specified period of time. The partnership is built on the expertise of each partner that best meets clearly-defined public needs, through the most appropriate allocation of resources, risks, and rewards.

**Q8:** *What are the benefits of a PPP?*

Benefits of a public-private partnership include:

- Appropriate sharing of risks between the government and the private sector. For instance, cost overruns and delays to projects could be shifted from the taxpayer to the private sector.
- A “whole life” approach could be used in the delivery of the project with the private sector having responsibility for the design and delivery of the project and also the long-term operations and maintenance of the new crossing.
- The partnership could bring in the private sector’s expertise, efficiencies and innovation in delivering this large-scale infrastructure project.
- PPPs foster competition in the private sector to provide government and the public with the best value.

**Q9:** *What is the position of the community where the new border crossing would be located on the U.S. side?*

Many residents of the Delray community, including members of the Delray Community Council, are supportive of the DRIC process because they view the project as an opportunity to revitalize their community.

**Q10: *Is there a traffic related need for a new border crossing?***

All reputable forecasting organizations believe that the need exists.

**Q11: *What methodology was used to make the determination?***

The traffic analysis used the proven methodology accepted as “best practice” for projecting future traffic volume on a highway facility.

The first step in the process is a basic trend analysis. Traffic using the Ambassador Bridge, especially trucks, most of which have no alternative, has been growing over the past 20 years. (This trend is repeated at both Port Huron and Sault Ste. Marie.)

The next step is to examine factors that might change the trends. (For example, there was a drop in cross-border traffic after 9/11 and the growth rate since then has been smaller than it was before 9/11.) The current slump in the economy has also impacted truck traffic crossing the border.

Economic forecasts for the area serviced by the facility are also studied. In this case, forecasts were examined for the U.S and Canada for international trade between the two countries, the forecasts for both the State of Michigan and the Province of Ontario, and the forecasts for the Detroit and Windsor metropolitan areas.

From all this, three traffic projections are developed: one if things continue as usual, one if things get better, and one if things get worse.

**Q12: *Is it true that the current traffic over the Ambassador Bridge is down from pre-9/11 times?***

Yes and no. Automobile traffic is down for a variety of reasons. On the other hand, truck traffic for the year ending December 31, 2006 was up eight percent from the year ending December 31, 2001 and up 0.3% from the year ending December 31, 2000. Automobile traffic in 2006 was up from the previous year for the first time since 1999. In 2007, both car and truck traffic were down slightly when compared to 2006. Traffic declines at the Ambassador Bridge in 2008 are influenced in part by the Gateway Project construction activity, the current economic difficulties of the domestic automobile industry (GM, Ford, and Chrysler), and the current recession. Trade with Canada has continued to grow throughout 2008, including trade carried by truck. While traffic generated by the domestic auto industry has declined, traffic between the U.S. and Canada related to foreign auto manufacturers with plants in our two countries is on the rise. Upon the completion of the Gateway Project and the eventual recovery of the economy, we expect to see commercial traffic at the Detroit Windsor border crossing return to the growth trends observed before and after the events of 9/11/2001.

**Q13: *Who supports the DRIC study?***

The following are our strong supporters:

- Michigan Governor Jennifer M. Granholm
- Former Governor and Former U.S. Ambassador to Canada, Jim Blanchard
- L. Brooks Patterson, Oakland County Executive

- The National Manufacturers Association, led by the former Michigan Governor John Engler
- Many members of the Michigan Legislature
- Michigan Manufacturers Association
- The Detroit Regional Chamber of Commerce
- The City of Detroit Planning Commission
- The Delray Community (Host Community) Council
- The Southwest Detroit Community and its State Representative, Rashida Tlaib
- Gateway Communities Development Collaborative
- Alliance of Automobile Manufacturers
- American Chamber of Commerce in Canada
- Automotive Parts Manufacturers Association
- Canadian Association of Importers and Exporters
- Canadian Automotive Partnership Council
- Canadian Manufacturers and Exporters
- Canadian Vehicle Manufacturer's Association
- Canadian/American Border Trade Alliance
- Ontario Chamber of Commerce
- Ontario Trucking Association
- Many others

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# PowerPoint Presentation

Detroit River International Crossing Study

# Public Forum

Introduction of Project  
to the Private Sector

Welcome



## Program Outline

- Introduction: Kirk Steudle, MDOT Director
- Project Overview: M. Alghurabi, DRIC Project Manager
- Project Status: D. Wresinski, Administrator/Project Planning
- Project Components: J. Corradino & B. Campbell/Consultants
- Project Cost/Funding: M. Frierson, Finance Director
- Governance: S. Mortel, Planning Director
- Comments/Questions: Team

## Introduction

- Kirk T. Steudle, P.E., Director, Michigan Department of Transportation (By video)

## Why a New Crossing at Windsor-Detroit?

- Busiest commercial land border in North America. Each year at Detroit-Windsor:
  - More than 3.5 million trucks and 12 million cars cross both ways.
  - More than \$122 billion in trade (28% total Canada-U.S. trade) flows through.

## Project Status

- 2000 – Border Transportation Partnership formed
- 2004 – Partnership found additional border capacity need
- 2005 – EIS
- 2008 – FHWA/MDOT completed EIS
- 2009 - Project approved by U.S. DOT/FHWA
- 2009 – Canadian approval is expected (Summer)

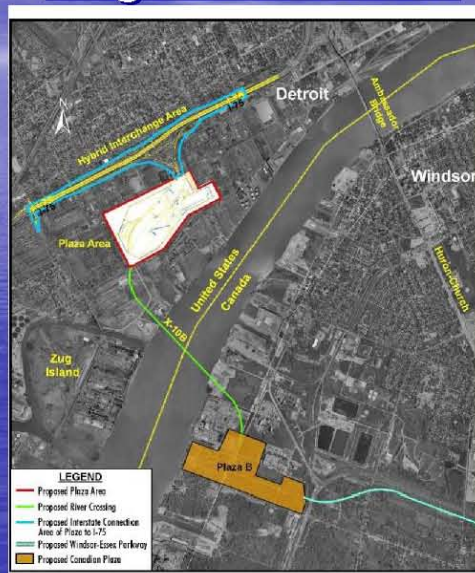
## Goal of the DRIC Project

- To provide additional capacity to accommodate expected increases in international trade between the United States and Canada, the two largest trading partners in North America.

## Objectives of Project

- Provide increased inspection and traffic capacity to meet expected increases in long-term demand ;
- Improve system connectivity between the U.S. Interstate highway system and the Canadian freeway network;
- Improve operations and processing capability at the region's border crossings; and,
- Provide a redundant corridor to minimize delays/breakdowns that are caused by incidents, maintenance activities, traffic congestion, or other disruptions.

## Project Location



## Project Components

- Plazas
- Bridge
- U.S. Interchange
- Canadian Access Road



## View Toward Canada



## View from Ambassador Bridge



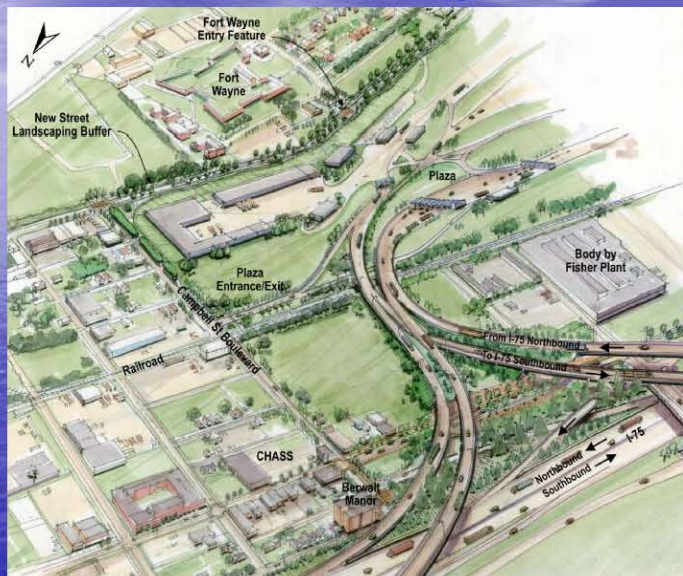
## View from Canada



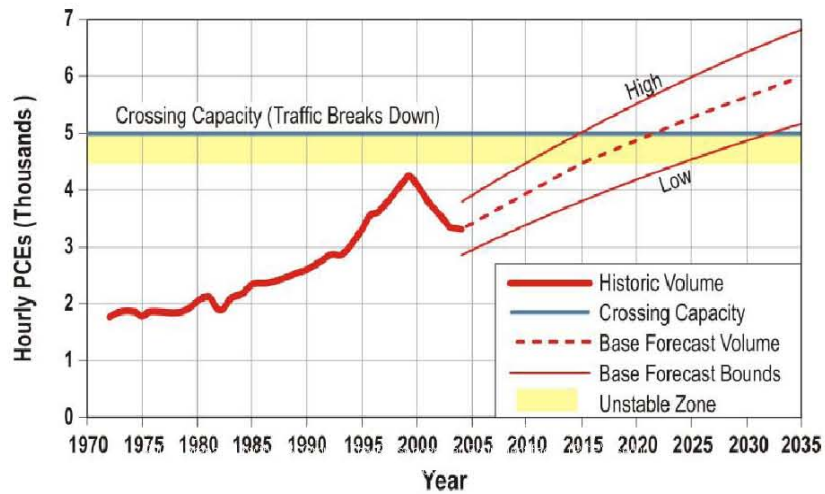
## View Entering U.S.



## View of Interchange w/ I-75



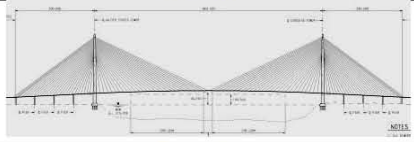

## Traffic



Source: IBI Group

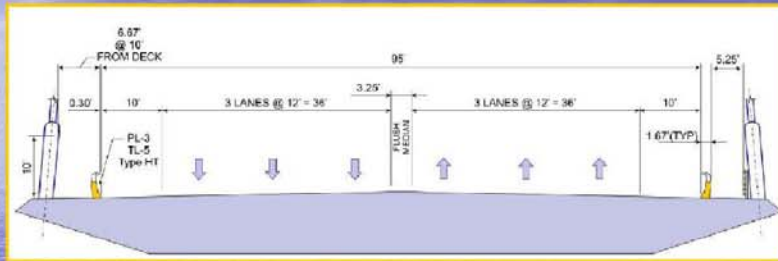
## Bridge Characteristics/Types

### Bridge Type Study – Final Bridge Options <sup>a</sup> Detroit River International Crossing Study

Cable stay	Main Span Length (feet)
	2,820
Suspension	Main Span Length (feet)
	2,850

<sup>a</sup> See the Engineering Report, Appendix B: Bridge Plans (Parsons, November 2008)  
Source: Parsons Transportation Group

## Bridge Characteristics



- 6 lanes (3 lanes/shoulders in each direction)
- No piers in river
- Navigation Envelope – 135' shore-to-shore  
153' @ center

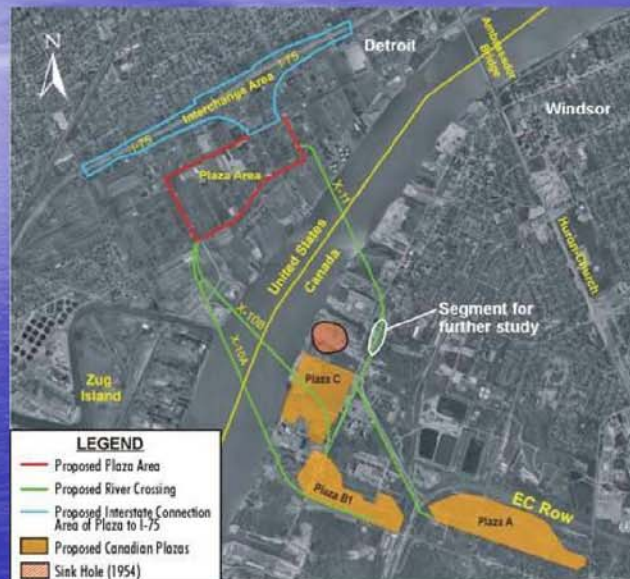
## Cable Stay



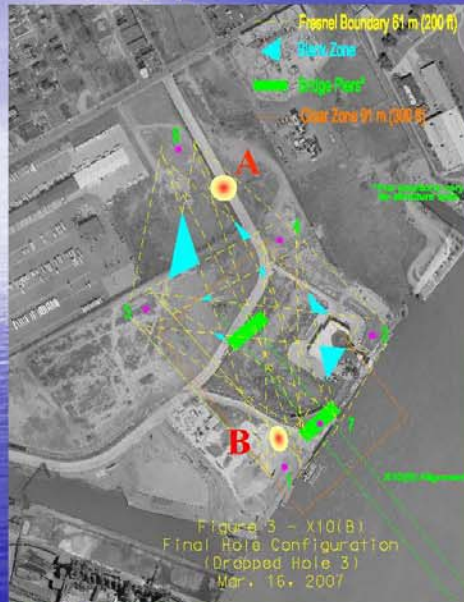
## Suspension Bridge



## Constructability



## Apparent Anomaly Locations



Source: NTH Consultants, Ltd.

### Anomaly "A":

- Size: About 20 to 25 feet high, about 125 ft diameter.
- Depth: Centered at about 1100 feet BGS.
- Shape: Round in Plan, "Morning Glory" in Profile.
- Probably fully or partially "bulked-up," or in-filled with silt, or re-crystallized.

### Anomaly "B":

- Size: About 20 to 25 feet high, about 120 by 170 feet in diameter.
- Depth: Centered at about 1410 feet BGS.
- Shape: Elliptical in Plan, Hockey Puck in Profile.
- Most likely fully or partially "bulked up," or in-filled with silt, or re-crystallized.

Note: This summary is based on preliminary evaluations of cross-well panels and borehole gravity information, and may be modified based on ongoing analysis.

## U.S. Cost (in Millions of 2008 dollars)

- Construction: \$800 - \$864
- Design/Construction Engineering: \$160
- Inflation: \$172 - \$173
- Property Acquisition/Remediation: \$417
- GSA Plaza cost: \$200
- Grand Total Cost: \$1,809 - \$1,814

## Financing

- The interchange will be paid for with 80 percent federal/20 percent state funds.
- The plaza will be the responsibility of the U.S. General Services Administration.
- The bridge will be paid for like all other international bridges – by tolls.

## Governance Issues

- Ownership
  - Bridge and underlying lands will be owned by the Government of Canada and the State of Michigan.
  - No foreign ownership.
  - No private sector ownership.

## Governance Issues

- Procurement
  - Owners to engage in a Public Private Partnership (P3).
  - Long-term Concession (30 to 45 years).

## Governance Issues

- Public Interest
  - Public interest will be protected through terms and conditions defined in P3 contract with private sector concessionaire.
  - Concessionaire will be evaluated during bid process on "Good Neighbor" policies.

## Proposed U.S. Project Schedule

- Design begins in 2009.
- Property purchase begins in 2009.\*
- Construction begins in 2010.\*

\*Subject to legislative approval and funding

## First Step—RFP's For Design\* .....

- Contract 1: Owner's Representative/General Engineering Consultant (GEC): (Bridge, Plaza, Interchange).
- Contract 2: Preliminary Design: Context Sensitive Solutions: (Bridge, Plaza, Interchange).
- Contract 3: Preliminary Design: Roadway (I-75 Interchange only).
- Contract 4: Preliminary Design: Bridge S37 (I-75 Interchange only).
- Contract 5: Preliminary Design: Bridge S38 (I-75 Interchange only).
- Contract 6: Preliminary Design: Bridge S39 (I-75 Interchange only).
- Contract 7: Preliminary Design: Utilities (Plaza only).

\*Detailed discussion is part of separate pre-proposal conference in May.

## Other Key Steps

- Secure Canadian Approval of EA—2009.
- Secure the Presidential Permit in U.S.—2009.
- Secure PPP Legislation—2009/2010.
- Form the Private-Public Partnership—2010.\*
- Secure Additional State/Federal Funding-- Continuous.

\* Subject to legislative approval and funding

## Comments/ Questions

## Closing Remarks

## Next Steps w/ Forum Attendees

- Monthly progress reporting on DRIC by Blast email—Beginning June, 2009.
- Conference, with Transport Canada, to advance a PPP RFP—Fall 2009/Winter 2010.
- Selection of qualified proposers—Spring to Fall 2010. \*
- Advancement to PPP with Transport Canada—2010. \*
- Build the PPP parts of the DRIC—begin 2010. \*

\*Subject to legislative approval and/or funding.