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Light-rail line for Woodward?

Private funding for 3.4 mile loop

By Bill Shea

Details are beginning to emerge about a privately funded plan to build a \$103 million light-rail commuter loop along 3.4 miles of Woodward Avenue in Detroit from Hart Plaza to Grand Boulevard.

It's unclear who authored the proposal, but **Detroit Regional Mass Transit**, run by John Hertel on behalf of the executives of Wayne, Oakland, and Macomb counties and Detroit Mayor Kwame Kilpatrick, is serving as the clearinghouse.

Hertel declined to comment. People with direct knowledge of the proposal say they've promised not to talk about it. Several said questions should be directed to Hertel. Gov. Jennifer Granholm's office acknowledged she is familiar with the effort.

A 2007 study obtained by *Crain's Detroit Business* called the "Woodward Transit Catalyst Project" outlines a \$103 million light-rail line that stretches along 3.4 miles of Woodward and includes 12 stops near busy destinations such as Campus Martius Park, **Wayne State University** and the **Detroit Medical Center**. The study is believed to be the baseline for continued discussions among those involved with the plan, and may differ from a final proposal.

Private contributions and foundation grants would fund the system's construction, but no financial deals are believed to be imminent.

The conductors?

Nothing has been disclosed about who is backing the plan for a privately funded commuter-rail line on Woodward Avenue. Here's a look at some of the people who might be approached or have an interest:

- **Roger Penske**, chairman and CEO of \$18.9 billion **Penske Corp.** in Bloomfield Hills, who is now chairman of the **Downtown Detroit Partnership**. He was also chairman of **Super Bowl XL** at Ford Field in 2006 and spearheaded the return of the Detroit Belle Isle Grand Prix in September.
- **Mike** and **Marian Ilitch**, who own the \$1.5 billion **Ilitch Holdings Inc.** pizza, sports and entertainment empire, headquartered in the Fox Theatre on Woodward. The Ilitch-owned **Detroit Tigers** (Comerica Park) and **Detroit Red Wings** (Joe Louis Arena) have venues nearby. The Foxtown District is a possible site for a new hockey arena.
- **Dan Gilbert**, chairman of Livonia-based **Quicken Loans/Rock Financial**. He committed in November to bring his company and its 4,000 employees downtown within four years. Potential mass-transit options were part of the pitch to lure Quicken to Detroit, and the two sites Gilbert is considering are along Woodward: the former Hudson's building site and the former Statler Hilton Hotel.
- **Peter Karmanos Jr.**, CEO of **Compuware Corp.** headquartered at Campus Martius Park. He was instrumental in luring Gilbert downtown and Campus Martius would be a key stop on the rail line.
- **Cost:** \$103 million.
- **Length:** 3.4 miles with 23 stations.
- **Vehicles:** Two streetcar-style trains powered by overhead electrical wires.
- **Operating costs:** Estimated between \$4.2 million and \$5.6 million.
- **Funding:** Ticket sales, advertising, money from businesses near stations, and possibly from the city's general fund or a new tax.

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Riding the rails

The study "Woodward Transit Catalyst Project" describes the plan for a light-rail commuter loop along Woodward Avenue. Here are the highlights:

— *Bill Shea*

Key points in the study:

- Passengers would ride two-car streetcar-style trains powered by overhead electrical wires and running on steel rails embedded in the street and operated by a driver, the study shows. Each car could carry more than 150 people.
- Businesses and institutions along the route's stops — 23 stations, one on each side of the street and one at Hart Plaza — would be asked to buy branding rights for the stations, the study says. Branded stations would include themes, colors and logos of the buyer along with advertising.
- The route's annual operating costs are estimated at \$4.2 million to \$5.6 million, well beyond the \$2.1 million the system is predicted to raise from tickets and advertising. It offered several options for subsidizing the system, including money from the city's general fund, a new tax or a tax-increment financing district.

It's unknown what discussions or changes have since been made to the study, which was conducted last year by the **University of Detroit Mercy** and **Deloitte & Touche L.L.P.**

The line potentially would be the first stage of a larger, regional transit system — something Hertel was hired to shepherd. The former general manager of the **Michigan State Fairgrounds**, Hertel's job at Detroit Regional Mass Transit is to develop a regional consensus on mass transit and drum up support.

The study estimates 1.8 million riders would use the line its first year and that number would grow to 3 million by the fifth year. Studies over the years indicate a need for mass transit to alleviate traffic congestion, parking issues and to spur economic development. For example, a 3.6-mile streetcar system in Portland, Ore., cost \$89 million to build, and then generated \$2.2 billion in investment within two blocks of the system over the following nine years, according to the study.

Local transportation insiders say they've heard of the transit plan and are keen to learn more.

"There have been rumblings for a while," said Megan Owens, executive director of Detroit-based **Transportation Riders United**, an organization aimed at improving and promoting transportation access and mobility in the Detroit area. "We'd have to see the details of it. We're excited to see transit investments in the region."

Owens voiced concern about a private plan competing with public efforts already under way, specifically the "Detroit Transit Options for Growth" study. That study, commissioned by the **Detroit Department of Transportation**, examines transit needs in the city and offers recommendations for mass-transit options and routes. The study, known as DTOG, is the required first step to secure federal money.

"We hope this is done in conjunction with other plans," Owens said. "Detroit has been working hard on DTOG."

Kilpatrick's interim press secretary, James Canning, said the mayor "is aware that there is a group of private individuals who have been in conversations about and working on a mass-transportation project.

"Kilpatrick wants them to be able to continue that process below radar," he said. The mayor doesn't want to jeopardize what they're working on by commenting prematurely, Canning said.

Major institutions and businesses along the proposed route include Detroit Medical Center, Wayne State University, **Compuware Corp.**, **Iltch Holdings Inc.**, **General Motors Corp.** and others. Officials from those groups and businesses declined to comment, were unavailable or said they did not know about the project.

"I am unaware of any commitments to do a stop on our campus for rapid transit," said Harvey Hollins, vice president of government and community affairs at Wayne State. "With that said ... we would wholeheartedly welcome a stop on our campus and near our medical school campus."

Others expect to learn more soon.

"We're not in that group (of backers) right now, but I understand we're going to be meeting with John Hertel soon," said Dwight Angell, director of media relations at **Henry Ford Health System**. "We're definitely interested."

Paul Tait, executive director of Detroit-based **Southeast Michigan Council of Governments**, said he was "aware of some conversations of rail on Woodward" but declined to elaborate. He said the proposal could complement the Ann Arbor to Detroit commuter rail service that SEMCOG is exploring.

SEMCOG, a regional planning group, is negotiating with the three railroad companies — **Norfolk Southern**, **Canadian**

National and **Conrail** — that co-own the rails between Chicago and Pontiac. Washington-based **Amtrak** would be hired to operate the line, which would have a stop at Detroit's New Center Station on Woodward Avenue — and potentially would tie into the proposed light-rail line.

"There are few single initiatives that can so palpably energize Southeast Michigan's urban core as a modern, efficient light-rail system that serves Detroit's cultural corridor and connects New Center to the Riverfront," Granholm said in an e-mailed statement to *Crain's*. "I am tremendously excited by the degree of local and regional collaboration that has occurred and gratified by the level of commitment so many major stakeholders have expressed thus far. (The **Michigan Department of Transportation**) and my administration are committed to assisting in every way possible. The progress made thus far is a very encouraging sign for the entire region."

Michael Solaka, president of the **New Center Council**, said the system's design is key to the project's success.

"If designed properly, it will completely transform the pedestrian experience throughout the downtown, which I think is the single biggest cultural experience we are trying to work on," he said. "If you do mass transit, regardless of what style, if it's designed properly at street level it will increase pedestrian activity between the stops and at the merchants at the stops."

And if the line is successful, it could be the catalyst to getting consensus on a regional system.

"If it creates commerce from the river through Midtown to New Center, I believe that other communities both in the city and outside the community might see that a regional thinking on this isn't so bad," Solaka said. "But you've got to start somewhere."

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