

WALLY Commuter Rail

Status Report - September, 2011 - DRAFT

Work Completed to Date

Since early 2010, MDOT has completed approximately \$16M in improvements on the 26-mile stretch of track from Howell to Ann Arbor. Details of that work can be found in Appendix A. Some of that work exceeded the scope of the initial R.L. Banks plan and therefore raised the total cost of the project. In spite of that, remaining work is significantly less than the amount estimated by Banks – see “Capital and Operating Cost Update” below.

MDOT has also entered into a lease for railcars and locomotives. These costs were originally part of the Banks cost for operations – therefore the Banks estimate of operating costs, even adjusted for inflation, has been reduced by about \$2M (see “Operating Costs” next section).



Figure 1: Construction of new siding and storage track in Northfield Township



Figure 2: MDOT's recently leased locomotive showing MITrain colors. "MITrain" is intended as the unifying logo for all commuter rail service in the State.



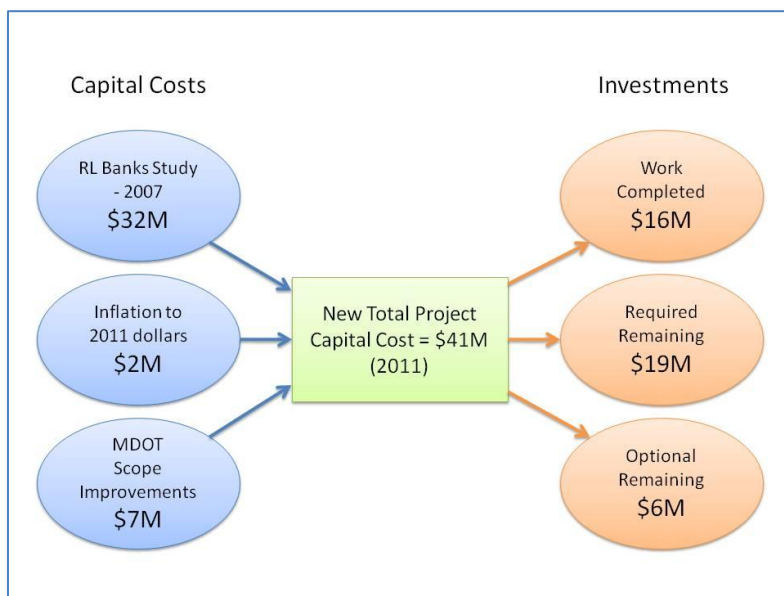
Figure 3: Rehabbed railcar with mobile lift for boarding people with disabilities.



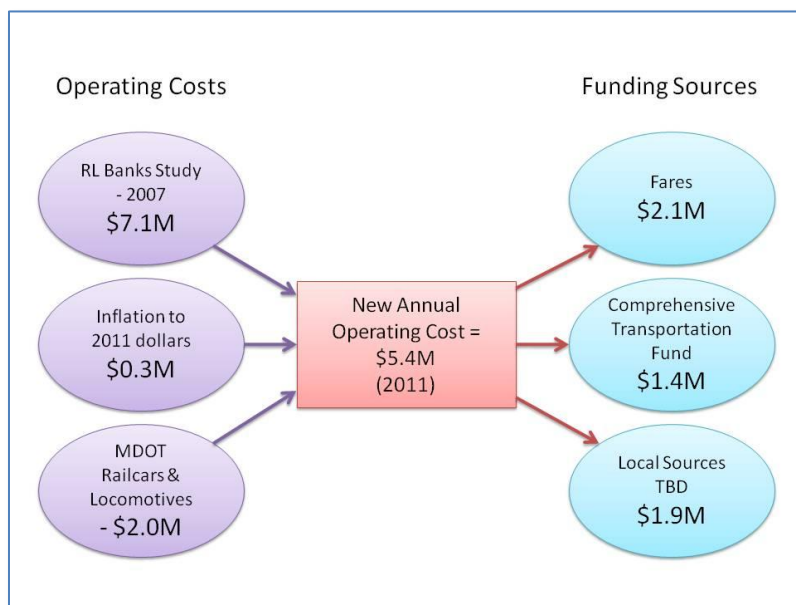
Figure 4: Grade crossing improvement in Howell, MI. About 2 dozen grade crossings were rehabbed in summer 2010

Capital and Operating Cost Update

The estimated capital costs for WALLY have been reduced significantly since the R.L. Banks estimates were produced in 2007. Inflation adjustments and added scope have added to the costs, but the completion of major track work and grade crossings have reduced the costs even more, as illustrated in the figure below. Details of the work completed and remaining work can be found in Appendix A.



The original Banks estimates included about \$2M for railcar and locomotive leasing. The figure below shows the original annual operating cost estimated by Banks, and then adjusts it to account for inflation and the fact that the rolling stock expense is no longer applicable.



Note: Operating costs reflect R.L. Banks' original assumptions regarding insurance and trackage rights fees, which could change significantly.

Staffing and Planning Costs to Date / Proposed FY2012 Budget

The following table summarizes the contributions made by non-AATA members of the Wally Coalition, and the uses to which those funds have been put. Contributions by others carried over into 2012, a Federal 5304 grant for \$48K and a \$12K AATA contribution, together are intended to pay for station design work during 2012. Remaining funds are proposed for staffing and work related to resolving Ann Arbor Railroad issues.

Fiscal Year	AATA Contributions		Contributions by Others				Purpose
	AATA Budget	Expense	Source	Amount	Expense	Carryover forwarded	
2008	\$50,000	\$16,500	SEMCOG, Great Lakes Central RR, UM	\$60,000			R. L. Banks Study \$(192,800) and Archeological Studies (\$1050) at Hamburg
			Ann Arbor DDA	\$20,000			
			City of ann Arbor	\$20,000			
			Washtenaw County	\$27,500			
			City of Howell	\$7,500			AATA Paid to Howell: \$15K - 4/13/2008 \$1500 - 9/30/2008
			Howell DDA	\$7,500			
			Hamburg Township	\$5,000			
			Livingston county	\$27,500			
			\$175,000	\$175,000	-0-		
2009	\$50,000	\$50,000	Washtenaw County	\$35,000			Staff time = \$60K
			Ann Arbor DDA	\$35,000			Public Education = \$40K (Rossman, Illium)
				\$70,000	\$50,000	\$20,000	
2010	\$50,000	\$36,253	Washtenaw County	\$50,000			Public Education = \$6K
			Ann Arbor DDA	\$50,000			Staff time = \$30K
			\$20K carried forward from 2009	\$20,000			
				\$120,000	\$0	\$120,000	
2011*	\$50,000	\$100	\$37K from Howell DDA	\$37,000			Staff time only - no outside expenses were incurred during 2011
			Federal 5304 Grant	\$48,000			
			\$120K carried forward from 2010	\$120,000			
				\$205,000	\$0	\$205,000	
Totals thru FY2011		\$102,853			\$225,000		
Proposed 2012 Budget	\$50,000		Carryover from 2011	\$205,000			Planned Expenses: Station Design - \$217K AARR Study - \$25K Staff time - \$13K
* For FY2011, the Board approved a \$50K budget, with half of it being contingent on receiving similar contributions by other stakeholders							

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Significant Outstanding Issues

There are several critical issues that the Wally project must address if it is to remain a viable project. These issues are summarized below:

- *Access to Ann Arbor Railroad:* The Ann Arbor Railroad owns the last 1.75 miles of the 'ideal' route into the heart of downtown Ann Arbor and has reportedly declined to consider the possibility of passenger service on its property. As a result, planners have proposed an Ann Arbor station at the point where railroad ownership changes hands (Barton Drive). Although this location has merit in its own right as a station serving UM Hospital and North Campus, it continues to be desirable to bring service all the way into downtown Ann Arbor to serve the many destinations there, and perhaps further still to UM South Campus. Even the Barton Drive

station may need to encroach a few hundred feet upon AARR property, making AARR involvement almost essential.

- *Station Locations and Cost Estimates:* Cost estimates for Wally stations were last formulated by R. L. Banks in 2008 and were developed as conceptual estimates. New and better designs and cost estimates are needed to 1) move the project along toward fulfilling federal funding requirements and 2) give communities a better idea of how stations will fit into their local plans. The proposed FY 2012 budget contains funding to accomplish this work, most of which takes the form of contributions by organizations other than AATA.
- *NEPA and New Starts:* The federal “New Starts” program is a possible source of funds for Wally project development, but it is necessary to fulfill the requirements of the National Environmental Policy Act in order to qualify for funding. The station design work cited above is key to fulfilling those requirements. MDOT has pledged staff time to undertake the other NEPA related work. MDOT has also begun the process of creating the ‘Management Plans’ required by FTA in order to qualify for New Starts.
- *Community Support:* Community support as measured by public opinion surveys is quite high, and the support of local units of government varies. The City of Howell has been very enthusiastic and vocal with their support, including contributions of funding toward planning efforts. A private developer has, at his own expense, prepared site plans for a mixed use development including a train station at Eight-Mile Road. Hamburg, Genoa and Northfield Townships have expressed varying degrees of support but have not contributed funding since 2008. Washtenaw County and the Ann Arbor DDA continue to express support and have contributed funds for Wally planning. Livingston County has provided some quiet support through the Planning Department, but the Livingston County Board has not taken a position on the project.
- *Funding for Remaining Capital Improvements:* Some capital funding may continue to come from MDOT, possible in the form of funding for grade crossing signal upgrades, installation of sidings and related improvements. Such funding has in the past been ad hoc in nature. MDOT is also committed to the car rehabilitation and locomotive lease programs. The TIGER III grant program has been recently announced and is a potential source of capital funding. In the longer range, federal New Starts or Small Starts funding might be obtained.
- *Funding for Operations:* MDOT has taken the position that funding for operations beyond a possible CTF contribution are the responsibility of local communities. Although federal CMAQ money might be applicable to fund a demonstration, longer term funding mechanisms do not currently exist. In Washtenaw County, funding for implementing the Countywide Transit Master Plan might include eventual funding to pay for a share of Wally operations. Some share of expenses would presumably be borne by Livingston County, but no known initiatives are currently underway to develop a funding source for Wally.

Commuter Rail Projects Elsewhere in the US

Questions occasionally arise as to whether a project like Wally 'makes sense' in this region. Some question whether local population densities would support rail. Others may judge the costs to be prohibitive, or feel that the estimated ridership is not enough to warrant service. AATA staff has undertaken a comparative analysis of commuter rail projects throughout the US, concentrating on relatively new and smaller systems, and has tried to answer some of those questions by comparing the Wally project to systems already in place. Detailed findings are provided in Appendix 2 and generally support the view that Wally is consistent with other projects that have actually been implemented.

AATA Board Direction and Plan Going Forward

The Board last considered a formal AATA position on Wally in June of 2010 (see Appendix 3). At that time it was agreed, among other things, that the Wally project would need to be evaluated for inclusion in the Countywide Transit Master Plan in order to gain continued support. The Plan adopted in April, 2011 includes the Wally project. AATA staff understands the current position of the Board that AATA-budgeted funds for FY2012 will not be spent without the consent of the Board, and that such consent will come only after staff undertakes the following activities:

- Seek renewed commitment from MDOT, understanding of their goals and position regarding commuter rail services
- Contact Ann Arbor Railroad, understand their position, maybe create options for their consideration
- Work with the City of Howell and others in Livingston county to evaluate Livingston County support
- Develop a revised position statement on Wally for the Board's consideration

APPENDIX A – Wally Construction Status and Costs

WALLY Construction Status - August, 2011		
	Cost	Status
Track, Siding and Crossing Improvements		
Track and Crossing Rehab, MP 47.5 to MP 74.0, 100% State CTF Funds	\$5,411,929	Done
Osmer Siding for Daytime Layover, 3,992 feet, 100% State CTF Funds	\$672,375	Done
Layover Facilities		
Overnight Facilities at Oak Grove, single 1,700 ft layover facility, manual switches, building (power switches after demonstration is ended. Is there a need for five 1,000 ft storage tracks?)	\$850,000	Not done
480 Volt Stand-by at Osmer and Oakgrove	\$60,000	Not done
Rail Renewal		
Upgrade rail to Continuously Welded Rail (Not required work for WALLY), all other bad rail has been replaced.	\$10,299,200	Done
Track Rehabilitation		
Ballast Tamping	\$1,000,000	Not done
All Main Track is adequate at this point. Ballast work is anticipated to be needed for commuter service. No work is anticipated to be needed on side tracks		
Culverts		
Assume Replacement of 4 is needed @ \$25,000 each	\$100,000	Not done
At Grade Highway Rail Crossings		
11 public crossings need signal/lighting/possibly gates per MDOT Rail Section	\$2,750,000	Not done
OPTIONAL: Install/upgrade existing signals and gates at 23 other public crossings	\$5,750,000	Optional
Signals		
PTC Signals and locomotive PTC equipment	\$5,550,000	Not done
All other signal costs are in the At Grade Hwy Rail Crossing costs		
Stations, Parking and Access	\$4,275,000	Not done
No good data to support changing the Banks Data. Estimates for platforms at Ypsilanti range from \$472,000 (initial cost) to \$982,000 (final buildout), and the Airport platform range from \$326,000 (initial costs) to \$759,000 (final buildout).		
Buses and Ticket Vending	\$4,350,000	Not done
Total WALLY Capital	\$41,068,504	
Cost Breakdown by Status		
Value of track and signal work COMPLETED	\$16,383,504	
Required REMAINING track and signal work prior to start up	\$18,935,000	
Optional REMAINING track and signal work prior to start-up	\$5,750,000	
	\$41,068,504	
This table was created to reflect MDOT actual expenditures on certain items and revised estimates for other items. As a result, overall capital costs have increased compared to the earlier R.L. Banks estimates, but <u>remaining</u> capital cost has decreased due to items being completed.		

APPENDIX B – Characteristics of Selected Commuter Rail Operations

During late 2010 and early 2011, the Ann Arbor Transportation Authority conducted research regarding the status of commuter rail projects in the United States, with emphasis on the smaller operations, that is, those systems carrying less than about 4 million passenger trips per year. Fifteen such systems were identified and are listed below. Based on analysis of information from the National Transit Database (NTD) and additional information from interviews with the carriers, the following tables have been compiled.

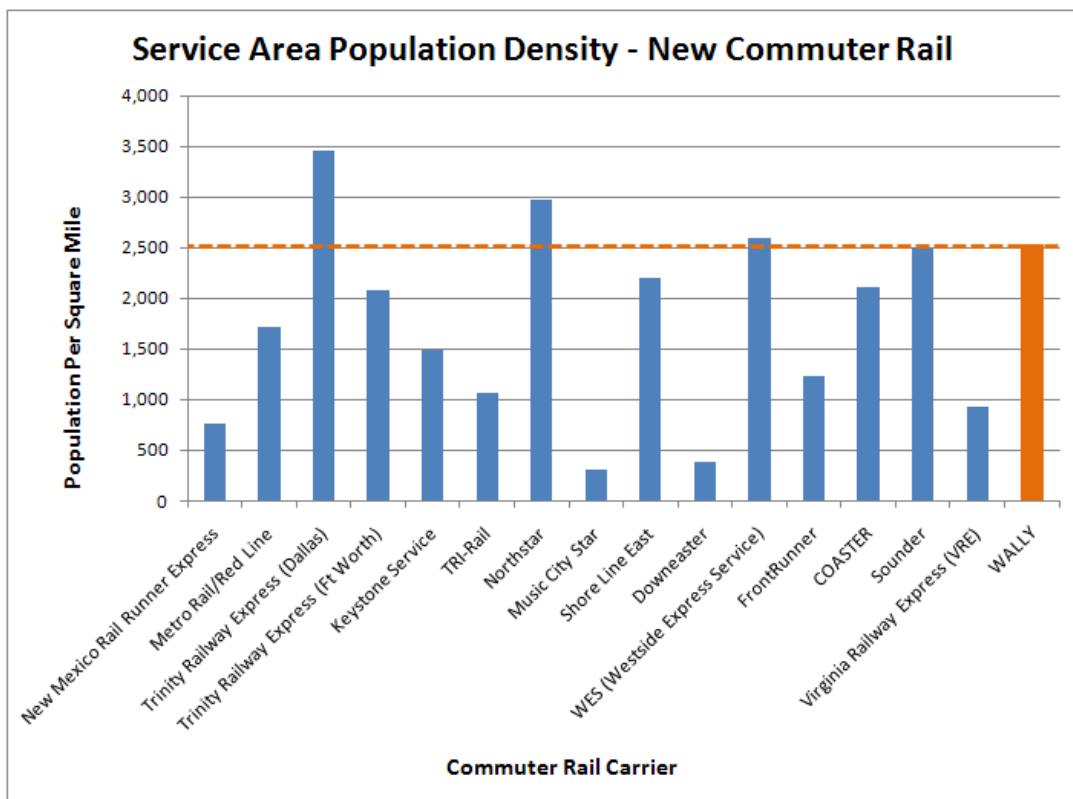
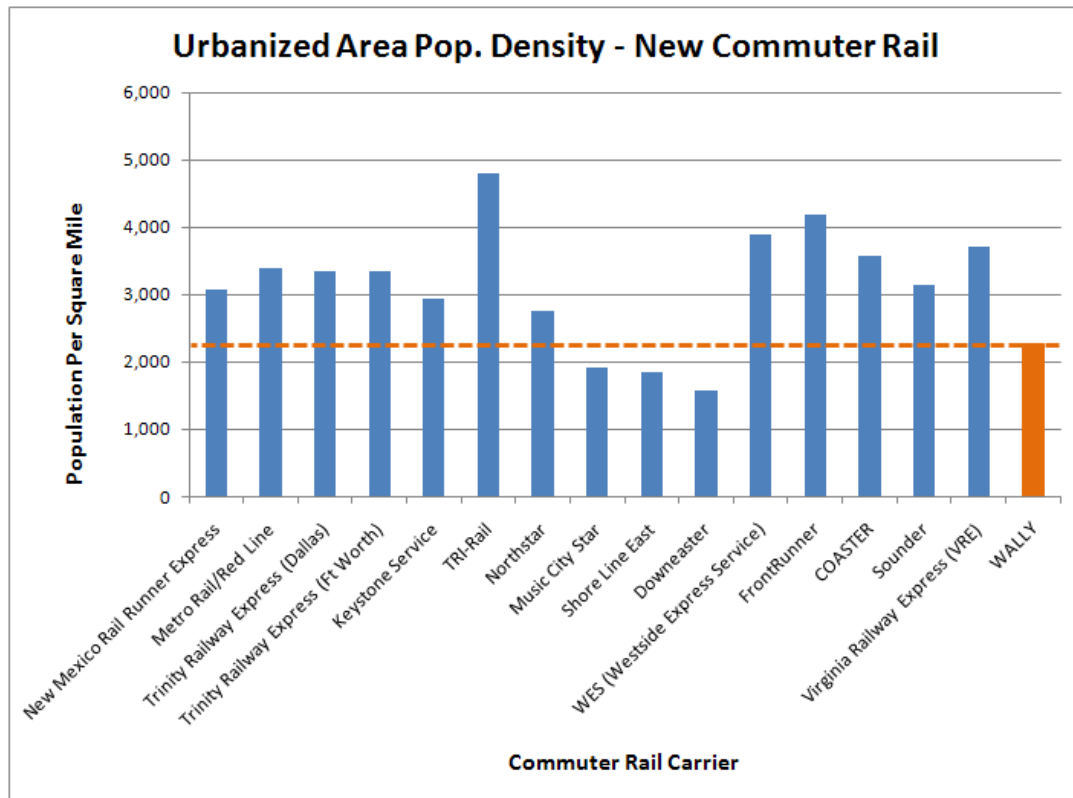
Commuter Rail Starts Since 1983

State	Metropolitan Area	Service Name	Agency Name	Corridor Description
NM	Albuquerque	New Mexico Rail Runner Express	Rio Metro Regional Transit District (RMRTD)	1 line to/from Santa Fe to Belen by way of Albuquerque
TX	Austin	Metro Rail/Red Line	Capital Metropolitan Transportation Authority (CMTA)	1 line to/from Leander to downtown Austin
TX	Dallas	Trinity Railway Express (Dallas)	Dallas Area Rapid Transit (DART)	1 line to/from downtown Dallas to downtown Fort Worth
TX	Fort Worth	Trinity Railway Express (Ft Worth)	Fort Worth Transportation Authority (The T)	1 line to/from downtown Dallas to downtown Fort Worth
PA	Harrisburg	Keystone Service	Pennsylvania Department of Transportation (PENNDOT)	1 line to/from Harrisburg to Philadelphia with connecting service to New York City
FL	Miami	TRI-Rail	South Florida Regional Transportation Authority	1 line to/from Miami to Palm Beach by way of Ft. Lauderdale
MN	Minneapolis	Northstar	Metro Transit	1 line to/from the Minneapolis central business district (CBD) to the town of Big Lake
TN	Nashville	Music City Star	Nashville Regional Transit Authority (RTA) / Metro Transit Authority (management services)	1 line to/from Lebanon to downtown Nashville
CT	New Haven	Shore Line East	Connecticut Department of Transportation (CDOT)	1 line along the Northeast Corridor to/from New London west to New Haven, CT, with continuing service to Bridgeport and Stamford, and connecting service to New York via the Metro-North Railroad's New Haven Line
ME	Portland	Downeaster	Northern New England Passenger Rail Authority (NNEPRA)	1 line to/from Portland, ME to Boston, MA (North Station)
OR	Portland	WES (Westside Express Service)	Tri-County Metropolitan Transportation District of Oregon (TriMet)	1 line to/from Wilsonville and Beaverton
UT	Salt Lake City	FrontRunner	Utah Transit Authority (UTA)	1 line to/from Pleasant View to Salt Lake City
CA	San Diego	COASTER	North County Transit District (NCTD)	1 line to/from Oceanside to San Diego
WA	Seattle	Sounder	Central Puget Sound Regional Transit Authority (ST)	2 lines to/from Seattle. One north to Everett, the other south to Tacoma
CA	Stockton	Altamont Commuter Express (ACE Rail)	San Joaquin Regional Rail Commission	1 line to/from Stockton to San Jose
DC	Washington	Virginia Railway Express (VRE)	Virginia Railway Express (VRE)	2 lines to/from DC. One to Manassas, the other to Fredericksburg
MI	Ann Arbor	WALLY	Ann Arbor Transportation Authority (AATA)	1 line to/from Howell to Ann Arbor

Length of Planning Period for Commuter Rail Starts

State	Metropolitan Area Name	Service Name	Planning Start Date	Service Start Date	Time from Plan to Start (Years)
NM	Albuquerque	New Mexico Rail Runner Express	August 2003	July 2006	3
TX	Austin	Metro Rail/Red Line	November 2000	March 2010	9
TX	Dallas	Trinity Railway Express (Dallas)	1983	December 1996	13
TX	Fort Worth	Trinity Railway Express (Ft Worth)	1983	December 1996	13
PA	Harrisburg	Keystone Service	-	-	
FL	Miami	TRI-Rail	1983	January 1989	6
MN	Minneapolis	Northstar	May 1997	November 2009	12
TN	Nashville	Music City Star	July 1990	September 2006	16
CT	New Haven	Shore Line East	1981	May 1990	9
ME	Portland	Dowheaster	1980s	December 2001	16
OR	Portland	WES (Westside Express Service)	July 1996	February 2009	13
UT	Salt Lake City	FrontRunner	January 2002	April 2008	4
CA	San Diego	COASTER		February 1995	
WA	Seattle	Sounder	January 1986	September 2000	14
			January 1986	December 2003	17
CA	Stockton	Altamont Commuter Express (ACE Rail)	1989	October 1998	9
DC	Washington	Virginia Railway Express (VRE)	1984	June/July 1992	8
			1984	June/July 1992	8
MI	Ann Arbor	WALLY	2006	-	?
Approximate Average Time From Start of Planning to Start of Service:					10.6 Years

Commuter Rail and Population Density



Commuter Rail Ridership – Forecast and Actual

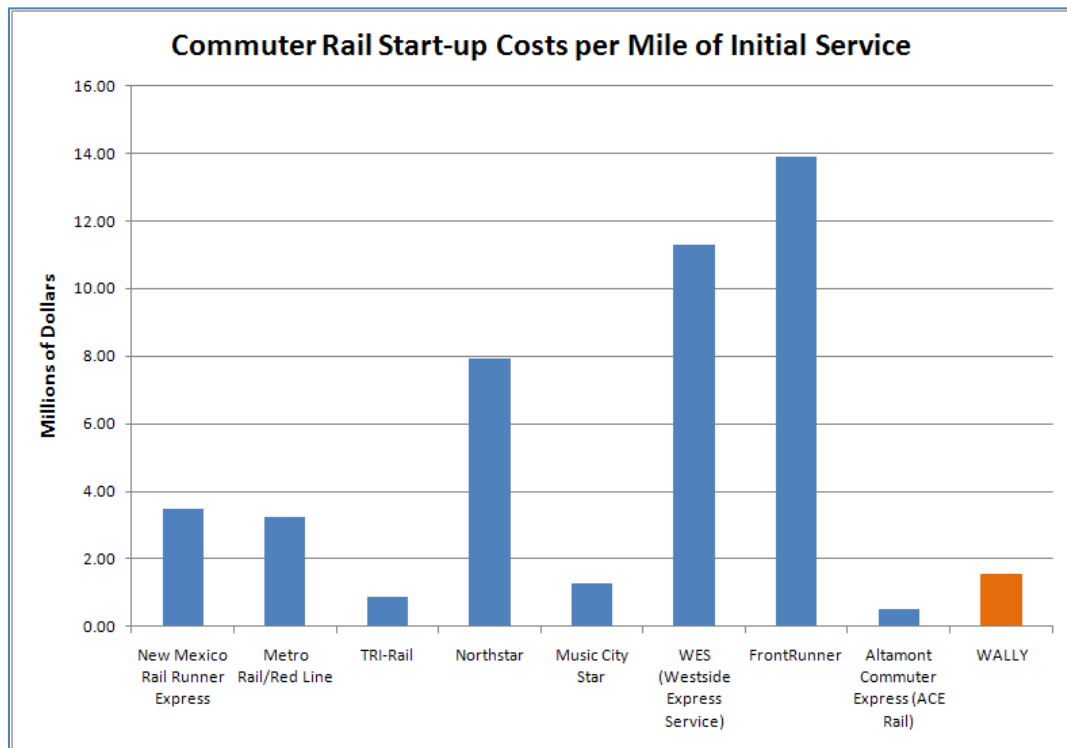
State	Metropolitan Area Name	Service Name	Daily ridership		
			Original Forecast	Actual	See Note
NM	Albuquerque	New Mexico Rail Runner Express	5300	3800	(1)
TX	Austin	Metro Rail/Red Line	1700	800	(2)
TX	Dallas	Trinity Railway Express (Dallas)	-	8600	(3)
TX	Fort Worth	Trinity Railway Express (Ft Worth)	-	8600	(3)
PA	Harrisburg	Keystone Service	-	1900	(4)
FL	Miami	TRI-Rail	17400	12300	(5)
MN	Minneapolis	Northstar	5900	2000	(6)
TN	Nashville	Music City Star	2006: 1,479 2012: 1,879	1016	(7)
CT	New Haven	Shore Line East	700 - 1350	2000	
ME	Portland	Downeaster	-	1400	(8)
OR	Portland	WES (Westside Express Service)	1600	1300	(9)
UT	Salt Lake City	FrontRunner	6100	5400	(10)
CA	San Diego	COASTER	0	4100	(11)
WA	Seattle	Sounder	0	8000	
CA	Stockton	Altamont Commuter Express (ACE Rail)	1000	1000	(12)
DC	Washington	Virginia Railway Express (VRE)	4500	17700	(13)
MI	Ann Arbor	WALLY	1300	-	

Ridership Notes	
(1)	Original forecast is approximate. Progressive Railroading article noted that 1,800 - 2,000 were expected in the first phase. CR History document said 3,500 were projected in year 2025 for work trips between Albuquerque and Santa Fe. It did not include all other trip purposes in the corridor, nor did it include work trips in the Santa Fe region commuting to jobs in Santa Fe.
(2)	Forecast is for March 2011. First week of rides were free. Had roughly 2,900 daily riders that first week. They expect 276,500 boardings for FY 2011. That's an estimated daily ridership of 1,084 assuming around 255 days of service. The original forecast was made before the recent economic downturn, was based on running 5 cars, and counted on some transit-oriented developments that never happened or were slower to get going than expected because of the economy. The number of riders in the summer are lower because they rely on some UT riders. Service changes coming January 2011 will hopefully increase ridership. Right now, their numbers are just statistical counts and they believe that they are closer to 1,000 riders/day with the start of school. Automatic counting systems are currently in the calibration phase.
(3)	Grew from 175,969 in 1997. More than 4,000 people rode the train during its first day of operation. FY09 average Saturday ridership = 5,300. FY09 subsidy per passenger = \$6.87. Source couldn't find or confirm an original ridership forecast.
(3)	Grew from 175,969 in 1997. More than 4,000 people rode the train during its first day of operation. FY09 average Saturday ridership = 5,300. FY09 subsidy per passenger = \$6.87. Source couldn't find or confirm an original ridership forecast.
(4)	Ridership from July 1, 2009 to June 30, 2010 totaled 1.277 million, which was a 3.9 percent increase from the previous fiscal year's record of 1.229 million trips.
(5)	Double Track Corridor Improvement Program, funds received June 2000, completed March 2006. This added a second set of tracks along the entire 70.9 mile corridor. SFRTA had a goal of 14,000 riders daily by the end of the first year of service.
(6)	Forecast is Year 2030. The ridership goal for 2010 was 3,400.
(7)	The ridership estimates assume that a premium commuter rail service will attract up to 10% of the work trips destined from the outlying stations areas to the downtown area.
(8)	Ridership in 2002, the first full year of service, was about 292,000 passengers. This was just a little under the projected ridership.
(9)	Projection is for the first year of service. Forecast for 2020 is 3,000 - 4,000. Initial estimates were 2,400-2,500 in the first year of service, but the FTA approved the project after the numbers were revised downward.
(10)	Forecast was at startup. They offer an off-peak group pass that is highly discounted and also have an economy pass program. Have seen a drop somewhat in ridership after boom in late 2008, but they are trying to build it back up. Forecast for year 2025 is 11,800.
(11)	Carried over 700,000 passengers in its first year of service. 6,000 average daily riders on weekdays, 1,200+ daily riders on Sat.
(12)	Reached a peak of just over 4,000 in 2001. They expected between 600 and 700 on opening day and about 1,000 after one year.
(13)	1987 ridership projections were 4,000 riders/day. 1991 updated projections, prepared while the system was under construction, estimated 4,500 daily riders. In FY 1993, there were about 5,600 daily riders on 16 trains; now operates 29 trains. Ridership reached 7,800 average daily trips by the end of the 1993 calendar year and overcrowding became a problem on some trips. Ridership is split almost 50/50, but the Manassas Line is currently growing faster.

Commuter Rail Initial Capital Costs – Selected Properties

The tables below compare the initial capital (construction) cost of systems. Only those systems which were able to provide reliable data are reported. Wally data is estimated.

Service Name	Existing track?	Estimated Start-up Costs (\$M)	Actual Start-up Costs (\$M)	Initial Route Length (miles; one-way, single track)	Start-up Costs per Mile of Initial Service (\$M)
New Mexico Rail Runner Express	Yes	325	333.8	47	3.48
Metro Rail/Red Line	Yes	90	105	32.5	3.23
TRI-Rail	Yes	-	59.6	67	0.89
Northstar	Yes	289.1	317.38	40.1	7.91
Music City Star	Yes	42	41	32	1.28
WES (Westside Express Service)	Yes	0	166	14.7	11.29
FrontRunner	No	541.4	611.68	44	13.90
Altamont Commuter Express (ACE Rail)	Yes	-	46	86	0.53
WALLY	Yes	41	-	26.9	1.52



APPENDIX C – AATA Position Statement – June 2010

“AATA continues to support the WALLY project and appreciates the financial and technical support provided by the State of Michigan. AATA will continue its support of the WALLY project as long as MDOT is supportive and as long as there continues to be a reasonable level of support from the WALLY host communities. The WALLY project will also be examined as part of the AATA Transit Master Plan process to confirm whether the project has merit within the context of a county-wide system.

AATA recognizes that funding gaps exist for both capital construction and operating expenses. AATA will continue to support development of a WALLY demonstration service as long as 1) there is a reasonable expectation that these funding gaps can be closed using Federal, State, local public or other sources, and 2) there continues to be reasonably strong public support for the project.

AATA makes no commitment to providing either capital or operating funding at this time, and AATA currently takes no position regarding the start date of service due to the uncertainty with respect to funding. AATA will continue to work with MDOT and the local communities to seek and apply for federal funding of the project. Once funding issues are fully resolved, AATA will commit to a service start-up date.”

APPENDIX D – Key Correspondence and Selected* Letters of Support

- March 6, 2007 - Letter from MDOT to Northfield Township Supervisor, offering support for the project and specific funding support for track work, railcars and insurance.
- July 5, 2007 - Letter from MDOT to Northfield Township Supervisor, estimating Act 51 State Operating Assistance for Wally.
- June 30, 2009 - Letter from MDOT to AATA, suggesting the creation of a Memorandum of Understanding to document agreements between the two agencies.
- November 11, 2009 – Letter of Understanding between MDOT and AATA signed
- December 17, 2009 – Letter of support from Livingston County Planning Department
- January 8, 2010 – Letter MDOT to FTA advising of possible intent to seek federal funding and seeking FTA support for NEPA work
- February 17, 2011 – City of Howell letter of support for adding Wally to the Countywide Transit Master Plan
- February 23, 2011 – Howell Area Chamber of Commerce letter of support for adding Wally to the Countywide Transit Master Plan
- March 9, 2011 – Howell Downtown Development Authority letter of support for adding Wally to the Countywide Transit Master Plan

* Many additional letters of support were obtained from local stakeholders as part of the process of developing the TIGER grant applications. These are not included here.



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

March 6, 2007

Mr. Michael M. Cicchella, Sr.-Supervisor
Northfield Township
75 Baker Road
P.O. Box 576
Whitmore Lake, Michigan 48189

Dear Mr. Cicchella:

The Michigan Department of Transportation (MDOT) supports the idea of developing various elements of Michigan's transportation system's infrastructure and services in the process of mitigating the impact of highway construction projects. Mitigating the impact of US-23 highway construction project scheduled to begin this April is of great concern to MDOT.

Toward addressing this need, the city of Ann Arbor and other local governments have demonstrated great resourcefulness by proposing to initiate passenger rail service between Whitmore Lake and the northern outskirts of Ann Arbor using the Great Lakes Central Railroad. You have developed this idea by consulting with the involved railroads, finding coaches, addressing the accessibility issue, developing a schedule, and estimating costs. MDOT commends you on your idea and all the good work you have done toward bringing it to fruition.

MDOT is pleased to report that it will assist financially in this endeavor. We will fund the following:

1. Rail improvements (track and signal) costs currently estimated to be \$192,892.
2. Rail car modifications including measures needed to be Americans with Disabilities Act compliant, on-board bike racks and generators currently estimated at \$183,000.
3. Dollar-for-dollar match of the retention for insurance amount.

MDOT needs more detail regarding these items before actually committing to specific dollar amounts.

- *Safety.* There are 11 grade crossings along the 10-mile route, only one of which has gates and three additional crossings have flashing light signals. This leaves seven crossings with only crossbucks on a railroad which would be carrying more than 20 trains per day.
- *Segment Length.* The 10-mile railroad segment may be less than half of the mileage of a substantial percentage of trips using US-23 which reduces the ability of this service to provide an effective commuter alternative.

Mr. Michael M. Cicchella, Sr.

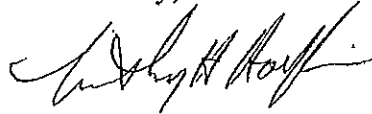
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March 6, 2007

- *Train speed.* The proposed 40 mph train top speed results in the 10-mile rail trip taking 20 minutes which travelers may view as excessive.
- *Transfers.* Use of the rail segment requires at least two transfers (car to train and train to bus) for travelers to reach their destination. The number of transfers, combined with the short segment length, moderate train speed, and short duration of service, may significantly hinder the ability of this service to meet commuter needs during the construction period.
- *Cost.* The half million dollars capital cost and \$300,000 monthly operating cost make the project expensive, especially considering the limitations of the service. With this said, MDOT is willing to work with the city of Ann Arbor and the other communities to share these costs.

MDOT continues to have a high interest in this endeavor. Please contact me at 517-373-6672 regarding the requested detailed cost information and any questions you might have.

Sincerely,



Timothy H. Hoeffner, Administrator
Intermodal Policy Division

cc: K. Steudle
S. Edgar
M. Williams
M. Chaput
S. Bower
K. Andrewes
M. Webb
R. Kuehne
M. Bagwell, GLCRR
T. Blackmore, WATS
E. Cooper, City of Ann Arbor
C. Palombo, SEMCOG



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

July 5, 2007

Mr. Mike Cicchella, Supervisor
Northfield Township
75 Barker Road
Whitmore Lake, Michigan 48189

Dear Mr. Cicchella:

Following our discussions at the Finance Committee meeting, I am writing to share the Michigan Department of Transportation's (MDOT's) preliminary findings concerning Act 51 state operating assistance for the Howell-Ann Arbor Commuter Rail Project. There are three factors that affect how much operating assistance a recipient will receive under Section 10e(4) of Act 51. Those factors are: (1) whether or not the recipient is classified as an urban recipient, nonurban recipient, or a combination of both, (2) the reimbursement percentage calculated each year in order to distribute the appropriated dollar amount to each recipient based on a percentage of eligible public transportation expenses incurred by all recipient statewide, and (3) public transportation expenses determined to be ineligible by the Bureau of Passenger Transportation's (BPT's) Local Public Transit Revenue and Expense Manual (R&E Manual). Each of these factors will be discussed below:

Urban, Nonurban, or Both

Section 10e(4) recipients are classified as either urban recipients, nonurban recipients, or a combination of both. Operating assistance for urban recipients that operate in areas over 100,000 population is calculated at up to 50 percent of eligible operating expenses. Nonurban recipients that operate in areas under 100,000 population are calculated at up to 60 percent of eligible operating expenses. A recipient that is determined to be both urban and nonurban receives a combination of up to 50 percent for urban and up to 60 percent for nonurban. For purposes of this letter, the Commuter Rail Project will be analyzed in terms of an urban area that service to a population over 100,000. However, at this point, it is not clear how this rail service project would be classified

Reimbursement Percentage

State operating assistance funds are a fixed dollar amount that reimburses only a percentage of eligible public transportation expenses incurred by all transit agencies statewide. For example, the FY 2007 total distribution amount is \$166,624,000. Currently, that amount of money reimburses expenses incurred by urbanized areas over 100,000 population at 32.52 percent. If a new transit agency had total eligible operating expenses of \$4,489,000 were added to the distribution, the reimbursement percent would decrease, perhaps to 32.24 percent. Until the distribution is calculated based on final audited expenses, the reimbursement percent is only an estimate because every dollar spent to provide public transportation reduces the reimbursement percentage with no transit agency having control over the spending of other transit agencies. Based on the above scenario, the commuter rail project could reasonably expect to receive a maximum reimbursement amount in the range of \$1,459,823 (based on 32.52 percent) to \$1,447,283 (based on 32.24 percent) for the first year. You can apply these same percentage rates to estimate assistance levels in years two through five, however, the percentages in each of those years will likely decline.

Mr. MikeCicchella
Page 2
July 5, 2007

R&E Manual

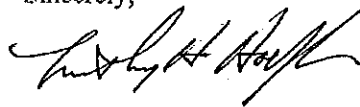
Whether or not expenses are eligible is determined by BPT's R&E Manual. Currently, the R&E Manual is more oriented towards buses rather than rail. In some instances, the R&E Manual bases eligibility of expenses on reasonableness. For example, lease and rental expenses are eligible to the extent that the rates are reasonable considering factors such as rental costs of comparable property, the market conditions in the area, and alternatives available. The "reasonableness" of rental/rail equipment may be more difficult to ascertain than rental/bus equipment. BPT will also need more detail on other expenses such as train miscellaneous costs, authority expenses, and office expenses. Probably the largest category of operating expenses that will be disallowed are those operating expenses paid for by federal grants, such as Congestion Mitigation/Air Quality and Transportation and Community and System Preservation.

While it is clear that the proposed service could become eligible to receive state operating assistance as defined in Act 51, as noted above, this project would be supported from an annual appropriation of funds that is shared by all operators – including existing regional, urban and rural transit systems. Because this is a shared resource and because appropriation levels for this program have been relatively static, a re-occurring concern within the transit community is the impact of a new system (or expansion of an existing system) on others that receive state operating assistance. The estimated assistance levels we provided above are based on the current year distribution rate, which is based on the current year expenses and the current year appropriations. Since eligible expenses increase each year, the distribution rate has been declining slightly each year. The decline would likely be more significant in the first year your project becomes an eligible recipient and it would impact all eligible recipients.

MDOT looks forward to working with you and the future authority to determine the most appropriate financing strategy for the project. As I indicated earlier, the figures provided to you are preliminary maximum estimate of funds that could be available under the Act 51 Operating Assistance Program. I believe that these numbers should help you in developing preliminary revenue estimates.

If you have any questions, please feel free to contact me at 517-373-6672. You may contact Ms. Sharon Edgar, Administrator, Bureau of Passenger Transportation, at 517-373-0471 with questions about state operating assistance.

Sincerely,



Timothy H. Hoeffner, Administrator
Intermodal Policy Division

cc: S. Edgar
K. Wisniewski



JUN 29 2009

JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

Kirk T. Steudle
DIRECTOR

June 30, 2009

Ms. Dawn Gaby
Interim Executive Director
Ann Arbor Transportation Authority
2700 South Industrial Highway
Ann Arbor, Michigan 48104

Dear Ms Gaby:

RE: WALLY: Proposed Commuter Rail Service between Ann Arbor and Howell

Thank you for your recent letter outlining Ann Arbor Transportation Authority's (AATA's) concerns about the Michigan Department of Transportation's (MDOT's) role in the implementation of the Washtenaw and Livingston Commuter Rail Line (WALLY). I wish to reiterate MDOT's position that we are fully committed to supporting local community efforts to launch the WALLY service in 2010.

However, the full scope of the responsibility that MDOT would be taking on still needs to be defined. Since this is new territory for MDOT, at some point in the near future, we recommend you draft preliminary language for a Memorandum of Understanding (or similar agreement) that would be executed by AATA and MDOT defining the anticipated roles and responsibilities for each that would emerge from MDOT holding the operating contract.

The Federal Transit Administration and the Federal Railroad Administration have advised us that using METRA cars modified to meet current Americans with Disabilities Act requirements is acceptable for both Detroit-Ann Arbor and WALLY services. We are moving forward with a contract to begin rehabilitating those cars with plans to have the required train sets available for the commencement of WALLY services.

We are committed to working with you and the WALLY stakeholders on the wide range of tasks that must be completed prior to launching this service. WALLY must be a locally led effort with MDOT playing a supportive role. MDOT is prepared to take the lead role in completing all necessary rail infrastructure improvements on Howell-Ann Arbor line, rehabilitating the METRA cars, and negotiating agreements with the railroads.

We believe that AATA and the WALLY Coalition must lead efforts to secure local support and financial commitments for the other tasks you outlined in your letter, including station design and construction, operating funds, public-private partnerships, market research, and public education.

If you have any questions concerning MDOT's support for the project, please contact either me or Tim Hoeffner, Administrator, Office of High Speed Rail and Innovative Project Advancement, at 517-373-6672.

Sincerely,

Kirk T. Steudle
Director

cc: T. Hoeffner S. Edgar J. Hieftje



Letter of Understanding
Between
The Michigan Department of Transportation
And the Ann Arbor Transportation Authority
With respect to
WALLY Commuter Rail Services

Ann Arbor Transportation Authority
2700 South Industrial Highway
Ann Arbor, Michigan 48104
734.973.6500 734.973.6338 F
theride.org

November 11, 2009

Timothy Hoeffner, Administrator
Office of High Speed Rail & Innovative Project Advancement
Michigan Department of Transportation
425 W. Ottawa Street
P.O. Box 30050
Lansing, Michigan 48909

Dear Tim:

As we discussed in our October 23rd meeting, we have drafted this Letter of Understanding to document decisions we have made regarding the division of responsibilities between the Ann Arbor Transportation Authority (AATA) and the Michigan Department of Transportation (MDOT) with respect to the WALLY Commuter Rail Service project. Let me begin by saying that I really appreciate the support MDOT has provided to date on this project.

This agreement recognizes that:

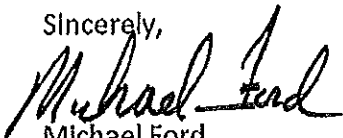
- The Ann Arbor Transportation Authority has agreed, by resolution, to become the "designated authority" for the development of WALLY as an inter-county commuter rail system, and
- MDOT is the owner of the railroad line connecting Ann Arbor and Howell and has responsibilities for maintenance and operations on the line, and
- Public interest remains strong in establishing passenger service on the rail line, and
- A number of physical improvements are needed to enable the rail line to provide passenger service, and
- A number of institutional and funding issues must be resolved before service can initiated.

In light of these factors, we proposed that AATA and MDOT continue to work closely together toward the goal of initiating passenger service on the WALLY line, with a mutual understanding of the division of roles and responsibilities outlined as follows:

- MDOT will contract with an outside party to rehabilitate, and acquire by lease, the use of 12 used bi-level passenger cars (4 cab-control cars and 8 coaches), and
- MDOT will undertake the design of improvements to the tracks, signals and grade crossings of the line, and will contract with an outside party to construct said improvements, and
- MDOT will obtain the services of a commuter rail operator to provide services on behalf of the AATA and according to service standards set forth by the AATA. Such services will include operation of revenue service as well as midday and evening layover of trains, and maintenance of all equipment and railroad right-of-way, and
- MDOT will initiate discussions, as needed, with the Ann Arbor Railroad (AARR) regarding use of AARR property for the provision of WALLY passenger services, and
- MDOT will initiate discussions, as needed, with the CSX railroad regarding management of train priorities at the Annpere crossing, and
- MDOT will plan and implement railroad infrastructure improvements and operations in a manner that is consistent with all applicable safety standards and procedures, and
- AATA will work with local communities, including private developers within those communities, to finalize station locations and facilitate the design and construction of said stations, according to minimum standards set forth by the AATA, and
- AATA will plan and provide bus connections between the Ann Arbor WALLY station(s) and traveler's final destinations, and will work with other local communities to cause connecting service to be implemented where appropriate, and
- AATA will undertake public education, marketing and public relations related to the planning and operation of WALLY services, and
- MDOT and AATA will work together to assemble a funding package for operations that will include approximately \$1.4 Million from state formula funds, plus contributions from local sources, and
- MDOT and AATA will keep each other advised of the status of their activities under this agreement and will afford each other opportunities to provide input on plans and decisions.

I believe this properly reflects our recent discussions regarding these issues, and if you concur, please formalize this agreement by signing on the signatory line provided. Again, thank you for the help provided by MDOT to date. We look forward to our continuing cooperative relationship as we move this project along.

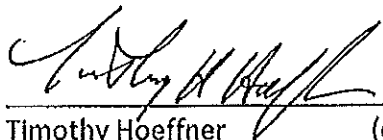
Sincerely,



Michael Ford
Chief Executive Officer

Your signature below indicates your concurrence with the terms of this agreement.

I have enclosed two copies of this letter for your signature. Please sign both copies and return one copy to my office for our file. Thank you.

 12/21/09
(date)

Timothy Hoeffner
Administrator
Office of High Speed Rail & Innovative Project Advancement
Michigan Department of Transportation



Livingston County Department of Planning

Division of

HAZARD MITIGATION • PLANNING & MANAGEMENT RESEARCH • MAPPING SERVICES

Kathleen J. Kline-Hudson
AICP, PEM
Director

December 17, 2009

Nancy Vorhoff
Administrative Specialist

Michael Benham
Ann Arbor Transportation Authority
2700 S. Industrial Hwy.
Ann Arbor, MI 48104

Robert A. Stanford
AICP, PEM
Principal Planner

Dear Michael,

Scott Barb
Principal Planner

Thank you for your informative presentation on the WALLY commuter rail system at the Livingston County Planning Commission meeting last night. Discussion on the subject continued throughout the evening and with staff this morning; your excellent presentation created quite a buzz of conversation! This type of transportation initiative is integral to county planning and we would very much like to support this effort by advising our local communities on the best practices of transit oriented planning and zoning. Please consider us an education partner in the future, and thank you for updating our staff and County Planning Commissioners on the progress of this important commuting option.

Department Information

Administration Building
304 E. Grand River Avenue
Suite 206
Howell, MI 48843-2323

(517) 546-7555
Fax (517) 552-2347

Web Site
co.livingston.mi.us

Sincerely,

Kathleen Kline-Hudson
Director



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

January 8, 2010

Ms. Marisol Simón
Regional Administrator
Federal Transit Administration – Region V
200 West Adams Street - Suite 320
Chicago, Illinois 60606

Dear Ms. Simón:

The Michigan Department of Transportation (MDOT) is writing to inform you of a project we are undertaking that may involve federal capital assistance, and to seek the help of the Federal Transit Administration (FTA) in preparing and reviewing documentation we are assembling in compliance with the National Environmental Policy Act (NEPA) requirements.

The project is the proposed Washtenaw and Livingston Commuter Rail Line (WALLY) between Howell and Ann Arbor, Michigan. This project has been in the planning stages since 2006 and MDOT, along with our local partners, requested \$33 million in capital funding for the project through the Transportation Investment Generating Economic Recovery (TIGER) Program. The TIGER grant application was submitted to U.S. Department of Transportation on September 15, 2009. In the event TIGER funds cannot be awarded to this project, we expect to seek federal funding from other sources.

As part of the NEPA process, MDOT is preparing an Environmental Assessment (EA). We are trying to complete as much of our environmental review as possible in order to be ready to obtain federal approval of the work in the event funding for the WALLY project becomes available. Toward this end, we ask that FTA staff be made available to provide guidance, answer questions, and ultimately review and approve our environmental document.

In summary, MDOT seeks FTA's assistance in developing and approving our EA document. MDOT is also sending a copy of this letter to Paul Nissenbaum, Director, Federal Railroad Administration (FRA), Office of Passenger and Freight Programs, with the expectation that FRA will become a cooperating agency for this project.

MDOT is looking forward to working with your staff in the development of this EA. If you have any questions or need additional information regarding this project, please contact either me or Susan Mortel, Director, Bureau of Transportation Planning, at 517-373-0343.

Sincerely,

Kirk T. Steudle
Director

BTP:IPD:ZKW:oef

cc: P. Nissenbaum M. Benham
S. Mortel T. Hoeffner K. Wisniewski L. Noblet V. Blaxton



MAR 11 2011

March 9, 2011

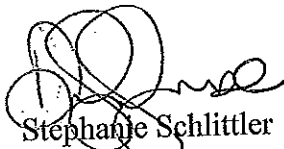
Michael G. Ford
Chief Executive Officer
Ann Arbor Transportation Authority
2700 South Industrial Highway
Ann Arbor, MI 48104


Dear Mr. Ford,

I am pleased to send you the attached resolution of support for including WALLY in the Washtenaw County Transit Master Plan, adopted unanimously by the City of Howell Downtown Development Authority at its February 23rd meeting.

The Howell DDA continues to be very supportive of the WALLY project. Public transportation is a critical component to the future of the City of Howell and Livingston County, by attracting and retaining jobs, and connecting regional economies.

Sincerely,


Stephanie Schlittler
President of the Board


Nathan Voght
Director

RESOLUTION #11-01

Support for the Washtenaw and Livingston Line (WALLY) in the Washtenaw County Transit Master Plan

WHEREAS, the Ann Arbor Transportation Authority and Washtenaw County are in the process of developing a Washtenaw County Transit Master Plan, and;

WHEREAS, various transit alternatives are being considered, one of which incorporates the Washtenaw and Livingston Line (WALLY), and;

WHEREAS, there has been an on-going effort between local governments in Washtenaw and Livingston County to develop a commuter rail service between the City of Howell and the City of Ann Arbor since 2004, and;

WHEREAS, over 6,000 Livingston County residents commute to the Ann Arbor Area each day, and;

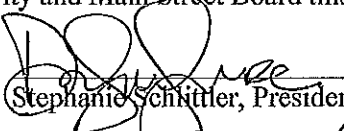
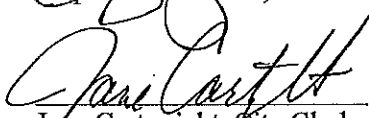
WHEREAS, integrating the commuter rail service between Howell and Ann Arbor with the broader Transit Plan will have numerous regional benefits, including: improved regional transit options; increased job creation; reduced congestion; encouragement of dense transit-oriented development which will preserve open space; and others, and;

WHEREAS, this is a tremendous opportunity to work and plan as a region;

BE IT RESOLVED, that the City of Howell Downtown Development Authority and Main Street Board (DDA) fully supports and recommends that the Washtenaw and Livingston Line (WALLY) be included in the final Washtenaw County Transit Master Plan;

BE IT RESOLVED, that the DDA remains fully committed to the project as demonstrated by the \$5,000 contribution towards the 2008 validation study and most recent \$37,000 contribution towards transit station design;

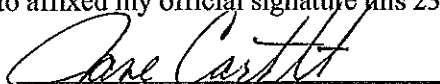
Adopted by the City of Howell Downtown Development Authority and Main Street Board this 23rd Day of February 2011.

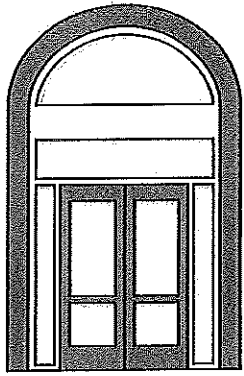

Stephanie Schuttler, President

Jane Cartwright, City Clerk

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of Resolution No. 11-01, adopted by the City of Howell Downtown Development Authority, Livingston County, Michigan, at a regular meeting held of the 23rd Day of February, 2011 and that the meeting was held and the minute therefore were filed in compliance with Act No. 267 of the Public Acts of 1976.

IN WITNESS WHEREOF, I have hereto affixed my official signature this 23rd day of February, 2011.


BY: Howell City Clerk



FEB 24 2011

Howell Area CHAMBER of COMMERCE

123 E. Washington St. • Howell, Michigan 48843 • 517.546.3920
FAX 517.546.4115 • howell.org • E-mail: chamber@howell.org

February 23, 2011

Michael G. Ford
Chief Executive Officer
Ann Arbor Transportation Authority
2700 South Industrial Highway
Ann Arbor, MI 48104

Dear Mr. Ford:

Livingston County Michigan, like the entire State of Michigan itself, is facing a changing economy and changing demographics.

If we are to become a sustainable county and attract and retain the kind of knowledge workers and entrepreneurs that are currently flocking to other regions in the U.S., we need to create a community that people want to live in and build their businesses.

The Howell Area Chamber of Commerce, in partnership with the other county chambers and the MSU Land Policy Institute, is currently leading an initiative to create a Strategic Growth Plan for Livingston County. This initiative has involved hundreds of citizens, business people, county, municipal and nonprofit leaders.

The plan will be finalized within the next few months. It centers around five strategies: Brainpower, Placemaking, Jobs & Prosperity, and Marketing, all under the umbrella of Collaboration, Cooperation and Regionalization.

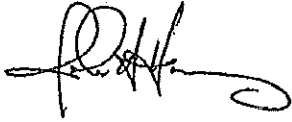
As you know, part of a successful placemaking strategy is to build connected places to attract talent and growth.

Towards this end, the Howell Area Chamber of Commerce has been involved in the planning and promotion of the proposed Washtenaw and Livingston Line (WALLY) since 2004. The connection of the City of Howell and the City of Ann Arbor with a rail line can do much to attract and retain residents and businesses to both our counties.

We have been made aware that the Ann Arbor Transportation Authority and the County of Washtenaw are working together to develop a Washtenaw County Transit Master Plan.

The Howell Area Chamber of Commerce Board of Directors, at its February 22, 2011 meeting, unanimously expressed support of the inclusion of the WALLY rail program into the final Washtenaw County plan. The chamber will continue its participation and support of the planning process for WALLY as we see mass transit as a key to this county's—and the region's—future success and growth.

Sincerely,



John Harvey
Chairman of the Board



Pat Convery
President

Cc: Belinda Peters, Administrator, County of Livingston
Shea Charles, Manager, City of Howell
Nathan Voght, Director, City of Howell Downtown Development Authority



HOWELL MICHIGAN

CITY MANAGER'S OFFICE: 611 E. Grand River • Howell, MI 48843

(517) 546-3502 • FAX: (517) 546-6030

February 17, 2011

FEB 28 2011

Mr. Michael G. Ford
Chief Executive Officer
Ann Arbor Transportation Authority
2700 South Industrial Highway
Ann Arbor MI 48104

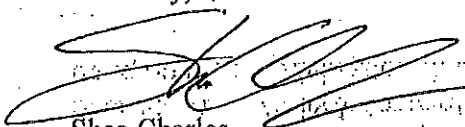
RE: Washtenaw County Transit Master Plan

Dear Mr. Ford:

This letter is to express the support of the Howell City Council to include the Washtenaw and Livingston Line (WALLY) in the Washtenaw County Transit Master Plan. The City of Howell has been diligent in promoting WALLY not only as a convenient public transportation system for our residents but as an economic stimulus to the area. We also see this as a way to alleviate traffic volumes on US 23 and defer millions of dollars in interstate improvement costs.

Our Resolution of support adopted by the Howell City Council February 14, 2011 is enclosed. We look forward to continuing our joint planning effort to bring public transportation to Livingston County.

Sincerely,


Shea Charles,
Howell City Manager

Enclosure

RESOLUTION NO. 11-04

**Support for the Washtenaw and Livingston Line (WALLY)
in the Washtenaw County Transit Master Plan**

WHEREAS, the Ann Arbor Transportation Authority and Washtenaw County are in the process of developing a Washtenaw County Transit Master Plan; and,

WHEREAS, various transit alternatives are being considered, one of which incorporates the Washtenaw and Livingston Line (WALLY); and,

WHEREAS, there has been an on-going effort between local governments in Washtenaw and Livingston County to develop a commuter rail service between the City of Howell and the City of Ann Arbor since 2004; and,


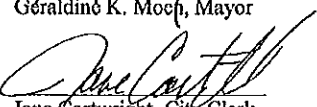
WHEREAS, over 6,000 Livingston County residents commute to the Ann Arbor Area each day; and,

WHEREAS, integrating the commuter rail service between Howell and Ann Arbor with the broader Transit Plan will have numerous regional benefits, including: improved regional transit options; increased job creation; reduced congestion; encouragement of dense transit-oriented development which will preserve open space; and others; and,

WHEREAS, this is a tremendous opportunity to work and plan as a region.

THEREFORE, BE IT RESOLVED, that the City Council of the City of Howell fully supports and recommends that the Washtenaw and Livingston Line (WALLY) be included in the final Washtenaw County Transit Master Plan; and,

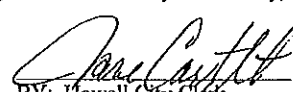
Adopted by the Howell City Council February 14, 2011.


Geraldine K. Moech, Mayor

Jane Cartwright, City Clerk

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of Resolution No. 11-04, adopted by the City Council of the City of Howell, Livingston County, Michigan, at a regular meeting held on the 14th day of February, 2011 and that the meeting was held and the minutes therefore were filed in compliance with Act No. 267 of the Public Acts of 1976.

IN WITNESS WHEREOF, I have hereto affixed my official signature this 14th day of February, 2011.


BY: Howell City Clerk