

## FAQ's of the proposed NITC

### **Is a new bridge needed? Michigan businesses say "Yes"**

According to the US Dept. of Transportation, U.S.-Canada surface transportation trade totaled \$471 billion in 2010, an increase of 22.1 percent since 2009. "Detroit is home to the busiest border crossing in North America based on trade volume, with a value of almost \$500 million in goods crossing daily" (Bill Ford).

The current bridge is the #1 bottleneck in the entire Pan American Freeway system and the need for a freeway to freeway connection is essential to ensuring efficient trade and job creation. That is why businesses all across Michigan have endorsed this project. They want to grow and thrive, and this project gives them the opportunity to do that.

Opponents of this bridge would have you believe Michigan has no future growth, employment numbers will decrease and trade will remain stagnant. The Administration believes that Michigan has the opportunity to become *the* leader in international trade, be globally competitive, attract new investments and protect our economic security. The time is now. "When the economy recovers, Michigan must be well positioned to play a leading role in manufacturing and trade – or others will" (Cleveland Cliffs).

### **Who pays for this bridge and will Michigan have any liability?**

The private sector will put up the money for the bridge and *our proposal does not allow Michigan to fund any shortfalls*. The NITC proposal creates a bridge authority, the members of which are subject to Senate confirmation. This authority will enter into a joint venture with a Canadian authority to draft a concessionaire agreement to send out to bid. The private sector will design, finance, build and operate the bridge for the period of the concession agreement, probably between 30 and 50 years. *Michigan will not guarantee any debt, availability payments, operating costs, etc. for this bridge*. While the Canadians have committed to making the availability payments in the event of a short fall, Michigan will be absolutely barred from doing so.

### **What is the \$550 Million Canadian contribution for? Is it a loan? Who pays it back?**

While the private sector will put up 100% of the money for the bridge, there are still costs associated with building an I-75 Interchange and Michigan plaza. The Canadians have agreed in writing to pay for the Michigan side improvements through an equity investment into the joint venture between the Michigan and Canadian authorities. This is not a loan and Michigan has no obligations under it. If the tolls generated by the bridge traffic produces more revenue that is needed to pay the private concessionaire, then Canada will be repaid for their contribution. If not, then the Canadians do not get paid back.

### **Why not just allow the owners of the Ambassador Bridge to twin their span?**

As a practical matter, anything other than a replacement bridge cannot be accommodated at the site of the current bridge. It is difficult to understand what the owners of the Ambassador Bridge are trying to accomplish because they are saying a new bridge is not needed and they are also saying they want to build a new bridge. Which is it? When they financed Private Activity Bonds, they said traffic would be 18,458,866 by 2025. The numbers they have given to the legislature to kill any chance of competition say it will be 7,319,476 by 2030.

Michigan businesses need a direct freeway to freeway connection at this juncture. The NITC accomplishes this, and it is the only proposal that does. This project would eliminate the biggest bottle neck in the entire North American Freeway system. It provides for needed system redundancy and enhances economic security for Michigan.

## **Free Market and Competition Needed**

The private sector will compete for this project. The proposal simply allows for that competition. We owe it to the citizens of this state to subject major infrastructure projects to competition. We cannot simply shut out the entire private sector and give this project to one person with absolutely no chance of competition. The owners of the Ambassador Bridge could bid on this project and win it. Let's put the full power of competition of the private sector behind the new crossing.

## **Why not use the Ambassador's toll credits for Federal Match?**

Michigan can only receive federal match for toll credits if the state meets annual Maintenance of Effort requirements. Toll credits are based on the annual amount of capital expenditures at a toll facility. The determination of toll credit eligibility requires the current bridge owners to release capital expenditure information. The state has provided the current bridge owners the terms and conditions for reporting their capital expenditure information to meet federal toll credit eligibility requirements. Michigan can and should use both the Canadian contribution and the Ambassador Bridge toll credits for federal match.

## **Why put a Michigan company out of business for a new crossing?**

The NITC would not put the Ambassador Bridge out of business. Recent studies projecting revenues have confirmed that the Ambassador Bridge would remain very profitable even with the NITC in full operation. The Ambassador's projection that traffic will be 18,458,866 by 2025 assures that the traffic will support a second span. The Detroit-Windsor corridor has less than half the number of lanes as the Buffalo-Niagara corridor and 43% more traffic. Yet the Buffalo-Niagara crossings are financially viable.