M-1 RAIL 5 Question Work Plan
7/22/2012

The following action items are a result of the joint FTA/MDoT/City of Detroit and M-1 meeting of July 19th. Each action has been agreed to by the parties as a necessary step in satisfying the June 19th letter from Secretary LaHood (USDoT) to Roger Penske (M-1). The italicized sections are taken directly from the referenced letter.

Major Overarching Assumptions moving forward:

- MDOT will be the Federal Grantee
- Repurposing Tiger 1 will be the source of Funding
- 13(C) provision had been previously satisfied by the City of Detroit
- Should the above assumptions prove to be faulty **all parties** agree to pursue a solution that is favorable to all concerned?

General Discussion:

- Capital:
  - Federal funding gap:
    - Preferred Path:
      - Repurpose Tiger 1 Grant
        - **Next Steps:**
          - **Matt Cullen to speak with Administrator Peter Rogoff**
            - **Section 13 c**
            - **Provides a "Plan B"(Street scape project along the corridor) in the event M-1 does not move forward**
    - Additional funding methods being explored by FTA if Tiger 1 cannot be repurposed; Tiger 1 repurposing is preferred route to avoid 13(C) provision with the State of Michigan
      - **Next Steps:**
        - **State of Michigan to seek opinion from AG regarding 13(c) provision**
        - **FTA to determine specific method of funding**
  - Donor/Sponsorship Gap
    - Pursue additional donors
    - Ask existing donors to contribute additional funding
    - Letters of Commitment
    - **Next Step:**

- **Laura Trudeau to develop a credible strategy for soliciting new and existing donors**
    - **Draft a strategy document (credible plan) by 7/27 .**
    - **Post discussion and agreement that document requires formal approval with a cover letter by the parties (MDoT, CoD and M-1) which will serve to satisfy the needs of the Secretary**
    - **Matt Cullen, Executive Committee and Paul Childs to provide support when appropriate**
- State of Michigan Support
    - Streetscape enhancement funding
    - University infrastructure match grant
        - Wayne State University
        - Michigan State University
        - Michigan University
    - **Next Step:**
        - **Laura Trudeau, Dennis Schornack, Tim Hoeffner to meet to establish a process to identify and vet potential funding options 7/23/2012**
- NMTC
    - Path:
        - Secure tax credits; this year vs. next year
        - **Reach out to investors and encourage them to include M-1 in their applications**
- TIFIA Grant
    - **Next Step:**
        - **FTA to determine if because MDOT is now the Federal Grantee, M-1 RAIL or MDOT might be better suited to be awarded a grant**
- Funding Strategy Document
    - Path:
        - Laura Trudeau to prepare funding strategy document which she is going to vet with donors/sponsors over the next two weeks
    - **Next Step:**
        - **With Matt Cullen's approval, share the funding strategy document with FTA to determine whether or not this route is satisfactory**
- Cash Flow Document:
    - **Tom McNulty, Laura Trudeau to prepare updated, detailed cash flow document**

-The development of a **credible plan** *approved by all funding partners to cover both short-term and long-term operating costs*

- Operating
  - State of Michigan Support
    - If Capital, existing funds can be transferred to operating
    - If operating, secure a letter of commitment
    - **Next Step:**
      - **Laura Trudeau, Dennis Schornack, Tim Hoeffner to meet to discuss potential funding options 7/23/2012**
  - Adjust existing fare
    - $1.50-$2.00, still competitive with existing systems
  - Advertising Revenue
    - MEDC yearly contribution secured by Deb Dansby
    - Secure additional revenue
      - College of Creative Studies
      - Etc.…
    - **Next Step:**
      - **Laura Trudeau to develop credible strategy to solicit new and existing donors**
        - **Matt Cullen, Executive Committee and Paul Childs to provide support when appropriate**
  - TIF
    - Need to explore
    - **Next Step:**
      - **Tom McNulty, Waymon Guillebeaux to provide TIF map**
      - **Tom McNulty to determine the viability and level of funding available**

-The establishment of a capital reserve or some other mechanism to ensure that sufficient funds will be available should projects costs exceed the current budget, should any schedule delays result in cost escalation, or should assumed revenues not materialize.

- Goal set at $15MM for Capital Reserve
  - Attempt to raise $10MM-12MM
    - Currently at approximately $7MM
  - Built in Cost savings; Vehicle price etc.
    - FTA is skeptical
  - Independent Project being conducted in regards to utility
    - This activity may allow for reduced contingency amounts
  - investigation; improve capital cost estimate and mitigate risk

- Line of Credit
  - Not M-1 RAIL's first choice
- Additional Fundraising
- Use of FTA grant money last
- **Next Steps:**
  - **Laura Trudeau to develop credible plan to solicit new and existing donors**
    - **Matt Cullen, Executive committee and Paul Childs to provide support when appropriate**

-The execution of an agreement among M-1 RAIL, State, and local stakeholders to establish and clearly define respective roles and responsibilities related to project delivery, including local permitting

- Roles and Responsibility Matrix provided in M-1 RAIL 60-day deliverable being revised by FTA
  - **Next Steps:**
    - **Revised document to be provided Tuesday July 24th**
    - **M-1 RAIL to meet to Tuesday July 24th for Review**
    - **If all agencies approve, letters of approval will be provided signed by all appropriate parties**

-The provision of assurances that the Southeast Michigan Council of Governments or another potential grantee has sufficient legal authority to perform the functions ascribed to it in M-1 RAIL's Business plan

- MDOT will replace SEMCOG as the Federal Grantee
  - **Next Steps:**
    - **MOU to be created with language allowing MDOT the ability to pull out if 13(c) provision is enforced**
    - **State of Michigan to seek opinion from AG regarding 13(c) provision**
    - **Cam Piggot to provide white paper on NMTC process for MDOT financial team**
    - **Meeting with all necessary parties to discuss NMTC process; T.B.D**

-Considerable Progress on the authorization of a property constituted regional transit authority to serve the greater transit needs of the region and serve as the eventual operator of the M-1 RAIL project.

- Possibly secure letter from the Speaker of the House in support of the RTA or;
- Host a Symposium and
- Contribute funding to:
  - Public Outreach
  - Planning efforts
  - Transportation (BRT) education
- **Next Steps:**

- **Sean Libberton to "determine" what definition of considerable progress is; discuss some of the above ideas at his briefing with the Secretary and the Administrator**
- **Dennis Schornack and State of Michigan to pursue letter from Speaker of the House**
- **For planning/outreach/education efforts, Kresge to donate (or reallocate) funding and flow through M-1 RAIL**