RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

August 29, 2012

Mr. Roger S. Penske, Chairman
M-1 Rail
600 Renaissance Center, Suite 1740
Detroit, Michigan 48243

Dear Mr. Penske:

The Michigan Department of Transportation (MDOT) continues to support the Woodward Avenue streetcar project. We have been working closely with the M-1 Investor Group to develop strategies to move the project forward as outlined by Secretary LaHood's letter dated June 19, 2012. Subsequently, additional funding sources have been identified and the project delivery has been further defined. This letter summarizes the funding resources and project delivery definition to date.

MDOT is committed to providing $20 million of highway funds for reconstructing 2.87 miles of Woodward Avenue from Sibley northerly to Chandler. It is currently programmed for FY 2014, and can be moved up to FY 2013. This work includes roadway reconstruction, storm sewer replacement, utility alterations, traffic signal modernization, signing, pavement markings, and construction oversight.

The department has identified other funding sources for components of the streetcar project, including Transportation Enhancement (TE) and Congestion Mitigation/Air Quality (CMAQ). We will work with the M-1 Investor Group to ensure that these component projects meet program requirements in order to be competitive for the grant funding. It is anticipated that $5 million of TE funding will be available for eligible items of the streetcar project in FY 2013. However, the eligibility of the project items is contingent upon Federal Highway Administration approval. As you may be aware, $1.3 million of the federal funds is conditionally committed to Midtown Detroit, Inc. for a streetscape project on Woodward Avenue from I-94 to Euclid.

It is anticipated that a total of $5 million of CMAQ funding will be available for the streetcar project in the form of capital, in FY 2013 and 2104, and/or three years of operating assistance in FY 2015 through 2017. The CMAQ funding will be composed of both state and local funds. MDOT will coordinate CMAQ funding for the project with the Southeast Michigan Council of Government, the source of the local funds.

We look forward to working with you as this project advances. Tim Hoeffner, Director, Office of Rail, will continue to be the primary contact for this project. If you have any questions, please contact either me or Mr. Hoeffner at 517-373-6672.

Sincerely,

Kirk T. Steudle
Director