

Executive Summary

Overview

The Engineering Society of Detroit and its Institute decided to tackle the subject of an integrated global freight hub due to its importance in Michigan's economic turnaround. Our goal was to challenge symposium attendees to begin with the end in mind, as Stephen Covey would say, in building a consensus among diverse stakeholders based on identifying win-win solutions to our symposium's Mega Question: *How do we create a consensus to build a global freight freight hub to serve the needs of our 21st century economy?*

We intended to achieve this through the following workgroup questions:

- If you were creating a labor/management relationship for a global freight hub (GFH), what would it look like and how would you implement it?
- If you were designing a state-of-the-art green and sustainable GFH integrating trucking, rail, air, water, and transportation systems, what would it look like and how would you implement it?
- If you were creating a sustainable investment environment for a GFH partnering with the public and private sectors, what would it look like and how would you implement it?

- If you were to address quality-of-life issues relating to the creation of a GFH, what issues would be paramount and how could those issues be resolved and solutions implemented?

Few have rolled up their sleeves to develop a comprehensive master plan or business case for a statewide integrated transportation hub optimizing trucking, rail, sea, and air systems for Michigan. In fact, the controversy regarding another bridge has masked the urgency of envisioning an integrated hub.

We at the Institute see the hub as a means and not an end. As a result, providing a realistic and integrated vision for the hub as a unifier and an enabler for Michigan is an essential first step to permit businesses and other engines of economic growth to plan long-term investments and meet competitive market needs. Incredibly, however, most if not all of the potential users of any hub were not consulted about their needs prior to this symposium. To optimize all of any hub's moving parts requires a level of collaboration among inter-governmental units and the private sector that Michigan has not enjoyed for many years. We have an auspicious opportunity today to make this collaboration a reality, but first let's take a moment to consider the ongoing controversy regarding a second bridge across the Detroit River.

Do we believe that "if we build it, they will come," or how about the argument, "just build





it before someone else does elsewhere?” Or to put it another way, would business stay or view Michigan as a place to invest because we have a second bridge across the Detroit River? Would your answers change if the existing bridge was not privately owned?

No one disagrees that since 2000 overall traffic across the existing bridge has declined, although drilling down to specific truck traffic shows some recent uptick. If the existing Detroit River Tunnel is upgraded or converted, what will happen to truck volume on our existing bridge and any second one?

As shown later in this report, the U.S. Department of Transportation views the Sarnia/Port Huron Blue Water Bridge as one of its strategic “Corridors of the Future Program” and entirely bypasses Detroit. The Sarnia/Port Huron connection already enjoys rail freight service that can accommodate the double-deckers that could come from the Port of Halifax with nearby Bishop Airport with freight capabilities in place. Presently, the Aerotropolis at Detroit Metropolitan Wayne County Airport does not have such capability.

But the bridge is only one piece of the puzzle. In fact, the intensity of this tactical controversy compels us to conclude that an impartial and strategic examination of an integrated hub is essential in light of our existing and future capacity in Detroit and Port Huron, declining bridge traffic, likely

systemic increases in fuel costs, and the planned augmentation of rail freight capacity by Canada. Consideration of the root causes of our economic malaise is a critical step that should take place in tandem with any envisioning of an integrated global freight hub. Consultation and collaboration with those who will ship product through any hub now and in the future is paramount. We need to assess the value proposition for an integrated hub—and not simply a second Detroit River bridge—before we build anything.

Lastly, we should comment on the opportunity to expand and enhance the quality of life in some of our state’s most distressed areas. The envisioning process for the hub should be based upon an inclusive process that gives a meaningful and concurrent voice to local communities in a manner not previously realized. If we adopt a consensus-based and bottom-up approach to take into account the concerns of our residents, local support for any hub could be harnessed. As set forth in this report, the use of quality of life protocols for a public engagement communications plan and for quality of life and community inclusion can transform current models of benefit agreements to address the long-term needs of communities beyond brick and mortar payouts.

So, what next steps will unify our state and enable its economic and social turnaround through the creation of an integrated global freight hub?

Recommendations:

RECOMMENDATION 1: Appointment of a Neutral Global Freight Hub Panel with a 90-Day Cooling Off Period

To minimize political and legal uncertainties and the resulting negative economic and social impact, it is the recommendation of the Institute that the Governor of the State of Michigan and Prime Minister of Canada appoint a seven-person panel of independent and neutral experts. This panel should examine and then recommend whether or not an integrated global freight hub optimizing trucking, rail, air, and sea system makes sense and if so, provide a master conceptual plan for its implementation. Its charge would include without limitation a technical and commercial evaluation of the existing Detroit River Bridge and whether or not a second bridge should be constructed.

The governor and prime minister would each have the power to appoint three representatives. The so-named six representatives would by 2/3 vote appoint a seventh member who would serve as the chair of the panel. Members would serve as volunteers with expenses shared equally by Michigan and Canada. The panel would have the power to engage third parties to assist in the panel's work.

To avoid any real or perceived conflict of interest, each panel member would certify that (1) the member had not previously taken a public position either for or against a global freight hub and specifically a second bridge across the Detroit River and (2) the member had not received prior to appointment, and would not for a period of one-year thereafter, any compensation that results from the panel's work.

The panel would provide its recommendation to Michigan and Canada within 90 days from the appointment of the panel's chair. Central to the panel's mission would be the examination of this symposium's Mega and Workgroup Questions. Any panel recommendation would require the affirmative support of at least five members of the panel. If the panel was unable to reach a recommendation for any reason within 90 days, it would then be dissolved. During this 90-day period, no formal political steps would be taken regarding any legislation for or against any hub or a second bridge.

RECOMMENDATION 2: Appointment of Neutral Economic Development Panel

To minimize political and economic uncertainty as to the scope and nature of any Michigan global freight hub, it is the recommendation of the Institute that the governor appoint a seven-person panel of independent and neutral experts to examine the scope and nature of such a hub and how best Michigan could benefit.

The governor, with majority concurrence of the Michigan Senate, would appoint six representatives. The so-named six representatives would by 2/3 vote appoint a seventh member who would serve as the chair of the panel. Each panel member would have a demonstrated background and actual experience in economic development, business, and labor. A minimum of three members would have such expertise and experience in the public sector and a minimum of three members in the private sector. Panel members would serve as volunteers with expenses incurred to be reimbursed by the State of Michigan. The panel would have the power to engage third parties to assist in the panel's work.

The charge of the panel would be to assess the scope and nature of an integrated freight hub to serve Michigan and make its recommendations within 90 days from the appointment of the panel's chair. Integral to this charge but without limitation would be the preparation of the business case for a Michigan hub that capitalizes on existing border crossings, the review of the symposium's Mega and Workgroup Questions, and the consideration of investment models to address fundamental economic weaknesses in order to maintain and attract investment to Michigan.

Any recommendation would require the affirmative support of at least five members of the panel. If the panel was unable to reach a recommendation within 90 days, it would then be dissolved.

RECOMMENDATION 3: Future Role of The Engineering Society of Detroit Institute

Subject to the direction of the panels set forth in the previous recommendations, The Engineering Society of Detroit Institute should continue its role as the neutral convener of the diverse stakeholders of any hub to advance the work of the panels and aid in the implementation of any panel recommendations.