

Chris White indicated that some experimentation with regularly scheduled van service has taken place, but there was not much interest. Mr. White noted, however, that there are still some things to explore.

David Nacht moved the following resolution with support from Charles Griffith.

Resolution 27/2010

To Develop Partnerships to Enhance Transportation for Employment between Ann Arbor and the Ypsilanti Area

WHEREAS, transit service between Ann Arbor and the Ypsilanti area, and within the Ypsilanti area is constrained by available resources, and

WHEREAS, the AATA Downtown Development Authority and organizations have expressed an interest in discussing and helping to fund transit improvements designed to enhance the ability of workers to use transit between Ann Arbor and the Ypsilanti area, and

WHEREAS, AATA has developed options for improved service and transportation modeling has determined substantial increases in ridership would result from implementation,

BE IT RESOLVED, that AATA shall pursue a partnerships to determine service improvements, and

BE IT FURTHER RESOLVED that AATA's efforts shall also be aimed at the establishment of a transportation system that is flexible enough to incorporate potential modifications that may be proposed by the Transit Master Plan.

The motion passed unanimously.

Strategic Budget Issue Analysis 5 – WALLY

Michael Benham made a presentation on the strategic issue detailed below.

**Strategic Budget Issue Analysis #5
WALLY**

Issue: Under what conditions do we continue our support for WALLY Commuter Rail?

Background: The WALLY Commuter Rail project began as a feasibility study undertaken by a self-organized group called the WALLY Coalition. In early 2008, members of the Coalition – the City of Ann

Arbor, Washtenaw County, the City of Howell, and the Washtenaw Area Transportation Study - wrote to the AATA asking the agency to become the “authority” for the project and to develop and move the project forward, including eventual operation. In response, on October 28, 2008, the AATA Board passed a resolution agreeing to “serve as the designated authority for the development of WALLY as an inter-county commuter rail system”, and authorizing “the use of appropriate AATA staff and resources to work toward moving the WALLY project forward”.

Data: MDOT is currently implementing, with State money, a number of capital improvements that will enable the provision of service. These projects include:

- Needed track work and train layover facilities, now underway for 2010 completion - \$6 million.
- Rehabilitation of 15 railcars owned by the Great Lakes Central Railroad (GLCRR), currently underway - \$4 million
- Lease of those same railcars, to commence upon completion of rehabilitation work - \$2.5 million for three years.
- Lease of locomotives. An RFP issued by MDOT has attracted two responses, which are now under review. Costs are unknown at this time.
- Engineering of grade crossing improvements by MDOT staff, funding amount and source to-be-determined
- Preparation of an environmental assessment by MDOT staff

The current estimated cost for the initial five needed stations and parking is about \$4.3 million. MDOT and AATA have taken the position that station construction and eventual operation should be the responsibility of the local communities. The Cities of Ann Arbor and Howell have committed (subject to funding availability) to building stations in their communities. AATA continues to explore the possibility of a station and transit-oriented development at 8-Mile Road, and options for stations in Genoa and Hamburg Townships, with strong support from Hamburg.

WALLY operating costs were estimated in 2007 to be \$7.1 million, based on a review of Coalition work by R.L. Banks. In the Banks report, this figure is offset by 1) fare revenues, 2) the railcar and locomotive leases paid by MDOT and 3) an estimated increase in the state Act 51 subsidy amount, yielding an unfunded balance of somewhere between \$1.5 and \$3 million. MDOT has taken the position that this remaining operating fund shortfall will not be funded by the State. AATA’s position has been that this shortfall could either be funded by local governments, federal sources, or by private sector sources such as foundations, but no specific sources have been secured at this time. Operating expenses include an estimated \$350 - \$700K for connecting bus service at the Ann Arbor station.

Risks	Benefits
1. The likelihood that pressure will grow for AATA to take on additional financial commitments such as funding for operations and / or funding for stations. This pressure will increase as train sets become available out of the state’s rehabilitation program, expected as	1. Minimal construction needed; tracks are already in place 2. State ownership of tracks and right-of-way avoids many issues that would arise if a private railroad were the owner, including some

<p>early as Fall of 2010.</p> <p>2. The possibility that communities outside of the AATA service area are unable or unwilling to provide a “fair share” of operating subsidies.</p> <p>3. The possibility that changes in MDOT priorities (due to a change in administration or otherwise) could result in cancellation of the rolling stock program or a lack of funding for additional needed right-of-way improvements.</p> <p>4. The possibility that unanticipated costs (e.g. insurance, safety related improvements or trackage rights) could drive the cost of the project to an unacceptable level. Include in this category would be possible requirements imposed by the Federal Railroad Administration, which has so far been only superficially involved in project review.</p> <p>5. A change in the general public perception of the project as a desirable thing to pursue, or even organized opposition to the project.</p> <p>6. The possibility that WALLY might endanger a ballot initiative for general county-wide funding. A survey of Washtenaw County residents was conducted in early October, 2009. The study stated the following: “Voters were told that if Livingston and Washtenaw counties decide to develop the WALLY line, some of the money from this tax increase would be used to provide the Washtenaw County share to operate the line. Just 26% of voters said this would make them more likely to vote “Yes” on the tax increase but an equal number (26%) would be less likely, and 43% volunteered that this does not make any difference to them.”</p>	<p>property acquisition and trackage rights costs</p> <p>3. There is an active railroad presence (GLCRR) on the property that is willing to run service and that has much of the infrastructure needed to maintain operations</p> <p>4. Previously described MDOT funding commitments to track work, car rehab and lease, locomotive lease</p> <p>5. Strong community support including varying degrees of commitments to station and parking provision (funding, land, operations) and transit-oriented development.</p> <p>6. Individual communities continue to support WALLY project development, minimizing the cost to AATA. Support includes \$50K from the Ann Arbor DDA; \$50K support from Washtenaw County and \$37K from the City of Howell. Additional contributions are being sought.</p> <p>7. The Federal TIGER II funding program may provide funding for additional grade crossing work and station construction.</p> <p>8. CMAQ funding may provide a source of operating funds for a three year demonstration project.</p>
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7. The possibility that Ann Arbor Railroad will never allow passenger service on their railroad.	
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Staff Recommendation

In light of the foregoing, it is reasonable for AATA to continue to take a position of “qualified support” for the WALLY project. The following language is offered as a proposed AATA position statement regarding the WALLY project:

“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.”

Next Steps

Continue WALLY project development using the \$50K contribution by AATA and relying on the additional contributions of the other communities. FY2011 work will include development of station designs, revision of the WALLY business plan and initiation of FTA required Management Plans.

Apply for Federal TIGER II funding.

Apply for CMAQ funding.

Board members discussed the WALLY presentation including the “qualified support” recommendation from staff. A recommendation was made to continue the \$50,000 commitment in the operating budget for project development work. In addition, \$25,000 is to be identified as a conditional commitment, with support contingent upon support from other community partners. Michael Benham reported on other possible funding sources.

Discussions included the logistics of possible connections for WALLY at a future Fuller Road Station, and as far south as Toledo, which would need to include partnership from Ann Arbor Railroad as they own a portion of the track. Consideration was given to the fact that the amount recommended to be budget by staff is very small in comparison as a percentage of the overall operating budget.

Concerns were raised that the project does not appear to be moving forward, as partners have not been forthcoming with specific commitments. A suggestion was made to identify a specific date when it would be determined if the project should go forward.

Board members discussed their preferences, and reached consensus on guiding staff to budget funds in the amount of \$50,000 as a continuing commitment from AATA and \$25,000 contingent on funding commitments from other partners. Staff will report to committee on progress on the project.

David Nacht praised staff for terrific work on the WALLY project.

Strategic Budget Issue Analysis 6 – Canton Express Service

Michael Benham made a presentation on the strategic issue detailed below.

Strategic Budget Issue Analysis #6 Canton Express Service

Issue: Should AATA bring the fare structure of the Canton Express Service into line with the fare structure for the Chelsea Express Service?

Background: A2 Express Service began in May 2008 as a federally-funded demonstration project. The first route, from Chelsea to Ann Arbor, represented the first implementation of longer-distance commuter service into Ann Arbor. The Canton Route began operations in August 2009, for the first time serving origins outside of Washtenaw County. Both routes originate at park and ride lots and make limited stops between their origin communities and downtown Ann Arbor. The Chelsea service was taken ‘in-house’ in June of 2010, meaning AATA took over the operation using its own transit buses. Previously, the Indian Trails bus company had been running the service under contract to AATA. Although the Chelsea service was converted on June 1, it was agreed to let the Canton service run