

Status of Ann Arbor-Detroit Commuter Rail Project

August 6, 2007

I want to provide you with an update of our efforts to implement passenger rail service on the Ann Arbor-Detroit project. SEMCOG, MDOT and AMTRAK have been working on many facets of the project: from securing train cars to identifying locations to build a maintenance facility. The most important activity we are currently involved in is working with the three freight railroads that own the tracks that we want to run passenger trains on. We are working with the Norfolk Southern (NS), Conrail Shared Assets (CRSA) and Canadian National (CN) railroads to identify any potential conflicts between freight and passenger use of the tracks, potential improvements that will be needed to relieve the conflicts and improve safety and performance, and the cost of using the tracks.

We have contacted representatives from CN and are awaiting their review of our request. On June 21, we met with representatives of the NS railroad. NS has indicated that they will conduct a study to identify the potential costs and impacts of running passenger trains, commonly called a capacity study, but require that SEMCOG pay for the conduct of the study. They have submitted a scope of work, which we are currently reviewing. Once the scope of work has been agreed upon, NS will finalize the cost of the work and estimate the time it will take to complete. The CRSA portion of the line will also be included in this study. NS estimates the study will cost \$300,000 and could take 6 months to complete. We anticipate that the scope could be finalized later this month. A copy of the principles that NS follows when asked to allow passenger trains on their freight tracks is attached for your information. I ask you to review them because it will impact other aspects of our work, such as insurance and overall costs of the project.

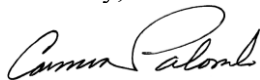
This analysis is important because it will help identify the costs of providing the service. While we continue to develop other capital costs such as cars, station needs and potential land acquisition, we do not know what our total costs are and we will not have a good estimate of costs until we know what the freight railroads will require from us in order to use their tracks and to ensure the safety and reliability of both passenger and freight movements.

AMTRAK is continuing with their work. They are working to locate property to construct a maintenance facility in Ann Arbor. They are also about to begin estimating potential ridership and identifying fare structure for weekday, weekend, single and multiple trip tickets.

While we feel that good progress is being made, we know that it is frustrating for many of you to hear given that we had hoped to be able to provide service in a short period of time. We are now being advised that it could take up to two years to resolve these issues and begin passenger service. We will know more in the next couple of months.

Thank you for your continued patience. We are all working very hard to make this happen and will continue to do so. Please contact me if you have any questions or need additional information

Sincerely,



Carmine Palombo, P.E.

Director Transportation Programs