

Plans in works for new rail tunnel Backers say Detroit losing out on freight traffic

By Bill Shea

Environmental assessment work will begin later this year on a new \$400 million freight rail tunnel that will be constructed underneath the Detroit River, the venture's backers said Friday.

An announcement about the project, which is expected to start construction in two years, will be made no later than Dec. 15, said Michael Nobrega, CEO of the Ontario Municipal Employees Retirement System, which has more than \$43 billion in assets and will finance most of the work.

The project's organizers expect a year to 18 months of U.S. and Canadian environmental study and approvals and construction to take two to three years. They hope the tunnel is open no later than 2015.

"We can't put a shovel in the ground until we have the (environmental assessment)," Nobrega said.

The tunnel is a joint effort by the Detroit River Tunnel Partnership, which is owned by Calgary-based Canadian Pacific Railway Ltd. and Toronto-based Borealis Transportation Infrastructure Trust, the investment arm of the retirement system.

Borealis increased its stake in the tunnel partnership from 50 percent to 83.5 percent in an \$87.7 million deal earlier this year.

Nobrega declined to discuss details about the project's financing, but did say the process is in place to secure all of the money.

The partnership reportedly has spent nearly \$100 million on engineering since 2000, when it first floated the tunnel idea, and it acquired about 20 acres of needed land from Detroit in 2007. It said that year it hoped to secure about 25 percent of the project's capital costs from the U.S. federal government while financing the remainder itself.

No details have been released on the new tunnel project, which Nobrega said would be constructed parallel to the current rail tunnel.

All public discussion on the project now is "purely speculative," said Mike LoVecchio, Canadian Pacific's senior manager for media relations.

Fitting for freight

- A new Detroit River freight tunnel would be able to carry larger-capacity rail cars than the current tunnel, which opened in 1910 and runs underground starting near Detroit's 12th and Howard streets.
- Currently, trains have to unload tall cargo before traversing the tunnel, and then restack on the other side.

He declined all other comment, noting that the rail company's third-quarter earnings are due to be released next week.

The partnership's original plan, announced in 2001, was to convert the old tunnel to a cargo truck route while the new tube was built for double-stacked freight cars, but that idea was scrapped when the U.S., Michigan and Canada decided to build a new Detroit River bridge.

The *Windsor Star* reported, via unnamed sources, that a construction permit for the new tunnel already has been issued on the U.S. side.

That could not be confirmed Friday with the city of Detroit.

Backers of the new tunnel say it's needed because metro Detroit is losing out on economic investment.

They point to the modern \$200 million freight and passenger train tunnel built in 1994 underneath the St. Clair River between Port Huron and Sarnia, Ontario, by Canadian National Railway Corp.