MEMORANDUM
CITY OF GRAND RAPIDS

DATE: April 12, 2018

BOARD: Mobile GR Commission

FROM: Kristin Bennett, Transportation Planning Supervisor
Mobile GR and Parking Services Staff

SUBJECT: **West Michigan Express Study**

Overview
The City of Grand Rapids partnered with the cities of Hudsonville, Holland and Grandville, and the Grand Valley Metro Council (GVMC) and the Macatawa Area Coordinating Council (MACC) to study whether express bus or rail transit service in the Chicago Drive Corridor between Grand Rapids and Holland is feasible.

The concept of the proposed transit service along the corridor is to increase connectivity in the region to serve an already well-traveled corridor that continues to experience residential, commercial and industrial development. The assessment includes:

- Updating corridor demographic data and potential ridership projections;
- Assessing bus and rail options including test mode splits and rolling stock (vehicle) options for both bus and train services;
- Train controls –available equipment and possible future upgrades needed;
- Capital and annual operating cost estimates over a 5-year pilot period;
- State and federal processes and any expected obstacles to new rail service; and
- Ownership and operator models, including relationships with CSX and Amtrak.

Other study participants included Georgetown Township, Ottawa County, The Rapid, The Right Place, Lakeshore Advantage and the Michigan Department of Transportation.

Three related studies explored similar new service concepts, which were reviewed and incorporated into this study. They include the West Michigan Transit Linkages Study (August 2012), the Coast-to-Coast Passenger Rail Study (February 2016), and the WALLY North-South Commuter Rail Study (May 2017).

Data Development and Demographics Update
The study's consultant team created updates to the following data and demographics necessary to develop:

- New population estimates and projections
- Current major employers along and near the corridor

- Refined journey-to-work data by community and between communities along the corridor as well as surrounding communities
- County to county work flows (2010 and 2015 data)
- Ridership estimates for various transit service options

Express Transit Service Options

This project studied the feasibility of both express commuter bus service and passenger train service in the Chicago Drive. The longer term goal is to provide commuter train service because of the related community development potential with fixed rail. Notably, the rail corridor parallel to the Chicago Drive corridor appears to be in good condition and carries limited existing rail traffic. (CSX owns this corridor and runs limited freight service on it, and Amtrak also runs longer distance passenger service along it.)

Express Commuter Bus Service

The 2012 West Michigan Transit Linkages Study also explored express commuter bus service along the Chicago Drive corridor. Many of the equipment and service parameters from the 2012 study are similar or the same, although the projected ridership along the corridor has been increased due to growth along and near the corridor and the increasing number of businesses in the area looking to support ways for employees (current and potential) to consistently and affordably get to and from work.

Implementing express commuter bus service would cost less than rail service, is flexible, and could be quickly designed and implemented. However, there is a perception that rail service would have more community economic impact because of the fixed tracks in a specific corridor and expected amenities associated with train-based service. Express commuter bus service for the corridor is estimated at:

	Capital Costs	**Operating Costs**	**Administrative Costs**
Year 1	$420,000 = 3 buses $50,000 = stop improvements	$491,775 (based on 6,225 service hours)	$37,500 (0.5 FTE)
Year 2, etc.	$44,450 = signs, park-and-ride locations	Same as Year 1	Same as Year 1

Commuter Train Service

Commuter train service is defined as passenger rail service operating typically between a downtown area of a large city and outlying communities/suburban areas on conventional rail infrastructure that is often shared with freight rail service and/or long distance passenger rail service (Amtrak in the US). It does *not* refer to light rail or streetcar transit service found in some US communities, which uses different track and cars. Several examples of heavy rail commuter train service in the US include the Northstar in Minneapolis, MetroRail in Austin, and the newer privately funded Brightline commuter train service between West Palm Beach and Fort Lauderdale.

For the basis of this study, it was assumed the route would just run from Holland to Grand Rapids with limited stops. Different factors were assessed to develop cost estimates to provide fixed commuter rail service including:

- Station-related costs – staffed or unstaffed stations:
    - Approximately $80,850 *per staff person* (including overhead) for staffed stations per year (assumes 8 staff positions per station annually), or
    - $80,850 total for each *unstaffed* station annually.

- Class 4 rail maintenance cost:
    - $48,468 per track-mile annually, assuming the current freight rail line owner will require this level of support each year for maintaining additional tracks needed to provide all rail services in the corridor (freight, long distance passenger, and short distance passenger services), or
    - $18,365 per track-mile for Amtrak or State-owned tracks since these entities will bear much of the maintenance cost directly.

- Service administration and management overheads to cover procurement, human resources, accounting/financial, information technology, customer service/call center, sales/marketing, web/social media, and credit card and travel agency commissions. All of these estimated expenses totaled $14.35 million annually.

	Capital Costs	**Operating Costs**	**Administrative Costs**
Year 1	$8 to $28 million (depends on level of improvements; does *not* include positive train control equipment).	$1.5 to $4 million annually depending on schedule.	$75,000 (1.0 FTE)

Potential Funding Sources

Transit funding in Michigan is currently provided to eligible public entities through the Comprehensive Transportation Fund in Public Act 51:

- Eligible non-urban agencies may receive up to 60% of eligible operating expenses through State Formula Operating Funds. However, the cap has rarely been raised since Act 51 was passed, so the current reimbursement rate (2018) is 39.20%.
- Federal operating funds from the Federal Transit Administration (FTA) are also available to eligible entities at a current reimbursement rate of 16%.
- In 2018, just over 55% of a transit agency's operational funding will come from state and federal funds. The balance is made up of fare box revenues, contract fares, and local revenues (often derived from a dedicated transit millage or other local funding).

- The use of continuing resolutions to reauthorize funding from the federal "Fixing America's Surface Transportation" Act legislation (FAST) does create uncertainty for federal transit funding at current or increased levels, including for capital purchases of new or replacement buses.
- Revenue sources to eliminate shortfalls would need to be identified, including possibly a millage or other local appropriation, fare box revenues, and potential revenues from contracted services and advertising on transit vehicles.

Possible Operating Entity

Two public transit agencies exist in the study area – The Rapid (Grand Rapids) or the MAX (Holland) – that may be able to operate either an express commuter bus service or commuter train service between Grand Rapids and Holland. However, because of the uniqueness of the service, especially commuter rail service, it may be desirable for a separate entity to operate the service. Transportation authorities can be created by one or more entities under the State of Michigan's Act 196. Authorities created under Act 196 have their own boards with some members appointed by the initiating public entity. They are also able to raise their own funds, including through millages.

Summary of Discussions with Key Partners

Summaries of key inputs from the Michigan Department of Transportation (MDOT), CSX Transportation (a national freight rail company that owns the rail corridor parallel to the Chicago Drive corridor), and several private businesses and regional non-profits that operate in the corridor include the following:

MDOT

- Not in the position to purchase the rail corridor from CSX if it became available.
- Willing to facilitate local success but will not serve as the operating entity.
- Open to working out an arrangement for the use of its refurbished MDOT bi-level fleet equipment that is currently in storage.
- Recommends the use of Positive Train Control for possible passenger rail service in the corridor, but CSX would be responsible for installing it.
- Does not have any regulatory authority on the type of equipment used, so the operating entity can determine what type of equipment to use.
- Not enough capital funding to address all current needs, but passenger rail service may be eligible for funding from the State's Comprehensive Transportation Fund.

CSX

- Currently owns the track along Chicago Drive between Grand Rapids and Holland.
- Willing to have a general conversation about a sale of the corridor but not likely a sale of a small segment of the larger line.
- No feedback on CSX's involvement of Positive Train Control equipment installation.
- More Amtrak service (i.e., 5 road trips per day) would be a challenge.

Business/Non-Profit Stakeholders

- Royal Technologies (800 employees in Hudsonville), Gentex (6,000 employees mostly in Zeeland), Ottawa County Housing Next and Hope Network consulted.
- Gentex and Royal Technologies acknowledged the need to help people get to and from work and the potential positive community development associated with improved transit service.
- Both companies were skeptical about the ability to convince employees to transition from driving personal automobiles to commuter transit service.
- Housing Next and Hope Network were very interested in the proposed commuter service, noting the need for improved regional connectivity and transportation.
- Both nonprofits saw opportunities for their agencies if service was implemented.

Final Recommendations

Year 1

- Formalize the West Michigan Express stakeholder group as an "official" working group dedicated to express transit service in the Chicago Drive corridor.
- Explore grants and other funding opportunities for capital and operating costs.
- Expand the stakeholder circle to include more partners in the initiative.
- Work to establish the Chicago Drive corridor as a "Prosperity Corridor" (as part of the state's Michigan Works prosperity regions program).

Years 2 - 5

- Initiate demonstration express commuter bus service in the corridor.
- Monitor service to see if performance measures are met, including ridership targets.
- If the demonstration express commuter bus service is successful, initiate a capital campaign to raise money to be used as grant matching funds for future commuter transit service (enhanced bus service or a shift to commuter rail service).
- If/when ridership reaches a predetermined threshold, request state and federal funding for demonstration commuter rail service in the corridor.

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