

Leaders must see if MagLev train is on right fiscal track

January 28, 2010

When a group of leaders headed up by Milford's state Rep., Bill Rogers, R-Genoa Township, issued a report and a press release last week regarding the proposed MagLev rail system between Detroit and Lansing, it was hard to believe the two documents were produced by the same people.

The press release absolutely gushed about the magnetic levitation system, proposed by the Interstate Traveler Co. of Whitmore Lake. "Let's move forward on MagLev plan," the headline read. "Elevated rail system could bring thousands of jobs to Michigan."

"Michigan should consider a revolutionary elevated MagLev rail system ... as soon as possible," the press release began. "This proposal could single-handedly change Michigan's future by providing thousands of jobs, additional revenue for state and local governments, and a massive expansion of our electrical grid," it quotes Rogers as saying. It could be "a watershed moment for Michigan."

The report, on the other hand, contained some really scary wording about the money: "The Interstate Traveler Co. refused to or did not have answers to many of the financial questions the members asked."

"The task force members are still skeptical about the private financing the Interstate Traveler Co. boasts about, and would like to see the committees review the financial aspects of this proposal further and in more detail," the report continued. "If the private investment is not there, the task force recommends that the project not move forward."

Caution truly is advisable here despite the fact Interstate Traveler claims it can do the job without state money. What would be required of the state is the use of easements along expressways all the way from Detroit to Lansing. That in and of itself is no small commitment.

More importantly, this is a huge project with an estimated price tag of \$2.3 billion. How much of it would have be built before it becomes "too big to

fail"?

How often lately have we heard about "strictly private" enterprises that ended up needing an infusion of taxpayer cash? There were the banks and the auto companies, at the federal level.

Locally, the pools and fitness centers operations at the Huron Valley Schools' two high schools was going to be funded strictly by user fees. While that's still the goal, operations are still partially funded by the school district, which is funded by the taxpayers.

Missing entirely from the MagLev report was any mention of a business plan for operating the system once it is built. There were no ridership estimates, no surveys of how many people would use it, no numbers for how many people travel between Detroit and Lansing daily.

Could a MagLev get enough business — enough riders paying high enough ticket prices — to cover the costs of construction and operation? Or would the system need an immediate subsidy to stay in operation? The question is never addressed.

Not what you want to hear about Michigan's watershed moment.

So, yes, the legislative committees which view the MagLev project further should indeed "review the financial aspects of this proposal further and in

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more detail." They should do that first. The first order of business is to verify that it is a financially sound project.

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