

# Business asked to bail out People Mover

By Tim Richard  
staff writer

A congressman and a state legislator say the Southeastern Michigan Transportation Authority (SEMTA) should look to business to pay cost overruns on the Downtown People Mover.

"Businessmen are going to have to put some money into it. They're going to benefit," said U.S. Rep. Carl Pursell, R-Plymouth. A member of the House Appropriations Committee, Pursell guided the original federal appropriation through Congress and kept SEMTA under his wing during his early years in the Michigan Legislature.

"To anybody who's traveled the systems as I have in Toronto and BART (San Francisco), it's stone-cold clear that businesses benefit," Pursell said in a telephone interview Wednesday from his Washington office.

Pursell was to meet with Ralph Stanley, director of the Urban Mass Transit Administration (UMTA), in the fading hope that more federal funds can be pulled out of the Reagan Administration.

"WE'RE GOING to need a local redevelopment tax of some type," said State Sen. Richard Fessler, R-West Bloomfield. Fessler is chairman of the Senate committee probing the soaring costs of the People Mover, a 2.9-mile, fully automated rail line which will loop through Detroit's central business district.

Questioning business people during a day-long hearing Monday, the Oakland County legislator got the answers he was looking for. Said Harvey Deutch, who owns two downtown stores and is a board member of the Central Business District Association:

"Investment is already in or planned or promised because of the Downtown People Mover project. You wouldn't have to bring new people downtown — just circulate the people who are already here. If we can't complete what we start, it would be a serious, serious image problem. . . . You'll have a vast wasteland north of Michigan Avenue if you don't connect it."

Other business and civic leaders said much the same thing — that the small rail line would be a boon to shops and restaurants, particularly because it will have indoor stations in the Renaissance Center, the new Millender Center, the David Whitney Building and Greektown.

HERE IS the money picture at a glance:

The federal government, during the Carter Administration, wanted to fund a demonstration project at 100 percent of construction costs, according to SEMTA Chairman DeWitt Henry. But the Reagan Administration, taking office in 1981, backed down to a 50-50 federal-local funding formula. SEMTA's 20 percent share was underwritten by the state.

SEMTA budgeted the project at \$137 million, winning \$110 million from UMTA and the rest from the state, but not without a fight. The Reagan Administration wanted to drop the entire program, and Congress had to order it funded.

Almost as soon as the contract was let to a Canadian company, UTPC Inc., SEMTA began redesigning it — upward in cost. The latest total cost is in excess of \$180 million, and it could rise to \$200 million.

SEMTA NEEDS a total of \$46 mil-

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— U.S. Rep.  
Carl Pursell  
R-Plymouth

lion more to complete the half-finished project, according to acting General Manager Albert Martin. It's looking to the federal and state governments for the money.

But UMTA is reluctant to come up with more than \$5.4 million — and only if SEMTA can justify every penny of it. As Joel Ettinger, UMTA regional administrator told Fessler's committee:

"The (U.S.) Department of Transpor-

tation had reservations and misgivings concerning the project. The project was never subjected to UMTA's alternatives analysis requirements. . . . It is our belief, based on cost and ridership projections, that had the project been subjected to a cost-effectiveness test, . . . the project would never (be underlined the word) have been selected for federal funding."

"Since most of the costs are under the control of the grantee (SEMTA), the government limits its participation to a set amount," Ettinger said.

STATE GOVERNMENT is also wary of picking up the differential, although New Detroit President Walter Douglas urged senators to do so.

The Senate Transportation Committee is dominated by conservative suburban Republicans — Fessler, Doug Cruce of Troy and Kirby Holmes of Utica — who are not known for their love for Detroit.

Fessler's questions were aimed at emphasizing that SEMTA officials

knew a year before they made it public that the People Mover project would cost far more than the budgeted \$137 million.

"Their assumption was that once we're started, it will be continued and finished," Fessler said. In a post-hearing interview, he cited a *Sun* *Frederick* bridge "just hanging there" because voters refused taxes to complete a freeway. He also joked about using some of the 175 concrete beams as "viewing stands for the Grand Prix" auto race.

allowed that "the state is going to play a role in completion of the project."

That led to his and Pursell's suggestion that benefitting businesses be taxed or specially assessed to produce the \$46 million shortfall.

Such a downtown tax would require a state enabling act because SEMTA has no taxing authority of its own. Fessler said he is willing to consider that possibility.

SEMTA is seeking a one-cent sales tax increase, either for the seven-county region or statewide, to produce operating revenues. But it has no plan to use that revenue for construction.

BUT IN A more serious vein, Fessler

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