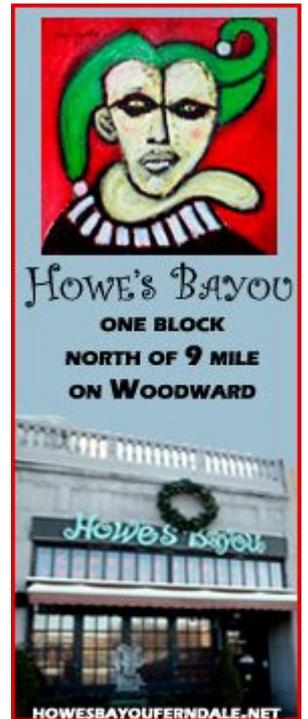


The Return on Investment from Michigan Passenger Rail
(Dan Sommerville, Michigan Environmental Council, Jan. 26, 2014, orig. [Michigan by Rail Blog](#))

Passenger rail has been booming nationwide and in Michigan. Record-breaking ridership was recorded in 10 of the last 11 years (1) (2), and there has been a whopping 78% growth in Michigan ridership since 2002 (3). Last year alone, more than 800,000 passengers rode Michigan passenger trains.

With all of this passenger rail activity in Michigan, the question often arises: what are the local economic impacts of these services? I mean, they've got to be good if demand continues to climb the mountain, right?



A real estate advertisement for Jim Shaffer. The top part has a blue background with the text 'Jim Shaffer Sells LOCAL' in yellow. Below this is a photograph of Jim Shaffer, a man in a blue shirt, smiling and pointing towards the camera. To his left is a RE/MAX logo featuring a hot air balloon. At the bottom of the advertisement, on a blue background, is the text: 'Helping more local sellers than any other realtor -How can I help you? Jim Shaffer, Realtor RE/MAX VISION 248-834-3030'.

Bingo! Here are the numbers.

Currently, [22 Michigan communities](#) have Amtrak stations. Together, these communities capture more than \$62 million in quantifiable benefits that are attributable to Amtrak access. (4) These community gains, as measured by a team of researchers at Grand Valley State University, consist of individual traveler benefits, local business benefits and Amtrak spending. The following is a breakdown of their measurements, in 2008 dollars:

~Individual traveler benefits: \$22.7 Million – the savings from either taking the train instead of a car, bus, or plane; or alternatively the value of savings from not traveling at all if rail service was not available

~Local business benefits: \$25.7 million – spending by consumers in the communities of Michigan stations on travel-related amenities such as taxis, hotels, dining, and shopping

~Amtrak spending: \$13.6 million – the value of goods and

services Amtrak purchased from or paid to Michigan suppliers and workers. To keep these numbers conservative, researchers did not include Amtrak spending in Michigan not directly related to operating train service here in Michigan.

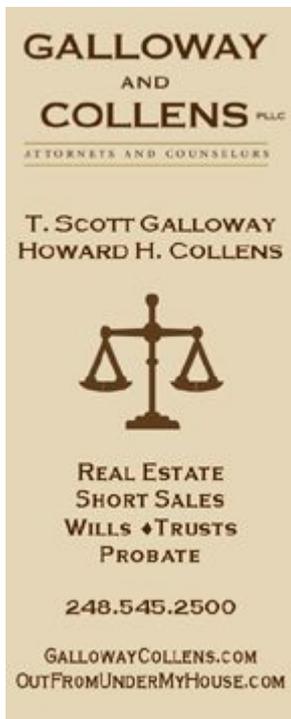
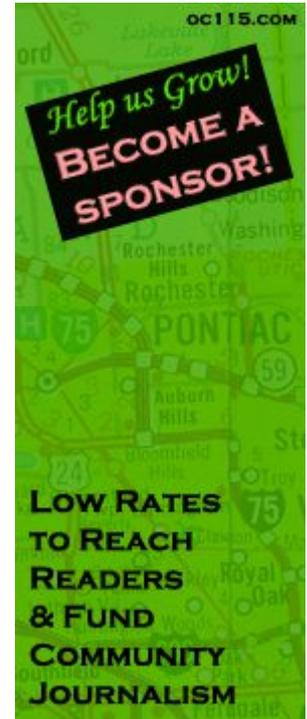
In 2011, a research team led by Benjamin R. Sperry of the Texas A&M Transportation Institute (TTI) expanded upon GVSU's community benefits study to better quantify the economic impact of Amtrak rail service. In this study, the State of Michigan's investments in passenger rail service was also factored into the mix.

The TTI study found that the average economic impact per passenger was \$37.87 not including Amtrak expenditures; and \$53.92 with Amtrak expenditures. Additionally, it was estimated that for every \$1 of operating support the State of Michigan provided to Amtrak service in the state, \$1.84 in

economic benefits is returned to the state. (5) Since the GVSU study was published in 2009, Michigan ridership has increased 18% and both Amtrak and the state have increased their spending on Michigan services. Last year Amtrak invested \$45.6 million in Michigan, combining both wages of in-state employees and overall Michigan procurement (6). In the current fiscal year, the State of Michigan is providing \$45 million for passenger rail operations.

Incorporating the state's current funding for passenger rail with adjusted values from the benefit and community impact studies, the expected return on investment (ROI) is

estimated to be \$65 million through Amtrak procurement, Amtrak employee wages, traveler savings, and local business benefits. The best part about these ROI numbers is the potential it



shows for re-establishing passenger service between Michigan's east and west coasts. Consider this: The Holland-Detroit rail corridor via Lansing includes the top Michigan trip destinations from the Pere Marquette [Grand Rapids] and the Blue Water [East Lansing] (7), and plugs them into Michigan's most active station in Ann Arbor (8). On top of that, the Holland-Detroit corridor also includes Michigan's two most populous cities (9), 19 Michigan colleges and universities, the State Capitol, and top-notch medical facilities in Grand Rapids, Ann Arbor, and Detroit.

Passenger rail's enormous benefit to Michigan communities is why Michigan By Rail is working hard to get a new feasibility study of the Holland-Detroit rail corridor started. Passenger rail demand is rising, and this route is full of potential. If you're interested in supporting this [Coast-to-Coast project](#), drop me a line: dan@environmentalcouncil.org.

The goal of the Michigan By Rail team is to increase the diversification of transportation options in Michigan through the reinstatement of former passenger rail services around the state. Their team includes the [Michigan Environmental Council](#), [Michigan Association of Railroad Passengers](#), [Michigan Land Use Institute](#), [Michigan Technological University Rail Transportation Program](#), and the [Friends of WALLY](#). Some of their past projects include the 2010 Michigan By Rail Forums and the 2011 Michigan Rail Summit. Dan Sommerville is a Policy Associate at the Michigan Environmental Council.



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