

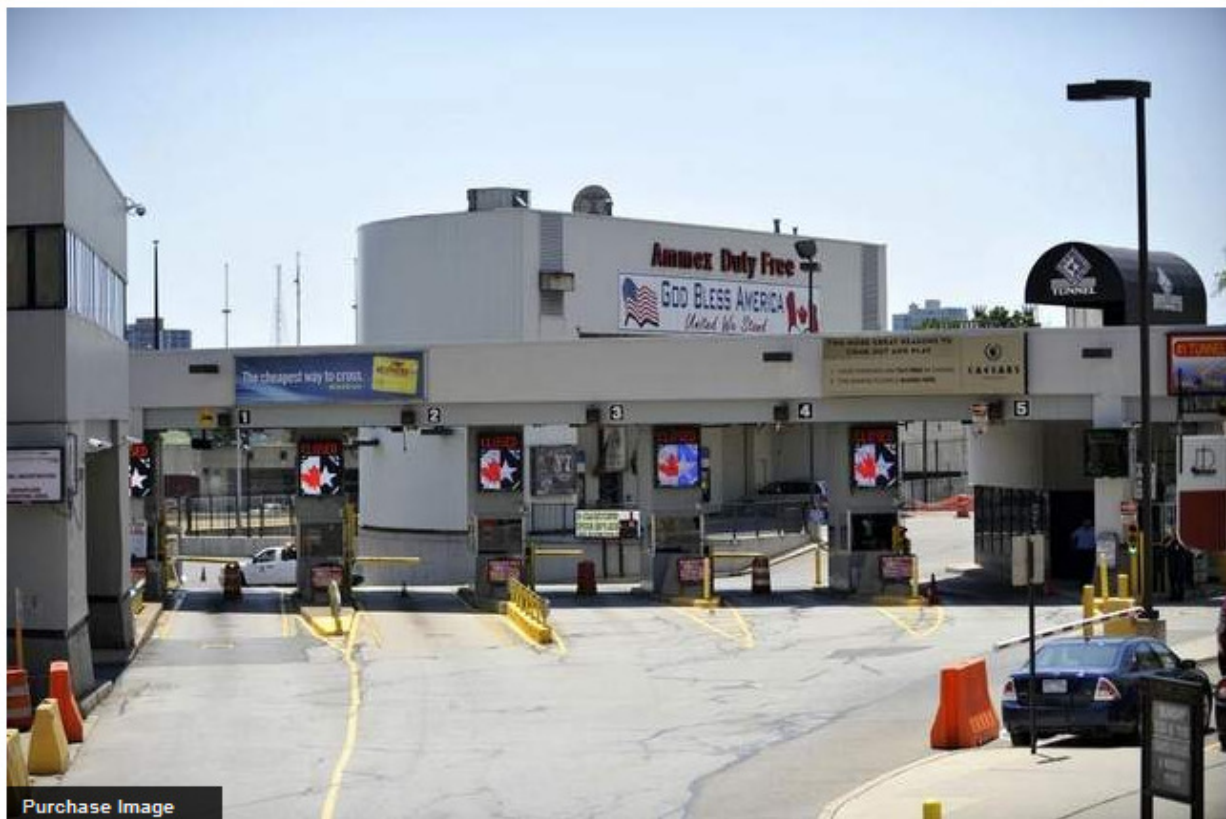
# The Detroit News

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Metro Final

## Detroit-Windsor Tunnel operator files for bankruptcy

LOUIS AGUILAR AND CHAD LIVENGOOD THE DETROIT NEWS 18 COMMENTS



The toll booths on the Detroit side of the Detroit-Windsor Tunnel. (John T. Greilick/The Detroit News)

The parent company of the firm that runs the U.S. side of the Detroit-Windsor Tunnel filed for Chapter 11 bankruptcy Thursday.

The filing reignited a spirited defense by the city of Windsor, which owns the Canadian side of the tunnel. It's prepared to be a potential buyer of the entire tunnel, or at least keep it out of the control of Ambassador Bridge owner Manuel "Matty" Moroun.

There was no indication that Detroit wants to sell its half, or would be forced to do so as part of its municipal bankruptcy. And the private operator of Detroit's side of the tunnel says it intends to exit bankruptcy and continue with its current contract to run it.

But Windsor Mayor Eddie Francis hastily called a press conference to discuss the bankruptcy developments. And it was clear that he doesn't want a private company to buy the U.S. side of the tunnel under the Detroit River, should it go on the market.

"If there ever is a time whereby anybody wakes up on the American side and decides they are going to sell this asset and put it in private hands, obviously we have an interest," Francis said.

"If tomorrow the Detroit half is sold to a corporation, that private corporation can fill it up with cement if they choose and there is nothing we can do about it," Francis said.

Five years ago, Windsor officials lobbied hard to prevent Moroun's attempt to buy the tunnel from Detroit.

Francis' press conference came hours after American Roads, parent company of Detroit Windsor Tunnel LLC, filed for Chapter 11 bankruptcy in New York. Detroit Windsor Tunnel operates the U.S. half of the tunnel for Detroit, and in turn pays the city rent.

American Roads, which cited \$830 million in debt, said it had a restructuring plan that will enable it to exit bankruptcy quickly. In court filings, the company blamed its financial woes on several factors, including "the volatility of gas prices," reduced travel during the recession, increased tolls on roads it operates in Alabama, and stricter travel documentation requirements at the U.S.-Canadian border. It also cited declining tunnel traffic, and Detroit's declining population.

CEO Neal Belitsky said American Roads filed a "pre-packaged" bankruptcy as part of a "strategic decision" to restructure its debt.

"It is not the result of any operational problems. We fully expect that our operations will continue without interruption," he said.

Dan Stamper, president of Moroun's Detroit International Bridge Co., told The News, "We never wanted to own" the tunnel, just operate it for the city.

"Nobody knows how to operate a border crossing better than we do," Stamper said.

But American Roads' bankruptcy and Detroit's Chapter 9 filing may give Moroun another shot to bid on owning or operating the tunnel, said a past consultant to Moroun.

**“He could have a bridge and a tunnel, and in bankruptcy court it goes to the highest bidder,” Patrick O’Keefe, CEO of O’Keefe & Associates in Bloomfield Hills, a restructuring firm that studied traffic for Moroun.**

Moroun has engaged in a costly, years-long battle to stop the building of a second bridge between Detroit and Canada. Gov. Rick Snyder and Canadian officials received a U.S. presidential permit this year for a \$2.1 billion bridge.

The Detroit Windsor Tunnel had about 3.9 million crossings in 2012, a 4.8 percent increase from 2011 but a 37 percent drop from 2006, according to the tunnel’s operators. Traffic data through June shows a slight year-to-date decline.

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