

FOR IMMEDIATE RELEASE
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Strengthened Financial Plan for Hudson Tunnel Project Submitted to Federal Government

More than 30% of non-CIG funds budgeted and reaffirmed 100% local share commitment should land project in President's Fiscal Year 2020 budget

NEW YORK – In a letter and submission transmitted today to the Federal Transit Administration, the Port Authority of New York & New Jersey (“Port Authority”), in its role as Project Sponsor, requested inclusion of the Hudson Tunnel Project in the President’s Fiscal 2020 Federal Budget and reaffirmed commitments by the States of New York and New Jersey and the Port Authority of more than \$5.5 billion toward the project. These sizeable commitments represent the full local share for construction of the new tunnel. The letter is attached below.

The updated financial plan reflects a resolution passed by the Port Authority’s Board of Commissioners in June budgeting and committing \$2.7 billion to the Hudson Tunnel Project, representing more than 30% of the project’s non-CIG (Capital Investment Grant) funds – the threshold needed for a Medium rating from the FTA. The \$12.7 billion project cost estimate includes \$11.1 billion for construction of the new Hudson River Tunnel and Hudson Yards Concrete Casing Section 3, and \$1.6 billion for rehabilitation of the existing tunnel.

The Trustees of the Gateway Program Development Corporation (“GDC”) – Steven M. Cohen, Tony Coscia and Jerry Zaro – said, “Today’s submission to the FTA highlights the unwavering commitments of Governors Cuomo and Murphy and our partners at the Port Authority, NJ Transit and Amtrak to the critical Gateway Program. In combination with the \$600 million funding to the Portal North Bridge earlier this summer, it is clearer than ever that all of the GDC partners are 100% behind funding and building a new trans-Hudson rail tunnel and new two-and-a-half mile long Portal North project. These urgently-needed investments will provide near-term relief for 200,000 daily passenger trips and return major economic benefits to the New Jersey/New York region, the Northeast Corridor and the nation. Just as critically, they will avoid the disaster of a century-old system breaking down and reducing capacity into and out of New York by 75%.”

The current project schedule, which is contingent on the timely receipt of federal environmental permits, calls for construction on a new tunnel to begin in mid-2019. The Final Environmental Impact Statement (“EIS”) and Record of Decision (“ROD”) – currently under review by the U.S. Department of Transportation – continue to be critically important to advancing the Project’s financial plan and design, and preparing for right-of-way acquisition, procurement, and construction activities.

The EIS was completed in 22 months and submitted to the Federal government in February of this year.

attachment

The Gateway Program is the most urgent infrastructure program in the country – a comprehensive rail investment program that will improve commuter and intercity services, add needed resiliency and create new capacity for the busiest section of the Northeast Corridor (NEC). The NEC is the most heavily used passenger rail line in the country hosting more than 2,200 train movements and 800,000 passenger trips daily. The Gateway Program Development Corporation (GDC) is a New Jersey not-for-profit entity with Board members representing Amtrak and the States of New York and New Jersey. It was incorporated in 2016 to oversee and effectuate the Gateway Program in coordination with federal and local partner agencies. Follow the GDC on Twitter [@GatewayProgNews](https://twitter.com/GatewayProgNews).

September 7, 2018

Elizabeth "Sherry" Riklin
Acting Associate Administrator for Planning and Environment
Federal Transit Administration
1200 New Jersey Avenue, SE
Washington DC 20590

Re: Hudson Tunnel Project – Section 5309 Capital Investment Grant Program – New Starts

Dear Ms. Riklin:

The Port Authority of New York and New Jersey ("Port Authority"), as Project Sponsor, together with our partners, Gateway Program Development Corporation ("GDC"), New Jersey Transit Corporation ("NJ TRANSIT"), and the National Railroad Passenger Corporation ("Amtrak") (together the "Project Partners"), is pleased to submit documentation in support of our request for the Hudson Tunnel Project to be included in the US Department of Transportation's ("USDOT") fiscal year 2020 budget proposal for the Federal Transit Administration's ("FTA") Section 5309 Capital Investment Grant ("CIG") Program.

The Hudson Tunnel Project, for funding and financing purposes, consists of the construction of a new Hudson River Tunnel, Hudson Yards Concrete Casing – Section 3 ("HYCC-3"), and the rehabilitation of the existing North River Tunnel (collectively the "Project"). This submission builds upon the progress made over the past year and reflects the Project Partners' continued focus, urgency, and commitment to advance this Project. With this submission, the Port Authority, NJ TRANSIT, and State of New York reaffirm their existing commitments of \$5.55 billion towards the construction cost of the Project that was documented in the December 2017 Financial Plan.

The existing North River Tunnel opened to service in 1910 and will be entering its 108th year of service in November as the only intercity passenger rail connecting New York and New Jersey. The North River Tunnel is a vital element of the Northeast Corridor ("NEC"), the rail line that directly connects rail traffic between eight states and the District of Columbia, as well as providing connections to trains serving states as far away as Florida, Illinois, and Louisiana. The extreme age of this critical infrastructure asset and impacts from major weather events – such as seawater inundation during Superstorm Sandy – will require the tubes of the North River Tunnel to be taken out of service and rehabilitated, leading to an estimated reduction of up to 75% of current capacity, if the new tunnel, as proposed as part of this Project, is not constructed. Closure of one of the two tubes of the existing North River Tunnel prior to construction and completion of a new Hudson River Tunnel would be disastrous.

The Project provides resiliency, reliability, and redundancy by allowing for the rehabilitation of the North River Tunnel without disrupting existing levels of train service, creating greater reliability for the more than 200,000 passenger trips per day, and providing redundant capability and increased operational flexibility for Amtrak and NJ TRANSIT.

In this submittal, you will find that the construction cost of the Hudson Tunnel Project elements totaling \$12.7 billion have not changed since our previous submittals:

- The estimated construction cost of the new Hudson River Tunnel and Hudson Yards Concrete Casing Section 3 remains \$11.1 billion.
- The estimated construction cost of the rehabilitation of the existing North River Tunnel, which can only be done after the completion of the new Hudson River Tunnel, remains \$1.6 billion.

The submittal's financial plan covers all elements of the Hudson Tunnel Project:

- The local commitments totaling \$5.55 billion in construction costs represent 100% of the local share cost for the new Hudson River Tunnel and Hudson Yards Concrete Casing Section 3 – the critically important, immediate, and time sensitive elements of the Hudson Tunnel Project.
- In July 2018, the Port Authority's Board of Commissioners formally and officially passed a resolution committing \$2.7 billion in support for the entire Hudson Tunnel Project. This funding commitment represents over 30% of the project's non-CIG funds – the amount required to be classified as "Budgeted" or "Committed" for a Medium rating from the FTA. The resolution also authorized the Port Authority's Executive Director to enter into any agreements necessary to support the borrowing by GDC through a RRIF loan, and authorizing funding for early work construction and project development activities.
- The Port Authority's funding, along with the previous commitments from NJ TRANSIT and the State of New York, totals approximately 89% of the non-CIG funds needed for construction of the entire Hudson Tunnel Project.

The Project Partners are confident that these actions result in the Project meeting the requirements identified in the FTA CIG Program guidelines for obtaining a "Medium" rating necessary for recommendation for inclusion of the Project in the President's 2020 Budget.

In the financial plan, the project cost is represented in accordance with the FTA CIG Program guidelines, which require that the project cost includes finance charges incurred through the end of the CIG grant disbursement period. As such, the Project Partners are complying with this guideline and 49 USC 5309 (k)(2)(D)(iii) by including in the FTA CIG Project Cost the eligible finance costs incurred after the project's substantial completion through the end of the grant disbursement period. Generally, non-FTA projects undertaken by the Port Authority, NJ TRANSIT, or Amtrak would not typically include any financial costs incurred after substantial completion.

As you are aware, the Project Partners began work on the required environmental impact statement ("EIS") for the new tunnel and rehabilitation of the existing North River Tunnel in April 2016. This effort was completed just 22 months later, in February 2018, which is half the time typically required for a large-scale project. USDOT was provided with the draft of the Final EIS ("FEIS") on February 22, 2018. We are still awaiting publication of the FEIS and receipt of the Record of Decision ("ROD") which are critically important to advancing the Project's financial plan and design, and preparing for right-of-way acquisition, procurement, and construction activities. Because it is not possible to develop an accurate and updated project schedule prior to receipt of the ROD, after receiving a revised ROD issuance date,

the Project Partners will revise the Project's schedule accordingly and work with FTA to develop an updated timeframe for progressing in the CIG Program.

We look forward to moving together with the FTA towards construction. If you should have any questions, please do not hesitate to contact William Laventhal at 212-435-6963 or wlaventhal@panynj.gov.

Sincerely,



Richard Cotton
Executive Director, Port Authority of NY & NJ

- cc: Steven M. Cohen, Chairman, GDC
Kevin S. Corbett, Executive Director, NJ TRANSIT
Anthony R. Coscia, Vice Chairman, GDC
Stephen J. Gardner, Executive Vice President, Amtrak
Robert Mujica, Budget Director, New York State Division of the Budget
John D. Porcari, Interim Executive Director, GDC
Jerry Zaro, Trustee, GDC