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Contact:

Steve Sigmund – [ssigmund@gatewayprogram.org](mailto:ssigmund@gatewayprogram.org); 917-459-7794

Craig Schulz – [cschulz@gatewayprogram.org](mailto:cschulz@gatewayprogram.org); 302-632-2865

## **GATEWAY DEVELOPMENT COMMISSION TO SEEK NEWLY AVAILABLE FEDERAL FUNDING BASED ON NEW COST ESTIMATE AND SCHEDULE FOR HUDSON TUNNEL PROJECT REFLECTING CURRENT ECONOMIC CLIMATE**

NEW YORK – Newark, NJ – The Gateway Development Commission today announced that it will seek additional federal funding after completing a new analysis of the cost and schedule for the full Hudson Tunnel Project that brings the cost to \$16.1 billion, assuming a 50-50 funding split between local and Federal partners. With a greater mix of Federal grants, the project cost could be as low as \$14.7 billion for the new Hudson Tunnel and fully rehabilitated North River Tunnel.

GDC will seek additional Federal grants made available under the Bipartisan Infrastructure Law of 2021. The project partners will work to increase the Federal share of the project given the national importance of the Gateway Program, which would decrease contributions from the States of New York and New Jersey and the financing charges related to funding for their contribution.

The previous estimate was \$14.1 billion (including finance charges) in Summer 2021.

The development of this cost estimate and schedule by GDC and the project partners is a critical step towards seeking Federal funding commitments and the start of procurement for major elements of the project.

The major cost drivers include:

- Pandemic-related inflationary pressures being felt throughout the economy,
- time lost from the political delay during the last Federal Administration,
- more conservative projections around items like long-term interest rates and financing charges, and
- increased schedule contingencies based on Federal risk analysis methodology in the overall estimate.

The GDC also said that it intended to work on additional mitigations to the cost, and shorten the schedule in the future. Some of these potential mitigations include continuing to refine the project's procurement and delivery strategies, conducting ongoing value engineering to reduce costs over the life of the project, and the potential for early work on aspects of the project such as Tonnelle Avenue and the third and final section of the Hudson Yards Concrete Casing to reduce the schedule.

The current schedule anticipates signing a Full Funding Grant Agreement for the Federal Capital Investment Grant during the Spring of 2024 and start of major construction on the new tunnel by the Fall of 2024.

**New York Governor Kathy Hochul** said, "When I took office I vowed to get the Hudson Tunnel Project not just on track but over the finish line, and today marks an important step in moving this transformative project forward. We remain committed to making investments to deliver 21<sup>st</sup> century infrastructure worthy of New Yorkers. This project is vital to keeping the region moving and continuing our economic comeback, and I'm grateful to our regional partners and the federal government for their support and partnership."

“My administration remains determined to continue its overhaul of New Jersey’s public transportation and infrastructure, a crucial endeavor that was repeatedly delayed by my predecessors,” said **New Jersey Governor Phil Murphy**. “Now that we are significantly closer to turning our vision into reality, we must devote every necessary resource to the completion of these critical projects. In light of the impact of inflation and other market factors on Gateway’s cost, we remain unwavering in our commitment to affordable and accessible transportation for all New Jersey residents, commuters, and visitors.”

**Alicia Glen, New York Commissioner and GDC Co-Chair** said, “The cost and schedule for the Hudson Tunnel Project must be based on the reality of the economic environment and consistent with the methodology and requirements for receiving Federal funding. That is the work we have done here, to be transparent and to provide the public and our partners with a new cost estimate and a roadmap to get full construction started. We are committed to working to mitigate costs by positioning the project to receive increased Federal sources, and using innovative contracting and financing approaches to keep schedules and costs in line and get this project built.”

**Balpreet Grewal-Virk, New Jersey Commissioner and GDC Co-Chair** said, “This work represents a comprehensive look at our estimates and assumptions, including significant inflation that has impacted the world’s economy. Now, with our partners we’re working together to ensure that we execute on this plan to get the most urgent infrastructure Project in the nation built.”

**Anthony Coscia, Amtrak Commissioner and GDC Vice-Chair** said, “The Hudson Tunnel Project will make the Northeast Corridor safer, more reliable, and more resilient while setting the stage for the expanded capacity the region needs that will be delivered under the full Gateway Program. The newly updated cost and schedule are major steps toward the start of full construction which we must begin as soon as possible. Working together, we will deliver a project that makes the New York/New Jersey region and America proud.”

**Kris Kolluri, the Commission’s Chief Executive Officer**, said, “The Board and our Governors hired me to get the Hudson Tunnel Project built, and the first step in doing so is ensuring we have a cost and schedule for the project that our partners and the public can rely on. We’ll continue to work to mitigate these costs and speed up aspects of the project, but most critical is that we now have a path forward, working hand in hand with the Federal Government, that delivers 21<sup>st</sup> Century rail infrastructure to our region, our nation, and millions of riders.”

The analysis was conducted in a full financial review led by GDC that included each of the project partners, along with third-party reviewers from cost estimation firm Turner and Townsend and financial advisor Ernst and Young. The team reviewed current estimates and “re-based” them to account for substantial inflation increases over the last year and into the future and reviewed the current projection drivers to account for schedule changes.

The cost and schedule analysis was reviewed by GDC’s Board, and shared with the Governors of New York and New Jersey, agency partners, US DOT and the NY and NJ Congressional delegations.

The schedule anticipates a 2038 completion date for the project, with a new Hudson Tunnel in-service by 2035 and a 3-year schedule for the full, top to bottom rehabilitation of the existing 112-year-old North River Tunnel. When the new tunnel is open and the rehabilitation work is ongoing, trains will be able to use 3 tubes under the Hudson River until the entire 4 tube project is complete.

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*The Gateway Program is the most urgent infrastructure program in the country – a comprehensive set of rail investments 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.*