

December 27, 2023

Alicia Glen, Co-Chair, NY Commissioner  
Balpreet Grewal-Virk, Co-Chair, NJ Commissioner  
Tony Coscia, Vice-Chair, Amtrak Commissioner  
Jamey Barbas, NY Commissioner  
Janine Bauer, NJ Commissioner  
Marie-Therese Dominguez, NY Commissioner  
Amy Rosen, NJ Commissioner

Dear Commissioners,

2023 was a vitally important year for the Hudson Tunnel Project (“HTP”). This year, together with all of you and our partners, the Gateway Development Commission (“GDC”) moved HTP from aspirational to unstoppable.

This past January, we put plans on paper. Today, we have concrete results on multiple fronts. Specifically, we committed GDC to achieving six ambitious goals in 2023: (1) begin construction in both New York and New Jersey; (2) finalize the governance framework and partner agreements for HTP’s delivery; (3) apply for and receive historic funding commitments from the federal government for HTP; (4) become an eligible grant recipient; (5) develop an improved contracting and procurement strategy to attract a competitive and world class pool of firms to build HTP; and (6) continue to build GDC’s organizational, financial, legal, and technical capacity to deliver HTP. We have met each of these goals. I have outlined our progress in greater detail below.

Mega projects like HTP do not happen by luck, but by design. The extraordinary leadership and unwavering support demonstrated by President Joseph R. Biden, U.S. Transportation Secretary Pete Buttigieg, Senate Majority Leader Chuck Schumer, Governor Kathy Hochul, Governor Phil Murphy, our Congressional delegation, and, of course, you has willed HTP into reality. In addition, technical assistance from the Federal Transit Administration and the Federal Railroad Administration has made GDC’s ability to meet the hyper-driven schedule achievable. Finally, the unyielding drive and commitment of my colleagues at GDC – with support from our partners in the New York and New Jersey Governors offices, Amtrak, NJ TRANSIT, Port Authority of New York and New Jersey, outside counsels, and consultants – has helped us bring our collective vision to reality.

A new American renaissance is underway in infrastructure, with HTP at the forefront.

I am grateful you have entrusted me with the privilege of overseeing this once-in-a-century project. In 2024, we will turn our attention to finalizing the Full Funding Grant Agreement, closing the Railroad Rehabilitation & Improvement Financing (RRIF) loans, and starting major construction so the Hudson Tunnel Project reaches a point of no return.

I wish you and your families a happy holiday and look forward to a productive 2024.

Sincerely,

Kris Kolluri

CEO

Gateway Development Commission

CC: Hon. Kathleen C. Hochul, Governor, New York  
Hon. Philip D. Murphy, Governor, New Jersey  
Stephen Gardner, Chief Executive Officer, Amtrak

### **2023 PROGRESS**

Outlined below are specific GDC accomplishments over the course of 2023 and a brief 2024 forecast.

#### ***Construction launched on both sides of the Hudson River***

GDC was honored to commemorate the start of construction in New York and New Jersey alongside many of Gateway's champions, including Majority Leader Schumer, Governors Hochul and Murphy, Senator Gillibrand, Transportation Secretary Buttigieg, Infrastructure Advisor Landrieu, and Transportation Deputy

Secretary Trottenberg, as well as our Board and partners at NJ TRANSIT, Amtrak, and PANYNJ.

- We launched work on the Hudson Yards Concrete Casing – Section 3, an essential right-of-way preservation project that will link the new tunnel into New York Penn Station.
- We broke ground on the Tonnelle Avenue Bridge and Utility Relocation Project, which involves the construction of a new roadway bridge immediately above a future right-of-way to allow for a connection to the new tunnel portal and an access point for Tunnel Boring Machines to dig the Palisades Tunnel.

***Historic commitments to the largest federal funding of any modern infrastructure project***

The funding commitment to the Hudson Tunnel Project represents the largest federal investment ever in a mass transit project. Altogether, the Hudson Tunnel Project now has almost \$12 billion in federal commitments and a revised 70-30 funding split between federal and local partners.

GDC worked diligently to reduce the burden on the States of New York and New Jersey, thereby freeing up funds for other capital projects critical to the region.

- GDC received FTA's approval for Entry into Engineering, which qualifies HTP to receive up to \$6.88 billion upon execution of the FFGA.
- GDC was awarded a \$25 million Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant from the U.S. Department of Transportation for work on the Tonnelle Avenue Project.
- HTP received a \$292 million USDOT MEGA Grant for construction on HYCC-3.
- HTP was awarded a \$3.8 billion grant through the USDOT's Federal-State Partnership (FSP) for Intercity Passenger Rail Grant Program.
- GDC has advanced into the Build America Bureau's creditworthiness review phase of securing Railroad Rehabilitation and Improvement Financing (RRIF) loans for the states' share of HTP.

***Significantly stronger governance and organizational structure; and technical, legal, and financial capacity***

Having grown to 44 staff this year, GDC's team collectively holds decades of experience at the highest levels in the transportation sector. FTA's notice of approval for Entry into Engineering, in fact, definitively states that GDC "has the technical capacity and capability to effectively manage the engineering phase." Some of the main related milestones achieved during 2023 are:

- GDC added significant engineering, financial, and other expertise, including a Chief Technical Officer, an acting Chief Financial Officer, a Chief Administrative Officer, and a Director of Government and Community Affairs.
- GDC is supported by multimillion dollar budget commitments from the States of New York and New Jersey and Amtrak.
- GDC will soon dramatically enhance its technical, financial, and legal capacity by bringing on board an expert Delivery Partner.
- With Supporting or Executing Partner (SEP) Agreements in place with Amtrak, NJ TRANSIT, and PANYNJ, GDC has built the framework to ensure each contract for the new tunnel is seamlessly executed.
- FTA has officially designated GDC as an eligible recipient for federal funding, an extraordinary milestone achieved in record time.
- Five out of the nine HTP contracts are currently under construction or in procurement, and three more are anticipated to be awarded in 2024.

### ***Substantial and sustained industry engagement***

GDC worked closely with the private sector this year through a series of events designed to provide project updates across the industry, solicit feedback, and create networking opportunities.

In addition, GDC has been intentional about engaging Disadvantaged Business Enterprises (DBE) and complying with federal regulations. GDC is committed to making HTP a successful test case for how to successfully integrate ambitious DBE goals into the nation's most urgent infrastructure megaproject.

GDC's 2023 engagement events included the following:

- Industry Outreach Event (2/2/23)
- Contract Packaging and DBE Networking Event (4/26/23)

- Virtual Hudson River Ground Stabilization Request for Qualifications Information Session (6/21/23)
- Virtual Palisades Tunnel Request for Qualifications Information Session (7/13/23)
- Manhattan Tunnel Packaging and DBE Networking Event (7/25/23)
- Project Update and DBE Networking Event (10/17/23)
- Virtual Manhattan Tunnel Request for Qualifications Information Session (10/23)
- Virtual GDC Proposed 2024-2026 DBE Goal Listening Session (12/1/23)

Following the DBE Goal Listening Session, GDC will submit its Federal Fiscal Year 2024-2026 DBE goal and methodology to FTA before the end of the year. The preliminary agency DBE goal is 20.07%, the highest of any transportation agency in the region. Moreover, GDC has established substantial DBE goals for the Tonnelle Avenue, Hudson River Ground Stabilization, and Palisades Tunnel contracts, setting a bold precedent for DBE engagement as HTP moves forward with contract awards.

### **2024 LOOK AHEAD**

We are entering 2024 on a strong footing, with critical early works components in progress, construction management agreements in place, and the organizational capacity to tackle the next big challenges.

Next year will also mark the start of major awards and construction on the Hudson River Ground Stabilization and the Palisades Tunnel projects.

In addition, we expect to close on the RRIF loans for the local share of the project.

Finally, we are on track to reach Full Funding Grant Agreement with FTA in 2024, unlocking the \$6.88 billion grant commitment that brings our project's total federal share to almost \$12 billion, and locking in the full funding needed to bring the Hudson Tunnel Project to reality for millions of riders.

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