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Annual Report Letter Highlights Gateway Program Progress in 2018, Major 2019 Goals

NEWARK – With early construction underway on the Portal North Bridge project in New Jersey, completion of work on the environmental review for the Hudson Tunnel Project, and updated and strengthened financial plans for both projects under consideration by the U.S. Department of Transportation (USDOT), the Gateway Program Development Corporation (GDC) marked a year of significant progress with release of a 2018 annual report letter from Interim Executive Director John D. Porcari to the GDC Trustees: Chairman Steven M. Cohen, Vice Chairman Tony Coscia and NJ Trustee Jerry Zaro. Copies were also sent to the principals of the partner agencies: Port Authority Executive Director Rick Cotton, NJ Transit Executive Director Kevin Corbett and Amtrak Sr. Executive Vice President Stephen Gardner.

The letter (attached) highlights progress in the areas of construction, environmental review, funding/finance, governance, and stakeholder engagement, including but not limited to:

- Submittal of draft Final Environmental Impact Statement (EIS) for Hudson Tunnel Project produced by Gateway partners in just 22 months. Awaiting USDOT Record of Decision.
- Commitment by State of New Jersey of up to \$600 million in state bond proceeds representing 100% of local share of Portal North Bridge project.
- On time and on budget advancement of early work on Portal North Bridge project including construction of finger pier, utility protection structure, and new utility poles to re-route high-voltage power lines and data cables.
- Launch of Build Gateway Now coalition of civic, business, and transportation-oriented organizations advocating for the Gateway Program
- Ongoing strong bipartisan support of elected leaders in Washington, Albany and Trenton.

The letter also detailed major 2019 goals including:

- Implementation of a Full Funding Grant Agreement with the Federal Transit Administration (FTA) that allows construction of the full 2.3-mile Portal North Bridge project.
- A Record of Decision from USDOT that allows the Hudson Tunnel Project to move forward.
- GDC and its Gateway Partners commencing a procurement that secures a world class tunnel at the lowest cost on an expedited schedule.
- GDC and its Gateway Partners commencing early work on the Hudson Tunnel project, the first new train tunnel under the Hudson River since 1910.

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).



Gateway Program Development Corporation

2018 Annual Report Letter to Trustees

Dear Trustees Cohen, Coscia and Zaro:

As the end of 2018 approaches and we look forward to 2019, we appreciate the opportunity to report on the progress made moving the Gateway Program forward this year.

The Program continues to benefit from the bi-partisan support of elected leaders in Washington, DC, Albany, New York, and Trenton, New Jersey. Early construction activities are underway, strengthened applications for Federal grant funding have been submitted and updated – including significant contributions by the local partners – and a growing coalition of regional business, transportation, civic, and labor organizations have added their voices to the public discourse, helping raise awareness of the urgency and importance behind the Program.

Still, major construction on the Hudson Tunnel and Portal North Bridge projects is stalled by a lack of political agreement at the federal level, despite near-universal belief in their urgency and importance to the region and the nation as a whole. The entire Federal Government nearly shut down in March because a draft of the federal omnibus funding bill included money that could be used for the Gateway Program. The United States Department of Transportation (USDOT) continues its nearly year-long review of the Final Environmental Impact Statement for the Hudson Tunnel Project, delaying issuance of the Record of Decision that would allow critical aspects of the project to advance. After previously receiving favorable ratings, funding applications re-submitted to the Federal Transit Administration (FTA) that meet or exceed all the necessary criteria were poorly rated by that agency. Updated funding applications were submitted to FTA during 2018 on both the Portal North Bridge and the Hudson Tunnel projects, and GDC is hopeful for favorable responses to these applications in 2019.

The Gateway Program Development Corporation recently commemorated the 108th year of revenue service for the existing Portal Bridge and Hudson Tunnel, which opened in 1910. Replacing these century-plus-old assets before they reach the end of their useful lives is the most urgent transportation infrastructure priority in America today and failure to do so puts 20% of the nation's economy at increased risk. They may not be able to withstand another Superstorm Sandy.

Bridge and tunnel failures in the busiest section of the Northeast Corridor inevitably ripple throughout the nationwide transportation network. Our goal is to make 2018 the last year of uncertainty; we must move into 2019 with full



confidence that we are well on our way to providing relief for the 200,000 daily Amtrak and NJ TRANSIT passengers who need it by building a new, 21st Century transportation system that is more reliable, more resilient, safer, and more efficient.

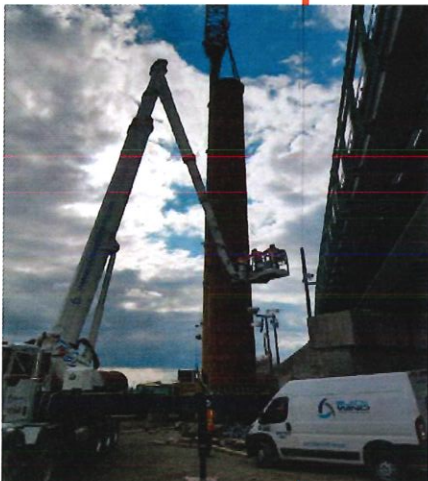
By the end of 2019, we look forward to reporting on a Gateway Program that is well on its way to delivering on this promise. On the Portal North Bridge, this means implementation of a Full Funding Grant Agreement with FTA that allows construction of the full 2.3-mile project including a new, high-level, fixed span bridge over the Hackensack River. On the Hudson Tunnel Project, this includes:

- USDOT issuing the Record of Decision allowing the project to move forward,
- GDC and its Gateway Partners commencing a procurement that secures a world class tunnel at the lowest cost on an expedited schedule, and
- GDC and its Gateway Partners commencing early work on the project, the first new train tunnel under the Hudson River since 1910.

Following are highlights and milestones achieved in the past year as well as a brief look ahead.

CONSTRUCTION PROGRESS

Visible signs of Gateway Program construction are evident along the Northeast Corridor in the New Jersey Meadowlands, where \$20 million of early construction work on the Portal North Bridge Project has been underway since October 2017. Funded by a Federal TIGER grant (\$16 million) and local match by NJ TRANSIT (\$4 million), the package of five elements relocates and protects critical utilities in the way of the new alignment and prepares the site for major construction. Amtrak crews are providing support for the work and coordinating property access and worker protection.



New utility poles constructed along the Northeast Corridor as part of Portal North Bridge early construction allow re-alignment of high-voltage wires that power NEC trains

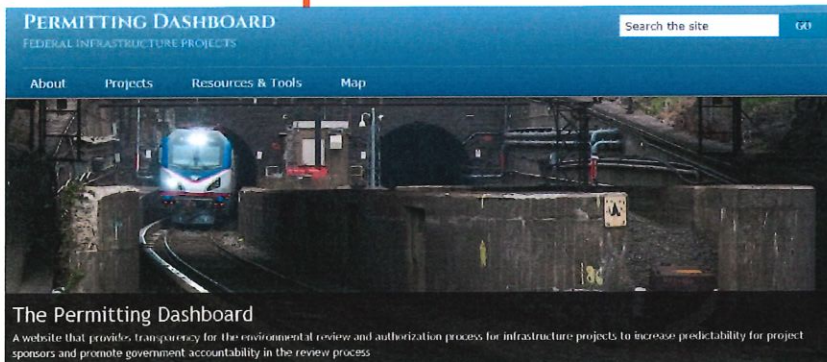
In 2018, crews completed construction of a finger pier in the Hackensack River that will allow for future marine delivery of construction materials for the main portion of the bridge. Two 200-foot monopoles were built ([video here](#)), allowing re-alignment of the high-voltage lines that power Amtrak and NJ TRANSIT trains on the Northeast Corridor. A reinforced access road now protects the 150-year-old water main that supplies 60% of the water to Jersey City from heavy truck traffic during construction. Approximately 500-feet of retaining wall has been built west of Secaucus that will support the future Portal North alignment – one of several walls to be built as part of the full project.

Across the Hudson, \$25 million in funding (shared 50-50 by Amtrak and the Port Authority of New York & New Jersey) has been committed for early utility relocation work in preparation for construction of the third section of the concrete tunnel casing beneath the Hudson Yards private mixed-use real estate development. This funding will allow for the relocation of critical Long Island Rail Road utilities, necessary prior to the start of major construction. When completed, along with the first two sections, the concrete tunnel casing will

form the shell of the new tunnel under the west side of Manhattan connecting directly to Penn Station New York.

WORK COMPLETED ON THE HUDSON TUNNEL PROJECT EIS

The Hudson Tunnel Project achieved a major milestone in February 2018 when the Gateway Partners submitted to the USDOT a draft Final Environmental Impact Statement that had been produced in just 22 months – half the time typical for a project of its magnitude.



The President's Permitting Dashboard – a website that provides transparency for the environmental review process for infrastructure projects – features an image of the Hudson Tunnel Project on its front page. As of December 2018, the USDOT-imposed deadline of March 30, 2018 remains listed as the Target Completion for the EIS.

What could have been a national model for efficiency instead became mired in delay. USDOT failed to act on the document, missing a March 30, 2018 deadline for completion of the environmental process and increasing the risk of schedule delay on the most urgent infrastructure project in America.

It was only weeks ago that USDOT re-engaged on the Environmental Impact Statement. GDC and the Gateway Partners are hopeful that the Final Environmental Impact Statement will be approved quickly, and a Record of Decision issued soon. Without it, the Hudson Tunnel Project cannot advance through the Federal grant process nor can construction begin. The current project schedule calls for construction to begin during 2019. Every day of delay adds more than \$1 million (more than \$300 million/year) to the estimated construction cost due to inflation alone.

ADVANCEMENTS IN FUNDING & FINANCE

Federal Appropriations

Significant progress was made in 2018 identifying funding for the Portal North Bridge and Hudson Tunnel Projects. Despite heated rhetoric, and with the invaluable bipartisan support of the New York and New Jersey Congressional delegations, the FY 2018 “omnibus” spending bill passed in March included \$541 million that could be made available to the Portal North Bridge and Hudson Tunnel Projects: \$388 million for Amtrak’s Northeast Corridor and \$153 million to the States of New York and New Jersey. Amtrak was required to put much of its funding in a Reserve Account that requires Federal Railroad Administration approval for any Gateway Program construction. This excess approval step will follow the issuance of the Record of Decision, slow motion progress on which is described above, and represents a procedural, bureaucratic impediment to our moving forward aggressively.

Local Commitments

In addition to Federal appropriations, significant financial commitments by the States of New York and New Jersey as well as the Port Authority were made,

re-affirmed and solidified in updated financial plans submitted as part of the CIG grant process.

Portal North Bridge Project

The State of New Jersey, under the leadership of Governor Murphy, committed the full local share – up to \$600 million in state bond proceeds – to the Portal North Bridge Project. A June 29th submittal to the FTA reflected this new commitment, a reduction in the amount of Federal grant funding the project was seeking (from \$844 million to \$811 million), and a reduction of \$160 million in construction cost to less than \$1.6 billion. The partners emphasized their belief that these factors should return the project to a Medium-High rating, allowing it to proceed toward a Full Funding Grant Agreement in the Core Capacity Program. USDOT is reviewing our request for a new rating with a decision expected by January 2019.

Hudson Tunnel Project

Also in June, the Port Authority – on behalf of the Gateway Partners – agreed to serve as Project Sponsor for the Hudson Tunnel Project, responding to the stated position of FTA that GDC, as currently constituted, is not eligible to serve as a grant recipient. The GDC Board adopted a resolution committing to strengthening the organization to address this need so that GDC can ultimately assume Project Sponsor responsibilities. The parties affirmed more than \$5.5 billion pledged by the States of New York and New Jersey and the Port Authority toward construction of the Hudson Tunnel Project and formally requested in September that the Hudson Tunnel Project be included in the President's FY 2020 budget proposal. The funding commitments in the request represent substantially more than the amounts required to earn a Medium rating from the FTA and allow the project to progress in the grant pipeline.

GOVERNANCE: THE ROLE OF GDC

In 2018, GDC took substantive steps to further develop the organizational structure necessary for meaningful, long-term oversight and delivery of the Gateway Program.

The Port Authority also made a \$31.5 million commitment in 2018 for expenses associated with GDC operations, adding to Amtrak's on-going support of GDC and the Gateway Program. Staff from partner agencies continue regular and extensive collaboration with working groups organized around functional areas such as Engineering, Program Development and Outreach & Communications. Co-located in the GDC headquarters in Newark, this model has proven effective and efficient in coordinating activities among the various Gateway Partners.

In September, GDC passed nine policies to strengthen transparency and accountability, reporting and financial disclosure, and provide guidelines on employment practices.

The same month, Ernst & Young Infrastructure Advisors (EY) was selected by the GDC Board as Financial Advisor to assist GDC in identifying and comparing different sources of funding and financing including private capital, developing and comparing different procurement methodologies, including public-private partnerships, and preparing for and assisting in conducting procurement on the Hudson Tunnel Project.

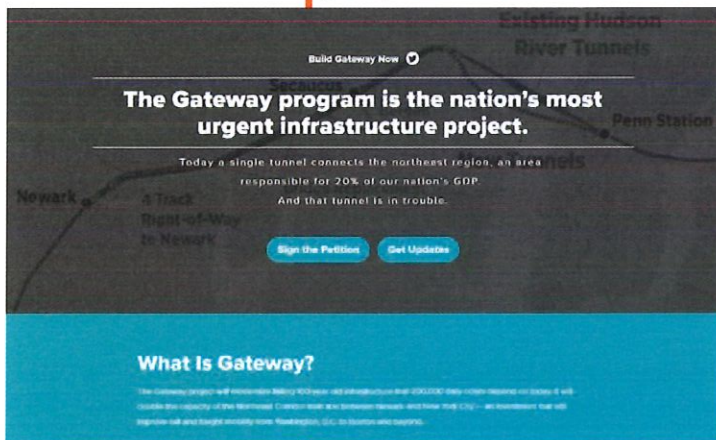


More than 200 people attended an industry session as part of the Request for Information process.

GDC also advanced an ongoing Request for Information (RFI) process seeking feedback from private sector industry experts on topics including early work opportunities, risk allocation, contract packaging approaches, and procurement methodologies for the Hudson Tunnel Project. An industry information session in July drew more than 200 attendees representing 100 registered firms and helped generate a new round of enthusiasm among potential bidders. More than 30 firms with world-class expertise sought one-on-one meetings with the GDC team, suggesting significant interest in the project and helping inform procurement decisions and areas for further study – some of which the project team is already working to implement.

STAKEHOLDER ENGAGEMENT

Public engagement efforts continued to accelerate in 2018 with the hiring of a Chief Public Outreach Officer for GDC. Coordination of communication efforts and tremendous assistance from the Governors of both States, bi-partisan groups of elected officials from both states and newly-elected Members of Congress resulted in a number of successful earned media placements, statements of support and public events that helped reinforce the work being done to move Gateway forward.



The Build Gateway Now Coalition's website links visitors to a petition and offers an opportunity to sign-up for email updates

These efforts were amplified by the newly-formed and rapidly growing “Build Gateway Now” (BGN) Coalition. BGN is a coalition of dozens of civic, business and transportation-oriented organizations advocating for the Gateway Program. Bringing together organizations such as the Regional Plan Association, Tri-State Transportation Campaign, Association for a Better New York, General Contractors Association, Partnership for New York City, New Jersey Chamber of Commerce, and Newark Regional Business Partnership, BGN and/or its members conducted paid advertising, provided testimony and amplified messaging on social media and in the press. This coalition looks forward to continued growth in 2019.

Additional highlights of communications work by GDC and/or its partners include:

- Governor Cuomo's tunnel trip, video sent to President Trump and follow-up discussion about the merits of the Hudson Tunnel Project;
- Governor Murphy's \$600 million commitment to Portal North Bridge and follow-up news conference with Senator Menendez and other stakeholders to raise awareness;
- Discussion during the midterm election campaign by candidates, especially in New Jersey, about prioritizing Gateway in Washington;
- Survey commissioned by GDC demonstrating the enthusiasm with which respondents support construction of a new tunnel and bridge;
- Governor Murphy, Senator Menendez and Senator Booker's letter asking the Coast Guard to restrict the hours that Portal Bridge is permitted to open;
- Op-eds by GDC Trustees, partners and supporters in the [Newark Star Ledger](#), [am New York](#), [USA Today network](#) and other outlets.

LOOKING AHEAD

The accomplishments of 2018 lay the groundwork for 2019 being the year the two most vital transportation projects in America – the Portal North Bridge and Hudson Tunnel Project – are fully funded and begin major construction. The region and the nation cannot continue relying on 19th century infrastructure to support a 21st century economy.

With a newly-elected Congress signaling its eagerness to ensure existing Federal appropriations for the project are made available, and additional funding for Amtrak, the Northeast Corridor, New Starts and Core Capacity Grant Programs, as well as other grant programs, that allows those programs to meet the significant needs of these projects, we are confident in our ability to keep moving Gateway forward.

The region and the nation are counting on us to deliver the Gateway Program. We remain committed to rising to the challenge.

Sincerely,



John D. Porcari
Interim Executive Director
Gateway Program Development Corporation

cc:

Rick Cotton, Executive Director – Port Authority of NY & NJ

Kevin Corbett, Executive Director – NJ TRANSIT

Stephen Gardner, Sr. Executive Vice President – Amtrak