

FOR IMMEDIATE RELEASE  
June 29, 2018



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## **New Funding for Portal North Bridge and Project Sponsor for Hudson Tunnel Project are Major Steps Forward for Vital Projects**

*Updated Financial Plan with Additional Local Funding Should Return Bridge to Medium-High Rating – Construction to Begin Soon Upon Federal Approval; Port Authority to Assume Project Sponsor Role for Tunnel*

NEWARK – An updated financial plan reflecting changes to the local funding structure for the Portal North Bridge project was submitted to the Federal Transit Administration (FTA) today, along with a status update on the Hudson Tunnel Project demonstrating continued progress moving this critical project forward. Both submissions include actions taken by the Partners to address feedback received from the Federal government, including full commitment of the local share and reduction in construction cost of the bridge, as well as identification of a Project Sponsor on the Tunnel and a commitment to strengthen the Gateway Development Corporation (GDC) for future submittals.

The updated plan for the Portal North Bridge Project was submitted by NJ TRANSIT (NJT), the Project Sponsor, on behalf of GDC and the project partners. It includes New Jersey's investment of up to \$600 million funded through state-appropriation backed bonds, capital funding from the NJ Transportation Trust Fund and other existing local sources. With 100% of the required local commitment, the FTA should return the project to a Medium-High rating, allowing it to advance through the Capital Investment Grant (CIG) Core Capacity grant program toward a Full Funding Grant Agreement (FFGA).

Once a FFGA is executed, the project partners will be able to award contracts that launch major construction of this new, 21<sup>st</sup> century bridge that will improve the commutes for riders making 200,000 trips a day. The Project will increase NJT capacity by 10% through more predictable use of modern, new double-decker equipment replacing aging single-level cars, lengthening trains and faster speeds on the new bridge.

The updated financial plan systematically addresses questions raised by the FTA in previous submittals. Additional highlights include a \$33 million reduction in federal CIG contribution (from \$844 million to \$811 million) and \$160 million reduction in the construction cost to less than \$1.6 billion.

"The Gateway Program Development Corporation is serious about building the Portal North Bridge and Hudson Tunnel Projects," said **Steven M. Cohen, Chairman of the GDC**. "The actions taken by the States of New York and New Jersey reflect the deep commitment by both Governors and all the Gateway partners to advancing major construction on these two critical projects as quickly as possible and further strengthening GDC to better enable it to serve its important purpose."

"We continue to work closely with the Federal Transit Administration, Federal Railroad Administration and other partners within the U.S. Department of Transportation to expedite these crucial projects and have worked hard to incorporate as much of their feedback as possible into this revised submittal," said **Tony Coscia, Vice Chairman of the GDC**. "We've made tremendous progress on both projects and look forward to a Record of Decision on the Tunnel, specifically, so we can continue pushing forward to full construction and, more important, completion of these projects for the region and the nation."

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“The State of New Jersey under Governor Murphy’s leadership has stepped up with a major commitment, funding 100% of the local share of Portal North Bridge and continuing its strong support of the Hudson Tunnel Project,” said **New Jersey Trustee Jerry Zaro**. “We look forward to a re-rating and advancement through the process to a Full Funding Grant Agreement so we can move this project to construction as quickly as possible.”

In addition to the Portal North Bridge submittal, the Port Authority, along with the rest of the Gateway Partners, provided a status update outlining progress achieved on the Hudson Tunnel Project in the past six months. The update notes that in recognition of the FTA’s expressed view that GDC, as currently constituted, is not eligible to serve as CIG grant applicant or NEPA Sponsor for the Hudson Tunnel Project, the Port Authority of New York and New Jersey will serve those roles on behalf of the Partners.

Because the Partners intend for GDC to serve a lead role in the financing and development of the Gateway Program, including acting as a federal grant and loan applicant as well as NEPA project sponsor, the States of New Jersey and New York have committed to pursue legislative action in both states that will enable GDC to perform these financing and development functions for the Gateway Program. GDC continues to direct, coordinate with and consult on all project-related activities of various partner organizations.

Until the FTA issues a Record of Decision (ROD), the Hudson Tunnel Project will stay in the Project Development phase of the CIG Program. The Partners will continue to prepare to move to the Engineering phase when appropriate, though with tunnel construction projected to start in 2019, critical path items cannot be advanced or finalized until a ROD is issued. The project partners completed their work on the Environmental Impact Statement in under 22 months and provided a final draft to the federal government for review and approval in February 2018.

Included with this release are the following supplemental materials:

- Cover letter from Portal North Bridge Project submittal (attached)
- Update letter on Hudson Tunnel Project (attached)
- Video animations of Hudson Tunnel & Portal North Bridge Projects ([download here](#))

# (attachments) #

*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 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.*

**Philip D. Murphy**, Governor  
**Sheila Y. Oliver**, Lieutenant Governor  
**Diane Gutierrez-Scaccetti**, Commissioner  
**Kevin S. Corbett**, Executive Director

**NJ TRANSIT**  
One Penn Plaza East  
Newark, NJ 07105-2246  
973-491-7000

June 29, 2018

Ms. Elizabeth (“Sherry”) Riklin  
Acting Associate Administrator for Planning and Environment  
Federal Transit Administration  
1200 New Jersey Avenue, SE  
Washington, DC 20590

**Subject: Updated Financial Plan for Portal North Bridge Project  
Section 5309 Capital Investment Grant Program – Core Capacity**

Dear Ms. Riklin:

The New Jersey Transit Corporation (NJ TRANSIT) is pleased to submit an updated financial plan for the Portal North Bridge (PNB) Project, which is proceeding through the Federal Transit Administration (FTA) Capital Investment Grant (CIG) Program. The enclosed updated financial plan was produced by NJ TRANSIT (Project Sponsor for PNB) in partnership with the Port Authority of New York and New Jersey (PANYNJ), the National Railroad Passenger Corporation (Amtrak), and the Gateway Program Development Corporation (GDC).

The PNB Project replaces the current movable bridge (which opened in 1910, over 100 years ago) with a high-level fixed span. The PNB will have a higher clearance that can accommodate current and forecasted maritime traffic, eliminating the current movable bridge complications that result in interruptions to rail operations and widespread delays. The new bridge will allow for higher train speeds (90 mph, up from 60 mph on the existing bridge) as well as improved reliability, which will enable NJ TRANSIT to operate longer and higher capacity trains. Therefore, the PNB Project scope also includes the purchase of 25 multilevel railcars (22+3 spares) providing a greater than 10 percent increase in peak hour passenger capacity. The need for the PNB Project is immediate and critical, as the existing Portal Bridge’s inefficient design and advanced age have a detrimental impact to passenger rail service on the Northeast Corridor (NEC). The existing bridge’s frequent outages and resulting delays have a cascading effect throughout the region and the national rail network.

In recent months, NJ TRANSIT and our partners have worked to revise various PNB project details, which are documented in the enclosed financial plan package. Many of these revisions were made in response to comments received in FTA’s FY 2019 Core Capacity Financial Assessment and other helpful FTA feedback. Some of these key revisions that directly address FTA’s comments are:

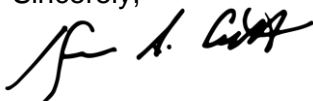
- Additional State of New Jersey funds are now committed to the PNB Project, as a result of recent actions taken by the New Jersey Economic Development Authority (NJEDA) and the NJ TRANSIT Board of Directors. These actions allow for up to \$600 million of state funds to be available for the Project. This change replaces and supersedes funding previously assumed via a TIFIA Loan;

- PNB cost estimates have been refined and are slightly reduced. The Project is now estimated to cost \$1.787 billion in year of expenditure (YOE) dollars (\$1.554 billion in YOE exclusive of financing costs). The Core Capacity portion is estimated to cost \$1.642 billion in YOE dollars (\$1.409 billion in YOE exclusive of financing costs);
- Project funding assumptions have been updated to include a lower CIG funding total of \$811 million (less than the \$844 million previously requested) and a lower annual CIG funding amount of no more than \$100 million per year;
- New updated documentation has been provided on changing the project delivery approach, which consolidates previous plans for eight contract packages into one. This refinement has resulted in a reduced PNB project cost and schedule efficiencies.

NJ TRANSIT and our partners are optimistic that you will have a favorable view of these revisions to the Project's Financial Plan. These revisions build upon previous progress of fulfilling all planning and National Environmental Policy Act (NEPA) requirements, as well as completion of the Project's design. Advancing this Project towards construction is critical in eliminating the most significant and time-sensitive single points-of-failure on the NEC between Newark, New Jersey and New York Penn Station, and helping to avoid catastrophic cascading delays up and down the NEC in the event of a long-term outage. The PNB Project is 100% designed, fully permitted, and has early work currently underway, thus, making it especially well positioned to begin construction to provide increased reliability and capacity to rail passengers throughout the region and nation in the near-term.

We look forward to cooperatively working with you and your staff to successfully advance the PNB Project and satisfy concurrent efforts to officially enter the CIG Program's Engineering phase. If you have any questions or need further information regarding this submittal, please contact Ayelet Hirsch Korn at 973-491-7028 or [AHirschKorn@NJTRANSIT.com](mailto:AHirschKorn@NJTRANSIT.com).

Sincerely,



Kevin S. Corbett  
Executive Director

Cc: Steve Goodman, FTA  
Ray Biggs, FTA  
Dale Wegner, FTA  
Donald Burns, FTA  
Hans Point du Jour, FTA  
William Laventhal, PANYNJ  
Marie Corrado, Amtrak  
Frank Sacr, Gateway Program Development Corp.  
John Porcari, Gateway Program Development Corp.

June 29, 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 Associate Administrator 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 this progress report on the Hudson Tunnel Project in connection with the Federal Transit Administration's ("FTA") 5309 Capital Investment Grant ("CIG") Program.

The Hudson Tunnel Project 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"). The Project was accepted into the FTA's Project Development phase of the CIG Program on July 14, 2016.

The Project Partners remain focused on advancing this vital Project as soon as possible to enhance reliability for 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. This critical infrastructure linking the regional and national rail network with New York City supports the United States' economy by connecting people and businesses and alleviating congestion on the nation's interstate highways throughout our country. Furthermore, given the extreme age of the asset and impacts from major weather events - like Hurricane Sandy - in recent years, the tubes of the North River Tunnel will need to be taken out of service and rehabilitated, leading to an estimated reduction of up to 75% of current capacity.

This letter will address progress in four critical areas: (1) The environmental review process and schedule for issuance of a Record of Decision, (2) progress on multiple technical activities, (3) the affirmation of existing local funding commitments and plan for updating the overall Finance Plan, and (4) addressing the issue of grant applicant and NEPA Project Sponsor. Towards this end, the Project Partners offer the following update on the major elements of the Project.

#### **National Environmental Policy Act ("NEPA") Requirements**

The Project Partners began work on the required environmental impact statement ("EIS") for the new tunnel and rehabilitation of the North River Tunnel in April 2016. The Federal Railroad Administration ("FRA") and NJ TRANSIT are the lead agencies for the EIS. Amtrak and the Port Authority are leading the preliminary engineering work in support.

The cooperation and coordination among the Project Partners and the FRA, FTA, and all of our other federal, state and local stakeholders, including the continued outreach to communities in New York and New Jersey, has been successful and has resulted in mitigation strategies that we believe are universally



supported. Public comments by the public continue to urge the Project to move ahead as quickly as possible. The completion of this effort in February 2018, in just 22 months, was a major milestone. The draft Final Environmental Impact Statement (“FEIS”) was undertaken in less than half the time generally required for a project of this size and complexity, reflecting this urgency. Following the completion of its review of the draft FEIS, the U.S. Department of Transportation (“USDOT”) is expected to issue a Record of Decision (“ROD”).

The timetable for issuing the ROD has extended beyond the date of March 30, 2018 that was originally anticipated by all stakeholders. At this point in time, the current draft FEIS review schedule does not allow for a ROD to be issued prior to July 14, 2018 – the date by which it was anticipated the Project would have entered into the Engineering phase of the CIG Program. The FEIS and ROD are critically important to the Project Partners in advancing their decision-making process, and continuing our work on the Project’s financial plan and procurement and construction activities. Therefore, considering the ongoing review of the draft FEIS by USDOT and the Project Partners’ ongoing work, the Project Partners recognize that the Project must remain in the Project Development phase.

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. This schedule will also take into account the commitment made by the States of New York and New Jersey as it pertains to GDC, as discussed further in this letter.

#### **Technical activities**

In the six months since the December 2017 submittal of a revised financial plan for the Project, the Project Partners continued to progress the Project with the aim of commencing early work in Federal FY2018. The Project’s significant recent progress is detailed below.

##### **HYCC-3:**

- In the first quarter of 2018, significant design work advanced on the HYCC-3 so that early work construction may begin in 2018 on this right-of-way preservation element after receiving the required NEPA finding by the FTA.
- In June 2018, the design of the Long Island Railroad (“LIRR”) Emergency Services Utility Relocation Project (“Utility Relocation Project”), an early action aspect of the project, was completed.
- The Utility Relocation Project, funded by Amtrak and the Port Authority, is anticipated to begin construction this summer. At its February 2018 meeting, the Port Authority’s Board of Commissioners committed \$12.5 million to this critical path work.
- In May 2018, the GDC Board of Trustees endorsed the actions taken by Amtrak and the Port Authority to advance the Utility Relocation Project.
- In summer 2018, a request for a NEPA finding will be submitted to FTA. HYCC-3 previously received an FRA Finding of No Significant Impact under NEPA as part of the larger, three-phase Hudson Yards Concrete Casing project.
- Design of HYCC-3 is at 90% and will be completed in September, 2018 in cooperation with the Hudson Yards developer (Related Companies) and LIRR.

##### **Hudson River Tunnel:**

- As further explained below, the Port Authority will now serve in the role of CIG grant applicant and NEPA Project Sponsor for this Project on behalf of the Project Partners.

- In February 2018, the Port Authority's Board of Commissioners authorized \$31.5 million for the provision of support to GDC in the form of in-kind services, staff, contracted services on behalf of the GDC and/or funding.
- In March 2018, 30% design documents for the Hudson River Tunnel were submitted to FRA and the Project Partners for their review. Final approval is expected after FRA's issuance of the ROD.
- In June 2018, the GDC Board of Trustees directed the issuance of a Request for Proposals for a Financial Advisor, as discussed below.
- Over the past six months, a Project Management Plan was developed with component sub-plans:
  - Quality Assurance/Quality Control Program Plan
  - Safety and Security Management Plan
  - Real Estate Acquisition and Management Plan
  - Fleet Management Plan
  - Management Capacity and Capability Plan
  - Risk and Contingency Management Plan
- Over the past six months the following work has been progressed:
  - Geotechnical reports were completed
  - Preliminary safety hazard analysis and threat and vulnerability analysis were completed
  - A schedule addressing key activities, milestones and elements was developed and refined
  - Third party agreements and right-of-way have been detailed and are being pursued to the extent permitted
  - Draft value engineering report is under development
  - Safety and security design criteria are in development

#### **Financial Plan**

The Project Partners reaffirm their existing funding commitments documented in the December 2017 Financial Plan ("Financial Plan"), including the local commitment of \$5.55 billion towards the construction cost of the Project supported by the Port Authority, NJ TRANSIT, and the State of New York. The full extent of these commitments is described and set out in documents previously submitted to USDOT. Additionally, a Request for Proposals was recently issued for a financial advisor which will serve GDC and further strengthen the financial approach to delivering the Project. The financial advisor will assist with developing optimal procurement, funding and financing solutions, and will be tasked with identifying potential federal, non-federal, state and private financing and funding sources.

Furthermore, the Project Partners are committed, prior to entering into the Full Funding Grant Agreement, to identifying the sources of funding necessary to cover construction cost overrun and construction completion risk as well as the local share of the tunnel rehabilitation. Such funding sources may include measures that generate revenue that may include train usage or access fees. We are confident that the financial advisor will provide significant assistance in this effort. Also, as part of the Financial Plan, we recognize that the CIG Program guidelines require that 30% of the local share be committed prior to entering into the Engineering phase. We remain committed, as we have from the beginning, to meeting this requirement.

#### **Grant Applicant & NEPA Project Sponsor**

The Project Partners recognize that FTA has expressed the view that the GDC, as currently constituted, is not eligible to serve as the CIG grant applicant or NEPA Project Sponsor for the Hudson Tunnel Project.

To respond to this concern, this letter notifies you that the Port Authority has agreed to perform those roles on behalf of the Project Partners for this Project.

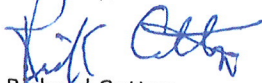
It is important, however, to recognize that based on extensive consultation among multiple federal, state, and local stakeholders, GDC was established to serve a lead role in the financing and development of the Gateway Program, including acting as a federal grant and loan applicant as well as NEPA Project Sponsor. The Project Partners intend for GDC to carry out these roles and thus, the States of New Jersey and New York have agreed to pursue legislative action in both states promptly within the framework of each state's legislative calendar that would enable GDC to perform these financing and development functions for the Hudson Tunnel Project.

**Conclusion**

In summary, we continue our work on the initiatives set forth above and the other critical tasks that must be accomplished in order to gain the FTA's support and to commence construction on this vital Project. The Project Partners look forward to continuing the on-going dialogue, and to cooperating and partnering with your agency during this process.

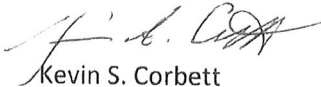
If you should have any questions, please do not hesitate to contact William Laventhal at (212) 435-6963 or [wlaventhal@panynj.gov](mailto:wlaventhal@panynj.gov).

Sincerely,

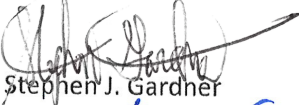


Richard Cotton  
Executive Director, Port Authority of NY & NJ

*Signed in support:*



Kevin S. Corbett  
Executive Director, NJ TRANSIT



Stephen J. Gardner  
Executive Vice President, Amtrak



John D. Porcari  
Interim Executive Director, GDC

cc: Governor Andrew M. Cuomo, State of New York  
Governor Philip D. Murphy, State of New Jersey  
Steven M. Cohen, Chairman, GDC  
Anthony R. Coscia, Vice Chairman, GDC  
Jerry Zaro, Trustee, GDC