

# THE BOND BUYER

## Gateway tunnel gets back on track with feds

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Published

February 17, 2021, 1:09 p.m. EST

Federal funding for the new proposed Gateway rail tunnel under the Hudson River has come closer to fruition with the restoration of the definition of local cost-share.

The Federal Transit Administration has rescinded a Trump administration policy that refused to count as a local cost-share the payments by New York and New Jersey on a proposed federal loan.

Former Transportation Secretary Elaine Chao had announced that administration policy in 2018 to the consternation of local officials.



*House Transportation and Infrastructure Committee Chairman Peter DeFazio, D-Ore., described the Trump administration policy as "rubbish guidance." **Bloomberg News***

By excluding the repayment of federal loan guarantees from consideration as part of the local share, Chao effectively disqualified the project from funding because her definition reduced the two states' financial commitment to only 5% of the overall cost of the new tunnel.

That move by Chao made the project a low priority for receiving a federal Capital Improvement Grant among the many applicants around the country.

House Transportation and Infrastructure Committee Chairman Peter DeFazio, D-Ore., described the Trump administration policy as “rubbish guidance.”

“The Trump administration’s guidance that put up artificial barriers to critical transit projects is exactly where it should be—in the trash bin,” DeFazio said Tuesday.

DeFazio said the federal government “should be a partner—not an adversary—to communities that are marshalling their own resources to try and break ground on badly-needed infrastructure projects that move this country forward.”

The Trump administration also withheld approval of a critical Environmental Impact Statement for the project.

The final environmental impact statement for the Gateway tunnel was submitted to the federal government for review in February 2018 and originally was expected to be completed by March 30 of that year.

In October 2018 the administrator of the Federal Railroad Administration told a Senate committee his agency was “in the final chapters of the EIS” following 28 months of review.

Meanwhile, Trump signed an executive order in August 2017 dubbed One Federal Decision that purportedly streamlined the approval process for all major infrastructure projects with the goal of rendering a decision within two years.

New York Gov. Andrew Cuomo said the state was prepared to pay \$3.25 billion as its maximum share of the overall cost, but it included federal loan repayments. New Jersey was prepared to contribute a similar amount.

The other two project partners are the Port Authority of New York and New Jersey along with Amtrak.

The current rail tunnel is owned by Amtrak and not by either New York or New Jersey. Amtrak and NJ Transit are the tunnel’s two main users.

In 2018 the estimated cost of the new tunnel was \$11.1 billion with the rehabilitation of the existing two tubes costing another \$1.6 billion after the new tunnel is put into service.

New Jersey submitted a revised financing plan in 2018 for another part of the project involving the construction of a new Portal North Bridge. The addition of \$600 million in state finance bonds resulted in a \$248 million federal grant last year.

The bridge will be a high-level fixed span over the Hackensack River that would be capable of supporting NJ Transit and Amtrak trains at speeds of up to 90 mph. The new bridge is expected to replace a sometimes unreliable turntable-style bridge built in 1910 that opens to accommodate ship traffic.

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