

# THE BOND BUYER

## How N.J. funding for bridge helps Hudson Tunnel project

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WASHINGTON – New Jersey’s decision to assume the entire share of local costs for the new Portal North Bridge project is freeing up \$284 million for other parts of the Gateway rail project, which proponents say is critical to the greater New York metropolitan area economy.

That money should improve the outlook for obtaining federal funds for the other big piece of Gateway – the \$11.1 billion tunnel project under the Hudson River between Manhattan and northern New Jersey.

The Hudson Tunnel project would provide passengers traveling along Amtrak’s North East Corridor and NJ Transit commuters who work in Manhattan with a reliable link to replace a more than 100-year-old tunnel that was damaged by Hurricane Sandy.

Supporters of Gateway say the existing tunnel needs to be closed for extensive rehabilitation once the new tunnel is operational.

NJ Transit announced Friday that it submitted a revised financing plan that it expects will improve the rating for the Portal North Bridge project by the Federal Transit Administration.

In February, the FTA gave the proposed bridge a “medium-low” rating for a Capital Improvement Grant, which is the second lowest on a five point scale.

The new application increases the share of local costs at almost half of the overall \$1.6 billion project and asks for an \$811 million federal grant for the remainder. The local financing would come from up to \$600 million in state-appropriation backed bonds, capital funding from the NJ Transportation Trust Fund and other existing local sources. The bond issue was recently approved by the New Jersey Economic Development Authority and the NJ Transit board of directors.

In addition, the construction cost of the bridge has been reduced \$160 million by consolidating the proposed contracts into one.

Preliminary construction work on the bridge already is underway while all the design work and government permits have been issued.

The new bridge is expected to replace a movable turntable-style bridge built in 1910. The proposed replacement will be a high-level fixed span over the Hackensack River that will be capable of supporting NJ Transit and Amtrak trains at speeds of up to 90 mph.

NJ Transit's federal application includes a request for 25 two-level train cars that will increase rush hour passenger capacity by 10%.

"There is nothing else that needs to be done from our end," Kevin Corbett, executive director of New Jersey Transit, told reporters Friday.

The \$284 million freed up by the new financing plan are funds that the Port Authority of New York and New Jersey had planned to chip in. Overall the Port Authority has a \$2.7 billion capital plan for the Gateway project.

The FTA has determined that the Gateway Development Corp. as currently constituted is not eligible for a federal Capital Improvement Grant. Gateway Development is a partnership between the two states, Amtrak and the Port Authority of New York and New Jersey.

As a result, the Port Authority is taking the role of lead sponsor of the tunnel project until the legislatures of the two states enact a legal fix to give Gateway financing and development authority.

The environmental impact statement for the tunnel project continues to await federal approval after the U.S. Department of Transportation did not meet a March 30 deadline.

The final draft EIS was submitted to the federal government for review in February.