

THE BOND BUYER

Schumer to push for legislation to pay back locals for Gateway expenses

By

Chip Barnett

Published

March 04 2019, 1:10pm EST

Saying President Donald Trump has been obstructionist and intransigent, Sen. Chuck Schumer, D-N.Y., announced on Monday he would make an end run around the administration and propose a legislative solution to jump-start the stalled Gateway project.

The \$12.7 billion plan to upgrade the 110-year-old rail tunnel that links Manhattan and New Jersey has been held up by a variety of factors ranging from the economic to the political.

The Gateway project aims to replace the tunnel that was damaged by Hurricane Sandy in 2012 and give Amtrak's Northeast Corridor passengers and NJ Transit commuters who work in Manhattan a more reliable and faster transportation alternative. An estimated 200,000 passengers travel through the tunnel every day.

Last year, New Jersey sold \$600 million of state-appropriation-backed bonds through the New Jersey Economic Development Authority to pay local costs for the Portal North Bridge project, the first part of the overall Gateway plan.



"The time for waiting is over," says Sen. Chuck Schumer. [Chip Barnett](#)

Speaking at a gathering of the Association for a Better New York, Schumer said he would introduce language into one of the upcoming "must pass" spending bills that would require the federal government to pay back local governments and other partners in the project any money they have spent before final approval by the U.S. Department of Transportation is granted.

"I am announcing today that if DOT continues to withhold the new starts grant from Portal and the ROD [record of decision] for the Hudson tunnels," said Schumer, the Senate minority leader. "I will push legislation, joined my colleagues in the New York and New Jersey delegations [Senators Robert Menendez and Cory Booker of New Jersey and Kirsten Gillibrand of New York] that will allow local partners to advance the federal share for shovel ready projects today by requiring they be reimbursed once the federal permitting grant is in place."

“We will push this to an appropriations bill, the surface transportation reauthorization or some other must pass legislation,” he said. Schumer said that even if New York and New Jersey raised every dollar they expected to spend on Gateway, “they couldn’t spend a dime right now” because they would fear that they wouldn’t be reimbursed by the government.

[**Click here to see Sen. Schumer speak at ABNY.**](#)

“Our legislation would give the sponsors of nationally significant projects the assurance they need to begin construction with local money only while still in the new starts pipeline,” Schumer said. “They aren’t required to advance the federal share, but if this legislation passes, they will have the assurance they’ll be reimbursed.”

He added that this legislation “wasn’t not a magic solution that would fix all of our problems overnight but the time for waiting is over.”

He cited last week’s report from the Regional Plan Association that highlighted the dire economic effects if one of the two tracks in the Hudson River tunnel were closed for an extended period of time. “We are racing against a doomsday clock,” Schumer said.

[**Click here to see RPA's Tom Wright speak.**](#)

Tom Wright, president and CEO of the RPA, said the analysis was done in response to questions on what would happen if Amtrak had to shut down the tracks for four years to make needed repairs.

The [report](#) said a shutdown would cost the national economy more than \$16 billion over four years; give almost half a million people longer, more crowded and less reliable commutes; cause increased airfares as displaced Amtrak riders would crowd District of Columbia and New York City airports; and cost the Northeast economy \$1 billion because of truck delivery delays.

Additionally, homeowners in New Jersey could see property values decline by as much as \$22 billion. “State and local tax revenues would be driven down by what we estimated \$7 billion,” Wright said.

And health safety issues play a part too, he said.

“Because of the additional drivers on the road, we estimate an additional 38,000 car crashes and accidents. That’s roughly one an hour over four years, including up to 100 people losing their lives because of the additional travel required by this,” Wright said.

“Because the damage from Sandy cannot be fully repaired without closing down each of the two tubes in the tunnel, the only way to avoid several years of sharply reduced service is to build a second tunnel that could keep full service running while the existing tunnel is repaired,” according to the report. “But it will take several years to construct a new tunnel, and full construction cannot start until funding is secured. Each day that passes without agreement on funding for a new tunnel makes it more likely that a tunnel shutdown will happen first.”