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Governor Christie, Governor Cuomo, Senator Schumer, Senator Booker Announce Agreement That Paves The Way For Gateway Tunnel Project To Proceed Full Steam Ahead

Agreement Forged By Federal-State Officials Spells Out 50/50 Funding Agreement And Creates New 'Gateway Development Corporation' Under The Port Authority To Manage And Fund The Massive Undertaking

Agreement Establishes New Federal Commitment to fund 50% of project costs and Establishes New Gateway Development Corporation to Leverage Billions in Federal Grant and Loan Funding for Hudson River Gateway Program

Development Corporation, Including NJ, NY, USDOT and Amtrak as Members, Will be Established and Chaired by the Port Authority of NYNJ; Entity Will Have an Executive Director and Dedicated Staff - And Have Sole Purpose of Designing, Directing and Completing the Gateway Program

Trenton, NJ - Today NJ/NY LEADERS announced that they have reached an agreement on funding commitments and a governance structure that will allow the critically important Gateway Tunnel Project to move forward. The agreement marks a major milestone in the effort to build a new trans-Hudson river tunnel that is an essential portion of Amtrak's eight-state Northeast Corridor that connects the states of New York and New Jersey and is one of our region's most critical major infrastructure projects.

FUNDING AGREEMENT

The framework agreement includes a first-ever federal funding commitment that Senators Schumer and Booker secured from the US Department of Transportation and Amtrak to cover no less than 50% of the project costs via grants and other federal funding described below. The 50% federal funding commitment comes in response to Governor Cuomo's and Governor Christie's letter of September 15, 2015 in which they announced that the two States would take responsibility for developing a funding plan to cover the other half of the project costs if the federal government committed to provide half of the funding.

In order to develop a financing plan for the Gateway Project, the newly established Gateway Development Corporation ("Corporation") shall identify and maximize federal grant opportunities in conjunction with USDOT, and will pursue a low interest loan from the Railroad Rehabilitation & Improvement Financing ("RRIF"), and Transportation Infrastructure Finance and Innovation Act ("TIFIA") that will allow all Project partners to access capital as inexpensively as possible. Due to the extraordinary circumstances involved in building one of the largest infrastructure projects in the nation, the Senators and Governors intend to work together to ensure that payment of debt service is deferred to the time when the Gateway Project is placed into service to the nation.

Senators Schumer and Booker worked closely with Secretary Foxx of the United States Department of Transportation and Chairman Coscia of Amtrak, and secured a commitment from both that their respective agencies would cover half of the total project costs. The federal share of funding for the project is likely to come from a combination of New Starts Grant dollars, Amtrak Northeast Corridor profits, Amtrak capital funds, annual appropriations, and other similar federal

sources. In addition, the federal partners may utilize a low interest federal loan to lower the cost of capital for their share, for which Amtrak and/or their federal partners or federal designees take responsibility for debt service payments. The local share may include, among other financing strategies and options, the use of federal loan programs for which the states, the Port Authority and/or their partners or designees take responsibility for debt service payments. Establishing a special purpose development entity allows the authority to direct multiple federal sources of funding to the project.

In addition, the federal and state partners agreed, due to the nature of this project and to make it a reality in a timely manner, to work together to expedite all environmental and planning approvals needed to bring this project online as soon as possible.

GOVERNANCE

As part of the agreement Governors Christie and Cuomo announced they will immediately direct the Port Authority of NYNJ in consultation with its federal partners - Amtrak and the U.S. Department of Transportation ("USDOT") - to establish a development corporation to oversee the construction and execution of the Gateway Project. This agreement to establish a Corporation comes after Senator Schumer's proposal of August 11, 2015 to establish a Gateway Development Corporation that would be a collaborative partnership of tunnel stakeholders and after Senator Booker convened a meeting on August 18, 2015, in his office with Senator Menendez, Governor Christie and Secretary Foxx to discuss governance and funding. This Corporation, will be a special purpose entity under the PANYNJ, will have a Board representing the two states - New York and New Jersey - through their Port Authority designees, and the federal government, represented by USDOT and Amtrak. A Port Authority member shall serve as the Chair of the Board with an Amtrak member serving as Vice Chair. The Board will establish governance and decision making processes that shall require approval from all four board members. Primary staff will be provided by the Port Authority and Amtrak. Facilities and logistical support for the Corporation will be provided by the Port Authority. Ownership of the Gateway Project shall reside with the Corporation while improvements to existing assets will be conveyed to their current railroad owners on appropriate terms.

The full principles are below:

Structure of the Development Corporation:

All parties will establish a development corporation as a special purpose entity under the Port Authority to oversee the Program.

In accordance with the proposed capital funding split and existing ownership interests, the Federal government, represented by USDOT and Amtrak, will share membership/representation in this Corporation equally with New York and New Jersey. There will be a four-member board: New York (Port Authority), New Jersey (Port Authority), Amtrak, and USDOT.

A Port Authority member shall serve as the "Chair" of the board with the Amtrak member serving as Vice Chair, constituting an executive committee of the Corporation with primary responsibility for working directly with the Executive Director or Chief Executive Officer on the daily functioning of the Corporation.

The member entities shall establish governance and define the decision-making processes of the Board, and all decisions shall require approval from all 4 board members. The Board may, where appropriate, delegate decision making authority.

Primary dedicated staff for this Corporation should be provided by the Port Authority and Amtrak, as well as other appropriate entities when needed. The Port Authority shall provide office space, administrative, IT, and logistical support for the Corporation.

The Corporation may establish, as necessary, subsidiaries, joint-ventures or other entities in order to undertake Program activities (including planning, design, construction and financing) in order to enhance Program execution and permit the use of private-public partnership structures.

The Corporation may utilize assets, workforce, design, construction management, procurement, grant eligibility and other capacity of appropriate entities including the Port Authority, Amtrak, NJ Transit and contractors through appropriate agreements to carry out Program activities.

Ownership of new assets built through the Program will reside with the Corporation and improvements to existing assets will be conveyed to the current railroad owners. To the extent ownership of new assets remains with the Corporation, it will enter into operating agreements with the respective railroad operators utilizing those assets on appropriate terms. Amtrak and NJ Transit will have perpetual easements through new tunnels and other assets built by the Corporation. All these agreement shall be done on appropriate terms and shall require unanimous approval of the board.

The Corporation's expenses and activities shall be funded by the member entities or per other arrangements established by the Corporation and the long-term operation of any of the Corporation's assets is intended to be accomplished on a self-sustaining basis.

The Initial Goals of the Development Corporation:

To develop a financing plan for the project based on a 50/50 cost share between the federal government (including Amtrak) and the State and local Governments (including the Port Authority).

To identify and maximize federal grant opportunities for the Program in conjunction with USDOT.

To access the Railroad Rehabilitation & Improvement Financing (RRIF) low interest federal loan program to allow all Program partners to access capital as inexpensively as possible. It is the shared understanding that the Corporation will pursue innovative federal funding programs including RIFF and TIFIA for the Federal, State and local partners

The Corporation will commission, fund and approve/supervise planning, EIS and design, engineering and construction work carried out by the Corporation or individual agencies. All parties agree, due to the nature of this project and the urgent need to make it a reality in a timely manner, to work together to expedite all environmental and planning approvals needed to bring this project on-line as soon as possible, including requesting the placement of the project on the Federal infrastructure "dashboard" qualifying the project for expedited attention within the federal system. All parties to this agreement have substantial resources that will be applied to the project and where appropriate, and approved by the board of the Development Corporation, individual agencies may take a leadership role on specific project elements.

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