

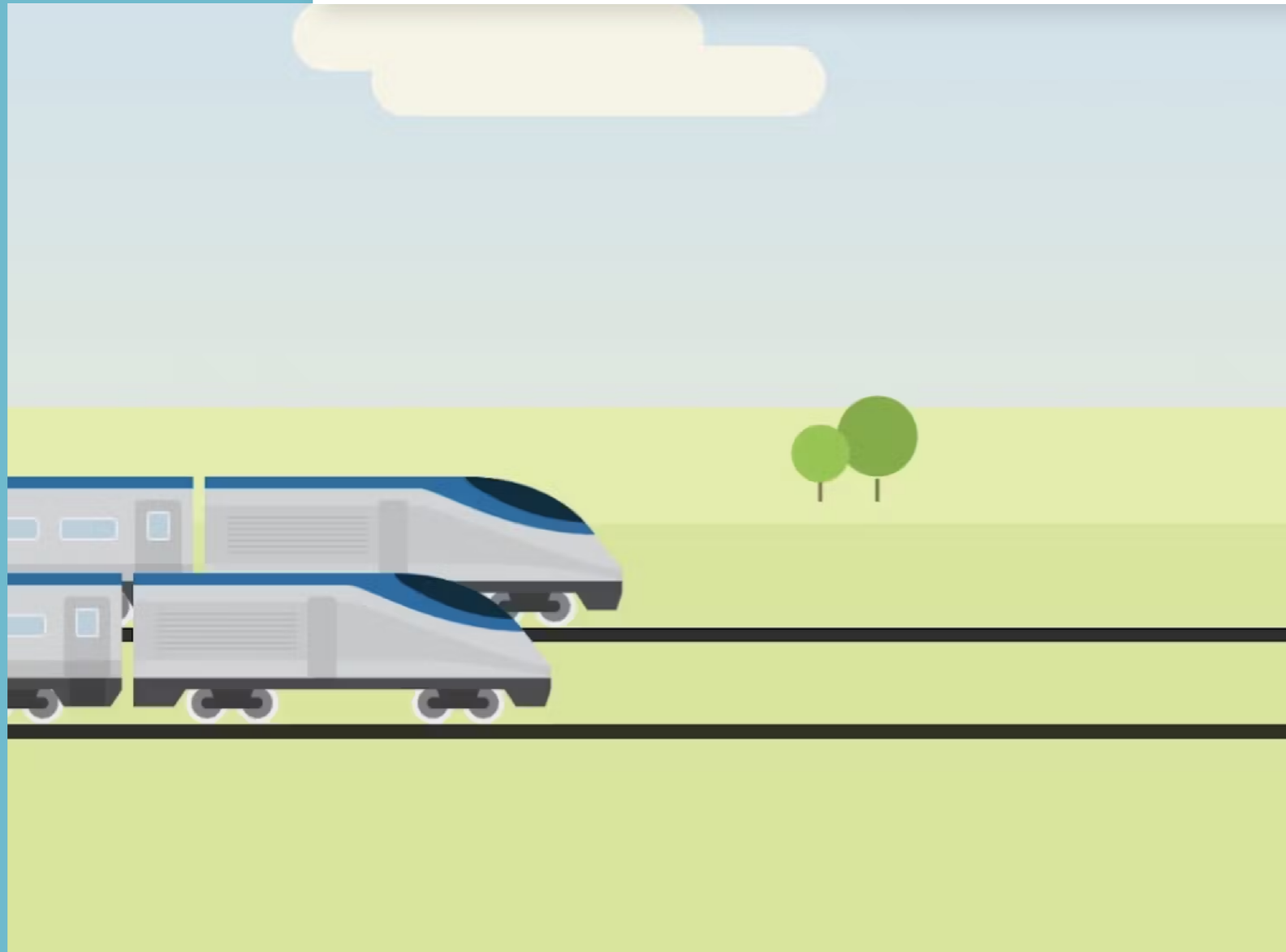


Apr 2024

Early Work, Early Benefits

Significant economic activity already generated by Hudson Tunnel Project

New research estimates construction of the Hudson Tunnel Project will generate 95,000 jobs – 20,000 more than previously projected.

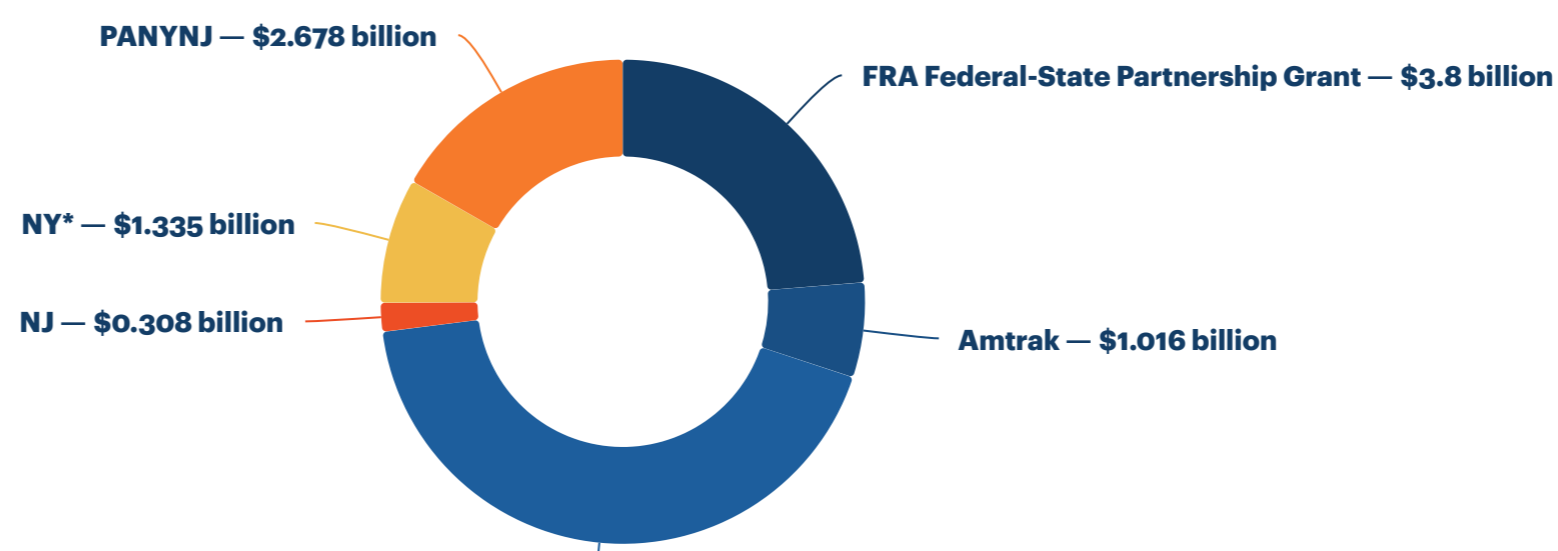


The Hudson Tunnel Project will build a new, 21st-century rail tunnel under the Hudson River and rehabilitate the existing 114-year-old structure, bringing faster, more reliable and more frequent service to trans-Hudson riders. This infrastructure project – the linchpin of the broader Gateway Program – will better connect New York and New Jersey, as well as the entire Northeast Corridor. It is arguably the most important infrastructure project in the country, and it is finally underway.

Following the cancellation of Access to the Region’s Core in 2010, the Hudson Tunnel Project emerged in 2011 as part of the larger Gateway Program – a series of 11 rail projects that will modernize and refurbish the 10-mile stretch of the Northeast Corridor between Newark Penn Station and New York Penn Station. After largely sitting dormant during the Trump administration, the Hudson Tunnel Project has taken flight in the past four years. Following the formation of the Gateway Development Commission (GDC), the bistate project sponsor has secured unprecedented levels of federal investment and brought the project from concept to reality, with shovels now in the ground on both sides of the river and a Full Funding Grant Agreement only weeks away.

In February of this year, the updated financial plan for the project revealed that the federal funding share rose from a projected 50% to 73%, the largest federal funding commitment for a mass transit project in modern American history. The Full Funding Grant Agreement is expected to be awarded in June, 2024.

Hudson Tunnel Project Funding Breakdown



Expected FTA CIG funding — \$6.88 billion

*The difference in the share between NY and NJ's contributions is due to NJ's Portal North Bridge local share, which is \$772.4 million.

Three essential early work components of the Hudson Tunnel Project are underway: Hudson Yards Concrete Casing Section 3; Tonnelle Avenue Bridge and Utility Relocation; and Hudson River Ground Stabilization.

Hudson Yards Concrete Casing-3 preserves the rail right-of-way on the Manhattan-side of the river to clear the way for the Hudson Tunnel Project's full construction. This casing will provide a protected link to connect the tunnel to New York Penn Station, the project's terminus.

Tonnelle Avenue Bridge and Utility Relocation project will open up construction access in North Bergen, New Jersey, enabling the new tunnel portal to connect to the New Jersey Palisades, as well as make way for the tunnel boring machines to dig through the Palisades portion of the route.

The Hudson River Ground Stabilization project will secure the 1,000+ feet of soft silt along the Manhattan riverbed where the new tunnel will be excavated. The project will inject a combination of water, concrete and soil into the riverbed to stabilize and protect it from disruption. Construction on this early work component is slated to start in the late summer of 2024, and marks the first wave of "heavy," or subaqueous, work on the project.

Map of Early Work Projects

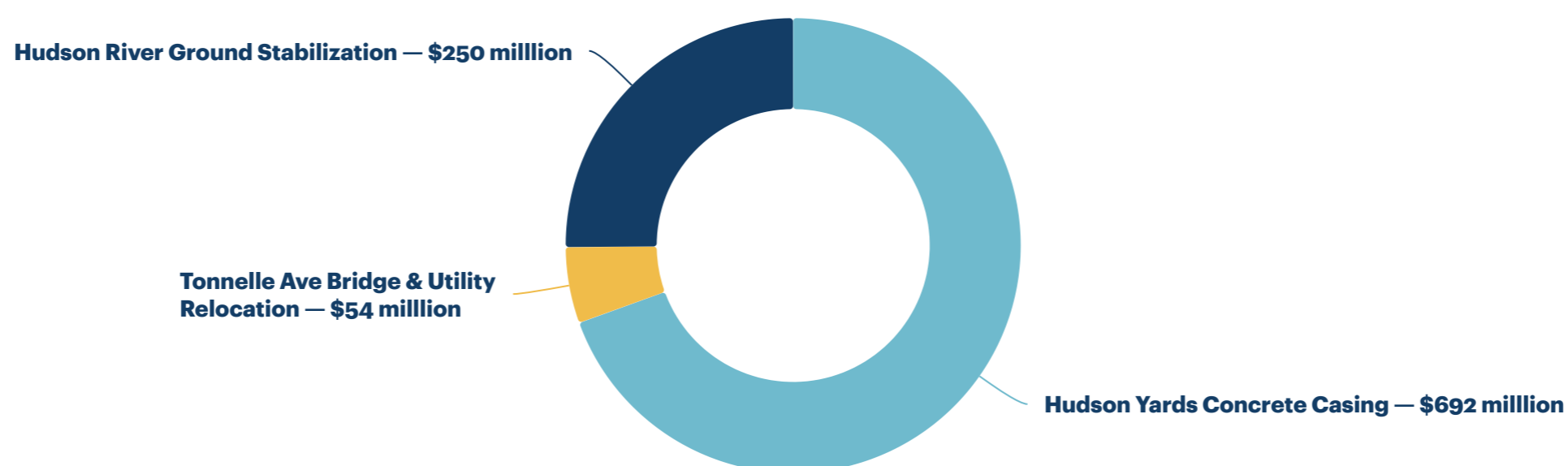
Hudson Yards Concrete Casing Section 3, Tonnelle Avenue Bridge and Utility Relocation, and Hudson River Ground Stabilization are essential early work components of the overall Hudson Tunnel Project. Construction is underway at Tonnelle Avenue and Hudson Yards and slated to begin summer 2024 on Hudson River Ground Stabilization.

These three early work projects alone total roughly \$1 billion in awarded contracts.

According to a new analysis conducted for the Gateway Development Commission, these early work investments will yield 7,500 jobs and generate \$1.5 billion in economic output.

If the same multipliers are applied to the total direct spend for the Hudson Tunnel Project, the \$16.04 billion project will incrementally generate \$19.6 billion in economic activity and create approximately 95,000 jobs during its construction— 20,000 more jobs than was previously estimated in the 2017 Environmental Impact Study.

Early Work Project Contracts Awarded



Jobs, labor income, and output from early work projects

Project	Jobs	Labor income	Output
Hudson Yards Concrete Casing	4,820	\$400,000,000	\$986,000,000
Hudson River Ground Stabilization	2,270	\$190,000,000	\$466,000,000
Tonelle Ave. Bridge and Utility Relocation	420	\$35,000,000	\$86,000,000

This is incredible news for our region. The majority of direct jobs are for construction and will largely be filled by regional union workers, and the remaining jobs are positions created through direct and induced spending. This large number of jobs created by the Hudson Tunnel Project also means our region needs to prepare an adequate workforce to meet this demand over the 10+ year lifespan of the project.

It's clear the region will need to take proactive steps to make sure we have a skilled workforce to benefit from these new jobs. The United States currently faces a shortage of construction workers, with more people retiring from the industry than those who are entering it. The Associated Builders and Contractors estimates there was a shortage of 650,000 construction workers nationwide in 2023, and that number is surely growing.⁰⁰

This challenge is in part the result of two good things: the post-pandemic economic resurgence, and the 2021 Bipartisan Infrastructure Law. Projects that were stalled during the peak of the COVID-19 pandemic are ready to move forward. The 2021 Bipartisan Infrastructure Law scored unprecedented sums of money for states to improve their transportation systems and launch offshore wind and other renewable energy projects (among other things). The region should continue to plan proactively so that these critical projects won't compete for limited labor available to get them built.



The project will incrementally generate \$19.6 billion in economic activity and create approximately 95,000 jobs.

One proactive approach to ensure a large and long-term workforce for the Hudson Tunnel Project is to expand streamlined apprenticeship programs that funnel trainees directly into career paths and strengthen recruitment efforts for underrepresented communities. The region could expand programs similar to New York's Pathways To Apprenticeship, known as P2A, which recruits and trains people from low-income communities, particularly those in the re-entry community, for lifelong careers in union construction jobs.

It's critical that new or improved apprenticeship programs or pre-apprenticeship programs have a direct line of work placement for graduates of the programs. Otherwise, newly trained apprentices are left with no clear career path in the industry, which can be challenging to navigate as an individual even with training. And by instituting a direct line of placement, matching trained apprentices to projects that need labor is a more streamlined and efficient practice.

Another recommendation is to build a ratio of apprentices to non-apprentices into the spec – such as 1:4 – for work on the Hudson Tunnel Project. This will lower costs (apprentices cost less than more experienced labor) and also provide an opportunity for the future workforce of the project to begin work on it in their training. It also gives apprentices the opportunity to work on the nation's most important infrastructure project.

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The Hudson Tunnel Project has innumerable benefits for our region, but ranking high among them are the number of jobs created and economic activity generated. For every individual dollar invested in public transportation, our economy sees a return of \$4 in additional economic output, resulting in more jobs and higher incomes.⁰⁰ The tunnel project will realize these long-term benefits by shortening travel times, increasing worker productivity, expanding the number of jobs that are accessible to residents in the region and the size of the workforce that employers can draw from.

Most importantly, it will provide the capacity for more workers to travel to and from jobs on both sides of the Hudson, a link that is vital to the region's economy and future prosperity. In our 2023 report, *The Commuter Dividend*, RPA found that the combined effect of workers employed directly by New York City employers and those resulting from their purchasing power total 1.6 million jobs and \$201 billion in earnings. The economic ties between New York and New Jersey are especially strong, with nearly half a million New Jerseyans working for New York City employers and generating over \$60 billion in wages. A companion RPA report, *Gateway and the Post-Covid Economy*, found that even with more people working from home, the number of workers traveling between New York and New Jersey will grow beyond its pre-pandemic peak by the time the new tunnel is built.

Building the Gateway Program for faster, broader and more reliable connection between New York and New Jersey is essential to maintaining, and strengthening, this flow of capital.

But historically, economic growth has not always benefited everyone equally. Recommendations penned in this 2021 *Inclusive Growth* framework should guide state and local governments to ensure that economic prosperity generated by the Hudson Tunnel Project – and other in-process infrastructure projects – is shared equally.

Conclusion

It is critical that we continue long-term transportation and infrastructure planning in our region and that the federal government continues to invest in it. With an unprecedented amount of money available for infrastructure projects thanks to the Bipartisan Infrastructure Law, now is the time to ensure the best systems are in place to take advantage of this historic federal funding and get these critical projects – most importantly the Hudson Tunnel Project – built.

It is welcome news that the early work components are already producing early economic benefits, and we look forward to monitoring the widespread economic, environmental and social benefits produced as the project advances.

Appendix

Methodology



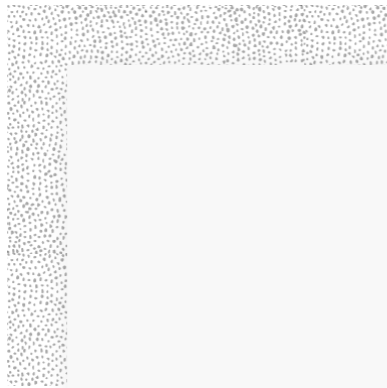
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