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June 29, 2018

Ms. Elizabeth (“Sherry”) Riklin
Acting Associate Administrator for Planning and Environment
Federal Transit Administration
1200 New Jersey Avenue, SE
Washington, DC 20590

**Subject: Updated Financial Plan for Portal North Bridge Project
Section 5309 Capital Investment Grant Program – Core Capacity**

Dear Ms. Riklin:

The New Jersey Transit Corporation (NJ TRANSIT) is pleased to submit an updated financial plan for the Portal North Bridge (PNB) Project, which is proceeding through the Federal Transit Administration (FTA) Capital Investment Grant (CIG) Program. The enclosed updated financial plan was produced by NJ TRANSIT (Project Sponsor for PNB) in partnership with the Port Authority of New York and New Jersey (PANYNJ), the National Railroad Passenger Corporation (Amtrak), and the Gateway Program Development Corporation (GDC).

The PNB Project replaces the current movable bridge (which opened in 1910, over 100 years ago) with a high-level fixed span. The PNB will have a higher clearance that can accommodate current and forecasted maritime traffic, eliminating the current movable bridge complications that result in interruptions to rail operations and widespread delays. The new bridge will allow for higher train speeds (90 mph, up from 60 mph on the existing bridge) as well as improved reliability, which will enable NJ TRANSIT to operate longer and higher capacity trains. Therefore, the PNB Project scope also includes the purchase of 25 multilevel railcars (22+3 spares) providing a greater than 10 percent increase in peak hour passenger capacity. The need for the PNB Project is immediate and critical, as the existing Portal Bridge’s inefficient design and advanced age have a detrimental impact to passenger rail service on the Northeast Corridor (NEC). The existing bridge’s frequent outages and resulting delays have a cascading effect throughout the region and the national rail network.

In recent months, NJ TRANSIT and our partners have worked to revise various PNB project details, which are documented in the enclosed financial plan package. Many of these revisions were made in response to comments received in FTA’s FY 2019 Core Capacity Financial Assessment and other helpful FTA feedback. Some of these key revisions that directly address FTA’s comments are:

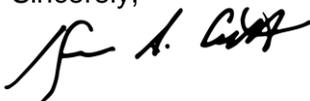
- Additional State of New Jersey funds are now committed to the PNB Project, as a result of recent actions taken by the New Jersey Economic Development Authority (NJEDA) and the NJ TRANSIT Board of Directors. These actions allow for up to \$600 million of state funds to be available for the Project. This change replaces and supersedes funding previously assumed via a TIFIA Loan;

- PNB cost estimates have been refined and are slightly reduced. The Project is now estimated to cost \$1.787 billion in year of expenditure (YOE) dollars (\$1.554 billion in YOE exclusive of financing costs). The Core Capacity portion is estimated to cost \$1.642 billion in YOE dollars (\$1.409 billion in YOE exclusive of financing costs);
- Project funding assumptions have been updated to include a lower CIG funding total of \$811 million (less than the \$844 million previously requested) and a lower annual CIG funding amount of no more than \$100 million per year;
- New updated documentation has been provided on changing the project delivery approach, which consolidates previous plans for eight contract packages into one. This refinement has resulted in a reduced PNB project cost and schedule efficiencies.

NJ TRANSIT and our partners are optimistic that you will have a favorable view of these revisions to the Project's Financial Plan. These revisions build upon previous progress of fulfilling all planning and National Environmental Policy Act (NEPA) requirements, as well as completion of the Project's design. Advancing this Project towards construction is critical in eliminating the most significant and time-sensitive single points-of-failure on the NEC between Newark, New Jersey and New York Penn Station, and helping to avoid catastrophic cascading delays up and down the NEC in the event of a long-term outage. The PNB Project is 100% designed, fully permitted, and has early work currently underway, thus, making it especially well positioned to begin construction to provide increased reliability and capacity to rail passengers throughout the region and nation in the near-term.

We look forward to cooperatively working with you and your staff to successfully advance the PNB Project and satisfy concurrent efforts to officially enter the CIG Program's Engineering phase. If you have any questions or need further information regarding this submittal, please contact Ayelet Hirsch Korn at 973-491-7028 or AHirschKorn@NJTRANSIT.com.

Sincerely,



Kevin S. Corbett
Executive Director

Cc: Steve Goodman, FTA
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