



U.S. Department
of Transportation

**Federal Transit
Administration**

Deputy Administrator

1200 New Jersey Avenue, SE
Washington, DC 20590

December 29, 2017

Mr. Robert F. Mujica, Jr.
Director of the Budget
New York State, Division of the Budget
State Capitol
Albany, NY 12224

Dear Mr. Mujica:

Thank you for your letter dated December 13 with updated financial plan information provided to the Federal Transit Administration (FTA) for the Hudson Tunnel project. While the project could provide benefits to the region, the proposal in your letter raises several serious concerns that I would like to address.

First, the revised plan seeks at least \$11.1 billion from the Federal government, with 50% coming from Federal Capital Investment Grants (CIG), and the other 50% from three Federal RRIF loans (none of which have applications pending). The revised plan is thus 100% reliant on Federal financial assistance. The previous plan on file with FTA presumed 83% of project costs would be funded through Federal loans and grants, so this new plan is a move towards even greater Federal dependency.

Second, your letter also references a non-existent "50/50" agreement between USDOT, New York, and New Jersey. There is no such agreement. We consider it unhelpful to reference a non-existent "agreement" rather than directly address the responsibility for funding a local project where 9 out of 10 passengers are local transit riders. Your proposal also overlooks that 50% would be considerably higher than much existing precedent for past "mega projects." Third, the assumption that \$5 billion or more in CIG grant funds will be available to New York and New Jersey for this one project lacks recognition of the impact that such funding would have on the availability of funds for the remainder of the country. (As contemplated, this request could exhaust the CIG program entirely.)

Fourth, the project cost in your updated plan has been lowered from \$14.9 billion as reported in October 2017 to FTA to \$12.7 billion, a change of \$2.2 billion, with no explanation provided. We understand this new plan does not address the rehabilitation of the existing tunnels, and now only addresses the building of two new tunnels. Given the age of the existing tunnels was the impetus for the project, we question the decision to ignore any funding commitment to that critical component, and to omit billions in other costs previously acknowledged to be part of the overall project cost.

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In addition, we remain deeply concerned that New York is seriously behind in its State Safety Oversight Agency (SSOA) certification process. On December 1, 2017, Acting New York Department of Transportation Commissioner Paul Karas sent FTA a letter requesting an extension of the completion date for a required triennial safety audit until December 31, 2018--more than six months past the original deadline of May 2, 2018. Also, serious deficiencies in oversight and management of safety have been apparent in three consecutive FTA safety audits for New York.

We understand and appreciate how important this project is to you, and we remain very much open to paths that would enable it. Also, Congress is poised to begin discussing infrastructure legislation in the coming weeks. As we continue to review the information provided in this revised plan, FTA will be in touch with additional questions or concerns about this project.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Jane Williams". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

K. Jane Williams
Deputy Administrator

cc:

Mr. Steven H. Santoro, Executive Director, New Jersey Transit

Mr. Richard Cotton, Executive Director, Port Authority of New York and New Jersey

Mr. John Porcari, Interim Executive Director, Gateway Program Development Corporation