

From: Para Webmaster <webmaster@paranynj.org>
Sent: Wednesday, September 16, 2015 7:35 AM
To: ArnoldKarvasarsky@paranynj.org; Dave Gallagher; Elizabeth DeLaura; Frank Lombardi; Rae Ann Hoffmann; Robert Isaacs
Subject: Crain's
Attachments: Joint-Letter-to-President.pdf

Cuomo, Christie want feds to pay for half of cross-Hudson tunnel but give them full control

The governors are calling on President Barack Obama to pay for half of a new cross-Hudson tunnel project, which is expected to cost \$20 billion. They also want the Port Authority to oversee the project.



By [Andrew J. Hawkins](#)



Photo: Associated Press

The current tunnels under the Hudson are over 100 years old, and responsible for the worst bottleneck in the country.

Govs. Andrew Cuomo and Chris Christie have a message for the Obama administration on the long-stalled plan to build a new cross-Hudson train tunnel: Let's go halvesies.

In a letter to President Barack Obama Tuesday, Messrs. Cuomo and Christie offered to cover \$10 billion of the estimated \$20 billion infrastructure project, as long as the federal government pays for the rest. The governors said the Port Authority of New York and New Jersey should finance and direct construction of the new tunnel—a clear bid by both men to retain control over the megaproject that Sen. Chuck Schumer and transit advocates say should be overseen by an entity unaffiliated with either state.

"We believe the public is frustrated by the perception that government effectively accomplishes too little," the governors wrote. "In both of our states, we work every day to show government can and does perform. We both always seek to cut the bureaucratic red tape, determine the obstacles, overcome them and move forward."

To be sure, Messrs. Cuomo and Christie are each responsible for some of those obstacles. In 2010, Mr. Christie killed the Access to the Region's Core (ARC), which was to include a tunnel under the Hudson River, citing the possibility of cost overruns. And last month, [Mr. Cuomo declined to meet with federal officials](#) to discuss ARC's successor, Amtrak's Gateway tunnel project.

Now the governors are aiming for a united front as they seek to persuade the federal government to chip in for half the expected costs of the new tunnel. Without federal money, the project cannot be completed, they argue.

"The key step on the tunnel is to secure federal funding and design a viable financial package," they wrote. "No other option is feasible."

The governors' proposal to designate the Port Authority as the lead agency in funding and operating the tunnel project deviates from Sen. Chuck Schumer's [call to create a nonprofit entity](#) to plan and finance the construction. In a speech last month, Mr. Schumer said that none of the existing transportation entities in the region has the wherewithal to pull off the project on its own.

Messrs. Cuomo and Christie, [who have a special relationship of sorts](#), endorse the senator's idea of a separate entity, but argue it should exist within the Port Authority, a bistate agency controlled ([for better or worse](#)) by both governors. Also, neither governor mention ARC's successor, Amtrak's Gateway project, and tellingly make reference to ARC, [raising questions](#) as to whether they will seek to resurrect the project that Mr. Christie canceled.

In a statement, Mr. Schumer reacted with glee at the governors' proposal.

"Finally, there is light at the beginning of the tunnel!" he said. "It is significant and welcome progress that New York and New Jersey have moved away from their position that there should be no state or local financing and have moved to 50%. We will work with our delegation partners and the administration to maximize any and all federal and Amtrak grants and financing to get shovels in the ground ASAP. And we will work with New York, New Jersey and the feds to create an entity that can effectively guide this effort through what is certain to be a long and complicated process."

But Nicole Gelinas, a scholar at the Manhattan Institute, argues that the governors' bid for full control of the tunnel project may be more out of necessity than megalomania.

"Both governors would likely rather not 'retain some control' over this project, but unfortunately, they have no choice," she said. "The vast majority of the traffic that goes through the tunnel is our bi-state traffic, not national Amtrak traffic."

Ms. Gelinas took issue with the suggestion that the Port Authority had access to the funds to pay for half the project.

"Even if the federal government does agree to pay half, though, the Port Authority simply does not have its half of the funding, at least not without a massive new revenue," she said. "Airport fees are already high. Bridge and tunnel tolls could possibly go higher, but to go high enough, they'd only drive more people from cars and onto our stressed-out transit system. Meanwhile, the Port Authority needs a new bus terminal."

She argued that Messrs. Cuomo and Christie are going to have to agree to a new revenue source for the Port Authority, too. "And that becomes a mess: who should continue to pay for the massive debt from rebuilding Lower Manhattan? Who should pay to subsidize PATH and bus commuters? The letter, then, is only a letter."

In a statement, U.S. Transportation Secretary Anthony Foxx praised both governors for proposing a funding deal.

"Today the Governors of New York and New Jersey have taken a big step forward: They've come to the table," Mr. Foxx said. "We will engage with local officials immediately to initiate the work necessary to assign more reliable cost figures and eligibility for federal grants within existing programs."

Amtrak, which owns and operates the current century-old tunnel, [has already spent about \\$300 million on preparatory work](#) and land acquisition for the Gateway project. The new rail lines would boost commuter capacity on New Jersey Transit by 75%, relieving what is considered the worst transit bottleneck in the country. Gateway would also allow Amtrak to expand its high-speed Acela service, which is necessary for the development of state-supported high-speed rail in New York.

UPDATE: At a hastily convened press conference at his midtown office, Mr. Cuomo sought to increase pressure on the Obama administration to meet his and Mr. Christie's demands, but declined to get into specifics on how New York state would cover its share of the price tag.

"It is inarguable that the tunnel has to be built," Mr. Cuomo said. "There's only one tunnel now. It's leaking. There have been significant delays because trains get stuck in the tunnel. It has to be done today. Everyone says that. Senators, congressmen, short people, tall people. Everyone says it has to be built."

He added, "There's only one question: how do you pay for it? And who pays for it? And that's where the train stopped--pardon the pun."

Mr. Cuomo declined to say whether the Port Authority would have to increase airport fees or raise bridge tolls to help fund the project, calling such questions "way ahead of us." He also wouldn't say whether New York City should chip in for the project, even though the tunnel would terminate in midtown. The governor is in a similar stalemate with Mayor Bill de Blasio over funding for the Metropolitan Transportation Authority's capital plan.

Mr. Cuomo didn't assign blame on Mr. Christie for killing the ARC project, arguing that occurred before his election to the governor's office. And finally, asked why his letter made no mention of Amtrak's Gateway project, Mr. Cuomo said he was agnostic when it came to specific plans.

"We'll have to price exactly what it is. We're talking about a \$20 billion tunnel," he said. "But the specific design of the tunnel, we are open."