
THIS WEEK IN TRENTON



PUBLIC STRATEGIES IMPACT
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414 River View Plaza, Trenton, New Jersey 08611-3420 · Phone: 609.393.7799 · Fax: 609.393.9891 · www.njpsi.com

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Christie Cancels Hudson River Tunnel Project

Governor Christie this afternoon cancelled the Hudson River Tunnel Project. Formally known as Access to the Region's Core, or ARC, the tunnel would have doubled train capacity to and from New York City by the end of 2018.

At a press conference in the State House this afternoon, Christie announced that he had accepted the recommendations of the ARC Project Executive Committee to terminate the ARC Project based on a 30-day review which concluded that the project is expected to substantially exceed its current budget. Based on calculations by the Federal Transit Administration and the New Jersey Transit, the final budget is expected to top \$11 billion and could exceed as much as \$14 billion, compared to the project's current budget of \$8.7 billion. Members of the ARC Executive Steering Committee, which unanimously recommended that the project be terminated, are James Weinstein, Chairman, Executive Director, NJ Transit, Anthony Coscia, Chairman, Port Authority of New York New Jersey, Chris Ward, Executive Director, Port Authority of New York New Jersey, Bill Baroni, Deputy Executive Director, Port Authority of New York New Jersey, Paul Blanco, CFO, Port Authority of New York New Jersey, Kim Vaccari, CFO, NJ Transit, Lynn Bowersox, Assistant Executive Director, NJ Transit and Transportation Commissioner James Simpson who was recused.

The federal government earmarked \$3 billion for the project, with another \$3 billion coming from the Port Authority of New York and New Jersey and the final \$2.7 billion coming from New Jersey. Christie said that the federal commitment is capped \$3 billion and that any costs above the original budget estimate of \$8.7 billion would have to come from the State. According to Christie, the cost overruns are estimated to be in the range of \$2 billion to over \$5 billion.

According to the ARC Executive Committee the actual cash spent on the project through September 30, 2010 is approximately \$478 million. The funds have been expended for engineering, property acquisition, construction, insurance and professional services. In its report to the Governor, the Committee acknowledged that terminating the project might cost the state \$3 billion in discretionary federal New Starts money.

The Governor said he had directed transportation officials to explore other approaches to modernize and expand rail capacity into New York. The Governor did not discuss the possibility of shifting the tunnel project funding to the Transportation Trust Fund, although given the Governor's vow not to increase the gas tax to pay for the fund there has been growing speculation that he will do so.

Assembly Special Committee on Economy Development Meets

Assembly Speaker Sheila Y. Oliver this week announced the creation of a special Assembly Committee on Economic Development that met today. Assembly members who serve on the Assembly Budget, Commerce and Economic Development, Financial Institutions and Insurance, Labor, Telecommunications and Utilities and Transportation committees participated in the hearing.

The hearing was chaired by Commerce and Economic Development Committee Chairman Albert Coutinho. Those testifying included members of the Christie administration and representatives of the business community and organized labor.

In announcing the hearing Speaker Oliver said it was her hope that lawmakers would hear about the following topics.

- * Tax breaks and incentives for businesses that can help promote business expansion and create jobs.
- * What rules and regulations are most burdensome to business.
- * Ways to promote jobs in the renewable energy – or green jobs – industry.
- * Controlling health insurance costs that burden both businesses and employees.
- * Whether corporate governance laws need tweaking to make the state more competitive with neighboring states.
- * What federal assistance is available to help create jobs.
- * What role can tourism play in an economic recovery.

Oliver said the hearing will compliment efforts of the Legislature's Business Task Force that will be working to craft reforms to make the state more business-friendly.

Legislative Calendar

This week Senate Group 1 and 2 Committees met on October 7. Next week, Senate Group 3 and 4 Committees and Assembly Group C and D Committees are scheduled to meet.