

# Portal North Bridge Core Capacity Project

## Hudson County, New Jersey

### Engineering

(Rating Assigned December 2019)

*The rating reflected in this profile was based on the information submitted by NJ TRANSIT in September 2019. After completion of FTA's evaluation in December 2019, FTA discussed with NJ TRANSIT an accelerated CIG payment schedule, including an initial installment of \$248 million in CIG funding, that results in reduced financing charges, a revised project cost, and a revised CIG share from what is reported in this profile. Those changes cannot be reflected in the project profile until FTA receives a revised submission from NJ TRANSIT with its request for an FFGA so the rating can be updated accordingly.*

Summary Description	
<b>Proposed Project:</b>	Commuter Rail Capacity Improvement 2.44 Miles
<b>Core Capacity Capital Cost (\$YOE):</b>	\$1,716.18 Million (Includes \$236.9 million in finance charges)
<b>Section 5309 CIG Share (\$YOE):</b>	\$811.12 Million (47.3%)
<b>Annual Operating Cost (opening year 2026):</b>	\$0
<b>Existing Ridership in the Corridor:</b>	163,400 Daily Linked Trips 45,740,900 Annual Linked Trips
<b>Existing Seated Load:</b>	100.0%
<b>Overall Project Rating:</b>	Medium-High
<b>Project Justification Rating:</b>	Medium-High
<b>Local Financial Commitment Rating:</b>	Medium-High

**Project Description:** The New Jersey Transit Corporation (NJ TRANSIT) in cooperation with the Gateway Program Development Corporation (GDC), the Port Authority of New York and New Jersey (PANYNJ), and the National Railroad Passenger Corporation (Amtrak), propose the construction of a new, two-track fixed structure railroad bridge across the Hackensack River in Hudson County, New Jersey, along the Northeast Corridor (NEC) to replace the existing bridge which is over 100 years old and represents a significant operational bottleneck. The proposed project also includes the purchase of 25 multilevel commuter railcars for NJ TRANSIT to expand its service in the corridor. The project is estimated to expand commuter rail capacity in the corridor by more than 10 percent, which meets the requirement in law for Core Capacity projects.

**Project Purpose:** The existing Portal Bridge is a vital element of the NEC, the most heavily used passenger rail line in the U.S. in terms of ridership and service frequency. Existing NJ TRANSIT commuter rail ridership and Amtrak NEC ridership has continuously increased since 2005. Multiple NJ TRANSIT commuter rail lines feed into and utilize the Portal Bridge. The existing Portal Bridge is a swing-type drawbridge that is over 100 years old and is increasingly prone to mechanical failures when it opens and closes. Due to the bridge's low vertical clearance, it must open for maritime traffic to pass through, which hinders commuter rail service expansion and reliability. The project sponsors expect the new Portal Bridge to improve

the reliability of commuter rail service, reduce bridge maintenance efforts and cost, and increase commuter rail speed and capacity.

**Project Development History, Status and Next Steps:** The project was included in the financially constrained long-range metropolitan transportation plan in September 2013. The project entered Core Capacity Project Development in July 2016. The locally preferred alternative was selected in Fall 2016. The environmental review process was completed with adoption by FTA of the Federal Railroad Administration (FRA) Record of Decision in July 2017. NJ TRANSIT anticipates entry into Engineering in 2020, receipt of a Full Funding Grant Agreement in late 2020, and completion of the project in 2026.

Locally Proposed Financial Plan		
<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
<b>Federal:</b>		
Section 5309 Core Capacity	\$811.12	47.3%
FHWA Flexible Funds (Congestion Mitigation and Air Quality Program)	\$57.06	3.3%
National Railroad Passenger Corporation (Amtrak) funds	\$65.39	3.8%
<b>State:</b>		
New Jersey Economic Development Authority Bonds repaid with New Jersey Transportation Trust Fund (NJTTF) and New Jersey Turnpike Authority (NJTA) Revenues	\$554.98	32.3%
NJTA Revenues	\$187.24	10.9%
NJTTF Revenues	\$40.39	2.3%
<b>Total:</b>	<b>\$1,716.18</b>	<b>100.0%</b>

**NOTE:** The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

**NJ, Hudson County, Portal North Bridge  
(Rating Assigned December 2019)**

<b>Factor</b>	<b>Rating</b>	<b>Comments</b>
<b>Local Financial Commitment Rating</b>	<b>Medium-High</b>	
<b>Non-Section 5309 CIG Share</b>	<b>+1 level</b>	Federal Public Transportation Law, 49 USC 5309(q)(3), requires FTA to evaluate the proposed share from sources other than the Section 5309 Capital Investment Grants (CIG) program based on the unified finance plan for the entire joint public transportation and intercity passenger rail project. Because the CIG share is less than 50 percent of the total cost of the joint intercity rail and public transportation project, and the Project financial plan is rated Medium, the project qualifies for a one-step rating increase.
<b>Project Financial Plan</b>	<b>Medium</b>	
Current Capital and Operating Condition (25% of local financial commitment rating)	Medium-Low	<ul style="list-style-type: none"> <li>• The average age of the New Jersey Transit (NJT) bus fleet is 8.5 years, which is older than the industry average.</li> <li>• The most recent bond ratings for the New Jersey Transportation Trust Fund Authority (NJTTFA), as of January 2019, are as follows: Moody's Investors Service, Baa1; Standard &amp; Poor's Corporation, BBB-plus; and Fitch Ratings, A-minus.</li> <li>• NJT's current ratio of assets to liabilities as reported in its most recent audited financial statement is 0.93 (FY2018).</li> <li>• There have been no major NJT service cutbacks or cash flow shortfalls in recent years.</li> </ul>
Commitment of Capital and Operating Funds (25% of local financial commitment rating)	High	<ul style="list-style-type: none"> <li>• All of the non-CIG funds are committed or budgeted. Sources of funds include FHWA Congestion Mitigation and Air Quality Improvement funds, National Railroad Passenger Corporation (Amtrak) funds, NJTTF revenues, New Jersey Turnpike Authority (NJTA) revenues, and bonds issued by the New Jersey Economic Development Authority repaid from NJTTF and NJTA revenues.</li> <li>• Approximately 61 percent of the funds needed to operate and maintain the transit system in the first full year of operation are committed or budgeted, and the rest are considered planned. Sources of funds include: FTA Section 5307 Urbanized Area Formula Program funds and Section 5337 State of Good Repair funds used for preventive maintenance; State operating assistance from the general fund, casino revenues, NJTA revenues, and NJTTF revenues; and passenger fares and other sources of system-generated operating revenues.</li> </ul>

Reasonableness of Capital and Operating Cost Estimates and Planning Assumptions/Capital Funding Capacity (50% of local financial commitment rating)	Medium-Low	<ul style="list-style-type: none"> <li>• Assumed growth in capital revenues is reasonable compared to recent historical experience.</li> <li>• The capital cost estimate is reasonable.</li> <li>• Regarding assumed growth in operating revenue assumptions, farebox collections are optimistic and operating assistance is reasonable compared to recent historical experience.</li> <li>• Operating cost estimates are reasonable compared to recent historical experience.</li> <li>• NJT has access to funds via additional debt capacity, cash reserves, or other committed funds to cover unexpected cost increases or funding shortfalls equal to at least 7.1 percent of the estimated CIG capital cost and zero percent of annual system wide operating expenses.</li> </ul>
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