

Highlights of [GAO-12-344](#), a report to the Chairman, Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security, Committee on Commerce, Science, and Transportation, U.S. Senate

### Why GAO Did This Study

Studies have estimated that transit travel demand between New Jersey and Manhattan will increase by 38 percent by 2030. The Access to the Region's Core commuter rail project was designed to help meet that rising demand. In October 2010, the governor of New Jersey, citing potential cost growth and the state's fiscal condition, withdrew state support and cancelled the project. The New Jersey Transit (NJT) was the lead agency for the project, supported by the Port Authority of New York and New Jersey (Port Authority). The project was to be partially funded under the Federal Transit Administration's (FTA) New Starts program.

GAO was asked to examine (1) what would have been the mobility, economic, and environmental benefits of the project according to major planning studies; (2) the project cost estimates over time; and (3) how, if at all, documents prepared as part of the New Starts process addressed potential cost growth for the project.

GAO reviewed the literature and major project planning studies, FTA reports, and economic and cost estimates by NJT and other planning organizations. GAO interviewed officials from FTA, state and local transit agencies, and local planning organizations. GAO is making no recommendations in this report.

The Department of Transportation provided technical comments, which GAO incorporated in the report.

View [GAO-12-344](#). For more information, contact David Wise at (202) 512-3834 or [wised@gao.gov](mailto:wised@gao.gov).

## COMMUTER RAIL

### Potential Impacts and Cost Estimates for the Cancelled Hudson River Tunnel Project

### What GAO Found

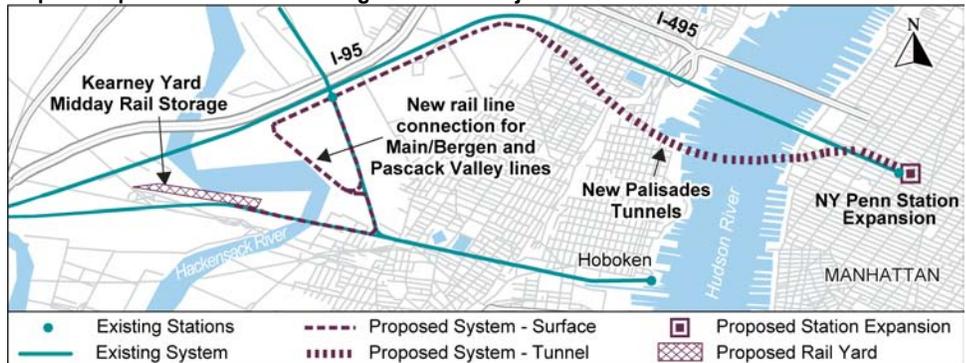
Studies estimated that the Access to the Region's Core commuter rail project would have provided mobility benefits, but other benefits would either have been limited or are difficult to measure. According to various studies:

- The project would have helped meet the projected increase in travel demand and improved mobility by doubling the number of daily peak period trains, and significantly increasing daily trips between New Jersey and Manhattan—from about 174,000 without the project to 254,000 with the project by 2030—while reducing transfers and station crowding and improving reliability of service.
- The project potentially would have generated economic activity in the region in the form of jobs and income, business activity, and increased home values, but many economic effects were hard to predict with certainty. For example, the extent to which the project would shift the location of economic activity, versus providing additional net economic activity, is uncertain.
- The project was estimated to have created limited but mostly positive environmental effects—in particular, improved air quality—and included measures to mitigate negative effects such as noise and storm water runoff.

Over time, the cost estimates for the project increased from an initial estimate of \$7.4 billion in 2006. In 2008 and 2010, FTA performed risk assessments and revised the cost estimate. FTA and NJT agreed upon a baseline cost estimate of \$8.7 billion in 2009. After considering comments from NJT, which projected lower costs than FTA, FTA revised its estimate and issued a cost estimate of \$9.8 billion to \$12.4 billion in October 2010. As of April 2010, federal sources were expected to fund about half the cost, with the remainder divided between New Jersey Turnpike funds and the Port Authority.

Because the project was terminated before FTA and NJT entered into a full funding grant agreement, there was no final agreement by all the parties on the issue of responsibility for project cost growth. While the Secretary of Transportation and the governor of New Jersey held discussions on additional funding options, planning documents did not address the source of funding of potential cost growth for the project.

Map of Proposed Access to the Region's Core Project



Source: DOT.