



OIG report: Amtrak has made progress supporting the \$16 billion Hudson Tunnel Project but can reduce its risk and help improve overall project performance

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WASHINGTON – Amtrak has made progress meeting its near-term obligations for the Hudson Tunnel Project, but the company has opportunities to reduce its risk and help improve the overall project's performance, an Amtrak Office of Inspector General report released today found.

The Hudson Tunnel Project is a \$16 billion effort to build a new two-tube tunnel under the Hudson River and rehabilitate the existing North River Tunnel, with completion of the new tunnel estimated in 2035 and rehabilitation of the existing tunnel estimated in 2038. According to the OIG's report, it is the largest federally funded mass transit project in U.S. history, and is a key component of the Gateway Program, a \$40 billion portfolio of projects to upgrade rail infrastructure between New Jersey and New York City.

The OIG found the company has successfully advanced three significant near-term responsibilities in support of the project including acquiring necessary real estate parcels, staffing its project team, and beginning planning for the testing and commissioning of the new tunnel and rehabilitated North River Tunnel.

The company could do more, however, to protect its interests by better clarifying its role with its external partners, more consistently engaging all relevant internal stakeholders, and better managing the thousands of documents it will receive over the life of the project, the report said.

The OIG found that Amtrak was not involved on risk assessments for construction packages it is not leading but for which it has future cost and schedule risks. The report lists several examples where Amtrak is responsible for one third of cost overruns on certain construction packages but noted the company cannot plan for potential overruns without access to emerging cost risks.

The Gateway Development Commission (GDC)—the entity with overall responsibility for the tunnel project's construction and delivery—told the OIG that Amtrak does not have access to certain risk registers because they contain sensitive information that, if released, could affect competitive bidding. However, the OIG noted that Amtrak already works with the Commission on processes that involve sharing confidential procurement information, including reviewing bidder packages for construction packages it does not lead. According to the report, Amtrak's lack of full visibility into risk management efforts occurred because Amtrak and the GDC had differing expectations of Amtrak's role in project risk management.

Amtrak officials said that greater visibility into project risks would improve their ability to plan mitigation strategies, anticipate potential cost and schedule liabilities, and better manage their responsibilities. Moreover, as the ultimate owner of the tunnels, Amtrak will be responsible for integrating the new infrastructure into its existing rail system and operating and maintaining it in perpetuity. Further, industry standards suggest that greater company involvement in risk management—through joint evaluation and shared understanding of risks—could improve overall project performance, the report said.

The OIG also found that Amtrak could engage its internal stakeholders more comprehensively. While the report notes Amtrak has made progress in this area, some company officials were not

familiar with their support activities on the project, when they will need to participate, and how the project may impact their work.

During the audit, for example, the OIG found that Amtrak accounting officials were unaware that Amtrak's Hudson Tunnel team projected an excess payment to the Gateway Development Commission of more than \$100 million in fiscal year 2024. These team members told the OIG that they did not recognize the implications of this for the financial statements. After the OIG alerted Amtrak's Accounting group, Amtrak recorded a refund before the end of the fiscal year ensuring its financial statements were accurate. In addition, Amtrak is contractually responsible for procuring construction materials to equip the new Hudson Tunnel, but Amtrak's Procurement department was unaware of this responsibility. As of May 2025, the department had not begun preparing to support those deliverables despite some items potentially requiring up to five-year lead times.

The situations documented by the OIG occurred because Amtrak's Hudson Tunnel team had not identified and documented all the relevant internal stakeholders and their related project support activities, as called for by project management and internal control standards.

To help improve overall project performance while safeguarding its interests, the OIG recommended that the Amtrak 1) assess where interpretations of its role on the project may differ from its project partners and take steps to remedy those differences, 2) work with GDC to ensure the company has adequate, ongoing visibility into project risks on the construction packages it is not leading, 3) identify all necessary internal support activities and assign accountability for each, and 4) finalize its internal project document management system and procedures.

Amtrak agreed with the recommendations and described actions and plans it will take to address them.

This is the OIG's fifth report on Amtrak's involvement in the Gateway Program. Its previous reports focused on Amtrak's early work on the Hudson Tunnel project, its commitments to the Gateway projects, and its efforts to support the Portal North Bridge project. More information is included in the full report which can be downloaded on the OIG's website: <https://direc.to/ohj7>.

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