The Economic and Fiscal Impacts of the Long Island Rail Road Main Line Third Track

Prepared for the Long Island Index by HR&A Advisors, Inc. and Parsons Brinckerhoff

May 6, 2014
The Long Island Index commissioned HR&A Advisors, Inc. and Parsons Brinkerhoff to study the economic and fiscal impacts of the Third Track project.

HR&A Advisors, Inc. (“HR&A”) is a leading economic development consulting firm that specializes in conducting economic and fiscal impact studies on behalf of clients in the public and private sectors. HR&A has measured the economic and fiscal impacts of a diverse array of projects, places, and policies, including Access to the Region’s Core (ARC), the extension of LIRR to Lower Manhattan, The High Line, Times Square, and the New York State Film Production Credit.

Parsons Brinkerhoff, Inc. (“PB”) is a global planning and engineering firm with a leading practice in transportation forecasting, nationally and in the New York metropolitan region. PB developed the original 28-county regional Best Practices Model for the New York Metropolitan Transportation Council, and has performed all updates of the model, and has applied it for numerous travel forecasting studies in the region, including those for the Port Authority of New York and New Jersey and the Metropolitan Transportation Authority.
For much of the 20th century, investments in transportation infrastructure created the conditions for Long Island’s rapid growth and development.

**1890 – 1920**
- 1895: LIRR extended to Montauk
- 1898: LIRR extended to Port Washington
- 1910: LIRR to Penn Station opens

128,000 new residents

**1920 – 1950**
- 1927: Northern State Pkwy opens
- 1927: LIRR electrification extended to Port Washington
- 1934: Southern State Pkwy opens

713,000 new residents

**1950 – 1980**
- 1950-1980: LIRR Babylon Branch grade crossing elimination
- 1970: LIRR electrification extended to Huntington

1,650,000 new residents

However, over the last three decades, growth on Long Island has slowed significantly.

1980 – 2010

<table>
<thead>
<tr>
<th>1980-2010 Population Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>230,000 new residents</td>
</tr>
</tbody>
</table>

- The Hudson Valley is comprised of Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, and Westchester counties.
- Northern New Jersey is comprised of Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren counties.

The connectivity provided by the LIRR enhances Long Island as a place to live and do business.

In 2011, **25% of personal income** for Long Island residents was earned at jobs in New York City, a total of **$26 billion dollars**.

**One-third of Long Islanders that work in New York City** commute daily on the LIRR.

**It would require 10 new highway lanes** to carry the equivalent number of daily riders to Penn Station.

The Third Track project would add an additional track to a 9.8 mile segment of the LIRR Main Line between Floral Park and Hicksville.

The Third Track increases capacity for the Port Jefferson Branch, Montauk Branch, Ronkonkoma Branch, and Oyster Bay Branch.

The Third Track would improve reliability throughout the entire LIRR network.

The Third Track would allow significant levels of reverse peak and intra-Island service to Main Line stations.

The Third Track achieves the full benefits of East Side Access.

Source: Metropolitan Transportation Authority; Regional Plan Association
Third Track would significantly increase eastbound (reverse-commute) train frequencies at Main Line stations during the peak period of 6-10 AM.

<table>
<thead>
<tr>
<th>Station</th>
<th>Average Minutes Between Trains (No Build)</th>
<th>Average Minutes Between Trains (Third Track)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hicksville</td>
<td>22</td>
<td>9</td>
</tr>
<tr>
<td>Mineola</td>
<td>20</td>
<td>11</td>
</tr>
<tr>
<td>Westbury</td>
<td>60</td>
<td>16</td>
</tr>
<tr>
<td>Bethpage</td>
<td>60</td>
<td>19</td>
</tr>
<tr>
<td>Farmingdale</td>
<td>60</td>
<td>19</td>
</tr>
<tr>
<td>Huntington</td>
<td>40</td>
<td>19</td>
</tr>
<tr>
<td>Cold Spring Harbor</td>
<td>48</td>
<td>21</td>
</tr>
<tr>
<td>Ronkonkoma</td>
<td>48</td>
<td>21</td>
</tr>
<tr>
<td>Syosset</td>
<td>48</td>
<td>21</td>
</tr>
<tr>
<td>Brentwood</td>
<td>60</td>
<td>23</td>
</tr>
<tr>
<td>Deer Park</td>
<td>60</td>
<td>23</td>
</tr>
<tr>
<td>New Hyde Park</td>
<td>60</td>
<td>23</td>
</tr>
<tr>
<td>Merillon Avenue</td>
<td>80</td>
<td>25</td>
</tr>
<tr>
<td>Carle Place</td>
<td>80</td>
<td>25</td>
</tr>
</tbody>
</table>

Note: Frequencies are based on future service modifications developed by the Regional Plan Association in conjunction with PB and HR&A. This schedule builds upon LIRR’s Operations Plan Version 3.0. While “gate-down” time at grade crossings on the Main Line will increase due to East Side Access, the projected increase in LIRR service from Third Track will have a smaller incremental increase in “gate-down” time than would be implied by the number of new trains because some reverse peak trains will traverse grade crossings where the gates are already down for peak period trains. Source: Parsons Brinckerhoff; RPA
Third Track would position Long Island for sustained economic growth by making it a more attractive place to live and do business.
Third Track would generate both one-time construction impacts and ongoing impacts from operation.

### ONE-TIME IMPACT:
**Construction Period of 2020-2024**

- Construction
  - Spending on new infrastructure

### ONGOING IMPACT:
**Operational Period (Benefits Measured 2025-2050)**

- **Improved Access to Workforce**
  - Enhanced productivity from better matches between employers and workers

- **Benefits of Denser Employment Nodes**
  - Economic gains from close proximity between firms

- **Ridership Benefits from Better Service**
  - Time savings due to more frequent and reliable service and new visitor spending
**One-Time Construction Impacts:** Constructing Third Track would produce gains for construction workers and contractors hit hard by the Great Recession.

**Economic Impacts During Construction (2020-2024)**

- **2,250** Average Annual Jobs (2020-2024)
- **$910 Million** Cumulative Personal Income
- **$910 Million** Cumulative GRP

Note: The construction timeframe is estimated. Depending on the LIRR’s capital program cycle and construction schedule the timeframe could be longer. All dollar amounts are in 2013 dollars. Outputs reflect total growth over period 2020-2024.

Source: HR&A Advisors; REMI
In estimating the ongoing economic impact of Third Track, HR&A included the amplifying effect of transit-oriented development policies.

The analysis assumed six station areas in Nassau County and four station areas in Suffolk County could accommodate TOD, facilitating additional economic growth by locating more residents and workers precisely where they can most benefit from increased service.
Employment impacts: Third Track would create a significant amount of new jobs in the Long Island economy.

14,000
Jobs created by 2035, 10 years after Third Track completion
**GRP and personal income impacts:** Third Track would significantly boost the economy of Long Island for decades to come.

Additional GRP with Third Track, 2025-2050

Additional Personal Income with Third Track, 2025-2050

$5.6 Billion

GRP in 2035, 10 years after Third Track completion

$3.0 Billion

personal income in 2035, 10 years after Third Track completion

Note: All dollar amounts are in 2013 dollars. Source: HR&A Advisors; REMI
**Population impacts:** The economic growth and improved quality of life catalyzed by Third Track would attract new residents to Long Island.

**Additional Population with Third Track, 2025-2050**

- **35,400 Residents** New residents by 2035, 10 years after Third Track completion.
- **53,400 Residents** in 2040
- **67,500 Residents** in 2045
- **77,700 Residents** in 2050

Source: HR&A Advisors; REMI
Age cohorts: Third Track would help revitalize Long Island by helping to stem the outflow of young workers and their families.

Of the 35,400 new residents present on Long Island by 2035, 39% would be in the 25-44 year old age cohort, compared to only 20% of Long Island's total forecasted 2035 population.
Ongoing Economic Impacts: Without policies that facilitate transit-oriented development, the economic benefits of Third Track are reduced by nearly half.

<table>
<thead>
<tr>
<th>Third Track with TOD</th>
<th>Third Track Without TOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>14,000 jobs created by 2035</td>
<td>7,300 jobs created by 2035</td>
</tr>
<tr>
<td>$5.6 B GRP in 2035</td>
<td>$2.9 B GRP in 2035</td>
</tr>
<tr>
<td>$3.0 B income in 2035</td>
<td>$1.6 B income in 2035</td>
</tr>
<tr>
<td>35,400 new residents by 2035</td>
<td>18,600 new residents by 2035</td>
</tr>
</tbody>
</table>

Note: All dollar amounts are in 2013 dollars. Source: HR&A Advisors; REMI
Ongoing Fiscal Impacts: Third Track would generate substantial additional local tax revenues for Long Island.

$40 million annual sales tax revenue, in 2035, 10 years after Third Track completion

$103 million annual property tax revenue, in 2035, 10 years after Third Track completion

- Sales tax revenues were estimated based on the historical ratio between personal income and sales tax revenues to Nassau and Suffolk Counties.

- Property tax revenues were estimated based on the amount of space needed to house new residents and workers, the estimated market value of that new real estate, and current millage rates for Nassau and Suffolk Counties.

Note: All dollar amounts are in 2013 dollars. Property tax revenue includes all county, town, village, school district, and special district taxes.

Source: HR&A Advisors; REMI; New York State Department of Taxation and Finance
**Long Term Benefits:** Third Track would generate a significant payoff for Long Island.

An initial capital investment of: **$1.1 Billion**

produces benefits of:

**$7.7 Billion GRP + 4,000 Jobs by 2030**

**$36.3 Billion GRP + 20,000 Jobs by 2040**

**$67.9 Billion GRP + 25,000 Jobs by 2050**

Note: The investment and GRP figures presented are the net present values (NPVs) of the stream of investment payments and GRP generated. The NPV calculations assume a 3% discount rate. All dollar amounts are in 2013 dollars.  
Source: HR&A Advisors; REMI
In sum, Third Track is an essential investment in the future of Long Island that will generate substantial economic and fiscal benefits for Long Island.

**Economic Impacts**

- 14,000 jobs created by 2035
- $5.6 B GRP in 2035
- $3.0 B income in 2035
- 35,400 new residents by 2035

**Fiscal Impacts**

- $40 million additional annual sales tax revenue in 2035
- $103 million additional annual property tax revenue in 2035

Note: All dollar amounts are in 2013 dollars. Source: HR&A Advisors; REMI; New York State Department of Taxation and Finance
The Economic and Fiscal Impacts of the Long Island Rail Road Main Line Third Track

Prepared for the Long Island Index by HR&A Advisors, Inc. and Parsons Brinckerhoff

May 6, 2014