

# Report on the Economic Benefits of the Harold Interlocking Project



Prepared by Office of Congresswoman Carolyn B. Maloney  
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## Introduction

Harold Interlocking is the busiest passenger rail interlocking in North America, with 783 trains moving through the interlocking each day from three different transit systems: the Long Island Railroad (“LIRR”), Amtrak, and New Jersey Transit (“NJ Transit”). It involves a busy section of track that includes numerous switches, through which all Pennsylvania- Station-bound trains must pass. Because the three rail systems share the same tracks, conflicts among LIRR, Amtrak and NJ Transit trains are frequent, resulting in constant delays and disruptions at Pennsylvania Station and on the Northeast Corridor. The Harold Interlocking project would create dedicated lines for each of the three transit systems and eliminate the bottleneck at the Sunnyside Railyard (the “Harold Interlocking Project”). The Harold Interlocking Project is an element of the East Side Access project and was included in the Final Environmental Impact Statement issued by the FTA on March 6, 2001; however, it was not included as part of the \$2.7 billion Full Funding Grant Agreement between the FTA and the MTA signed December 16, 2006. In the Record of Decision issued by the FTA on May 21, 2001, the FTA noted that: “The work that will be completed at Harold Interlocking will significantly improve conditions by reducing track crossings and adding capacity and flexibility for LIRR and Amtrak service.”

In order to bring high speed rail to the Northeast Corridor, Amtrak needs conflict-free access to Harold Interlocking. Recognizing this, on May 9, 2011, the federal government awarded New York State \$294.7 million in high speed rail funds for the \$368 million Harold Interlocking Project. The State will provide the remainder of the funding, which amounts to roughly \$73.3 million. This mass transit project will result in better service for rail passengers, and will be an important source of jobs for our region.

According to the application for high speed rail funds submitted to the Federal Transit Administration (the “FTA”) by New York State, the Harold Interlocking Project will generate approximately 9,213 jobs over the next five years in direct employment. Furthermore, the State estimates that secondary employment in the industries providing goods and services to the contractors and in the businesses supported by construction workers would be ‘considerable.’ The MTA told the FTA that it is reasonable to expect that ‘investments of this magnitude in transportation infrastructure will result in tens of thousands of induced jobs throughout the economy.’

Infrastructure investments have a strong multiplier effect. Economists tell us that nationwide every dollar spent on public infrastructure increases GDP by an estimated \$1.59<sup>1</sup>. Accordingly, the \$368 million project should increase GDP by \$585.9 million.<sup>2</sup> The economic benefits are particularly great in dense urban areas like ours where mass transit is used heavily and capacity is strained.

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<sup>1</sup>*The Economic Impact of the American Recovery and Reinvestment Act*, Mark Zandi, Chief Economist, Moody's Economy.com (January 21, 2009) [http://www.economy.com/mark-zandi/documents/Economic\\_Stimulus\\_House\\_Plan\\_012109.pdf](http://www.economy.com/mark-zandi/documents/Economic_Stimulus_House_Plan_012109.pdf)

<sup>2</sup>Contribution to GDP provided to Congresswoman Maloney by the MTA

The Harold Interlocking Project will generate millions in tax revenue from employees, construction contractors and manufacturers of tracks, parts and other items that will be used in the construction.

The economic benefits of the Harold Interlocking Project will continue long after construction has ended. It will provide added capacity to support the creation of employment in New York City's Central Business Districts and to bring high speed rail to New York City. By providing more reliable service to Manhattan, the Harold Interlocking Project is expected to enhance our region's economic competitiveness 'by improving access to jobs, educational institutions and other services, such as healthcare, entertainment and retail.'

Unlike most regions of the country, New Yorkers use mass transit in substantial numbers. 80% of daily rush-hour commuters to New York City's central business district take mass transit, more than any other region of the country.<sup>3</sup> Accordingly, mass transit investments in the New York City metropolitan region will have a real and recognizable benefit.

## **Economic Benefits of the Harold Interlocking Project**

Economists tell us that infrastructure investments are among the most cost-effective ways to invest government dollars. Every dollar spent on public infrastructure results in a \$1.59 increase in GDP. The cost for the Harold Interlocking Project is currently projected to be \$368 million, making the project's contribution to GDP more than \$585.9 million.

Experts tell us that public spending on mass transit has by far the highest economic multiplier among all industries in New York State. The Fiscal Policy Institute estimates that a billion dollars in spending on public mass transit in New York State results in \$3.4 billion in total economic output, 37,500 jobs and \$1.8 billion in employee compensation.<sup>4</sup> While the Harold Interlocking Project is approximately 1/3 of that amount, the economic multiplier would be significant.

The Northeast Corridor is a densely populated, business hub, where rail travel can reduce air flights as well as the number of cars on the road. One hundred-and-sixty-two Fortune 500 companies are headquartered in the Northeast – as are seven of the world's top 20 research universities. Most of our population is consolidated in dense cities close enough to each other to make travel by train much more convenient than flying or driving.

New York's transportation infrastructure is already over capacity. The LIRR is widely recognized as the most overcrowded rail line in the nation. Without adequate transportation infrastructure capacity and reliable and cost-effective transportation services, the economic growth, productivity, and competitiveness of our city is at risk.

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<sup>3</sup><http://mta.info/mta/network.htm>

<sup>4</sup>*New York City 2005-2006 Budget Outlook*, Fiscal Policy Institute (February 2, 2005)

## **Construction Benefits**

All of the funding for the Harold Interlocking Project will be obligated by September 30, 2012 and the project is expected to be completed by September 30, 2017. Construction on the Harold Interlocking will be a significant economic engine during construction. It will create roughly 9,213 jobs and \$585.9 million in total economic activity.

While construction jobs predominate, these projects will also impact manufacturers and vendors throughout New York State. In addition to the workers directly engaged in construction, there will be jobs for contractors and subcontractors who build railroad tracks, parts suppliers and other items. The vast majority of these jobs involve union labor. The MTA advises that in addition to union workers employed by LIRR and Amtrak who will support the work, the Harold Interlocking Project will create employment for the Operating Engineer Union- Local 14 and 15, Laborers Union - Local 731, the Carpenters Union, the Teamsters and the Wire Lathers.

## **Post-Construction Benefits**

Since the Harold Interlocking Project is a prerequisite for the construction of high speed rail in the Northeast Corridor, its completion will make it more feasible to bring high speed rail to the corridor. New transportation capacity is essential for regional growth, and faster travel times would enhance business travel within the corridor. High speed rail is expected to stimulate the development of new office space, retail space and residential development.

### *Lack of Capacity Hurts New York's Ability to Attract and Retain Employers*

Delays at Harold Interlocking have had a significant negative impact on LIRR, Amtrak and NJ Transit. These delays affect commuting times throughout these systems. By providing dedicated tracks, the Harold Interlocking Project will reduce congestion and improve commuting times for three of the New York Metropolitan region's main transportation systems.

Congestion threatens employers and area economic development. Rising housing costs continue to push workers out of central areas, increasing commute times and costs. Good access to workers is correlated with improved labor and business productivity.<sup>5</sup>

New York City residents have the longest commute time in the nation among large cities, according to American Community Survey data released by the U.S. Census Bureau<sup>6</sup>. New Yorkers take an average of 38.4 minutes to get to work each day, more than five minutes longer

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<sup>5</sup>[http://www.uschamber.com/NR/rdonlyres/evnv2ahc4z3utixkbmmlxeyzegd5bnpbg4eejhmm4pbfle4g343ukcp5veivofqlffdfd626dski5kerk5ltwo56qof/0804trans\\_challenge\\_summary.pdf](http://www.uschamber.com/NR/rdonlyres/evnv2ahc4z3utixkbmmlxeyzegd5bnpbg4eejhmm4pbfle4g343ukcp5veivofqlffdfd626dski5kerk5ltwo56qof/0804trans_challenge_summary.pdf)

<sup>6</sup>[http://www.census.gov/Press-Release/www/releases/archives/american\\_community\\_survey\\_acs/001695.html](http://www.census.gov/Press-Release/www/releases/archives/american_community_survey_acs/001695.html)

than Chicagoans, who face the next longest commute of 32.7 minutes.<sup>7</sup> That's an average of about one full week a year getting to work. Of the 231 counties ranked in the American Community Survey, four of New York City's five boroughs — Bronx (41.8 minutes), Queens (41.4), Richmond (Staten Island) (41.2) and Kings (Brooklyn) (39.9) — have the longest commute times in the nation, far exceeding those of other metropolitan areas. And, while New York City's boroughs have the dubious distinction of being the worst, other counties in the New York metropolitan area have similar problems, such as Nassau on Long Island (34.1) and Monmouth in New Jersey (32.4). Fixing the bottleneck at Harold Interlocking could reduce commuting times for passengers on the LIRR

Long commutes can discourage potential employers from locating in a particular region. Employers are concerned that long commutes can prevent them from attracting and retaining the best employees, plus they are aware that studies show employees who spend huge chunks of their day commuting are less productive and creative on the job. Reducing work travel in the most heavily congested, highest-value commercial corridor in the nation, would greatly enhance New York City's ability to compete for talent with other regions that may offer better climate, lower stress or other quality of life advantages. By shortening commutes, the Harold Interlocking Project will help New York attract and retain employers.

#### *Infrastructure Investment Generates Revenue for Local Businesses*

Studies show that infrastructure investment creates jobs and helps businesses' bottom line. A national study by Cambridge Systematics, Inc. estimated that transit projects generate 570 direct and indirect jobs for every \$10 million in capital expenditures<sup>8</sup>

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<sup>7</sup>[http://www.census.gov/Press-Release/www/releases/archives/american\\_community\\_survey\\_acs/001695.html](http://www.census.gov/Press-Release/www/releases/archives/american_community_survey_acs/001695.html)

<sup>8</sup>[http://www.camsys.com/pubs/publictransp\\_nationseconomy.pdf](http://www.camsys.com/pubs/publictransp_nationseconomy.pdf)

. Furthermore, local businesses should see an increase in sales once the Harold Interlocking Project is completed. The study shows that businesses can expect to realize a gain in sales 3 times the public sector investment in transit capital; a \$10 million investment results in a \$30 million gain in sales. Moreover, businesses also benefit from transit operations spending, with a \$32 million increase in business sales for each \$10 million in transit operations spending. Impacts in New York City may vary because of different local multipliers and the particular mix of expenditures for the Harold Interlocking Project and the lack of certainty that high speed rail will ever be completed along the Northeast Corridor.

## **Economic Benefits of Building High Speed Rail on the Northeast Corridor**

The Northeast Corridor is Amtrak's most highly traveled route. Between New York City and Washington, DC, more travelers choose to take the train than to fly on a commercial airline.<sup>9</sup> It travels through the nation's most densely populated regions, in an area in which many commuters are accustomed to depending on mass transit to get to work. High speed rail on the Northeast Corridor (the "Next-Gen High Speed Rail System") is project to draw a ridership that would be roughly 5 times current Acela levels, with overall ridership that would be 3-4 times current levels.<sup>10</sup> This route is particularly attractive since roughly 50 million people live along the route, generating 20% of the nation's GDP on just 2% of its land mass.

Amtrak's report, *A Vision for High-Speed Rail in the Northeast Corridor*, indicates that the construction of the Next-Gen High-Speed Rail System would generate roughly 44,000 jobs annually and \$33 billion in wages over the 25-year construction cycle. Once completed, the Next-Gen High Speed Rail System would support approximately 7,100 new permanent jobs within Amtrak, which along with indirect and induced employment result in a total of 22,100 jobs and \$1.4 billion in annual wages.<sup>11</sup>

Amtrak expects that the Next-Gen High Speed Rail System would generate an annual operating surplus of approximately \$900 million.<sup>12</sup> Amtrak expects the project to save 39 million gallons of gasoline, divert 7.3 million passengers from auto and air modes, and reduce greenhouse gas emissions by 97,000 metric tons.<sup>13</sup>

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<sup>9</sup>*Vice President Biden Announces Six Year Plan to Build National High-Speed Rail Network, Plan Lays Out Vision for Long Term Infrastructure Investments Needed to Win the Future*, Press Release issued by Vice President Joseph Biden, February 8, 2011, <http://www.whitehouse.gov/the-press-office/2011/02/08/vice-president-biden-announces-six-year-plan-build-national-high-speed-r>

<sup>10</sup>*A Vision for High-Speed Rail in the Northeast Corridor*, Amtrak, September 2010, p. 1, [http://www.amtrak.com/servlet/BlobServer?blobcol=urldata&blobtable=MungoBlobs&blobkey=id&blobwhere=1249217394430&blobheader=application%2Fpdf&blobheadername1=Content-disposition&blobheadervalue1=attachment;filename=Amtrak\\_NECHSRReport92810RLR.pdf](http://www.amtrak.com/servlet/BlobServer?blobcol=urldata&blobtable=MungoBlobs&blobkey=id&blobwhere=1249217394430&blobheader=application%2Fpdf&blobheadername1=Content-disposition&blobheadervalue1=attachment;filename=Amtrak_NECHSRReport92810RLR.pdf).

<sup>11</sup>*Ibid.* at p. 1.

<sup>12</sup>*Ibid.* at p. 22.

At a recent hearing of the Committee on Transportation and Infrastructure held at Grand Central Terminal, Mayor Michael Bloomberg estimated that high-speed rail along the Northeast Corridor would generate more than \$7 billion in economic activity and create about 100,000 new jobs by 2040.<sup>14</sup> He also expressed the view that faster travel times would bring businesses and industries closer together, resulting in greater profits, creativity, and productivity.

It is estimated that the Next-Gen High Speed Rail System will serve more than 27 million passengers who would have driven to their destination and more than 2 million who would have flown, eliminating crowding on the road and in the air.<sup>15</sup> Passengers will save billions of hours of travel time.<sup>16</sup> Further, it will reduce the number of short-haul flights between cities in the Northeast mega-region.

### **Building East Side Access**

The Harold Interlocking Project is part of East Side Access (“ESA”). The LIRR is the largest suburban commuter railroad in the country, carrying 272,000 passengers every 24 hours on 718 trains. The vast majority of those passengers exit at Penn Station, and more than half then take another form of transportation or walk a great distance to jobs on Manhattan’s East Side. Additionally, the LIRR is currently operating at or near capacity. Overcrowding adds time and inconvenience to daily commutes. ESA will create a new line that will bring LIRR passengers directly into Grand Central Terminal on Manhattan’s East Side. It will also create a new LIRR stop in Sunnyside, Queens, helping commuters reach the business district in Long Island City.

When completed, ESA will add nearly 50 percent more rail capacity into Manhattan from Long Island and Queens, saving East Side-bound commuters 30 to 40 minutes per day. It is expected that ESA will eventually serve approximately 160,000 customers a day. The creation of a direct “one-seat” LIRR service from the Long Island/Queens corridor into Grand Central Terminal will have a number of significant regional transportation benefits<sup>17</sup>, relieve congestion at Penn Station; reduce crowding on the subway lines that use Penn Station and the No. 7 line; allow Metro-North service to Penn Station, thereby providing for a more balanced transportation system and provide convenient access between the east side of Manhattan and JFK International Airport (via the AirTrain at Jamaica).

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<sup>13</sup>Ibid at p. 27.

<sup>14</sup><http://republicans.transportation.house.gov/Media/file/TestimonyRailroads/2011-01-27-Bloomberg.pdf>, p.2

<sup>15</sup>High Speed Rail in the Northeast Megaregion: From Vision to Reality, Executive Summary, p. 6  
<http://www.northeastbizalliance.org/UPenn%202011%20HSR%20Studio%20Executive%20Summary.pdf>

<sup>16</sup>Ibid. at p. 7

<sup>17</sup><http://www.mta.info/capconstr/esas/benefits.htm>

## **Conclusion**

The Harold Interlocking Project will make an important contributions to New York City's job prospects as it is under construction, and will continue deliver economic dividends long after it is completed. By improving commuting times on the LIRR, Amtrak and NJ Transit, the Harold Interlocking Project will have immediate positive benefits. By making high speed rail possible along the Northeast Corridor, the Harold Interlocking Project could play a vital role in the economic future of our region. Hopefully the commencement of construction on the Harold Interlocking Project will spur additional Federal and New York State investment in high speed rail along the Northeast Corridor notwithstanding the current economic climate. Building high speed rail along the Northeast Corridor would create tens of thousands of jobs, spur economic development, reduce both rail and air travel times, ease congestion on the roads and at our nation's airports and reduce pollution, among many other benefits.