

Testimony of Joseph McGee, Vice President of the Business Council of Fairfield County
U.S. Senate Committee on Commerce, Science and Transportation Subcommittee on
Surface Transportation and Merchant Marine Infrastructure, Safety, and Security

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Good morning, Senator Blumenthal, Senator Murphy and members of the Committee, I am Joseph McGee, Vice President of The Business Council of Fairfield County. The Business Council's members include businesses in Stamford and throughout Fairfield County.

While the economic impact of the Con Edison outage is significant, the 11 day disruption in reality focuses our need to understand the potential vulnerabilities of the New Haven Line and their impact on the economy of Connecticut and the U.S.

Commissioner Redecker in testimony before this Committee last April stated that the Northeast Corridor(NEC) generates \$1 out of every \$5 in US gross domestic product and that one out of three Fortune 100 companies are headquartered within close proximity to the NEC rail system. The Northeast Corridor (NEC) in which the New Haven Line is a 46 mile segment is a major national economic driver.

On a regional level, ridership on the New Haven Line has surpassed a record 38.8 million total rides in 2012. Of equal importance, while ridership from Stamford to Grand Central on a daily basis has increased to 9,243 passengers, daily commuters to Stamford now exceed those commuting to NYC. That shift in daily commuter destinations reflects the emergence of Fairfield County as a regional economic center in its own right not just a group of bedroom communities for Manhattan executives.

On a local level, property in proximity to the Stamford railroad station is the highest assessed property in the city. Twenty five years ago corporate campuses in North Stamford near the Merritt Parkway were the most valuable. However, today the New Haven Rail Line is the key transportation investment that powers the Fairfield County economy and the emergence of a dynamic and growing corporate and residential housing market in downtown Stamford.

In a 2013 demographic analysis of the Downtown Stamford residential market, the Stamford Downtown Special Services District reported that 80% of its residents had a 4 year college degree and 40% of that group had an advanced degree. For comparison, Connecticut's workforce, the most educated in the U.S. has a 36% college degree achievement level. This highly educated labor force which numbers close to 10,000 and will double over the next 6 years is choosing Stamford because it fun , convenient and close to rail. In fact of the 6000 housing units in Downtown, 60% studio or one bedroom and 40% 2 bedrooms the actual car per unit is just under one per unit, far different than a suburban standard of more than 1.5 cars per

residence. This young professional population is the labor force that corporations covet and provides Stamford and Connecticut with an economic competitive advantage but it must be understood that it is highly mobile and thrives in a high quality urban environment. Reliable rail service with frequent service to NYC is the critical element in the downtown Stamford construction boom.

Consequently, estimates of the economic damage to Connecticut as a result of the recent Con Edison outage while dramatic are not surprising. The Connecticut Department of Economic and Community Development (CT DECD) estimates¹ a \$62 million loss in state GDP from the outage, which includes approximately \$5.3 million in lost industry sales, \$3 million in additional production costs (incurred by the need to run diesel trains and busses), and \$2.25 million in aggregated reallocation of spending by consumers. Finally an estimated \$14.94 million amenity and time value loss (included in the DECD's overall \$62 million figure) represents a cost in travel time, alternative transport methods, fuel and wage hours incurred not only by regular rail commuters, but also by highway users. Failure of the New Haven Line affected all travelers and industries in the region.

When surveyed last week about the impact of the outage on their companies, the common theme that emerged was best summed up by Purdue Pharma, "We moved to Stamford. The rail road was a big part of the decision and we have invested considerable resources to encourage our employees to use it"

Overall our members initiated resiliency measures that allowed them to function during the outage. However, members of our Transportation Roundtable have grown increasingly concerned about the need to insure that the New Haven line operates at a state of good repair.

While we recognized that the State of Connecticut and the federal Government have invested significant dollars in the New Haven line over the last 5 years, estimates that the Connecticut portion of the rail line needs over \$3 billion to simply bring it up to a state of good repair are chilling. Four bridges in Fairfield County that are over 100 years old on the busiest single rail line in America raise serious questions of the risk of a catastrophic failure. The question of course is how to pay for the investment in the New Haven Rail line? Connecticut's current capacity to fund \$3 billion in rail improvements is highly problematic. This situation demands a national response. Amtrak's role and the appropriate level of their support for rail improvements on the New Haven line needs a full airing.

Investment in Connecticut's rail infrastructure would provide the single largest boost to our state's economic growth. I

¹ Connecticut Department of Economic and Community Development. "An Evaluation of the Con Edison Power Outage on the Metro-North Railroad New Haven Line: A Department of Economic and Community Development Economic Impact Analysis (EIA)". Available at: courantblogs.com; Accessed: 10/23/13.

