

Time to Move the New Canaan Branch Line Forward

This memo reflects a perspective on the status of the branch line and provides specific proposals on how we could improve the quality of life for residents, economic vitality, and the overall desirability of the towns and related property served by this rail line.

I am writing this as a new resident (July 2019) of New Canaan. When my wife and I were deciding where to reside when we were planning to move from Manhattan, we looked at many of the towns mentioned in this memo. We wanted a town with an excellent school system for our three young children, then aged five to one, open space, parks, a reasonable commuting time, all within a real and vibrant community. I expect many others moving to the area use similar criteria.

We chose New Canaan because it fulfilled almost all of these criteria. At the same time, as a committed newcomer, I see that New Canaan and surrounding towns served by the branch line face significant challenges: stagnating real estate prices, limited rail service into New York City, changing demographics, and struggles to keep local government affordable.

To spur community discussion, I plan to distribute this memo to Town Government in New Canaan, Pound Ridge, Lewisboro, Darien, Wilton, and Stamford (as well as to the representatives for these towns in the Connecticut Legislature). Additionally, I will send this to the local Chambers of Commerce, Community Associations, Connecticut Commuter Rail Council, Governor's office, and Relators. My hope is we can come together as a community to truly improve rail service in our region, ultimately benefitting all who live close to it.

I am encouraged by the local government support so far for improvements to the line.

February 2020

Giacomo Landi

Disclaimer: All efforts have been taken to provide accurate information, and site where and how that information has been arrived at. No responsibility is taken for the accuracy of the data included in this memo, but it is used in good faith to make the argument for improved rail service. Where estimates have been made, efforts have been made to show how they were developed. A request of this memo is for appropriate authorities (Municipal, State, and MTA) to undertake formal studies to act as a foundation for decisions on how to move forward with any projects that are being proposed. As such this memo should be only used as a discussion point, not as a decision base for making any investment decisions. I have used New Canaan data more than Stamford data in the memo, as the U.S. Census / State of Connecticut Grand List data is not easily broken out with the communities of Springdale and Glenbrook from the master Stamford data. Springdale and Glenbrook are critical partners in making an upgraded branch line a success.

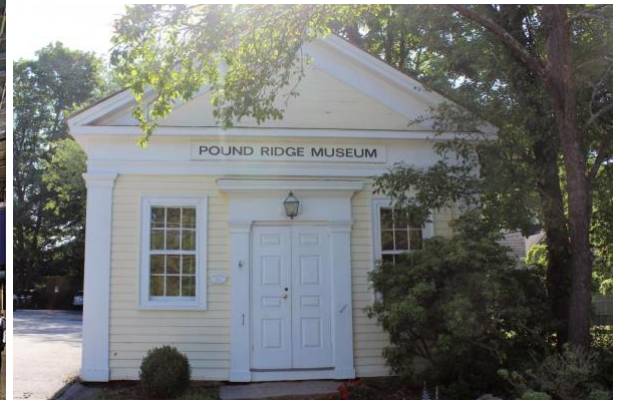


Table of Contents

| | |
|-------------------------------------------------------------------------------------------------------|-----------|
| Executive Summary: | 5 |
| The overall goal of improved rail service: | 5 |
| Improved rail service will achieve three objectives: | 5 |
| 4 specific investments that would improve rail service: | 6 |
| Who will need to contribute to these improvements:..... | 7 |
| Quiet Zones and innovative technologies: | 8 |
| Risks of waiting / doing nothing: | 8 |
| Now is the time to start investing: | 8 |
| Close look at the Demographics and Economics along the New Canaan branch line: | 9 |
| Population served | 9 |
| Developments in the residential housing market | 9 |
| Changes in Federal Tax policy have significantly impacted the region and will continue to do so | 10 |
| Demographic developments in the area: | 11 |
| Why is this demographic information relevant? | 11 |
| Median Age Trends:..... | 11 |
| Declining percentage of the population made up of heavy users of suburban trains: | 12 |
| Manhattan provides an opportunity to attract new residents | 13 |
| Town costs are pretty fixed – revenue growth has significant positive impacts: | 13 |
| Review of the Train Service: | 15 |
| Brief History: | 15 |
| Present Service Levels: | 15 |
| How is service from other similar towns? | 15 |
| How do towns compare when it comes to population using public transportation? | 16 |
| The future requires rail service that allows for dual-income families with children: | 16 |
| How Manhattan is developing and why increased connectivity to Stamford is important: | 17 |
| Parking remains challenging for new residents: | 18 |
| The impact of insufficient parking: | 19 |
| Market demand for additional rail service: | 20 |
| Cost Estimates | 21 |
| What is this all going to cost? | 21 |
| What incremental revenue could we expect from this investment? | 22 |
| Other Revenue Potential | 23 |
| Where specifically should the money come from and go to? | 24 |
| When could this be completed: | 25 |
| Conclusion: | 26 |

Executive Summary:

This paper offers a view on options for ways to improve rail service along the New Canaan branch line and why it is important for towns located on or near these tracks. Many studies have been conducted over the years, including one just last year by the Connecticut Commuter Rail Council¹, yet despite this, it does not appear that much real progress is being made, costing all stakeholders along the rail line significant sums. I am however encouraged by statements from New Canaan town officials that they are focused on improving rail service – the latest example being the Chairman of the New Canaan Town Council on February 4, 2020².

I hope that this memo can serve as part of the public process of implementing improvements to the New Canaan branch line resulting in at least half hourly weekday service between 5am to 10pm. Preferably these improvements will allow for an increased number of direct trains to New York City, but if that is not possible due to constraints on the main line, additional service into Stamford as a connection point will be very valuable for the community, and a large improvement compared with today, not least of which is greatly enhanced intra-Connecticut connectivity.

The overall goal of improved rail service:

To improve the quality of life for residents and the overall desirability and economic vitality of the towns and related property served by the New Canaan branch line

Improved rail service will achieve three objectives:

- 1) Improve the local and regional economy: Improved rail service will make the region served by the New Canaan branch line more desirable, and as such attract new residents, foster investment, and improve existing property values, which will ultimately stabilize the ever-increasing tax burdens on existing residents.
- 2) Provide more personal time for residents: Investing in the New Canaan branch line should add back 20-30 minutes daily for each commuter³ – time which can be used by those residents as they wish, rather than waiting for trains or switches.

¹<https://ctcommuterrailcouncil.org/wp-content/uploads/2019/03/New-Canaan-Study-Team-Report-on-DOT-Enhancements-to-the-New-Canaan-Branch-Line-Feb-18.pdf>. That proposal focused on the following areas (no cost or ridership estimates were included): Talmadge Hill: a) second loading platform b) passenger cover c) Ticket machine / Springdale: a) passing siding b) ticket machine / New Canaan: a) extended signalization b) passing siding c) ticket machine / Glenbrook: a) Ticket machine.

² <https://www.ncadvertiser.com/news/article/Chairman-s-View-Improving-train-service-15029748.php>

³ Time will be created in three different ways 1) Station waiting time will be decreased as frequency will be increased – as illustration half hourly service in the rush hour will provide good savings for many when faced with the 44 minute wait between 5:26 pm from Grand Central and the 6:10 pm departure, as well as the 51 minutes between the 6:10 pm departure and the 7:01pm departure – frequency especially helps when the mainline train from Grand Central to Stamford is late - and you miss your connection in Stamford - requiring up to a 50 minute wait there to the next hourly departure from Stamford to New Canaan – or taking a taxi / Uber at your expense 2) parking directly at the stations will be more available – slightly shortening walk time from more distant lots 3) Delays into New Canaan Station on evening express trains will be minimized due to enhanced signaling (today you can expect 3-5 minutes waiting time outside of New Canaan on the 5:26 pm Express from Grand Central as it waits for the 5:13 pm from Grand Central to clear the New Canaan Station and manually move switches to access train parking tracks).

- 3) Reduce societal side effects of commuting: Increased use of the branch line minimizes traffic in surrounding towns and provides other positive societal benefits due to enhanced use of electrified rail. 5G service will improve the ability of residents to make productive use of their commuting time.

4 specific investments that would improve rail service:

- 1) *Talmadge Hill Station:* The Town of New Canaan should take the initiative to upgrade the Talmadge Hill Station with a canopy similar to Glenbrook and Springdale, to make this a more desirable station. The Town should work with the State of Connecticut to expand parking at Talmadge Hill using State land (construction staging property presently) as well as land between the present tiered parking lot and the Merritt Parkway.
- 2) *Parking in New Canaan:* The Town of New Canaan should move forward with a plan to increase parking at the Lumberyard via a multi-level parking deck construction to accommodate long standing excess parking demand by existing and future residents.
- 3) *Side Track and Signal upgrades:* The State of Connecticut / MTA should reinstall a side track either at the previous location in Springdale, or at the Springdale Station as well as ensure full signaling all the way to the New Canaan Station. This side track and signal upgrade will:
 - a. Eliminate Express train delays and risk to the crew associated with moving switches manually, outside of the New Canaan Station.
 - b. Allow 2 trains to be operated in opposite directions at the same time on the New Canaan Branch Line, delivering a minimum of every 30-minute service between 5am to 10pm (as well as make up capabilities in the case of trains running off schedule).
 - c. Ensure the New Canaan Branch can effectively and efficiently connect with any new service that will be initiated between Connecticut and the West Side of Manhattan (“Penn Station Access”)
- 4) *5G:* The State of Connecticut should ensure that the recently announced 5G wireless initiative on the main New Haven Line include the New Canaan Branch.

Total costs for such an investment need a deep review, but are estimated to be \$100m or more.

Who will need to contribute to these improvements:

- The State of Connecticut:** The State owns the New Canaan branch line and some of the station parking along the branch line. The State recently launched the CT2030 Transportation program with \$4.37 billion dedicated to Rail transportation. Unfortunately, no funds appear to have been dedicated to the New Canaan branch line (the branch line with the largest number of users in Connecticut). Considering the size of this State initiative, funds could easily be found for the contemplated investments (expected total costs of this proposal are around 2.2% of what has been dedicated in CT2030 to rail by the State and 0.5% of the total CT2030 infrastructure initiative).
- Town of New Canaan:** The town owns parking property along the rail track and can expand capacity at both New Canaan Station via a parking garage and Talmadge Hill via expanded slots toward the Merritt Parkway.
- Town of Stamford:** The town owns some near station parking – it can review investment opportunities for what can be done to expanded parking options – as their appears to be excess demand (especially for daily spots).
- Neighboring towns:** The towns of Darien, Wilton, Pound Ridge, and Lewisboro will all benefit from an expanded New Canaan branch line service. These towns should consider contributing to building out the infrastructure in return for preferential access (i.e. dedicated parking availability for their residents at Talmadge Hill).
- MTA:** Purchase of additional train sets to allow for improved service offerings on the branch line as well as operating the units as part of the overall MTA – Metro North Railroad / State of Connecticut operating agreement.
- Users of the branch:** When the investments are completed users of the branch line will experience a much better product than today (improved parking availably and departure frequency / reliability). When the work is done these beneficiaries should be asked to contribute more via ticket prices and parking fees.

Quiet Zones and innovative technologies:

Installation of quiet zones has not been contemplated as part of this proposal, but may be required to address objections by local residents to increased train frequency and corresponding horn noise. It should be noted so called “quiet zones” may be expected by the community irrespective of this upgrade of the line, and perhaps when the line is upgraded this is a good time to cost effectively implement such zones⁴.

It should be noted that the New Canaan Branch is a perfect test track for new safety technology and we should push for innovative technologies to be used on our tracks as we will both benefit by early adoption of these technologies, as well as receive financial support from the equipment makers as we upgrade our line via their product testing.

Risks of waiting / doing nothing:

If we do not invest we run the real risk of New Canaan, and the people living and using this branch line, falling further and further behind competing towns who have better rail service. We as a community will face starker choices than today about spending, as property values will decrease or at best stay stable, yet costs of maintaining our communities will continue to increase. We can already see some of the challenges of being outside of easy commuting range of New York City in the demographic data of towns like Pound Ridge, Lewisboro, and Wilton. The difference in price and speed from property listing to closing of in-town New Canaan real estate vs. real estate in the North of Town is an important trend to watch.

Residents along the New Canaan branch line tend to over deliver to the State of Connecticut in terms of tax revenue (for example in 2017 New Canaan residents were the 6th largest town paying State income tax or 2.49% of the States total - yet only had 0.57% of the State’s population – with only Darien and Greenwich paying more per capita than New Canaan⁵). Further economic decline in this area could have very negative consequences for the State.

Now is the time to start investing:

Many of these upgrades proposed have been discussed for more than a decade, and perhaps much more than that. With interest rates low, demographic and financial trends where they are, there is no benefit by additional delay.

We are all in this together and pursuing this targeted investment will help many many families, businesses and the regional economy, with very few (if any) downsides, and is just the kind of project that should be a real winner for all involved.

⁴ <https://www.ncadvertiser.com/news/article/New-Canaan-Silencing-train-horns-must-start-at-15011130.php>

⁵ <https://data.ct.gov/Tax-and-Revenue/Personal-Income-Tax-By-Town/pvqv-e235>

Close look at the Demographics and Economics along the New Canaan branch line:

Population served

New Canaan, Glenbrook, Springdale, parts of Wilton, Darien, and Pound Ridge and Lewisboro, New York are served by the New Canaan branch line. A common misconception of the branch line is that it only serves New Canaan, the reality however is that its catchment population may be close to 61,000 people⁶ rather than the only 20,000 residents of New Canaan. To put this in perspective, this population is approximately the same as Fairfield and Greenwich.

Developments in the residential housing market

The housing markets of New Canaan, Wilton, and Pound Ridge in particular, have been and remain very hard hit since the global financial crisis. Headlines and apparent trends of recent property sales do not indicate we are in a material upward movement for property values.

New Canaan, for example, a town with 88% of the Grand List property value related to residential properties⁷, has seen its residential Grand List value decrease by approximately 7% since 2010⁸, or over \$500 million total dollars in value.⁹ This number underestimates the actual impact on individual existing homes and long-standing residents, as new properties have been built during that period covering some of the pain. Such a decrease has an incredibly destructive financial impact for the long-time residents of the town, as well as for funding of town government, and may cause prospective new residents to consider other communities.

Reduced property values (as property values over time reflect the earnings power of residents) may be correlated to reduced income tax by New Canaan residents (data to the right) as reflected in the amount of tax paid to the State of Connecticut (2011 – 17)¹⁰.

| Year | Income Tax paid to State of Connecticut by New Canaan Residents | Income Tax paid per Capita |
|------|-----------------------------------------------------------------|----------------------------|
| 2011 | 208,802,864 | 26,592 |
| 2012 | 204,718,657 | 24,644 |
| 2013 | 201,245,362 | 24,760 |
| 2014 | 217,193,006 | 26,804 |
| 2015 | 218,726,307 | 27,471 |
| 2016 | 165,509,512 | 20,123 |
| 2017 | 190,137,495 | 23,304 |

| Town | Estimated Population | Percentage easy to use the New Canaan Branch | Relevant Population base |
|--------------------|----------------------|----------------------------------------------|--------------------------|
| Darien | 21,742 | 10% | 2,174 |
| New Canaan | 20,357 | 100% | 20,357 |
| Wilton | 18,397 | 15% | 2,760 |
| Glenbrook | 15,400 | 100% | 15,400 |
| Springdale | 16,590 | 100% | 16,590 |
| Pound Ridge NY | 5,238 | 25% | 1,310 |
| Lewisboro NY | 12,774 | 20% | 2,555 |
| ⁶ Total | 110,498 | | 61,145 |

⁷ As a comparison Darien is 85%, Wilton is 75% and Westport and Greenwich are 80%.

⁸ <https://data.ct.gov/browse?q=Net+Grand+List+by+Town> and <https://portal.ct.gov/OPM/IGPP-MAIN/Publications/Total-Grand-List-by-Town>

⁹ Darien has seen a reduction of 4.5% in the overall value of residential real estate in the same period or \$355m, Greenwich and Westport have seen an increase on overall residential grand list numbers over the same period. Wilton has the worst regional local performance with – 20% and close to \$800m in decreased Grand List Residential values between 2010 and today.

¹⁰ <https://data.ct.gov/Tax-and-Revenue/Personal-Income-Tax-By-Town/pvqv-e235>

As of Feb 1, 2020, New Canaan has approximately 193 houses for sale¹¹ (houses tend to come on market in the Spring so we should expect a much higher figure of ‘shadow’ homes looking to be sold), and are still skewed toward the very high end with 38.4% of the houses on the market listed at \$2 million and higher (Darien having 31.2% in a similar range). This is a hard price point to sell in today’s economy, and New Canaan risks further erosion in existing home values as higher priced properties come under pressure, compressing lower priced units as well.

Changes in Federal Tax policy have significantly impacted the region and will continue to do so. The relatively recent tax changes below have kept a lid on property value appreciation:

1. Mortgage Tax Deduction Change: Reduction of the mortgage tax deduction from \$1m per couple filing jointly to \$750,000 effective December 15, 2017. This is relevant for New Canaan as the median value of an owner-occupied housing is \$1.42m¹². If we assume that homes are financed at 75% of their value it would mean that \$250,000 in the mortgage received, and its related interest cost, would not be deductible for new buyers as it had been for people who purchased prior to the change.
2. State and Local Tax Deduction: Cap on the State and Local tax deduction at \$10,000. This is relevant for residents along the branch line as many people have been impacted negatively by this change due to the value of local property, and level of local and state taxes.
3. Some lowering of tax: Some adjustments made to the federal tax rates do however benefit some local residents.

¹¹ Zillow search Feb 1, 2020 – as a comparison Darien has 177 houses for sale, Wilton a 146. Houses on the Market in New Canaan / Darien / Wilton (Zillow Feb 1, 2020) with the below bands and % of the market for sale.

| | <u>New Canaan</u> | <u>Darien</u> | <u>Wilton</u> |
|--------------------------|-------------------|---------------|---------------|
| Priced below \$1m | 19.2% | 25.6% | 74.6% |
| Priced \$1-1.5m | 24.4% | 22.9% | 16.4% |
| Priced \$1.5-2m | 18.1% | 22.3% | 6.8% |
| Priced \$2-2.5m | 11.9% | 5% | 0% |
| Priced \$2.5 to \$3m | 8.9% | 10% | 0.6% |
| Priced at \$3m and above | 17.6% | 16.2% | 1% |

¹² U.S. Census

Demographic developments in the area¹³:

Why is this demographic information relevant?

- Real Estate (still traditionally the largest asset for most Americans) on the New Canaan Branch Line is geared to families: Most real estate in these towns (with the possible exception of Stamford) is a composed of single-family properties. To have a solid real estate market, and as such stable municipal tax base, you need a growing population of people who are naturally inclined to purchase assets (i.e. a demographic between 30 and 50).
- Small Populations of people between 25 and 34 in Branch line towns: Few towns (again with the exception of Stamford) have a large population of 25 – 34-year old’s in place and ready to move up into the single-family housing stock available. Due to this, these towns along the branch line are dependent on attracting new resident families from New York City, and other areas, in increasingly larger numbers, as the existing population ages and looks to downsize.
- Job Centers and traffic in Connecticut require the use of public transportation: Again, with the exception of Stamford (which has seen a 14% reduction or close to 4,700 jobs lost in financial services jobs since 2008 – especially impactful as financial services jobs pay approximately 3 times the regional average (\$266,000 vs \$85,000))¹⁴, we have few large well-paying job centers close to the area served by the branch line. The New York City job market (especially for New Canaan which has 23% of its workers in finance and insurance – Darien having 29%¹⁵) is increasingly important for branch line towns.
 - Approximately 30% of workers 16 and over in New Canaan work out of State and of this 2/3rd took public transit which we can assume would be New York City, as connections within Connecticut are not great for daily commuting on the train¹⁶. Driving to New York City is challenging, and will get more expensive with potential tolling in Connecticut and in Manhattan with congestion pricing. Even without new tolls in Connecticut, the Merritt and 95 cannot take more rush hour traffic.

Median Age Trends:

Since 2000 we have seen the median age of residents increase markedly, indicating that new family forming residents are not moving to the area in numbers large enough to keep the median age constant. Developments in Pound Ridge and Lewisboro have been even more dramatic.

| Town | Median Age | | | |
|-------------|------------|------|------|-------|
| | 2000 | 2010 | 2017 | CAGR |
| Darien | 38 | 39.1 | 39.4 | 0.21% |
| New Canaan | 40.2 | 43 | 43.2 | 0.42% |
| Wilton | 40.2 | 42.9 | 43.2 | 0.42% |
| Stamford | 36.4 | 36.3 | 37 | 0.10% |
| Pound Ridge | 42.4 | 47.2 | 50.6 | 1.05% |
| Lewisboro | 38.8 | 42.7 | 46.3 | 1.04% |

¹³ U.S. Census

¹⁴ <https://www.stamfordadvocate.com/business/article/Connecticut-finance-sector-endures-but-with-13233592.php>

¹⁵ U.S. Census

¹⁶ U.S. Census

The population median age of the catchment area serving the train has increased from 38.1 years in 2000 to 40.1 years in 2017. If Stamford is excluded (as Stamford has very different overall demographics than the surrounding towns), the median age of the area has increased from 40.0 years to 43.5 years over the same 17-year period. It should be noted the U.S. overall median age of the population increased from 35.3 in 2000 to 37.8, i.e. increasing age is a national as well as local challenge.

Having a median age close to the national figure is however important for creating balanced communities. Too many school-aged children and you have excessive educational expenses, too many retired residents and you see a decrease in income tax receipts and perhaps excess school capacity, too many people in the middle and you risk making the town feel like a quiet commuter town during the week.

Declining percentage of the population made up of heavy users of suburban trains:

Part of the reason we see limited growth / relatively stable volumes passenger volumes on the New Canaan branch line is that the percentage of our population that is in the peak age for commuting has been going down. In order to regain balance in our demographics we need to increase this segment of the population.

We have seen a reduction in all towns in the percentage of the population that is in a peak commuting period of their lives (35-59):

| Town | Percentage of population between 35 and 59 | | | |
|-------------|--------------------------------------------|-------|-------|--------|
| | 2000 | 2010 | 2017 | CAGR |
| Darien | 39.5% | 39.7% | 38.1% | -0.21% |
| New Canaan | 40.9% | 39.6% | 39.2% | -0.25% |
| Wilton | 42.7% | 40.8% | 37.2% | -0.81% |
| Stamford | 35.0% | 35.1% | 34.0% | -0.17% |
| Pound Ridge | 45.1% | 44.9% | 39.0% | -0.85% |
| Lewisboro | 45.7% | 46.1% | 38.5% | -1.00% |

This information tells us that more of the population in these towns is composed of a higher percentage of people outside of traditional peak earnings years (35 – 59 year of age). In New Canaan between the year 2000 and 2017 we saw a growth of 1,327 people in the population range between 5 and 19 and 65+, yet the total population only increased by 962 people¹⁷. Interestingly, we have also in the same period seen a large decline in children below 5 (442 or a 28% reduction) and people between 35 and 44 (964 or a 27% reduction). This tells us that if new families move into town, they are moving closer to when kids start in school rather than

¹⁷ According to the U.S. Census New Canaan had 1,552 children under 5 in 2000 and 1,110 under 5 in 2017 (net decrease of 442), New Canaan had 4,749 children between 5 and 19 in 2000 and has 5,524 in 2017 (net increase of 775), and had 2,620 people 65 and older in 2000 and has 3,172 65 and older in 2017 (net increase of 552). During the same time population only increased by 962 people.

when they have infants or toddlers. This keeps the municipal educational costs high, without providing relief for towns with large volumes of young children who use lower cost town services.

Only Stamford has a meaningful percentage of its population between 25 and 34 years (17.1%), whereas the rest of the towns are between 3.8% (Pound Ridge) and 5.2% (Darien) – Lewisboro is a slight outlier at 7.8%.

Manhattan provides an opportunity to attract new residents

Positively, Manhattan, a source of many new residents for suburban towns with train lines, has seen its share of 25-34-year-old residents as a percentage of its population increase from 21.4% in 2010 to 22.6% in 2017 (an absolute increase of 36,000 people in the period).

People are moving to the suburbs later than previously. Much of this is reflected in the average age of college educated women who have their first child. In Manhattan the average is 33 years old¹⁸. Increasingly many families are waiting for the second child before they move to the suburbs, whereas before many had moved in conjunction with the birth of the first child. The target market for Realtors is now 35 to ~40-year-olds looking to buy single-family homes in New York City suburbs served by commuter rail. People in that age category are established with their careers, and expect a comparatively easy transition into full-time commuting, including frequent commuting options. The good news is with 15 to 20 years of work experience (many with 2 family incomes) they have some degree of savings / credit to purchase homes in this area.

Some early statistical signs indicate we are at the start of a trend of moving out of central cities both in New York and also in large cities internationally.¹⁹ Facilitating the 35-40-year age group moving to our towns should be a number one goal over the next 5-8 years. Time is critical as after the next 5-8 years we will see a drop for in the 25 to 34-year-old category for the following quarter century.²⁰

Town costs are pretty fixed – revenue growth has significant positive impacts:

Running towns, especially in the Northeast, tends to be a very expensive business with very few easy ways to control variable costs over a 5 to 10 year period. Schools, municipal work, and general infrastructure are all expensive to both operate and maintain, especially in these towns with relatively old infrastructure and fixed labor contracts. This can be well illustrated with the development of the Mill Rate in New Canaan increasing from approximately 14.5 to approximately 18.25 (25% Mill Rate increase at the same time that as other mentioned Federal tax changes) from 2010 to present i.e. the Grand List decreased resulting in a Mill Rate increase,

¹⁸ <https://www.nytimes.com/interactive/2018/08/04/upshot/up-birth-age-gap.html>

¹⁹ <https://www.bloomberg.com/opinion/articles/2020-01-26/superstar-cities-london-new-york-amsterdam-are-losing-locals>

²⁰ 15-24-year-old national residents are 325,000 fewer than the present 25-34-year-old population. The 5-14-year-old national population is a further 2,500,000 lower than the 15-24-year-old population and the 0-4-year-old population is 600,000 lower than the 5-9 category i.e. after this next 10 years we will be looking at a smaller relevant national population that would be in the typical family starting age group for 25 years. The degree of international immigration has not been assumed.

as municipal costs could not be cut as fast as property values decreased. Mill Rate increases have had an especially large impact on houses priced below the median for the area – disproportionately impacting many of the potential and existing residents we are looking to attract / retain.

It is possible to cut societally meaningful items, but the financial gain is relatively small (i.e. closing parks, eliminating after-school programs, senior and cultural events, selling town property, increasing classroom sizes, turning Fire Departments into all volunteer forces, creating regional rather than town Police Forces). In most cases, once you get past the headlines and the public outcry, the cost savings are smaller than anticipated, and take a very long time to implement, and they often take away what people moved to the suburbs for in the first place.

That is not to say that municipal efficiencies cannot be attained in a short period of time, but what really moves the needle for a town budget is a steadily growing town of all age groups pushing up property values in a sustainable manner (unlike what has happened in New Canaan between the year 2000 and 2010, when the residential Grand List increased from \$2.7 billion to \$7.3 billion at the same time as the population increased by only approximately 350 people).

As an illustration of the power of high residential values, returning the residential Grand List in New Canaan back to where it was in 2010, through improved property values (keeping the Mill Rate as today) would yield around the same amount of funds as the town annually spends on Fire and Police.

In order to grow the Grand List, we have to make towns along the New Canaan Branch even easier to move to, start and grow businesses in, and easier to live in throughout all stages of life. This process starts with improving the train service, the lifeblood that connects the town to the job and population center of New York City. As New Canaan is at the edge of being beyond the time many people would like to spend commuting (60 to 70 minutes tends to be where people say a limit exists for daily commuting), we need to work hard to keep towns on the Branch line competitive.

Review of the Train Service:

Brief History:

The New Canaan Branch is the largest volume branch line in Connecticut and carries approximately 1.4 million riders annually. The New Canaan branch line was built in 1868, and serves 2 stations in New Canaan and 2 stations in Stamford, ultimately merging with the mainline Metro North New Haven Line tracks just outside Stamford. The branch line previously had on demand (“flag”) stops at the Springdale Cemetery and Woodway, both of which were closed in the 1970s. Around 2005 a project considered adding a new station, East Stamford to the branch line, this project did not proceed.

Unlike the Danbury and Waterbury branch lines, the New Canaan branch line is electrified, and has been for over 100 years. In addition to providing environmental benefits, electrification makes for quieter trains and interoperability with the other mainline Metro North New Haven line equipment.

Presently, the 8.2-mile branch Line is single track with 2 parking tracks at the New Canaan station terminus. In New Canaan, trains are held to allow for peak morning and evening service to and from Grand Central Terminal. The branch line previously had a side track located in Springdale, allowing trains to pass each other – this was removed in the 1970’s after a fatal train collision that happened in 1969. The branch line service has been operated by Metro North since 1983.

Present Service Levels:

The Branch Line offers 4 departures to New York City each morning which arrive prior to 9am. The earliest arrival in New York is at 6:43am, which is later than all similar towns in the survey with the exception of Wilton, and very challenging for some workers (especially international financial services). The evening rush hour has 3 departures between 5 and 7pm. During the day, hourly services is provided with a connection in Stamford. The first train of the morning takes 76 minutes, and the other three rush hour trains take 68-70 minutes. Connecting service (where passengers switch trains in Stamford), during the day, takes 86 minutes.

How is service from other similar towns?

Following is a comparison of the service on the New Canaan branch line with other similar towns in the Tri-State area. Highlighting towns in the entire Tri-State area is important as New Canaan is in competition with Westchester, Long Island, New Jersey, and other Connecticut towns for potential residents who would be commuting into New York City. All of these comparison towns have excellent school systems and are broadly similar to New Canaan.

In including towns in New Jersey, we should note that New Jersey Transit offers commuters two separate destinations via separate departures, Penn Station and Hoboken (for connection to the PATH to New York City) whereas Westchester and Connecticut only offer Grand Central (this will change however in the coming years). This increases frequency for New Jersey towns, but not necessarily frequency into Penn Station (that being said you can connect into the Penn Station area via Hoboken - but this is only done when challenges exist on New Jersey Transit).

As the below chart indicates the New Canaan branch line performs poorly with comparable towns. Wilton is the only town with worse service. The chart does not reflect waiting time between departures, which for most of the day is an hour (the only real exception is 7:10am to 7:56am period in the morning and 4:45pm to 5:26pm in the evening). Wait times between trains is a real challenge for the new economy working style (gig, two working parents taking care of kids equally, working from home with mid-day / evening meetings in the city, partial working from home and other scenarios).

| Town | # Arrivals prior to 9am | Earliest Arrival | # Departures 5 to 7pm | Rush Hour Transit Time (min) | Off peak frequency per hour | Off Peak Transit Time (min) |
|-----------------------|-------------------------|------------------|-----------------------|------------------------------|-----------------------------|-----------------------------|
| Greenwich | 15 | 5:49 | 9 | 51 | 2 | 55 |
| Darien | 8 | 5:55 | 6 | 60 | 2 | 66 |
| Westport | 11 | 5:55 | 7 | 70 | 2 | 80 |
| New Canaan | 4 | 6:43 | 3 | 68 | 1 | 86 |
| Wilton | 3 | 7:36 | 5 | 90 | 0.75 | 100 |
| Scarsdale | 12 | 5:41 | 8 | 35 | 2 | 35-48 |
| Bronxville | 12 | 5:41 | 7 | 31-42 | 2 | 37 |
| Mamaroneck | 11 | 5:49 | 7 | 39-46 | 2 | 47 |
| Rye | 12 | 5:49 | 7 | 43-57 | 2 | 56 |
| Great Neck | 12 | 4:06 | 10 | 25-40 | 2 | 35 |
| Milburn / Short Hills | 11 | 5:44 | 7 | 39-47 | 2 | 47-60 |
| Summit | 13 | 5:44 | 10 | 44-51 | 2 | 50-60 |
| Ridgewood | 12 | 6:07 | 10 | 48-65 | 2 | 56-70 |
| Chatham | 10 | 5:44 | 7 | 48-58 | 1 | 55 |

Source NJ Transit and Metro North based schedule for Feb 5, 2020

How do towns compare when it comes to population using public transportation?

Using U.S. Census figures for 2017 it is possible to see which towns are high public transit commuting locations and compare them. Based on the towns to the right we can see that New Canaan (and Wilton) are relatively low when it comes to towns whose population uses public transportation to and from work. This is not surprising considering the service levels from both towns. The closest direct comparable town would be Darien with 11.6% of its population using public transportation to and from work. This percentage is almost 50% higher than New Canaan. Westchester towns have close to 20% of their population commuting by public transportation, whereas New Jersey towns are between Connecticut and Westchester. In summary Connecticut, and New Canaan in particular, has significant growth potential for having its workers use public transportation.

| Town | Population Using Public Transport to commute |
|-----------------------|----------------------------------------------|
| Darien | 11.6% |
| New Canaan | 7.8% |
| Wilton | 6.5% |
| Scarsdale | 19.1% |
| Bronxville | 19.4% |
| Mamaroneck | 16.4% |
| Rye | 29.7% |
| Great Neck | 12.6% |
| Milburn / Short Hills | 12.4% |
| Summit | 9.8% |
| Ridgewood | 8.9% |
| Chatham | 10.0% |

The future requires rail service that allows for dual-income families with children:

The future requires rail service that allows for dual-income families with children:

In addition to differences in the percentage of women in the workforce, it is also apparent that men use public transportation at a higher level than women for commuting. One could presume that this is due to a higher percentage of men working in New York City, and that women take the role of being closer to home. As we move toward the next generation, we can expect some of these gender roles to become more balanced than they may have historically been. This is due to societal changes, as well as the fact that for all age categories below the age of 59 a higher

percentage of women than men have a bachelor’s degree or higher²¹. Improved mass transit will be necessary to allow this societal change to take place (for example enabling one person to take the morning child drop off / school bus pickup while the other the partner takes the evening rather than one partner needing to work close – or not work at all and do both).

An example of this challenge for a New Canaan commuting parent is the need to leave Manhattan at 3:05pm to arrive in town to pick up kids from daycare, after-school programs, or attend children’s sporting or extracurricular events by 5pm, or at 3:39pm to arrive in New Canaan in time for a 5:30pm pickup or event. Darien is not much better, but it does have a departure at 3:30pm (compared to 3:05pm) getting you to Darien in time for a 5pm pickup, a 4:08pm departure getting to you to Darien in time for a 5:30pm pickup. Either way these 25 to 30 minutes of additional work time matter. They add up, and may make people reconsider the inclusion of homes on the branch line for possible purchase.

| | Percentage of Women in workforce | Percentage of men using public transit to work | Percentage of Women using public transit to work |
|-----------------------|----------------------------------|------------------------------------------------|--------------------------------------------------|
| Darien | 48.6% | 36.5% | 16.0% |
| New Canaan | 45.5% | 28.0% | 9.8% |
| Wilton | 57.0% | 16.1% | 11.3% |
| Scarsdale | 49.9% | 49.4% | 35.1% |
| Bronxville | 49.8% | 49.0% | 43.7% |
| Mamaroneck | 59.2% | 38.6% | 27.8% |
| Rye | 59.6% | 18.9% | 20.9% |
| Great Neck | 52.8% | 27.5% | 14.0% |
| Milburn / Short Hills | 56.9% | 32.8% | 21.0% |
| Summit | 58.7% | 25.0% | 15.8% |
| Ridgewood | 53.8% | 25.3% | 13.0% |
| Chatham | 59.6% | 25.3% | 11.9% |

How Manhattan is developing and why increased connectivity to Stamford is important:

Since the West Side of Manhattan was rezoned close to 10 years ago significant development has taken place and continues to take place there. The Hudson Yards project is the most well-known, but other very large projects exist all along the West Side with a high concentration of tech (Facebook, Amazon, Google), legal (Millbank, Skadden, Boies Schiller, Cravath), financial services (Blackrock, KKR, Wells Fargo), fashion (Coach), and media companies (Time Warner) moving to the area. Essentially the center of gravity of Midtown Manhattan is moving West and South compared with today. Many jobs are moving further away from Grand Central. The rezoning of Park Avenue, as evidenced by the new J.P. Morgan Headquarters and One Vanderbilt, will keep plenty of business close to Grand Central, but that does not stop the general directional move.

Metro North will commence service in 2023 from Connecticut to Penn Station via the Hells Gate Bridge – in conjunction with Long Island Railroad direct access to Grand Central²². As it is very unlikely that trains from New Canaan will travel directly to Penn Station (it is more likely that some of the main New Haven trains will), it is important that the New Canaan Branch has increased access to Stamford in order to connect with these trains avoiding long layovers. Currently even in the peak morning rush the New Canaan Branch only stops in Stamford once an

²¹ <https://www.bloomberg.com/opinion/articles/2019-03-06/young-women-widen-the-higher-education-gap>

²² https://en.wikipedia.org/wiki/Penn_Station_Access

hour. The return trips from Grand Central at peak hours are only slightly better and still have significant gaps.

Many of the future residents we look to attract will be working on the West Side, and it will be a significant disadvantage for the towns on the New Canaan branch line, to not have good service there (even though you can access part of the West Side via the number 7 Subway line from Grand Central).

Parking remains challenging for new residents:

A real part of the financial value and personal charm of living in towns where commuter rail exists, is the ability to use that rail service. Parking is however an Achilles heel for suburban communities. Without the ability get to and from a train station throughout your intended employment period, it is very challenging to commit long term to using public transportation (and commit to purchasing a home when you are unsure how you will commute daily). In the case of New Canaan, it has four primary options for parking (most of which is locally controlled), plus an app solution:

- 1) Talmadge Hill: No waiting time exists for permanent parking, and space is available for non-residents of New Canaan. Talmadge Hill is less desirable for many New Canaan Residents due to its long drive from housing in the Center and North of town, and poor protection for passengers from the elements. Talmadge Hill parking is offered at a discount to New Canaan center parking (\$474 per year vs. \$624)
- 2) Richmond Hill: Presently approximately 100 people are on the waitlist with about a 2-year waiting period from start to finish. While this offers an in-town solution, residents would rather not have this location due to the walking distance to the train station (around 1000 feet).
- 3) Lumber Yard: Presently around 360 people are on the waitlist with about a 6-year waitlist (i.e. people on the waitlist signed up in the summer of 2014). This is the most desirable location as it is next to the train.
- 4) Daily Parking: Both New Canaan Station and Talmadge Hill offer daily parking on a first come first served basis. This is a good solution for people with early trains, but does not work for commuters targeting later trains.
- 5) Box Car App / Other Solutions: It is possible to reserve space for up to 2 weeks via the Boxcar App, and individuals have also made private arrangements with properties close the station to park at residences. Neither solution is similarly long term as municipal parking.

The impact of insufficient parking:

While all towns struggle with providing parking for existing and prospective residents, materially addressing this could be a real positive for New Canaan – and definitely a major improvement compared with today.

Specifically:

- 1) Significant money would be generated for the town which would contribute toward paying for parking garage investments: Converting some of the approximately 460 total residents on the in-town wait list to fixed parking spots would yield immediate incremental parking income for the town, as well as make these residents very happy (and less likely to move now that they have a parking spot).
- 2) Home sales benefit compared with other towns: Offering new residents permanent spots in the desirable station would be a real attraction compared with joining a long list in New Canaan, or other towns, and should increase property values and related fees for the town associated with faster turnover of its real estate inventory. Today we are essentially saying to residents you can sell your house but not your parking spot to a new buyer. That new buyer gets a house on day one but a parking spot in town in 2-6 years later. This is a hard sell when you have options to live in other towns – or purchase property where you can walk to the station.
- 3) More people using the New Canaan Branch would justify additional service, which would benefit all on the line – virtuous circle.
- 4) With greatly improved parking for New Canaan residents, the town may be able to offer a more regional solution for Pound Ridge, Lewisboro, Darien, and Wilton at an improved Talmadge Hill Station for example.

Market demand for additional rail service:

Based on traffic comparisons with neighboring towns, once the branch line is improved we should expect an increase in commuter demand of between 124 to 811 commuters per day, from New Canaan alone (chart below). The average of these scenarios is approximately 403 additional commuters per weekday (this equals roughly a 25% increase of commuters from New Canaan compared with today). This appears reasonable, based on the proposed service enhancements, and number of parking spaces provided in this proposal, as well as macro demographics.

It is difficult to determine additional loading numbers from Glenbrook and Springdale as they are also constrained by the number of local parking spots available (at least in the short term). Irrespective, we should expect an increase due to better service. In addition, the proposed service improvements would also mitigate the challenge for many Glenbrook passengers having to stand, as it is the last load station, on express trains.

We should also expect incremental commuter passenger volumes from Wilton, Darien, Pound Ridge, and Lewisboro, as an upgraded New Canaan branch would serve their needs well (this number has not been estimated).

Additional volumes can be expected intra-state due to improved frequency. This potential has not been estimated, but we do know that many people presently commute by train into New Canaan to work in town, and many from New Canaan work in Stamford or Greenwich, who could use the train instead of commuting by car. It is also understood some large employers in New Canaan presently have very few workers who take the train – improved rail service (combined with small shuttle services) may change that.

| Population Demand | Total Population | Number of Workers taking public transport | % of population working | % of workers commuting by public transport |
|----------------------------------------------------------------------------------------------------------|------------------|-------------------------------------------|-------------------------|------------------------------------------------|
| Greenwich | 60471 | 5616 | 45.8% | 20.3% |
| Darien | 21742 | 2518 | 41.2% | 28.1% |
| Westport | 27777 | 2737 | 44.3% | 22.2% |
| New Canaan | 20357 | 1582 | 38.2% | 20.4% |
| Wilton | 18397 | 1198 | 46.6% | 14.0% |
| Various Impacts (holding all else equal unless specified) | | | | Incremental Daily rail increase (# passengers) |
| If New Canaan increases percentage of population that works to equal the same as Darien | | | | 124 |
| If New Canaan increases the percentage of population that commutes by rail to equal the same as Darien | | | | 605 |
| If New Canaan increases the percentage of population that works and commutes equal to Darien | | | | 776 |
| If New Canaan increases the percentage of population that works equal to the same as Westport | | | | 255 |
| If New Canaan increases the percentage of population that commutes by rail to equal the same as Westport | | | | 146 |
| If New Canaan increases the percentage of population that works and commutes to equal Westport | | | | 424 |
| Various Impacts with a 1.5% increase in New Canaan population due to improved rail service | | | | |
| If New Canaan increases percentage of population that works to equal the same as Darien | | | | 149 |
| If New Canaan increases the percentage of population that commutes by rail to equal the same as Darien | | | | 638 |
| If New Canaan increases the percentage of population that works and commutes equal to Darien | | | | 811 |
| If New Canaan increases the percentage of population that works equal to the same as Westport | | | | 282 |
| If New Canaan increases the percentage of population that commutes by rail to equal the same as Westport | | | | 172 |
| If New Canaan increases the percentage of population that works and commutes to equal Westport | | | | 454 |

A 25% annual increase in overall passenger loadings would take the total branch annual loadings from 1.4 million to 1.75 million rides per year i.e. a 350,000 annual ridership increase – not on the surface an unreasonable assumption.

Cost Estimates

What is this all going to cost?

- 1) Upgrade the Talmadge Hill Station with a canopy similar to Glenbrook and Springdale:
 - a. Study from State of Connecticut Dated August 22, 2017 indicates the cost would be \$4.3m plus 3% inflation yields a cost of approximately \$4.7m. Town of New Canaan believes it may be possible to do this for a lower cost.²³
 - b. Increase spots in Talmadge Hill at State of Connecticut lot (presently used for equipment staging) and space between existing spots and Merritt Parkway – have found no estimates but could be \$5m.
- 2) Multilevel Parking at the Lumber Yard: Based on a estimates one could say the cost could be 500 spots by 350 square feet per spot by \$70 per square foot construction cost yielding around \$12.25m for a 500-car parking garage. Have seen no detailed drawings or cost estimates for this to compare with.
- 3) Side track installation & signalization: Study from State of Connecticut dated May 2010²⁴ indicate side track of unknown length and full signalization to New Canaan Station costing \$27m. If we add 3% annual inflation to these figures from 2009 onwards, costs would total approximately \$38.5m. We need a detailed engineering study to see what the drivers of the cost are, and considering this is not an especially complicated piece of engineering work, if any potential for savings exist. Installation of positive train control, presently underway, may reduce the costs of full signalization.
 - a. Cost of Rail Cars – Assumed 1 x 8 car train set at \$40m (\$5 million per car) to provide additional service. The branch line does not need such long trains but to allow interoperability with the Metro-North network such long trains may need to be run and seats would be filled by combining services with other towns as today, so the full cost of these units may not need to be allocated to this project.
- 4) 5G initiative: Details on this are unknown, but as a public private initiative that was advertised as coming at no cost to the State. Hopefully this is easy to include on the relatively short extension to New Canaan.

Total Costs for the proposal approximately \$100m

²³ <https://newcanaanite.com/town-pursues-affordable-bus-stop-style-canopies-for-talmadge-hill-train-station-platform-1843485>

²⁴ http://rt8corridorstudy.com/wp-content/uploads/2017/04/Phase_II_Report_FINAL_web_part-1.pdf

What incremental revenue could we expect from this investment?

| Issue | Non-financial impact | What is the Financial Return |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Talmadge Hill Station Cover | Improved station cover yields happier commuters, which increases the desirability of the Talmadge Hill Station. | Increased utilization of Talmadge Hill spots – minor incremental revenue for the town / usage of the train in the short term. |
| Talmadge Hill additional Parking | Increased capacity, primarily for non-residents of New Canaan as New Canaan residents on waiting lists prefer the in-town station. | Assuming 100 spots that could be used by non-residents per year – this is around \$120,000 ²⁵ |
| Lumber Yard Parking | Significant increase of in-town spots for New Canaan residents, materially decreasing the parking waitlist. | Assuming the addition of 334 actual incremental spots this equals \$416,000 in new revenue for the town each year helping to pay for the garage ²⁶ |
| Side Track: | Allows increased peak service as well as twice hourly off-peak service | Additional ticket revenue for the line = \$1.6 to \$3.2m per year ²⁷ |
| Signalization: | Allows peak trains from Manhattan (5:26 departure in particular) to not have to wait outside the New Canaan Station. | We often talk about shorter transit times to New York – this provides valuable minutes in the peak and operational safety for the train crew. |
| 5G | Allows Branch Line residents to fully work while on the train | Improved utility of the commute time |
| Incremental Annual Revenue for the train and parking in New Canaan | Highly subject to Review | \$2.1m to \$3.7m |

²⁵ Daily spots charge of \$6 per day multiplied by 80% utilization on the average number of work days i.e. 252 work days per year x 80% utilization x \$6 dollars per day x 100 spots created equals \$120,600. This could be ideal spots for Pound Ridge / Lewisboro commuters for example.

²⁶ Assumes a 3-deck garage generating 500 spaces minus displacement of 166 existing slots that would now be in the garage yielding 334 incremental spots for the town. Assuming we issue 2 annual tickets per spot created (as today where approximately 2 permit holders exist for each spot at the Lumber Yard) we will generate 668 slots to sell for incremental revenue. 668 x \$624 per year = \$416,000.

²⁷ If we have 400 additional commuters per day year that equals \$1.6m (400 people x \$335 monthly ticket x 12 months). If we have 800 more commuters per day we yield \$3.2m (800 people x \$335 x 12 months). Assumed no value for incremental intra state volumes / off peak which would take place, nor loss for volumes presently loading in Darien, Norwalk or Stamford as it is assumed those stations could use the freed-up space.

Other Revenue Potential

What we do not include in the above numbers is the value for the towns along the branch line and for the State of Connecticut, who will benefit from the improved desirability of the line compared with today.

Some ways to think about some of the value created:

- a) Incremental Income tax for the State of Connecticut: As this improved service targets new residents to Connecticut, that may otherwise not have moved here, this could generate incremental State income tax. 400 new commuters for the New Canaan branch line at \$150,000 annual income each, will generate \$3.2m and \$6.4m for 800 new commuters in additional annual State income tax. If the salary for every new commuter on the line was \$200,000, total income raised for the State would be \$4.4m at 400 commuters and \$8.8m annually for 800 commuters²⁸.
- b) Incremental Income to the Towns: If New Canaan were able to increase the total Grand List properties by 5% compared with today, keeping a Mill Rate of 18.25, that would equal \$7m in additional income for the town. The town could choose to keep the money, or give it back to residents.
- c) More conveyance income for the town: Assuming improved rail service sold 20 more homes than without the improved rail service, at an average price of \$1.4m, New Canaan would see around \$70,000 in incremental conveyance tax revenue. Assuming 200 homes are sold annually in New Canaan with a 5% price premium compared to today due to improved rail service, New Canaan would see \$35,000 in additional conveyance tax. Total increased revenue for the town around \$100,000 per year. Falling values and slower sales would have a similar negative effect for the Town.
- d) More conveyance income for the State of Connecticut: Assuming improved rail service sold 20 more homes than without the rail service at an average price of \$1.4m, the State of Connecticut would see around \$270,000 in conveyance tax revenue. Assuming 200 homes are sold annually in New Canaan with a 5% price premium compared with today due to improved rail service, the State of Connecticut would see \$175,000 in additional conveyance tax. Total increased revenue for the state would be \$445,000. Falling values and slower sales would have a similar negative effect for the State
- e) Other tax revenue will also increase (consumption and motor vehicle related in particular)

28

| State Income Tax Assumed | | | | | | |
|---------------------------------------------|---------------------|-----------|-----------|--|----------------------------------------------------------|----------------------------------------------------------|
| Tax Rate Assumed | Income bracket (\$) | | | | Tax for \$150,000 | Tax for \$200,000 |
| 3.0% | 0-10,000 | \$10,000 | \$10,000 | | \$300 | \$300 |
| 5.0% | 10,001-50,000 | \$40,000 | \$40,000 | | \$2,000 | \$2,000 |
| 5.5% | 50,000 - 100,000 | \$50,000 | \$50,000 | | \$2,750 | \$2,750 |
| 6.0% | 100,000 - 200,000 | \$50,000 | \$100,000 | | \$3,000 | \$6,000 |
| 6.5% | 200,001 - 250,000 | | \$0 | | \$0 | \$0 |
| 6.9% | 250,001 - 500,000 | | | | \$0 | \$0 |
| 7% | 500,001 - up | | | | \$0 | \$0 |
| Annual Income | | \$150,000 | \$200,000 | | | |
| Annual Incremental Tax generated per person | | | | | \$8,050 | \$11,050 |
| | | | | | Annual Tax Revenue generate for the State of Connecticut | Annual Tax Revenue generate for the State of Connecticut |
| Number of People | 400 | | | | \$3,220,000 | \$4,420,000 |
| | 800 | | | | \$6,440,000 | \$8,840,000 |

Where specifically should the money come from and go to?

(principle is asset ownership)

The State of Connecticut: The CT2030 or another program (LOTICIP)

| | |
|-----------------------------------|-----------------|
| Side Track and Signaling: | \$38.8m |
| Cost of Rail Cars: | \$40m |
| 5G Initiative: | zero |
| Talmadge Hill parking expansion*: | \$2.5m |
| Talmadge Hill cover*: | \$2.35m |
| Total: | <u>\$83.65m</u> |

Town of New Canaan: Parking and/or General Fund or possible public private partnership

| | |
|-----------------------------------|----------------|
| Lumber Yard Parking garage: | \$12.25m |
| Talmadge Hill parking expansion*: | \$2.5m |
| Talmadge Hill cover*: | \$2.35m |
| Total: | <u>\$17.1m</u> |

Total Project Cost: \$100.75m

Revenue distribution:

| | |
|-----------------------------|----------------------------|
| Train Fares: | State of Connecticut / MTA |
| Lumber Yard Parking Garage: | Town of New Canaan |
| Parking Talmadge Hill: | State of Connecticut 50% |
| | Town of New Canaan 50% |
| Other tax income: | Distribution as today |

* Have assumed that the state of Connecticut and Town of New Canaan share the costs of parking expansion and a new cover at Talmadge Hill 50:50.

If any preferential parking agreement is made with the towns of Darien, Wilton, Pound Ridge, and Lewisboro, this agreement can be used to reduce the relative financial contribution of the Town of New Canaan and the State of Connecticut.

When could this be completed:

Upgrading the Line and related infrastructure will be a multi-year and multi-stage process. It can be viewed as 3 phases, and should aim for completion to coincide with the start of the Penn Station access from Connecticut:

- Phase 1: Improve Talmadge Hill Station – completed by June 2021. This includes:
- New Covering on loading platforms
 - Increase parking space by preparing State of Connecticut space and space from present parking toward the Merritt Parkway
- Signal upgrades all the way to New Canaan Station – eliminating manual switching and delays on the express services from Grand Central – completed by June 2021.
- Phase 2: Initiate and complete Construction of Parking Garage at Lumber Yard – June 2021 – December 2022.
- Move temporarily dislocated commuters from the Lumberyard to the expanded and improved Talmadge Hill Station as well as other locations in town (Irwin, Mead and Waveny Park, Center School Lot, Municipal Space, and other private space – for example ACME – St Aloysius).
- Phase 3: Initiate and complete passing siding work June to December 2022.

Conclusion:

The towns served by the New Canaan branch are wonderful places for people to live in all stages of life. We have seen this for generations, and will continue to see that into the future.

Significant changes are however taking place in the economy, with our demographics, and in terms of societal expectations, that are creating pressures on the area. Successfully addressing these challenges and making our communities even better places to live and work is important for us all.

Improving the New Canaan branch line will not solve all issues, but it will allow this area to keep its enviable position, benefitting not just immediate residents, but the entire State of Connecticut and tri-state economy through further improved economic vitality. It will give us all a more solid economic foundation.

Doing nothing is always an option, but it is not a free option and will come at significant costs for all of us. We are already feeling some of these costs – and you just need to look a bit further afield to see what could be in store.

I look forward to the discussions, welcome feedback and genuinely hope we can make this happen this time.