



WEIGHING MARYLAND'S ECONOMIC FUTURE



ASSESSING THE BENEFITS FROM
THE RED AND PURPLE LINES



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WEIGHING MARYLAND'S ECONOMIC FUTURE:

Assessing the benefits from the Red and Purple Lines



Underground Howard St. Red Line station (left) and Riverdale Purple Line station renderings from the Maryland Transit Authority.

EXECUTIVE SUMMARY

The two major rail transit lines planned for Maryland represent a significant investment in the state's future and economy. Drawing from experience across the nation, this report attempts to assess the full range of potential economic benefits from construction of the Purple Line, connecting Maryland's Washington, D.C. suburbs, and the Red Line, providing east-west connections between Baltimore and its suburbs. Given the number of regions across the country contemplating similar investments, we offer this report as something of a template for how to make a comprehensive assessment of economic impacts.

The bottom line: These two lines would position Maryland for economic success in ways that few other investments are likely to do. They not only address existing mobility issues, but also lay the groundwork for billions of dollars worth of economic development. This comes at a time when competitor regions are moving forward with their own ambitious transit plans, as companies and workers alike are being drawn in increasing numbers to walkable locations with high-quality transit.

Among the highlights:

During construction, the Red Line alone would generate nearly 10,000 jobs, increasing household earnings by nearly \$540 million. Construction activity and related earnings would in turn induce another 5,200 jobs. The Purple Line would create an estimated 20,240 direct and indirect jobs.

The spin-off effects from construction would lead to a total economic impact of more than \$9 billion between the two lines.

Several hundred ongoing jobs to operate and maintain the lines would be generated, with 425 on the Purple Line alone, increasing household earnings by \$9 million.

With careful execution, the construction project itself could help to **address longstanding challenges** beyond transportation. A modest investment in training local workers, as has been done in Missouri, Los Angeles and elsewhere, could make a significant dent in unemployment and leave thousands of workers trained for subsequent work, with their earnings providing lasting benefit to the economy.

After construction, more than **83,000 additional residents** in the Baltimore region will have **access to frequent, high-quality transit**, a 62 percent increase over today. The Purple Line will mean **91,000 people** in Montgomery and Prince George's Counties will have **new access to transit**.

A dramatically expanded labor pool and customer base for Maryland businesses would result. Nearly 250,000 jobs will be accessible via rail transit in the Baltimore region, and 290,000 in the D.C. suburbs.

Productivity increases from more reliable commutes and better access would raise the income of those living near the lines by \$2.2 billion per year and allow businesses to create 27,183 new jobs.

An expanded tax base can be expected from the real estate development potential unleashed from roughly 2,000 acres in proximity to stations on the Red Line.

Meanwhile, the Purple Line alone is expected to lead to \$12.8 billion in additional property values, dramatically expanding the tax base and lessening the burden for local homeowners and renters.

Families can save more than \$900 a month if they can get by with one fewer car thanks to high-quality transit service. If just one quarter of those with new service did so, they would save nearly \$133 million a year — money that can be spent on other Maryland goods and services.

Time is money: The Purple Line would cut travel times from Bethesda to New Carrollton from a projected 108 minutes in 2040 to just 63. The Red Line will reduce travel times for riders along the Woodlawn–Bayview corridor from 79 minutes in 2035 to 45 minutes.

Opportunity costs: The above are some of the numbers resulting from a decision to go forward with the investment. More difficult to quantify are the effects of failing to make commutes predictable, or even possible; or of missing the chance to give employers locations where they can be sure to be able to recruit and retain workers. Nor does this assessment measure the talented workforce lost to more dynamic regions of the country that do supply needed transportation networks and development opportunities.



Flickr photo by Maryland GovPics. <https://www.flickr.com/photos/mdgovpics/9685741919>.

Introduction

As a national organization focused on advancing locally-driven transportation solutions, **Transportation for America** interacts daily with state legislators, mayors, CEOs, chambers of commerce, and community leaders from around the country who are working hard to move their regions' transit plans from vision to reality. Each of these decision makers recognizes that, at some level, their region's future success depends on the choices they make today about investing in their infrastructure. Will they succeed in building the kind of economic engine that will attract businesses and residents? Or will they see their population dwindle as regions with more opportunity pull their residents and businesses away?

To answer these questions, decision makers need a comprehensive assessment of the economic impact of proposed projects. To assist state and local leaders in evaluating proposed transit projects, Transportation for America has developed a rubric for understanding the full range of economic impacts that transit projects can have. Derived from both academic literature and real-world experience, this methodology includes both near-term and long-term economic impacts, including employment, business attraction, real estate development, impact on disposable income, fiscal impacts, and other factors.

While many regions have planned transit projects, the State of Maryland is unique in having two major new transit lines – in two different regions of the state – poised to begin construction within months of each other. The State is currently re-evaluating both projects to determine whether to proceed as planned. This report is intended to assist with that evaluation by presenting a comprehensive analysis of the two projects according to the rubric of economic impacts described above.

Background

Throughout its history, Maryland has been a place for innovators, for people who think “outside the box.” From its earliest days as a refuge for those facing religious persecution to its 21st century leadership in medical research, Maryland has stood out as a great place to live and do business. Today, however, the after-effects of a Great Recession that killed jobs, erased home values and shuttered businesses make it all the more critical that Maryland invest to remain strong in the future. As Governor Larry Hogan noted in the wake of his election, the state's flagship city, Baltimore, needs a boost to become the “economic engine” he said it ought to be, even as traditional strong suits, such as Montgomery County, must invest to remain competitive.

Maryland faces significant competition in attracting businesses and talented workers, not just from distant cities like Denver and Austin, but also from its next-door neighbors in the mid-Atlantic region. In March 2015, Maryland's Marriott International's CEO Arne Sorenson announced that the company would be moving its corporate headquarters from its current Bethesda campus, which is far from Metrorail, to a yet-to-be determined location with good transit access

“I think it's essential we be accessible to Metro, and that limits the options. I think as with many other things our younger folks are more inclined to be Metro-accessible and more urban.”

**CEO Arne Sorenson,
Marriott International**

— whether in Maryland or not.¹ With the recent opening of Metrorail’s Silver Line in Northern Virginia, new opportunities for locating employees near transit have arisen, and companies are beginning to take advantage of those opportunities.

Now, Governor Hogan and his transportation and economic development leads are taking a hard look at whether to follow Virginia’s lead and begin construction on, not one, but two major new transit lines: the Red Line in Baltimore and the Purple Line in the Maryland portion of the Washington, D.C., region. Both projects have been in planning for many years, and both have now progressed through numerous required studies and analyses to the point where they have been recommended for federal funding as part of a nationwide competitive process. Much of the public debate surrounding these projects has focused on their construction cost, with far less energy devoted to laying out the benefits of such an investment.

As any business leader or head of a household knows, while the cost of an item is an important consideration, it must be weighed against the item’s benefits. Replacing a leaky roof or upgrading an outdated computer system does cost money, but the benefits of a mold-free home or a more efficient business likely exceed that upfront expenditure. Investments in public infrastructure should be viewed the same way. This paper will review the economic impact of these two projects across a number of areas to help provide a more complete understanding of the potential benefits of this investment.

THE RED LINE

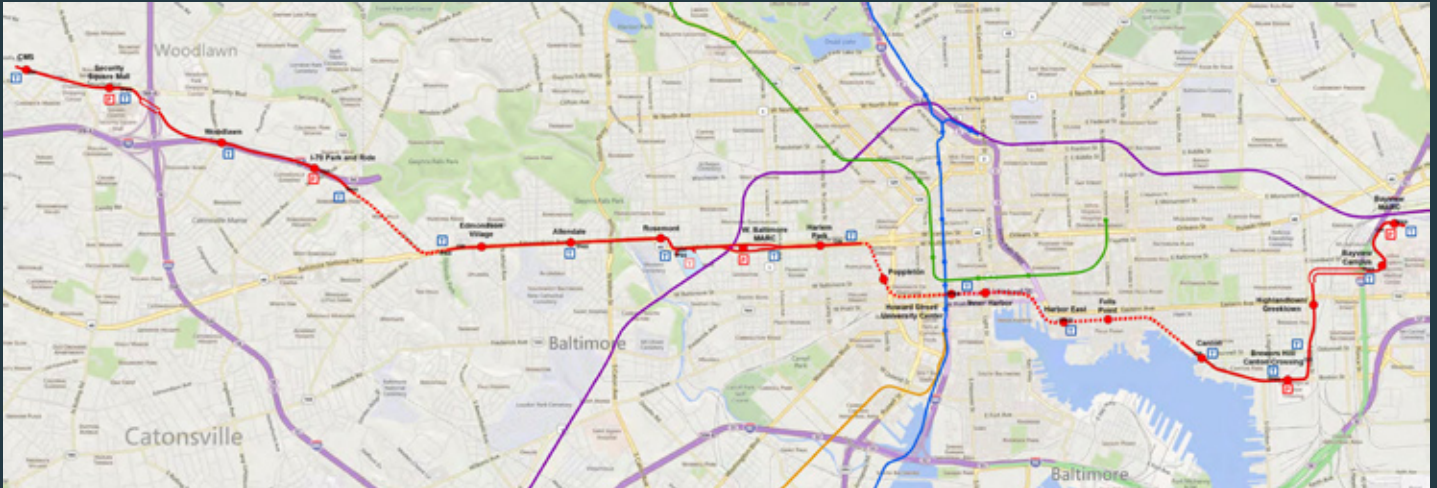
An Investment in Baltimore’s Economic Future

The Red Line would travel through some of the most challenged neighborhoods in Baltimore, where population declines and years of underinvestment have led to vacant properties, high poverty levels, and lack of opportunity. Many parts of the city lack health care facilities, fresh food options, and other stores and services to meet their residents’ daily needs. People must choose either to absorb the high cost of owning and maintaining a car, or endure slow commutes on one, two, or even three buses to get to work. This situation imposes a cost on the city and its residents, as public health suffers and unemployment remains high.

While downtown and the Inner Harbor area have again become centers of activity for the city, other neighborhoods have not experienced the same turnaround. Construction of the Red Line would provide an unprecedented opportunity to strengthen Baltimore’s economic prospects by providing not only improved connections between disinvested neighborhoods and job centers, but also the potential for new economic development within those neighborhoods.

Community leaders from West Baltimore saw early on that the Red Line would present an opportunity to begin turning their neighborhoods around. They began working with city leaders and national experts to create the conditions necessary to attract economic development. The community possesses several physical assets to build upon, including the historic Ice House, a large vacant building near the West Baltimore MARC station and a future Red Line station, and public spaces such as Harlem Park and Lafayette Square. The signing of the

¹ “Marriott CEO: We Will Move Our Headquarters,” Washington Post, March 1, 2015, <http://www.washingtonpost.com/news/digger/wp/2015/03/01/marriott-ceo-we-will-move-our-headquarters/>.



The Red Line is a 14.1-mile light rail transit line with 19 proposed stations, connecting Woodlawn in suburban West Baltimore County with Bayview in east Baltimore City, by way of downtown Baltimore. While Baltimore currently has a light rail line that runs north-south, and a subway that connects the northern suburb of Owings Mills with Johns Hopkins Hospital in the city of Baltimore, there is currently no rapid transit line for east-west travel.

A detailed project summary is available here: www.fta.dot.gov/documents/MD_Baltimore_Red_Line_Profile_FY16.pdf.

Community Compact in 2008 is a result of their efforts and the efforts of leaders in other communities. The Community Compact set goals for how the Red Line should positively impact surrounding neighborhoods, not just in West Baltimore, but across the city.

With 19 stations to be constructed, the Red Line presents Baltimore with an opportunity to reshape its future. In the near term, Baltimore residents would be able to apply for some of the 15,000 jobs required to build the project. Spending by those workers plus locally-supplied materials and supplies would lead to \$2.1 billion in increased economic activity for the region. With more than 27,000 unemployed individuals living along the Red Line corridor, creating new hiring opportunities within the region is vital.

Once the project is built, 83,000 more residents of the Baltimore region will live near rail, a 62% increase over today. That number will likely grow in the future, as more housing is built near rail stations. These residents will have faster, more reliable access to the 250,000 jobs that will be accessible by rail in the Baltimore region, where today fewer than 1 in 3 jobs is accessible by transit within 90 minutes. This access will be particularly important for the 28% of residents in the Red Line corridor who do not own cars; in some neighborhoods, as many as 70% of the residents do not have access to a vehicle.

With up to 2000 acres of property along the corridor available for redevelopment, the Red Line has the potential to transform neighborhoods into places where families and businesses can thrive. When city planners, businesses, and community leaders work together, the coming of a new rail line can be the catalyst for economic development that can spark neighborhood revitalization.

The Red line by the numbers

- 14.1 miles, 19 stations
- 9801 design/construction jobs, leading to \$539.7 million increased household earnings
- 5205 indirect/induced jobs from building the project
- 15,006 total jobs from building the project lead to \$2.1 billion in increased economic activity
- 27,296 unemployed individuals along corridor
- 56 percent of households in corridor earn less than 80% of AMI
- When built, 83,000 more people will live near rail – a 62 percent increase over today
- 28 percent of residents in the corridor don't own cars – in some neighborhoods as high as 70%
- Currently fewer than 1 in 3 jobs (30 percent) is accessible by transit in metro Baltimore
- 7500 businesses along Red Line, mostly small or midsized
- When built, businesses/employers would have access to 217,946 people living along rail
- Would make nearly 250,000 jobs accessible by rail in the region
- 2000 acres of property along the corridor with strong potential for redevelopment
- Households can save \$11,412 annually or \$951/month by not owning car
- 18,410 new riders who could save \$ they are currently spending on car ownership, parking, etc.
- End-to-end travel times reduce from 79 minutes to 45 minutes (2035 numbers)

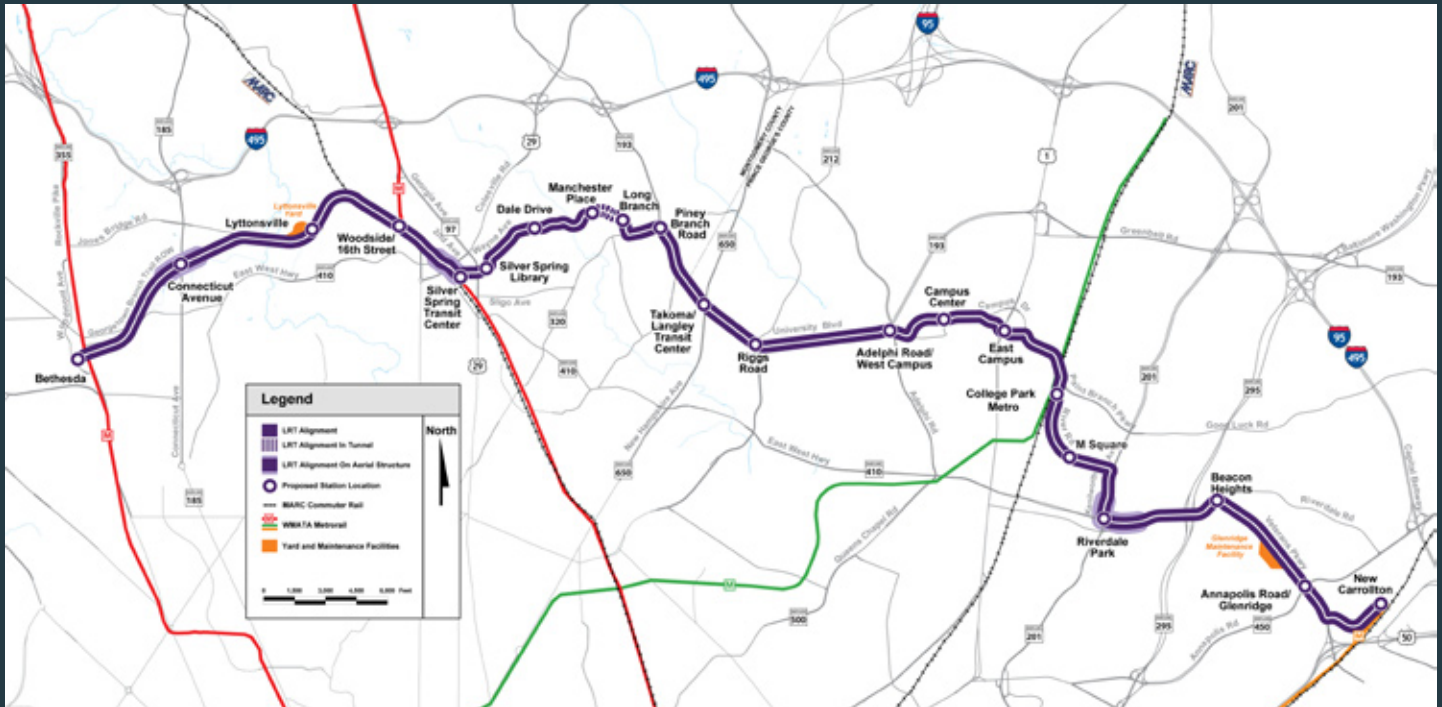
THE PURPLE LINE

Connecting knowledge and opportunity in the Maryland suburbs

When Metrorail was planned in the 1960s and 70s, the Maryland suburbs of Washington, DC were primarily bedroom communities. Their small downtown areas had mom-and-pop businesses lining the streets and few buildings higher than three stories. The primary commuting pattern was from the suburbs to downtown Washington. Not surprisingly, Metrorail was designed to serve that pattern, with a hub-and-spoke system where all of the subway lines meet within a few blocks of the U.S. Capitol and radiate outward. Metrorail was a resounding success at meeting the goal it was designed for: creating a convenient alternative to driving from the suburbs to downtown.

Some suburban leaders recognized Metrorail's potential to achieve a second goal: transforming suburban locations into destinations in their own right. Arlington County was the first suburban jurisdiction in the region to take advantage of the development opportunities offered by Metro, creating a vibrant corridor of offices, retail, and housing clustered around its Orange Line stations. Bethesda and Silver Spring soon followed suit, with major corporate relocations stimulating an infusion of jobs and residents into the area. Today, businesses in the region are increasingly snapping up transit-accessible locations, with 84% of new development happening within ¼ mile of Metro.

Opportunities are growing along the suburban spokes of the Metrorail system. But Metro itself provides limited access to these opportunities for residents from other suburban areas. A resident of Hyattsville, for example, would have to travel all the way into DC and then back out again to access a job at the NIH via Metro. Bus



The Purple Line is a 16.2-mile light rail line with 21 proposed stations, connecting Bethesda in Montgomery County with New Carrollton in Prince George's County by way of Silver Spring and College Park, Maryland. The national capital region currently has a hub-and-spoke subway system (Metrorail) that facilitates travel to and from Washington, D.C.'s, central business district but makes suburb-to-suburb travel difficult. The Purple Line would create a rapid transit connection between several major suburban employment centers as well as the University of Maryland.

A detailed project summary is available here: www.fta.dot.gov/documents/MD_Maryland_National_Capital_Purple_Line_Profile_FY16.pdf.

service to and from suburban locations is slow and challenging due to congestion on the major roadways that travel east-west between Montgomery and Prince George's Counties. Key locations that are not near Metrorail have been left out of development opportunities. The University of Maryland's main campus at College Park, for example, lacks transit connections to the rest of the region, limiting opportunities for its students, researchers, and faculty.

Between the spokes of the Metrorail in the Montgomery and Prince George's suburbs are some of the most diverse neighborhoods in the state. Some of these neighborhoods are seeing rates of unemployment and poverty much higher than the rest of Maryland. While many factors are at play, one key element that limits opportunity in these areas is lack of transportation to employment, training, and educational opportunities. For families that cannot afford to own a car, this problem is particularly acute.

The Purple Line would tie together the Maryland suburbs in a way they have never been before, connecting vibrant employment centers with disconnected neighborhoods, creating new opportunities for economic development, and stimulating exchanges between Maryland's research institutions and its entrepreneurs. With 17 new stations (plus 4 stations located at existing Metrorail stations), the Purple Line would give businesses

what they are looking for: more transit-accessible locations and better access to the regional workforce. More than 91,000 people living near the new Purple Line stations, including thousands who do not own cars, would be able to access the 290,000 jobs located near rail throughout the region. The students, researchers, and faculty at the University of Maryland would have a frequent and rapid connection to bio-tech and high-tech companies, including those at the new M Square Research Park.

Montgomery and Prince George's Counties are no longer sleepy bedroom communities. They are economic powerhouses in their own right, and the Purple Line would provide the connections needed to keep that economic engine humming.

The Purple line by the numbers

- 16.2 miles, 21 stations
- 20,240 jobs (direct and indirect) and \$7.0 billion in increased economic activity from building the line
- 425 ongoing operations/maintenance jobs, leading to \$9.2 million in household earnings
- When built, 91,000 more people will live near rail
- 15 percent of residents in corridor don't own cars
- Currently just over 1 in 3 jobs (37%) accessible by transit
- Productivity increases after the line is built lead to increased household income of \$2.2 billion and 27,183 new jobs
- Would make nearly 290,000 jobs accessible by rail in the region
- Adds 8 more rail stations to Montgomery County's current total of 11 (not including Friendship Heights)
- Households can save \$11,173 or \$931/month by not owning car
- 28,626 new riders who could save money they are currently spending on car ownership, etc.
- Property value increase of \$12.8 billion over 30 years
- End-to-end travel time reduce from 108 minutes to 63 minutes (2040 numbers)

National context

Maryland is not unique in planning for transit. States and regions around the country recognize the value that transit can bring to their communities and are designing and building major transit projects at a rate not seen in decades. Rail systems are no longer limited to coastal metropolises like New York, Boston, and San Francisco, but are now operating in places like Phoenix, Dallas, Salt Lake City, and Denver. A 2013 survey by the nonprofit Reconnecting America found that there were 721 major transit projects being planned in 109 regions across the country (see map).¹

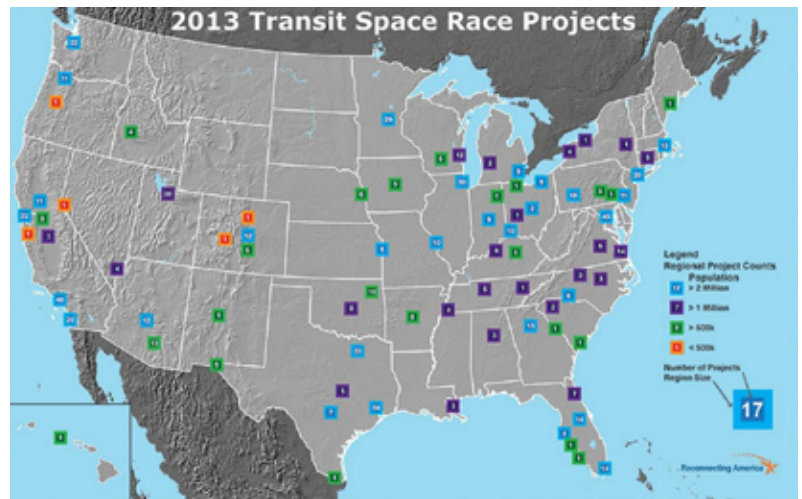
It is unsurprising that communities are investing in their transit networks. Numerous surveys have shown that the next generation of workers prefers to commute via transit, walking, or biking, as opposed to driving.² These young, highly educated millennials are actively sought after by cities looking to attract the skilled workforce

1 "Transit Space Race 2013," Reconnecting America, January 2013, www.reconnectingamerica.org/spacerace/spaceracemap.html.

2 "The Many Reasons Millennials Are Shunning Cars," Washington Post, October 14, 2014, www.washingtonpost.com/blogs/wonk-blog/wp/2014/10/14/the-many-reasons-millennials-are-shunning-cars/.

their businesses need to succeed. At the same time, the baby boom generation is beginning to retire; these older Americans are looking for places where they can live, socialize, and provide for their daily needs without having to drive long distances.¹ As a result, analysts expect the demand for housing near transit to grow to over 15 million households by 2030, more than double what it was in 2000.² Since these residents will be looking for convenient access to jobs, shopping, entertainment venues, and other services, more offices and commercial establishments near transit are needed as well.

Regions that can meet the demands of this growing market will thrive; those that cannot will struggle.



Competition for these energetic young workers is fierce. Maryland has much to offer: leading public and private universities, great natural beauty, and convenient access to major economic hubs like DC and New York. But if the state cannot provide the lifestyle that people want – whether young, old, or in-between – they will move elsewhere, and the economy of the state will suffer. For this reason, the decision the state will make regarding the Red and Purple Lines is of critical importance, not just for today, but for Maryland’s long-term success.

“Another reason we need transit is to maintain and attract tomorrow’s workforce. This new generation operates with different values and new expectations. They demand transportation alternatives and will willingly move to get them. We cannot control all the reasons a young person may choose to move in or out of Minnesota, but we can make sure it is not for lack of a quality, modern transit system.”¹

Todd Klingel, President & CEO, Minneapolis Regional Chamber of Commerce

1 www.metrocouncil.org/News-Events/Transportation/Newsletters/Minneapolis-business-leaders-support-additional-tr.aspx.

Economic Impacts of the Red and Purple Lines

Evidence from other projects around the country demonstrates the economic impact that transit investments can have on a region. While transit projects can have numerous positive impacts on a variety of societal goals (such as environmental protection), this paper is focused on the quantifiable economic impacts of building these projects. The categories below have been derived from extensive analysis of transit’s performance, both in Maryland and around the country.

1 “Enhancing Mobility Options for Older Americans: A Five-Year National Action Agenda,” AARP, July 2013, www.aarp.org/content/dam/aarp/livable-communities/plan/transportation/enhancing-mobility-options-for-older-americans.pdf.

2 “Demand Estimate Update,” Center for Transit-Oriented Development, 2008, www.reconnectingamerica.org/resource-center/books-and-reports/2008/center-for-tod-demand-estimate-update/.

Job creation

The first, obvious impacts of transit projects of this scale — though by no means the only, or even the largest, impacts — come in the construction phase, and still more come with operation. A significant portion of the money that goes into a transit project is used to build tracks, stations, and maintenance facilities, and to buy vehicles, equipment, and parts. The former creates jobs in the construction, engineering, and design sectors, while the latter creates manufacturing jobs. Other jobs that stem from the construction of a transit project include office and administrative support as well as financial managers. According to a study by the Jacob France Institute at the University of Baltimore, the Red Line is projected to create 9,801 design and construction jobs¹ while it is being built, leading to an increase of \$539.7 million in household earnings.² While some of these jobs will be filled by current employees of the selected design and construction firms, they will also provide new hiring opportunities for residents of the region.

The economic activity generated by project construction does not stop with the people directly employed by the projects. The projects also create indirect impacts, where jobs are created in other fields as a result of the construction, such as computer services, cleaning services, food service, and others. In this way, the Red Line and Purple Line projects will generate significantly more economic activity than the direct employment figures suggest. The Jacob France Institute study found that besides the direct construction jobs, the Red Line is projected to generate another 5,205 jobs for a total of 15,006 jobs and \$2.1 billion in economic activity over the construction period.³ A recent study of the Purple Line found that building that project would create 20,240 jobs, some of which could be filled by new hires from the project corridor, and generate \$7 billion of economic activity.⁴

The projects' employment and related benefits do not stop once construction is completed. The operation of new transit lines requires mechanics, station attendants, train operators, customer service agents, and a variety of other ongoing positions. For example, the Maryland Transit Administration's technical report on the Purple Line's economic effects found that it would generate 425 ongoing, permanent jobs for Maryland residents, leading to a \$9.2 million increase in household earnings.⁵ These jobs are supported by a combination of public and private dollars, from fares, advertising, development fees, and the like. As the remainder of the report will



Photo courtesy of the Hillsborough Area Regional Transit Authority

1 For purposes of this section, one job = a job for one person for one year.

2 "The Economic and Job Impacts of the Construction of the Red Line Mass Transit System on Baltimore City," Jacob France Institute at the University of Baltimore, November 2009, www.jacob-france-institute.org/documents/Red-Line-12-09.pdf.

3 Ibid.

4 "Preliminary Economic Impact Study Update," Transportation Economics & Management Systems, Inc., March 2015.

5 "Final Environmental Impact Statement: Economic Effects Technical Report," Maryland Transit Administration, August 2013, www.purplelinemd.com/images/studies_reports/feis/volume_03/03_PL-Tech-Report_Economic%20Effects_%20August%202013.pdf.

show, their work will, in turn, enhance the earnings of thousands of others.

Jobs for local residents

Transit projects represent a significant investment in both construction and manufacturing. The jobs created by transit projects can employ residents of the area where the project is being built when project sponsors, engineering and construction firms, and the local community work together on a plan for local hiring. The experience of other regions around the country that have used local hiring in their transportation contracts suggests that Maryland residents could benefit significantly from job creation in both construction and manufacturing if the Red Line and Purple Line are built as planned.

Local hiring has been used successfully in various types of infrastructure projects to bring jobs to local residents. The Missouri Department of Transportation became an early leader in the mid-2000s when it adopted a requirement that several major projects reserve a portion of their budgets for on-the-job training and apprenticeship programs. MDOT also established a goal for the number of work hours performed by economically disadvantaged individuals from the area where projects were being built. Now known as the “Missouri Model,” this approach delivered a \$550 million highway reconstruction and two bridges for the people of Missouri, who benefitted not only from the new infrastructure but also from the jobs and job training they received.¹

The Los Angeles County Metropolitan Transportation Authority (LACMTA) also is setting local hiring goals for construction of its locally funded transit projects, including three major new lines. A review of procurement procedures on these lines confirmed that they still received the expected number of bids, with bidders very willing to meet the agency’s goals for employing Los Angeles residents.² In Denver, the transit agency has launched a local hire program that has put Denver residents to work building a commuter rail line under a public-private partnership known as Eagle P3, as well as other major projects. The private consortium building the project hailed the program for making it easier to find the workforce they need.³

The neighborhoods surrounding the Baltimore Red Line are particularly well-suited for a local hiring effort. According to the Jacob France Institute, the Red Line corridor is home to 27,296 unemployed individuals, and 56 percent of the households in the corridor earn less than 80 percent of the area median income.⁴ The investment that would accompany the Red Line project could make a significant difference in employment for these neighborhoods. The project is expected to create 15,000 jobs, 55 percent of which would be



Photo courtesy of the Construction Career Collaborative.

1 “The Road to Good Jobs: Making Training Work,” Transportation Equity Network, October 2011, <http://www.infrastructureusa.org/wp-content/uploads/2011/10/making-training-work-final.pdf>.

2 “Comments to Notice of Proposed Rule Making: Geographic Hiring Preferences in Administering Federal Awards, U.S. Department of Transportation, Docket DOT-OST-2015-0013,” from the Los Angeles County Metropolitan Transportation Authority, April 3, 2015.

3 “RTD Program a WIN for Job Seekers,” Denver Business Journal, April 1, 2013, www.bizjournals.com/denver/news/2013/04/01/rtds-win-program-matching-contractors.html?page=all.

4 Data provided by the Jacob France Institute of the University of Baltimore.

construction jobs.¹ Some of these jobs would likely be open for new hires. More than three-quarters of the jobs created would require less than an associate's degree, making them accessible to the unemployed population in the corridor, 80 percent of whom possess at least a high school degree.²

The City of Baltimore and the neighborhoods surrounding the Red Line already have put in place a strong program to ensure that a portion of the Red Line construction jobs will go to the residents of the affected neighborhoods. The Red Line Community Compact, signed in 2008 by the City of Baltimore, the Maryland Transit Administration, and numerous neighborhood organizations, outlines a specific set of goals and strategies that will help direct the benefits of the project's construction to the local community. Under an innovative program run by the City of Baltimore, contractors and subcontractors on the Red Line project would be reimbursed a portion of the cost of training a new employee if the employee is referred by a Baltimore City Workforce Development Program.³

Lasting benefits of worker training

The training received by Baltimore residents would ensure that they are well-positioned not only for the construction jobs associated with the Red Line project, but also for future construction work within Maryland. A well-trained, local construction workforce will help to reduce the future costs of construction in the state by reducing the time and effort spent to recruit and train workers.

The Red Line and Purple Line projects also represent an opportunity for the state to reignite its manufacturing sector. Only 6.5 percent of the state's economic output comes from manufacturing, and just 4.4 percent of Maryland residents are employed in that industry.⁴ Nationwide, about 60 cents of every transit manufacturing dollar is spent overseas, but that does not have to be the case, as a program by the Los Angeles County Metropolitan Transit Authority has shown.⁵ LACMTA has required potential suppliers for its light rail vehicles and buses to indicate how much of the manufacturing will be done in the U.S. and how many U.S. jobs they will create. LACMTA considers that information in determining which bidder provides the best value. As a result of this process, LACMTA's vehicle purchases have created over 400 new U.S. manufacturing jobs, with 60 percent in Los Angeles County.⁶ In addition, the cost of the vehicles was less than, or comparable to, other vehicle procurements of similar size.⁷

Not every procurement is large enough for a manufacturer to move a production facility to a particular community. However, with two major transit projects on the verge of construction and 84 light rail vehicles to be ordered, Maryland has a significant opportunity to bring those manufacturing jobs to the state. The Request for Proposals issued for the Purple Line already includes language similar to that used by LACMTA to bring

1 "The Economic and Job Impacts of the Construction of the Red Line Mass Transit System on Baltimore City," Jacob France Institute at the University of Baltimore, November 2009, <http://www.jacob-france-institute.org/documents/Red-Line-12-09.pdf>.

2 Ibid.

3 "Final Environmental Impact Statement, Chapter 5," Maryland Transit Administration, www.baltimoreredline.com/images/environmental_studies/feis/09%20Chapter5_Environmental_Resources_FEIS.pdf.

4 "Md. Must Make Sure Transit Investments Create Jobs Here," Baltimore Sun, September 18, 2013, http://articles.baltimoresun.com/2013-09-18/news/bs-ed-transit-jobs-20130918_1_transportation-projects-jobs-transit.

5 "Comments to Notice of Proposed Rule Making: Geographic Hiring Preferences in Administering Federal Awards, U.S. Department of Transportation, Docket DOT-OST-2015-0013," from Jobs to Move America, April 6, 2015.

6 Ibid.

7 Ibid.

manufacturing jobs to Los Angeles County.¹ The same language could be used in the Red Line project. In fact, the groundwork that has already been laid for these projects would make them prime candidates for a new pilot program being offered by the U.S. Department of Transportation which allows recipients of federal transit funds to utilize local hire requirements in their construction and procurement contracts.² If the Red and Purple Lines proceed as planned, participation in this program would place Maryland among the leaders in the nation who are successfully using transit investments to bring jobs to their residents.

Access to jobs — and to workers

The job-related benefits of new transit projects extend far beyond those who are directly employed by the project or related industries. New transit lines can benefit many other employers and employees by creating faster, more reliable connections between workers' homes and their jobs. By increasing the number of jobs accessible within a reasonable time, these new connections will help residents become — and remain — employed.

People who live within a half-mile of frequent and reliable rapid transit service are five times more likely to use transit than those who live farther away, recent research has shown.³ Both the Red Line and the Purple Line would increase the number of people living within a half-mile radius of rapid transit. The Red Line, in particular, would lead to a very significant increase in the percentage of people living near rail stations, given the relatively small transit network that exists in Baltimore today. U.S. Census data show that when the Red Line is built, more than 83,000 additional residents will have access to frequent, high quality transit, a 62 percent increase over today (see table 1 on following page). When the Purple Line is built, more than 91,000 people in Montgomery and Prince George's Counties will have new access to rapid transit (see table 2 on following page).

For some families, frequent rapid transit is the key to being able to secure and keep a job. For families that cannot afford to own a car, transit is often their only option. When low-income individuals can get to work via transit, the benefits accrue not just to them and their families, but also to the community generally and the regional economy. Employment provides disposable income that people will spend on goods and services, increases tax revenues, and reduces the need for public subsidies.

1 Purple Line Request for Proposals, Addendum 1, September 26, 2014, www.purplelinemd.com/images/p3/rfp/addendum_01/MTA%20-%20Purple%20Line%20-%20ITP%20with%20Exhibits%20and%20Forms%20-%20RFP%20Addendum%201_2014-09-26.pdf.

2 "Contract Initiatives Questions and Answers," U.S. Department of Transportation, updated April 2, 2015, www.dot.gov/sites/dot.gov/files/docs/Local%20Hire%20Final%20Q%20and%20A%203%209%2015.pdf.

3 "Mixed Income Housing Near Transit," Center for Transit-Oriented Development, September 2009, www.reconnectingamerica.org/assets/Uploads/091030ra201mixedhousefinal.pdf.

Table 1: Residents near existing and proposed transit in Baltimore, 2010

Transit Line	Residents within 1/2 mile
Existing stations*	134,392
Red Line	83,554**
TOTAL	217,946

Source: National TOD Database, www.toddata.cnt.org

*Includes Metro Subway and Central Light Rail. Does not include MARC commuter rail stations.

**Total residents living within ½ mile of the Red Line would be 104,613, but the number in the table has been adjusted so as not to double-count residents who already live near an existing station that is within ½ mile of a future Red Line station.

Table 2: Residents near Metrorail and the Purple Line, 2010

Transit Line	Residents within 1/2 mile
Metrorail	518,558
Purple Line	91,718*
TOTAL	610,276

Source: National TOD Database, www.toddata.cnt.org

*Total residents living within ½ mile of the Purple Line would be 116,366, but the number in the table has been adjusted so as not to double-count residents who already live near a Metro station that would also be a future Purple Line station.

A Maryland Transit Administration study of the Red Line corridor found that approximately 28 percent of nearby residents do not own cars.¹ In some neighborhoods along the corridor, such as Midtown-Edmonson and Poppleton, more than 70 percent of residents do not have access to a vehicle.² For the Purple Line corridor, the Maryland Transit Administration found that 15 percent of residents do not have access to a car, almost double the rates of zero-car households in Montgomery County (8%) and Prince George’s County (9%).³ Providing reliable transit access for these families to get to their jobs would create a return for the regional economy.

Increasing access to jobs also reduces costs for employers. Businesses need to be able to recruit employees of appropriate skill levels. When potential employees do not live within a reasonable commuting distance, employers must pay a “commuting premium” — a higher wage to compensate for the longer commute. Commuting challenges fuel employee turnover and reduce productivity, thereby increasing the cost of doing business.⁴ Imagine an employer whose restaurant is located in a hot new suburban town center. The employer needs a cadre of low- and medium-skilled workers to make and serve the food. But if the neighborhoods where low- and medium-skilled workers tend to live are far outside the town center, the restaurateur will have a limited pool of workers to choose from. On the other hand, if a rapid, reliable transit connection were in place, the available pool of workers would expand, reducing recruitment and retention costs.

Both Baltimore and the Washington, D.C., region have experienced significant shifts in the location of jobs in the past few decades, with more and more jobs locating in suburban areas rather than in urban cores. According to

1 “Final Environmental Impact Statement, Chapter 5” Maryland Transit Administration, www.baltimoremetro.com/images/environmental_studies/feis/09%20Chapter5_Environmental_Resources_FEIS.pdf.

2 Ibid.

3 Final Environmental Impact Statement, Chapter 1,” Maryland Transit Administration, www.purplelinemd.com/images/studies_reports/feis/volume_01/05_PL%20FEIS_Vol-I_Ch%201%20Purpose%20and%20Need.pdf.

4 See, e.g., “Subways, Strikes, and Slowdowns: The Impacts of Public Transit on Traffic Congestion,” Michael L. Anderson, University of California, Berkeley and National Bureau of Economic Research, August 2013, http://are.berkeley.edu/~mlanderson/pdf/Anderson_transit.pdf.

2011 data, in the Baltimore region only 16.1 percent of jobs are located in the city core.¹ Suburban jobs are less well-served by transit, and as those areas grow congestion can become crippling if no alternatives to driving emerge.

In the Baltimore region, residents can access fewer than one in three jobs via transit² within 90 minutes, according to a national survey conducted by the Brookings Institution.³ In the Washington region, that figure is just over one in three, or 37 percent.⁴

This lack of transit access undoubtedly contributes to the long travel times experienced by rush-hour commuters in both regions. Among the 51 largest metropolitan areas, Washington, D.C., ranked 14th in terms of how long peak-period travelers had to spend to get to their destination — even worse than Atlanta, which ranked 15th.⁵ Baltimore commuters spent slightly less time on the roads, but still had to sit in their cars longer than commuters in cities such as Miami, Philadelphia, Austin, Sacramento, and Chicago.⁶

The Red and Purple lines would provide new and faster connections to both urban and suburban job centers, allowing employers to recruit from a larger worker pool. There are 7,500 businesses located along the Red Line corridor, the majority of them small or midsized.⁷ These businesses would have access to more than 200,000 people — potential employees and customers — who live not just along the Red Line itself but near Baltimore’s other transit lines as well. Businesses along Baltimore’s existing transit lines will also have new potential employees and customers, as people living in the Red Line corridor will be able to access those jobs and stores by connecting from the Red Line to either the Metro subway or the Central light rail. In the national capital region, opening the Purple Line will create access to more jobs not just for the people living along the Purple Line corridor, but also for the half a million people living near Metro stations throughout the region. The productivity increases generated by the Purple Line would raise the income of households in the region by \$2.2 billion per year and allow businesses to create 27,183 new jobs, according to a recent study.⁸

When the Red Line is built, nearly 250,000 jobs will be accessible by Baltimore’s rail system.⁹ Nearly 290,000 jobs will be accessible in the national capital region by rail.¹⁰ Maryland businesses would be able to reduce the cost of employee recruitment and retention through increased access to workers from around the region.

1 “Surging City Center Job Growth,” City Observatory, February 2015, <http://cityobservatory.org/wp-content/uploads/2015/02/Surging-City-Center-Jobs.pdf>.

2 In this study transit refers to both bus and rail.

3 “Missed Opportunity: Transit and Jobs in Metropolitan America,” Brookings Metropolitan Policy Program, www.brookings.edu/~media/Series/jobs-and-transit/BaltimoreMD.PDF

4 Ibid.

5 “Driven Apart, Executive Summary,” CEOs for Cities, September 2010, <http://documents.scribd.com/s3.amazonaws.com/docs/3mea0rxg001huf45.pdf>.

6 Ibid.

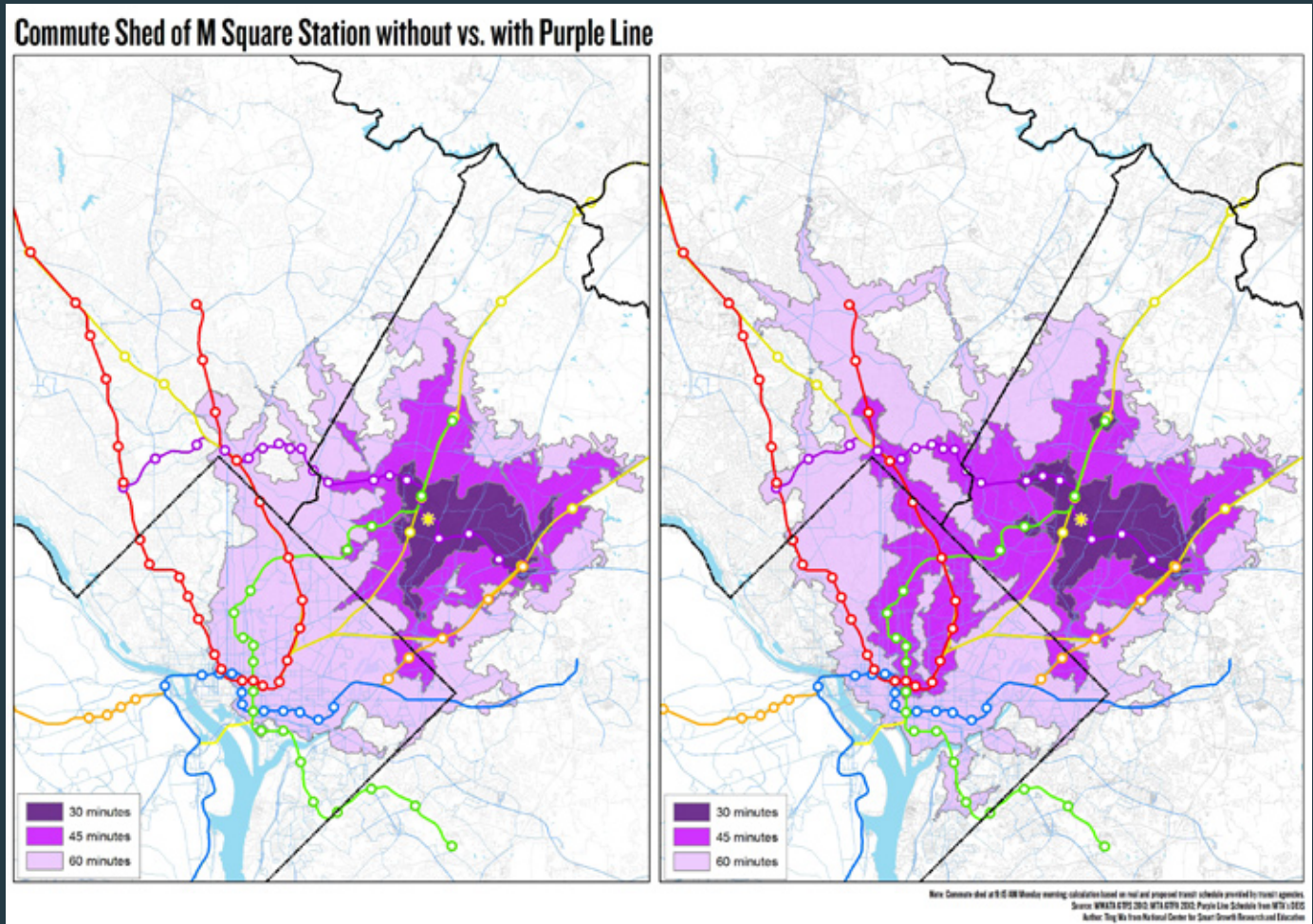
7 “Final Environmental Impact Statement, Chapter 5” Maryland Transit Administration, www.baltimoreredline.com/images/environmental_studies/feis/09%20Chapter5_Environmental_Resources_FEIS.pdf.

8 “Preliminary Economic Impact Study Update,” Transportation Economics & Management Systems, Inc., March 2015; jobs are per year.

9 National TOD Database, www.toddata.cnt.org, 2009 ACS data. Jobs within ½ mile of the Metro Subway, Central Light Rail, and Red Line. Does not include MARC commuter rail stations.

10 National TOD Database, www.toddata.cnt.org, 2009 ACS data. Jobs within ½ mile of the Metrorail system and the Purple Line. Does not include MARC or VRE commuter rail stations.

Transit Commute Sheds



One way that transportation planners look at the job connections provided by transit is with “commute shed” maps. These maps illustrate, for any particular transit station, how far away people can live from the station and still reach it within a certain amount of time (usually 30, 45, and 60 minutes). Such maps can be helpful in graphically illustrating how far the positive impact of a new transit line extends for commuters. For example, this map illustrates the commute shed for the M Square station on the Purple Line. M Square is an emerging employment center where the University of Maryland and several private companies are locating research facilities. The map on the left shows where people can live and still commute to M Square within an hour if the Purple Line is not built. The map on the right shows that, with the Purple Line, the employers at M Square can recruit from a much larger geographic area, stretching farther into Montgomery County and Southeast Washington D.C. These maps show the commute times at 9:15 a.m. on a Monday — in other words, during peak commute hours. The travel times would be different for workers whose jobs require them to commute during off-peak hours, such as 2nd and 3rd shift workers. Given that many 2nd and 3rd shift jobs are lower-paid, transportation costs can be a significant burden to these employees. Non-peak hour commuters should also be considered when developing transit options.

Source: National Center for Smart Growth, University of Maryland, <http://smartgrowth.umd.edu/assets/images/plcc/cs17.jpg>.

Attracting businesses to Maryland – and keeping them there

“Good access to transit helps companies like BASF differentiate itself from the competition...access to public transportation and company support of commuter assistance programs are key perks that employees look for, particularly in urban and suburban areas....It’s in each state government’s best interest to continuously invest in its transit system to keep people working and living in their state.”¹

Frank Bozich, President of BASF, The Chemical Company, Catalysts Division

1 http://web1.ctaa.org/webmodules/webarticles/articlefiles/Fall_11_Transit_Fuels_the_Economy.pdf.

The 21st century economy is increasingly global — and mobile. High tech is no longer limited to Silicon Valley; financial companies are no longer found only on Wall Street. The workforce is moving as well, with factors such as culture, cost of living, and convenience playing a greater role in people’s decisions about where to live. This phenomenon has the potential to have a major impact on Maryland businesses. If the workforce they need is choosing where to live based on factors other than where the jobs are, the businesses may find they have no choice but to follow the workforce. If Maryland is going to retain its major companies, and recruit more to the state, it will need to provide the kind of environment that its desired workforce is seeking.¹

Other states and regions already are winning out as businesses recognize that locating near transit is essential for their future growth. State Farm, one of the largest insurance companies in the nation, is consolidating and expanding its workforce in three locations — Tempe, Atlanta, and Dallas — based on their ability to secure office space adjacent to transit stations.² The new regional hubs will be “a live-work-play environment that will give employees easy access to their work from the neighboring communities,” explains Michael Tipsord, chief operating officer for State Farm. “Access to public transportation and multiple transportation options is critical to our operations going forward.”³



State Farm’s three new regional hubs. Atlanta (left) rendering courtesy of State Farm; Dallas and Tempe from Google Earth. Read more at <http://t4america.org/2015/03/16/state-farm-is-moving-to-concentrate-thousands-of-employees-in-locations-near-transit/>.

1 “Survey: To Recruit and Keep Millennials, Give Them Walkable Places with Good Transit and Other Options,” Transportation for America, April 22, 2014, www.t4america.org/2014/04/22/survey-to-recruit-and-keep-millennials-give-them-walkable-places-with-good-transit-and-other-options/.

2 “State Farm Is Moving to Concentrate Thousands of Employees in Locations Near Transit,” Transportation for America, March 16, 2015, www.t4america.org/2015/03/16/state-farm-is-moving-to-concentrate-thousands-of-employees-in-locations-near-transit/.

3 “State Farm Exec: Transit Helped Tempe Get \$600 Million Hub,” Arizona Republic, February 20, 2015, www.azcentral.com/story/news/local/tempe/2015/02/20/state-farm-exec-transit-helped-tempe-get-hub/23734761/.

Motorola Mobility, a maker of mobile phones, recently moved its headquarters from suburban Libertyville, IL, to downtown Chicago, after losing out on top-flight job candidates who did not want to live so far from a city.¹ United Airlines had previously moved its employees to a new headquarters in Chicago, citing access to transit as a key reason for leaving its long-time suburban campus in Elk Grove Township, IL.² In announcing the move, former United Airlines chief Glenn Tilton noted that 80 percent of the company's employees live within five miles of a commuter rail station, making downtown Chicago, which is well-served by commuter rail, an ideal location.³

In Phoenix, which opened its first light rail line in 2008, city leaders are already seeing a difference in where businesses are choosing to locate. Banner Health, which operates hospitals throughout the western United States, recently decided to consolidate its headquarters employees to a new office in midtown Phoenix. In announcing the decision, Phoenix mayor Greg Stanton noted that, "Banner said that the central location and the proximity to light rail and transit was a major factor in the decision. Light rail is a big part of the conversation for businesses looking at Phoenix."⁴

Maryland businesses are already feeling the pull of transit access. In announcing Marriott's move earlier this year, CEO Arne Sorenson said that in order to recruit the most talented workers, "it's essential we be accessible to Metro."⁵ Stephen P. Joyce, the chief executive of Choice Hotels, located his company's headquarters in downtown Rockville, close to Metrorail and MARC service. The location is important, he said, for recruiting the young workers his company needs. "If you're a suburban employer and you want to be relevant to people who want to live in urban locations, you've got to think mass transit," Joyce said. "I can't compete unless they can get to us without driving."⁶ A study by real estate firm Cushman & Wakefield found that, at the end of 2013, 84 percent of the office space currently under development in the national capital region was within a quarter-mile of Metrorail.⁷

"Businesses that are determining where they will locate are looking first along the light rail line. I've got a lot of interest in the Central Corridor and Gateway areas."¹

Phoenix Community and Economic Development Director Christine Mackay

¹ <http://www.bizjournals.com/phoenix/blog/business/2015/02/phoenix-transit-extension-is-about-economic-growth.html?page=all>

1 "Companies Say Goodbye to the 'Burbs," Wall Street Journal, December 4, 2013, www.wsj.com/articles/SB10001424052702304281004579222442197428538.

2 "Corporate Campuses in Twilight," Crain's Chicago Business, May 28, 2011, www.chicagobusiness.com/article/20110528/IS-SUE01/305289984/craains-special-report-corporate-campuses-in-twilight.

3 Ibid.

4 "Banner Day for Midtown: Mayor Stanton Touts HQ Move, Midtown Renewal in State of City," Phoenix Business Journal, April 8, 2015, www.bizjournals.com/phoenix/blog/business/2015/04/banner-day-for-midtown-mayor-stanton-touts-hq-move.html?page=all.

5 "Marriott CEO: We Will Move Our Headquarters," Washington Post, March 1, 2015, www.washingtonpost.com/news/digger/wp/2015/03/01/marriott-ceo-we-will-move-our-headquarters/.

6 "Suburbs such as Montgomery County Rethink Transit to Court Millennials," Washington Post, March 29, 2015, http://www.washingtonpost.com/local/trafficandcommuting/yearning-for-car-averse-millennials-suburbs-turn-to-transit/2015/03/29/cb916cd8-d259-11e4-8fce-3941fc548f1c_story.html.

7 "Every Foot Matters When It Comes to Real Estate Near Metro, Researchers Say," Washington Post, December 10, 2013, www.washingtonpost.com/business/capitalbusiness/every-foot-matters-when-it-comes-to-real-estate-near-metro-researchers-say/2013/12/10/7e042f6a-6120-11e3-bf45-61f69f54fc5f_story.html.

As these examples show, the corporate real estate market appears to be shifting back toward urban areas with good transit access. Places that are building or expanding transit will have a competitive edge over their counterparts who can offer only isolated office parks and suburban campuses. If Maryland is to succeed in attracting and retaining major employers, the state must provide what the market is demanding: office locations near high-quality, frequent transit lines. The Red and Purple lines would expand the supply of transit-accessible locations the state can offer to companies, making it easier to attract quality employees and therefore cheaper to do business in the state.

Attracting real estate development

“We are focusing our investments almost exclusively in areas that are walkable and near transit, because that’s what the market is demanding. The Purple Line fits perfectly into that strategy, and the decision whether or not to move forward with the project will absolutely influence our investment decisions in the region going forward.”

Evan Goldman, Vice President of Development for Federal Realty Investment Trust

As discussed above, there is increasing demand for housing and commercial development near transit. Experience from around the country shows that transit can be a catalyst for such development. Since opening its first light rail line in 1996, Dallas, TX, has seen nearly \$8 billion in new development, and millions more invested in renewal of existing properties, near light rail stations.¹ In the first three years of its operations, the light rail in Charlotte, NC, generated \$451 million in private development near transit stations (despite a slowdown in development nationally during 2008-09), with another \$490 million under construction.²

Providing high-frequency transit, coupled with zoning to permit walkable development, could attract developers to Maryland — as it has in other states — by providing an environment where they can succeed in serving market demand. The corridors are prime areas for development. Along the Red Line, over 2,000 acres of property in station areas have strong potential for redevelopment, according to documents submitted to the Federal Transit Administration.³ “We are focusing our investments almost exclusively in areas that are walkable and near transit, because that’s what the market is demanding,” Evan Goldman, Vice President of Development for Federal Realty Investment Trust, told us. “The Purple Line fits perfectly into that strategy, and the decision whether or not to move forward with the project will absolutely influence our investment decisions in the region going forward.”⁴

1 DART InMotion, Spring 2013, <https://www.dart.org/about/inmotion/spring13/DARTRailTOD.pdf>.

2 “Charlotte LYNX Blue Line Economic Development Impact and Land Use Patterns,” Presented to National Governors Association Policy Academy by Peter Zeiler, City of Charlotte Economic Development Division, www.nga.org/files/live/sites/NGA/files/pdf/1012TRANSPORTZEILER.PDF.

3 Baltimore Red Line Project Profile, Federal Transit Administration, November 2014, www.fta.dot.gov/documents/MD_Baltimore_Red_Line_Profile_FY16.pdf.

4 Statement of Evan Goldman, via email, April 3, 2015.

Maryland also can attract new development by reducing requirements for excess parking, which can add \$30,000 or more per space to construction costs.¹ Local zoning codes that fail to make distinctions between properties that are located near high quality transit and properties that are not can be adjusted to take full advantage of the rail service and the clustering of offices, homes, and services around it.

Montgomery County recently amended its zoning code to allow less parking in developments near rail stations because the Metrorail system attracts a high percentage of trips from nearby residential and commercial properties.² This change has the potential to create significant cost savings for developers. Today, Montgomery County has only 11 Metro stations within its borders. Building the Purple Line would add another 8 rail stations to the county's total, providing additional opportunity to attract development and increase the tax base. Prince George's County, as well as Baltimore City and County, would be able to follow Montgomery County's lead and spur development around their new stations by ensuring that developers are not subjected to unnecessary costs. With these two new transit lines, Maryland could become a leader in attracting new real estate development.

Saving Marylanders money – so they can spend it elsewhere

High-quality, frequent transit not only reduces costs for businesses and developers, but also for people who live near enough to the transit line to use it regularly. This could be a particular boon for middle-class households, who today are spending an outsize share of their budgets on transportation – nearly one of every five dollars, according to recent federal statistics.³ Car ownership is expensive, with costs that continue far beyond the initial purchase price. When average local expenditures for gasoline, registration, parking, maintenance and insurance are taken into account, a person in Baltimore who rides transit rather than owning a car can save \$11,412 annually, or \$951 per month, according to a national survey by the American Public Transportation Association.⁴ The same survey found that a person in the national capital region could save \$11,173 annually, or \$931 per month.⁵ Even if someone owns a car but is able to take transit to and from work, they can save significantly on parking, maintenance, and insurance.

As long as the housing near transit remains affordable, the money that individuals save will be put to other productive uses, such as purchases from local businesses, preventive healthcare, education, and other essentials.⁶ In Baltimore, for example, the Red Line is currently projected to attract 18,410 new riders by 2035.⁷ If just one quarter of those riders found that they could drive less and save the amounts listed above, that represents \$52.5 million dollars per year that would become available to spend in the local economy. In the Washington area, the Purple Line will attract 28,626 new riders; again, assuming that just a quarter of those

1 “The High Cost of Minimum Parking Requirements,” Donald Shoup, UCLA, in *Parking Issues and Policies* (Transport and Sustainability Volume 5), 2014. <http://shoup.boi.ucla.edu/HighCost.pdf>.

2 <http://montgomeryplanning.org/development/zoning/documents/59-7GeneralReqs5.2.13PBDraftFinal.pdf>.

3 www.citylab.com/commute/2015/04/how-car-reliance-squeezes-the-middle-class/390678/.

4 “March Transit Savings Report,” American Public Transportation Association, March 31, 2015, www.apta.com/mediacenter/press-releases/2015/Pages/150331_Transit-Savings.aspx.

5 Ibid.

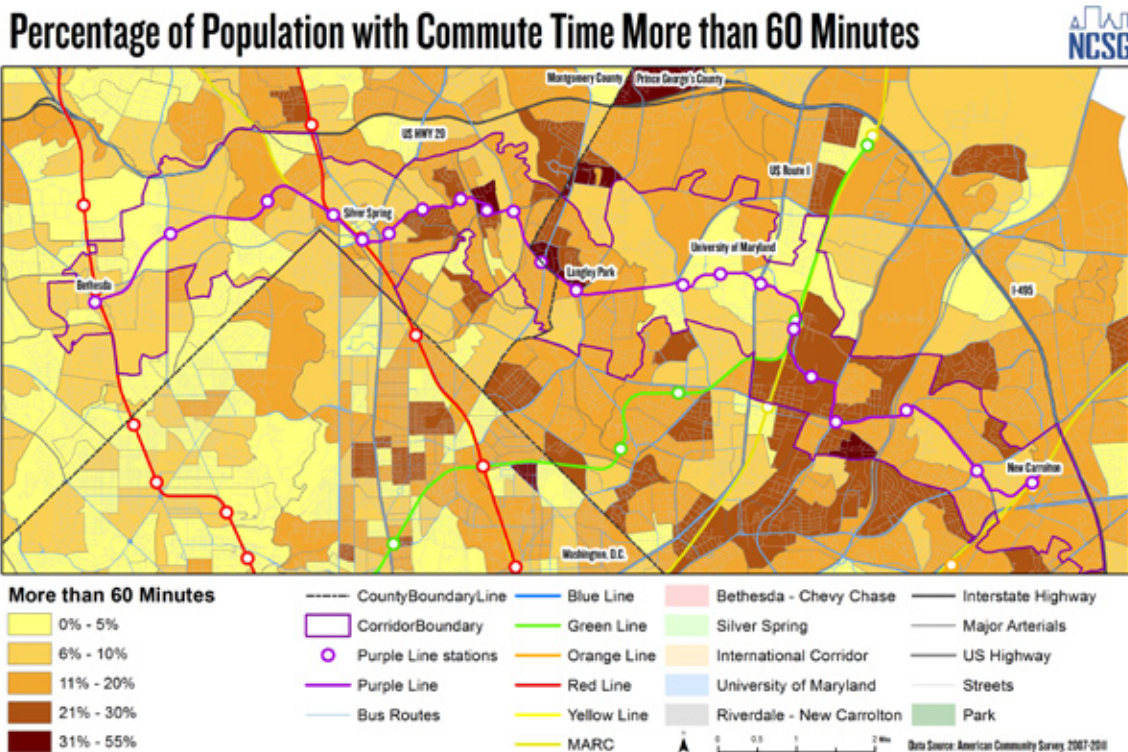
6 “Locating Affordable Housing Near Transit: A Strategic Economic Decision,” Reconnecting America, September 2012, www.reconnectingamerica.org/assets/Uploads/20120904AHpolicybrief.pdf.

7 “Final Environmental Impact Statement, Chapter 2,” Maryland Transit Administration, www.baltimoremetro.com/images/environmental_studies/feis/06%20Chapter2_Project_Alternatives_FEIS.pdf.

riders reduced their driving enough to save the amount above, nearly \$80 million would become available for goods and services from Maryland businesses.

Given the high cost of car ownership and operation, it is not surprising that people who live in auto-oriented environments tend to spend more of their families' budgets on transportation than people who live in areas with good transit access. Households where travel options are limited to driving spend about 24 percent of the budget on transportation, while households in walkable neighborhoods with good transit access and a mix of housing, jobs, and shops spend about 12 percent of their budget on transportation.¹ The Red and Purple lines, if coupled with supportive land use planning, can help to create the type of walkable, mixed-use environment that allows families to reduce the amount of their hard-earned money that they have to spend on transportation.

Addressing the cost of transportation is particularly important for people who live along the Red Line and Purple Line corridors, which are significantly more diverse and low-income than the state as a whole. 60 percent of the population in the neighborhoods surrounding the Red Line is African-American, and another 12 percent is Hispanic, Asian, or another minority group.² One in five households along the Red Line corridor have an income level below the poverty line, and in some neighborhoods that figure rises to more than one in two.³ The majority of residents along the Purple Line corridor are people of color as well, with African-Americans and



Source: National Center for Smart Growth, University of Maryland, <http://smartgrowth.umd.edu/assets/images/plcc/d17.jpg>.

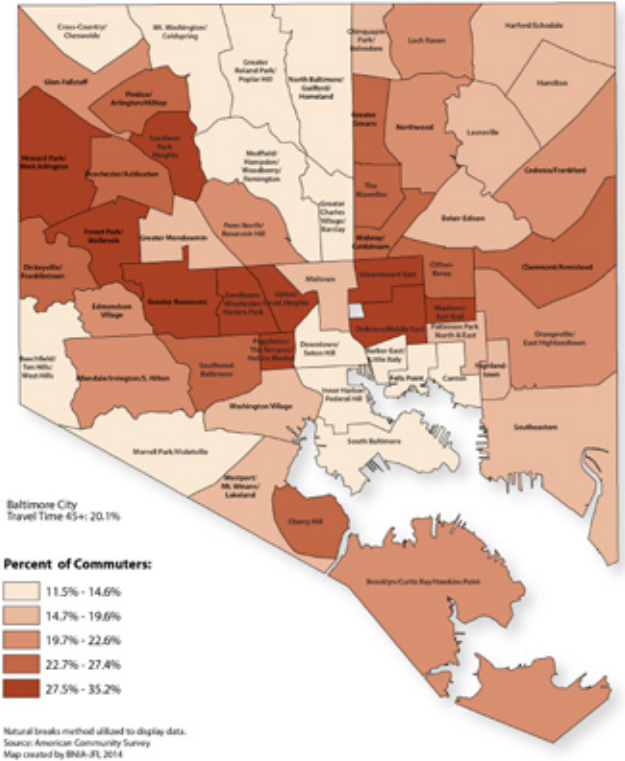
- 1 "Locating Affordable Housing Near Transit: A Strategic Economic Decision," Reconnecting America, September 2012, www.reconnectingamerica.org/assets/Uploads/20120904AHpolicybrief.pdf.
- 2 "Final Environmental Impact Statement, Chapter 5" Maryland Transit Administration, http://www.baltimoreddline.com/images/environmental_studies/feis/09%20Chapter5_Environmental_Resources_FEIS.pdf.
- 3 Ibid.

Hispanics making up 28 and 27 percent of the population, respectively.¹ In some neighborhoods through which the Purple Line would run, the percentage of low-income households is 50-100 percent higher than the average for the state.² With the population in these areas projected to grow in the future, these communities need to be connected to educational, training, and employment opportunities, to ensure that all Marylanders can succeed.

It is not only those who shift trips from driving to transit who will see more money in their pockets. People in both regions who ride transit today will see significant reductions in their travel times once the new lines are operational. This is because both regions currently lack an east-west rail connection, so that connection has to be provided by buses, which use the same congested roadways as cars do. As a result, there is a limit to how fast bus service can operate — only at the speed of traffic — leaving commuters with a long, slow daily slog. As the two maps (on this and the previous page) show, many people currently living along the Purple Line route have commutes longer than an hour, particularly along the eastern portion of the route, which tends to be lower-income. In Baltimore, the need for a faster east-west connection is clear from the numbers of people commuting more than 45 minutes, particularly to the west of downtown.

When completed, the Purple Line will reduce transit travel times from Bethesda to New Carrollton from 92 minutes today (projected to increase to 108 minutes in 2040) to 63 minutes.³ The Red Line will reduce travel times for riders along the Woodlawn–Bayview corridor from 79 minutes in 2035 to 45 minutes.⁴ For the individuals currently riding buses in these corridors, these travel-time savings are significant. The time saved can be put to productive uses, such as working for a longer period, becoming more involved in children’s education, or participating in community organizations — all of which would make Maryland a more desirable place for families to be.

Percent of Commuters Spending 45+ Minutes Travelling to Work By Community Statistical Area, 2008-2012



Source: <http://bnajfi.org/wp-content/uploads/2014/04/Travel-Time-45-Plus-20121.jpg>

1 “Final Environmental Impact Statement, Social Effects and Land Use Planning Technical Report” Maryland Transit Administration, http://www.purplelinemd.com/images/studies_reports/feis/volume_03/06_PL-Tech-Report_Social%20Effects%20and%20Land%20Use%20Planning_August%202013.pdf.

2 Ibid.

3 “Final Environmental Impact Statement, Chapter 3,” Maryland Transit Administration, www.purplelinemd.com/images/studies_reports/feis/volume_01/07_PL%20FEIS_Vol-I_Ch%203%20Transportation.pdf. Note that one can travel via Metrorail from Bethesda to New Carrollton in 55 minutes, but that route would not provide access to any of the other destinations in the Purple Line corridor.

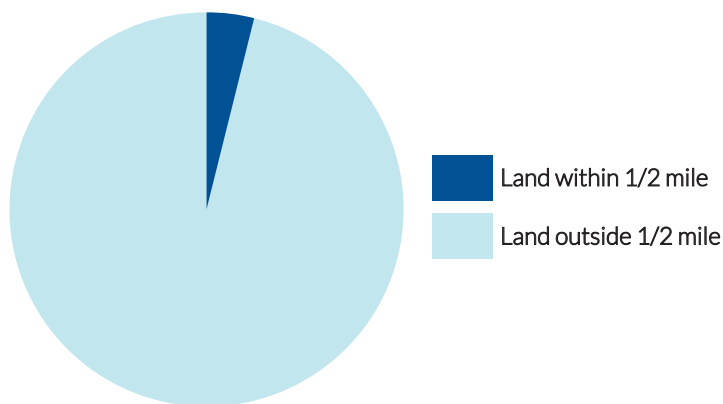
4 “Final Environmental Impact Statement, Chapter 5” Maryland Transit Administration, www.baltimoreline.com/images/environmental_studies/feis/09%20Chapter5_Environmental_Resources_FEIS.pdf.

Increasing the tax base

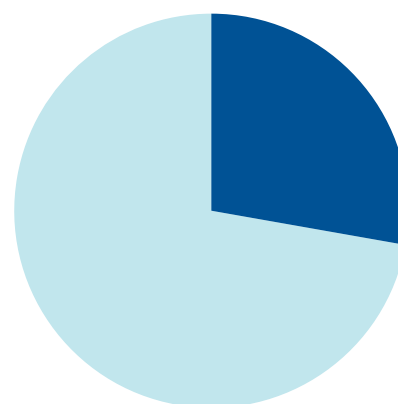
For the reasons discussed in the previous sections, property located within walking distance of a high-quality, frequent transit line is desirable to both businesses and individuals. As a result, the value of such properties tends to increase when the transit line begins operation, and sometimes even beforehand in anticipation of the project being built. The additional property value that is created by the transit line is rarely quantified and considered when the project's costs and benefits are being weighed, which misses an important aspect of the project's contribution to the city's or state's tax base. Raising revenue by increasing property values is also politically easier than raising revenue through rate increases.

Several studies have confirmed the effect of well-designed transit on adjacent property values. In the national capital region, property within a half-mile of Metrorail stations is worth seven to nine percent more than property farther away, and generates 28 percent of the region's property taxes even though it is only four percent of the land, as shown in the two charts on the following page.¹ An analysis of the BART system in the San Francisco Bay Area found similar results: land within a half-mile of BART stations represents 13 percent of assessed property values in the region, but accounts for only two percent of the taxable land area.² The same study found that single-family homes within a half-mile of BART are worth 15 percent more than homes located more than 5 miles away, and that properties near BART stations were increasing in value faster than the region as a whole.³ In Minneapolis-St. Paul, property located in areas near the region's rail system performed 48 percent better than the region as a whole during the recent recession, retaining significantly more of its value.⁴ In Dallas, office properties located within a quarter-mile of a station command an average 13.9 percent higher lease rate.⁵

Share of land within 1/2 mile of Metrorail stations



Share of property tax revenue from land within 1/2 mile of Metrorail stations



1 "Making the Case for Transit: WMATA Regional Benefits of Transit Technical Report," November 2011, www.wmata.com/pdfs/planning/WMATAMaking%20the%20Case%20for%20Transit%20Final%20Report%20Jan-2012.pdf.

2 "Property Value and Fiscal Benefits of BART," Strategic Economics, August 2014.

3 Ibid.

4 "The New Real Estate Mantra: Location Near Public Transportation," National Association of Realtors and American Public Transportation Association, March 2013, www.apta.com/resources/statistics/Documents/NewRealEstateMantra.pdf.

5 DART InMotion, Spring 2013, <https://www.dart.org/about/inmotion/spring13/DARTRailTOD.pdf>.

Transit lines that connect major regional destinations and provide fast, frequent, and reliable service have the greatest impact on nearby property values.¹ The Red Line and the Purple Line both meet those criteria. The Red Line would connect major employment centers such as the Social Security Administration, the Inner Harbor, and the Johns Hopkins Hospital Bayview campus, while the Purple Line would link the University of Maryland with the job centers of Bethesda and Silver Spring. Both lines would provide much faster service than is available in the corridor today, with the Red Line operating every 10 minutes during peak travel periods, and the Purple Line running every six minutes during peak periods.² It is therefore reasonable to assume that both lines would have a positive impact on local property values, leading to increased property tax revenues without the need for a rate increase. The updated economic impact study of the Purple Line estimated the property value increase at \$12.8 billion over 30 years.³

As discussed above, improving access to jobs and reducing families' transportation costs creates more disposable income among transit riders, which can be used to purchase goods and services from local businesses. Reducing car usage alone could generate over \$130 million in avoided costs for Maryland families, a portion of which would likely then be spent on other products within the state. As a result, sales tax revenues would also see a positive impact from the Red and Purple Lines.

Keeping Maryland's leading universities competitive

Universities — particularly large public universities — make a major contribution to the economic well-being of the state in which they are located. As Standard & Poor's Ratings Services put it, "A better educated workforce typically leads to higher-income jobs ...[and s]ome research universities attract private industry, particularly through research parks, which foster innovation and create jobs."⁴ S&P went on to note the importance of good transportation connections to support the universities: "Because these research parks are typically not proximal to an institution's main campus, infrastructure is important from an access standpoint. And because regional universities and community colleges often rely on a large commuter base, underinvestment in infrastructure could diminish enrollment."⁵

Maryland is home to a strong state university system as well as a number of highly regarded private universities. The Purple Line would directly serve the University of Maryland's flagship campus in College Park, with two stations on campus, and a new rail connection to the town of College Park and the M Square research park. The University's leaders are concerned about the ability of the school to retain its gains in national ratings because it lacks a strong "college town" and convenient connections to high-tech research and job opportunities for its students. The University's president, Wallace Loh, also recognizes the impact of growing traffic congestion on his ability to recruit and retain faculty. Noting that a peak hour commute to the University from Bethesda is expected to take 90 minutes by 2020, he said, "There's no way we can retain faculty if that's the case. It's either

1 "Property Value and Fiscal Benefits of BART," Strategic Economics, August 2014.

2 Baltimore Red Line Project Profile, Federal Transit Administration, November 2014, http://www.fta.dot.gov/documents/MD_Baltimore_Red_Line_Profile_FY16.pdf; Purple Line Project Profile, Federal Transit Administration, November 2014, http://www.fta.dot.gov/documents/MD_Maryland_National_Capital_Purple_Line_Profile_FY16.pdf.

3 "Preliminary Economic Impact Study Update," Transportation Economics & Management Systems, Inc., March 2015.

4 "Short-Term Savings on Infrastructure Spending Could Prove to Be Short-Sighted," Credit Week, Standard & Poor's Ratings Services, Jan. 22, 2014.

5 Ibid.

massive gridlock or the Purple Line.”¹

Both the Purple Line and the Red Line would facilitate connections between Maryland’s universities and emerging research centers. University of Maryland students and faculty would be just a few stops away from the new research park at M Square, where the university and several private companies are locating research labs. The Red Line would give new access to the University of Maryland’s BioPark, where bioscience and medical research firms are coming together to create a new life sciences hub in the heart of Baltimore.

Maximizing the efficiency of the transportation network

Maryland’s population is projected to continue growing over the next 20 years, leading to increasing demands on public infrastructure. One of the most persistent problems the state will need to address is growing congestion, particularly along east-west corridors in both the Baltimore and Washington regions. According to the Environmental Impact Statement for the Red Line, traveling by car from the western end of the Red Line corridor to downtown – a nine-mile distance – can take as long as 20 minutes during rush hour. By 2035, it is projected to take as long as 28 minutes to travel those 9 miles.² The Purple Line’s Environmental Impact Statement notes that traveling between Montgomery and Prince George’s Counties is similarly challenging: Car trips between Bethesda and New Carrollton are expected to increase by up to 40 percent by 2040.³ In both cases, the major roadways are surrounded by developed neighborhoods, limiting the possibility of major roadway expansion. Building the Purple and Red Lines provides commuters with another option for traveling through these congested corridors. Transit would serve to increase capacity on these roadways without the disruption and excessive cost of road widening in these corridors, saving the state’s resources for other needs.

Building the Red and Purple lines also increases the value of the regions’ existing transit systems, through a phenomenon economists call the “network effect.” Telephones are a useful illustration of how this works. When telephones were first becoming available in the early part of the 20th century, very few people had them. Each phone was of limited utility, because its owner could not call very many people. When a new person got a phone, that phone not only provided value for its owner; it also increased the value of all the existing phones because now those phones could call more people. The same is true for transit: With every new line that opens, the existing lines become more valuable, because they can now get riders to more places. The network effect of the Red Line in Baltimore would be particularly pronounced, since the Red Line will add a significant number of new connections to Baltimore’s existing transit system.

1 “Transit and Town Center Projects Set to Transform College Park,” Baltimore Sun, June 13, 2011, www.baltimoresun.com/news/maryland/bs-md-college-park-development-20110611-story.html#page=1.

2 “Final Environmental Impact Statement, Chapter 2,” Maryland Transit Administration, www.baltimoreredline.com/images/environmental_studies/feis/06%20Chapter2_Project_Alternatives_FEIS.pdf.

3 “Final Environmental Impact Statement, Chapter 3,” Maryland Transit Administration, www.purplelinemd.com/images/studies_reports/feis/volume_01/07_PL%20FEIS_Vol-I_Ch%203%20Transportation.pdf.

CASE STUDIES

Tysons, VA, and the Silver Line

Thirteen miles west of Washington, D.C., is another city, filled with high-rise office buildings, shopping malls, restaurants, and car dealerships. This is Tysons, VA, the largest suburban employment center in the country and the 12th largest business district overall — surpassing the central business districts in Miami, San Diego, and St. Louis.¹ Located in one of the fastest growing regions in the United States, Tysons has 110,000 jobs, more than 25 million square feet of office space, and 20,000 residents.

Formerly known as Tysons Corner, after the owner of the farm located where two major state routes meet, it is now simply called Tysons, a reflection of local leaders' desire to remake the area into something new — a growing economic engine with its own identity, a place that can accommodate more than 80,000 more people and 100,000 more jobs in the next 35 years.²

Already choked with traffic congestion, Tysons could not continue to lead the county in economic growth without providing workers, shoppers, and residents with an alternative way to get where they need to go. Enter the Silver Line, an 11.7-mile extension of the Metrorail system, which would join Tysons and points west to the rest of the region by rail. With four new stations in the Tysons area, the Silver Line would provide exactly what county leaders were looking for. “The Silver Line is the change agent,” observed Gerald Gordon, CEO of the Fairfax County Economic Development Authority.³



The Silver Line under construction in the median of a highway in Tysons Corner. Photo courtesy of VDOT.

“Not only are we providing a service for the people who live here now to get to their businesses and Reston and Tysons and down in the city, we are going to be providing opportunities for people who live in Arlington and Alexandria and Tysons to come out here and have an opportunity to look for jobs out here, and have the same kinds of amenities in terms of transit that they have in those other areas.”¹

Paul Mounier, Loudoun County Transit & Commuter Services Division Manager

1 <http://wtop.com/loudoun-county/2015/03/lm-hold-search-term-bus-new-va-transit-plan-ease-traffic-help-jobs/>

1 “Thinking Outside the Farebox: Creative Approaches to Financing Transit Projects,” Transportation for America, 2012, www.4america.org/wp-content/uploads/2012/08/T4-Financing-Transit-Guidebook.pdf.

2 Ibid.

3 “Here Comes the Neighborhood,” Washingtonian, April 2015, <http://tysonspartnership.org/wp-content/uploads/Washingtonian-Tyson-Article-April-2015.pdf>.

The Silver Line is the first Metrorail extension in a decade and the first time a new line has opened since 1991. It is also the first to use an innovative financing package made up not only of federal, state, and local funds, but also funding from businesses along the route, who recognized that the benefits they would receive from the new Metro connections would far outweigh their cost. Under Virginia's law allowing for Special Improvement Districts, Fairfax County worked with commercial and industrial landowners in the Dulles Corridor to develop a unique public-private partnership to fund the county's portion of the project through assessments based on property values.¹

As a result of these efforts, Fairfax County Board of Supervisors Chairman Sharon Bulova called the Silver Line project “a real example of the way Fairfax County is able to get things done in an effective and an innovative way.”²



Crowds enter and exit the brand-new station on the Silver Line's opening day. Flickr photo by Malcolm K. <https://www.flickr.com/photos/rootsnrails/14755548864>

The Silver Line opened on July 26, 2014, and is well on its way to hitting its ridership targets.³ The new service not only facilitates mobility within Fairfax County, but also further integrates the county into the broader region. Michael Caplin, who leads a consortium of developers and business leaders in Tysons, has called the Silver Line “a major driver, a game changer, because it opens up the Tysons market for easy access from the entire D.C. metro region.”⁴

In 2010, Fairfax County adopted a new comprehensive plan for Tysons. To take advantage of the opportunity offered by the four new stations, the plan calls for 75 percent of new development to occur within 1/2-mile of Metro.⁵ But the development did not wait for the Silver Line to open. In anticipation of its arrival, a building boom has begun. As of September 2014, the county had already approved 19 development applications for property near the rail stations, including 13 million square feet of office space, 15 million square feet of residential, and 2 million square feet of retail and hotel – with another nine applications under review.⁶

The pace of new development has surprised even those who were involved in developing the new plan: “If you had told me even a year ago to see nine high-rise buildings under construction in Tysons, I would have told you you’re crazy,”

Funding for Phase I (in millions)

Federal:

- New Starts: \$900
- Federal Formula (STP): \$75

State:

- Virginia DOT: \$176.7

Local:

- Fairfax County Transportation Improvement District: \$523.8
- Dulles Toll Road Revenues and Bond Proceeds (MWAA): \$1,467

1 “Financing the Dulles Metrorail Extension” Richard F. Stevens, Fairfax County DOT, Rail-volution Presentation, September 9, 2009, www.railvolution.org/rv2005_pdfs/rv2005_226c.pdf.

2 www.fairfaxcounty.gov/news/2014/10-things-to-know-silver-line.htm.

3 “Metro: Silver Line Ridership Remains Strong,” Washington Metropolitan Area Transit Authority, September 24, 2014, www.wmata.com/about_metro/news/PressReleaseDetail.cfm?ReleaseID=5785.

4 “Tysons, a Northern Virginia Crossroads, Waits Impatiently for the Train,” New York Times, June 24, 2014, www.nytimes.com/2014/06/25/business/Tysons-Awaits-Metro-Silver-Line.html?_r=2.

5 “Tysons Is Now An Officially Accepted Mailing Address,” Fairfax County, April 4, 2011, www.fairfaxcounty.gov/news/2011/updates/tysons-now-official-mailing-address.htm.

6 “Transforming Tysons,” Barbara Byron, Fairfax County Office of Community Revitalization, Presentation, September 16, 2014, www.fairfaxcounty.gov/tysons/download/transformingtysonpresentation_091614.pdf.

said Stuart Mendelsohn, a former member of the Fairfax County Board of Supervisors. “I expected people to have rail come and then it would slowly build but people have really jumped in and gotten ahead.”¹

With the coming of the Silver Line, Tysons is poised to continue in its role as a regional economic powerhouse. While other parts of the region are highly dependent on federal government jobs, Tysons is positioning itself as a diversified economic hub for financial, IT, security, and health care firms. According to regional economist and George Mason professor Steven Fuller, Tysons is “planning for a different type of an economy. Not a government economy but a gold-plated economy, with business transactions nationally and globally.”²



Conceptual rendering of a park and proposed buildings in Tysons near one of the new Silver Line stations. Flickr photo by Fairfax County. <https://www.flickr.com/photos/fairfaxcounty/8950791738>.

Salt Lake City, Utah³

Utah is the sixth most urban state in the country, with 80 percent of the population residing along the Wasatch Front, a metropolitan region in the north-central part of the state that includes Salt Lake City, Provo, and Ogden. Bordered to the east by the Wasatch Mountain Range and to the west by the Great Salt Lake and Utah Lake, the region provides limited space for its two million residents.

To compound the issues associated with limited space, the Wasatch Front’s population is expected to increase 60 percent by 2040, swelling to 3.5 million people. Residents, planners, business leaders, and their elected officials are mulling the question: How can we accommodate that growth while maintaining the region’s reputation as an economic powerhouse with world-class outdoor recreational opportunities? Central to the region’s strategy for addressing that growth is focusing more of it along key transportation corridors with current or planned transit and roadway capacity.

The region’s business community has played a leadership role in advocating for additional transportation investment in local and state transportation needs. “The number one issue ten years ago became the infrastructure,” said Lane Beattie, president and CEO of the Salt Lake City Area Chamber of Commerce. “We realized right up front from a business community [perspective], that if we let the infrastructure slip in our communities, we would absolutely commit economic suicide.”

¹ “With Silver Line, Will People Live in Tysons Corner?” Washington Post, July 27, 2014, www.washingtonpost.com/news/digger/wp/2014/07/27/with-silver-line-will-people-live-in-tysons-corner/.

² “Here Comes the Neighborhood,” Washingtonian, April 2015, <http://tysonspartnership.org/wp-content/uploads/Washingtonian-Tyson-Article-April-2015.pdf>.

³ This case study is a shortened version of the one that appears in Transportation for America’s “Can-Do Places” series. For the complete case study, visit www.t4america.org/maps-tools/local-successes/salt-lake-city/.

Since the 1990s, the Utah Transit Authority (UTA) has been busy building a huge transit network comprising 140 miles of commuter rail, light rail, streetcar, and bus rapid transit. In August 2013, the Utah Transit Authority completed its Frontlines 2015 Project — 70 miles of new rail service over a seven-year period, finishing two years ahead of schedule and \$300 million under budget. Five lines of TRAX light rail in the downtown area were extended to the suburbs, and a connecting line to Salt Lake City International Airport has been added. In addition, the S-line Sugarhouse streetcar project, supported with a federal TIGER grant, opened its first phase in December of 2013.

“There is definitely an economic case to be made. We’re seeing more businesses choose to relocate or locate in our downtown area. And the ability to transport the workforce to the jobs is of course the most direct link to the economic engine that transportation can provide, especially for lower income residents of our community,” said Robin Hutcheson, transportation director for Salt Lake City.

According to UTA, 25 percent of commuters arriving in downtown Salt Lake City each day now arrive by public transportation. Salt Lake City’s commuter, light rail lines, and express busses already carry the equivalent of two freeway lanes during peak traffic, and the University of Utah has reclaimed several parking lots for other uses, because more people are taking light rail to the campus. According to UTA, approximately one-third of the faculty, staff, and students going to the University of Utah get there via public transportation.

“The new transit infrastructure is a crucial factor for strengthening Utah’s economy,” said Greg Hughes, UTA board member and past chair, majority whip of the Utah State Legislature, and former chair of its conservative caucus. “For instance, we saw a major tech company relocate to Utah, adjacent to a commuter rail station. This location gave them access to a workforce located all along the Wasatch Front where employees can access FrontRunner commuter rail,” said Hughes. “If you’re anywhere in the country and believe that a successful economy is the rising tide that lifts all ships, then you need to know that tech companies aren’t married to a geographic area. Your mass transit system is a major factor in where these corporations decide to relocate and where they draw their workforce from.”



Salt Lake City’s light rail, bus and commuter rail systems have been expanded with funding from a 2007 voter-approved sales tax, which won by a two-thirds majority. Photo courtesy of the Utah Transit Authority.

“Another critical element of Utah’s healthy economy is our transportation system. Businesses and employees expect smart, efficient, sustainable transportation options, including public transit.”¹

Jeff Edwards, President and CEO of the Economic Development Corporation of Utah.

¹ <http://utahpulse.com/index.php/features/business/1908-smart-investment-supports-a-strong-economy>

David Golden, a banking executive with Wells Fargo and co-chair for Salt Lake Chamber's transportation initiative the Utah Transportation Coalition, agrees. "One thing I think we've proven is that an investment in transportation pays dividends for our economy, and I think the citizens and leadership of our state generally understand that," he said. "From a business community perspective, we understand how important this investment is and how beneficial it is. We are a growing state with numerous demands, but I think overall, transportation is a proven winner in this state and one that people are on board with getting behind." Golden points to an economic analysis that found a \$1.94 gain in gross domestic product for every \$1 invested in the state's Unified Transportation Plan. "That's a winner," he said.

RETURN ON INVESTMENT

For every \$1.00 spent on the State of Utah's unified transportation plan, an estimated \$1.94 is returned to the state in value



"Utah sees its transportation infrastructure—rails, roads, buses—as a way to stay competitive, not just in the western United States, but globally," said Hughes. "The world is flat. Our workforce—those students who are graduating from college and entering the workplace—they are not just competing regionally any longer. They're competing on a world stage. Utah wants to be in that game. We want people to live and work in the state of Utah and be competitive."

Through a lot of consensus building and the cooperation of the public and private sectors on the Wasatch Front, the region's leaders have built a transportation network that has laid the groundwork for economic prosperity for years to come.

CONCLUSION

2015 is a key year for Maryland's future economic success. Decisions made regarding the Red and Purple Lines will affect the state's businesses and families not just today, but for many years to come. If the state decides not to move forward, the impact will be long-lasting. The federal funding that is currently available for these projects will be pulled back and given to other projects in other states around the country. Developers and companies will look to other parts of the country that can provide the infrastructure they need to compete in a 21st century market. The private companies that were prepared to join with the state in public-private partnerships to deliver these projects will turn their attention elsewhere, writing Maryland off as too much of a risk to continue investing their time and money there.

As this report has shown, the Red Line and the Purple Line would deliver numerous economic benefits to the state of Maryland, including:

- **35,246 jobs** created as a result of construction
- **\$9.1 billion** of construction-related economic activity
- **174,000 more** Maryland residents with access to rapid transit
- **540,000 jobs** accessible by rail transit in the Baltimore and National Capital Regions
- The ability to **attract and retain businesses** who want transit-accessible locations
- **\$132.5 million** saved by families who use a car less often
- **Increased** property values
- **Fiscally responsible and efficient** use of infrastructure

Each one of these benefits tells just one piece of the full story of these projects. Taken together, the evidence is overwhelming that the Red and Purple Lines are a vital investment in Maryland's future.