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# Time to Get Moving:

Improving commuter and intercity rail facilities  
and services on Manhattan's West Side

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## Executive summary

A solicitation of proposals for redevelopment of the James A. Farley Building and Penn Station, issued jointly by the Empire State Development Corporation, Amtrak and the MTA in January 2016, provides New York and the New York-New Jersey region with a unique opportunity to improve Penn Station, and to provide a much-improved experience to the hundreds of thousands of commuters and travelers who use it every day.

### The Empire Station Complex: Principal elements

The three agencies' approach to redeveloping what the joint solicitation calls the Empire Station Complex has several elements:

1) Engaging a private partner to redevelop the Farley Building, located on Eighth Avenue between 33rd and 31st Streets in Manhattan. From a transportation perspective, the key elements of the redevelopment program include:

- The Moynihan Train Hall – a new, 210,000 square-foot great hall, similar to that at Grand Central, serving both Amtrak and commuter rail passengers. The Train Hall would include ticketing, information and baggage services, waiting areas and other amenities, including 62,000 square feet of new retail and restaurant space.
  - Direct access to Amtrak and Long Island Rail Road (and some New Jersey Transit) train platforms from both the Moynihan Train Hall and a new passenger concourse running parallel to the west side of Eighth Avenue. This would provide an alternative to – and relieve congestion on – Penn Station's platforms and its existing stairways, escalators and elevators.
  - Improved access from the street to both the Train Hall and the concourse – especially important to the growing number of commuters going to or coming from the rapidly-developing area west of Eighth Avenue.
- 2) Engaging a private partner in the redevelopment of the existing Penn Station. Major elements of the Penn Station redevelopment program would include:
- Reconfiguring space on both the upper and lower levels of the Station to improve pedestrian circulation, and to improve the overall experience of commuters and other travelers – for example, by widening and renovating the 33rd Street corridor on the lower level – the principal east-west corridor for LIRR passengers.
  - Improving vertical circulation between the upper and lower levels, by adding new stairways and escalators.

- Expanding and modernizing retail and restaurant space and essential passenger-serving facilities.
- Creating new entrances, improving existing entrances and improving both subway connections and pedestrian areas adjacent to Penn Station, so that commuters and other travelers can more quickly and more comfortably move into and out of the Station.

### **Should Madison Square Garden be relocated?**

The joint ESDC-Amtrak-MTA solicitation is notable as well for what it does not envision – moving Madison Square Garden to a new location and building in its place an entirely new Penn Station. Excluding this alternative makes sense, for several reasons.

1) Moving Madison Square Garden is too costly and would raise new environmental challenges. We estimate that the Moynihan Train Hall and other rail transport improvements in the Farley Building, in combination with a program of incremental (but nevertheless significant) improvements in and around Penn Station, could be completed at a cost of \$2 to \$2.5 billion. We estimate that combining the same improvements at the Farley Building with relocation of the Garden and construction of a new Penn Station, in contrast, would cost \$5.5 to \$6 billion.

2) The incremental approach to improving Penn Station could begin to make the Station function more efficiently, and provide commuters and other travelers with a better day-to-day experience, within the next few years. Relocating the Garden and replacing it with a new Penn Station, in contrast, would mean delaying any significant improvements until late in the next decade.

3) Advocates for building a new Penn Station have recommended a site between Ninth and Tenth Avenues (now occupied by the U.S. Postal Service's Morgan Annex) as a preferred location for a new Madison Square Garden. This is, however, a less desirable site for a major sports and live entertainment venue than the Garden's current location.

- It lacks direct transit or commuter rail access, which could lead to an increase in the number of people traveling to and from the Garden by private auto, taxi or other for-hire vehicle, and thus to increased traffic on local streets.
- The neighborhood surrounding the Morgan Annex is far more residential than the area around Madison Square Garden's current site; moving the Garden to this location could encounter serious resistance and environmental challenges from the local community.

4) The marginal benefits of building an entirely new Penn Station (relative to the benefits associated with the incremental approach described in the joint solicitation) are not nearly enough to justify \$3 to \$4 billion in additional spending. Admittedly, it offers the opportunity to create a spectacular public space; but the public and private partners will already have spent nearly \$1 billion to create a vast new space (the Moynihan Train Hall) immediately across Eighth Avenue.

Some of those who support building a new Penn Station have suggested that removing Madison Square Garden is essential for the construction of new tracks and platforms immediately to the south of the existing station to handle trains that will eventually be arriving and departing via Amtrak's proposed new Gateway tunnel. However, we have seen no evidence that this is in fact the case. The Garden's continued presence above Penn Station should not in any way impede the progress of the Gateway project.

### **Time to move on**

The approach to redeveloping the Farley Building and Penn Station that has been presented by Governor Cuomo, Empire State Development, Amtrak and the MTA offers a real opportunity to dramatically improve the facilities and services available to both commuters and intercity rail passengers traveling into and out of Manhattan. Critical issues must still be addressed: achieving the right balance of public and private investments, bringing New Jersey Transit into the process, the sequencing of proposed improvements, etc. But there is now a framework within which these issues can be addressed and resolved.

Moving Madison Square Garden and building an entirely new Penn Station would be far more expensive, and finding the billions of dollars in additional capital required to finance such a project would be extraordinarily difficult, if not impossible. New rail tunnels under the Hudson and adequate funding of the MTA capital program are both essential to the future of New York City and to the economic vitality of New York State and New Jersey. A new Penn Station does not even come close. It's time to move on.

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## Introduction

In January 2016 the Empire State Development Corporation, Amtrak and the Metropolitan Transportation Authority released a *Joint Solicitation for the Development of the Empire Station Complex*. What the joint solicitation calls “the Empire Station Complex” includes two existing facilities:

- Penn Station, located between Seventh and Eighth Avenues, between 33rd and 31st Streets, serving Amtrak intercity rail passengers, and Long Island Rail Road and New Jersey Transit regional (primarily commuter) rail passengers. The existing basement-level facility was built in the 1960’s as a replacement for the original Penn Station, which – in an era when rail passenger travel was undergoing what appeared to be an irreversible decline – had been demolished to make way for construction of a new Madison Square Garden and 2 Penn Plaza, a 1.5 million square-foot office building.
- The Farley Building, located between Eighth and Ninth Avenues, between 33rd and 31st Streets; originally built to serve as Manhattan’s main post office, and still partially occupied by the U.S. Postal Service. The building was developed in two stages – the main post office, which occupies the eastern part of the Farley superblock, fronting on Eighth Avenue, completed in 1914; and a connected support facility (“the Annex”), completed in 1934, that occupies the western part of the block. Farley is now in the first phase of a long-planned redevelopment as Moynihan Station – a new station that will provide both Amtrak and regional rail passengers with a spacious new train hall, expanded and upgraded amenities and improved access to the platform level.

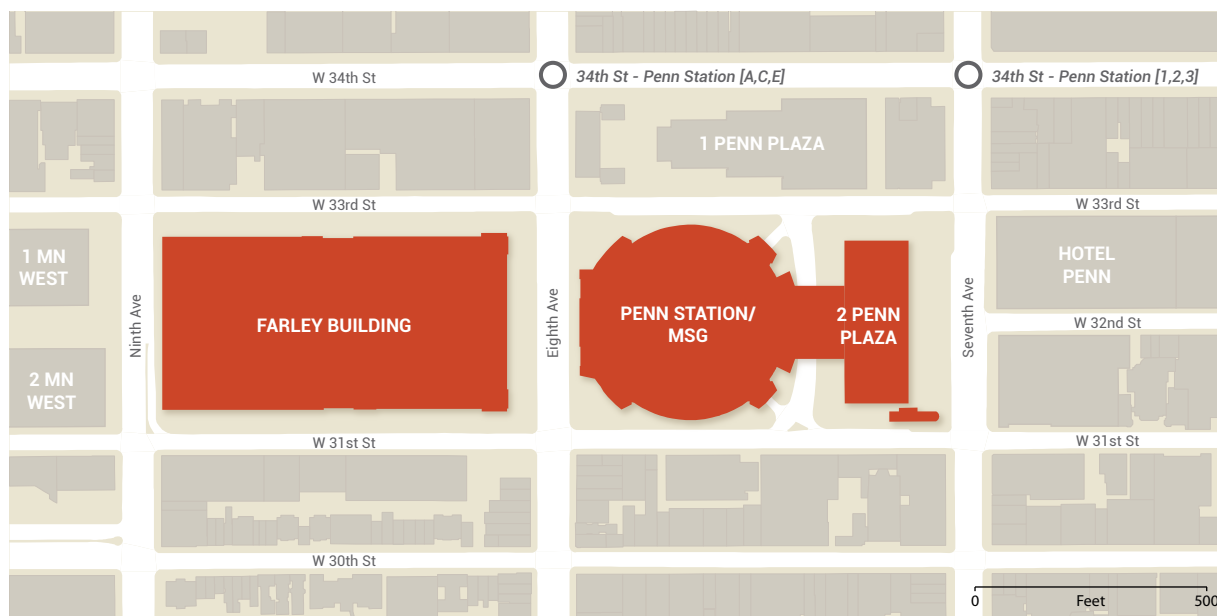
As described in the joint solicitation, the goal of the proposed redevelopment would be to “address Penn Station’s longstanding inadequacies in passenger-handling capacity and to bring the facility forward to rival its urban train terminal peers in terms of passenger comfort, bright and spacious interior volumes and high-quality retail amenities.”

To this end, developers are invited to describe how they would address a specified set of challenges and opportunities to improve passenger facilities and amenities either at Penn Station, the Farley Building or both. At Penn Station, the selected developer would participate in planning for the reconfiguration and upgrading of passenger facilities, and would then lease the Station’s public space from Amtrak, and finance and manage the planned improvements. In exchange, the respondent would have the right to redevelop, expand and manage the Station’s retail space, and would be entitled to “availability payments” from the sponsoring agencies.

At the Farley Building, ESDC (which bought the building from the U.S. Postal Service in 2007) is asking respondents to describe their approach to implementing detailed plans that have already been formulated for development of what is now being called the Moynihan Train Hall, 62,000 square feet of Train Hall retail space, back-of-the house space for Amtrak and the Long Island Rail Road, and 250,000 square feet of space for the U.S. Postal Service.



**Figure 1:** Penn Station area



ESDC is also offering respondents the opportunity to redevelop for commercial purposes up to 640,000 square feet of space in the Farley Annex that will not be needed for railroad or USPS use. Permitted commercial uses could include office, retail, hotel and other commercial uses, but not residential development.

Responses to the joint ESDC-Amtrak-MTA solicitation are due April 22.

After years of delay, the joint solicitation creates an opportunity to move forward – in several stages – with the next stage of redevelopment of the Farley Building, and with badly-needed improvements to Penn Station. At the same time, the joint solicitation implicitly raises a number of questions – about what types of improvements rail passengers can expect, and when; about how they will be financed; and about their ultimate effectiveness.

This report briefly explores several of these questions, including:

- How redevelopment of the Farley Building will benefit both intercity and regional rail passengers;
- How specific improvements in Penn Station – and in its connections to the surrounding area – can provide a better experience for passengers, even within the constraints of the existing structure; and
- Whether (as some observers have suggested) any really significant improvements will require complete demolition of the existing station, Madison Square Garden and 2 Penn Plaza, and the construction of a whole new station complex.

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## The impact of redeveloping the Farley Building

The redevelopment of the Farley Building will improve the overall functioning of what the joint solicitation calls the Empire Station Complex in several ways.

### **New access from west of Eighth Avenue**

In the near term, the Moynihan project will provide new ways for Amtrak, Long Island Rail Road and some New Jersey Transit passengers to reach or exit the platform level from the west side of Eighth Avenue. Phase One of the project, to be completed later this year, will create a new, 450-foot-long lower concourse, accessible via new entrances on the Eighth Avenue side of the building, from which passengers can reach most Penn Station platforms.<sup>1</sup> The new concourse will also connect to the Eighth Avenue subway station, and a new passageway below Eighth Avenue to Penn Station.

Before the end of 2016, Phase One of the project will thus begin reducing congestion at Penn Station's platform level, in its vertical circulation system (stairs, escalators, elevators) and its east-west corridors. It will also increase convenience and save time for rail passengers going to or from the Station from points west of Eighth Avenue. This latter effect is especially important given the scale of development now under way or planned in this area – at Manhattan West, Hudson Yards and other sites on the Far West Side. Transportation planners have estimated that by 2025, about 25 percent of all passengers arriving at or departing from the Moynihan-Penn Station complex will be heading to or coming from points west of Eighth Avenue.

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1. Platforms 1 and 2, both used by New Jersey Transit, terminate at Eighth Avenue, and thus will not be accessible from Moynihan. Passengers on NJT trains arriving on or departing from other tracks will, however, be able to reach the platform level via Moynihan.

**Figure 2:** Rendering of the Moynihan Station West End Concourse



Source: Moynihan Station Development Corporation

### Improving passenger facilities and amenities

Phase Two of the project will provide high-quality passenger facilities and a great public space in the Moynihan Train Hall. The 210,000 square-foot Train Hall will have ticketing, information and baggage services, waiting areas, an Acela passengers' lounge and other amenities, including 62,000 square feet of traveler-oriented and destination retail and restaurant space.

As noted in the joint solicitation, the Train Hall could also include ticketing, information and other services for air passengers who take the Long Island Rail Road to Jamaica, where they can transfer to the Port Authority's AirTrain service to John F. Kennedy International Airport, or who take Amtrak or NJT trains to the AirTrain station at Newark Liberty International Airport.

The Train Hall will also provide additional points of access to the platform level. When it is completed, Phases One and Two together will have increased vertical circulation capacity in the Moynihan-Penn Station complex by about 25 percent.

**Figure 3:** Rendering of the Moynihan Train Hall



Source: New York State Governor's Office

### Freeing up space in Penn Station

When Phase Two is completed, Amtrak will move many of its operations (including passenger-facing functions such as ticketing, information and waiting areas, and some “back-of-house” functions such as offices and baggage facilities) from the upper level of Penn Station to the Farley Building. While Amtrak will continue to occupy some space on the lower level for back-of-house uses, this shift is expected to free up more than 60,000 square feet of space in Penn Station, which can then be redeveloped (as described below) for a variety of other purposes.

At an estimated cost (based on information from several sources) of approximately \$1.3 billion in public and private investment, the first and second phases of the Moynihan project will thus provide significant improvements to the functionality of the combined station complex, offering greater convenience (and in some cases significant time savings), enhanced amenities and a better day-to-day experience for both intercity travelers and commuters.

The next section of the report highlights several examples of improvements that have been proposed within the existing structure of Penn Station.

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## Improvements within Penn Station

Penn Station's location beneath Madison Square Garden limits the range of options that are available for altering its physical structure. But there are strategic opportunities to improve its internal configuration, especially from the perspective of how well it functions as a commuter rail station, and the day-to-day experience of the people who use it. Many of these options are cited in the joint ESDC-Amtrak-MTA solicitation; others have been suggested by planners with an interest in the future of Penn Station.

Below we highlight potential and significant ways to improve the user experience at Penn Station. Our purpose in doing so is not to evaluate (or even identify) all of the possible options. It is simply to demonstrate that there are ample opportunities available, even within its existing structural constraints, for making Penn Station work better.

On the Station's upper level, there will be room for many improvements, especially after many of Amtrak's operations (both passenger-facing and back-of-house functions) are relocated to the Farley Building. They could include:

- Demolishing the existing, enclosed Amtrak waiting area, the Amtrak ticketing area and other support facilities. As noted previously, this could open up more than 60,000 square feet of space for redevelopment.
- Using some of this freed-up space to create a new upper-level 32nd Street Corridor from Seventh to Eighth Avenue, lined with new retail, restaurants and other amenities.
- Providing space for some limited Amtrak and Long Island Rail Road ticketing and information functions on the upper level.

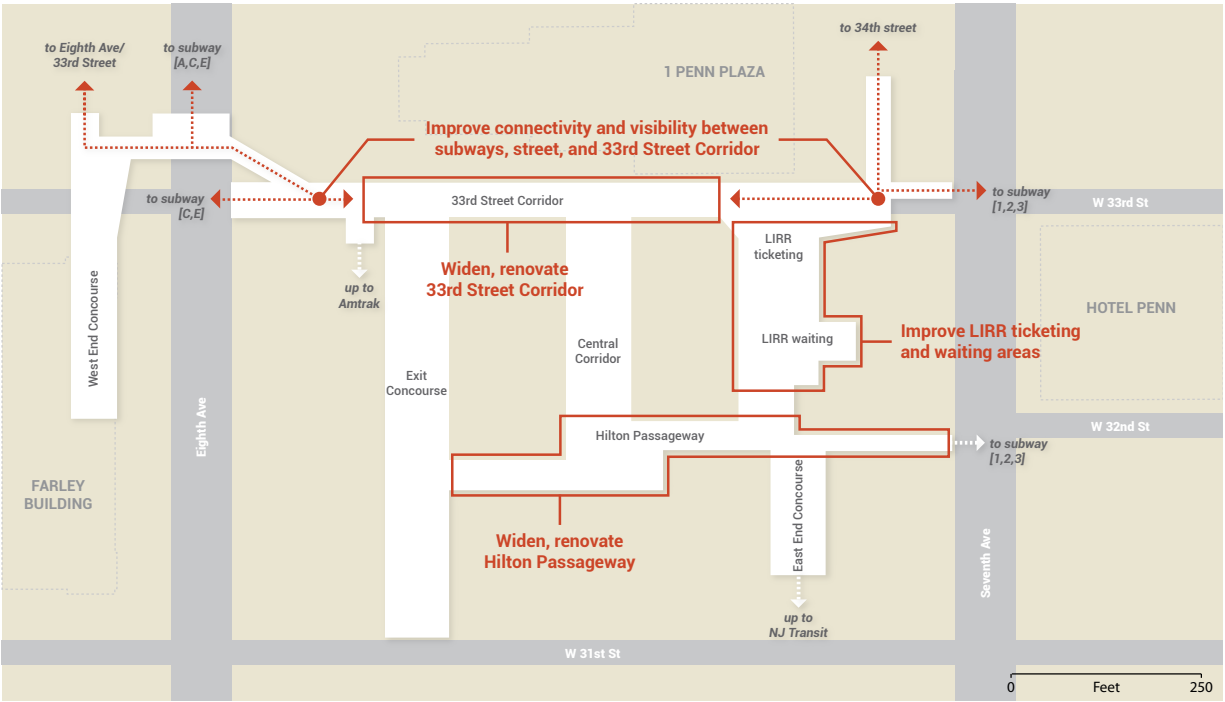
- Improving and decongesting existing New Jersey Transit space by moving some NJT functions into space vacated by Amtrak.
- Improving and expanding vertical connections between the Station's upper and lower levels.

On the lower level, improvements could include:

- Widening and renovating the 33rd Street Corridor – the principal east-west corridor serving Long Island Rail Road passengers. Improvements to this Corridor might also include increasing ceiling heights, and providing some natural light from 33rd Street.
- Improving connectivity between the 33rd Street Corridor and the Seventh and Eighth Avenue subway stations.
- Improving LIRR ticketing and waiting areas.
- Widening, straightening and renovating the 32nd Street Corridor (also called the “Hilton Passageway”), providing greater capacity and a better experience for passengers who use this important east-west connector.

Figure 4 highlights the location within Penn Station of various lower-level improvements.

**Figure 4:** Lower-level improvements



A variety of other improvements could enhance station users' experience on both levels, including upgrading existing retail space, improved signage and wayfinding, and better lighting.

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## Improving connectivity to the surrounding area

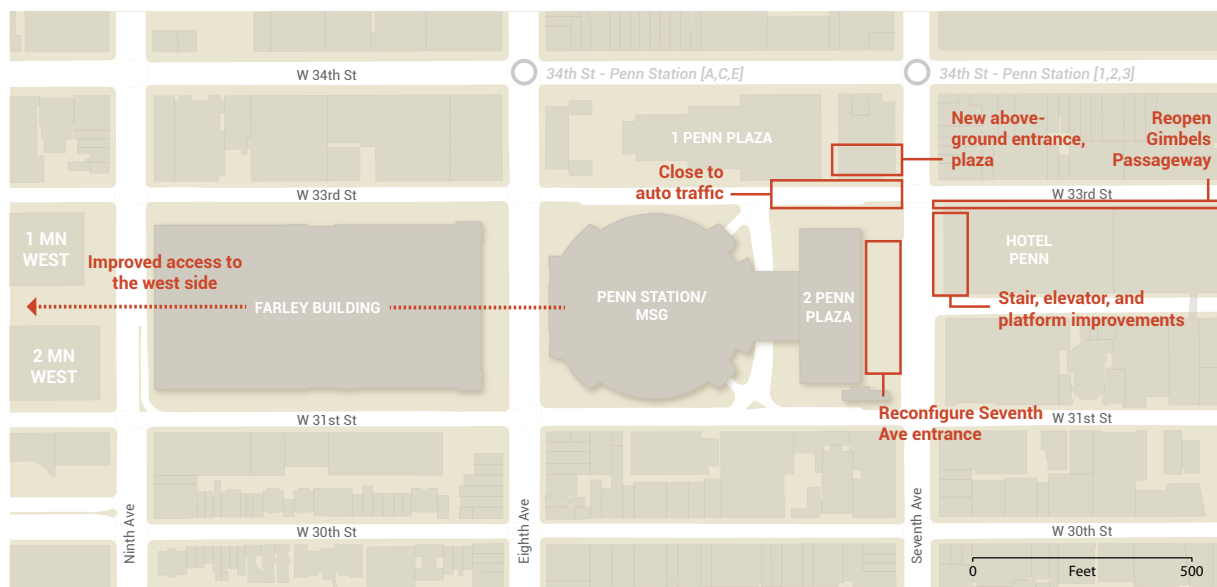
Just as important as improvements within Penn Station will be improved connections to the surrounding area. Such improvements will require collaboration with other partners – most notably the owners of adjacent or nearby properties. We cite here just a few notable examples.

- The planned renovation of the entrance to Two Penn Plaza could offer opportunities for improving access to Penn Station from Seventh Avenue. This could potentially involve more effective separation of pedestrians entering the office building, Madison Square Garden and Penn Station; and new entrances at the northern and southern corners of the building.
- To better accommodate passengers walking from Penn Station to points north, a new public plaza with an above-grade entrance could be created on the north side of 33rd Street.
- Plans developed several years ago for widening, renovating and re-opening the “Gimbels passageway,” a long-closed underground corridor connecting Penn Station and the Seventh Avenue subway to Herald Square, could be revived. This project would significantly improve pedestrian access for the large numbers of passengers who each day travel between Penn Station and points east.
- Plans had also been developed for a series of improvements to the 34th Street subway station on the Seventh Avenue line. As with the Gimbels passageway, it might now make sense to revisit these proposals – either in the specific context of the joint ESDC-Amtrak-MTA solicitation, or in the broader context of redevelopment of the West Side.

- As was done on a pilot basis during the summer of 2015, part of West 33rd Street between Seventh and Eighth Avenues could be closed to automobile traffic, improving the flow of pedestrian traffic between Penn Station and points north and at the same time providing additional public space in a severely congested area.

The ESDC-Amtrak-MTA joint solicitation also cites a proposal to create a major new entrance to Penn Station on Eighth Avenue, provide increased natural light to the Station and develop additional retail space by demolishing the existing Theater at Madison Square Garden. While this concept is attractive from several perspectives, it would be expensive. The cost of acquiring an alternative site and building a new 5,600-seat theater, demolishing the existing facility, and redeveloping the space thus freed up in the manner suggested in the joint solicitation could exceed \$1 billion.

**Figure 5:** Improving external connections



Whether the benefits of the project would justify this cost is not clear – especially since the participating agencies will already have made a substantial investment in creating new entrances to the Moynihan-Penn Station complex just across Eighth Avenue. Commuters heading west to Manhattan West or Hudson Yards are likely to travel via the new Moynihan Train Hall, and exit the Farley Building at Ninth Avenue.

Depending on how responses to the joint solicitation received on April 22 address the concept of demolishing the Theater and creating a new Eighth Avenue entrance to Penn Station, the responsible agencies might want to commission a more comprehensive analysis of its feasibility, cost and benefits.

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## Should Madison Square Garden be relocated?

In recent years several organizations and individuals have called for relocation of Madison Square Garden to another site and demolition of the existing structure, so that a whole new Penn Station could be built in its place, from the platform level up. In a report issued in October 2013, advocates for demolishing the Garden asserted that:

*The current structure of Madison Square Garden limits opportunities to improve the station below. Rebuilding the Garden in a suitable nearby location will create enormous value while unlocking the ability to rethink the existing station.<sup>2</sup>*

In 2013, the New York City Council – apparently agreeing at least in concept with the idea of moving Madison Square Garden to make way for construction of an entirely new Penn Station – voted to extend the special permit under which the Garden was built for only ten years (that is, until 2023). Although the practical and legal effects of the Council’s action are questionable, the vote nevertheless puts the Council on record as favoring relocation of the Garden.

Yet despite the City Council’s action and years of advocacy by several organizations and individuals, the ESD-Amtrak-MTA joint solicitation issued in January 2016 does not even acknowledge relocating the Garden and building an entirely new station as an option. Were the sponsoring agencies right to ignore that option?

In our view, the answer to that question is unequivocally “yes,” for several reasons.

- Relocating the Garden and building a new Penn Station would be a very costly undertaking, which would require billions of dollars in public-sector capital funds to complete.
- Beyond the near and mid-term improvements provided by completion of Phases One and Two of the Moynihan project, committing to relocating the Garden and building a new station would probably push far into the future the date when users of the existing station would see any significant improvements.
- Any of the alternative sites that have been proposed would be inferior to the Garden’s current location and would generate additional traffic congestion in Manhattan.
- The marginal benefits of building an entirely new station are likely to be quite limited.

Each of these issues is addressed below.

### **The cost of relocating the Garden and building a new Penn Station**

Getting the Madison Square Garden Company to agree to giving up its existing facility and building a new one at another nearby location – just a few years after completing a \$950 million overhaul of the existing arena – would be expensive. Accommodating a new arena would require a “superblock” site; the Garden’s existing site, including both built and adjoining outdoor space, totals about 250,000 square feet. There are very few sites in the West Midtown area – available or otherwise – that would meet this need.

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2. Alliance for a New Penn Station, Penn 2023: Envisioning a New Penn Station, the Next Madison Square Garden and the Future of West Midtown, October 2013



Some advocates have cited the U.S Postal Service’s Morgan Annex as a possible new location for the Garden. Covering two full city blocks between Ninth and Tenth Avenues and 28th and 30th Streets, the site is certainly large enough. Whether the Postal Service would in fact be willing (or able) to sell this property and move to another location in Manhattan is not clear. But if it were willing to sell, the price is likely to be high.

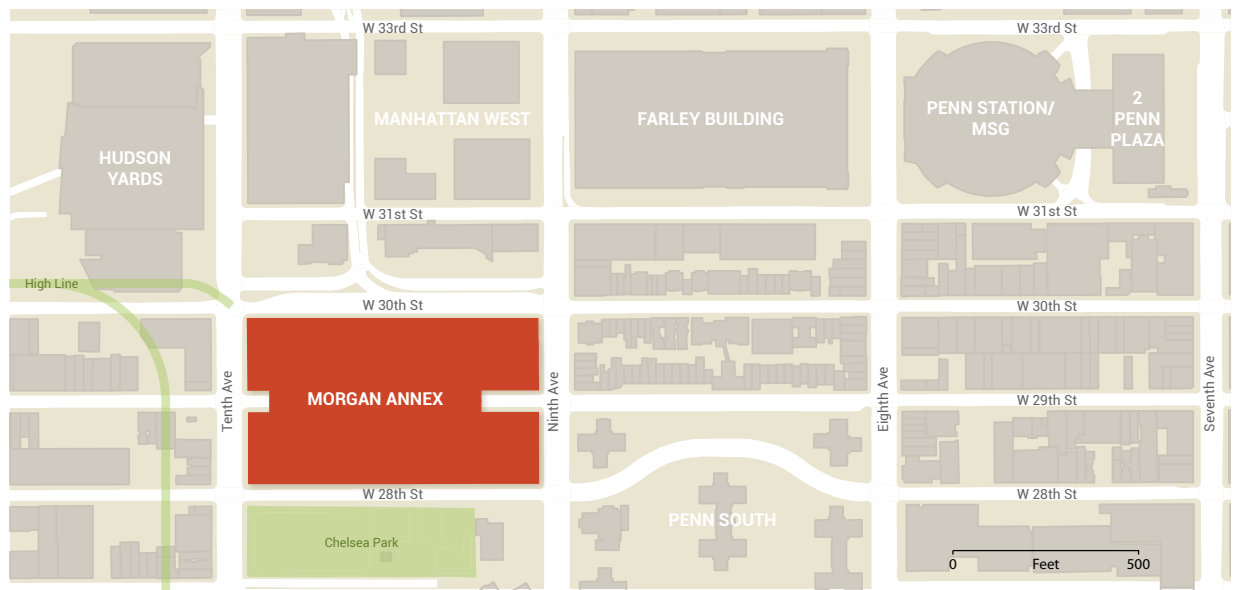
Of the two blocks currently occupied by the Morgan Annex, roughly half of the block between 28th and 29th Streets is zoned C6-4; the remainder of the site is zoned M1-5. Under current zoning, this site could on an as-of-right basis accommodate nearly 2 million square feet of mixed-use development, including residential, office, hotel and retail space. With bonuses for public open space and affordable housing, it could accommodate several hundred thousand additional square feet; and if the M1-5 portion were rezoned, the entire site could probably support more than 3 million square feet of new mixed-use development.

The speed with which market conditions can change makes it difficult to predict how this site might be valued in a transaction that might not take place for several years. After a period during which Manhattan land prices rose rapidly, the market for large development sites (especially residential development sites) has softened. The Morgan Annex thus would probably not command as high a price today as it might have in 2015.

Nevertheless if we assume that land for commercial development would be valued at \$300 per buildable square foot and land for residential development at \$500 per buildable square foot, we can estimate that acquisition of the two-block Morgan Annex site could cost approximately \$750 to \$800 million.

The cost of constructing a New Madison Square Garden would also be high. Excluding land costs, the construction of Barclays Center cost approximately \$975 million. Taking into account the escalation of construction costs since the completion of that project, and assuming that a new MSG would have to be larger to accommodate inclusion of a 5,600-seat theater, we estimate that the cost of demolishing the Morgan Annex and building a new Garden would be at least \$1.6 billion (in 2016 dollars).

**Figure 6:** Location of Morgan Annex



For whichever agency, consortium of agencies or public-private partnership were to be responsible for developing a new Penn Station, the cost of relocating the Garden – taking into account the costs of property acquisition, demolition of the Morgan Annex, the construction of a new arena and theater, and other relocation costs – is likely to reach \$2.5 billion.

Deconstruction of the existing Madison Square Garden would also entail some cost – especially since the building would have to be taken down while the existing Penn Station continued to operate. Based on estimates developed in the context of earlier discussions of the feasibility of relocating the Garden, we estimate that demolishing it could cost approximately \$65 million.

Finally, while multiple design concepts for a new station have been floated, its advocates have not yet offered a detailed estimate of what it would cost to build it. Based on other recent New York City capital projects, however – and once again taking into account the complications of creating an entirely new superstructure while the LIRR, New Jersey Transit and Amtrak continue to operate below – we believe that construction of the new station is likely to cost at least \$2 to \$2.5 billion (in 2016 dollars).

Combining these various elements, we estimate that relocating the Garden and building a new Penn Station could easily cost \$4.5 to \$5 billion.

### **The time required**

As envisioned in the joint solicitation, incremental but nevertheless significant improvements within Penn Station could start as soon as the second phase of the Moynihan project is completed (which could be before the end of this decade). Furthermore, key improvements to the Station's connections to the surrounding area could start even sooner.

In contrast, negotiations over the terms of Madison Square Garden's relocation – and over the acquisition of the Morgan Annex or another suitable site – could be time-consuming. USPS would then have to relocate its operations; the Annex would have to be demolished; and a new Garden constructed on the site. After the transfer of MSG's operations to its new facility, the existing Garden would have to be demolished. Then (finally) construction of a new Penn Station could begin. LIRR, Amtrak and NJT passengers might not see a new station until late in the next decade.

### **A less desirable location**

The current site of the Morgan Annex would in several respects be a less-than-ideal site for a new arena. Unlike the current Madison Square Garden site (or Barclays Center) it would not be directly connected to subway and commuter rail service. Of the 4 million people attending events at MSG each year, an increased percentage would be likely to travel to and from the new site by private auto, taxi or other for-hire vehicles, thus increasing street traffic in an area that is already feeling the effects of higher-density development.

Moreover, the area surrounding the Morgan Annex is much more heavily residential than the blocks adjoining the Garden's current site. Penn South – a ten-building, 2,820-unit co-operative that for more than fifty years has been an island of stability and affordability in a fast-changing neighborhood – is just across Ninth Avenue. New residential development, spurred by the High Line, is also occurring south and west of the Morgan Annex. Many neighborhood residents are likely to oppose relocation of the Garden to the Morgan Annex site – and their opposition could further delay (if not derail) the project.

### **What are the marginal benefits?**

Over the course of the next decade, Phase Two of the Moynihan project and the incremental improvements within and outside Penn Station described above (but excluding the proposed relocation of the Theater and

creation of a new Eighth Avenue entrance) could provide improved facilities and a significantly better experience for users of the Empire Station Complex, at a total cost on the order of \$2 to \$2.5 billion.

Are the additional benefits that an entirely new Penn Station would provide sufficient to justify an increase in total cost (including Phase Two of Moynihan, relocating the Garden and building a new station in its place, and some of the improved external connections described previously) to \$5.5 or 6 billion? It is difficult to see how they could be.

Many of the functional improvements a new station would provide can be provided incrementally, more quickly and at lower cost. The incremental approach would obviously not provide the spectacular public space that advocates yearn for. But with nearly \$1 billion slated to be invested during the next several years in the creation of just such a space in the Farley Building, spending billions more to build another vast public space across the street would at best be redundant, at worst a colossal waste of money.

On a more pragmatic level, there are some benefits an entirely new station could provide that the incremental approach does not – perhaps most notably, the opportunity to remove many of the below-grade columns that now support Madison Square Garden, and that limit what can be done to improve circulation and reduce congestion at the platform level. Again, however, it is difficult to see this as a benefit that justifies the added cost.

This is especially the case given that completely eliminating the below-grade columns that now impair the flow of passengers to, from and on the platform level would require demolishing not only the Garden but 2 Penn Plaza as well. Acquiring and demolishing a 1.5 million square-foot office building could add another \$600 million or more to the cost of a new Penn Station.

Moreover, any assessment of the costs and benefits of improving or replacing Penn Station needs to take into account two projects likely to be completed early the next decade – the MTA’s East Side Access Project and Moynihan Phase Two.

- MTA ridership forecasts suggest that when the East Side Access Project is completed, the average number of LIRR passengers arriving at or departing from Penn Station will drop from about 225,000 currently to about 160,000.
- Some additional number of LIRR and NJT passengers, and probably a majority of Amtrak passengers, will be accessing the platform level via the Farley Building.

Together, these two projects could cut the total number of rail passengers traveling through the existing Penn Station each day (now about 415,000) by about 85,000 – a reduction on the order of 20 percent.

To a great extent, this reduction is likely to be offset by growth from other sources.

- By the middle of the next decade, projected growth in the number of New Jersey residents commuting into Manhattan could increase the number of trips on New Jersey Transit trains into and out of Penn Station by about 40,000 per day – an increase of about 25 percent.
- A proposed new Metro North service from the Northeast Bronx into Penn Station could add another 10,000 riders per day.

Nevertheless, even without further improvements – which we are certainly not recommending – the chronic overcrowding and congestion that today characterize Penn Station are likely by the middle of the next decade to be somewhat reduced – a reduction that will provide room for additional growth in the future.

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## Conclusion

A careful review of the problems that have long afflicted Penn Station, and the options available for alleviating them, suggests that the best approach is to complete the first and second phases of the Moynihan project as quickly as possible, coupled with a series of incremental improvements to Penn Station. The joint solicitation issued in January 2016 by Empire State Development, Amtrak and the Metropolitan Transportation Authority provides a useful framework for pursuing this two-pronged approach; and for integrating public and private investments, both in the Farley Building and at Penn Station.

Critical issues must still be resolved: how to finance needed public investments, the share of those investments that will be borne by the private sector, and the timing and sequencing of improvements to Penn Station. The joint solicitation provides both a structure and a process for doing so. We believe that it is time to move beyond the fantasy of relocating Madison Square Garden and building an entirely new station – an idea that is now at best a distraction from the real work that can and should be done.



