

Bracing for economic fallout of potential LIRR strike

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Anxiety about the economic fallout from an LIRR strike is growing among the region's employers and employees.

A host of factors such as nightmarish traffic, disrupted shipments and upheaval of routines would decrease worker productivity. And even more chilling, some businesses could close without commuter and tourist customers, said local business leaders and economists.

"The railroad is one of the lifelines of our economy," said Kevin Law, president of the Long Island Association, the region's largest business group. "It's a challenge to do business here on a blue-sky day when everything is going smooth."

A work stoppage on the Long Island Rail Road would follow major economic hits from superstorm Sandy in 2012 and the housing collapse and Great Recession that began in 2007, crises that continue to have aftershocks here.

Thirty percent of Nassau County residents and 11 percent of Suffolk County residents commute to jobs in New York City, and one-third of them take the LIRR, according to estimates from Regional Plan Association, a think tank based in Manhattan.

Commuters brought back \$26 billion in wages to the Island, or \$1 out of every \$4 in income in 2011, the most recent estimate from the regional association.

Commuters are "a very big slice of Long Island's economy because of the high incomes earned," said Christopher Jones, research vice president at the association.

More of commuters' earnings would likely be spent on getting to and from work if there were an LIRR strike. So they would spend less at local shops, restaurants and other businesses.

"Companies will lose business that may not come back," Jones said. For delis, dry cleaners, newsstands, restaurants and other small businesses that cater to LIRR riders -- whether they be commuters or tourists -- a strike of even a few days would be devastating.

The Island's \$5.6 billion tourism industry could be hard hit, said Irwin L. Kellner, chief economist for the MarketWatch.com financial information service. New York City residents and other vacationers wouldn't be able to easily reach Island beaches.

Although specific industries and businesses might be undermined by a walkout, Kellner doubted the region would fall into another recession. "The Long Island economy will be affected but not as much as people think," he said.

Last year's two four-day strikes of Bay Area Rapid Transit in San Francisco "could offer a prediction of the impact of a Long Island Rail Road strike," said Michael L. Anderson, an economist at the University of California-Berkeley.

A study by the Bay Area Council Economic Institute estimated the BART strikes cost \$73 million in lost worker productivity for every day the trains didn't run in San Francisco. For comparison, the economy of the San Francisco metropolitan area was \$377 billion last year, based on the value of all goods and services produced there; Long Island's was \$137 billion.

Trying to minimize strike-related productivity losses is a key objective of business executives in Nassau and Suffolk counties, particularly those who employ reverse commuters from New York City.

At the headquarters of 1-800-Flowers.com Inc. in Carle Place, chief executive Jim McCann said the "small percentage" of employees who reverse commute would be allowed to work from home or at an office in Manhattan.

He also said the retailer would try to operate normally, though its sales could be hurt: "We know from experience that any disruptive event -- whether it's a storm or a strike -- has the potential to distract consumers from their daily lives and thereby impact the normal flow of business."

Here are the types of businesses and people that experts said are most likely to feel the brunt of a strike:

Business owners who commute

Small business owners catering to commuters worry that a strike would bring their operations to a standstill.

"If I see no train, I see no customers," said Maggie Choudhry, 43, of Bethpage, who takes the train each morning to open Cups Cafe, her family-owned coffee shop under the tracks of the Hicksville station.

Delis, restaurants, dry cleaners and other businesses in more than 70 business districts within walking distance of LIRR stations rely heavily on purchases from commuters, said Eric Alexander, executive director of Vision Long Island, a nonprofit community planning group.

They would be among the first economic casualties of a walkout.

"They are on the front line," said Jones. "Their business is going to drop off immediately. They are usually the ones with the smallest margins to work with."

More than 250 vendors actually lease space from the LIRR and the Metropolitan Transportation Authority. In the event of a strike, 15 located inside Nassau and Suffolk LIRR ticket office buildings will not be able to operate, LIRR spokesman Salvatore Arena said.

Across the street from the Floral Park station, Sethi Singh, 32, owner of Floral Station Delicatessen, worries about losing nearly 20 percent of his customers, while still having to meet rent, utility and tax payments.

"Every penny counts," said Singh, who has 10 employees. "My business is not a large-profit-margin business."

Billy Liakonis, 32, co-owner of the Station Plaza Coffee Shop & Diner directly across from the Mineola station, fears that half of his morning customers, who buy bagels, muffins, coffees and newspapers before hopping on the train to New York City, will disappear.

"It would be a big hurt if we lost those customers," said Liakonis, whose family-owned business has been around for nearly 35 years and employs seven people.

Garry Gitlin, 53, has overseen Railroad Cleaners, a dry cleaner adjacent to the Oceanside train stop, for 32 years and now gets 50 percent of his daily business before 9 a.m. He worries a strike now would hurt far more than the last major LIRR walkout, in 1994.

"Back in the early '80s and '90s there was so much business it didn't matter," he said. "Now you're fighting for every dime."

Impact on tourism

Concerns about the impact of a strike on Long Island's \$5.6 billion tourism industry are focused on destinations such as Long Beach and Fire Island, many of whose visitors travel by train -- and both of which are still recovering from superstorm Sandy.

On weekends and holidays 13,000 to 15,000 visitors a day arrive in Long Beach on the LIRR, said Mark Tannenbaum, executive vice president of the Long Beach Chamber of Commerce. Restaurants, surf shops, clothing boutiques and other businesses would all be hurt without train service.

Heather Freiser, 28, recently quit a job in New York City and will open her children's boutique and party space, My Beach Baby, near the Long Beach train station on July 20 -- the day the LIRR strike could start. Freiser and her business partner, Lacy

Eidens, 33, had planned to advertise at the station and get an initial boost from the summer tourism traffic.

"My summer sales are going to be really diminished" should the walkout proceed, Freiser said.

Most restaurants usually expect a 30 percent to 40 percent boost in business from tourists, said Billy Romm, 64, owner of Billy's Beach Cafe in Long Beach.

"We're just starting to recover from Hurricane Sandy. To have something like this hit us in the summertime -- it's going to be devastating," he said. The sentiment is similar on Fire Island. A strike would be "disaster" for businesses, said James S. Mallott, mayor of Ocean Beach on the island's west end.

Across the Great South Bay in Sayville, Ken Stein is worried, too. He runs Sayville Ferry Service to Fire Island and estimates 40 percent to 50 percent of his customers take the LIRR, then catch taxis to his terminal.

Farther east in Riverhead, the North Fork and the Hamptons, businesses and local chamber of commerce officials said they expect more traffic, but they said visitors would still come.

Geoff Lynch, president of the Hampton Jitney Inc. of Southampton, said that while his bus system is operating at capacity this time of year, it has arranged for about 20 extra vehicles and drivers from other companies to augment its service from the city to the South Fork if there is an LIRR strike, adding runs to the Montauk, Bridgehampton and Speonk rail stations.

From rail to highway

A walkout would be expensive for rail commuters who dare to drive, easily costing three or four times what they are accustomed to spending -- and possibly more.

That extra spending could reduce commuters' disposable income. And such calculations don't factor in the economic impact of exhausted workers who avoid shopping or dining out after arduous, extra-long commutes.

Take the example of a rail commuter from Farmingdale, on the Nassau-Suffolk border. A monthly ticket between Farmingdale and Penn Station costs \$276 -- or \$13.80 for each weekday round-trip.

The driving distance between Farmingdale and Penn is 35.3 miles one way, 70.6 round-trip, according to Google maps. The U.S. Environmental Protection Agency says, for example, that a four-cylinder Honda Accord, one of Long Island's most popular models, averages 26 miles per gallon in city driving, based on EPA tests, and

38 mpg on highways. But it's unclear whether the EPA city test replicates the creeping, near-gridlocked, traffic that might result from an LIRR strike.

"It's hard to calculate for congestion," said AAA New York spokesman Robert Sinclair, "but when a vehicle is idling it's generally burning a gallon per hour."

At 26 mpg, the Accord would use 2.7 gallons of gas for the 70.6 mile round-trip -- costing \$10.80 if gas is \$4 a gallon -- the Long Island average for regular on Friday.

Drivers also might have to pay tolls -- \$7.50 each way at the Midtown Tunnel for example, or \$5.33 with EZ-Pass -- meaning round-trip costs of \$15 or \$10.66, respectively.

Then there's parking. Prices vary widely, and there are discount coupons available online. One garage, Empire 33 Parking LLC at 38 W. 33rd St., advertises on its website an "early bird special" of \$26 to park all day for cars arriving between 7 and 10 a.m. To that add \$4.78 for a parking tax, for a total of \$30.77. So the total round-trip cost for gas, tolls and parking, even under ideal conditions for the driver who uses a toll crossing with E-ZPass, would be \$52.23.

Commuting by bus to Queens subway stations is likely to be cheaper than driving, but MTA radio ads are warning that the shuttle bus service will be "extremely limited" and should be a "last resort."

Buses will run to the Howard Beach subway station from Nassau Community College in Garden City and the Freeport, Bellmore and Seaford LIRR stations. Buses also will run to the Citi Field Mets-Willets Point subway station from the Manhasset, Deer Park and Ronkonkoma stations. Shuttles will run to the Woodhaven subway station from the Hicksville rail station. Riders must present a valid LIRR ticket to board a bus.

The MTA said Friday park- and-ride locations also would be set up at Citi Field and Aqueduct Racetrack, both in Queens, for connections to subways. The drive from Farmingdale to Citi Field is 28.5 miles, according to Google maps. The Accord getting 26 mpg would use 2.2 gallons round-trip, for a cost of \$8.80. Subway fares are \$2.75 -- less with a MetroCard.