
Purple Line Update

**Presentation to the
Senate Budget and Taxation Committee**

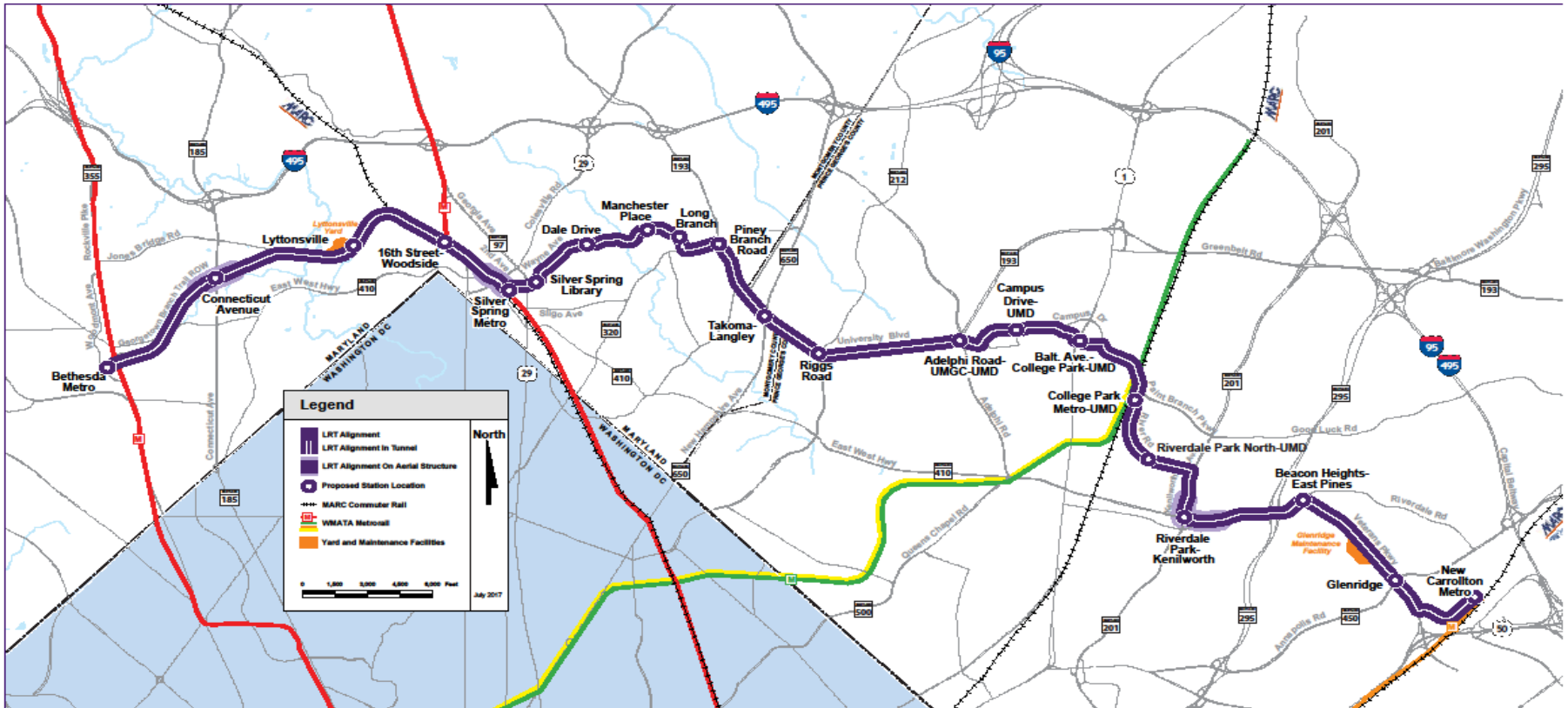


**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

September 2020

Project Background

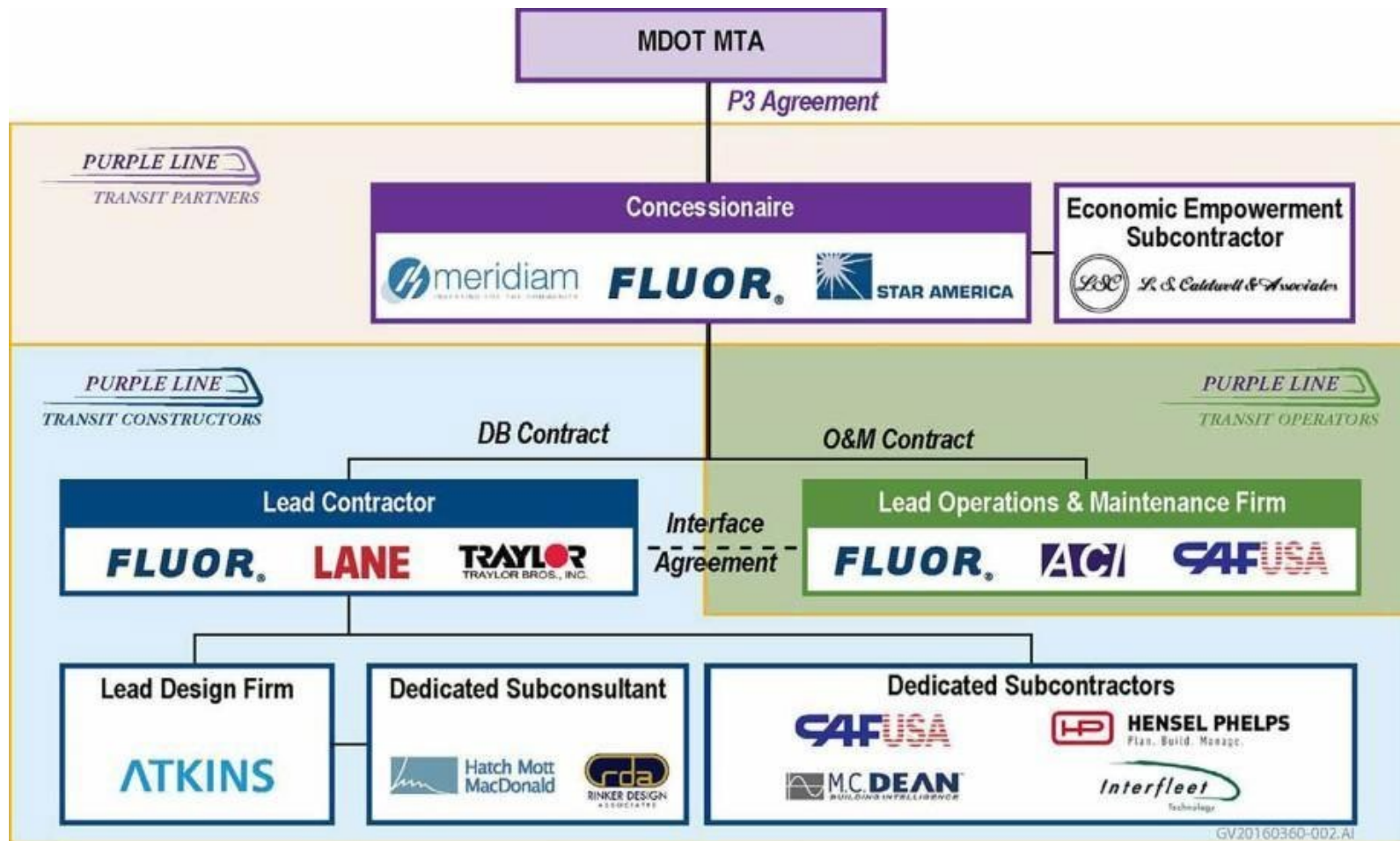
Purple Line Alignment



Project Background

- Procurement
 - Availability Payment public-private partnership (P3)
 - Purple Line Transit Partners (PLTP) selected to be the concessionaire responsible for:
 - Finishing design of, financing, constructing, equipping (including light rail vehicles), operating, and maintaining the Purple Line Project
 - 36-year contract comprising 6 years of construction and 30 years of operations and maintenance

Project Background – P3 Structure



Project Background

Estimated Cost and Funding

- Planning, Design, and Construction: \$2.4 billion
- Sources
 - \$900 million: Federal Section 5309 New Starts
 - \$36 million: Federal Section 5307 Urbanized Area Formula Funds
 - \$450 million: State/Local
 - \$1,021 million: P3 Concessionaire (private equity, borrowed funds (including federal loan))

Notices to Terminate P3 Agreement

- May 1, 2020: Purple Line construction firms notified PLTP of intent to terminate design-build contract with PLTP.
- June 23, 2020: PLTP notified MDOT/MTA of intent to terminate P3 Agreement for Extended Delay

PLTP Stated Basis for Notice (Disputed by MDOT/MTA)

- Delay of 976 days increasing project cost by at least \$519.1 million related to:
 - Record of Decision vacated during litigation with project opponents
 - Right of way not provided timely
 - Changes to design criteria for portions of the project in and around CSX-owned property
 - New and changing requirements for environmental permits through the Maryland Department of the Environment

MDOT/MTA Response

- June 24, 2020: provided PLTP with Notice of Concessionaire Default
- August 10, 2020: received a temporary restraining order from the Circuit Court for Baltimore City enjoining PLTP from demobilizing until expiration of the order on September 14, 2020
- Seeking a preliminary injunction restraining and enjoining PLTP from abandoning the project unless and until it has established that an extended delay exists by and through its compliance with dispute resolution procedures set forth in the P3 Agreement

If the P3 Agreement Terminates

- Due to Extended Delay, MDOT/MTA would have to pay the concessionaire to cover
 - Project debt
 - Outstanding committed investment
 - Reasonable contract termination costs (e.g., demobilization)
- Due to Concessionaire Default, payments to concessionaire would not fully cover project debt nor committed investment and there would be no termination cost payments due to the concessionaire
- MDOT/MTA may take over project construction, operations, and maintenance responsibilities (lenders also have rights)