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Purple Line P3 back on track for \$900 million federal transit grant

By Jim Watts

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DALLAS -- Maryland and federal officials will sign a federal funding agreement next week for a promised \$900 million federal grant to help fund the construction of the \$5.6 billion Purple Line light rail system being financed as a public-private partnership.



The Purple Line's private partners will provide half of the project's \$2 billion construction cost and then operate it for 30 years with availability payments of \$150 million per year.

Maryland DOT

The Purple Line would connect with the Washington Area Mass Transit Authority's Metrorail system and Amtrak at several points on its 16-mile route through the Maryland suburbs of Washington, D.C.

A spokesman for Maryland Gov. Larry Hogan said late Monday that the Transportation Department agreed to move ahead on the grant following "very productive, high-level conversations" between Hogan and Transportation Secretary Elaine Chao.

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Hogan spokesman Doug Mayer said the governor and Chao have met several times since January to discuss the project, most recently on Friday and again on Monday.

"The Purple Line project will harness the power of the federal, state, county and private sector partners to get a major infrastructure project under construction and create jobs," Mayer said in a statement released Monday. "It's a major win for the state and local communities."

The agreement frees up \$325 million already appropriated by Congress that would reimburse Maryland for some of the preliminary work on the project and ensures that the full \$900 million will be available for the Purple Line.

The state had expected to sign the full funding agreement with the Federal Transit Administration for a \$900 million New Starts grant more than a year ago. The project has been in limbo since a federal judge revoked the its federal environmental permit in early August 2016 just five days before the scheduled signing ceremony.

A Transportation Department spokesman said the grant agreement would be signed next week.

"The Maryland Purple Line project has met all the statutory and readiness requirements, and the FTA does intend to sign the \$900 million federal full funding grant agreement," the spokesman said. "The Maryland Purple Line project is an excellent example of leveraging a transit project through a public-private partnership."

The omnibus budget bill for fiscal 2017 approved by Congress in May allocated \$2.4 billion for FTA transit grants. The measure (PL 115-31) included \$125 million for the Purple Line and ordered the Transportation Department to move forward with the project if a full funding agreement was signed by Sept. 30, the end of fiscal 2017.

Federal District Judge Richard Leon revoked the project's environmental clearance in 2016 and ordered the Maryland Department of Transportation and the FTA to revise their passenger estimates for the line. Area residents and an

environmental group filed the lawsuit in 2014.

A three-judge panel of U.S. Court of Appeals for the District of Columbia reinstated the project's environmental permit in July, but allowed the lawsuit to proceed.

The Trump administration's budget proposal for fiscal 2018 released in May called for a phase-out of the FTA's Capital Improvement Grants program.

However, the spending plan (S 1655) approved in July by the Senate Appropriations Committee for fiscal 2018 includes \$2.13 billion of FTA grants, with \$100 million set aside for the Purple Line. The House Appropriations Committee approved a spending plan for 2018 (HR 3353) that would fund \$1.7 billion of transit grants.

The Maryland Transit Administration signed a 36-year concession agreement in April 2016 with Purple Line Transit Partners LLC to build and operate the rail system. The partners include Fluor Enterprises, Meridiam Infrastructure Purple Line, and Star America Fund.

Purple Line Partners agreed to provide half of the project's \$2 billion construction cost and then operate it for 30 years in exchange for availability payments expected to total \$150 million per year.

The private partners are financing their share of the project with an \$875 million low-interest Transportation Infrastructure Finance and Innovation Act loan and \$323 million of private activity bonds that were issued in 2016 by the Maryland Economic Development Corp.

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