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Infrastructure

## Maryland Moves Ahead With \$2 Billion Rail P3

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DALLAS - Maryland Gov. Larry Hogan gave tentative approval Thursday to the 16-mile light rail Purple Line project after cutting more than \$500 million from the state's contribution to the public-private partnership that will build and operate the \$2 billion system.

Trains will run less frequently on the revised Purple Line, which will include one less rail car staging area. These and other changes will cut the state's total cost for the project to \$168 million from the projected \$700 million.

"I have always said this decision was never about whether public transit was worthwhile, but whether it is affordable and makes sense," said Hogan, who won election in 2014 with a campaign emphasizing highways over transit spending.

The proposed 14-mile Red Line light rail project in Baltimore will be terminated because the estimated \$3 billion cost included a \$1 billion tunnel, Hogan said.

"We're not opposed to mass transit, but we do oppose wasteful and irresponsible spending on poorly conceived projects that waste taxpayers' money," he said. "In reducing costs here, hundreds of millions of dollars will become available for other important projects."

The state will use the savings from the Red Line cancellation and the reduced Purple Line costs to boost highway spending by \$1.4 billion, Hogan said. The new money includes \$845 million for new construction and \$500 million for bridge and road repairs.

"These critical investments will finally give our state highway administration the ability to repair and maintain Maryland's road system, which has suffered from years of chronic underfunding," Hogan said.

Final approval of the rail line across the northern suburbs of Washington, D.C., is contingent on the project receiving a \$900 million federal grant that has been tentatively approved by the Federal Transit Authority, Hogan said.

Maryland is also seeking an allocation of federal transportation private activity bonds and a \$732 million Transportation Infrastructure Finance and Innovation Act low-interest loan for the Purple Line.

Montgomery and Prince George's counties, which have contributed \$300 million to the project so far, will be asked for more funding, but Hogan did not specify the additional amount.

The 16-mile light rail line would stretch from Bethesda in Montgomery County to Carrollton in Prince George's County.

The stipulation that the two counties contribute more and the reduced state funding may combine to kill the Purple Line, said Rep. John Delaney, D-Md., whose district includes part of the route.

"What I fear is that the governor has implemented a process to derail the project, and derailed the billions in new investment in economic development and thousands of jobs it could create," said Delaney. "I'm uncertain as to how it can be successfully reformulated with materially less state funds and worry that such an effort may effectively terminate the project."

The final cost of the Purple Line, which had been estimated at \$2.448 billion before the revisions, will be determined by the construction bids requested from the four international investor groups put on a short list by the Maryland Department of Transportation in January 2014.

The winning private-sector team in the public-private partnership is expected to provide at least \$500 million and possibly as much as \$900 million of private investment to help fund the project.

"We will be counting on our partners in the private sector to deliver proposals that meet our new vision for the project," Hogan said.

The state will own the land and rail assets of the system. Maryland Transit Administration will set the fares and collect the revenues, with the successful concessionaire receiving availability payments from the state of \$100 million to \$200 million per year for 35 years.

The availability payments will come from revenue generated on the Purple Line and other systems operated by Maryland Transit Authority.