

THE BOND BUYER

Thursday, August 4, 2016 | as of 2:05 PM
ET

Infrastructure

Why a Federal Judge Gave a Red Light to Purple Line P3

By [Jim Watts](#)
August 4, 2016

DALLAS -- Maryland's proposed Purple Line P3 transit project could be in jeopardy after a federal judge [ordered a delay](#) until state and federal transportation agencies revise their ridership estimates for the \$5.6 billion project.

Judge Richard Leon of the U.S. District Court for the District of Columbia voided the state and federal approvals of the environmental impact statements for the rail project, halting it until a supplemental statement can be prepared and accepted.

Leon's decision will be appealed, said Maryland Transportation Secretary Pete Rahn.

"We are deeply disappointed that this puts the Purple Line in jeopardy," Rahn said. "We will work closely with the attorney general to seek a quick decision from the court of appeals."

Maryland Attorney General Brian Frosh said in a court filing in late June that the six-month delay sought by the plaintiffs "would be profoundly disruptive and could jeopardize" the Purple Line project. The delay "could have cascading consequences on the project schedule and financing arrangements," Frosh said in a supplemental memorandum filed June 29.

Linda S. DeVuono, an attorney for the Maryland Transit Administration, said during a hearing that the proposed delay could halt the project entirely.

"I do know a six-month stop of work would allow investors to pull out," she said.

Leon's ruling is the result of a lawsuit filed in 2014 by Friends of the Capital Crescent Trail seeking to stop the Purple Line on environmental grounds.

The plaintiffs asked in June for a six-month delay to allow a review of their contentions that ridership on the system would be lowered by the recent maintenance woes and safety surge project of the Washington Metropolitan Area Rapid Transit's Metrorail system.

Leon cited the threat to ridership of Metrorail's extensive safety and maintenance efforts that require frequent shutdowns and delays as the main cause for ordering further reviews of the Purple Line.

The Maryland Transit Administration and the Federal Transit Administration were "arbitrary and capricious" in not evaluating the long-term ridership projections for the project's environmental impact statement after the WMATA woes became apparent, he said.

"Defendants wholly failed to evaluate the significance of the documented safety issues and decline in WMATA ridership, skirting the issue entirely on the basis that the Purple Line is not part of WMATA," Leon said. "Nor can I turn a blind eye to the recent extraordinary events involving seemingly endless Metrorail breakdowns and safety issues."

Ridership on the Purple Line had been projected to average 58,000 trips per day in the first few years of operation, rising to 70,000 riders per day by 2040, but Leon said those estimates now look too rosy.

"At a minimum, WMATA and FTA's cavalier attitude toward these recent developments raises troubling concerns about their competence of stewards of nearly a billion dollars of the federal taxpayers' funds," he said.

Maryland officials had scheduled a signing ceremony on Monday to celebrate a Full Funding Grant Agreement with the FTA for a \$900 million construction grant for the Purple Line but that will be delayed.

The construction financing also includes \$313 million of private activity bonds issued in June by the Maryland Economic Development Corp. and an \$873 million federal low-interest loan under the Transportation Infrastructure Finance and Innovation Act. Both received a BBB-plus from Fitch Ratings and S&P Global Ratings.

Maryland signed a contract in April with Purple Line Transit Partners, an international consortium of Fluor Enterprises, Meridiam Infrastructure Purple Line, and Star America Fund, to finance, build, and operate the Purple Line and operate it for 30 years with annual availability payments.

The 16.2-mile rail line across the Maryland suburbs of Washington would connect New Carrollton in Prince George's County with Bethesda in Montgomery County.

