

THE BOND BUYER

Maryland appeals judge's order blocking Purple Line P3 project

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DALLAS -- Maryland quickly appealed a federal judge's ruling that it must redo its ridership estimates for the \$5.6 billion Purple Line rail project being financed as a public-private partnership in an attempt to resolve a question that has been holding up the project's progress since August.



The 21 stations along the stalled Purple Line rail project being financed as a P3 would include a stop at the University of Maryland campus.

Purple Line Transit Partners

Maryland Attorney General Brian Frosh filed an appeal with the federal Court of Appeals for the District of Columbia just hours after District Court Judge Richard J. Leon on Tuesday reiterated his order that the state update its estimates to consider the effects on the Purple Line of sagging ridership and safety issues that have plagued the Washington Metropolitan Area Transportation Authority's

Metrorail system. The ruling dismissed most of the other contentions in an environmental lawsuit that has halted work on the 16-mile rail system.

About 25% of the passengers on the Purple Line are expected to use portions of WMATA's Metro system on their journeys.

Leon said Maryland had proved that the project would not harm endangered species or migratory birds along the proposed route, but said officials had failed once again to consider whether their ridership projections were too optimistic. He ordered the state and Federal Transit Administration to develop a supplemental environmental impact statement (SEIS) on the issue.

"I find that defendants have failed to take the requisite hard look at the potential impact that WMATA's ridership and safety issues could have on the Purple Line project and conclude ... that an SEIS that addresses these issues is in fact required," Leon said.

Maryland Transportation Secretary Pete K. Rahn said in court filings last week that the state would have to suspend pre-construction design and engineering work on the project by June 1 due to limited state funds. He said the state could lose the \$545 million already spent on project planning and design, more than \$200 million in contract termination costs, and up to \$150 million of other delay costs if the project is canceled.

Rahn did not say after Leon's latest ruling whether the work now would be halted while the appeal proceeds, noting only in a statement on Tuesday that the Purple Line "will provide tremendous value and benefits to the surrounding communities and the state, and we are hoping the appellate court will move forward expeditiously."

Maryland was days away last year from signing a full funding agreement for a \$900 million federal grant from the FTA that would have covered half of the \$2 billion cost of building the Purple Line when Leon revoked the federal environmental clearance for the project.

President Trump's proposed budget for fiscal 2018 would cut \$1 billion from the FTA's New Starts grant program, eliminating transit projects such as the Purple Line that do not have a completed funding agreement.

However, the Purple Line was included in a list released last week by the FTA of "other projects that may become ready for funding" with a New Starts grant in fiscal 2018 if the pending litigation is resolved quickly.

The construction financing already obtained includes \$313 million of private activity bonds issued last year by the Maryland Economic Development Corp. and an \$873 million federal low-interest loan under the Transportation Infrastructure Finance and Innovation Act.

Purple Line Transit Partners, an international consortium of Fluor Enterprises, Meridiam Infrastructure, and Star America Fund, signed an agreement with Maryland last year to finance, build, and operate the Purple Line for 30 years.

Rob Chappel, chief executive officer of PLTP, said the private partners are committed to the project.

"We look forward to getting going," he said. "We see this as another hurdle. We're here to support the state and we don't intend to walk away."