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# LARRY HOGAN

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OFFICE OF THE GOVERNOR

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## **Governor Larry Hogan Green Lights Purple Line Contract**

*After Federal and Local Partners Meet Key Administration Benchmarks, State Selects Purple Line Transit Partners to Deliver New Rail Line \$550 Million Below Estimates*

**ANNAPOLIS, MD** – Governor Larry Hogan today instructed the Maryland Department of Transportation to move forward with the long-awaited Purple Line light rail project, which when completed will run from New Carrollton to Bethesda. After a full and thorough competitive bid process, the administration has selected Purple Line Transit Partners for the 16.2-mile-long transit system in Montgomery and Prince George’s counties.

As defined in the governor’s original announcement in June 2015, the Maryland Department of Transportation has met the three criteria outlined for final approval of the Purple Line: additional financial support from local governments, reserved federal funding, and aggressive pricing from the successful team.

“After eight months of hard work and tough negotiating, the Maryland Department of Transportation has met all three of the needed requirements and delivered a cost-effective Purple Line with a strong commitment from our federal, county and private partners,” said Governor Hogan.

“With great construction know-how, superior transit expertise and continued low interest rates, Purple Line Transit Partners is positioned to deliver a tremendous value to Maryland taxpayers,” said Transportation Secretary Pete K. Rahn.

Following negotiations with Purple Line Transit Partners, an agreement has been set that will see the state’s upfront expenditure for Purple Line construction cost drop to \$159.8 million – \$8 million less than the \$168 million threshold Governor Hogan originally announced. Additional project savings also will come from a reduction in the average annual availability payments, which will be \$149 million, versus an earlier estimate of \$167 million over 30 years. These payments will cover financing, operations, maintenance, and future required capital repairs and replacements for the Purple Line.

To complement state funding for the project, Prince George’s and Montgomery counties have pledged a combined \$330 million in cash and non-cash contributions for the project. The federal government also has reserved about \$900 million for the Purple Line in New Starts Funding. In the most recent announcement of President Obama’s budget, \$125 million was recommended for FY 17, which would bring the total federal funding to date to \$325 million to be appropriated for the Purple Line.

Importantly, the state has reduced overall costs during the 36-year life of the agreement by more than \$550 million. With an expected \$1.36 billion in fare revenue along with local and federal contributions to the project, the final costs for the state over the 36 years will be about \$3.3 billion.

Following Board of Public Works approval in April, the contract will proceed to financial close in early June. This financial step will allow the state to work with the U.S. Department of Transportation's Federal Transit Administration to finalize a Full Funding Grant Agreement in July with the Maryland Department of Transportation's Maryland Transit Administration (MTA) that will oversee the Purple Line construction project.

MTA will give Purple Line Transit Partners full notice to proceed on the project at financial close with construction to begin in late 2016. The Purple Line is expected to open for service in spring 2022.

"Purple Line Transit Partners is proud to partner on this project that demonstrates how the public sector can join forces with the private sector to deliver innovative projects at a fixed price with a guaranteed schedule, all while transferring operations, maintenance and performance risk to the private partners," said Herb Morgan, CEO of Purple Line Transit Partners. "This approach leverages private investment, provides high service levels, and reduces the overall public costs. Our team is committed to working collaboratively with stakeholders in the many communities we will serve and starting construction quickly to deliver this world-class project."

Four teams were short-listed by MTA in January 2015 with all four teams submitting technical and financial proposals in November and December for the public-private partnership (P3) contract.

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