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**BOARD OF PUBLIC WORKS APPROVES
PURPLE LINE P3 AGREEMENT MODIFICATION
WITH NEW DESIGN-BUILD TEAM**

Light Rail Line Scheduled to Open in Fall 2026

Baltimore, MD (January 26, 2022) -- The Maryland Board of Public Works (BPW) today unanimously approved a modification to the Purple Line Public-Private Partnership Agreement (P3 Agreement) with the Maryland Department of Transportation (MDOT), MDOT Maryland Transit Administration (MDOT MTA), and Purple Line Transit Partners (PLTP) to select Maryland Transit Solutions (MTS) as the new design-build team to complete the Purple Line light rail project. MTS, comprised of Dragados USA Inc. and OHL USA Inc., was selected by PLTP, in coordination with MDOT MTA, after a competitive Request for Proposals process.

The modified P3 Agreement has a cost of \$9.284 billion, which includes the \$3.4 billion Design-Build cost to begin full-scale construction later this spring with transit operations starting for Marylanders in fall 2026 across the entire system from New Carrollton to Bethesda. The Design-Build cost to complete the Purple Line construction has increased by \$1.4 billion from \$2 billion to \$3.4 billion. Reflecting the post-pandemic market, the total project cost includes rising material costs across the industry, material shortages due to supply chain challenges, a smaller labor force, increases in the insurance market and other factors. Commercial and financial close are anticipated in the coming weeks.

“Despite the challenges over the last several years, we have never lost sight of the benefits of the Purple Line for the residents and businesses in the National Capital Region,” said MDOT MTA Administrator Holly Arnold. “Today’s action is the critical step needed to move the Purple Line from construction into an active light rail line that creates a truly interconnected regional transit system. We wouldn’t be here today without the true partnership with Purple Line Transit Partners and the support of our county, state and federal partners to get this project built.”

“Since we and MDOT MTA selected Maryland Transit Solutions as providing the best value to the people of Maryland, we’ve been working closely with MTS to help them hit the ground running,” said Jane Garvey, chairman, PLTP Board of Directors. “We’re very pleased to resume major construction so the Purple Line can begin serving Maryland travelers as soon as possible.”

BENEFITS OF THE PURPLE LINE

The 16.2-mile, 21-station Purple Line between New Carrollton in Prince George’s County and Bethesda in Montgomery County is a critical infrastructure project expanding transit opportunities in two of the most populated counties in the state. The project will offer convenient east-west transit access for jobs, school, shopping and recreation, and provide connections across the region with links to five branches of Metrorail, three MARC commuter rail lines, Amtrak and a host of bus services.

The Purple Line will relieve vehicle traffic in the National Capital region – one of the most congested areas of the country – and will spur economic growth through community revitalization and job creation. Project construction supports more than 6,000 jobs, with 26% for design services going to small and minority-owned businesses and 22% for construction going to small and minority-owned businesses. The Purple Line also will expand opportunities for Marylanders by MDOT partnering with Montgomery and Prince George’s counties on transit-oriented development and economic development around Purple Line stations.

P3 AGREEMENT SUMMARY

The overall \$9.284 billion P3 Agreement to deliver the Purple Line for Marylanders includes several elements: the MTS design-build contract to complete design and construction; Purple Line Transit Operators to operate and maintain the line for 30 years; PLTP to provide management oversight of all elements of the Purple Line for the life of the project; and MDOT to repay debt and equity.

The P3 Agreement modification also shortens, clarifies and streamlines the process for any dispute resolution between parties. Separate and distinct from the dispute resolution process, the P3 Agreement also was modified to remove the right to unconditionally terminate the P3 Agreement for extended delay (utilized by the previous design-build contractor as a basis to leave the project). The right to conditionally terminate for extended delay also has been narrowed. The contractor can conditionally elect to terminate in the case of an extended “force majeure” event that is out of the control of either party, such as war, an act of terrorism, fire and flood, but that is not a unilateral right and the owner can elect to continue in that event.

The P3 model enables the state to leverage investment and expertise from the private sector to design, build, finance, operate and maintain the light rail line. The P3 is an innovative solution to deliver this long-planned link between Prince George’s and Montgomery counties. Private sector funding for the Purple Line allows the state to balance limited Transportation Trust Fund resources and honor infrastructure commitments across the state.

Without the P3 model and its financing and operating components, MDOT MTA would not be able to expand transit into the National Capital Region without incurring additional cost to establish operations outside its core Baltimore service area.

FINANCING THE PURPLE LINE

Factors influencing the updated Purple Line cost in the post-pandemic world would have impacted the project regardless of selected partners or previous bids. Supply chain issues, rising material costs, labor shortages and insurance increases – all of which carry their own costs and also affect industry risk assessment and allocation – could not have been foreseen prior to the pandemic. MDOT, other government agencies, local jurisdictions and private firms across the nation are experiencing significant increases on major projects due to these and other related factors.

Due to all of these factors and the post-pandemic market, the Design-Build cost has increased by \$1.4 billion from \$2 billion to \$3.4 billion to complete the Purple Line construction. The project, which originally was scheduled to be complete in March 2022, will be open for service for Marylanders in Fall 2026.

As outlined in the BPW agenda item, the P3 Agreement cost in 2016 was \$5.59 billion, with a BPW approved modification of \$250 million in December 2020. Today, BPW approved the additional P3 Agreement modification of \$3.444 billion and the revised total projected P3 Agreement cost of \$9.284 billion.

PLTP will finance the additional project cost through a combination of debt and equity that will be repaid through availability payments made by the state. PLTP also has agreed to reduce its rate of return – essentially what it gets back on the project – by 20%. The P3 Agreement includes operational and performance targets that must be met by the partners in order to receive the full availability payments.

P3 Agreement Cost Overview

\$ in Millions

	2016 Funding (2016-2052)	2022 Funding (2016-2056)
Design-build Contract	1,971,885	3,435,839
Settlement Payment	-	250,000
Work completed by MDOT MTA since Sept. 2020	-	218,673
Operations and Maintenance	1,744,297	1,977,179
Insurance	272,638	340,642
Capital Renewal	289,144	295,908
Financing	1,312,036	2,765,759
Total P3 Agreement	5,590,000	9,284,000

DESIGN-BUILD CONTRACTOR

As outlined above, the Design-Build cost has increased by \$1.4 billion from \$2 billion to \$3.4 billion to complete the Purple Line construction, reflecting the post-pandemic market with rising material costs across the industry, material shortages due to supply chain challenges, a smaller labor force, increases in the insurance market and other factors. The project, which originally was scheduled to be complete in March 2022, will open for service for Marylanders in Fall 2026.

As the new design-build contractor, MTS brings strong leadership experience and a track record of completing major and complex infrastructure and delivering transit projects. MDOT is confident MTS will deliver a completed project in the shortest time possible.

MTS is comprised of Dragados USA Inc. and OHL USA Inc. Dragados comes to the Purple Line with immense experience in delivering transit systems. Among their notable projects are the \$2.4 billion Los Angeles International Airport Automated People Mover and three light rail projects in Canada with a combined value of \$5.5 billion. Dragados was ranked sixth on Engineering News Record’s 2020 Top Transportation Contractors List. OHL has more than a century of infrastructure construction experience and is ranked number 15 on Engineering News Record’s 2020 Top 50 Domestic Heavy Contractors List.

DESIGN-BUILD CONSTRUCTION SCHEDULE

MTS will begin mobilizing staff and equipment to begin full-scale construction later this spring. The team's updated construction schedule will enable the Purple Line to begin revenue service in fall 2026 and will allow for the entire light rail line to open at the same time instead of opening in phases as proposed previously. This approach will enable the Purple Line to provide seamless, system-wide benefits from day one.

Following Financial and Commercial Close in the coming weeks, MTS will start full-scale construction in spring 2022.

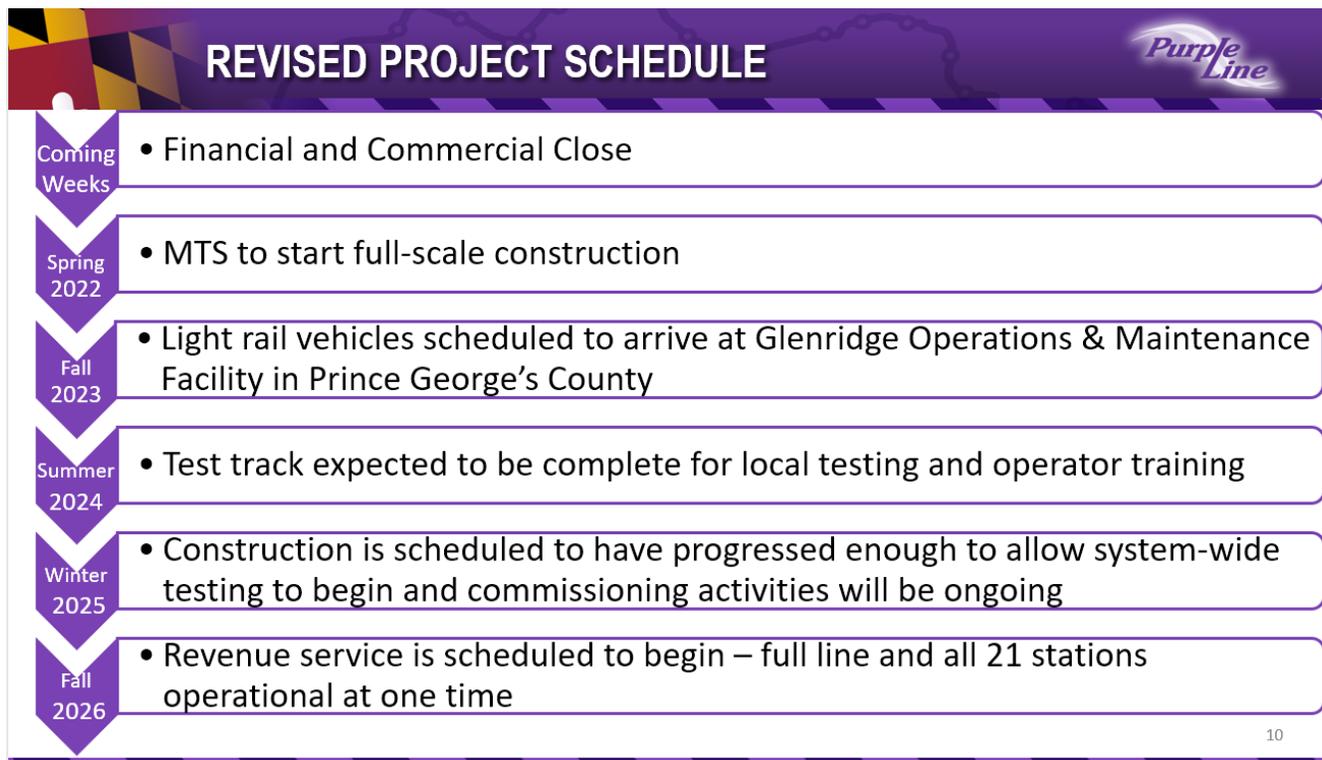
The Light Rail vehicles are continuing in production in Elmira, N.Y. Of the 28 Light Rail vehicles, eight are complete and available for shipment now; an additional eight are complete and are undergoing static testing; and another eight are being assembled now.

In fall 2023, Light Rail vehicles are scheduled to arrive at the Glenridge Operations & Maintenance Facility in Prince George's County.

In summer 2024, the Test Track is expected to be complete for local testing and operator training.

In winter 2025, construction is scheduled to have progressed enough to allow systemwide testing and commissioning activities will be ongoing.

In fall 2026, revenue service is scheduled to begin on the full line with all 21 stations operational at one time. This approach will enable the Purple Line to provide seamless, system-wide benefits to Marylanders from day one.



BPW APPROVES ADDITIONAL CONTRACTS TO CONTINUE MDOT MTA WORK STARTED DURING THE DESIGN-BUILD SEARCH

As outlined in today's BPW P3 Agreement agenda item, PLTP and MDOT MTA pursued an aggressive schedule to select a new design-build contractor. While procurements of this magnitude often take 18 months to two years to complete, the replacement of the Purple Line design-build contractor was accomplished in just more than a year.

On a parallel path, MDOT MTA managed more than 150 Purple Line contracts and oversaw several key milestones that benefit the project construction, substantially reducing risk for the new design-build contractor. This work advanced design components, secured critical stormwater management permits and completed numerous outstanding utility relocations with approximately 66% of all project utility relocations now complete. These accomplishments will greatly assist the new design-build contractor as they begin full-scale construction.

While most of the 150 plus Purple Line contracts are being assumed by MTS, BPW today also approved five new MDOT MTA contracts totaling \$15.4 million in separate agenda items to allow current unfinished work including utility relocation, concrete and other construction work to be completed. In addition, BPW approved a 48-month, \$15 million contract modification for the General Engineering Consultant's continued technical oversight of this design and construction work.



MDOT MTA is one of the largest multi-modal transit systems in the United States. MDOT MTA operates LocalLink Bus service, Commuter Bus, Light RailLink, Metro SubwayLink, MARC Train service and a comprehensive Mobility paratransit system. MDOT MTA's goal is to provide safe, efficient and reliable transit across Maryland with world-class customer service. As a participating agency in APTA's Health and Safety Commitment Program, MDOT MTA is dedicated to keeping our employees and passengers safe throughout the COVID-19 pandemic. To learn more, visit <https://www.mta.maryland.gov> or check us out on Facebook at [facebook.com/mtamaryland](https://www.facebook.com/mtamaryland), [YouTube.com/TheMTAMaryland](https://www.youtube.com/TheMTAMaryland) and follow us on Twitter @mtamaryland

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