

Restructuring the Purple Line Project: Off the Rails

Study Questions

1. What were the primary drivers of cost increases on the Purple Line project? Is there anything that the public sponsor or private partner could have done differently to prevent those cost increases from occurring in the first place?
2. Evaluate the initial contractual structure of the Purple Line? Can you identify any potential changes to the project contractual structure or risk allocation that may have prevented or mitigated the project's cost increases? Would there have been a way to ensure certain risks were more clearly allocated to prevent the eventual dispute?
3. Several of the risks that impacted the Purple Line were third-party risks. How can public sponsors or private partners mitigate these risks during the early planning and predevelopment of a large infrastructure project like the Purple Line?
4. Why did negotiations over the cost claims break down in the Spring of 2020? Why do you think the parties were unable to reach a settlement before the dispute became public with the notice of termination?
5. Why was the actioned termination clause included in the original P3 contract, and were there any alternative clauses that could have been included in its place?
6. After the termination letter, MDOT and PLTP had a very limited amount of time to negotiate a compromise and avoid a messy, disputed termination. What could either party have done to change the status quo of the negotiation at that point, and potentially avoid termination? What were the biggest impediments to a negotiated solution?