



**U.S. Department  
of Transportation**

# **Evaluation of the Charter Bus Demonstration**

**September 1997**



**Federal Transit  
Administration**

**Office of Research, Demonstration and Innovation**

## EXECUTIVE SUMMARY

Section 3040 of the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 directed the Federal Transit Administration (FTA) to issue regulations to implement a charter service demonstration in not more than four states. During the demonstration, public transit operators would be permitted to provide charter service to meet the charter needs of government, civic, charitable, and other community organizations, which would not otherwise be served in a cost effective or efficient manner. Section 3040 required FTA to submit a report to Congress evaluating the effectiveness of the charter demonstration program and providing recommendations for improving the current charter service regulations.

### FTA CHARTER DEMONSTRATION

FTA established a Federal Advisory Committee (FAC), comprised of individuals equally representing public and private operators, to assist FTA and DOT in implementing regulations establishing the charter demonstration. FTA issued a Notice of Proposed Rulemaking (NPRM) in the Federal Register on October 28, 1992, soliciting proposals from transit agencies to participate in the demonstration.

FTA received six proposals and, after consulting with the FAC, selected the following public operators to participate in the demonstration:

- Monterey-Salinas Transit (MST), Monterey, California
- Central Oklahoma Transportation and Parking Authority (COTPA), Oklahoma City, Oklahoma
- Bi-State Development Agency (Bi-State), St. Louis, Missouri
- Michigan Department of Transportation (MDOT) on behalf of four unnamed transit agencies within the State of Michigan
- Yolo County Transit Authority (YCTA), Yolo County, California

MDOT subsequently selected the following public transit operators to participate in the demonstration in Michigan:

- Isabella County Transportation Commission (ICTC), Isabella County, Michigan
- Capital Area Transit Authority (CATA), Lansing, Michigan
- Marquette County Area Transportation Authority (MarqTran), Marquette County, Michigan
- Muskegon Area Transit System (MATS), Muskegon, Michigan

FTA issued the Final Rule on July 9, 1993 implementing the charter demonstration for a one year period from August 9, 1993 through August 9, 1994. FTA subsequently extended the demonstration, to October 31, 1994 and again to October 31, 1995, to address public operators' concerns that the demonstration did not provide adequate time for full implementation.

### LOCAL IMPLEMENTATION OF THE CHARTER DEMONSTRATION

The Charter Bus Demonstration Regulations emphasized the need for a local decision making process. The final rule provided for the selection of a local advisory committee, appointed by the Board, composed of equal representation of public and private operators. The local advisory committees in each site developed a local charter policy, and the Board approved it. The Board automatically approved the local charter policy if the Committee unanimously approved it. The Committee provided a means for both the public and private sector to express their opinions and encouraged cooperation among the groups.

In each demonstration site, the local committees agreed to broad categories of customers that the public operator could serve during the demonstration. Several of the committees debated in the initial meetings whether to permit broad

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categories or to review exceptions on a case-by-case basis. Generally, committee members agreed that the process of reviewing each charter request to determine whether the public operator could provide the service was cumbersome and did not serve the customer well. In Monterey, the private operators were particularly reluctant to establish broad categories, but agreed to do so.

Although each local advisory committee developed its own policy for the demonstration, the local charter policies focused on the following groups and types of charters:

- member governments
- economic development groups and chambers of commerce
- convention related charters
- community organizations and events
- charters with unique equipment
- charters for private individuals and organizations through a referral process

### DEMONSTRATION RESULTS

#### Charter Service Provided

The public operators in the eight demonstration sites provided a total of 834 charters during the demonstration, an average of 34 charters per month. This represents an increase of 79 percent over the average charters per month for the four public operators providing service prior to the demonstration - COTPA, Bi-State, ICTC, and CATA. MarqTran also provided service prior to the demonstration but did not provide data for comparison. The increase in the charters per month is equally attributed to the increase in service of the four public operators which provided charter service prior to the demonstration (19 to 26 charters per month) and to the four public operators that did not provide charter service prior to the demonstration (none to eight charters per month).

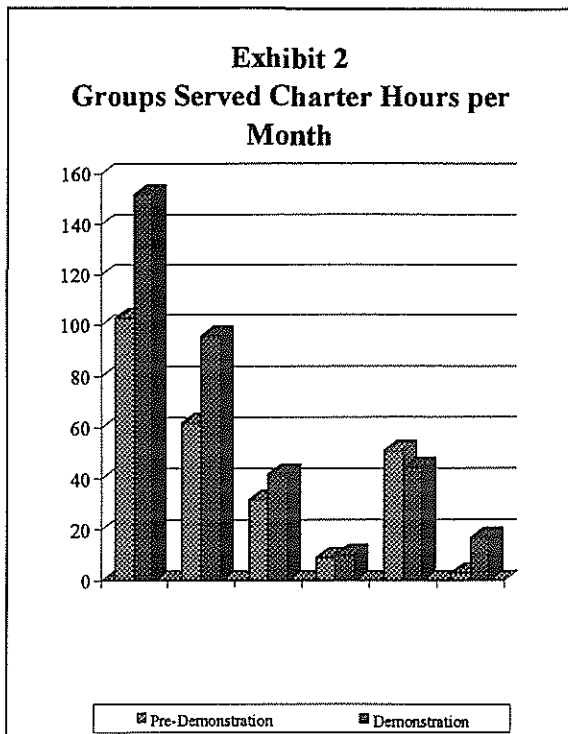
Exhibit 1 Average Monthly Charter Service		
	Pre-Demo	Demo
Trips/Month	19	34
Hours/Month	258	359
Revenue/Month	\$10,075	\$20,855

Exhibit 1 shows that the average charter hours per month increased 39 percent from 258 hours during the pre-demonstration to 359 hours during the demonstration. The smaller increase in charter hours per month results from the reduction in the average length of the charters from 16 hours during the pre-demonstration to 11 hours during the demonstration. Both COTPA and Bi-State, the public operators providing the majority of the service, experienced significant reductions in the average duration of their charters, 35 percent and 63 percent, respectively.

#### Groups Served

As illustrated in Exhibit 2, the public operators primarily provided charter service to private individuals and groups during the demonstration. Fifty-one percent of the charters and 40 percent of the charter hours were for private groups and individuals. Community groups accounted for approximately one fourth of the charters and charter hours during the demonstration. Sixteen percent of the charters performed were for government entities. However, these charters accounted for only 13 percent of the charter hours during the demonstration, due to the typically short durations. Only two percent of the charters were for conventions. These charters typically were among the largest, with an average of 35 hours per charter. Because the convention charters were large, frequently covering several days and utilizing multiple vehicles, they account for 13 percent of the overall charter hours.

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COTPA and Bi-State provided 75 percent of the charter hours during the demonstration. Therefore, Bi-State and COTPA have a greater impact on the overall charters and charter hours by groups served than those agencies providing fewer charters and charter hours.

### Consistency with Local Charter Policy

Most of the public operators adhered to the local charter policies established for the demonstration, as summarized in Exhibit 3. Many of the charters provided by the public operators during the demonstration were permitted under more than one provision of the local charter policy, particularly for the sites that included a unique equipment provision.

Exhibit 3 Charters Within Local Charter Policies	
COTPA	70%
Bi-State	100%
MST	100%
YCTA	100%
ICTC	100%
CATA	100%
MATS	100%
MarqTran	63%

### Impact on Public Operators

The charter service provided during the demonstration generally had a minimal impact on the public operators' business because:

- the amount of charter service, hours, and revenue per month was minimal compared to the overall agency budget and service hours
- the level of service did not change significantly during the demonstration.

For each of the public operators, the charter hours and charter revenues accounted for less than one percent of total revenue hours and total operating budgets, respectively.

In the state of Michigan, one of the primary concerns was the ability to provide charter service to government entities that contribute to the operations of the public operator through property tax millages. The public operators in Michigan combined provided only about one charter and six charter hours per month for government entities, however.

Other reasons often cited for more flexibility to serve local groups was the potential to introduce transit to a wider group than currently utilizes transit, to enhance the public's perception of transit, and possibly to attract new riders to public transit. While the public operators served community and private groups during the demonstration, some of which may not have used



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transit before, the study cannot determine the impact, if any, on public operators' ridership or the public's perception of transit.

### Impact on Customers

The primary impact of the demonstration on charter customers was the ability of private groups and individuals to charter service directly from the public operators through the unique equipment provisions of the local charter policies. Seven of the charter policies contained a unique equipment provision. The charter operators operated a variety of unique equipment under the provision, including rubber tired trolleys, electric buses, CNG buses, and specially painted diesel buses.

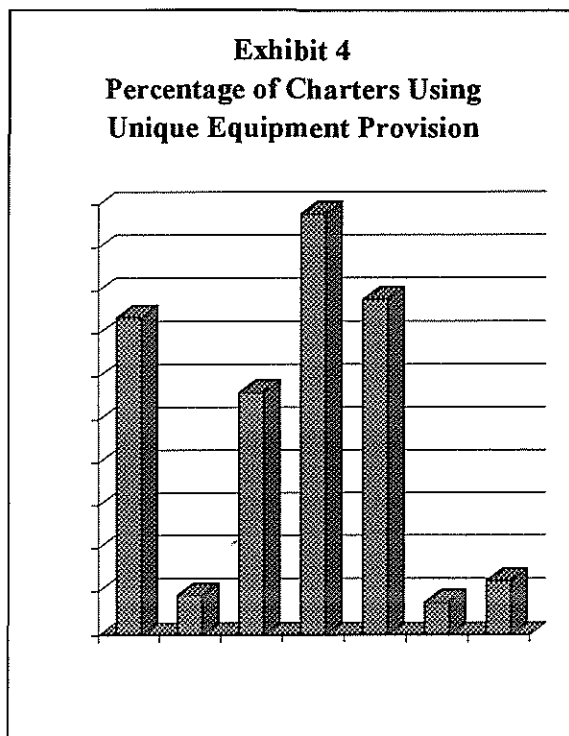


Exhibit 4 illustrates the significant amount of charter service provided by the public operators under the unique equipment provisions of their policies. While some of the charters which used unique equipment were permitted under other provisions of the local charter policies, the vast majority of these were allowed only under the

unique equipment provision. Some of the charters served other groups allowed or provided accessible equipment.

CATA provided 98 percent of its charters with its trolleys. Eighty-six percent of the charter trips were allowable only under the unique equipment provision. MST, MATS, and ICTC also provided a majority of their service with unique equipment. Approximately half of the charters in these areas were permitted only under the unique equipment provisions of the local policies.

The significant amount of charter service provided by many of the public operators under the unique equipment provisions of their policies, the majority of which served private groups and individuals, does not support the perception that there are claims of unmet local needs for charter service.

The demonstration opened a new charter market in Michigan - chartering by private individuals for wedding parties. All of the public operators in Michigan provided charters for weddings during the demonstration, as seen in Exhibit 5.

Exhibit 5 Charters for Weddings		
	Number of Charters	% Total Charters
ICTC	33	20 %
CATA	51	59 %
MATS	30	30 %
MarqTran	2	7 %
Total	116	31 %

Wedding charters accounted for 31 percent of all charters performed by the public operators in Michigan during the demonstration. In most sites, this is new service. ICTC, however, served this market prior to the demonstration, providing almost 3 wedding charters per month which represented 39 percent of its charter service. All of the wedding charters utilized the rubber tired trolleys. None of the private operators involved in

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the demonstration have trolleys and none provide wedding charters.

### Impact on Private Operators

The demonstration had a minimal direct impact on the private charter operators that participated in the evaluation. Generally, the service provided by the public operator did not impact the private operators in the area for the same reasons it minimally impacted the public operators' business:

- the level of service provided by the public transit operator, in terms of the number of charters, charter hours, and charter revenue per month) was small and could not adversely impact any one private operator's business
- the level of service provided by the public transit operator during the demonstration was comparable to the level of service prior to the demonstration

Bi-State provided a significant amount of service prior to the demonstration, an average of 53 hours of charter service per month. Bi-State's service more than doubled in terms of charter hours per month during the demonstration. Bi State operated an average of 113 hours of service and earned an average of more than \$6,500 per month in charter revenue during the demonstration.

However, the overall charter market in St. Louis increased during the demonstration. A new convention center and a new stadium were completed providing facilities for larger conventions. According to the St. Louis Convention and Visitors Bureau, the economic impact of convention business in St. Louis grew from about \$20 million in 1995 to over \$85 million in 1996.

Many of the larger charter operators in each demonstration site indicated from the start that the demonstration would not impact their

business. The private operators generally served longer distance charters and indicated that the shorter local charters which the public operator could provide under the demonstration would not affect their business. The short local trips are often not cost-effective for the private operators to provide, especially if they have to travel long deadhead distances.

Most of the private operators indicated at the end of the demonstration that the service provided by the public operator did not adversely impact their business. Many, in fact, felt no impact as the nature of the public operators' business was different than the private operators.

Throughout the demonstration, private operators expressed concern about the potential adverse effects of relaxing the charter regulations. Generally, private operators contended that the service provided by the public operators during the demonstration would not be representative of their service under more relaxed regulations.

Many of the private operators experienced improved relations with the public operator as a result of participating in the local advisory committee. Private operators stressed, however, that the increased trust between the public and private operators would not extend to other public operators or to the specific public operator under different circumstances.

For some private operators, it was difficult to overcome previous adversarial interactions and relationships with the public operator. Several of the private operators believed that the public operators had not taken appropriate measures to involve the private operators in public service, as required by the FTA private sector requirements which were in effect at the beginning of the demonstration.

The private operators generally felt that they could serve all of the local charter needs. The small local trips are generally not of interest to

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the private operators, however, when there is potential to serve a larger charter movement.

### RECOMMENDATIONS

The results of the demonstration do not indicate the need for FTA to significantly alter its current charter regulations. The demonstration did not support the perception that there are unmet needs for the groups for which the demonstration was primarily intended: government, civic, charitable and other community activities. Although the public operators in each area identified groups which would not otherwise be served in a cost effective manner, including those for which the demonstration was intended and those particular to each site, the charter service provided during the demonstration did not serve a significant number of these groups or significantly increase the level of service to these groups.

FTA proposes the following actions to improve the ability of public transit operators to utilize the existing exceptions to the charter regulations to meet the charter needs in their communities:

- FTA should modify the definition of "willing and able" private operators.
- FTA should extend the non-urbanized area hardship exception to small urbanized areas (50,000 to 200,000).
- FTA should modify the exception for formal agreements with all private charter operators to permit the type of cooperative effort implemented during the demonstration.
- FTA should develop and implement an outreach program to foster a better understanding of the charter regulations and exceptions.

demonstration. FTA provided the members with a copy of the evaluation report for review in advance of the meeting.

Generally, the public operators continued to express their desire for the charter exceptions to be relaxed in order to permit the public operators to serve the charter needs within their communities that are not being effectively served by the private operators. The private operators reiterated that they are able to meet the charter needs and that they would look to the public operators for assistance as needed. Both the public and private operators agreed that an outreach/education program would be beneficial.

### FINAL REVIEW BY FAC MEMBERS

Members of the FAC met in Washington DC on September 12, 1996 to discuss the findings and recommendations of the evaluation of the charter

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## 1. INTRODUCTION

### DEMONSTRATION OVERVIEW

In response to the concerns of public transit operators, the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 Section 3040 directed the Federal Transit Administration (FTA) to issue regulations to implement a charter service demonstration. During the demonstration, public transit operators in not more than four states were permitted to provide charter service to meet the charter needs of government, civic, charitable, and other community organizations, which were not otherwise available in a cost effective or efficient manner.

FTA established a Federal Advisory Committee (FAC), effective March 16, 1992, comprised of individuals equally representing the public and private operators, to assist FTA and DOT in implementing regulations establishing the charter service demonstration. After consulting with the FAC, FTA issued a Notice of Proposed Rulemaking (NPRM) in the Federal Register on October 28, 1992, describing FTA's proposed charter demonstration program, including provisions to allow public transit operators in the selected demonstration sites additional flexibility in the development of a local charter policy to meet local circumstances.

A State Department of Transportation (DOT) or Metropolitan Planning Organization (MPO) in each of the selected demonstration sites would be empowered to determine the charter services that the public operator would be permitted to provide during the demonstration. The State DOT or MPO would appoint a local advisory panel, composed of four to six persons, equally represented by public transit operators or local business organizations and representatives of local private charter operators. The DOT or MPO would adopt the local charter policy recommended by the local advisory panel.

The NPRM solicited proposals from interested public transit agencies to participate in the demonstration. After consultation with the FAC, FTA selected the following public transit

operators in four states encompassing large and medium sized cities, as well as rural areas:

- Monterey-Salinas Transit (MST), Monterey, California
- Central Oklahoma Transportation and Parking Authority (COTPA), Oklahoma City, Oklahoma
- Bi-State Development Agency (Bi-State), St. Louis, Missouri
- Michigan Department of Transportation (M•DOT), with four unnamed sites within the state
- Yolo County Transit Authority (YCTA), Yolo, California

M•DOT subsequently selected the four sites for participation in demonstration in Michigan:

- Isabella County Transportation Commission (ICTC), Isabella County
- Capital Area Transit Authority (CATA), Lansing
- Marquette County Area Transportation Authority (MarqTran), Marquette
- Muskegon Area Transit System (MATS), Muskegon

The final rule, issued July 9, 1993, incorporated the provisions of the NPRM, identified the eight demonstration sites, and authorized the demonstration for a one year period from August 9, 1993, through August 9, 1994.

Few of the demonstration participants were able to implement the demonstration locally by August 1993. The process of informing the private operators, establishing and convening the local advisory committee, and reaching a consensus on the local charter policy spanned several months. As a result of the initial delays, FTA extended the charter demonstration through October 31, 1994 to allow for a full year of demonstration activity. However, many public operators continued to express concern

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that the length of the demonstration did not provide sufficient time to implement the local charter policy and accurately evaluate the effects of the demonstration. In response to the concerns, FTA extended the demonstration through October 31, 1995.

Most of the local demonstrations were implemented in the fall of 1993. Marquette County, however, did not initiate its demonstration until January 1995.

### EVALUATION OVERVIEW

The objective of the evaluation was to assess the effectiveness of the demonstration program. The evaluation focused specifically on:

- the impact on the public operators
- the impact on customers
- the impact on the private operators
- the effectiveness of the local decision making process

The evaluation addresses each of the eight demonstration sites individually and presents a summary of all sites. The evaluation is based on the charter information provided by the public operators for the demonstration and pre-demonstration periods, the results of the customer surveys, and discussions with the public and private operators. Because private operator data was not received from at least three private operators in any of the sites, except for Yolo County, FTA only presents analysis of the private operator data for Yolo County. FTA guaranteed to the private operators that data analyses would only be presented if at least three operators contributed data.

FTA analyzed the public operators' charter service in terms of the quantity of service provided, the groups served, and the consistency of the service with the local charter policy. FTA analyzed the impact on the individual public operators' operations based on the quantity of

service and the change in level of service from the pre-demonstration.

Congress mandated the demonstration in response to public transit agencies' concerns about the unmet needs of specific types of organizations, including government, civic, charitable, and community groups. The evaluation assessed the extent to which the public operators provided charter service to meet the needs of these groups during the demonstration. FTA classified the charters performed by the public operator into categories including private groups and individuals, community, government, subcontract to private operators, convention, and university. FTA analyzed the impact on the customers by the changes in the level of service provided to each group.

FTA analyzed the impact on private operators based on the total charter revenue hours and revenue earned by the public operator, changes in the level of service provided by the public operator, and changes in private operator service, where reported, results of customer surveys, and comments provided by the private operators during the demonstration.

FTA assessed the effectiveness of the local decision making process based upon the development of the local advisory committee, development of the local charter policy, communication among the committee members, and proper reporting of charter activities.

### ORGANIZATIONAL ROLES

During the Charter Bus demonstration, the following organizations participated in the development and implementation of the program:

- Federal Transit Administration
- Federal Advisory Committee
- Local Advisory Boards
- Local Advisory Committees

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- KPMG Peat Marwick

### Federal Transit Administration (FTA)

FTA was responsible for developing, implementing, and overseeing the Charter Bus demonstration program. FTA:

- selected the members of the Federal Advisory Committee
- developed the NPRM
- received proposals and, with input of the FAC, selected four sites for the demonstration
- developed procedures for program participants

During the demonstration FTA visited the demonstration sites and provided overall guidance and monitoring to participants.

### Federal Advisory Committee (FAC)

The FAC assisted DOT and FTA in developing and implementing the Charter Bus demonstration program. The primary objectives of the FAC were to advise FTA on the following issues:

- implementation of regulations to allow transit operators to provide charter services for the purpose of meeting the transit needs of government, civic, charitable, and other community activities which would not otherwise be served in a cost-effective and efficient manner
- development of a charter demonstration program that grants public transit operators additional flexibility to provide charter service without creating undue competition for private charter service operators
- guidelines for site selection for the demonstration program
- determine the length of the demonstration program

- procedures for program participants

### Local Advisory Boards

In accordance with the implementing regulations, each public entity selected to participate in the demonstration named an advisory board to oversee the demonstration. In Michigan, M•DOT assumed this role. In the other four demonstration sites, the MPO served as the advisory board.

The boards were responsible for:

- appointing a local advisory committee comprised of public and private representatives
- accepting recommendations which received unanimous approval from the committee
- ruling on all other proposed exceptions which did not receive unanimous approval of the local advisory committee

In some areas, the boards participated in the demonstration after approval of the local charter policy. The boards received status reports from the public operators and, in some cases, the board served as the liaison for the public operators and FTA.

### Local Advisory Committee

In each demonstration site, the local advisory board appointed a local advisory committee with representation of public and private operators. The committees developed local charter policies which would govern the public operators' provision of charter service during the demonstration to meet the specific needs for charter service in their communities. The committees provided a means for the public and private operators to express their opinions and encouraged cooperation among the groups.

### KPMG Peat Marwick LLP

FTA engaged KPMG Peat Marwick LLP (KPMG) to evaluate the charter demonstration

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and prepare a report for submission to Congress. KPMG assessed the impact of the charter demonstration program on the public transit operator, the charter customers, and the private operators and assessed the effectiveness of the local advisory committee process in each demonstration site.

KPMG defined the data collection requirements and worked with the public transit operator and private charter operators in each demonstration site to obtain data on the charters provided during a pre-demonstration period and during the demonstration. KPMG compiled and analyzed the data in terms of the quantity of service provided, the groups served, and the consistency of the service with the local charter policies.

KPMG conducted a survey of the public operators' customers to assess their charter service activity and the reasons for selecting the public operators.

KPMG conducted site visits to the local demonstration sites and maintained contact with the public and private operators throughout the demonstration to discuss the impacts of the demonstration and the concerns of the parties involved. KPMG met with each public operator at the end of the demonstration, and in many cases, with the local advisory committees, to discuss the impacts of the demonstration.

KPMG prepared an interim report for Congress in March 1995 documenting the interim findings of the demonstration evaluation.

### ORGANIZATION OF THE REPORT

Section 3040 of ISTEA required FTA to submit a report to Congress evaluating the effectiveness of the demonstration program and recommendations to improve current charter service regulations.

This report presents the evaluation of the charter demonstration:

- Sections 2 through 10 present the results and findings for each of the eight local demonstrations. M•DOT's role in the demonstration, as the Advisory Board for the four sites in Michigan is presented in Section 6.
- Section 11 presents the overall findings and recommendations of the evaluation.
- Appendix A provides background information on the charter bus regulations and development of the charter demonstration.
- Appendix B discusses the evaluation approach.

## 2. OKLAHOMA CITY, OKLAHOMA

### OVERVIEW

This section includes the demographic and economic background of the site, including a description of the public transit operator, Central Oklahoma Transportation and Parking Authority (COTPA), the regional Metropolitan Planning Organization (MPO), Oklahoma state charter regulations, and the private operators in the area.

### Demographic and Economic Background

Oklahoma City, located in Oklahoma County, Oklahoma is the 42nd largest municipality in the US. The Oklahoma City area covers 608.2 square miles. Will Rogers World Airport offers over 160 flights daily in and out of the city, and Interstate highways I-40, I-35, I-33, I-244, and I-235 connect the city to the borders of the nation. COTPA provides the local public transportation service.

The current population for the area is 450,000. From 1980 to 1990, the population of Oklahoma City grew by over 10 percent. The population is expected to grow by about 5% to 466,120 by the year 2000. The median age of Oklahoma City residents is 32.4 years. The total number of households in the city is 178,662.

Oklahoma City's cost of living is 6.2 percent below the national average. The average cost of a mid-size home in the metropolitan area is \$62,747, and the median household income is \$26,883.

The majority of the labor force (73.5 percent) is employed in the services, government, or wholesale & retail trade industries. The city, county, state, and federal governments employ approximately 100,000 people in the metropolitan area. The State of Oklahoma, General Motors Corporation, Tinker Air Force Base, Oklahoma Health Center, FAA Aeronautical Center and the Oklahoma City Public Schools are also major employers in the area. The total number of employed Oklahoma

City residents is 477,300. The current unemployment rate is 5.1 percent.

In December 1993, Oklahoma City passed a one cent sales tax which is expected to raise \$273 million for redeveloping the downtown area. Oklahoma City is planning to build a new stadium, a new arena for minor league hockey, remodel the convention center and civic theater and arts buildings, and build a new learning center. The effects of the bombing of the Alfred P. Murrah Federal building have caused some delays in the redevelopment of downtown. Otherwise, the economic and business environment remains relatively unchanged.

More than 10,000 rooms are available in 82 hotels in the area. The Myriad Convention Center is a multi-purpose sports, convention, and entertainment center with catering capabilities for 8,000 and a 16,000 seat arena. The Civic Center Music Hall in the center of downtown Oklahoma City seats 3,200, and the Fairgrounds have banquet rooms for 5,000.

As Oklahoma's largest city and state capital, Oklahoma City offers the shopping, museums, and cultural events typically available in a big city, but also many unique attractions. Oklahoma City is the home of the National Cowboy Hall of Fame, Western Heritage Center, and is "The Horse Show Capital of the World" with over 30 equestrian shows and rodeos each year. Remington Park offers thoroughbred and quarterhorse racing, and Aerospace America, one of the best airshows in the country, takes place in Oklahoma City each summer. Entertainment options include ballet, modern dance, theater, orchestras, and opera; and visitors can enjoy many golf courses and tennis facilities throughout the city.

### Public Transit Operator Background

COTPA was established in February 1966 as a Trust of the City of Oklahoma City with authority "to plan, establish, develop, acquire, construct, purchase, install, repair, enlarge,

## 2. OKLAHOMA CITY, OKLAHOMA

improve, maintain, and equip transit systems and facilities and public parking systems and facilities either within or outside the territorial boundaries of the City of Oklahoma City" (to oversee the development and operation of downtown parking facilities and the Oklahoma City metropolitan public transit system). COTPA is governed by a Board of Trustees composed of eight members: the Mayor of Oklahoma City, the City Manager of Oklahoma City, the Finance Director of Oklahoma City, and five at-large citizens, including one that must live outside the corporate limits of Oklahoma City, nominated by the Mayor of Oklahoma City and appointed by the Oklahoma City Council.

In July 1989, the Trustees entered into an interlocal agreement with the City of Oklahoma City to manage and operate the public transportation and parking systems. The agreement incorporated COTPA administrative functions and certain COTPA employees into the City's organizational structure, allowing for the centralized administrative management, coordinated planning and policy development, and elimination of duplicate staff support functions in the provision of public parking and transit services.

The term of the agreement is one year, coincident with the City's and COTPA's fiscal year, and is renewed annually upon approval of both the Trustees and the City Council. The City appoints the Director of Transit Services who also functions as the Administrator of COTPA. The City plays the lead in the selection process. The COTPA Administrator is responsible for administering the cooperative agreement.

The City's Department of Transit Services is responsible for the following functions:

- transit planning and policy development proposals for consideration by the City and COTPA governing bodies
- administrative management of the operation and maintenance of the public parking

- revenue collection and control, accounting and financial reporting, management and administrative reporting, budget development and administrative control, contract administration, and staff's support
- other support functions, such as personnel administration, engineering, purchasing, legal representation, marketing and customer services, grants management, and risk management, may be performed either by the City or COTPA personnel. COTPA is responsible for operations and maintenance functions of the transit system.

COTPA provides both fixed route bus service and paratransit service to the disabled and elderly on a regional basis to Bethany, Del City, Edmond, Midwest City, Norman, Oklahoma City, Shawnee, and The Village, and Warr Acres. COTPA operates approximately 73 buses over 28 local routes and 15 commuter/express routes. COTPA contracts with the University of Oklahoma in Norman to operate 8 routes; this service is commonly referred to as CART. COTPA operates the Metro Lift service for the mobility impaired using wheelchair lift equipped vans. Curb-to-curb service is available on a 24 hour advance reservation subscription basis.

The City has 30 full time employees working for COTPA in the Transit Services and General Services Departments, with 150 full time employees working directly for COTPA. In addition, 40 University of Oklahoma employees support the Norman Operation, under contract to COTPA.

COTPA is aggressive in utilizing private transportation services for its own commitments. COTPA has contracts with three cab companies, a private van service, and two non-profit organizations to provide transportation services.

COTPA provides 8,258 off-street parking spaces within six major parking facilities and two surface lots in downtown Oklahoma City.

## 2. OKLAHOMA CITY, OKLAHOMA

COTPA contracts with a private company to operate and maintain the public parking system.

Recently, COTPA undertook a name change to METRO Transit in an effort to increase regional recognition.

Since the current charter regulations went into effect in 1987, COTPA provided a substantial amount of charter service to both for-profit and not-for-profit organizations in need of short time-frame charter service. COTPA occasionally provided service under subcontract to a private operator to meet capacity needs. Additionally, COTPA provided charter service directly when clients requested COTPA's trolley type buses. Historically, COTPA served as the lead organization in coordinating service for short range charter service requests. COTPA coordinates with various local providers to insure use of these carriers whenever possible. COTPA does not have a formal charter service referral process, however, when COTPA receives requests for charter service, they fax or mail the request to all private operators and/or refer customers to the yellow pages.

### **Metropolitan Planning Organization Background**

The Association of Central Oklahoma Governments (ACOG), established in June 1966, is a voluntary association of city, town, and county governments within the central Oklahoma area. The ACOG region includes Canadian, Cleveland, Logan, and Oklahoma counties. ACOG's purpose is to aid local governments in planning for common needs, cooperating for mutual benefit and coordinating for sound regional development.

As of July 1991, ACOG had 33 member organizations. The ACOG region represents a population of over 875,000 and encompasses an area of over 2,900 square miles.

The Board of Directors serves as the governing body for the Association. Each member municipality or county elects one representative

from its elected council or commission. Each entity receives a weighted vote on the Board based on the most recent population estimates.

As the designated MPO for the Oklahoma City urbanized area, ACOG coordinates all regional transportation planning efforts. This includes development of a long range transportation plan, short range implementation programs and continuous monitoring of demographic and socioeconomic data which impacts area wide growth and travel demand patterns. Transportation planning programs focus on the urbanized portion of the region, known as the Oklahoma City Area Regional Transportation Study (OCARTS) area.

The transportation planning process is directed through a committee structure consisting of an Intermodal Transportation Policy Committee (ITPC) and an Intermodal Transportation Technical Committee (ITTC), with citizen participation through a Citizens Advisory Committee (CAC).

The ITPC is the single policy group for transportation decision making. The ITPC provides guidance for multimodal transportation planning and assures coordination among transportation modes, local government entities, and planning efforts. The ITPC is comprised of locally elected officials, state and federal representatives, and designees from other local agencies, as needed. The ITPC meets once a month.

The ITTC provides technical review and guidance for the OCARTS planning programs. The ITTC makes recommendations to the Policy Committee concerning adoption and approval of all transportation plans and programs. The ITTC is comprised of city planners, city engineers, and traffic managers, as well as representatives from area transportation planning agencies such as Oklahoma Department of Transportation (ODOT), COTPA, ACOG, and representatives from the Federal transportation agencies. The ITTC meets once per month.

## 2. OKLAHOMA CITY, OKLAHOMA

The Private Operators Coordinating Committee (POCC) was formed in 1986 in response to FTA's directive, documented in FTA Circular 7005.1, to provide greater opportunity to the private sector to participate in public mass transportation and to develop a local process to involve private operators. The Committee serves as an advisory committee to the ITTC and ITPC for the promotion and encouragement of private sector involvement in the provision of transit and paratransit services in the urbanized area. Membership on the committee is open to for profit or private non-profit providers. The POCC meets at least once per year.

The Privatization Advisory Committee structure (comprised of the POCC chairman, the ACOG Board Chairman, and a COTPA Board member) was developed to serve as a review board for any private sector complaints. One of the first activities of the POCC was to develop a dispute resolution process, consistent with FTA requirements.

### Private Charter Operators Background

Several privately-owned charter operators participate in the charter market in Oklahoma City. The following private operators participated in the charter demonstration:

- **Sooner/Red Carpet Charters** was established in 1983. In 1989, Red Carpet was purchased by, and now a division of, Sooner Bus Charters, Inc. Sooner/Red Charter maintains a fleet of approximately 20 passenger vehicles. Sooner/Red Carpet indicated that approximately five percent of their business is local charter tours. The majority of charter service is intercity and travel agents/tour companies are generally the customer. Sooner/Red Carpet requires a five hour minimum because they pay the drivers a minimum. (the drivers are non-union).
- **Overland Stage Lines**, formerly Vista Charters was established in 1990 and operates approximately 30 vehicles to provide charter service. Overland also

operates four wheelchair accessible vehicles to serve the needs of the disabled population. Overland Stage Lines requires a five hour minimum charge.

- **Kincaid Coaches** maintains ten vehicles in the Oklahoma City area to provide charter service. Approximately ten percent of their business is local for hotels, banks, clubs, and tours. Kincaid Coaches has worked with COTPA to provide service during large conventions. Kincaid Coaches requires a five hour minimum charge.
- **Vista Charters** was started in 1991 and operates approximately 10 vehicles, including sleeper vehicles and 46-passenger vehicles. Vista provides local and out of the area transportation service. Vista advertises service in the yellow pages specifically to corporate accounts and convention packages.

### Oklahoma State Charter Bus Regulations

Motor vehicles conforming to the definition of a Tour Bus must apply for an operational permit through the Travel and Tourism Division of the Oklahoma Tourism and Recreation Department. Tour Bus is defined as "an intercity bus or buses owned, leased, or operated to transport passengers by charter or special service as defined by the Interstate Commerce Commission who are assembled into a travel group through a sale to each individual passenger of a ticket covering a comprehensive trip from any point within the state of Oklahoma with visits to places of established interest and a return in conjunction with packages offered by travel agencies or professional tour operators." This does not include regular route passenger service.

The application information states that the intent of this particular application process is to "encourage tour bus activity within the state by simplifying the process. . . For tour buses, a 'one-stop-shopping' situation is created when applying for permission to operate within Oklahoma."



## 2. OKLAHOMA CITY, OKLAHOMA

In order to obtain a Tour Bus Permit, the bus company must complete the Tour Bus Permit Application Form provided by the Oklahoma Tourism and Recreation Commission. This application requires:

- **General Company Information** - including name, address, and telephone number of applicant and contact person;
- **Proof of Vehicle Registration** - Vehicle is registered according to the State of Oklahoma and the Highway Safety Code or authorized to be driven on the public roads of Oklahoma due to proper registration in another state.
- **Proof of Insurance** - Vehicle is insured by a motor vehicle liability policy according to Oklahoma requirements; or if involved in interstate operations, vehicle is insured according to the Interstate Commerce Commission requirements.
- **Proof of Safety Inspection** - Vehicle is inspected and approved as meeting safe mechanical operation standards according to Oklahoma requirements; or if involved in interstate operations, vehicle is insured according to the Interstate Commerce Commission requirements.
- **Annual Permit Fee** - A \$20 permit fee is required for each tour bus company. A copy of the permit will be provided to the company by the Travel and Tourism Division and must be carried upon each authorized tour bus.
- **Declaration of Acknowledgment and Compliance by a Company Agent and/or Official**
- **Authorization of Notary**

The Tour Bus Permit Application must be approved by the tour bus permit administrator of Travel and Tourism Division in order for the tour bus applicant to lawfully operate a tour bus within Oklahoma.

An Annual Permit authorizing tour bus operations is issued to a tour bus company valid

from January 1 to December 31 in year issued and valid for each tour bus operated by the applicant provided the following requirements are satisfied:

- **Registration** - Vehicle is registered according to the State of Oklahoma and the Highway Safety Code or authorized to be driven on the public roads of Oklahoma due to proper registration in another state.
- **Insurance** - Vehicle is insured by a motor vehicle liability policy according to Oklahoma requirements; or if involved in interstate operations, vehicle is insured according to the Interstate Commerce Commission requirements.
- **Inspection** - Vehicle is inspected and approved as meeting safe mechanical operation standards according to Oklahoma requirements; or if involved in interstate operations, vehicle is insured according to the Interstate Commerce Commission requirements.
- **Annual Permit Fee** - A \$20 permit fee is required for each tour bus company. A copy of the permit will be provided to the company by the Travel and Tourism Division and must be carried upon each authorized tour bus.
- **Licensing** - Each operator of a tour bus within Oklahoma must be licensed as a commercial chauffeur.

### COTPA'S DEMONSTRATION PROPOSAL

COTPA's charter demonstration proposal focused on offering service to organizations that have an unmet need for short term, local transit service. COTPA identified the following groups as having unmet needs:

- local and state government agencies
- associations, and other civic and non-profit organizations
- chambers of commerce and their associated convention and visitors bureaus

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COTPA stated that the private sector's inability to meet the demands of the community resulted in difficulties in attracting convention and visitors to the area and moving people in the local area.

COTPA identified ACOG as the overseeing entity for the demonstration in Oklahoma City. Rather than appointing a separate local advisory panel for the demonstration, COTPA and ACOG agreed to utilize the existing POCC as the group responsible for recommending local charter policy. The POCC Chair would establish a subcommittee comprised of POCC members in good standing to oversee the demonstration program and to determine the service provided by COTPA under the demonstration.

### LOCAL CHARTER DEMONSTRATION

FTA selected COTPA as one of the eight sites to participate in the charter demonstration. ACOG and COTPA staff introduced the charter demonstration at the April 15, 1993 meeting of the POCC. ACOG staff presented an overview of the charter demonstration mandated in ISTEA, and the role of the POCC in granting or denying exceptions to the charter regulations during the demonstration.

### Development of Local Policy and Process

COTPA reviewed the evolution of the Federal charter regulations and the rules for the charter demonstration. COTPA developed preliminary provisions for providing charter service during the demonstration:

- Provide service within its service area.
- Regular service could not be reduced in order to provide charter service
- Provide charter services for community efforts, such as association meetings, convention and tourism, and civic responsibilities

- The Local Advisory Panel (POCC subcommittee) would review exceptions beyond the minimum criteria.

COTPA developed the local charter policy to provide charter service for the following groups:

- governmental entities and agencies
- associations and non-profit organizations
- convention and visitors bureau business

In addition, COTPA proposed the following exception categories to be approved by the POCC subcommittee on a case by case basis:

- cost evaluation
- unusual equipment
- insufficient capacity

At the September 8, 1993, meeting of the POCC, COTPA presented the program purpose (general policy) and recommended assignment of a subcommittee to consider exceptions to the general policy, based upon the categories identified. COTPA indicated that the demonstration permitted the provisions of the general policy; the POCC subcommittee would be responsible for granting or denying exceptions to the general policy. The POCC accepted the policy proposed by COTPA.

Two private charter operators, Red Carpet Charters and Vista Charters, participated in the POCC meeting. Red Carpet Charters indicated that they were willing to participate in the demonstration. However, Vista Charters stated that they were opposed to the charter demonstration. Subsequent to the site visit, FTA contacted Vista Charters to solicit their participation. Vista Charters agreed to participate in the demonstration to show that it would in fact adversely impact their business. The POCC nominated a subcommittee to consider exceptions to the policy.

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### Oklahoma City Local Advisory Committee

Company/Agency	Sector
City of Oklahoma City	Public
Vista Charters	Private
Daily Living Center	Private
ACOG	Public

The POCC unanimously recommended that the ITTC and the ITPC review and concur with COTPA's local charter policy and the appointment of the subcommittee.

COTPA presented a summary of the proposed local charter policy and the POCC's recommendation for composition of the subcommittee to the ITTC on September 9, 1993. The ITTC unanimously agreed to recommend that the ITPC approve the local charter policy, accept the subcommittee, and amend the FY 1994 Unified Planning Work Program (UPWP) to include the charter demonstration.

ACOG staff presented a summary of the charter demonstration and the recommendations of the POCC and ITTC to the ITPC on October 7, 1993. The committee unanimously concurred with COTPA's local charter policy, establishment of the POCC subcommittee to decide on exceptions, and amendment of the FY 1994 UPWP to address POCC involvement in the charter service demonstration program.

Oklahoma City's local charter policy was approved by the POCC, ITTC, and ITPC.

### Oklahoma City Local Charter Policy

#### Program Purpose

Through this demonstration program, COTPA will be expecting to fill a short term transit void that the private transit operators sector is unable to service. Note: any charter services provided shall be considered incidental and not interrupt normal public services (regular route system) provided by the Authority.

To this end, COTPA will be allowed to provide charter bus service to the following:

- Governmental entities and agencies;
- Associations, non-profit organizations, and;
- Requests by the Convention and Visitors Bureaus to provide transit services for convention related business within the metropolitan area

#### Exceptions

The POCC will establish a subcommittee which will serve as the first level to consider exceptions. The subcommittee will be appointed by the Chair of the POCC and must be comprised of POCC members in good standing. One member shall represent private operators, one representing the Association of Central Oklahoma Governments, and one representing a non-profit and/or governmental agency. Any vote by the subcommittee which is not unanimous shall be referred to the entire POCC and subsequently the ITTC and ITPC, as necessary, for resolution.

The Subcommittee of the POCC established to oversee the project will be allowed to grant or deny exceptions to the proposed eligibility of service request described in the "Program Purpose" section listed above. The criteria to be established for making those determinations include:

- A cost evaluation to determine differences between public and private operational cost and when these differences can be applied to charter requests for the public provider;
- Unusual equipment available through the public provider that are requested from time to time to service special functions. In these instances, use of these vehicles should be made available through the public provider, and;
- In situations in which the nature of the service request exceeds the vehicle inventory of the private charter provider, the Subcommittee should authorize the use of the public transit vehicles.

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### Implementation of the Demonstration

COTPA initiated its local charter demonstration on August 5, 1993. COTPA provided its first charter under the demonstration on August 6, 1993.

Prior to the demonstration, from 1993 through July 1995, COTPA charged governmental entities \$40 per hour and all other groups \$50 per hour on weekdays and \$65 per hour on weekends. After July 1995, COTPA implemented the following charter rate structure:

- governmental entities: \$45 weekdays and \$60 weekends
- all other groups:
  - \$55 weekdays and \$70 weekends for buses
  - \$70 weekdays and \$85 weekends for trolley buses

COTPA implemented a two hour minimum charge for all charter service. COTPA's charter service was available on weekdays and weekends all day until midnight.

COTPA did not advertise the availability of charter service or solicit business during the demonstration. However, the Convention and Visitors Bureau was aware of COTPA's charter service and referred potential customers to COTPA. They referred potential customers to private operators for trips longer than two or three hours. Often times, if the customer requested large, multi-day movements, the Convention and Visitors Bureau would refer them to COTPA to coordinate the charter activities. The private operators generally do not have the vehicle capacity to perform large convention charter trips. COTPA would then contract with the private operators to provide the service.

COTPA met with FTA on June 27, 1994 to discuss the status of the demonstration in Oklahoma City and the potential extension of the charter demonstration through October 1995.

On November 9, 1994, COTPA provided ACOG with an update on the charter demonstration program, including extending the demonstration until October 31, 1995.

During the demonstration period, the POCC continued to meet on a monthly basis. Charter issues were discussed periodically. COTPA reported its charter activity to the local advisory committee through ACOG on a quarterly basis, including the trip purpose, number of passengers and hours of service.

During the demonstration, COTPA did not request the POCC subcommittee, acting as the local advisory committee, to meet to consider exceptions COTPA's general policy for charter service.

COTPA convened a follow-up local advisory committee meeting upon FTA's request on January 16, 1996, to discuss the impact of the demonstration on the private operators and to discuss the effectiveness of the committee structure. Representatives from COTPA, ACOG, and FTA attended the meeting. However, no private operators attended the meeting.

### EVALUATION ACTIVITIES

FTA visited Oklahoma City on April 26 and 27, 1993. FTA met with COTPA staff to discuss implementation of the demonstration program. FTA obtained background information about COTPA and discussed the data requirements for evaluation of the demonstration and the data collection efforts. FTA met with representatives of the Convention & Visitors Bureau to discuss the charter service needs for convention and tourism in Oklahoma City.

FTA met with one of the private operators that participated in the POCC meeting, Red Carpet Charters, to discuss the demonstration and its potential impacts and to solicit their participation in the evaluation. The other private operator, VISTA Charters, was not available.

## 2. OKLAHOMA CITY, OKLAHOMA

COTPA compiled and submitted to FTA data on its charter operations for the nineteen month pre-demonstration period from January 1, 1992 through August 5, 1993. Throughout the demonstration, from August 5, 1993 through October 31, 1995, COTPA provided data to FTA on the charters it performed, including:

- date
- customer name
- description of charter
- type of equipment
- passengers
- vehicle number
- mileage
- hours

FTA entered the data into a spreadsheet and summarized the number of charters, total vehicles, total hours, passengers, and total charges. Based on the customer name and description of the charter trip, FTA classified the charters into the following categories:

- government
- community
- convention
- university
- private operator
- private

FTA contacted several private operators active in the Oklahoma City area, including Red Carpet Charters, Kincaid Coach, Oklahoma Transit, and Liberty Tours to solicit their participation in the demonstration evaluation. FTA requested the private operators to provide data on their charter service within COTPA's service area and discussed their concerns. Only two private operators provided data to FTA for the evaluation. One private operator initially submitted data, but went out of business prior to the end of the demonstration.

To ensure confidentiality, FTA guaranteed the private operators that analysis of the data would be presented only if at least three operators provided data. Because complete data was received from only two private operators in the area, the data is not included in this report.

FTA visited COTPA on June 27, 1993 to discuss the status of the demonstration in Oklahoma City and the potential extension of the charter demonstration through October 1995. COTPA supported extension of the demonstration. During the visit, FTA also met with private operator representatives from Red Carpet and Kincaid Coach to discuss the private operators' perspective about the demonstration.

FTA conducted telephone surveys of COTPA's charter customers to obtain information about:

- the organizations and individuals requesting charters
- charter service requested during the pre-demonstration and demonstration periods
- factors in selection of the public operator versus private operators
- alternative option if the public operator was not available to provide service

FTA attempted to contact 108 COTPA charter customers, representing those charters performed during the demonstration period. Attempts do not include those telephone number which were no longer in service. FTA successfully completed surveys for 44 of the customers, representing a 41 percent response rate.

FTA met with COTPA on January 16, 1996 to discuss the impact of the demonstration and the effectiveness of the committee structure. ACOG invited the private operators to attend the meeting. However, no private operators attended the meeting. Representatives from COTPA, ACOG, and FTA attended the meeting and FTA presented preliminary results based on data received to date.

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### DEMONSTRATION RESULTS

COTPA's charter service is described in terms of the quantity of service, the groups served, and the consistency of the service with the local charter policy.

#### COTPA Demonstration Statistics

Total Charters	365
Total Hours	3,855
Total Revenue	\$197,931

#### Quantity of Service

Exhibit 2.1 presents the average monthly charter service provided by COTPA during the pre-demonstration and demonstration. During the nineteen month pre-demonstration period from January 1, 1992, to August 5, 1993, COTPA performed a total of 194 charters, an average of 10 charters per month. The average length of the charters was 17 hours.

Exhibit 2.1 Average Charter Service Per Month		
	Pre-Demo	Demo
Average Charters/ Month	10.21	13.52
Average Hours/ Month	171	143
Average Revenue/ Month	\$8,028	\$7,331

During the twenty-seven month demonstration, from August 5, 1993, through October 31, 1995, COTPA provided a total of 365 charters, an average of nearly 14 trips per month.

The average number of charters per month increased 32 percent from 10.2 during the pre-demonstration to 13.5 during the demonstration. However, the average charter hours per month decreased 16 percent from 171 hours in the pre-demonstration to 143 hours during the demonstration. COTPA provided shorter charter trips during the demonstration with an average of slightly over 11 hours per trip compared to 17 hours per trip during the pre-demonstration.

Although COTPA's average number of monthly trips increased by 32 percent, the average hours per trip decreased 35 percent, resulting in lower average monthly revenues. COTPA's average monthly revenue decreased 9 percent from \$8,028 during the pre-demonstration to \$7,331 during the demonstration.

#### Groups Served

Exhibits 2.2 and 2.3 show the distribution of charters and charter hours by group served during the demonstration. COTPA provided the most service to private groups and individuals - 38 percent of its charters and 37 percent of its charter hours.

COTPA provided 27 percent of its charters and 28 percent of its charter hours for community groups during the demonstration. Community groups included seniors, school, medical, charitable, and civic organizations.

Exhibit 2.2  
Demonstration - Charters by Groups Served

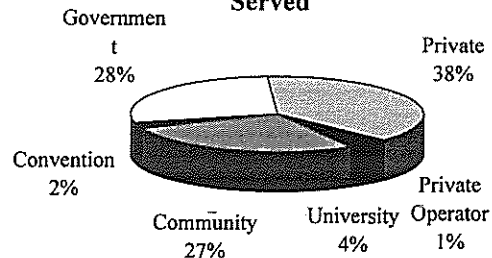
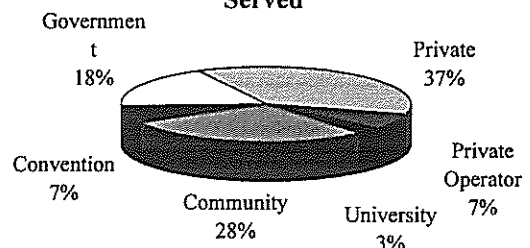


Exhibit 2.3  
Demonstration - Hours by Groups Served



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Twenty-eight percent of COTPA's charters during the demonstration served government entities. However, only 18 percent of COTPA's charter hours served government entities, reflecting the shorter average duration of the government trips. Included in the government group is a local program to teach children how to use the bus system.

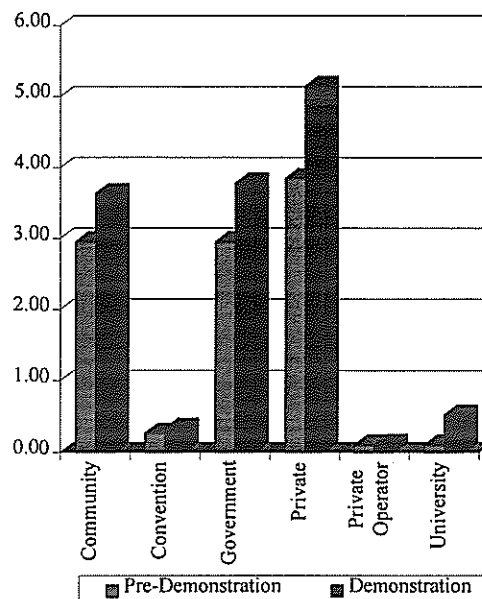
COTPA played an important role in the evacuation and rescue efforts after the bombing of the Alfred P. Murrah Federal Building on April 19, 1995. COTPA provided over 700 hours of service transporting evacuated workers from the site and emergency fire and rescue personnel. Due to the emergency nature of this service, it is not included in the analysis.

COTPA provided a small amount of charter service for convention groups, two percent of charters. These charters had an average duration of 32 hours however, and accounted for seven percent of COTPA's charter hours during the demonstration.

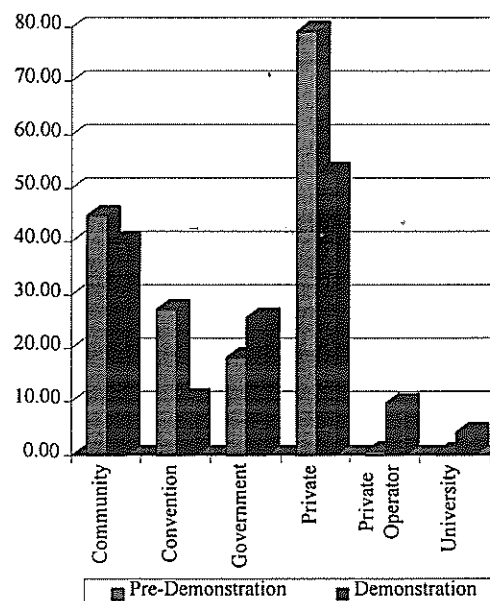
COTPA also provided charter service for private operators to fill capacity needs. The average duration of these charters was 87 hours. Thus, while only 1 percent of the trips were for private operators, seven percent of COTPA's charter hours were for private operators.

Exhibits 2.4 and 2.5 show the average number of monthly charters and hours performed by group during the demonstration and pre-demonstration. There were significant shifts in the groups served during the demonstration.

**Exhibit 2.4**  
**Charters per Month**



**Exhibit 2.5**  
**Charter Hours per Month**



During the pre-demonstration and the demonstration, COTPA provided charter service to private organizations, including sports

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organizations such as the Cavalry basketball team, the Eighty-Nines baseball team, the Blazers hockey team, and the All Sports Association for transporting individuals to and from the airport and hotels and apartment complexes. COTPA also provided service to radio stations, private individuals, and private associations.

COTPA provided 34 percent more charters per month for private groups and individuals during the demonstration than during the pre-demonstration, an average of 5 per month. However, the average duration of charters for private groups and individuals decreased 50 percent during the demonstration from 21 hours to 10 hours. COTPA's average charter hours per month serving private groups and individuals actually decreased 33 percent during the demonstration, from 79 hours per month to 53 hours per month.

The decrease is largely due to the reduction in service for the sports teams and organizations. During the pre-demonstration, COTPA provided approximately 1,040 hours of charter service (55 hours per month) to sports organizations, accounting for 69 percent of all charter hours for private organizations. These charters covered multiple days, as many as 23 days. The average duration of these charters was 36 hours, primarily due to the three charters provided for the All Sports Association, accounting for 622 charter hours. During the demonstration, COTPA provided about 330 hours of service (13 hours per month) to sports organizations, accounting for 23 percent of all charter hours for private organizations.

COTPA's service to government entities increased during the demonstration. The average number of charters per month increased slightly from 3 during the pre-demonstration to 4 during the demonstration. Charter hours serving government entities increased 42 percent from 18 hours per month during the pre-demonstration to almost 26 hours per month during the demonstration. These charters were

generally short, averaging about six hours per charter.

COTPA provided more charters for community groups during the demonstration, an average of almost 4 per month. The average duration of the community charters decreased from 15 hours per charter to 11 hours per charter during the demonstration. In terms of charter hours per month, COTPA's service to community groups decreased 11 percent from about 45 hours of service per month during the pre-demonstration to 40 hours of service per month during the demonstration.

During the pre-demonstration, COTPA provided several large charters for community groups. COTPA served the Senior Nutrition Center on two occasions, operating about 20 vehicles for each one-day charter and providing about 90 hours of service (11 percent of the charter hours serving community groups). COTPA provided several charters for the Baptist Medical Center, including one charter using 16 vehicles over a three-day period and one using 11 vehicles over a three day period. COTPA provided over 140 hours of service for these two charters (16 percent of the charter hours serving community groups). COTPA also provided shorter charter movements for other community groups.

COTPA provided service for more convention groups during the demonstration than the pre-demonstration (9 trips compared to 5 trips). However, the convention charters were significantly shorter during the demonstration, an average of 32 hours per charter compared to 103 hours during the pre-demonstration. COTPA's average charter hours per month serving convention groups decreased 61 percent from 27 hours per month during the pre-demonstration to 11 hours per month during the demonstration, reflecting the shorter average duration of these trips.

The dramatic decrease in the average duration of charters for convention groups is primarily due to the large charter COTPA provided for the



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Convention and Visitors Bureau prior to the demonstration. COTPA operated 26 vehicles per day over a four day period for this charter, providing over 470 hours of service, 15 percent of COTPA's charter hours during the pre-demonstration. This was the largest charter movement COTPA provided during both the pre-demonstration and demonstration. COTPA did not provide any charters of this magnitude during the demonstration. COTPA's second largest charter movement during the demonstration served the Kiwanis convention. COTPA operated an average of 7 vehicles per day over three days, providing 112 hours of service.

COTPA's service to university related groups increased significantly during the demonstration, though it still represented a small amount of service. COTPA provided an average of one trip every other month and 4 hours of service per month to university groups during the demonstration.

In terms of average charter hours per month, COTPA's service to private operators increased the most, from less than one hour per month during the pre-demonstration to almost 10 hours per month during the demonstration. During the demonstration, COTPA provided three charters for private charter operators to fulfill capacity needs. For one of the charters, COTPA operated an average of four vehicles per day over 23 days, providing 219 hours of service. While this resulted in a significant increase in the average hours of charter service per month for private operators, the level of service was still minimal.

### Consistency with the Local Charter Policy

Seventy percent of the charters provided by COTPA during the demonstration conform to the general provisions of COTPA's local charter policy.

Oklahoma City Charter Demonstration Policy	Charters within Scope
Government entities (including transit programs)	144
Associations and Non-profit organizations	73
Requests from Convention and Visitors Bureaus for convention related activities	38

As noted previously, COTPA's local charter policy included two components:

- groups that could be served under the demonstration, which COTPA referred to as the program purpose, and
- exceptions that would be decided by the subcommittee of the POCC based on evaluation of cost, equipment uniqueness, and service nature.

COTPA provided 110 charters (30 percent) which were exceptions to the general policy but did not obtain approval of the POCC subcommittee to perform these charters, as required by the local charter policy. Ninety-six of the charters utilized COTPA's unique equipment. The majority of these, 92, used COTPA's trolleys. Four charters required lift-equipped buses. Fourteen charters were performed, according to COTPA, because the private operators did not have the capacity to provide the service.

About 60 percent of COTPA's service was provided for government entities, associations, or non-profit organizations. According to COTPA, 38 charters (10 percent) were provided under the local policy provision which allowed COTPA to provide service requested by the Convention and Visitors Bureau. COTPA provided only three charters (less than one percent) directly for the Convention and Visitors Bureau, however. The other 35 charters were informally referred by the Convention and Visitors Bureau.

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The Convention and Visitors Bureau provides information on the services and facilities available in Oklahoma City. The Convention and Visitors Bureau generally informs large groups that COTPA is available to provide charter service. Neither COTPA nor the Convention and Visitors Bureau track the requests for charter service referred by the Convention and Visitors Bureau. COTPA does not obtain documentation from customers showing that they have been referred by the Convention and Visitors Bureau.

Further, many of the charters categorized under this provision are not convention-related. For example, COTPA categorized the service it provides for sports teams under this provision.

### FINDINGS AND CONCLUSIONS

The findings and conclusions from the demonstration focus on:

- impact on the public operator
- impact on customers
- impact on private operators
- effectiveness of the local decision making process
- next steps

#### Impact on the Public Operator

The demonstration did not impact COTPA's charter operations. COTPA was active in the local charter market prior to the demonstration, providing an average of 10 charters and 171 hours of charter service per month. COTPA provided an average of 13.5 charters per month during the demonstration, an increase of 32 percent. However, the average duration of the charters decreased from 17 hours per charter to 11 hours per charter. As a result, COTPA's average hours of charter service per month actually decreased 16 percent to 143 hours per month during the demonstration. Although COTPA raised its charter rates during the demonstration, average monthly charter revenue

also decreased nine percent, consistent with the reduction in charter hours.

In terms of COTPA's overall operations, charter service is minimal. The demonstration did not impact COTPA's transit operations. COTPA's total charter revenues for FY94 and FY95 are \$87,178 and \$84,573, respectively. Operating budgets for FY94 and FY95 are \$8,033,915 and \$7,801,635, respectively. COTPA's charter revenue accounts for approximately one percent of its total budgeted revenues for FY94 and FY95.

COTPA's total charter revenue hours for FY94 and FY95 are 1,428 and 2,040, respectively, while total revenue hours for FY94 and FY95 are 139,715 and 134,120, respectively. COTPA's charter revenue hours account for less than one percent of its total revenue hours for FY94 and FY95.

#### Impact on Customers

The charter demonstration did not significantly impact charter customers in Oklahoma City. Both prior to and during the demonstration, COTPA and several private operators provided charter service in the area. Although COTPA provided more charters on a monthly basis during the demonstration, average charter hours per month decreased due to the shorter duration of the charters.

COTPA's service to government entities increased during the demonstration. Average charters per month increased 28 percent and average charter hours per month increased 58 percent.

COTPA served more private groups and individuals, community groups, and convention groups on a monthly basis during the demonstration than it did prior to the demonstration. However, the average duration of the charters for each of these groups was shorter during the demonstration, and charter service hours for these groups decreased 33

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percent, 11 percent respectively, and 61 percent respectively.

The customer surveys revealed that most of the charter customers contacted COTPA either through a recommendation or general knowledge. The primary reason for selecting COTPA to provide the charter service was recommendations, according to 21 percent of those surveyed. Two respondents (5 percent) stated that they could not have received the service if COTPA had not been available.

COTPA generally uses several trolleys for the University shuttle service in Norman. COTPA also uses trolleys at the Health Science Center in Oklahoma City. During the demonstration, the demand for trolleys for special events such as weddings, graduations, parades, and hotel shuttles to Bricktown increased. During the demonstration, COTPA utilized trolley buses for 92 out of the 365 charter trips (25 percent).

More than 50 percent of the respondents to the customer survey used COTPA's unique equipment, 18 percent requested trolley buses, and nine percent requested wheelchair lifts.

### **Impact on Private Operators**

The demonstration did not impact the local private charter operators' business. COTPA was active in the local charter market prior to the demonstration.

While COTPA served more charter customers during the demonstration, COTPA's average monthly charter revenue actually declined by 9 percent from \$8,028 per month to \$7,331 per month. Thus, in terms of revenue, the demonstration did not adversely affect the private operators in the area.

However, some of these charters could have been performed by the private operators. COTPA provided many large charters, spanning several days and requiring multiple vehicles. The private operators did not have the capacity

to provide many of these trips. However, 50 percent of the charters performed by COTPA during the demonstration required only one vehicle for a portion of one day. Only 13 percent of the charters during the demonstration lasted more than 2 days and only 17 percent required more than 2 vehicles per day.

Thus, although the demonstration did not result in increased service by COTPA and did not adversely impact the private operators, the level of service provided before the demonstration is of a magnitude that could affect the private operators in the area.

Only two private operators made data available to evaluate the impact of the demonstration on their charter operations. The data is not reported since FTA assured the private operators that their data would only be presented if at least three private operators participated. One private operator in the area went out of business while the demonstration was in progress.

Some of the private operators are concerned that COTPA provides charter service that the private operators could perform. For example, private operators are now equipped with wheelchair accessible vehicles and are interested in providing that type of service. Private operators are also interested in providing some shuttle service as "fill-in" work during slow periods. One of the private operators is opposed to COTPA providing any charter service to government organizations.

During the demonstration, COTPA only provided service within its service area. Some of the private operators indicated that the nature of their operations was different than the short trip activity COTPA was pursuing. Many of the private operators provide the majority of their service for longer charters to destinations outside the Oklahoma City area.

According to the customer surveys, nearly 48 percent of the respondents indicated that they would have called the private operators if

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COTPA had been unable to perform the charter. Four of the respondents (9 percent) stated that they would call the private operator and make a determination based upon cost. However, eight of the respondents (18 percent) noted that they would not have called the private operators if COTPA had been unavailable to provide the service.

Although private operators did not feel a direct impact, private operators are concerned that rescinding the regulations could potentially have an adverse effect on their business.

The private operators are interested in promoting cooperation between COTPA and the private operators. One of the private operators expressed satisfaction with the demonstration program and indicated that they have not seen any negative impact on their service. In fact, he discussed the cooperative effort he feels exists between his company and COTPA.

### **Effectiveness of the Local Decision Making Process**

ACOG's POCC served as the local advisory committee for the demonstration in Oklahoma City. In presenting its proposed local charter policy to the POCC, COTPA identified three categories of customers that it was permitted to serve under the demonstration - government entities, associations and non-profit organizations, and requests from the Convention and Visitors Bureau for convention related service. COTPA identified the need to establish a subcommittee of the POCC and defined its role to consider and grant or deny exceptions to these three categories of service that COTPA could provide.

Members of the POCC volunteered to be on the subcommittee. The POCC subcommittee was established to decide on requests for exceptions to the charter policy. The POCC, and subsequently the ITC, concurred with the policy and establishment of the POCC subcommittee.

COTPA provided information on charters provided to committee members through ACOG on a quarterly basis.

While the POCC continued to meet periodically during the demonstration, the charter demonstration was not generally an agenda item. COTPA did not request a meeting of the POCC subcommittee at any time during the demonstration to consider exceptions to the three categories of service permitted by the local policy. During the demonstration, 30 percent of COTPA's charters did not fall into one of the three categories of permitted service. According to COTPA, these charters either utilized unique equipment or were provided because the private operators did not have the capacity to provide the service. Because COTPA did not obtain the approval of the POCC subcommittee to provide these charters, they do not comply with COTPA's local charter policy.

ACOG, the MPO in the Oklahoma City area indicated general satisfaction with the demonstration program. ACOG did not receive any complaints from private operators during the demonstration period.

### **Next Steps**

The long term economic plan in the region is to develop Oklahoma City into a convention site. COTPA indicated that the citizens are looking to COTPA to provide the transportation link between the hotels and convention center and view this type of transportation service as the responsibility of the city. COTPA is interested in actively pursuing charter service for the convention business and civic activities. COTPA believes that the private operators are not equipped to accommodate these types of charters. The Convention and Visitors Bureau continues to refer customers to COTPA for large movements.

If COTPA cannot continue to provide this type of service, COTPA believes that new private operators will have to serve the area to provide

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service for convention activities. The private operators indicated that they are willing to cooperate with each other and COTPA, rather than not participate in charter activities.

COTPA is concerned about the reasonableness of identifying willing and able private operators. COTPA suggested that FTA revise the regulations to assist in identifying willing and able private operators.

COTPA indicated that it is difficult to subcontract with private operators due to the union environment. In the past, there have been difficulties in receiving payment from subcontractors.

### 3. ST. LOUIS, MISSOURI

#### OVERVIEW

This section includes the economic and demographic background of the site, including a description of the public transit operator, Bi-State Development Agency (Bi-State), and the private operators in the area.

#### Demographic and Economic Overview

The 6,392 square miles of the St. Louis region comprise 12 counties located at the nation's population center. One third of the US population and businesses is located within 500 miles. Bi-State Development Agency is the region's major public transit provider, operating 600 buses daily in six counties. Bi-State recently developed Metro Link, an 18-mile light rail system, providing service to and from 20 stations in Missouri and Illinois. Lambert International Airport provides access to other US and International destinations.

The 1992 population for the area was 2,509,000 which represented a 0.6 percent increase from 1990. The population is expected to grow to about 2,549,900 by 2000, a projected increase of 1.6 percent. Minorities represent 16.2 percent of the St. Louis region's population.

The region's cost of living is 3.4 percent less than the national average and lower than nearly all other major metropolitan areas in the US. St. Louis is ranked first among major metropolitan areas in housing affordability with a \$69,500 median value of a home. The average annual income is \$24,256.

Sixty-four percent of the labor force is employed in the services, manufacturing, and retail industries. St. Louis is the home of 28 of the largest companies in the US and seven Fortune 100 companies. Anheuser-Busch, Emerson Electronic, Graybar Electric, Ralston Purina, and May Department Stores are major employers in the area. The unemployment rate in 1992 was 6.2 percent which was below the national average.

The St. Louis area has approximately 20,000 guest rooms in 50 hotels. 5,000 of these rooms are within walking distance of the St. Louis Convention Center, which has 80 meeting rooms and the capacity for more than 30,000 people. The Executive Conference Center and the major hotels also have large amounts of meeting space. In October, 1995, the TWA Dome Stadium, which has 70,000 seats, was completed, significantly increasing the convention/meeting capacity in St. Louis.

Located on the Mississippi River, the historic St. Louis Riverfront attracts many visitors each year. Many riverboats offer tours and dinner cruises. The famous Gateway Arch is located in this area, as are the Museum of Westward Expansion and the Basilica of Saint Louis, the King. The St. Louis Art Museum is located in a building originally constructed for the 1904 World's Fair. St. Louis is also the home of the Cardinal's, the National League professional baseball team.

#### Public Transit Operator Background

The Bi-State Development Agency (Bi-State) owns and operates the public transportation system in the St. Louis metropolitan area. A compact between Missouri and Illinois, ratified by the US Congress and signed by the President in September, 1949, created Bi-State. The compact authorizes Bi-State to assist with or implement regional programs and activities, crossing boundaries between both states, six counties and more than 200 municipalities and taxing districts.

In 1963, the Agency purchased and consolidated the 15 major privately-owned transit firms in the area through a \$26.5 million bond issue. Bi-State's unique compact made it possible to cross the many jurisdictional boundaries to become the area's primary mass transportation provider. Bi-State has the authority to plan, coordinate, and implement development projects in the St. Louis Metropolitan Area. Bi-State provides service in the city of St. Louis, St. Louis and St. Charles counties in Missouri, and Madison, St.

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Clair, and Monroe counties in Illinois. The service area encompasses approximately 3,600 square miles and serves a population of 2.1 million.

Bi-State operates 638 buses in regular fixed-route service over 199 routes. The peak requirement is 534 buses; midday service requires 261 buses. Seventy-two percent of the buses are lift-equipped. Bi-State also operates 59 vans in paratransit service in Missouri. Approximately 71 percent of these vans are lift-equipped. Bi-State buses traveled almost 2 million miles carrying over 3 million passengers in 1992.

On July 31, 1993, Bi-State opened Metro Link an 18-mile light rail line with 20 stations and 31 vehicles providing service to and from destinations in Missouri and Illinois. Metro Link operates from 5:30 am to 12:30 am daily, with 7.5 minute headways during peak periods, 15 minute headways during non-peak periods, and 30 minute headways late at night. On weekends and holidays, Metro Link operates on 15 minute headways 9:00 am to 6:00 pm and on 30 minute headways at all other times. Ridership is nearly double the original start-up estimates. Bi-State bus system provides connecting services to and from the rail stations.

Bi-State also provides the following services:

- **Call-A-Ride** offers curb-to-curb van service available to everyone in designated portions of St. Louis with a 24-hour advance reservation. Bi-State has expanded this with **Call-A-Ride Plus** which provides the same service exclusively for persons with disabilities.
- **Gateway Arch Transportation** System carries visitors via two trams to the top of the monument. Each tram has the capacity for 40 passengers. Bi-State financed the construction of the tram system. Revenue exceeding expenses is reinvested into the Memorial. As of 1991, the tram system had carried over 20 million people.
- **St. Louis Downtown-Parks Airport** is owned and operated by Bi-State. Located in Cahokia/Sauget, Illinois which is 4 miles from downtown St. Louis, St. Louis Downtown-Parks Airport offers relief for Lambert International, the busiest airport in the Metropolitan Area. 162 airplanes are based at the airport and the airport employs 452 people. The airport is open 7 days a week, 24 hours a day and has a FAA control tower which operates 14 hours every day.

Bi-State has provided a minimal amount of charter service since the current charter regulations went into effect in 1987, primarily under subcontract to private operators.

#### Metropolitan Planning Organization Background

As the Metropolitan Planning Organization (MPO) and the regional planning commission for the St. Louis region, East-West Gateway Coordinating Council (EWGCC) aims to identify, analyze, and promote understanding of the region's physical, economic, and social environment. EWGCC designs programs to meet the following goals:

- Develop and undertake programs and activities that improve the effectiveness of the region's multimodal transportation systems, that ensure better mobility for everyone, and that most effectively utilize available resources, such as highways, public transportation, paratransit, and general aviation.
- Design and implement programs and activities which enhance and protect the environmental quality of the St. Louis region.
- Establish an open and effective community planning process which is responsive to the citizens.
- Develop support systems which improve the effective and efficient implementation of agency programs and activities, including the

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development and distribution of accurate and timely information to promote informed decision making and implementation of regional programs.

EWGCC integrates these goals into the following five major program areas:

- **Surface Transportation** - As the region's MPO, EWGCC has the authority to develop the Transportation Improvement Plan for the region. This role has increased with the implementation of the Clean Air Act Amendments of 1990, the Americans with Disabilities Act of 1990, and the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). EWGCC also prepares and maintains a twenty-year Long-Range Transportation Plan.
- **Aviation** - EWGCC is responsible for updating the General Aviation System Plan which is essential due to the disruption in the regional system of airports following the Flood of 1993. Lambert International Airport and Scott Joint-Use commercial airport provide service to the St. Louis area. In addition, 39 general aviation airports are located in the region.
- **Environmental Quality** - As the designated lead air quality planning agency for the St. Louis Missouri - Illinois region, EWGCC develops programs in this area to ensure a clean, healthy environment for the region's residents. The programs focus on air quality, water quality, and solid waste management. The St. Louis region does not meet the National Ambient Air Quality Standard for Ozone. In compliance with the Clean Air Act, the region is focusing on reducing its Volatile Organic Compounds.
- **Local Government Services** - EWGCC serves as the council of governments for the eight county St. Louis Missouri-Illinois metropolitan area. EWGCC membership includes all of the cities and counties in the region. The Local Government Assistance Program strives to provide technical

assistance and support in the operational aspects of the local government entities.

- **Human and Community Development** - EWGCC programs emphasize the relationship between the region's social infrastructure and its physical development.

EWGCC served as the Local Advisory Board for the charter bus demonstration.

#### Private Charter Operators Background

Many privately-owned charter operators participate in an active charter market in St. Louis, including:

- **Action Charter** is located in Collinsville, IL, approximately 15 miles outside of St. Louis and has a fleet of 14 buses. Action Charter charges a five hour minimum for charter service.
- **Care Cab Transportation** previously provided Call-A-Ride paratransit service under contract to Bi-State. Care Cab's fleet consists of 85 vehicles, including 15-passenger, unconverted maxi vans, cutaways, and conversions. Some vehicles are funded under FTA Section 5307 and 5310. Many of the vehicles are wheelchair lift equipped. Care Cab works under contract with other private operators. Care Cab typically charges a three hour minimum.
- **Huntleigh Transportation Services** is primarily an executive and corporate charter service. Huntleigh is diversifying its services to provide charter service for tourism and conventions. Huntleigh also provides a shuttle service to and from the airport. Huntleigh has a fleet of approximately 30 passenger vehicles, including several wheelchair lift-equipped vehicles. Huntleigh typically charges a three hour minimum.
- **Jim Wright & Sons** is located in St. Louis and has 11 47-passenger over the road coaches. Jim Wright & Sons charges a four



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hour minimum for local trips. The majority of its business is weekend service and long distance trips. Jim Wright & Sons also provides shuttle service from the airport to downtown and occasionally coordinates with other private operators.

- **Mayflower Contract Services**, located in St. Louis, primarily provides school bus service in the area. Mayflower is currently under contract to St. Louis Public Schools provide transportation for field trips. Mayflower previously operated Call-A-Ride paratransit service under contract to Bi-State. Mayflower's fleet consist of four 27-passenger coaches which are all lift equipped, as well as over 1,000 school buses.
- **Mid-America Coaches, Inc.**, is located in Washington, MO. Mid-America Coaches, Inc. has a fleet of 35 over the road coaches and charges a four minimum. Mid-American also has a 60-foot, 71-passenger bus. Mid-America primarily provides long distance charters, rather than local service.
- **Tiger Coaches** is located in Columbia, MO, and has a fleet of approximately 30 vehicles, including 49-passenger luxury motor-coaches.
- **Vandalia Bus Lines** is located in Caseyville, IL, and has a fleet of approximately 90 vehicles, including 60 coaches and 25 mini-vans. After selling their school bus division in 1992, Vandalia entered into a new venture of selling Champion Buses under the name of Vandalia Sales. Vandalia charges a four hour minimum.
- **Zobrist Bus Lines, Inc.** is located in Highland, IL, and has a fleet of three 47-passenger coaches, and five school buses. Zobrist primarily serves senior citizens, churches, tour companies, schools, and other community groups. Zobrist does not provide charters for conventions, although it does work with other private charter operators to fulfill capacity needs.

#### Missouri State Charter Bus Regulations

The Missouri Division of Transportation (MDOT) is responsible for licensing, supervising, and regulating transportation activities within the state, including the economic and safety regulations of motor carriers operating in Missouri. Every Missouri intrastate bus and truck operator must apply to MDOT for certification to enter into business as a common or contract carrier of passengers or property on the public highways of Missouri. Under the "Single State Registration System," Public Law No. 120-240, interstate motor carriers must register their operations in Missouri with MDOT, in addition to the Interstate Commerce Commission.

MDOT defines charter service as "the transportation of a group of persons who, pursuant to a common purpose and at a fixed charge for the vehicle, have acquired the exclusive use of a passenger-carrying motor vehicle to travel together as a group from a point of origin to a specified destination or for a particular itinerary, either agreed upon in advance or modified by the chartering group after having left the place of origin."

Chapter 390 of the Revised Statutes of Missouri incorporates the regulations governing Charter Service into the Common Carrier category. The requirements include:

- Each person engaged in the business of a common carrier in intrastate commerce on any public highway must obtain a certificate from MDOT authorizing such operations.
- The application must be made in writing to MDOT and include the following applicant data:
  - Full information concerning the ownership, financial state, equipment to be used, items and the value of the physical equipment
  - Description of complete route(s) over which the applicant wishes to operate or the territory to be used

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- Proposed rates, schedule or schedules, or timetable

MDOT will issue certificates to charter service applicants if the operator is fit, willing, and able to properly perform the proposed service to conform to their provisions, requirements, rules, and regulations.

Every intrastate common carrier must submit a financial statement on or before April 15 for the year ending the previous December 31.

Rules of the Missouri Division of Transportation, Title 4 CSR 265-10.030 Insurance stipulates that every motor carrier operating in the State of Missouri must have on file at all times a surety bond or a certificate of public liability and property damage insurance, approved by MDOT. The surety bond or certificate must show that the required uniform endorsements are attached to the policy covering each motor vehicle for the following amounts:

- Vehicles with a seating capacity  $\leq$  15 passengers must have Public Liability and Property Damage Insurance for \$1,500,000.
- Vehicles with a seating capacity  $\geq$  16 passengers must have Public Liability and Property Damage Insurance for \$5,000,000.

#### **BI-STATE'S DEMONSTRATION PROPOSAL**

Bi-State's proposal to FTA indicated the need to provide charter service to advance the region's economic growth. Construction of a new Convention Center in St. Louis was recently completed. In order to attract convention groups to the area, businesses in the St. Louis region must provide ancillary services, including lodging, entertainment, and transportation for the convention groups. Bi-State indicated that local private operators are not able to effectively serve large convention groups.

Bi-State indicated that large groups (30 or more) that include Americans with Disabilities Act

(ADA) paratransit eligible individuals may also be underserved. The ADA paratransit-eligible population of the Missouri and St. Clair County, Illinois, portion of the Bi-State region is estimated at 1.4 percent of the total population. Bi-State believes many groups and organizations will include individuals for whom the availability of accessible transportation (i.e., wheelchair lifts) can mean the difference between participating and staying home. At present, Bi-State's lift-equipped passenger buses are the only full-size lift-equipped buses in the region. Bi-State emphasized the ADA requirement that public accommodations be accessible to individuals with disabilities.

Bi-State's proposal named the East-West Gateway Coordinating Council (EWGCC) as the overseeing entity for the demonstration. As the ruling entity for the demonstration, EWGCC is charged with coordinating and overseeing the local advisory committee during the demonstration, granting or denying exceptions to the charter regulations, and approving the local charter policy based on the local advisory committee's recommendation.

#### **LOCAL CHARTER DEMONSTRATION**

FTA selected Bi-State as one of eight sites to participate in the charter demonstration.

#### **Development of Local Policy and Process**

Bi-State mailed information packages to all private operators in the area in April 1993 and invited them to attend a meeting on April 20, 1993, to discuss the charter demonstration. Representatives from EWGCC and eight private charter operators attended the initial meeting, including:

- Mayflower Contract Services
- Huntleigh Transportation Services
- Action Charter
- Zobrist Bus Lines, Inc.
- Care Cab Transportation

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- Vandalia Bus Lines
- Jim Wright & Sons
- Richardson Transportation

Bi-State explained the objectives of the charter demonstration and presented its proposal for operating charters during the demonstration.

Private operators expressed concern that the demonstration allowed Bi-State to compete with the private sector with Federally-funded vehicles. Others argued that Bi-State should be able to provide charter service under subcontract to private operators in the area, but not take the lead on charters. Two private operators had negative experiences in the past in providing paratransit service under contract to Bi-State. Bi-State had subsequently brought this service back in-house, although the private sector believes their bids were lower than Bi-State's fully-allocated cost to provide the service. Although some private operators had positive experiences with Bi-State, the level of distrust between the private operators and Bi-State was apparent.

After the initial meeting, EWGCC invited representatives from six organizations, from both the public and private sector, to serve on the local advisory committee.

#### St. Louis Local Advisory Committee

Company/Agency	Sector
Bi-State	Public
Amalgamated Transit Union	Public
Vandalia Bus Lines	Private
Huntleigh Transportation Services	Private
Life Skills Foundation	Private
Citizens of Modern Transit	Public

The local advisory committee met on June 29, 1993, to review the Federal charter demonstration regulations and to consider Bi-State's proposed charter policy. Due to various scheduling conflicts, the meeting was poorly attended. Only two committee members,

representing Bi-State and Vandalia Bus Lines, were present, along with a representative from EWGCC and Bi-State staff. Meeting participants, however, were in agreement that Bi-State's proposal was acceptable.

EWGCC sent letters to the other committee members informing them of the results of the initial meeting and tentatively scheduling another meeting for further discussion with the full committee. Because committee members did not express interest in another meeting, the meeting was canceled.

EWGCC staff presented the Bi-State proposed local charter policy to the Board of Directors and recommended their endorsement on July 12, 1993.

#### St. Louis Local Charter Policy

##### Service Area

Bi-State will provide charter service only within its current service area; that is, within the City of St. Louis, St. Louis County and St. Charles County in Missouri, and within Madison and St. Clair Counties in Illinois.

##### Rates

Buses: \$57.50/hour

Paratransit vans: \$41.00/hour

Minimum: four hours

##### Exceptions for the Operation of Charter Service

1) On the basis of specific local factors:

- Large charter movements (11 buses or more), especially convention-related
- Movements of 10 or fewer buses will be accepted under this exception only after the requester has attempted without success to obtain the service from private operators

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- 2) On the basis of service nature: Transportation between home and work, school, or recreational/social destinations for groups of persons with cognitive disabilities. Although single-event movements as small as a single bus would be accepted under this exception, Bi-State anticipates that arrangements for daily, weekly, or monthly service may be more usual.
- 3) On the basis of uniqueness of equipment: Visiting and local groups that include individuals who use wheelchairs and other mobility aids. Under this exception, Bi-State would accept single-event charter movements as small as a single bus.

The EWGCC Board of Directors subsequently endorsed Bi-State's local charter policy.

Bi-State's policy included discussion of the need for the specific provisions, including:

- the importance of transportation services for conventions and similar events in St. Louis
- the lack of appropriate services for persons with cognitive disabilities
- lack of equipment with wheelchair lifts or kneeling capabilities for persons with disabilities

The policy explained that, in order to attract large-scale convention business, St. Louis must offer visitors suitable convention facilities, interesting attractions, and mobility. Convention-goers must be able to move between hotels, meeting places, attractions, and transportation facilities. To meet these mobility needs, a charter operator must be able to supply vehicles, schedule the vehicles efficiently, and provide on-the-street supervision for problems and contingencies -- in effect, to create and operate a miniature, temporary transit system. Bi-State indicated that such capability by private operators in the St. Louis metropolitan region is limited.

The policy stressed the particular importance of providing charter service to conventions and similar events in the St. Louis region. The new convention center is attracting more conventions, and more large conventions, than in the past. The economic benefits of these conventions (nearly \$2 billion in 1992 alone) are crucial to the region's continued progress and prosperity.

Large charter movements (defined by Bi-State as movements involving eleven or more buses) are often associated with conventions and similar events during which large numbers of people must be transported from one or more trip origins to one or more destinations within specified time limits. Bi-State expected large charter movements to constitute the bulk of its charter business. For such large movements, Bi-State indicated that cooperative ventures with private charter operators would often be necessary. While Bi-State cannot provide more than a few vehicles during morning and evening rush hours, it can provide the planning and scheduling expertise that make large transportation projects feasible.

The policy explained that persons with cognitive disabilities may not be able to drive or to use fixed-route service because they cannot recognize destinations or landmarks, cross streets independently, or go between home and the bus stop without help. These individuals need specialized *service* rather than special *equipment*. Bi-State's charter service for groups of these persons would consist of picking each individual up at home, transporting the group to their destination (work, school, or recreation/social event), and transporting each individual home afterwards. Although private charter operators can provide this service, the demand may be greater than the availability of service.

According to the policy, civic, charitable, educational, and social groups will include greater numbers of persons with mobility limitations as the Americans with Disabilities

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Act (ADA) goals of full participation in society, independent living, and economic self-sufficiency for persons with disabilities are more fully implemented. The public accommodations provisions of the ADA ensure that future conventions will include more and more persons with disabilities, and that organizations will increasingly consider the needs of their members with disabilities in planning conventions. Mobility is especially important to convention-goers with disabilities, some of whom may need a wheelchair lift or a "kneeling" bus. The policy stated that most private charter operators in the St. Louis region have minimum equipment of this kind, while Bi-State's fleet includes more than 100 vehicles with two wheelchair positions and the "kneeling" capability.

#### Implementation of the Demonstration

Bi-State implemented its local charter demonstration on August 1, 1993. Bi-State provided its first charter under the demonstration on November 26, 1993.

In accordance with the local charter policy, Bi-State implemented a \$57.50 per hour charge for chartering a bus and a \$41.00 per hour charge for chartering a paratransit vehicle. Bi-State increased its charter rates for buses to \$61.00 per hour during FY95. Bi-State also implemented a four hour minimum for charter service.

In the pre-demonstration period, three charter rates were in effect:

- \$52.00 - October 1, 1992 through December 30, 1992
- \$53.00 - January 1, 1993 through June 30, 1993
- \$57.50 - July 1, 1993 through July 30, 1993

Bi-State did not formally advertise the availability of charter service under the demonstration. Bi-State did, however, give a formal presentation to the Convention and

Visitors Bureau on the availability of charter service, as well as on the programs and services offered by Bi-State, including Metro Link and passes. The Convention and Visitors Bureau distributes a lists of transportation providers in the St. Louis area to inquirers about available convention services. Bi-State bus and Metro Link services are included on this list under the Public Transportation section.

Bi-State occasionally provides vehicles and drivers to visiting government-related and economic development groups free of charge. Bi-State did not include these charters in the data provided to FTA, as Bi-State does not consider this complementary service to be charter.

The local advisory committee did not convene during the demonstration.

#### EVALUATION ACTIVITIES

FTA met with Bi-State senior management and staff involved in the demonstration in St. Louis on May 10 and 11, 1993. FTA explained the evaluation objectives and the data requirements.

FTA also met individually with seven private operators to discuss the demonstration and solicit their participation:

- Zobrist Bus Lines
- Action Charters
- Mid-America Coaches
- Vandalia Bus Lines
- Jim Wright & Sons
- Mayflower Contract Services
- Care Cab Transportation

FTA contacted two other private operators by phone to discuss participation in the demonstration: Huntleigh Transportation Services and Amerstyle Coaches, Inc.

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FTA requested the private operators to provide data on their charter movements for government, civic, and charitable organizations, as well as comments on the demonstration and its potential impact on their business. FTA maintained contact with four of the private operators in the Bi-State area that indicated on-going interest in the demonstration: Action Charters, Tiger Coaches, Mid-America Coaches, and Vandalia Bus Lines. Although many private operators provided comments and agreed to submit charter data, only two provided data on their charter activity. To ensure confidentiality, FTA guaranteed to the private operators that data analyses would only be presented if at least three operators contributed data. Because data was only received from one private operator, FTA does not present analysis of the private operator data in this report.

Bi-State provided data to FTA on its charter service for the 19-month pre-demonstration period from January 1, 1992, through July 30, 1993. Bi-State provided charter data to FTA throughout the 27-month demonstration. The data included:

- cost
- customer
- date
- hours
- passengers
- vehicles
- wheelchair passengers

FTA entered the data into a spreadsheet and summarized the number of charters, total hours, total miles, passengers, and total amount charged. Based on the customer name and description of the trip, FTA classified the charters into the following categories:

- church
- community

- convention
- government
- private
- private operator

FTA categorized convention trips based on the Convention and Visitors Bureau listing of conventions for the St. Louis area.

FTA conducted telephone surveys of Bi-State's charter customers in order to obtain information about the organizations and individuals requesting charters and the charter service provided. FTA attempted to contact 35 Bi-State charter customers, representing those charters performed during the demonstration. Attempts do not include wrong numbers or those telephone numbers which were no longer in service. FTA successfully completed surveys for 20 of the customers, representing a 57 percent response rate.

FTA met with Bi-State on November 21 and 22, 1995, after the demonstration was ended, to discuss the impact of the demonstration and the effectiveness of the committee structure and process. Although both Bi-State and FTA notified the private operators that FTA would be available to meet with the private operators, none of the private operators attended the meeting or contacted FTA or Bi-State with comments.

Bi-State discussed the significant changes in the charter market in St. Louis during the demonstration due to the completion of the new convention center and stadium in downtown St. Louis. Bi-State described this as an increase in the size of the total charter market. A new private operator, Tiger Coaches, began conducting business in St. Louis with a fleet of 30 buses during the demonstration.

#### DEMONSTRATION RESULTS

In the discussion below, Bi-State's charter service is described in terms of the quantity of

### 3. ST. LOUIS, MISSOURI

service, the groups served, and the consistency of the service with the local charter policy.

#### Bi-State Demonstration Statistics

Total Charters	65
Total Hours	3,054
Total Revenue	\$177,588

#### Quantity of Service

Exhibit 3.1 shows the average per month charter service provided by Bi-State during the pre-demonstration and demonstration. During the 19 month pre-demonstration, from January 1, 1992, through July 30, 1993, Bi-State performed eight charters, an average of one charter every two months. The charters were large however, with an average duration of 125 hours per charter. Four of the eight charters were multi-day and multi-vehicle events. Two other charters were single day events requiring multiple vehicles.

Bi-State's largest charter during the pre-demonstration required an average of 16 vehicles per day over a four day period and accounted for nearly one half of the charter hours and revenue.

Bi-State's total charter revenue during the pre-demonstration was \$53,804, an average of over \$6,700 per charter. Bi-State carried 42,185 passengers, including 603 passengers using wheelchairs, during the pre-demonstration.

Exhibit 3.1 Average Charter Service per Month		
	Pre-Demo	Demo
Avg. Charters/Month	0.42	2.41
Avg. Hours/Month	53	113
Avg. Revenue/Month	\$2,832	\$6,577

Bi-State significantly increased its charter service during the demonstration. Bi-State performed 65 charters during the demonstration between August 1, 1993, and October 31, 1995, an average of over two charters per month. The average duration of charter trips provided during

the demonstration was 47 hours, significantly less than during the pre-demonstration. Bi-State's average charter hours per month increased 113 percent from 53 during the pre-demonstration to 113 during the Bi-State's total charter revenue during the demonstration was \$177,588, an average of \$2,732 per charter. Bi-State's charter revenue per month increased 132 percent from \$2,832 during the pre-demonstration to \$6,577 during the demonstration. This reflects both the increase in charter service hours and the marginal increase in charter rates during the demonstration. Bi-State charged \$52 or \$53 per hour during all of the pre-demonstration except the last month, when it increased its charter rate to \$57.50. Bi-State charged \$57.50 per hour throughout the demonstration for chartering buses and \$41.00 for chartering paratransit vans.

Bi-State's largest charter during the demonstration lasted 816 hours and accounted for 27 percent of total hours and 26 percent of total charter revenue. Bi-State provided three other charters during the demonstration which produced more than \$10,000 in charter revenue. Combined, these four charters account for 61 percent of Bi-State's charter hours and 57 percent of Bi-State's charter revenue during the demonstration.

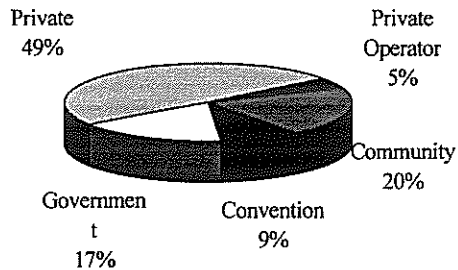
Bi-State also provided seven charters with its Metro Link trains which began service in July 1993. These charters encompassed 13 hours of service and \$2,819 in revenue. FTA did not include these charters in the compilation of demonstration data, as the demonstration focused on charter bus service.

#### Groups Served

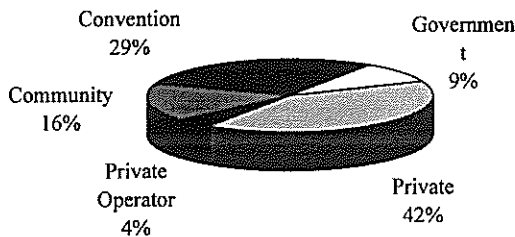
As illustrated in Exhibits 3.2 and 3.3, 49 percent of the charters and 42 percent of the charter hours Bi-State provided during the demonstration were for private groups and individuals.

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**Exhibit 3.2**  
**Demonstration Charters by Groups Served**



**Exhibit 3.3**  
**Demonstration - Hours by Groups Served**



Although only nine percent of the charters provided by Bi-State during the demonstration were for convention groups, as identified by the St. Louis Convention and Visitors Bureau, charters for these groups accounted for 29 percent of the charter hours provided by Bi-State. These were Bi-State's largest charters, with an average duration of 149 hours.

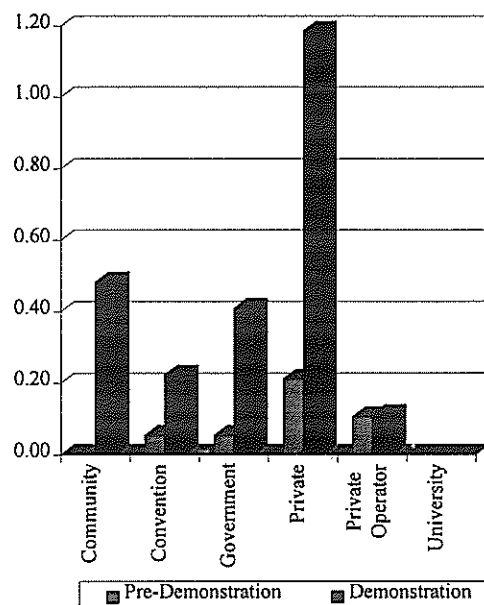
Twenty percent of Bi-State's charters during the demonstration served community groups. These charters accounted for 16 percent of Bi-State's charter hours.

Bi-State's 11 charters for government entities represent 17 percent of Bi-State's total charters during the demonstration; however, due to the typically shorter durations of these charters, they represent only nine percent of Bi-State's charter hours during the demonstration.

As seen in Exhibits 3.3 and 3.4, there were significant shifts in the groups served by Bi-

State during the demonstration. Bi-State's service to **private groups and individuals** increased over 200 percent from an average of 14 hours per month during the pre-demonstration to 46 hours per month during the demonstration. Bi-State provided several large charters for private groups including shuttle service for Highland Supply Corporation during October, November, and December in 1993. This charter utilized one bus per day for 66 days. Bi-State provided 363 hours of service and earned \$25,530 in charter revenue. This was Bi-State's second largest charter, accounting for 12 percent of total charter hours and 14 percent of charter revenue.

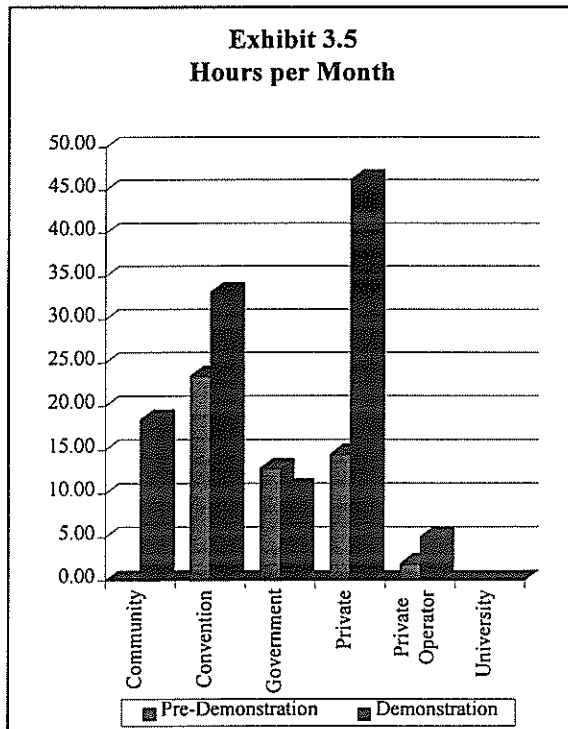
**Exhibit 3.4**  
**Charters per Month**



During the pre-demonstration, Bi-State provided four charters for private groups. One charter, for the 1992 Presidential Debate, required 32 vehicles on one day and five on the second day. Bi-State did not directly provide any of the equipment for the charter, but subcontracted the work to private operators (Vandalia, Washington University, and St. Louis County Emergency Center). These charters accounted for 27 percent of Bi-State's charter hours.



### 3. ST. LOUIS, MISSOURI



Bi-State's average charter hours per month serving **convention groups** increased 41 percent from 23 hours per month during the pre-demonstration to 33 hours per month during the demonstration. Bi-State only provided service to six convention groups during the demonstration, however, the average duration of the convention charters was 149 hours.

Bi-State served six convention groups during the demonstration. Bi-State provided service for a convention of the International Association of Fire Chiefs, operating an average of 22 vehicles per day over a five day period. Bi-State provided 816 hours of service and earned revenue of \$46,917. Bi-State carried 29,993 passengers during the convention. The revenue from this charter, Bi-State's largest, represents over 26 percent of Bi-State's total charter revenues during the demonstration and over 27 percent of Bi-State's total charter hours during the demonstration. Other convention groups served by Bi-State include the National Federation of Democratic Women, Illinois Land Title, and the International Association of Pet Cemeteries.

During the pre-demonstration, Bi-State provided charter service for only one convention, the North American Christian Convention. Bi-State provided 444 hours of service over a 4 day period operating an average of 16 vehicles per day. This charter represented 45 percent of Bi-State's total charter hours during the pre-demonstration.

Bi-State did not serve any **community groups** during the pre-demonstration. During the demonstration, Bi-State served 13 community groups, providing an average of 18 hours of service per month to community groups. Bi-State provided charter service on several occasions to the US Olympic Festival and St. Louis Labor History.

Bi-State provided only one charter for a **government entity** during the pre-demonstration, the President's Commission for the Employment of the Disabled. This charter served 599 wheelchair passengers over a three-day period. Bi-State provided 243 hours of service, 24 percent of its total charter hours during the pre-demonstration. While Bi-State served more government entities during the demonstration, the charters were significantly shorter. Bi-State provided an average of 11 hours of charter service per month for government entities during the demonstration, a decrease of 18 percent from the pre-demonstration.

Bi-State provided three charters **under subcontract to private operators** during the demonstration. One of the charters required 22 vehicles for a single day. Although the number of charters for private operators increased only slightly, the average charter hours per month provided for private operators increased 162 percent from two hours per month during the pre-demonstration to five hours per month during the demonstration.

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#### Consistency with the Local Charter Policy

The charters performed by Bi-State during the demonstration correspond to the following provisions of the local charter policy.

St. Louis Charter Demonstration Policy	Charters within Scope
Large charter movements (11 or more buses), especially convention related	2
Convention related charter movements (10 or fewer buses) after requester has attempted to obtain service from private operators	55
Service for groups of persons with cognitive disabilities	0
Wheel chair accessible equipment	8

The primary focus of Bi-State's proposal and local charter policy was service to large convention groups, which it believed the private operators did not have the ability to provide. However, during the demonstration, Bi-State served only one convention group, as defined by the Convention and Visitors Bureau, that utilized more than 11 vehicles. This charter spanned 5 days and utilized an average of 21 vehicles per day. The other convention charters were significantly smaller in scope, lasting one or two days and utilizing one to three vehicles per day.

Bi-State provided only one other charter that required 11 or more vehicles at one time. This one-day movement, provided under subcontract to a private operator, utilized 22 vehicles.

Only five of Bi-State's charters which fall under the less than 11 vehicles provision actually served convention groups. The remaining charters served a variety of private, community, and government groups. Bi-State only served 6 convention groups, less than 10 percent of its charters during the demonstration.

Bi-State indicated that it used an informal process for referring requests for charter service requiring less than 11 vehicles to the private operators, as required in the local charter policy. Bi-State indicated that, when a request for charter service requiring less than 11 vehicles was received, Bi-State verbally referred the inquiring party to the private charter operators listed in the yellow pages. Bi-State did not maintain a log of charter requests and referrals. Rather, Bi-State relied on its personnel to remember the referrals made when inquirers called back to schedule charter service. According to Bi-State, this was sufficient due to the relatively low number of charter requests. Bi-State did not implement procedures to ensure that customers referred actually contacted the private operators. All charters requiring less than 11 vehicles are categorized under the provision of the policy permitting such charters after referral to the private operators, although Bi-State does not have documentation to support the use of the referral policy.

Bi-State provided eight charters requiring wheelchair accessibility, serving a total of 95 persons using wheelchairs.

#### FINDINGS AND CONCLUSIONS

Based on the charter information provided by Bi-State for the demonstration and pre-demonstration period, the results of the customer surveys, and discussions with Bi-State and the private operators, FTA compiled its findings and conclusions. This section focuses on:

- impact on the public operator
- impact on customers
- impact on private operators
- the effectiveness of the local decision making process
- next steps

### 3. ST. LOUIS, MISSOURI

#### Impact on the Public Operator

The demonstration did not have a significant impact on Bi-State's operations. Although Bi-State's charter service increased, Bi-State provided a limited amount of charter service during the demonstration, an average of approximately two charters and 113 charter hours per month.

Bi-State's average monthly charter revenue increased 132 percent from an average of \$2,832 per month in the pre-demonstration to an average of \$6,577 per month during the demonstration. Bi-State's total charter revenues for FY94 and FY95 were \$88,650 (including one month of the pre-demonstration) and \$94,464, respectively. Operating budgets for FY94 and FY95 were \$86,824,202 and \$88,417,487. Thus charter revenue accounted for only 0.1 percent of Bi-State's revenues for FY94 and FY95.

Bi-State provided 1,383 charter revenue hours in FY94 (including one month of the pre-demonstration) and 1,784 in FY95. Bi-State's total revenue hours for FY94 and FY95 are 1,295,343 and 1,283,983, respectively. Thus, the charter revenue hours represent approximately 0.1 percent of total revenue hours for FY94 and FY95.

Based on the number of charters, charter revenue hours, and revenue earned, Bi-State did not provide a significant amount of charter service during the demonstration. The charters performed did not have a tangible effect on Bi-State's operations.

#### Impact on Customers

The demonstration in St. Louis did not have a significant impact on charter customers in the region.

Private groups and individuals were most affected by the demonstration in St. Louis. Bi-State provided an average of 46 hours of charter service per month to private groups and

individuals during the demonstration, a 220 percent increase from the average of 14 hours per month provided during the pre-demonstration.

Community groups obtained charter service from Bi-State during the demonstration, an average of 18 hours per month of service. In the pre-demonstration, Bi-State did not serve any community groups.

Bi-State's primary objective for participating in the demonstration was to have the flexibility to serve large convention groups coming into the St. Louis area. Bi-State claimed that the private operators were unable to effectively serve the large convention groups. Further, Bi-State contended that the lack of ancillary services, such as transportation, prevented some groups from choosing St. Louis as a convention site.

Although charter hours for convention groups increased 41 percent from 23 hours per month during the pre-demonstration to 33 hours per month during the demonstration, Bi-State only served six conventions during the 27 month demonstration. As described in the results section, Bi-State provided 816 hours of charter service for the International Association of Fire Chiefs Convention. This charter accounted for 91 percent of the hours serving convention groups and over 30 percent of the total charter hours during the demonstration.

During 1993, 1994, and 1995, the Convention and Visitors Bureau solicited and/or serviced an average of approximately 360 conventions and meetings per year. According to the Convention and Visitors Bureau, the economic impact of the conventions increased greatly from \$19,625,423 in 1993, \$20,305,660 in 1994, to \$85,685,023 in 1995. Bi-State served less than one percent of the conventions held in St. Louis during the demonstration.

Seven of Bi-State's charters qualified under the large charter movements (11 or more buses) provision. Six of these charters were multi-day trips. Only one of these six charters used more

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than 11 buses on a daily basis. The International Association of Fire Chiefs Convention utilized approximately 22 buses per day for five days. Bi-State's intent with the large movement provision was to serve groups requiring a large number of vehicles at one time. Private operators may have been able to serve the five charters qualifying under this provision which used ten or fewer vehicles per day.

Although eight of Bi-State's charters served at least one wheelchair passenger, only one of these charters served more than 30 wheelchair passengers. This charter was provided under subcontract to a local private charter operator. Bi-State did not provide any service for individuals with cognitive disabilities.

Only two of the respondents in the customer survey (10 percent) indicated that they would not have been able to obtain comparable service had Bi-State not been available, due to cost or lack of equipment. Nine of the respondents (45 percent) indicated that they would have used private operators if Bi-State had not been able to perform the charter.

Eight of the respondents (40 percent) contacted private operators before selecting Bi-State. The primary reason for selecting Bi-State was the cost. Many respondents indicated that Bi-State's cost was less than that of the privates.

#### **Impact on Private Operators**

With the opening of the new Convention Center and Stadium in St. Louis, the convention business in St. Louis increased. Concomitantly, the charter market expanded during the demonstration. A new private operator, with a fleet of 30 vehicles, entered the St. Louis market.

Although Bi-State's charter service increased, the charter demonstration in St. Louis did not have a significant impact on the private charter operators in the area. The level of Bi-State's service during the demonstration, an average of 113 hours and \$6,577 per month, could have

adversely impacted any one private operator's businesses. However, if Bi-State had not provided the service, the hours and revenues would most likely have been divided among the many active private charter providers in St. Louis, thus reducing the impact on any one private operator. Additionally, private operators with smaller fleets could not have accommodated the capacity needs for some of the larger charters provided by Bi-State on their own. Less than 30 percent of Bi-State's charters required three or more vehicles per day and only 14 percent lasted three or more days.

According to the customer survey, nine of the respondents (45 percent) indicated that they would have used private operators if Bi-State had not been able to perform the charter. Twelve of the customers surveyed (60 percent) used private charter operators in the past.

Only two private operators made data available to evaluate the impact of the demonstration on their charter operations. Because FTA did not receive data from three private operators, analysis of the data is not presented.

#### **Effectiveness of the Local Decision Making Process**

The local advisory committee established the local charter policy for the demonstration in St. Louis. However, not all committee members participated in the process.

Many private operators attended the initial meeting convened by Bi-State to introduce the charter demonstration. After the initial meeting, Bi-State designated the local advisory committee to include three public and three private sector representatives. The first meeting of the committee to decide on the local charter policy was poorly attended. Only one private operator attended and Bi-State was the only public sector member in attendance. At this meeting, the committee agreed to Bi-State's proposed local charter policy. EWGCC and Bi-State subsequently contacted the other committee members in an attempt to convene

### 3. ST. LOUIS, MISSOURI

another meeting with greater representation. Due to lack of interest, the second meeting was not held. EWGCC staff presented the local charter policy to the Board of Directors.

The local advisory committee members did not meet during the demonstration. Although invited, committee members did not participate in the follow-up meeting with FTA at the end of the demonstration.

#### **Next Steps**

Bi-State wants to continue providing charter service as during the demonstration. Bi-State specifically wants to be able to provide transportation to large conventions groups in order to help attract such groups to the St. Louis area.

Private operators did not provide input to FTA regarding the role of the public operator in providing charter service in St. Louis after the demonstration was completed.

## 4. MONTEREY, CALIFORNIA

### OVERVIEW

This section presents the economic and demographic background of the site, including a description of the public transit operator, Monterey Salinas Transit (MST), the Metropolitan Planning Organization, and the private charter operators in the area.

### Demographic and Economic Background

Monterey, California is located on the Monterey Peninsula along the Pacific coast in central California. The Monterey Peninsula is made up of seven cities and several unincorporated communities, including Carmel-by-the-Sea, Big Sur, Pacific Grove, and Pebble Beach are also on the Peninsula. The Monterey Peninsula boasts miles of beaches, forests, and mountains.

According to the United States Census Bureau, the 1990 population for the area was 360,812 which represented a 24.2 percent increase from 1980. The population is expected to grow to 392,396 by 1996, an additional increase of 8.8 percent. The median age is 30.5. 19.6 percent of the people are college graduates, 22.1 percent have attended some college, trade school, or vocational school, and 29.3 percent have graduated from high school. Many individuals in the work force are over-qualified due to the limited supply of professional, corporate jobs. Minorities represent 45 percent of the population, with 32 percent Hispanics, five percent African American, and eight percent Asians and Pacific Islanders.

The region's cost of living is above the national average. The average cost of a home in the area is \$241,836, and the median cost of a home is \$198,241. The median household income is \$32,978, and the average household income is \$42,692.

Between 1989 and 1996, Monterey County is expected to gain about 2,400 nonagricultural jobs, primarily in the services and trade industries.

Services and retail trade are the largest industries on the Monterey Peninsula, closely followed by government. Approximately 70 percent of the Labor Force is employed in these Industries. The closure of Fort Ord, however, dramatically decreased the government employment, and resulted in approximately 31,000 military and family members leaving the area in 1993 and 1994. Monterey County, Monterey Peninsula Unified School District, and Community Hospital are major employers in the area.

The Monterey Peninsula area does not have any large convention facilities, but does have about 125 hotels, motels, and bed and breakfast establishments. The Holiday Inn Resort Monterey has meeting and banquet facilities for 325 people. Executive conference rooms are also available at the Hotel Pacific. The Monterey Beach Hotel has over 7,500 square feet of meeting space and employs a full time convention coordinator.

The Monterey Peninsula is a major tourist destination. Monterey Bay is one of the world's richest marine environments, allowing visitors to enjoy activities such as whale watching, scuba diving, sailing, and kayaking. Many of the attractions on the Monterey-Salinas Peninsula involve the water which is integral to life in the area. The Monterey Bay Aquarium, the Maritime Museum of Monterey, Fisherman's Wharf, and Cannery Row are popular destinations for visitors. Carmel-by-the-Sea, Pebble Beach, and Big Sur are all located on the Peninsula. Pebble Beach is the site of the AT&T National Pebble Beach Pro-Am and the Concourse d'Elegance each year. Salinas hosts the California Rodeo and the California Air Show each year. Monterey Wine Country is located in the Salinas Valley.

### Public Transit Operator Background

Monterey-Salinas Transit (MST) is the primary mass transit provider in the Seaside-Monterey and Salinas urbanized areas. MST was formed on July 1, 1981 when the City of Salinas, the

## 4. MONTEREY, CALIFORNIA

operator of the Salinas Transit System from 1976 to 1981, joined the already existing joint powers agency that operated Monterey Peninsula Transit. Current members of the Monterey-Salinas Joint Powers Agreement are the cities of Carmel-by-the-Sea, Del Rey Oaks, Marina, Monterey, Pacific Grove, Salinas, and Seaside and the county of Monterey.

MST is governed by a Board of Directors which is comprised of one designated official from each of the eight member agencies.

MST's service area covers 110 square miles and serves a population of 266,000 within 1/4 mile of a bus route. MST operates fixed route public transportation services from Watsonville in the north of Monterey County to Big Sur in the south. In between, bus transportation is provided to the Monterey Peninsula, Carmel Valley, and the cities of Salinas, Prunedale, and Castroville.

MST provides bus service for Northern Monterey County 365 days per year. MST operates 27 fixed routes with 48 peak vehicles. MST's fleet of 58 buses includes one electric bus leased from Pacific Gas & Electric for \$1 per year. 53 of MST's vehicles (91 percent) are wheelchair accessible vehicles, with lifts and kneeling capability. MST provided over 2.2 million revenue miles and carried over 3.5 million passengers in 1993.

MST also operates the WAVE (Waterfront Area Visitor Express) shuttle between downtown hotels, the aquarium and major waterfront destinations in Monterey. Three Gillig coaches, repainted in an ocean-like blue and white design, are used to provide the WAVE service. Drivers announce historic points along the route, providing a mini-tour of the waterfront. The WAVE operates from 9:00 am to 9:00 pm daily from Memorial Day through Labor Day and on weekends and holidays throughout the year. The WAVE provides high volume, high frequency service at low fares.

Prior to implementation of the current charter regulations in 1987, MST provided limited local charter service (about \$50,000 annually), primarily for large community oriented events. The largest charter movement was the annual AT&T (formerly Crosby) golf tournament. MST discontinued charter service shortly after the current charter regulations went into effect in 1987.

### **Metropolitan Planning Organization Background**

The Association of Monterey Bay Area Governments (AMBAG) is a voluntary association of the governments of the counties and cities on California's central coast. The counties and cities entered into an agreement in 1968 to create in the area created AMBAG. The purpose of this association is to serve as a forum for discussing and making recommendations on regionally significant issues.

AMBAG's Board of Directors is composed of locally elected officials appointed by their respective city council or board of supervisors. Each city appoints one representative to the Board, and each county is allowed two appointees. The Board of Directors meets monthly in order to set policy and oversee the small professional staff. State and federal governments primarily fund AMBAG for mandated planning activities. Annual membership dues contributed by each member agency provide local funding.

AMBAG is responsible for various programs serving the city and county governments in the area, including:

**Transportation** - AMBAG is the Metropolitan Planning Organization for the central California. AMBAG is responsible for overall transportation planning and programming in the region, including streets and highways, mass transportation, and aviation.

#### 4. MONTEREY, CALIFORNIA

**Air Quality** - In conjunction with the local Air Pollution Control District, AMBAG helps develop plans and programs for meeting and maintaining air quality standards.

**Water Quality** - AMBAG is the regional water quality planning agency for non-point sources of pollution.

**Census Data Center** - AMBAG is the federally-designated Census Data Center for the Monterey Bay Region.

**Projecting the Future** - AMBAG produces regional population and employment forecasts and studies regional trends in housing, water capacity, and waste management.

**Publications** - AMBAG publishes studies and reports about housing, population, employment, water quality, and hazardous waste. AMBAG also publishes the monthly Board of Directors Report, a quarterly newsletter - *AMBAG Update*, and an annual report.

**Clearinghouse** - AMBAG provides a clearinghouse for federal grant applications, environmental documents, general plans, and state projects within the region.

**Ridesharing** - AMBAG administers a free ridesharing service, promoting carpooling and alternative transportation modes in order to reduce pollution and traffic congestion, conserve fuel, and save money.

##### California State Charter Bus Regulations

The Public Utilities Commission of the State of California (PUC) regulates the charter-party carriers of passengers in the state. The use of motor vehicles to transport passengers for-hire on public roads in California requires authorization from the PUC.

The PUC differentiates among the following four classes of charter-party carrier operators:

- **Class "A" Certificate Charter-Party Carrier of Passenger Certificate** grants authority to operate from any point or points within the state to other points in or out of this state. This certificate is only available through transfer of an existing certificate and requires a \$300 filing fee.
- **Class "B" Charter-Party Carrier of Passengers Certificate** allows operations from an area within a radius of 40 air miles from its home terminal to any point or destination in the State of California. Applicants may obtain multiple Class B Certificates, each indicating a different home terminal. Separate applications are required for each home terminal.
- **Class "C" Charter-Party Carrier of Passengers Certificate** permits the performance of transportation services which are incidental to commercial balloon operations, commercial river rafting, or skiing in which no additional compensation is provided for the transportation.
- **Charter-Party Carrier Permits** include three types of permits limited to transportation provided within a 50 mile radius of the home terminal:
  - (a) **P-Permit** for carriers using only vehicles under 15-passenger seating capacity and under 25 feet in length
  - (b) **S-Permit** for carriers conducting round-trip sightseeing tour service
  - (c) **Z-Permit** for specialized carriers who (1) only provide service under contract with industrial and business firms, governmental agencies, and private schools; (2) only transport agricultural workers to and from farms for compensation; or (3) only conduct transportation services which are incidental to another business, rather than serving the general public



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PUC stipulates the following requirements in order to receive authority to provide charter service:

**Rates** - PUC requires charter-party carriers to establish rates for transportation to be offered or afforded by a charter-party carrier based on vehicle mileage, time of use, or combination of these. Individual fares per passenger are prohibited except for certain school bus contractors and operations of round-trip sightseeing tour services.

**Financial Responsibility** - PUC requires that the applicant establish financial responsibility to provide the service within the scope of the proposed operation.

**Equipment** - Applicants must list all equipment owned or leased that will be operated in the proposed transportation service. Carriers must also submit this information on an annual basis to the California Highway Patrol (CHP) and to the insurance company in compliance with Chapter 916 of the PUC Enforcement Act.

**Safety Requirements** - PUC expects carriers to maintain and operate all equipment in a safe manner and requires the following to insure compliance with all applicable safety-related statutes, regulations, and rules:

- Driver Statement of Applicant Form PL739-A lists the drivers of the applicant's vehicles. The applicant also agrees to hire and utilize only drivers who are properly licensed.
- "Pull Notice Program" - Every carrier must enroll in this program which is intended to provide employers and regulatory agencies with a means of encouraging driver safety through this ongoing review of the driving records of commercial drivers.
- Vehicle Inspection Fee Statement Form PL739-B - Vehicles with a seating capacity of more than 10 persons (including the driver) must pass a Highway Patrol inspection before PUC can grant authority for operation.

**Insurance Requirements** - Applicants must possess the following insurance:

- Public Liability and Property Damage insurance certificate (PL914) - General Order Series 115 mandates all charter-party carriers to secure and maintain on deposit with PUC evidence of sufficient bodily injury and property damage liability protection covering motor vehicles operated or to be operated.
- Workers' Compensation Form TL938 or SCIF10260 - Public Utilities Section 5378 requires all charter party carriers to secure and maintain on deposit with PUC evidence of workers' compensation insurance

#### **Private Charter Operators Background**

Many privately-owned operators participate in the active charter market in Monterey, California, including:

- **Discovery Tours** is a family owned and operated charter company located in Watsonville, CA, which is 25 miles north of Monterey County. Discovery Tours operates 80 to 90 percent of their service in Monterey. Discovery Tours provides corporate services, including local tours, corporate transportation contracts, convention and conference transport, one-time and contract shuttles, and airport service. Discovery Tours provides school services for special events and school field trips and specialty tours for gambling trips, extended tours (Interstate and Canada), and tourist transfers to air, cruise, and rail. Discovery operates 22 luxurious 47-passenger highway coaches, two 28-passenger mini-buses, one 21-passenger mini-bus, and two passenger vans. Discovery employs approximately 35 drivers, with 25 full-time drivers.
- **Pacific Monarch Ltd.** located in Santa Cruz, CA, approximately 40 miles north of Monterey County is a small business operating seven vehicles. Pacific Monarch

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performs charters for the AT&T tournament locally, but primarily longer distance tours. Pacific Monarch employs six full-time drivers, an operations manager, one mechanic, and one wash person.

- **Rod's Charters and Tours** located in Marina, CA, approximately ten miles north of Monterey County is a family-owned business operating two 47-passenger vehicles. Rod's Charters and Tours operates daily dinner trips and weekend tours. Approximately 50 percent of the trips are local and 50 percent are long distance. Rod's Charters frequently takes groups to Santa Cruz about 40 miles from Monterey.
- **Steinbeck Country Tours**, located in Carmel Valley, CA, approximately 10 miles southwest of Monterey County, operates two 15-passenger vans and four 21 or 28-passenger mini-buses. Steinbeck primarily performs local trips in the area. Previously, Steinbeck Country Tours performed shuttle service at Fort Ord before its closing in 1994. According to the PUC license, they must pick up within a 40 mile radius but can go anywhere in the state. Steinbeck provides 90 percent of its charter service in the Monterey Peninsula, with virtually all service operated within MST's service area. Approximately 20 percent of service is government, civic, or charitable. Steinbeck primarily operates corporate conventions or small shuttles. Over 90 percent of their business is provided by a destination management company. Steinbeck provides service to the homeless free of charge and brings them to church volunteers who feed and house them for the night.

There are numerous destination management companies operating in the area. These companies do not provide transportation themselves, but work with the local private operators to organize transportation for their customers. The following list includes many of the local destination management companies:

- USA Host
- Host Convention Services
- Tours of Distinction
- Seacoast Safaris
- Adventures by the Sea
- Pacific Agenda
- Safari Tours
- Premiere Events
- Gourmet Food and Wine

#### MST'S DEMONSTRATION PROPOSAL

In its proposal to FTA, MST indicated that charter activity during the demonstration would be confined to occasional charters to governmental agencies or non-profit organizations. MST indicated that private operators are sometimes unwilling or unable to provide the service for these groups, particularly if specialized equipment (e.g., wheelchair lift equipped buses, specialty battery-powered buses, low-floor buses) is required. MST did not identify specific groups which were not being served at the time of the proposal.

MST stated that non-profit organizations or public bodies may specifically want to use the local transit system to demonstrate community accessibility, show-case the local transit system, or to expose potential developers or businesses to the local public transit system. MST wants to be responsive to constituents transportation needs and provide "good will" opportunities to the community in a time of economic decline.

MST indicated that it would subcontract to private carriers if it was unable to meet the entire needs of the customer.

MST indicated that it is their policy to recover the full cost of operating special service and in no case would the cost to the chartering party be less than the marginal cost to operate the service; in some cases the cost may be fully-allocated to include depreciation. The MST

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Board of Directors would establish guidelines, procedures, and rates for the charter demonstration.

MST identified AMBAG, the MPO, as the overseeing entity for the demonstration. As the ruling entity for the demonstration, AMBAG is charged with coordinating and overseeing the local advisory committee during the demonstration, granting or denying exceptions to the charter regulations, and approving the local charter policy based on the local advisory committee's recommendation.

#### LOCAL CHARTER DEMONSTRATION

FTA selected Monterey as one of the eight sites to participate in the charter demonstration.

#### Development of Local Policy and Process

AMBAG held an initial coordination meeting with local private operators in the Monterey area on March 17, 1993, to present an overview of the demonstration, encourage cooperation, and discuss the composition of the local advisory committee. AMBAG invited the following private operators to the initial meeting:

- Airport Transportation Co. Inc.
- Cypress Coast Tours
- Del Monte Express
- Discovery Tours
- Pacific Monarch
- Rod's Charters and Tours
- Santa Cruz Shuttle Service
- Steinbeck Country Tours

Four private operators attended the meeting: Discovery Tours, Pacific Monarch, Rod's Charters and Tours, and Steinbeck Country Tours.

The group discussed whether to define categories of charters that could be provided or review charter requests on a case-by-case basis. The private operators wanted to review requests on a case-by-case basis. The group discussed the composition of local advisory panel and AMBAG requested the private operators to nominate two representatives to the committee. AMBAG deferred the next meeting until FTA published the final rule implementing the charter demonstration.

AMBAG held the second meeting on August 10, 1993, to determine the members of the local advisory panel. AMBAG appointed the following representatives from public and private organizations to the local advisory panel.

#### Monterey Local Advisory Panel

Company/Agency	Sector
MST (2)	Public
Discovery Tours	Private
Pacific Monarch Ltd.	Private

A staff member of AMBAG acted as chair of the Panel.

The Panel met on August 17, 1993, to identify types of charter service that MST could provide under the demonstration and to develop guidelines or procedures to facilitate the demonstration. MST presented its proposed local charter policy for discussion. The group discussed proposed provisions for the local charter policy, including the equipment uniqueness requirements. The Panel reached consensus, but postponed approval of the local charter policy until FTA's publication of the final rule implementing the demonstration.

Private charter operators provide service to the local charitable and civic organizations. One private operator was concerned that MST would be permitted to bid on the AT&T Golf Tournament, which is the backbone of his business.

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The local advisory committee met again on August 26, 1993, and approved the local charter policy.

##### **Monterey Local Charter Policy**

MST will not operate charters which interfere with regular transit service needs.

Charters will originate, terminate, and otherwise be confined to MST's service area.

MST will not operate School Pupil Activity Bus (SPAB) charters.

The rate charged by MST shall comply with FTA's fully-allocated costing requirements for charters, unless otherwise waived by the Advisory Panel.

MST will keep the Advisory Panel informed regarding the level of charter activity taking place. MST shall prepare and submit to the Advisory Panel a report on MST charters within 30 days following each month regardless of an MST charter taking place. Charters performed without a referral will be noted in the monthly report.

##### **Charters Not Subject to the Referral Process**

- Charters by senior citizen or disabled groups, as allowed under current FTA charter regulations.
- Charters provided during emergencies (e.g. war, natural disasters, acts of god, and emergency relief during performance of private charter carrier as a result of a breakdown on the road).
- Charters by member entities of MST (Cities of Carmel-by-the-Sea, Del Rey Oaks, Marina, Monterey, Pacific Grove, Salinas, Seaside, and County of Monterey) for purposes of official business.
- Charters involving special unique equipment requests, needed for the purpose of the charter, including but not limited to electric, historic, WAVE, and other specific vehicles.

- If the client chooses MST without referral, they must confirm this in writing.
- Requests for MST charter service less than 6 hours in advance of the service.

##### **Charters Subject to the Referral Process**

- Charters by referral from private charter companies.
- Charters by all other groups/individuals/businesses/private parties not described above.

##### **Charter Referral Process**

For charters involving referrals, MST will give the inquiring party the names and phone numbers of local charter companies as defined by the Advisory Panel.

MST will fax the inquiring party's request to Discovery Tours, Pacific Monarch, Rod's Charters and Tours and Steinbeck Country Tours, as the primary interested charter operators in the demonstration area. Steinbeck Country Tours will fax this referral to other smaller operators. If a private charter operator is interested in serving the prospective client, they must:

- Fax MST within 2 hours if the request was received by MST less than 24 hours in advance of the service.
- Fax MST within 24 hours if the charter is less than 7 business days away.
- Fax MST within 3 days if the charter is more than 7 business days away.

##### **Exceptions**

The only exceptions to this policy shall be consistent with the final rule 49 CFR Part 604 of the Federal Register.

##### **Implementation of the Demonstration**

MST implemented its local charter demonstration on September 1, 1993. MST provided its first charter under the demonstration on November 26, 1993.

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MST charged \$48 per hour for charter service. Charter service was available every day during non-peak hours.

MST requested FTA to extend the demonstration period to permit the public transit operators to effectively participate in the charter market. MST's comments on FTA's notice of proposed rulemaking (NPRM) stressed that there is a long lead time for planning and preparing to provide charter service for large community events.

Once the demonstration was extended through October 31, 1995, MST decided to advertise in the telephone directory and directly to local non-profit organizations. MST advertised in the yellow pages and distributed a pamphlet stating that they were available to provide charter service.

MST followed the referral process as prescribed in the local charter policy. MST developed a charter referral form identifying the 12 private charter operators and a charter report, to be completed by the customer, that obtained information on the event, number of seats, special vehicle features needs, type of non profit agency, and if the charter was for official business of a government organization.

During the demonstration, MST received 175 charter inquiries. This includes all general inquiries for information and charters, including those not within MST's service area or not potentially eligible under the demonstration program. MST provided the names and phone numbers of private operators to 58 inquiring parties for charter movements outside MST's service area or seeking general information. MST officially referred 38 charter requests to the private operators. In 32 cases, the private operators responded as "ready, willing, and able." The private operators did not follow-up with the inquiring party in nine of the cases, and MST received complaints from the inquiring party. In 27 cases, the inquiring party, primarily schools and non-profit organizations, noted that the private charter operator was cost-prohibitive.

The inquiring party did not request a referral to the private operator due to budget constraints.

#### EVALUATION ACTIVITIES

FTA met with MST staff involved in the demonstration in Monterey on June 1 and 2, 1993. FTA explained the evaluation objectives and the data requirements. FTA also obtained background information about MST.

FTA also met individually with four private operators to discuss the demonstration and solicit their participation:

- Discovery Tours
- Pacific Monarch Ltd.
- Steinbeck Country Tours
- Rod's Charters and Tours

FTA requested the private operators to provide data on the charters provided to the specific groups permitted under the demonstration for the demonstration period, as well as comments on the demonstration and potential impact on their business.

FTA sent a letter to each of the private operators recapping the information discussed at the individual meetings. FTA explained the objectives of the charter demonstration, the approach for evaluating the demonstration, and solicited their participation in the demonstration evaluation.

FTA maintained periodic contact with the responsive private operators to discuss the impact of the demonstration, as well as the possibility of submitting data. Although many private operators provided comments and agreed to submit charter data, FTA only obtained data from one of the private operators. FTA guaranteed to the private operators that data results would only be presented if at least three operators contributed data in order to ensure confidentiality. Because data was only received

#### 4. MONTEREY, CALIFORNIA

from one private operator, the data is not presented in this report.

MST did not provide any charters during the pre-demonstration period. MST sent charter data to FTA on a monthly basis during the demonstration. For all requests received, MST tracked and compiled the following data:

- charter inquiries received
- charter requests officially referred to privates
- responses of private operators, including those charters for which privates responded as "ready, willing, and able" and those for which the private operator did not follow-up with the inquiring party
- charters for which the inquiring party noted that private operator charter service is cost-prohibitive, and therefore did not request referral
- charters performed

For those charters performed, MST reported the following data to FTA:

- type of request
- customer (private, civic, charitable, local, non-profit senior/disabled)
- date(s) of service
- total passengers
- total vehicle service hours
- total vehicle service miles
- number of trips
- trip origin/destination
- billing

FTA entered the data into a spreadsheet and summarized the number of charters, total hours, total miles, passengers, and total costs. FTA utilized MST's classification of the charters into the following categories:

- private
- public non-profit
- charitable
- civic

FTA attempted to contact ten MST charter customers, representing those charters performed during the demonstration. Attempts do not include wrong numbers or those telephone numbers which were no longer in service. FTA successfully completed surveys for six of the ten customers, representing a 60 percent response rate. Four of the respondents were non-profit organizations.

At FTA's request, AMBAG convened a follow-up local advisory committee meeting on December 14, 1995, to discuss the impact of the demonstration and the effectiveness of the local committee process. Representatives from AMBAG, MST, FTA, Discovery Tours, Pacific Monarch, Steinbeck Country Tours, and Rod's Charters and Tours attended the meeting.

#### DEMONSTRATION RESULTS

In the discussion below, MST's charter service is described in terms of the quantity of service, the groups served, and the consistency of the service with the local charter policy.

MST Demonstration Statistics	
Total Charters	19
Total Hours	454
Total Revenue	\$22,382

#### Quantity of Service

Exhibit 4.1 shows that on an average monthly basis, MST provided a small amount of charter service during the demonstration.

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Exhibit 4.1 Average Charter Service Per Month	
	Demonstration
Avg. Charters/Month	.73
Avg. Hours/Month	17
Avg. Revenue/Month	\$861

MST performed 19 charters during the 26-month demonstration from September 1, 1993, to October 31, 1994, an average of less than one charter per month. MST only served eleven different customers and provided charter service on more than one occasion for five customers. MST did not provide any charter service prior to the demonstration.

MST provided 454 hours of charter service, an average of nearly 24 hours per charter. Twelve of the charters (63 percent) required more than one vehicle and one charter required one vehicle per day for 13 days. The average hours per vehicle per day was just under seven.

MST provided over 5,000 miles of charter service, with an average of 266 miles per charter and 74 miles per vehicle per day. MST carried 5,774 charter passengers during the demonstration. MST generated total charter revenues of \$22,382.

##### Groups Served

Exhibits 4.2 and 4.3 show the distribution of charters and charter hours by group served during the demonstration. Fifty-eight percent (11) of the charters were for private groups, accounting for 55 percent of the total charter hours provided. MST operated a holiday shuttle for a local shopping center with service covering weekends and holidays from Thanksgiving 1993 to New Years 1994. The Shopping Center Holiday Shuttle utilized the electric WAVE bus. MST provided service for a total of 142 hours over 13 days, carried 1,317 passengers, and generated charter revenue of \$7,188. The Shopping Center Holiday Shuttle accounted for almost one-third of MST's charter hours and revenues during the demonstration.

Exhibit 4.2  
Demonstration - Charters by Groups Served

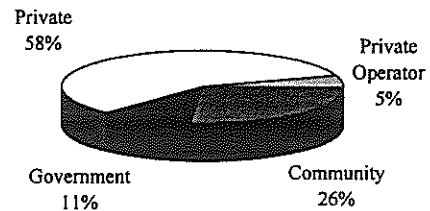
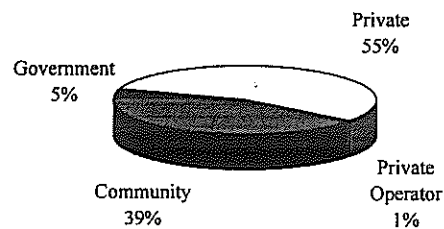


Exhibit 4.3  
Demonstration - Hours by Groups Served



MST provided seven charter (26 percent) and 199 hours (39 percent) of service for community groups, including public non-profit, charitable, and civic organizations. The Big Sur International Marathon accounted for four of MST's charters and used 29 vehicles. Total hours for the Big Sur charters were 175, accounting for 39 percent of total charter hours. The total revenue from the four charters for the Big Sur International Marathon was \$8,376, 37 percent of MST's total charter revenues.

MST provided two charters (11 percent of total charter service) for government groups, accounting for five percent of total charter hours. Both of the charters provided were for the Transportation Agency of Monterey County. The two charters were provided on consecutive days, and both required wheelchair accessible equipment. The duration of these charters was 21 hours and 260 miles. MST provided one charter under subcontract to a private operator.

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##### Consistency with the Local Charter Policy

The charters performed by MST during the demonstration correspond to the following provisions set forth in the local charter policy.

Monterey Charter Demonstration Policy	Charters within Scope
Senior Citizen or disabled groups, as allowed under current FTA charter regulations	0
Emergencies	0
Member entities of MST for purposes of official business	0
Special unique equipment requests, including but not limited to electric, historic, and WAVE vehicles	14
Requests less than 6 hours in advance of the service	1
Referral from private charter company (subject to referral process)	4
All other groups/individuals/business/private parties not described above (subject to referral process)	0
Subcontract to private operator under current FTA charter regulations	1

Each charter performed complied with at least one of the local charter policy provisions.

MST primarily utilized the unique equipment provision of the local charter policy. MST provided 14 of the 19 charters (74 percent) with special equipment. Nine of the charters (47 percent) utilized the WAVE buses, which were classified as unique vehicles in the local charter policy. The unique characteristic of the WAVE bus is its paint job which looks like a wave. Four of the charters (21 percent) required wheelchair accessible equipment. One of the charters utilized the Historic Bus. Each of these charters qualified under the special equipment provision of the local charter policy. Four of the charters were for groups requiring lift equipped vehicles.

MST provided service for the Big Sur Marathon under two provisions of the local charter policy: the special equipment provision for wheelchair accessible equipment and the provision permitting service referred from the private operator due to insufficient capacity.

On four occasions, MST provided charter service after private operators had been contacted and were unable to provide the service.

##### FINDINGS AND CONCLUSIONS

Based on the charter information provided by MST, the results of the customer surveys, and discussions with MST and the private operators, FTA compiled the following findings and conclusions. This section focuses on:

- impact on the public operator
- impact on customers
- impact on private operators
- effectiveness of the local decision making process
- next steps

##### Impact on the Public Operator

The demonstration did not have a significant impact on MST's operations.

MST's total charter revenue during the 26-month demonstration was \$22,382. MST's total charter revenue for FY94 and FY95 were \$12,228 and \$8,962, respectively. Operating budgets for FY94 and FY95 were \$8,746,633 and \$9,534,274. Thus, MST's charter revenue accounted for less than one percent of its operating budget for FY94 and FY95.

MST provided 247 charter revenue hours in FY94 and 182 hours in FY95. MST's total revenue hours for FY94 and FY95 were 151,961 and 158,458, respectively. The charter revenue hours represented less than one percent of MST's total revenue hours for FY94 and FY95.



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MST's primary objective for participating in the demonstration was to have the flexibility to serve government entities and non-profit organizations, as well as to provide charter service with special unique equipment. The majority of the charters provided by MST fall under the special equipment provision. MST provided 11 charters for private organizations and seven charters for public non-profit, civic, or charitable organizations.

MST prepared detailed reports documenting the charters performed, requests received, and referrals made. MST stated that the reporting process was lengthy and time-consuming. MST received 175 charter requests during the demonstration.

##### **Impact on Customers**

The demonstration provided customers the option to choose special vehicles for charter trips, including the WAVE bus (unique outside paint job), electric bus, historic bus, or wheelchair accessible bus, rather than an over-the-road coach available through the private operators. MST identified the provision of using special vehicles as an unmet need in its proposal to FTA, indicating that the private operators were unable to provide such vehicles. During the demonstration, approximately 74 percent of MST's charters and charter hours used special vehicles. However, only four of the charters (21 percent) required lift equipped vehicles. None of the private operators currently have lift equipped vehicles:

Although 63 percent of the MST's charters were for private groups, MST also provided service to two community organizations and one government entity, groups identified in MST's demonstration proposal. MST provided a total of seven charter trips for the three community/government organizations, operating 200 hours and carrying 3,197 passengers. More than half of the passengers carried by MST during the demonstration were for these seven charters.

MST provided four charter trips that the private operators were unable to provide, as determined through the referral process, and subcontracted with a private operator for one charter.

The results of the customer survey indicated that two-thirds of the customers (four) used private charter operators in the past. Two of the respondents contacted private operators while planning their event. One-third of the respondents (two) noted that they would not have been able to obtain comparable service or any service at all if MST had not been available.

Five of the six respondents (83 percent) used special equipment, including the WAVE bus, wheelchair accessible equipment, and the historic bus. The primary reason for selecting MST was unique style equipment, including the wheelchair lifts. Cost and availability were also factors in selecting MST.

##### **Impact on Private Operators**

The charter demonstration did not significantly impact the private operators' business. MST's average charter hours per month (17) and average charter revenue per month (\$861) for the 26-month demonstration does not represent a significant portion of any of the private operators' total business.

The level of MST's service could have negatively impacted a small operator's business. However, if MST had not provided the service, the hours and revenues would most likely have been divided among the active private operators in Monterey, thus reducing the impact on any one private operator. Additionally, the magnitude of some of MST's service would have prohibited a small private operator from providing the service. MST performed three charters requiring eight to ten vehicles on a single day and one charter requiring one vehicle for over ten hours per day for 13 days.

Although the level of service provided by MST was minimal, the private operators oppose MST's aggressive pursuit of charter service.

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The private operators indicated that competition is already strong among the current private operators and that market competitiveness contributes to efficient service. The private operators indicated that they provide satisfactory self-paying mass transportation service to the public. The private operators indicated that they can pool resources when necessary to provide charter service.

The private operators were concerned that the closing of Fort Ord would adversely impact their business, however, the private operators only lost approximately five trips per year as a result of the base closure. Additionally, a college of approximately 600 students is planning to occupy Fort Ord. The private operators believe that the college will generate charter business for them.

The private operators indicated that they may have received some additional business through the referral process. MST referred approximately 175 customer calls to the private operators. However, the private operators indicated that they would have obtained the business without MST's referral, as the customers were actively pursuing charter service.

The private operators were concerned with the definition of charter service due to the shuttles run by MST with the WAVE buses to the aquarium during the summer months and the temporary fixed route service to the Laguna-Seca Raus racetrack. One of the private operators also provides fixed route service year round to the aquarium.

For the temporary service to the racetrack, MST charges a consolidated bus fare included in the cost of the race ticket.

##### **Effectiveness of the Local Decision Making Process**

AMBAG, the local MPO, was charged with overseeing the demonstration in Monterey. AMBAG actively participated in the

demonstration by attending local advisory panel meetings and serving as the distributor of information to panel members.

Although the Panel effectively established the local charter policy for the demonstration, the private operators emphasized that they reluctantly agreed to the special unique vehicle provision. The private operators did not want MST to have the flexibility to provide charter service because the request was for a WAVE bus. They firmly stated that the WAVE bus is simply a regular bus with a wave painted on it. Although MST claims that the service using the special equipment represents an unmet need, the private operators believe that this provision was MST's opening into the charter market. The private operators believe that they were forced into the project and agreed to the charter policy under duress.

During the demonstration, MST provided charter data on a regular basis. AMBAG supplied the private operators with monthly reports in a timely manner. Panel members indicated that the relationship and trust among the private operators and public operators in Monterey did not change during the demonstration.

##### **Next Steps**

Although MST is interested in actively pursuing charters and would like to establish a formal agreement as stipulated in the Federal charter regulations, the private operators are completely opposed to entering into any arrangement which may allow MST to enter the charter market. However, a few of the private operators indicated that MST could provide charter service to the member governmental agencies.

Overall, the private operators believe that they are fulfilling all of the needs of the community and that the demonstration project did not benefit the private operators or the customers.

The private operators do not want the charter regulations changed. In addition, a member of

#### 4. MONTEREY, CALIFORNIA

the Panel is currently President of the California Bus Association and stated that the California Bus Association's position is to keep the existing charter regulations in the current form.

After implementation of the current charter regulations in 1987, MST pursued subcontracting arrangements with the private sector in order to provide charter service. As a subcontractor to a Public Utilities Commission (PUC) regulated carrier (i.e., a private charter operator), MST would be subject to the PUC's training and licensing requirements, which is different than the Commercial Drivers License (CDL) requirements imposed on the public operator. MST abandoned its pursuit of subcontracting arrangements because it does not meet the PUC certification requirements.

MST does not currently meet state requirements to provide charter service for school activities. As a result of bus accidents and questionable maintenance activities, the State imposed special requirements on school movements. School Pupil Activity Bus (SPAB) requirements are implemented by the California highway Patrol (CHP). In order to provide transportation for school activities, the driver must be certified by CHP and the buses are subject to inspection

## 5. YOLO COUNTY, CALIFORNIA

### OVERVIEW

This section includes the demographic and economic background of the site, including a description of the public transit operator, Yolo County Transit Authority (YCTA), and the private operators in the area.

### Demographic and Economic Background

The City of Woodland, located in Yolo County in California's Central Valley, is 86 miles northeast of San Francisco, 24 miles northwest of Sacramento, the state capital. Davis, located in Yolo County, 13 miles west of Sacramento is home to the University of California. Yolo County is served by the Sacramento Metropolitan Airport, which is conveniently located in the area. Eight major airlines average 163 flights each day, and commuter flights average 66 arrivals and departures daily. Amtrak provides rail service to the area.

The 1994 Yolo County population was 150,800 which represented an eight percent increase from 1990. Minorities represent approximately 24 percent of the Yolo County population. The majority of the population (79 percent) completed high school, 27 percent attended some college, trade school, or vocational school, and 30 percent of the population are college graduates.

The average cost of a home in the metropolitan area is \$157,474. The median household income is \$28,886, and the average household income is \$37,556.

Approximately 69 percent of the labor force is employed in the services, government, or trade industries. The County of Yolo, Woodland Healthcare, and the University of California & Medical Center are the major employers in the area. The current unemployment rate is 6.2 percent.

Yolo County and the surrounding areas offer many activities for visitors, including winery tours, white water rafting, tours of Victorian

homes, and an historic Opera House in the City of Woodland. Knights Landing and West Sacramento have access to the Sacramento River where paddle-wheel boat rides, fishing, water-skiing, and hunting are enjoyed. Davis is considered the Bicycle Capital of the World, with more bicycles per capita than any other city in the US. The City of Davis, along with the University, has supplied over 40 miles of bicycle paths and lanes for the area. The proximity to the state capital offers an historical look at the state, as well as many of the amenities of a larger city.

### Public Transit Operator Background

YCTA was established in 1982 by a Joint Powers Agreement between the Cities of Davis, Woodland, West Sacramento and Winters, and the County of Yolo to provide transit services for the benefit of its members. YCTA contracts with a private operator, ATE Ryder, to operate the fixed route bus system, YOLOBUS. YOLOBUS service includes nine fixed routes serving West Sacramento, Woodland, Davis, and downtown Sacramento. YOLOBUS operates 20 wheelchair accessible vehicles in peak service, including 4 compressed natural gas (CNG) vehicles which were recently acquired. YOLOBUS carried more than 700,000 passengers in fiscal year 1993.

YCTA also operates or supports supplemental service on behalf of local jurisdictions requesting service. Supplemental services include:

- **Woodland Local Service** - local bus service in Woodland, subsidized by the City of Woodland (85 percent of the net subsidies) and Yolo County (15 percent).
- **West Sacramento Adult Day Health Care Run, Southport Commute Service, and Rural Service** - the Adult Day Health Care Run and the Southport Commute Service are interlined with the rural service in Esparto, Madison, and Knights Landing two days a

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week, and the rural service in Dunnigan and Yolo one day a week, using one bus

- **Woodland Handi-Van** - service for Americans with Disabilities Act (ADA) eligible riders which is operated eleven hours per day
- **West Sacramento Dial-a-Lift** - service for ADA eligible and elderly riders in West Sacramento
- **Winters Fixed Route Service** - fixed route bus service serving Winters, El Rio Villa Housing, Davis and Woodland six days a week, subsidized by the City of Winters (80 percent) and Yolo County (20 percent)
- **West Sacramento and Woodland Taxi Subsidy Programs** - service for ADA eligible riders to accommodate Handi-Van overflow rides, as well as rides at night and on weekends when fixed route services are operating

Yolo County contributes funds towards maintenance activities associated with the University Transport System (Unitrans) which serves the University of California at Davis (UCD) area. Unitrans provides approximately 1.5 million rides annually to UCD students.

YCTA serves as the Congestion Management Agency (CMA) for Yolo County under mandates of Proposition 111. In this capacity, YCTA has broader planning and programming functions than as a transit provider. YCTA is currently participating in a 20-year transit study for Woodland, Davis, Winters, and unincorporated Yolo County, as well as the Woodland/Davis rail study.

### Metropolitan Planning Organization Background

The Sacramento Area Council of Governments (SACOG) is a voluntary association of city and county governments, focusing on regional problems. SACOG's staff consists of thirty-five members working under the direction of an

Executive Director and a Board of Directors. The Board members represent the cities and counties.

SACOG's primary responsibilities are:

- **Transportation** - SACOG is the federally designated Metropolitan Planning Organization (MPO) and the state designated Regional Transportation Planning Agency (RTPA). SACOG develops and adopts the Regional Transportation Plan (RTP) for long-term transportation improvements on a biennial schedule. SACOG also prepares and submits to the California Transportation Commission the Transportation Improvement Program (TIP).
- **Air Quality** - SACOG is the federally designated Air Quality Planning Agency and has developed a joint air quality-transportation program to meet federal regulations.
- **Airport Land Use Commission (ALUC)** - As the designated ALUC for Sacramento, Yolo, Sutter, and Yuba counties, SACOG develops plans for compatible land use around the eleven military and civilian airports in the region.
- **Census Data Center** - SACOG is the federally designated Census Data Center for Sacramento, Yolo, El Dorado, Placer, Sutter, and Yuba counties. SACOG acts as the source of census data and develops population, housing, and employment projections.

### Private Charter Operators Background

Several privately-owned operators participate in the charter market in Yolo County, including:

- **Amador Stage Lines, Inc.** is located in Sacramento, approximately 24 miles from Yolo County. Amador operates approximately 32 over the road vehicles. Amador started service under contract to Caltrans to provide feeder service to the train

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(Placerville to Sacramento, Sacramento to Lake Tahoe, and back). Amador operates service from Sacramento to South Lake Tahoe three times daily and operates seven trips per day to Reno. Amador does not operate many local charters in Yolo County.

- **Great American Stage** is a family-owned business located in Sacramento. Great American Stage operates a small fleet of five 47 passenger vehicles. Great American Stage provides charters to school districts for special sporting events, extension groups from the University of Davis, and fraternal organizations. A large percentage of business comes from House of Travel, a destination company. Great American Stage also provides service to retired groups, church groups, schools, and community groups in the Sacramento area.
- **Sacramento Charter Buses (formerly Gray Line)** is located in West Sacramento, which is in Yolo County. Sacramento Charters operates service for churches, lodges, day care centers, and schools. Sacramento Charter Buses operates approximately five vehicles.

### California State Charter Bus Regulations

The Public Utilities Commission of the State of California (PUC) regulates the charter-party carriers of passengers in the state. The use of motor vehicles to transport passengers for-hire on public roads in California requires authorization from the PUC.

The PUC differentiates among the following four classes of charter-party carrier operators:

- **Class "A" Certificate Charter -Party Carrier of Passenger Certificate** grants authority to operate from any point or points within the state to other points in or out of this state. This certificate is only available through transfer of an existing certificate and requires a \$300 filing fee.

- **Class "B" Charter-Party Carrier of Passengers Certificate** allows operations from an area within a radius of 40 air miles from its home terminal to any point or destination in the State of California. Applicants may obtain multiple Class B Certificates, each indicating a different home terminal. Separate applications are required for each home terminal.
- **Class "C" Charter-Party Carrier of Passengers Certificate** permits the performance of transportation services which are incidental to commercial balloon operations, commercial river rafting, or skiing in which no additional compensation is provided for the transportation.
- **Charter-Party Carrier Permits** include three types of permits limited to transportation provided within a 50 mile radius of the home terminal:
  - (a) **P-Permit** for carriers using only vehicles under 15-passenger seating capacity and under 25 feet in length
  - (b) **S-Permit** for carriers conducting round-trip sightseeing tour service
  - (c) **Z-Permit** for specialized carriers who (1) only provide service under contract with industrial and business firms, governmental agencies, and private schools; (2) only transport agricultural-workers to and from farms for compensation; or (3) only conduct transportation services which are incidental to another business, rather than serving the general public

The PUC stipulates the following requirements in order to receive authority to provide charter service:

**Rates** - PUC requires charter-party carriers to establish rates for transportation to be offered or afforded by a charter-party carrier based on vehicle mileage, time of use, or combination of these. Individual fares per passenger are prohibited except for certain school bus

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contractors and operations of round-trip sightseeing tour services.

**Financial Responsibility** - PUC requires that the applicant establish financial responsibility to provide the service within the scope of the proposed operation.

**Equipment** - Applicants must list all equipment owned or leased that will be operated in the proposed transportation service. Carriers must also submit this information on an annual basis to the California Highway Patrol (CHP) and to the insurance company in compliance with Chapter 916 of the PUC Enforcement Act.

**Safety Requirements** - PUC expects carriers to maintain and operate all equipment in a safe manner and requires the following to insure compliance with all applicable safety-related statutes, regulations, and rules:

- Driver Statement of Applicant Form PL739-A lists the drivers of the applicant's vehicles. The applicant also agrees to hire and utilize only drivers who are properly licensed. The applicant agrees to verify driver records with DMV for all drivers before hiring and agrees to comply with all applicable laws and regulations.
- "Pull Notice Program" - Every carrier must enroll in this program which is intended to provide employers and regulatory agencies with a means of encouraging driver safety through this ongoing review of the driving records of commercial drivers. Although the fee is minimal for the participation in this program, the required documentation and paperwork is relatively extensive.
- Vehicle Inspection Fee Statement Form PL739-B - Vehicles with a seating capacity of more than 10 persons (including the driver) must pass a Highway Patrol inspection before PUC can grant authority for operation.

**Insurance Requirements** - Applicants must possess the following insurance:

- Public Liability and Property Damage insurance certificate (PL914) - General Order Series 115 mandates all charter-party carriers to secure and maintain on deposit with PUC evidence of sufficient bodily injury and property damage liability protection covering motor vehicles operated or to be operated.
- Workers' Compensation Form TL938 or SCIF10260 - Public Utilities Section 5378 requires all charter party carriers to secure and maintain on deposit with PUC evidence of workers' compensation insurance covering all employees.

### YCTA'S DEMONSTRATION PROPOSAL

YCTA's proposal to FTA identified several groups that were not being adequately served under the current charter regulations: the four city governments in Yolo County, the county government, state government, non-profit institutions, chambers of commerce, universities and community colleges. YCTA also indicated that the needs of senior citizens and disabled groups were not currently being met. Although current regulatory exceptions allow such service, YCTA indicated that it did not perform charters for these groups because the charter regulations are unclear and it does not want to violate the regulations.

YCTA does not currently meet state requirements to provide charter service for school activities. As a result of bus accidents and questionable maintenance activities, the State imposed special requirements on school movements. School Pupil Activity Bus (SPAB) requirements are implemented by the California highway Patrol (CHP). In order to provide transportation for school activities, the driver must be certified by CHP and the buses are subject to inspection.

YCTA identified SACOG as the overseeing entity for the demonstration. As such, SACOG is responsible for overseeing the local advisory committee during the demonstration, for

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granting or denying exceptions to the charter regulations based on the recommendations of the local charter policy, and for determining charter policy if the local advisory committee is unable to reach unanimous agreement.

YCTA indicated that it currently contracts out its bus service to the private sector and, therefore, has an ongoing relationship with private operators.

YCTA expressed concern in its proposal about the definition of fully-allocated costs. YCTA indicated that it is unfair to allocate the capital cost of a bus for a government-related charter to the trip and views it as an unfair burden.

### LOCAL CHARTER DEMONSTRATION

FTA selected YCTA as one of the eight sites to participate in the charter demonstration.

### Development of Local Policy and Process

SACOG and YCTA convened a meeting on May 27, 1993 with the local private charter operators and a representative from the California Bus Association. The purpose of this meeting was to establish an official local advisory panel and to discuss the purpose, background, and potential issues of the charter bus demonstration.

YCTA originally proposed to establish a seven-person panel with three public transit operators, three private operators, and a staff member from SACOG. Subsequently, SACOG determined that the panel should be composed of only four members, with two members representing private charter operators, one member representing YCTA, and one member representing the business community. Representatives from Great American Stage and Sacramento Charter Bus/Gray Line volunteered to serve on the local advisory panel.

### Yolo County Local Advisory Panel

Company/Agency	Sector
YCTA	Public
Sacramento Charter Bus	Private
Great American Stage	Private
Woodland Chamber of Commerce	Public

The private operators indicated that they were concerned about YCTA's purpose for participating in the demonstration and about the potential loss of business due to the demonstration. The private operators feared that YCTA's service would go beyond fulfilling unmet needs.

The private operators indicated that the demonstration could have a significant impact on their business, as much of their service was to church groups, school groups, and community groups.

The private operators were concerned about the calculation of fully-allocated costs and indicated that the calculation should include costs that the private operators have to pay that the public operator does not have to pay, such as license fees, state fuel tax, and insurance. The private operators requested YCTA to establish a minimum charge for charters not to exceed the three lowest hourly rates of the charter carriers in the area.

The Panel met on June 8, 1993, to discuss the general implementation of the demonstration, the need to establish policy provisions in a timely manner, and the data collection requirements.

The Panel decided that the local charter policy would establish ground rules to eliminate the need for the Panel to meet to approve or disapprove each charter. YCTA would be responsible for determining whether or not a charter was within the established rules of the local charter policy.



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During this meeting, YCTA presented its proposed charter policy. The Panel agreed that charters must have an origin or destination within Yolo County, must not compete with YCTA's peak hour service, and must not extend more than 40 miles from Yolo County. The Panel discussed how miles would be determined and agreed that the policy specify "40 air miles" from Yolo County.

The proposed charter policy included a referral process, requiring YCTA to provide certain groups and individuals requesting service with the names and telephone numbers of charter companies in the Sacramento-Yolo area with PUC Passenger Stage Corporation certificates.

The Panel's major issues with the proposed policy focused on the types of charters not subject to the referral process. YCTA initially suggested that six categories of charters would not be subject to the referral process:

- senior citizen or disabled groups
- cities of Woodland, Davis, West Sacramento, and Winters, or the County of Yolo
- other governmental agencies
- chambers of Commerce in Yolo County
- civic or non-profit organizations
- during emergencies

The Panel agreed to permit YCTA to provide service for only three types of charters without going through the referral process:

- senior citizen or disabled groups
- cities of Woodland, Davis, West Sacramento, and Winters, or the County of Yolo
- during emergencies

The Panel agreed that customers be required to certify that they received the list of charter companies. The private operators suggested that the area charter companies be listed on the charter order and that customers mark which

companies were contacted. The Panel decided that as long as the customer is given information on the other charter companies, the customer can charter with YCTA or a private operator.

The Panel met again on July 21, 1993, to discuss the revised proposed local charter policy. Fully-allocated cost was once again a primary concern of the private operators. YCTA assured the private operators that 100 percent of the cost of FTA-sponsored buses would be accounted for, including administrative costs and related capital costs, such as facilities. The private operators again expressed concern over the costs incurred by private operators for which YCTA is not responsible, such as license fees and the Public Utility Commission tax on intra-state transportation. The Panel pointed out that the policy contains a provision that YCTA's hourly charter rates cannot be less than the average of the three lowest charter rates established by the Yolo-area charter companies for similar-size buses.

The Panel agreed to reclassify charters by the cities of Woodland, Davis, West Sacramento, and Winters, or the County of Yolo as charters subject to the referral process.

The Panel added a requirement that YCTA prepare and submit to the Panel a report on YCTA charters within 30 days of each month when charters took place. The Panel decided that they would not need to meet following approval of the local charter policy. However, YCTA and SACOG agreed to keep the panel members informed with monthly status reports throughout the demonstration.

The Panel approved the local charter policy and presented it to SACOG for approval. On August 19, 1993, SACOG approved the local charter policy.

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### Yolo County Local Charter Policy

#### General Policy

All charters involving YCTA buses must have either an origin or destination in Yolo County, unless waived by the Charter Panel or SACOG Board.

Charters cannot interfere with YCTA's regular bus service needs.

Charters can extend no more than 40 air miles beyond Yolo County, California, unless waived by the Charter Panel or SACOG Board.

If a chartered YCTA bus has a restroom, it shall be sealed off and not used during charters, unless otherwise waived by the Charter Panel or SACOG Board.

The rate charged by YCTA shall comply with FTA fully-allocated cost requirements for charters and must also comply with applicable State laws.

Overall YCTA hourly charter rates cannot be less than the average of the three lowest charter rates established by the Yolo-area charter companies for similar-size buses; however, YCTA's Transit Director can establish a different minimum-hour requirement. Hourly rates should be equal to or exceed overall operating and related capital costs divided by platform (garage to garage) hours.

YCTA will keep the Charter Panel informed as to the level of charter activity taking place. YCTA shall prepare and submit to the Charter Panel a report on YCTA charters within 30 days of each month when charters take place. SACOG may call a meeting of the Charter Panel on an as-needed basis to discuss charter related issues that may arise.

#### Types of Charters YCTA May Perform That Are Not Subject to Referral Process

- Charters by senior citizen or disabled groups

- Charters provided during emergencies

#### Types of Charters Subject to Referral Process

- Charters by the cities of Woodland, Davis, West Sacramento, and Winters, or the County of Yolo
- Charters by other governmental agencies conducting business in Yolo County.
- Charters by Chambers of Commerce based anywhere in Yolo County.
- Charters by other civic or non-profit organizations that operate in Yolo County.
- YCTA will not do SPAB (School Pupil Activity Bus) charters.
- Charters by all other group, individuals, businesses, or private parties not described above.
- Charters involving special equipment requests (e.g., ADA accessibility, clean fuel bus)
- Charters by referral from charter companies.
- All other charters that are not subject to the referral process.

#### Charter Referral Process

For charters involving referrals, YCTA will give callers the names and phone numbers of charter companies in the Sacramento-Yolo area with PUC Passenger Stage Corporation certificates.

A charter may be provided by YCTA only after the client signs a charter slip verifying that they received the list of charter companies from YCTA.

If a client chooses YCTA because of special equipment needs, they must confirm this in writing.

#### Exceptions

The only exceptions to this policy shall be consistent with the final rule, 49 CFR Part 604 of the Federal Register.

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### Implementation of the Demonstration

YCTA began operating charter service under the approved local policy on September 1, 1993. YCTA performed its first charter on October 22, 1993.

YCTA issued a press release announcing its ability to operate charter service for the period of a year. YCTA advertised its ability to provide charter service in the local telephone directory. In the July 21, 1993 meeting, the Panel suggested that car cards be used on YCTA buses to describe the charter service. The Panel also discussed including an article in the Woodland Chamber of Commerce newsletter. YCTC did not, however, formally advertise the available charter service during the demonstration.

SACOG created a map to determine the 40 air mile radius specified in the local charter policy. The map identified each major community within the 40 air mile radius and was used as a guide for YCTA in determining which charters were allowable under the policy.

Under the demonstration, YCTA provided charter service only during non-peak hours. According to the local policy, YCTA's hourly charter rates could not be less than the average of the three lowest charter rates established by the Yolo-area charter companies for similar-size buses. YCTA charged an average of \$58 per hour, although the hourly rates for each charter varied significantly. YCTA required a two hour minimum for charter service.

YCTA implemented procedures for handling referrals in accordance with the local charter policy. YCTA developed a charter report to be filled out by the charter customer which included the following information: charter date, day of week, customer name, event description, from, to, start time, end time, number of seats needed, other special vehicle features needed, signature, address, and phone number. The form listed eight private charter operators, including their address, phone number, and fax number. The form requested the customer to indicate

why they chose YCTA instead of the other private operators using the following categories: cost, availability, clean-fuel vehicle, wheelchair accessibility, or other.

YCTA maintained a listing of charter requests during the demonstration. YCTA did not receive any requests which were not subject to the referral process according to the local charter policy.

The Panel did not meet during the demonstration. Initially, YCTA periodically reported charter activities to the Panel. The reports included the customer, date, charter time, charter miles, private operators contacted, reason for selecting YCTA, and unusual features. However, after March 1994, YCTA did not provide monthly reports of charter activities. YCTA explained that the reports were not prepared due to staffing changes.

YCTA sent a letter to FTA requesting an extension of the demonstration. YCTA requested that the demonstration period be at least 12 months, but preferably 24 months. YCTA claimed that, as a result of the delayed start of the demonstration, the demonstration did not provide reasonable time to establish the public operator as a provider of charter service or to provide sufficient data for analysis.

At FTA's request, YCTA convened a Panel meeting after the demonstration ended, in December, 1995, to discuss the results of the demonstration and the impact on the private operators in the area. YCTA extended the invitation to participate to all interested private operators.

### EVALUATION ACTIVITIES

FTA visited Yolo County on June 3 and 4, 1993. FTA met with YCTA and SACOG staff to discuss implementation of the demonstration program. FTA obtained background information about YCTA and discussed the data collection requirements and process.

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YCTA did not provide any charter service prior to the demonstration.

YCTA provided information to FTA on the charters performed during the demonstration, including:

- cost
- customer
- date
- hours
- miles
- vehicles

FTA entered the data into a spreadsheet and summarized the number of charters, total hours, total miles, passengers, and total cost. FTA classified the charters by the customer and description into the following categories:

- community
- private
- private operator

YCTA identified three private operators interested in the demonstration based on attendance at the initial meeting and the Local Advisory Panel membership: Great American Stage, Amador Stage Lines, and Gray Line/Sacramento Bus & Tours. FTA met individually with representatives of the three private operators. During these meetings, FTA discussed the issues and concerns of the private operators, as well as the data collection requirements and process. FTA received data from all three private operators.

FTA visited one of the private operators on two occasions on September 5, 1994, and December 14, 1995, to collect the data. FTA reviewed source documentation of charters performed and included charters in the 40 air mile radius surrounding Yolo County. FTA entered the applicable data into a spreadsheet for analysis.

FTA conducted telephone surveys of YCTA's charter customers in order to obtain information about:

- the organizations and individuals requesting charters
- charter service requested during the pre-demonstration and demonstration
- factors in selection of public operator versus private operators
- alternative option if public operator was not available to provide service

FTA attempted to contact eight YCTA charter customers, representing those charters performed during the demonstration. Attempts do not include wrong numbers or those telephone numbers which were no longer in service. FTA did not call the private operator who subcontracted with YCTA twice during the demonstration. The private operator served as a representative on the local advisory committee, and his comments and concerns are included in the demonstration evaluation. FTA successfully completed surveys for five of the customers, representing a 63 percent response rate. Three of the respondents represented non-profit organizations, and one of the non-profit organizations was private.

YCTA convened a follow-up local advisory committee meeting upon FTA's request on December 13, 1995, to discuss the impact of the demonstration on the private operators and the effectiveness of the committee structure. Representatives from the following organizations attended the meeting: YCTA, SACOG, Great American Stage, Cherokee Tours, and FTA. FTA presented preliminary results based on data received to date.

### DEMONSTRATION RESULTS

In the discussion below, YCTA's charter service is described in terms of the quantity of service, the groups served, and consistency with the local charter policy.

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### YCTA Demonstration Statistics

Total Charters	11
Total Hours	111
Total Revenue	\$6,402

### Quantity of Service

YCTA only performed 11 charters during the 26-month demonstration period from September 1, 1993, through October 31, 1995, an average of about one charter every other month, as seen in Exhibit 5.1.

### Exhibit 5.1

#### Average Charter Service per Month

	Demonstration
Ave. Charters/Month	.42
Ave. Hours/Month	4
Ave. Revenue/Month	\$246

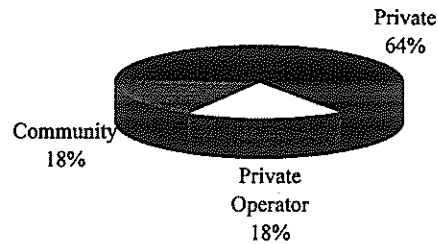
YCTA provided 111 hours of charter service, with an average duration of ten hours per charter.

The majority of the charters were one day, one vehicle charters. Four of the charters required more than one bus. Two charters were multi-day events, but each required only one bus per day.

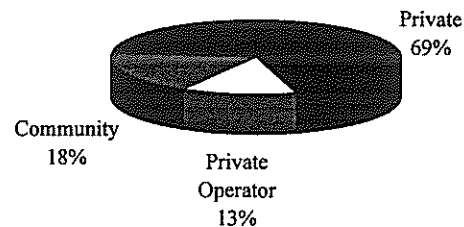
### Groups Served

Exhibits 5.2 and 5.3 illustrate the distribution of charters and charter hours by groups served during the demonstration. The exhibits show that 64 percent (seven) of the charters and 69 percent of the charter hours performed by YCTA were for private groups. These organizations included Shortline Railroad, the Porsche/BMW Car Rally Meeting, and the Northern California Railroad Club.

### Exhibit 5.2 Demonstration - Charters by Groups Served



### Exhibit 5.3 Demonstration - Hours by Groups Served



YCTA provided two charters for community organizations, the Woodland Chamber of Commerce and Holy Rosary Church, operating a total of 20 hours. Community service represented 18 percent of both YCTA's charters and charter hours during the demonstration.

Two of YCTA's charters (18 percent) were provided under a subcontract agreement with a local private operator. The private operator contacted YCTA due to insufficient capacity to provide the charters. The charters used two vehicles, operated for over 14 hours, and generated revenue of \$961.

### Consistency with Local Charter Policy

The charters performed by YCTA during the demonstration correspond to the following provisions set forth in the local charter policy:

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<b>Yolo County Charter Demonstration Policy</b>	<b>Charters within Scope</b>
Senior citizen or disabled groups	0
Emergencies	0
Cities of Woodland, Davis, West Sacramento, and Winters County of Yolo (referral process)	0
Other governmental agencies conducting business in Yolo County, e.g., State of CA, UC Davis (referral process)	0
Chambers of Commerce in Yolo County (referral process)	1
Civic or non-profit organizations, e.g., service clubs, churches (referral process)	1
All other groups, individuals, businesses, or private parties not described (referral process)	7
Special equipment requests, e.g., ADA accessibility, clean fuel (referral process)	1
Referral from charter companies	2

YCTA's policy included a provision permitting it to provide service to any group or individual after first referring the request to the private charter operators. The majority of YCTA's service (63 percent of charters) was provided for private groups and individuals under this provision.

YCTA followed the referral process specified in the local charter policy. YCTA received 50 charter requests between October 1993 and October 1995. YCTA provided charters for 22 percent (11 charters) of the requests received. YCTA documented the reasons for declining the other charter requests, including: school bus, timing, outside of 40 air mile radius, and interference with peak hour service.

### FINDINGS AND CONCLUSIONS

Based on the charter information provided by YCTA, the private operators' pre-demonstration and demonstration data, the results of the customer surveys, and discussions with YCTA and the private operators, FTA compiled the following findings and conclusions. This section focuses on:

- impact on the public operator
- impact on customers
- impact on private operators
- effectiveness of the local decision making process
- next steps

#### Impact on the Public Operator

In terms of its overall operations, the demonstration did not have a significant impact on YCTA. YCTA provided a limited amount of charter service during the demonstration (an average of only one charter every other month).

YCTA's total charter revenue during the 26-month demonstration was \$6,402, an average of \$246 per month.

YCTA's total charter revenues for FY94 and FY95 were \$889 and \$3,149, respectively. Operating budgets for FY94 and FY95 were \$1,937,843 and \$2,004,526. Thus, YCTA's charter revenue accounts for less than one percent of its operating budget in FY94 and FY95. During the first four months of FY96, YCTA provided 33 hours of charter service with total revenue of \$2,365.

YCTA provided 27 charter revenue hours in FY94 and 52 hours in FY95. YCTA's total revenue hours for FY94 and FY95 are 35,921 and 39,426, respectively. The charter revenue hours represent less than one percent of total revenue hours for FY94 and FY95.

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YCTA's primary objective for participating in the demonstration was to serve local city and county government entities, state government, non-profit institutions, chambers of commerce, universities, and community colleges. YCTA also indicated that the needs of senior citizens and disabled groups were not being met.

However, YCTA performed only three charters (27 percent) for the groups it identified in its proposal to FTA and in the development of the local policy as not being adequately served: Woodland Chamber of Commerce, Holy Rosary Church, and a sorority from a local college. YCTA did not provide any service for governmental entities, senior citizens, or disabled groups. According to the customer survey, none of the respondents requested wheelchair accessible vehicles. Thus, in light of the quantity of service provided and the groups served, the demonstration in Yolo County did not support YCTA's claims of unmet charter needs.

### Impact on Customers

YCTA's charters during the demonstration did not have a significant effect on customers in Yolo County. YCTA only performed eleven charters during the demonstration. The majority of the eleven charters (64 percent) were for private groups.

Only three of the charters were for groups identified by YCTA as having unmet needs during the proposal process. Two of the charters were under subcontract to a local private operator due to insufficient equipment capacity. The two charters under subcontract to the private operator qualify as allowable exceptions under the current Federal charter regulations and, therefore, could have been performed without the demonstration.

According to the customer surveys, three of the respondents noted that they would not have been able to obtain comparable service had YCTA not been available. The private operators were not available for these charters. In one case, the

private operators did not want to perform the short trip.

### Impact on Private Operators

Three private operators in Yolo County provided data on their charters for government, civic, and charitable organizations for the pre-demonstration and demonstration. The data represents a small portion of the private operators business, only the charters within the scope of YCTA's local charter policy. For example, the data only includes charters provided within a 40 air mile radius of Yolo County.

During the 20-month pre-demonstration, private operators provided 100 charters under the conditions specified in YCTA's local charter policy. The private operators provided 726 hours of service and generated revenues of \$39,555. During the first 12 months of the demonstration, the private operators provided 46 charters, accounting for 264 hours, and generating revenues of \$18,836.

Exhibit 5.4 Private Operators Service per Month		
	Pre- Demonstration	Demonstration
Average Charters per Month	5	4
Average Hours per Month	36	22
Average Revenue per Month	\$1,978	\$1,570

As seen in Exhibit 5.4, the private operators' average charters per month decreased 20 percent from five charters to four charters per month. Revenues decreased from an average of \$1,978 to \$1,570 per month, representing a 21 percent decrease. However, the average charter hours per month decreased 39 percent from 36 hours to 22 hours per month. This indicates that the

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private operators performed shorter charter trips during the demonstration than the pre-demonstration period.

Although the average number of monthly charters and average monthly revenues decreased 20 percent from the pre-demonstration to the first 12 months of the demonstration, the private operators indicated that the demonstration had limited impact on their individual businesses. YCTA's average monthly charter hours (four) and charter revenue (\$256) does not represent a significant portion of hours or revenue for the individual private operators

However, the private operators are concerned with the potential impact of modifying the existing charter regulations. Because of the vulnerability of small businesses in the charter bus industry, they fear competition from the public operators. The private operators stated that the loss of five percent of their work could create a hardship.

The private operators indicated that they were able to meet all of the demand for charter service in the area and that unmet charter needs did not exist.

The private operators indicated that service provided by colleges and universities is having a greater impact on their business than the service provided by YCTA. The colleges and universities are purchasing buses to provide recreational activities for students. Although the vehicles are supposed to be used for educational purposes, the private operators stated that they are aware that the vehicles are going to Reno, Nevada for recreational excursions. These activities are resulting in a loss of business for the private operators. The private operators are not interested in providing charter service for sorority and fraternity functions, however.

According to the customer survey, three of the customers (60 percent) used private charter operators in the past. All five of the respondents contacted private operators while planning their

event. The primary reason for selecting YCTA was availability.

The private operators stated that most charters require a six hour minimum duration or negotiation with the customer. The private operators are required to pay their drivers a four hour minimum for each charter. YCTA implemented a two hour minimum for its charter service during the demonstration. However, the average length of YCTA's charters was approximately ten hours, thus much higher than the required two hour minimum or the six hour minimum required by private operators. Therefore, the difference in minimum hour requirements did not adversely affect the private operators' charter service during the demonstration.

The primary concern expressed by the private operators was that all charter restrictions would be lifted. They feared that while the demonstration would show limited impact on the private operators, significant adverse impacts would occur if the charter regulations were changed.

### **Effectiveness of the Local Decision Making Process**

The Panel worked together effectively to establish the local charter policy for the demonstration. The Panel members present at the final committee meeting in December, 1995, indicated that the local committee structure improved communication among the public and private operators in Yolo County.

The lack of information received from YCTA during the demonstration, however, impaired the private operators' ability to assess the impact of the demonstration and diminished the positive effect the committee had on public-private communication and trust.

YCTA performed charters under the local charter policy and stated that the referral process was followed as stipulated in the local charter



## 5. YOLO COUNTY, CALIFORNIA

policy. YCTA did not perform any charters that were not subject to the referral process.

### Next Steps

At the final committee meeting in December, 1995, the private operators emphasized that they do not want YCTA and other public transit agencies to enter the charter market.

The private operators stated that YCTA should continue to subcontract to private operators when adequate capacity is not available. The state of California does not impose any insurance liability requirements that adversely affect subcontracting activities. However, as a subcontractor to a private carrier (PUC regulated carrier), YCTA is subject to the PUC's training and licensing requirements, which are different than the Commercial Drivers License (CDL) requirements. YCTA needs drivers that are both CDL and PUC certified in order to subcontract to a private operator.

YCTA suggested that FTA set a national policy that public operators cannot charge an hourly rate less than the three lowest rates available from the private operators in the area. YCTA suggested that the public operators ability to provide charter service should not be based on an annual process to determine willing and able private operators. Instead, the determination of willing and able private operators should be made on a per charter basis. If the private operators are not available to provide a specific charter, the public operator should be able to provide the service. YCTA suggested that a fax tree process be established to determine the availability of the private operators to provide service on a case-by-case basis.

## 6. MICHIGAN DEPARTMENT OF TRANSPORTATION

### OVERVIEW

The Michigan Department of Transportation (M•DOT) actively supported the inclusion of the charter bus demonstration program in the Intermodal Surface Transportation Efficiency Act (ISTEA). M•DOT contended that local public transit operators in Michigan have been unable to provide charter service under the existing regulations governing charter bus services implemented in 1987.

Over 100 private charter operators are currently authorized by M•DOT to provide intra-state service. Under existing Federal regulations, a public operator may not provide charter service if at least one private operator is willing and able to provide the service. Because private operators provide charter service anywhere within the state, the public operators are unable to provide charter service under the "no willing and able private operator" exception. Yet because a private operator may be located many miles away from the requested charter service, the high costs due to the distance from the charter origin may prohibit organizations from obtaining charter service. This is particularly a problem for the rural areas within the state.

M•DOT asserted that the private charter operators have been unwilling to develop subcontracting agreements with the public operators partially as a result of differences in required insurance coverage. Smaller transit agencies typically carry \$1 million in insurance coverage. M•DOT requires that private operators carry \$5 million in insurance coverage. Private operators are unable to accept the additional risks resulting from subcontracting agreements with a carrier with less insurance coverage. In order for a public transit operator to provide charter service under subcontract to a private operator, the public operators would have to provide certificates of insurance for \$5 million.

The ability to provide charter service for certain local, economic development, and government groups is particularly important to public

operators in Michigan, as their local revenue is derived from property tax millages which must be renewed every two to five years. These groups provide considerable state and local funding to support the local public transit agency. M•DOT believes that it is the transit agencies' responsibility to provide local charter trips to these organizations.

### MICHIGAN DEPARTMENT OF TRANSPORTATION BACKGROUND

The Michigan Department of Transportation (M•DOT) is the department of state government charged with planning, designing, building, and operating the state highway system. It also administers state programs for all other transportation modes, including air, rail, and bus transit, non-motorized (bicycle) facilities and port development. M•DOT's budget for fiscal year 1989-1990 totaled \$1.1 billion for all its programs. Its work force of 3,900 includes nearly 600 graduate engineers and a wide spectrum of other professionals.

#### Public Bus and Rail Service

M•DOT's Bureau of Urban and Public Transportation (UPTRAN), which administers state programs, invested more than \$153 million in bus, train, rail, and water transportation. Over \$103 million of the funds contribute to operating costs of local and regional bus systems.

M•DOT's current role in supporting public transportation includes the following:

- M•DOT oversees state and federal financial support for local and area bus transit systems in 82 of Michigan's 83 counties. Local systems in 66 Michigan communities transport more than 100 million passengers each year.
- State funds for bus and rail programs are derived mainly from a ten percent share of state motor fuel taxes and license plate fees and from a 6.975 percent share of auto-

## 6. MICHIGAN DEPARTMENT OF TRANSPORTATION

related taxes. This totaled more than \$164 million in the 1989-1990 fiscal year and was used for operations, equipment, and capital improvements.

- State funding is the primary basis for bus and rail capital improvement programs that include construction of intermodal terminals serving local and intercity bus systems and, in some cases, Amtrak trains. State money also contributes to the building and upgrading of local bus facilities in Detroit.
- M•DOT owns 872 of the 4,400 miles of railroad track in Michigan which is considered of economic importance for the state's rail freight network.

M•DOT also offers specialized services programs which subsidize transportation for senior citizens and the physically disabled. In 1990, M•DOT allotted \$2.2 million to 48 agencies which served 1.1 million passengers during the same year, a 42 percent increase from 1989 due to the addition of 14 new operators.

### Private Operator Regulation

M•DOT regulates the private charter operators within the state of Michigan through license and insurance requirements. Public Act No. 432 of 1982 amended by No. 233 of 1989 regulates the transportation of passengers by motor bus and M•DOT primarily monitors the activities of the private operators through the application process required for obtaining a Michigan license. M•DOT also inspects the vehicles of the applicants before issuing a license.

### MICHIGAN STATE CHARTER BUS REGULATIONS

Public Act No. 432 of 1982 amended by No. 233 of 1989 requires completion of the following steps in order to obtain an intrastate motor carrier of passengers charter bus certificate of authority in the state of Michigan:

- *Letter of Application* - Applicants intending to perform charter operations must submit a statement describing the scope of authority being sought. The candidate must indicate the location where vehicle inspections will be performed and include the business Federal ID number (or a social security number if the Federal ID number has not been issued). The applicant must state if Interstate operations are expected and include the ICC number.
- *Equipment Vehicle Roster* - Using the M•DOT Equipment Vehicle Roster form, the applicant must list the equipment to be operated under the issued authority. M•DOT will accept current equipment inspections from the states of New York, Pennsylvania, California, the Michigan State Police (school buses only), or the Province of Ontario, Canada. Operators without an authorized inspection will be contacted by a M•DOT safety inspector to arrange an appointment for the vehicle inspection upon receipt of the completed application.
- *Certificate of Insurance* - The applicant's insurance company must submit an M•DOT form No. 3007, Certificate of Insurance, to M•DOT, certifying bodily injury and property damage protection of \$5 million combined, as well as Michigan basic no-fault coverage.
- *Applicant Filing Fees* - The base application fee is \$300. An additional annual registration fee of \$25 for each motor bus indicated on the Equipment Vehicle Roster must be paid each year to avoid revocation of the certificate. Modification or change to an existing certificate of authority is \$25.

Applicants are approved or denied a certificate of authority within 90 days of filing the application with M•DOT. The certificate of authority enables the operator to transport newspapers, passengers' baggage, package express, or US mail in the same motor bus with the passengers; as well as passengers' baggage

## 6. MICHIGAN DEPARTMENT OF TRANSPORTATION

and package express having a prior or subsequent movement by motor bus in a separate motor vehicle.

Cancellation of required insurance coverage automatically revokes the certificate of authority. Providing charter service without obtaining proper authority or without meeting the insurance requirements results in a \$500 fine for each offense.

### M•DOT'S DEMONSTRATION PROPOSAL

M•DOT initially proposed a statewide charter demonstration. Because FTA felt that the cost and difficulty of conducting a statewide demonstration would be prohibitive, M•DOT submitted a formal proposal to FTA for a demonstration consisting of four unspecified sites reflecting a cross-section of Michigan's public transit agencies.

M•DOT's goals for the demonstration focus on assessing the need for public transit agencies to provide:

- charter service to economic development organizations and government agencies within their service area
- charter service cooperatively with private carriers for Convention and Visitors Bureau needs, such as small group trips and short notice trips if the private operator is not available
- in rural areas, charter services for relatively short distances outside their service area if the local group cannot afford the trip due to the deadhead and minimum duration costs of the willing and able private operator

M•DOT established a Statewide Steering Committee to oversee the demonstration. The Committee's role was to carry out the State's demonstration objectives consistently with the national goals and to facilitate and coordinate the local demonstrations. This committee

includes representatives from the following groups:

- M•DOT
- Kalamazoo Metro Transit System
- Indian Trails Bus Company

M•DOT solicited proposals from local transit agencies to participate in the FTA demonstration, seeking a cross section of public transit agencies to participate, including urban and non-urban, and geographically balanced.

M•DOT selected four agencies to participate in the demonstration from approximately 10 applications received in response to the solicitation. M•DOT evaluated applications based on the agency's demonstration of its ability to carry out the goals of the statewide program, indication of the willingness of the local transit operator and private operators to coordinate efforts, and willingness to provide data necessary for the evaluation. M•DOT selected the following agencies to participate in the demonstration:

- Isabella County Transportation Commission (ICTC), Isabella County, MI
- Capital Area Transit Authority (CATA), Lansing, MI
- Marquette County Transportation Authority (MarqTran), Marquette, MI
- Muskegon Area Transit System (MATS), Muskegon, MI

Upon acceptance of their proposals, M•DOT instructed each of the four transit agencies to set up a local advisory committee of 4 to 6 persons, with equal representation by public transit providers, local business organizations, and representatives of local private charter operators. This committee was responsible for determining the categories of charter service

## 6. MICHIGAN DEPARTMENT OF TRANSPORTATION

that the public transit agency would be permitted to provide under the demonstration.

After identifying the willing and able private operators serving each demonstration area, M•DOT sent a letter to each private operator introducing the charter demonstration that would be taking place and requesting their cooperation. For the purposes of the demonstration, M•DOT defined the willing and able private operators in each area as those that had demonstrated a financial commitment to provide service in the area advertising in the local yellow pages.

The public transit agencies were responsible for organizing, convening, and running the advisory committee meetings. M•DOT project managers attended the meetings as non-voting observers. In accordance with the draft regulation, if a local advisory committee was unable to make a unanimous decision on a particular service or type of service the public operator wished to provide, M•DOT would make the final decision.

M•DOT convened a meeting in Lansing, MI, on June 15, 1993, with representatives of the public transit agencies in each local demonstration site and FTA. The meeting focused on FTA's perspective on the demonstration, the State's role in the demonstration, and FTA's role in evaluating the demonstration. FTA outlined the data and information requirements for the public agencies and local private operators.

## 7. ISABELLA COUNTY, MICHIGAN

### OVERVIEW

This section includes the demographic and economic background of the site, including a description of the public transit operator, Isabella County Transportation Commission (ICTC), and the private operators in the area.

### Demographic and Economic Background

According to the United States Census Bureau, the 1990 population in Isabella County was 54,624 which represented only an insignificant increase from 1980. However, the population, which had a median age of 24.5 in 1992, has increased 22 percent since 1970.

The median price for a home in Mount Pleasant, located in Isabella County, is \$72,500. A recent wage and salary survey indicated that Isabella County salaries are lower than many other communities and industrial centers. The median household income is \$27,486.

Until the early 1980s, much of Isabella County's industrial base was related to the automotive industry. The past decade and the changes in the automotive industry have led to industrial growth among a wide variety of product areas. A majority of the jobs are in the services and government industries. Central Michigan University, Meijers Corporation, and Mt. Pleasant Public Schools are major employers in the area. The current unemployment rate is 5 percent.

The Middle Michigan Development Corporation (MMDC) is the principal provider of economic development services to Isabella County and has assisted in generating a total of \$104.7 million in capital investment, 1,090 permanent jobs, and \$904,000 in new tax revenues. MMDC obtained \$2.88 million in grants for the area.

Mount Pleasant is the home of Central Michigan University with over 16,000 students. Major highways link Mount Pleasant and Isabella County to the other metropolitan areas within the state. Although the Mt. Pleasant municipal

airport only serves privately owned aircraft, the Midland/Bay City/Saginaw Airport is 37 miles southeast of Mt. Pleasant; and Lansing's Capitol City Airport is 65 miles southeast of Mt. Pleasant.

Approximately 850 hotel rooms are available in the county. The Comfort Inn and the Mt. Pleasant Holiday Inn accommodate groups, meetings, banquets, and exhibits usually for small to medium size groups. The nearby gambling casinos attract convention groups to the area.

Mt. Pleasant and the surrounding areas in Isabella County are typical of a small town atmosphere. Central Michigan University, with its the associated theater, sports, and cultural events, contributes to the tourism in Isabella County. Isabella County also offers golfing, casino gambling, and quarter horse racing. The gambling facilities in Isabella County draw visitors from around the state.

### Public Transit Operator Background

Isabella County Transportation Commission (ICTC) provides bus service in rural Isabella County. ICTC is a three member board authorized to provide county-wide, public transportation in the Isabella area. Commissioners are volunteers, two appointed by the County Board of Commissioners and one appointed by the Mt. Pleasant City Commission. In 1974, the Isabella County Board of Commissioners, through its Commission on Aging, created the first purely rural public transportation program in Michigan. The transportation system, VAN-TRAN, was funded as a new start small bus system in Michigan with M•DOT administering operating funds and providing vehicles and radios. In 1977, ICTC was established through an interlocal agreement between the city of Mt. Pleasant and Isabella County.

ICTC operations are funded through state formula operating assistance under Michigan's Act 51, FTA's Section 5311, property millage,

## 7. ISABELLA COUNTY, MICHIGAN

and passenger fares. State and Federal funds pay for one-half, passenger fares pay for a little more than one-quarter, and millage pays for slightly less than one-quarter of the operating costs. State and Federal funds also provide for buses and other capital equipment, including tools, radios, and computers.

ICTC has a fleet of 32 vehicles of which 22 are wheelchair accessible. ICTC also has a trolley which it obtained with state funding about four years ago. ICTC uses the trolleys for charters and special events and promotions, but does use it for regular fixed route service because it does not have a comparable spare vehicle.

ICTC provides on-demand Dial-A-Ride service in the 48 square miles surrounding Mt. Pleasant and out-county flexible route service to the remaining 528 square miles of the county. The on-demand service can vary in response time from 20 minutes to an hour, depending on the time of day. The out-county areas are serviced a minimum of five times daily on weekdays. The flexible routes also provide curb to curb service.

ICTC offers Dial-A-Ride Service from 6:00 am to 7:00 pm (6:30 am to 6:30 pm) Monday through Friday and from 7:00 am to 6:00 pm on Saturday. ICTC offers fares based on residency within or outside of Isabella County. ICTC also sells passes at discounted per ride values and special fares for youth, senior, and disabled passengers. Half priced fares are in effect during non-peak hours, 9:00 am to 2:00 pm Monday through Friday.

Through interlocal agreements, ICTC operates in five areas outside of Isabella County: Greendale Township in Midland County (Oil City), Sheridan and Wheatland Townships in Mecosta County (Remus), and Grant Township and the City of Clare in Clare County. The ICTC has these agreements so that Isabella residents may have safe and convenient waiting points outside of the county. Residents of these other areas may use ICTC service, but must pay 50 percent more for their rides.

ICTC provides contract service for groups or individuals. These are called Transportation Agreements or Contracts. A large portion of the service ICTC provides is of the open-door transportation agreement type which includes service to worksites, schools, day cares, churches, and human service agencies.

ICTC provides vehicles to Central Michigan Transit, a private company, to operate After Hour Service from 6:30 pm until 11:30 pm Monday through Thursday, from 6:30 am until 12:30 am on Friday and Saturday., and from 8:00 am to 8:00 pm on Sunday and holidays.

ICTC serves approximately 298,000 passengers annually including 75,000 adult passengers without disabilities, 115,000 with disabilities, 75,000 youth under 18, and 33,000 seniors over 60.

ICTC currently makes their facilities available to private carriers for cleaning and light maintenance of vehicles. ICTC provides fueling, preventive maintenance, diagnostics, and rehabilitation service for other transit agencies, the Beal City School District, Isabella County, the County Sheriff, and other County departments. In total, ICTC maintenance employees service a fleet of more than 90 cars, trucks, and buses.

ICTC has three Commercial Drivers License (CDL) Examiners and has trainers for both Passenger Assistance Techniques (PAT) and Defensive Driving Course (DDC) Programs. ICTC uses these programs to train ICTC employees, as well as to generate income from the general public and other transit agencies.

ICTC performs charter service within its service area for elderly persons, persons with disabilities, youth groups, government entities, and others which fall under the charter regulations exceptions for use of specialized vehicles and non profit organizations with 501(c) status. ICTC uses its trolley for much of the service

## 7. ISABELLA COUNTY, MICHIGAN

### Private Charter Operators Background

Many private operators participate in the charter market in Isabella County, including:

- **Blue Lakes Charters and Tours** is located in Clio, Michigan, which is about 70 miles from Isabella County. Blue Lakes Charters operates a fleet of over 20 coaches.
- **Double G Coaches** is located in Alma, MI, and operates five buses.
- **Great Lakes Motorcoach Inc.** is a family-owned business located in Grand Rapids, MI, approximately 60 miles from Isabella County. Great Lakes Motorcoach has a fleet of approximately 18 vehicles, including 16 over the road coaches.
- **Mid Michigan Coaches, Inc.** operates five vehicles out of Ashley, MI.
- **Mitchell Motorcoach, Ltd.** is located in Bay City, MI, approximately one hour from Mt. Pleasant. Mitchell Motorcoach operates ten vehicles.
- **Anderson House Motorcoaches** operates out of Clio, MI.
- **Central Michigan University (CMU) Motor Pool** operates two buses for the university. The majority of destinations are out of Isabella County. If equipment is available, CMU Motor Pool provides service for tours or other events. Approximately 75 percent of the service is for athletics, and 25 percent is for academics.
- **Hartzler Charters and Tours** moved its operations to Mt. Pleasant in Isabella County during the demonstration. Hartzler bases two coaches in Isabella County and one in Iona County. Hartzler primarily serves long distance charter trips. Hartzler has a 25 passenger bus used for Head Start service during the week.
- **Wonderland Tours** has two buses in its Birch Run location. Wonderland earns nearly \$100,000 in revenue in the Isabella County area each year.

Maryanke Tours, located in Mt. Pleasant, sets up tours through other private operators, but does not operate charter service itself.

### ICTC'S DEMONSTRATION PROPOSAL

ICTC submitted a proposal to M•DOT to participate in the demonstration on March 12, 1993. In its proposal, ICTC indicated the need for intra-county service, as well as inter-county service with the surrounding counties of Montcalm, Gratiot, Clare, Gladwin, Midland, and Mecosta. ICTC indicated that intra-county charter service was needed to meet the needs of churches and other charitable groups that could not afford the higher priced private charters, which generally included minimum duration and deadheading charges. As an example, ICTC stated that groups of seniors could frequently attend an event for minimal or no charge, but the associated transportation cost, if a private charter company was used, would be prohibitive. The cost of the transportation would result in neither the movement of the people or business for the private operators. ICTC wanted to provide the service at a more affordable cost.

Additionally, ICTC indicated an interest in serving seniors, persons with disabilities, and youth groups for trips out of the county. ICTC believed that this was an appropriate public service. ICTC did not believe it should make out of county trips for organizations capable of paying for service from the private operators.

### LOCAL CHARTER DEMONSTRATION

M•DOT selected ICTC as one of the four sites in Michigan to participate in the charter demonstration. ICTC participated in the M•DOT demonstration kick-off meeting on June 15, 1993. M•DOT introduced the demonstration. FTA attended the meeting and introduced the evaluation approach. M•DOT instructed the individual sites on appointing local advisory committees and developing local charter policies.



## 7. ISABELLA COUNTY, MICHIGAN

### Development of Local Policy and Process

Although a licensed private operator can provide charter service anywhere within the state of Michigan, M•DOT limited the willing and able private operators for the demonstration in each area to those that had demonstrated a financial commitment to provide service in the area (i.e., those that had advertised in the local yellow pages).

M•DOT identified the following willing and able private operators in the Isabella County area:

- Anderson House Motorcoaches
- Blue Lakes Charters & Tours
- Double G Coaches
- Great Lakes Motorcoach, Inc.
- Mid-Michigan Coaches, Inc.
- Mitchell Motorcoach, Ltd.
- OD Anderson

M•DOT sent a letter to each private operator introducing the charter demonstration and requesting their cooperation.

ICTC invited all of the private operators identified as willing and able by M•DOT, as well as the Central Michigan University Motor Pool and Hartzler Coach & Tours to a planning meeting for the local demonstration on July 28, 1993. Three private operators attended the meeting.

At the meeting, ICTC explained that charters performed by ICTC prior to the implementation of the demonstration were allowable exceptions under Federal regulations. ICTC indicated that the demonstration was a means to move the exception practice and policy statement from the federal to the local level.

The group agreed that ICTC should develop a policy statement about the types of trips it had been providing and would continue to provide

under the demonstration. The general consensus was that ICTC should continue to operate charters as it had been.

ICTC agreed to develop a method to track and report on the number of referrals it makes to private operators. ICTC agreed to report to the private operators, on a quarterly basis, the number and type of charter trips provided.

The group discussed ways ICTC could be of service to the charter industry by promoting itself as a site for vehicle cleaning and maintenance and communicating with charter operators so that groups coming to town for university, tribal, racetrack, or golfing events could utilize ICTC service.

The group met again on September 7, 1993, to discuss the ICTC's proposed charter demonstration policy and to establish the formal committee. The group recommended three private representatives to the committee and suggested that there be two public representatives. M•DOT officially appointed the local advisory committee.

#### Isabella County Local Advisory Committee

Company/Agency	Sector
Hartzler Coach & Tours	Private
Maryanke Tours	Private
Anderson House Motorcoaches	Private
ICTC	Public
Central Michigan University	Public
Isabella County Road Commission	Public

M•DOT served as the Local Advisory Board with responsibility for determining the charter policy if the local advisory committee could not make a unanimous decision.

ICTC presented its proposed charter policy to the committee. The committee discussed each provision of the proposed policy. ICTC's proposed policy included provisions for providing charter service to private individuals and groups. ICTC proposed that it be permitted

## 7. ISABELLA COUNTY, MICHIGAN

to provide charters to private individuals and groups if the total charge for the charter was less than \$300, and if the total charge exceeded \$300, that it be permitted to provide the charter only after private charter operators had declined to provide the service. The committee agreed to reduce the dollar value for charters to private individuals and groups without referral to the private operators from \$300 to \$150. With other minor modifications, the Committee unanimously approved the local charter policy.

ICTC adopted the local charter policy on September 22, 1993. M•DOT approved the local charter policy.

### **Isabella County Local Charter Policy**

WHEREAS the ICTC is participating in a Charter Demonstration project, under the aegis of ISTEA and

WHEREAS the purpose of the Demonstration project is to establish relations, set policy, and define operations at the local level and

WHEREAS it is up to the ICTC and locally-operating private-for-profit companies to establish policy, relations, and operations and

WHEREAS a committee has been established for the purpose of defining local conditions, under 49 CFR Part 604,

NOW THEREFORE BE IT RESOLVED, that for the purposes of the demonstration project, ICTC shall operate charter services under the following stipulations:

1. Charter services shall be conducted only in the service area of the ICTC.

2. ICTC may provide charter services to human service, non-profit, and governmental groups; especially as these groups represent elders, persons with disabilities, and youth. For local purposes, the affected groups are identified in 49 CFR Part 604.

3. ICTC may provide service to private groups and individuals, when said persons request a specialty vehicle, such as lift-equipped or trolley.

4. ICTC may provide charter services to private groups or individuals, if the trip does not leave ICTC's service area and the price of the movement(s) is less than \$150.

5. If the movement is expected to exceed \$150, ICTC shall only perform the service, if it has been offered to, refused by, or ignored by private companies. It shall be the responsibility of the customer to provide satisfactory evidence of the private carriers' reluctance to perform.

6. ICTC shall comply with all regulated and reasonable requests for data regarding charter inquiries, referrals, trips ICTC actually performs, and other relevant items.

### **Implementation of the Demonstration**

ICTC initiated its local charter demonstration on October 1, 1993. ICTC provided its first charter under the demonstration on October 2, 1993.

ICTC required customers to sign an agreement when chartering service. ICTC included with the agreement a list of rules for use of the trolley.

ICTC determined its fully-allocated cost for FY 94, based on eligible expenses and total vehicle hours, to be \$41.71. ICTC generally charged \$55 per hour for charters using the trolley. ICTC implemented a two hour minimum for chartering the trolley. ICTC charged \$50 for the first hour and \$45 for each subsequent hour for chartering a bus.

ICTC did not conduct any direct advertising of its charter service. ICTC advertised the availability of the trolleys for charters for special events or weddings in its brochure which included Dial-A-Ride tips, as well as fare

## 7. ISABELLA COUNTY, MICHIGAN

information and hours. ICTC detailed the hourly trolley rates, including the two hour minimum. One provision of the local charter policy permitted ICTC to provide charter service to private individuals and groups when the charter exceeded \$150 only after referring the charter to the private operators. ICTC developed a charter referral form with the names and phone numbers of the private charter operators for distribution to private organizations and individuals requesting service.

ICTC did not provide data to the Committee members during the demonstration as specified during development of the local policy. Committee members received one listing of referrals early in the demonstration.

### EVALUATION ACTIVITIES

FTA met the representatives from ICTC at the M•DOT kick-off meeting in Lansing, MI, on June 15, 1993. During the meeting and subsequent conversations with ICTC, FTA identified the data requirements for the evaluation and worked with ICTC to establish a format and schedule for data submission.

ICTC provided information on the charters performed during the pre-demonstration period, October 1, 1992, through September 30, 1993. ICTC provided summary data for the first three months of the demonstration (October 1993 through December 1993), including date, customer, purpose, number and type of equipment, hours, miles, passengers, and charge.

For the remainder of the demonstration, ICTC provided copies of its Transportation Agreement or Charter/Trolley Agreement. The agreements provided the following information:

- date
- customer
- origin
- destination
- approximate times

- estimate of number of passengers
- estimated cost
- amount paid

Charter miles and customers could not be accurately determined from the agreements.

FTA entered the data into a spreadsheet and summarized the number of charters, total hours, total miles, passengers, and total charges. FTA classified the charters based on the customer and purpose (when identified) into the following categories:

- community
- convention
- government
- medical
- private
- school
- seniors
- university

FTA sent an introductory letter to each of the private operators determined by M•DOT to be willing and able to provide service in Isabella County. FTA explained the objectives of the charter demonstration, the approach for evaluating the demonstration, and solicited their participation in the demonstration evaluation. FTA subsequently contacted the private operators by phone. FTA discussed the demonstration and the private operators' concerns and requested the private operators to provide data on the charters provided to the specific groups permitted under the demonstration.

FTA spoke with the following designated willing and able private operators to solicit their participation in the demonstration evaluation:

- Anderson House Motorcoach

## 7. ISABELLA COUNTY, MICHIGAN

- Mitchell Motorcoach Ltd.
- Blue Lakes
- Great Lakes Motorcoach
- Double G Coaches

FTA maintained periodic contact with the responsive private operators to discuss the impact of the demonstration and to solicit data. None of the private operators provided data for the evaluation.

FTA presented a preliminary analysis of ICTC's charter service in an interim report prepared in March, 1995. On FTA's request, ICTC convened a follow-up local advisory committee meeting on November 8, 1996. FTA presented an updated analysis of the charters performed and solicited discussion of the impact of the charter demonstration.

FTA conducted telephone surveys of ICTC's charter customers to obtain information about:

- the organizations and individuals requesting charters.
- charter service requested during the pre-demonstration and demonstration
- factors in selection of the public operator versus private operators
- alternative options if the public operator was not available to provide service

FTA attempted to contact 40 ICTC charter customers, representing those charters performed during the demonstration for purposes other than for weddings. Attempts do not include those telephone number which were no longer in service. FTA successfully completed surveys for 17 of the customers, representing a 43 percent response rate.

FTA met with ICTC and the local advisory committee on November 8, 1996, to discuss the impact of the demonstration on the private operators and the effectiveness of the local advisory committee structure. Representatives

from the following organizations attended the meeting: ICTC, Mitchell Motorcoaches, Ltd., Wonderland Tours, Maryanke Tours, CMU Motor Pool, and FTA. FTA presented preliminary results of the demonstration based on the data received at that time.

### DEMONSTRATION RESULTS

ICTC's charter service is described in terms of the quantity of service, the groups served, and the consistency with the local charter policy.

ICTC Demonstration Data	
Total Charters	162
Total Hours	361
Total Revenue	\$35,553

### Quantity of Service

As illustrated in Exhibit 7.1, ICTC's charter service did not change significantly during the demonstration.

Exhibit 7.1 Average Charter Service per Month		
	Pre-Demo	Demo
Avg. Charters/Month	7.33	6.48
Avg. Hours/Month	30	34
Avg. Revenue/Month	\$1,407	\$1,422

During the 12-month pre-demonstration, from October 1, 1992, through September 30, 1993, ICTC performed 88 charters, an average of seven charters per month. With 360 total charter hours, the average trip length was four hours.

Several of the charters were multi-day events. In June 1993, ICTC provided 123 hours of charter service over a three day period to the Special Olympics. ICTC provided multi-day shuttle service for other events and groups in June 1993, including Summerfest, the girl scouts, and the Rotary Club. In October, 1993, ICTC provided 48 hours of charter service for the two-day Wheatland Music Festival.

## 7. ISABELLA COUNTY, MICHIGAN

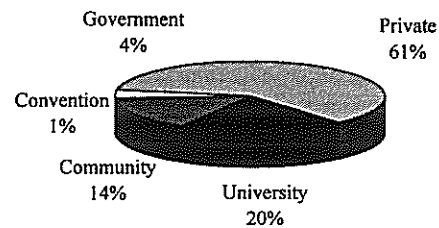
During the 25 month demonstration, from October 1, 1993, to October 31, 1995, ICTC provided 162 charters, an average of 6.5 charters per month. The average trip length was slightly over 5 hours. The average trip length is skewed by the multi-day charters, particularly those for the Michigan Special Olympics in June 1994 and 1995 and the Wheatland Music Festivals in October 1994 and 1995, which account for 358 hours (42 percent of total charter hours). The trip length for 98 of the charters (60 percent) was two hours or less.

### Groups Served

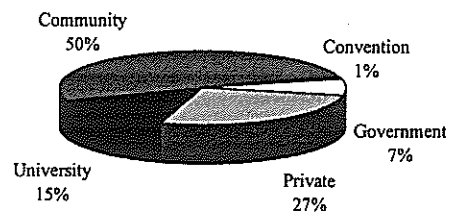
As illustrated in Exhibits 7.2 and 7.3, ICTC provided 61 percent of its charters for private groups and individuals. Due to the relatively short durations of these charters, however, they represent only 27 percent of ICTC's charter hours during the demonstration.

Fourteen percent of ICTC's charters (23 charters) during the demonstration served community groups. The community groups accounted for 50 percent of the total charter hours, however, due to the large, multi-day charters for the Michigan Special Olympics and the Wheatland Music Festival.

**Exhibit 7.2**  
**Demonstration - Charters by Groups Served**



**Exhibit 7.3**  
**Demonstration - Hours by Groups Served**

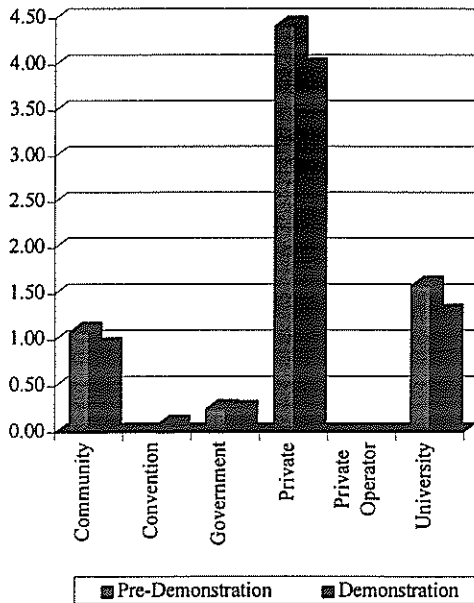


Nearly 20 percent (32) of the charters performed were for CMU or for groups, fraternities, or sororities affiliated with the university.

Exhibits 7.4 and 7.5 illustrate that the distribution of charters and hours by groups served did not change significantly during the demonstration.

## 7. ISABELLA COUNTY, MICHIGAN

**Exhibit 7.4**  
**Charters per Month**



hours of service per month to private groups and individuals. This level of service remained virtually unchanged during the demonstration.

Fifty-seven of the charters for private groups during the demonstration were for weddings (35 percent of total charters).

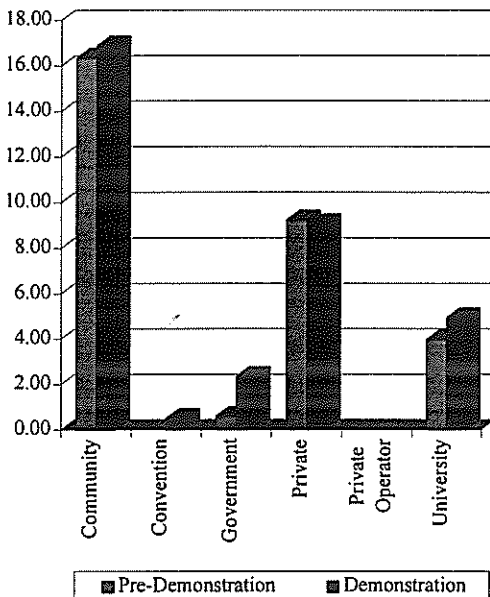
ICTC provided approximately one charter and 16 hours of service per month to community groups during both the pre-demonstration and demonstration.

### Consistency with the Local Charter Policy

All of the charters provided by ICTC during the demonstration comply with the local charter policy and correspond to the following provisions set forth in the local charter policy. Charters may fall into more than one category.

Isabella County Charter Demonstration Policy	Charters within Scope
Human service, non-profit, and governmental groups	62
Specialty vehicle (i.e., lift-equipped, trolley)	91
Private groups or individuals if the charge is less than \$150	84
Private groups or individuals if the charge exceeds \$150 only if offered to, refused by, or ignored by private carriers	15

**Exhibit 7.5**  
**Hours per Month**



provided 60 percent of its charters for private groups and individuals, an average of over four charters per month. With an average duration of two hours per charter, ICTC provided about 9

ICTC provided service to 99 private groups and individuals. The majority of these charters were two hours and the charges were \$150 or less. ICTC provided 15 charters for private entities that exceeded \$150. Because ICTC did not provide information on charters that it referred to the private operators, it cannot be determined whether these charters were referred to the private operators in accordance with the local charter policy. Of the 15 charters, 12 used trolleys and qualify under the specialty vehicle provision of the local charter policy.

## 7. ISABELLA COUNTY, MICHIGAN

The majority of the service to private groups and individuals was for weddings. ICTC provided charters for 57 weddings, 35 percent of the total charters during the demonstration. All of the weddings used trolleys.

ICTC used unique equipment for 56 percent of the charters during the demonstration. Fifty-four percent (88 charters) used ICTC's trolleys, while two percent (three charters) required lift-equipped buses.

ICTC performed 62 charters for human service, non-profit, and governmental groups. The majority of these charters were for CMU and associated groups. Other groups served under this provision included the Shriners, Pleasant Manor (a retirement home), the Rotary Club, Special Olympics, the Girl and Boy Scouts, and government entities. The six local government entities for which ICTC provided charters included City Parks and Recreation, the Planning and Zoning Center, and Isabella County Parks and Recreations.

### FINDINGS AND CONCLUSIONS

Based on charter information provided by ICTC for the pre-demonstration and demonstration, the results of the customer surveys, and discussions with ICTC and the private operators, FTA compiled the following findings and conclusions. This section focuses on:

- impact on the public operator
- impact on customers
- impact on private operators
- the effectiveness of the local decision making process
- next steps

### Impact on the Public Operator

The demonstration did not have a significant impact on ICTC in terms of its overall operations. ICTC provided generally comparable amounts of service on a monthly basis during the pre demonstration and demonstration.

ICTC earned \$35,552 in charter service revenue during the demonstration. Its average monthly charter revenue during the demonstration, \$1,422, is virtually unchanged from the \$1,407 average monthly charter revenue for the one year period prior to the demonstration.

The total charter revenues for ICTC's FY94 and FY95 were \$19,083 and \$15,659, respectively. ICTC's operating budgets for FY94 and FY95 were \$1,691,700 and \$1,684,700, respectively. Thus, charter revenue accounted for about one percent of ICTC's annual operating budgets in FY94 and FY95.

ICTC provided 470 charter revenue hours during FY94 and 354 during FY95. ICTC's total revenue hours for FY94 and FY95 are 46,413 and 44,418, respectively. The charter revenue hours represent approximately one percent of total revenue hours for FY94 and 0.8 percent of total revenue hours for FY95.

ICTC emphasized that charter service improves the public's perception of public transit and serves to enhance public relations. The intangible benefit cannot be measured from the charter data or customer surveys.

### Impact on Customers

The demonstration had little impact on customers in Isabella County, since the level of charter service and the types of customers served by ICTC during the demonstration was consistent with the pre-demonstration.

According to ICTC's proposal to M•DOT, the charter demonstration in Isabella County should primarily serve the needs of church and other

## 7. ISABELLA COUNTY, MICHIGAN

charitable organizations for affordable charter service and provide service for elderly persons, persons with disabilities, and youth groups. ICTC provided only four charters for schools and two charters for seniors during the demonstration (less than one percent of total charters).

ICTC indicated that it has received pressure to perform charters if no private operator is available. ICTC continued to serve groups which were unable to obtain charter service during the demonstration from the private operators.

### **Impact on Private Operators**

As ICTC's service remained virtually unchanged during the demonstration, in terms of both the quantity of service and the groups served, the charter demonstration did not affect the private operators business. The private operators did not provide data on their charter operations to evaluate the impact of the demonstration.

While the private operators did not feel any direct impact of the charter demonstration, they indicated that the lack of data received from ICTC hindered their ability to assess the effect of the demonstration. One private operator suggested that the demonstration only made ICTC's life easier by eliminating red tape.

The local charter policy restricted ICTC's service to private organizations and individuals by requiring ICTC to first refer any requests for charters expected to exceed \$150 to the private operators. ICTC did not document referrals to the private operators during the demonstration. Without this information, private operators were unable to determine whether a request for service resulted from a referral from ICTC. ICTC provided 15 charters that exceeded \$150 to private organizations or individuals during the demonstration. Twelve of these charters used the trolley, and therefore qualified under the specialty equipment provision of the local charter policy.

Approximately 15 percent of ICTC's charter hours (123 hours) and charter revenue (\$5,200) during the demonstration were for charters provided to CMU and related organizations. The private operators indicated that they do not want the university related business, which accounted for about 20 percent of ICTC's charter trips during both the pre-demonstration and the demonstration. CMU noted that it has offered tour work to the private operators. Private operators have refused as the charter requests are often on Saturdays in the fall, which is a busy time for private operators.

ICTC used its trolley to provide 54 percent of the charters during the demonstration. None of the private operators in the area have a trolley. However, a private operator in Bay City has a trolley.

The private operators are undecided whether or not they are interested in weddings. They do not think that the wedding party charters can be attributed solely to the trolley uniqueness. They believe that having a designated driver is a contributing factor.

During the demonstration, ICTC provided a small amount of charter service for two conventions, operating 12 hours and generating \$480 in revenue. The private operators are concerned with ICTC's role in the convention business with the expansion of the casino business in Mt. Pleasant. They question whether a county entity should be involved with the private enterprise. Although currently the convention business in Isabella County is minimal, the private operators foresee growth in the industry due to the construction of new hotels in the area. The private operators do not want ICTC to have the right to compete for this business.

The private operators expressed concern over the change in the charter market in Isabella County since the implementation of the demonstration. Hartzler's Charters and Tours moved operations to Mt. Pleasant during the



## 7. ISABELLA COUNTY, MICHIGAN

charter demonstration. Hartzler now has a 26 passenger vehicle which it uses for the Head Start program during the week. During the summer and on weekends, however, this vehicle may be available for charters.

The private operators hope that the low number of disabled individuals served by ICTC will indicate to the Federal government that the private operators do not need to have all ADA accessible vehicles. The private operators believe the need is minimal. The private operators want to work with ICTC and other public operators with ADA requests.

ICTC stated that M•DOT will not allow ICTC to charge more than its fully-allocated cost. The private operators want ICTC to impose rates comparable to their rates to avoid undercutting. The private operators believe ICTC is providing service to groups who do not want to pay the higher private rates, not necessarily groups that cannot afford to pay the higher rates. The private operators are concerned that customers will not be willing to pay private operator rates after obtaining service from ICTC. The private operators agree that ICTC should serve customers who are unable to obtain service from a private operator, but believe ICTC should charge similar rates.

### **Effectiveness of the Local Decision Making Process**

Although the local advisory committee worked together effectively to establish the local charter policy for the demonstration, communication during the demonstration was inadequate. The private operators involved in the committee indicated that they were unable to assess the effects of the demonstration on their business. ICTC did not provide information on its charter activity on a timely basis. The lack of information and communication since the initial meeting hindered increased trust among the committee members. ICTC only sent one listing of charter requests received and did not send any demonstration data to the committee members.

### **Next Steps**

The private operators do not want ICTC to have more flexibility in providing charter service. The private operators are not currently interested in establishing a formal agreement with ICTC.

Because private operators are required to have more insurance than the public operators, the private operators cannot subcontract to the public operators in cases where capacity or equipment is insufficient. Michigan requires private operators to have \$5 million of insurance. Public operators are required to have \$1 million. Even though Federal regulations permit this subcontracting arrangement, public operators in Michigan are unable to use this exception. This discrepancy in insurance requirements hinders the Michigan's public operators from performing charters.

The private operators suggested that the public operators should become agents for the private operators for a ten percent commission.

## 8. LANSING, MICHIGAN

### OVERVIEW

This section includes the demographic and economic background of the site, including a description of the public transit operator, Capital Area Transportation Authority (CATA), and the private charter operators in the area.

### Demographic and Economic Overview

Clinton, Eaton, and Ingham counties in central Michigan make up the 1,712 square miles of the Lansing Metropolitan Area.

According to the United States Census Bureau, the 1990 population for the area was 432,674, which represented a three percent increase from 1980. The population is expected to continue to grow at about the same rate to about 446,237 by 2000 and 457,766 by 2010.

The region's cost of living is slightly above the national average. In the third quarter of 1994, the cost of living was 104.0, (4 points over the national average). The average cost of a home in the metropolitan area is \$75,148. The median household income is \$32,145, and the average household income is \$38,462.

Based on a report by Donnelly Marketing, 32 percent of the people in the Lansing area are college graduates; 26 percent have attended some college, trade school, or vocational school; and 42 percent have completed high school or less education. Minorities represent 14.9 percent of the Lansing Area population.

The 1994 total wage and salaried employment in Lansing is 217,900. The labor force in Lansing is currently increasing at a rate of approximately one percent per year. The total number of jobs in Lansing has expanded by 20 percent, to 213,000, between 1983 and 1993.

The Lansing region is part of the Midwest manufacturing belt, primarily focusing on transportation products. The Manufacturing Sector, however, comprises only 4.5 percent of the private business in the area. Nearly 84

percent of the labor force is employed in the Service Producing Industries. As the capital of Michigan, Lansing is greatly affected by the presence of the state government. General Motors-LAD Division, the State of Michigan, and Michigan State University (MSU) and Lansing Community College are major employers in the area, employing 47,900 people. The current unemployment rate is 4.1 percent which has decreased from 6.1 percent since 1990, making it the third lowest of all metropolitan areas in the state. Several major employers made significant changes in their labor forces in the last three years, affecting the economic environment of the area:

- ITT Automotive, on the outskirts of the Lansing area, substantially decreased its labor force;
- General Motors hired more people due to the addition of manufacturing Cavalier Convertibles in 1994; and
- Meridian Technology employed an additional 125 people.

Approximately 40 percent of the US and Canadian population and related personal income lie within 600 miles of Lansing. Capital City Airport, Detroit Metropolitan Airport, and Grand Rapids International Airport are conveniently located in the area. Capital City Airport handles passenger and freight service. American Eagle, Continental, Comair, Great Lakes, Northwest, Skyway Airlines, United Express, and US Air provide passenger service to the airport with 89 departures and arrivals daily. CATA offers bus service within the area on 25 fixed routes, and four companies provide rail service to and from Lansing.

Approximately 4,000 rooms are available in almost 50 hotels and eight bed and breakfast establishments. The Jack Breslin Student Events Center hosts major sporting and entertainment events and seats a maximum of 15,600 people. Convention facilities in the Lansing Metropolitan Area have 10,524 meeting rooms. The Lansing Center is currently expanding its facilities to significantly increase its seating

## 8. LANSING, MICHIGAN

capacity. In addition, Lansing has over 400 restaurants and lounges.

As the capital of Michigan, Lansing is the heart of Michigan's politics. MSU enrolls over 40,000 students and offers a wide variety of sporting and cultural events, as well as other educational facilities. The MSU Spartans are a member of the Big Ten and draw many sports fans to the area. The Ladies Pro Golf Association hosts a tournament in the spring at the Walnut Hills Country Club in East Lansing. Entertainment in Lansing includes theater, orchestra, and concerts. The area has an abundance of parks and gardens, as well as trails for hiking, biking, and cross-country skiing.

### Public Transit Operator Background

Capital Area Transportation Authority (CATA) operates the public transportation system in the Lansing area. CATA provides service in the cities of Lansing and East Lansing, the townships of Delhi, Meridian, and Lansing, and in Ingham County. CATA's service area covers 117 square miles with a population of approximately 240,000.

CATA operates fixed route service over 25 routes seven days a week with 38 buses operated during peak hours. CATA makes over 1,000 trips daily. In 1995 CATA carried 3.53 million passengers on line-haul buses with an average weekday ridership of 12,171. Average weekday ridership increased by 11 percent and average Saturday ridership increased by 61 percent since 1987. Nearly 5.6 percent of the fixed route riders are seniors, and 2.8 percent are persons with disabilities. Seventy-one percent of riders have annual incomes less than \$10,000.

CATA also offers the following services:

- **Express Service** includes two rush-hour routes which serve all major stops and Park and Ride lots.
- **Park & Shuttle** loops through downtown Lansing every 15 minutes during rush hours.

- **Spec-Tran** provides advance reservation curb-to-curb demand response service for persons with disabilities. CATA operates Spec-Tran service seven days a week, with 42 vehicles in service during peak hours. In 1995, 246,155 passengers rode Spec-Tran, approximately 4,700 per week. Ridership has increased 266 percent since 1987.
- **Rural Service** provides fixed route and curb-to-curb, demand response service in Ingham County. For this purpose, CATA operates small buses equipped with wheelchair lifts on a 24-hour advance reservation basis. Buses operate Monday through Friday. In 1993, 63,436 passengers used Rural Services, representing a 15 percent increase over 1992 ridership.
- **CATA Rideshare** assists people in forming carpools and vanpools by matching people with compatible home and work locations. CATA provides this service free of charge and currently maintains a client base of more than 1,000 names.

CATA also donates service for community events. In 1993, CATA donated more than 700 hours of community service in the Lansing area for events such as Michigan Parades into the 21st Century, Silver Bells in the City, East Lansing Winterfest, Michigan Safety Council, and the New Year's Eve Free Rides Home.

CATA maintains 58 line-haul buses, 10 demand response buses, and 20 support vehicles and equipment. All buses are equipped with wheelchair lifts.

CATA's 1994 operating budget of approximately \$13.4 million is derived from federal assistance (11 percent), state assistance (31 percent), local sources (41 percent), and passenger revenues (17 percent). 180 employees comprise CATA's work force.

In January 1994, CATA obtained three American Heritage Streetcars which it put into service along existing routes in downtown

## 8. LANSING, MICHIGAN

Lansing. CATA uses the three trolleys in peak hour service to provide shuttle service from remote state-run parking lots to downtown Lansing, as well as two midday shuttles during the summer from the state government complex to local restaurants.

### Private Charter Operators Background

Many privately-owned charter operators participate in an active charter market in Lansing, including:

- **Blue Lakes Charters** is a family-owned and operated charter company located in Clio, MI, which is 70 miles from Lansing. Blue Lakes Charters provides a considerable amount of service to Lansing with a fleet of approximately 20 coaches.
- **Great Lakes Motorcoach** is a family-owned business located in Grand Rapids, MI, which is approximately 50 miles from Lansing. Great Lakes Motorcoach has a fleet of approximately 18 vehicles, including 16 over the road coaches. Great Lakes provides charters in Lansing and Muskegon.
- **Indian Trails** is based in Owosso, MI, approximately 30 miles from Lansing. About 70 percent of the service provided by Indian Trails is one day charters. The other 30 percent are multi-day and over one night charters. Indian Trails provides a limited number of around town charters in Lansing. With a fleet of approximately 50 vehicles, Indian Trails provides regularly scheduled service between Lansing and Chicago, Flint, Saginaw, and Bay City. Indian Trails also provides service between Kalamazoo and Grand Rapids under state subsidized funding. Indian Trails does not charge additional deadhead costs from Owosso to Lansing. Indian Trails charges a five hour minimum for charters.
- **Lakefront Lines, Inc.** has four facilities in Ohio and serves Michigan from its Toledo, OH, site which is less than 70 miles from Lansing. Lakefront Lines has a fleet of

approximately 105 over the road coaches and 25 transit coaches.

- **Tower Bus, Inc.** is located in Mt. Clemens, MI, which is approximately 95 miles from Lansing. Tower Bus, Inc. also has a garage in Grand Rapids which is about 50 miles from Lansing. Tower Bus has a fleet of approximately 14 highway coaches, one executive coach, ten school buses, and six mini-buses. Tower Bus, Inc. does not charge any deadhead costs for the entire Michigan Lower Peninsula.

### CATA'S DEMONSTRATION PROPOSAL

Prior to the 1987 FTA charter regulations, CATA operated a small, but important, charter business primarily for local government and non-profit organizations. CATA's customers included local police departments requesting transportation to move law enforcement officers, various agencies of state government, the convention and visitors bureau, and non-profit groups such as the Salvation Army and the Red Cross.

CATA expressed its concern about the restrictive charter regulations in a letter to FTA. In 1990, CATA indicated it received 32.6 percent of its operating expenses from local property taxes which must be voted on by the entire community every five years. Under the current regulations, CATA indicated that it could not provide service to the member governments that supported CATA through the property tax.

CATA indicated that it did not utilize the exceptions under the current charter regulations to provide charter service. Michigan Charter Regulations allow licensed private companies to provide charter service anywhere in the state. Thus, any private operator located anywhere within the state could claim to be willing and able to provide charter service in Lansing. This makes it impractical for CATA to pursue agreements with all willing and able private operators. Additionally, CATA does not

## 8. LANSING, MICHIGAN

maintain comparable amounts of insurance to the private operators. M•DOT requires private charter operators to maintain \$5 million in combined bodily injury and property damage insurance. Private operators are generally unable to subcontract work to public operators in Michigan as a result of the differences in insurance.

CATA worked with M•DOT in advocating a charter demonstration to FTA. CATA's Assistant Executive Director was a member of the Charter Demonstration Federal Advisory Committee and participated in the development of the demonstration program.

CATA did not submit a formal proposal to M•DOT to participate in the demonstration. CATA had two major objectives for the demonstration. First, CATA wanted the flexibility to provide charter service to the local governments that supported its operations: the cities of Lansing and East Lansing, the townships of Delhi, Meridian, and Lansing, and Ingham County. Second, CATA wanted to serve the local organizations involved in economic development in the area. CATA identified the Lansing Economic Development Corporation, the Lansing Regional Chamber of Commerce, and the Greater Lansing Convention and Visitors' Bureau (GLCVB) as groups with unmet needs. CATA believed that the inability of the GLCVB to offer sufficient transportation service to groups wanting to visit the Lansing area discouraged groups and individuals from choosing Lansing as a convention or trip site. CATA claimed that not providing charter services to these organizations damaged the local cooperative spirit that is crucial to gaining widespread local support for transit issues.

### LOCAL CHARTER DEMONSTRATION

M•DOT selected CATA as one of four sites in Michigan to participate in the charter demonstration. M•DOT convened a meeting with representatives of the four sites on June 15, 1993, to discuss the demonstration program. FTA attended the meeting and introduced the

evaluation approach. M•DOT instructed the individual sites on appointing local advisory committees and developing local charter policies.

### Development of Local Policy and Process

Although a licensed private operator can provide charter service anywhere within the state of Michigan, M•DOT limited the willing and able private operators for the demonstration in each area to those that had demonstrated a financial commitment to provide service in the area by advertising in the local yellow pages.

For Lansing, M•DOT identified the following willing and able private operators:

- Indian Trails
- Tower Bus
- American Transit
- Blue Lake Charters
- Double G Coaches
- Great Lakes
- Lakefront Lines

M•DOT sent a letter to each private operator introducing the charter demonstration and requesting their cooperation.

Indian Trails, a local private operator and member of the Federal Advisory Committee, organized a meeting with the other private operators in the area to introduce the demonstration, discuss their position on the demonstration program, and identify private operators to serve on the local advisory committee.

CATA accepted the recommendations of the private operators in selecting representatives for the local advisory committee. CATA and M•DOT wanted an odd number of members on the Committee to avoid ties. CATA also wanted a representative of the Lansing Regional

## 8. LANSING, MICHIGAN

Chamber of Commerce to balance the needs of the community with the needs of the private sector. CATA appointed, and M•DOT subsequently approved, the local advisory committee.

### Lansing Local Advisory Committee

Company/Agency	Sector
CATA	Public
Livingston Essential Transit Service	Public
Indian Trails	Private
Tower Bus	Private
Lansing Regional Chamber of Commerce	Neutral

M•DOT served as the Local Advisory Board for the demonstration in Lansing. In this capacity, M•DOT was responsible for determining the charters that CATA would provide if the local advisory committee failed to reach unanimous agreement.

The local advisory committee met for the first time on September 13, 1993, for a general discussion about the demonstration program and the proposed provisions for the local charter policy.

The Committee met again on October 18, 1993, to discuss CATA's charter demonstration proposal. CATA presented its proposal for the charter demonstration, which included five broad categories of charter service that it wanted to provide:

- CATA member governments
- Lansing Economic Development Corporation (LEDC) and the Lansing Regional Chamber of Commerce (LRCC)
- Greater Lansing Convention and Visitors Bureau
- Emergency situations
- Unique style equipment

The Committee debated whether to review and approve each charter on a case by case basis or to approve broad categories of charters. The private operators initially argued for case by case review of CATA's proposed charter movements but the Committee consented to develop broad categories for the demonstration with the understanding that it would be notified of the charters provided by CATA. CATA agreed to prepare a monthly summary of charter activities to share with the Committee members via mail.

The Committee discussed each of the five categories of service proposed by CATA. The Committee suggested several modifications to CATA's proposal. the Committee was concerned that the provision for providing service to CATA governments was too broad and agreed to add a requirement that the request be made in writing on the official letterhead of the government entity and be signed by the governing body or the chief executive of the governing unit.

The Committee agreed to the provisions of CATA's proposal for providing service to the LEDC, LRCC, and GLCVB, but did not agree to the unique equipment provision. The private operators agreed that CATA should be able to provide charter service when an accessible vehicle was needed. The private operators were concerned, however, about allowing CATA to provide charter service using the trolleys that it would be acquiring in the fall. The private operators feared that use of the trolleys for charter service had the potential to take away business from the private operators. The Committee deferred its decision on the unique equipment provision until the next meeting.

CATA emphasized the potential role of charter service to increase the visibility of CATA's service and to improve the public perception of transit. CATA stressed the importance of being available to provide charter service if requested by one of its member governments which contribute to its operations.

## 8. LANSING, MICHIGAN

The Committee met again on November 8, 1993, to discuss the unique equipment provision. The Committee agreed to allow CATA to provide charter service to customers requesting a trolley, but required CATA to charge a minimum of four hours for the charter. The private operators felt this minimum duration would ensure that the trolley was essential to the charter and would make the cost of the charter comparable to the private charter operators' charges.

The Committee unanimously approved the local charter policy. M•DOT concurred on the local charter policy.

### **Lansing Local Charter Policy**

All charters which CATA proposes to operate will be in compliance with all requirements of CFR Part 604 Charter Service.

- Service for CATA member governments, which include the Cities of Lansing and East Lansing, the charter townships of Delhi, Lansing, and Meridian, and Ingham County for the purposes of official business, and which are requested in writing, on the letterhead of the respective unit of government, by the governing body or the chief executive of the governmental unit.
- Service for the Lansing Economic Development Corporation or the Lansing Regional Chamber of Commerce for the purpose of tours for economic development projects and development promotion.
- Service for the Greater Lansing Convention and Visitors' Bureau (GLCVB) for tours of Lansing area recreational and shopping areas provided; that the movement does not operate for more than four hours from the time the chartering group is picked-up to the time they are dropped-off, and that the GLCVB has first contacted the nine charter bus operators identified by M•DOT as authorized to operate in the CATA service area and that these operators have either all

declined to operate the charter movement or the estimated cost of the charter based on the fully allocated rate to be charged by CATA for the movement is lower than that to be charged by the private operators.

- Service for emergency situations (e.g., war, riots, natural disasters, acts of God, emergency relief, police actions, and relief during the performance of a private charter operator as a result of a breakdown on the road) when requested by a local, county, state, or federal agency or private bus operator.
- Service provided with unique style equipment, such as vintage tram-type trolley buses provided that, if any of the nine private operators identified by M•DOT obtain such a vehicle, that it will only be operated by CATA after that operator has had the right of first refusal of as the vehicle used to operate service under another provision of this proposal and that CATA will require a four hour minimum charge for this service.

### **Implementation of the Demonstration**

CATA initiated its local charter demonstration on November 8, 1993. CATA provided its first charter under the demonstration on February 21, 1994.

CATA actively promoted its availability to provide charter service. In December 1993, CATA notified the major organizations that could be served under the local charter policy. CATA sent letters and a charter service information sheet to the following organizations:

- CATA member governments (mayors of Lansing and East Lansing, Ingham County Board of Commissioners, and Charter Townships of Delhi, Meridian, and Lansing)
- Greater Lansing Convention and Visitors Bureau
- Lansing Regional Chamber of Commerce
- Lansing Economic Development Corporation

## 8. LANSING, MICHIGAN

CATA tailored the information sheets to the specific group and incorporated the specific charter purposes, rates, and other restrictions of the local charter policy applicable to each group. In addition, CATA met with the GLCVB, LRCC, and LEDC to discuss charter opportunities.


CATA further promoted the availability of charter service as part of the promotion of the three new American Heritage trolleys. CATA obtained the first two trolleys in January 1994 and held a dedication ceremony on January 24, 1994. The Vice Chair of the CATA Board, in his speech at the dedication news conference, indicated that CATA was participating in the FTA charter demonstration and that CATA could offer the trolleys to the general public for charter purposes. The speech also indicated that the trolleys were not available from the private charter companies.

The trolley launch campaign included billboards, newspaper advertisements, bus posters, and miscellaneous print ads. All of the promotional materials, except the billboard, advertised the availability of the trolleys for charter service.

CATA prepared a Trolley Charter Services information sheet which it mailed to over 2,000 members of the Lansing Regional Chamber of Commerce. CATA developed a glossy CATA Trolley Charter Services fact sheet which it distributed through CATA Customer Service and at more than 20 special events.

CATA did not advertise charter service in the telephone directory.

# CATA Trolley Charter Services



### Charter Vehicles

- Classic American Heritage trolleys (model capacity 20), three available.
- Authentic, historical 1910's trolley structure reproduction featuring authentic wood and brass trim.
- Travel in comfort—completely enclosed trolleys are heated, air conditioned and include radio/cassette sound system.

### Charter Guidelines

- Trolley charter services are available Monday through Friday 9 a.m. - 4 p.m. and after 6 p.m., and all day on Saturday and Sunday.
- Charters must originate, operate and terminate in the tri-county region of Ingham, Eaton and Clinton Counties.
- Trolley charters are perfect for all business or personal occasions, including company outings, VIP tours, parties, weddings or any special event.
- Four-hour per trolley minimum charter required. (Detail charter does not need to last for four hours, but the minimum charge is for four hours.)

### Charter Costs

- The minimum charter charge is \$120.00 for up to four hours of service per hour.
- Additional time is billed at \$42.12 per hour (additional hours are billed in actual time—not billed for time not needed).
- Billing commences at operator report time and finishes when operator goes off duty.

For further information or to schedule a CATA Trolley Charter, call CATA at (517) 394-1100.

CATA made charter service available Monday through Friday from 9:00 a.m. to 4:00 p.m. and after 6:00 p.m. and all day on Saturday and Sunday.

CATA charged \$82.12 per hour for charter service. However, for member governments, CATA charged a reduced rate of \$44.75. For charters with regular buses, CATA implemented a two hour minimum. In accordance with the local charter policy, CATA charged a four hour minimum for charters utilizing the trolleys and implemented a four hour maximum for charters for the GLCVB.

The local advisory committee did not convene during the demonstration period. CATA reported its charter activity to the Committee on a regular basis by mail, however, including the



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date, customer, miles, hours, passengers, charge, vehicle type, and a note on the charter purpose.

CATA met with M•DOT and FTA on June 24, 1994, to discuss the status of the demonstration program. CATA noted that the majority of the charters performed used the trolleys. CATA also inquired about the possibility of an extension of the demonstration. M•DOT and CATA agreed to submit requests to FTA.

CATA sent a letter to FTA requesting an extension of the demonstration. CATA claimed that, as a result of the delayed start of the demonstration in many areas, the demonstration did not provide reasonable time to establish the public operator as a provider of charter service or to provide sufficient data for analysis.

### EVALUATION ACTIVITIES

FTA met the representative from CATA at the M•DOT kick-off meeting on June 15, 1993. FTA attended the local advisory committee meeting in Lansing on October 18, 1993. At the meeting, FTA explained the evaluation objectives and the data requirements to the Committee members.

CATA provided data to FTA on its charter service for the 22-month pre-demonstration period from January 1, 1992, through October 31, 1993. CATA provided charter data to FTA throughout the 24-month demonstration. The data included:

- date
- customer name
- miles
- hours
- passengers
- charge
- type of vehicle

FTA entered the data into a spreadsheet and summarized the number of charters, total hours, total miles, passengers, and total charges. Based on the customer name and description of the trip, FTA classified the charters into the following categories:

- seniors
- university
- community
- government
- private

FTA contacted the willing and able private operators identified by M•DOT to solicit their participation in the demonstration evaluation. FTA requested the private operators to provide data on their charter movements for government, civic, and charitable organizations, as well as comments on the demonstration and its potential impact on their business. FTA maintained periodic contact to discuss the impact of the demonstration with the private operators, as well as the possibility of submitting data. Although many private operators provided comments and agreed to submit charter data, FTA only obtained data from one private operator. FTA guaranteed to the private operators that data analyses would only be presented if at least three private operators contributed data in order to ensure confidentiality. Because data was only received from one private operator, FTA does not present the private operator data in this report.

FTA conducted telephone surveys of CATA's charter customers to obtain information about:

- the organizations and individuals requesting charter service and the trip purpose
- charter service requested during the pre-demonstration and demonstration periods
- factors in selection of the public operator versus private operators

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- alternative option if the public operator was not available to provide service

FTA attempted to contact 20 CATA charter customers, representing those charters performed during the demonstration period for purposes other than for weddings. Attempts do not include those telephone numbers which were no longer in service. FTA successfully completed surveys for 16 of the customers, representing an 80 percent response rate.

FTA met with CATA and the local advisory committee on November 6, 1995, after the demonstration ended, to discuss the impact of the demonstration on the private operators and the effectiveness of the local advisory committee structure. Representatives from the following organizations attended the meeting: CATA, Tower Bus, Indian Trails, M•DOT, Livingston Essential Transit, and FTA. FTA presented preliminary results of the demonstration based on data received at that time.

### DEMONSTRATION RESULTS

In the discussion below, CATA's charter service is described in terms of the quantity of service, the groups served, and the consistency with the local charter policy.

#### Quantity of Service

As seen in Exhibit 8.1, CATA significantly increased its charter service during the demonstration. During the 22-month pre-demonstration, from January 1, 1992 through October 31, 1993, CATA performed 12 charters, an average of less than one trip per month.

Exhibit 8.1 Average Charter Service Per Month		
	Pre-Demo	Demo
Avg. Charters/ Month	.55	3.58
Avg. Hours/Month	5	20
Avg. Revenue/ Month	\$287	\$1,503

CATA provided an average of over nine hours per charter during the pre-demonstration. However, because most of the trips involved multiple vehicles, the average hours per vehicle was about three. CATA charged \$60 per hour for the charters, with a reduced rate for one charter for a local elementary school. Total charter revenue for the pre-demonstration was \$6,310, an average of less than \$300 per month.

CATA Demonstration Statistics	
Total Charters	65
Total Hours	3,054
Total Revenue	\$177,588

CATA provided 86 charters during the two year demonstration from November 1, 1993, through October 31, 1995, an average of over three trips per month. The average duration of charter trips provided during the demonstration exceeded five hours. The local charter policy required CATA to charge a four hour minimum for charters utilizing the trolleys. CATA provided only two charters (two percent) with durations less than four hours. CATA served only a few groups requiring more than one vehicle for the charter.

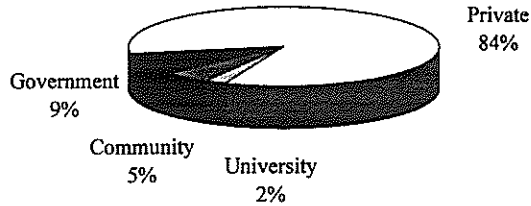
CATA collected \$36,078 in revenue for charters performed during the demonstration. CATA charged \$82.12 per hour for all charters, except for charters to its member governments for which it charged a reduced rate of \$44.75.

#### Groups Served

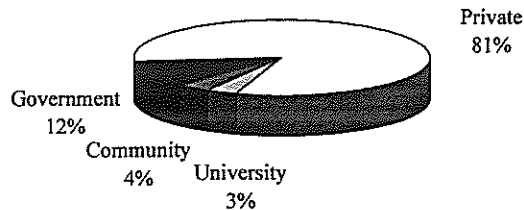
Exhibits 8.2 and 8.3 illustrate that 84 percent of the charters performed by CATA during the demonstration period were for private groups or individuals. CATA provided an average of three charters and 16 hours of charter service per month for private groups and individuals. Fifty-nine percent of the charters served wedding parties.

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**Exhibit 8.2**  
**Demonstration - Charters by Groups Served**

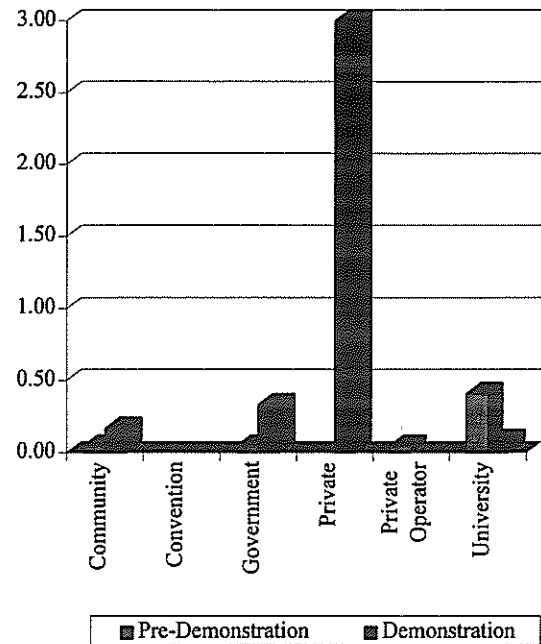


**Exhibit 8.3**  
**Demonstration - Hours by Groups Served**

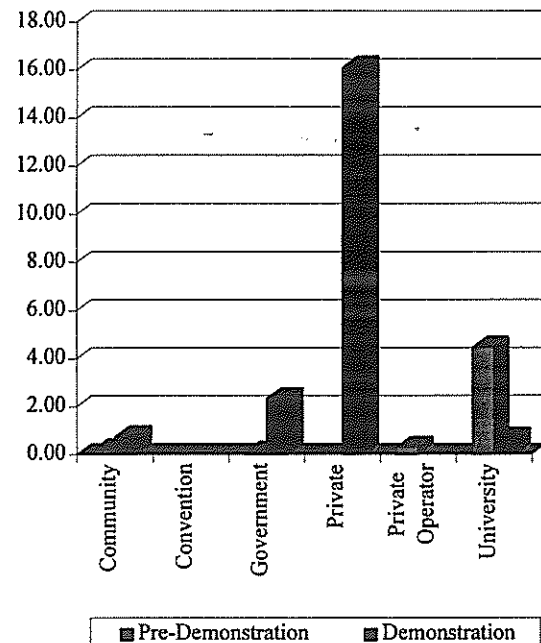


Exhibits 8.4 and 8.5 present a comparison of the distribution of charter trips and hours, by groups served, in the pre-demonstration and demonstration periods. The large number of charters provided for private groups and individuals represents a significant change in the type of charter customers CATA served during the demonstration.

**Exhibit 8.4**  
**Charters per Month**



**Exhibit 8.5**  
**Hours per Month**



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CATA significantly increased its service to government entities during the demonstration. During the pre-demonstration, CATA only served one government entity. During the demonstration, CATA served eight government entities, providing an average of two hours of charter service per month.

### Consistency with Local Charter Policy

The charters performed by CATA during the demonstration correspond to the following provisions set forth in the local charter policy. Charters may fall into more than one category, and each charter corresponds to at least one category.

Lansing Charter Demonstration Policy	Charters within Scope
CATA member governments	8
Lansing Economic Development Co. or Regional Chamber of Commerce	0
Greater Lansing Convention and Visitors' Bureau (GLCVB)	2
Emergency situations	0
Unique style equipment (i.e., vintage tram-type trolley bus)	84

CATA primarily used the unique equipment provision of the local charter policy, rather than serving specific groups identified as having unmet needs. Eighty-four of the 86 charters (98 percent) performed during the demonstration period utilized the trolleys. Eighty-eight percent of charter trips (76 charters) were made solely under the unique equipment provision of the local charter policy. Only 12 percent of the charters (10 charters) performed qualified under other provisions of the charter policy, and all but two of these used the trolleys.

During the demonstration, CATA did not serve MSU for campus tours as it had during the pre-demonstration. Consequently, university service decreased from an average of over four hours of

service per month to less than one hour of service per month during the demonstration.

CATA provided only eight charters for its member governments during the demonstration, an average of one every three months.

### FINDINGS AND CONCLUSIONS

Based on the charter information provided by CATA for the demonstration and pre-demonstration period, the results of the customer surveys, and discussions with CATA and the private operators, FTA compiled the following findings and conclusions. This section focuses on:

- impact on the public operator
- impact on customers
- impact on private operators
- the effectiveness of the local decision making process
- next steps

#### Impact on the Public Operator

While CATA significantly increased its charter service during the demonstration, the amount of service provided was not significant in terms of its overall operations. CATA's average charter hours per month increased over 300 percent from an average of less than five hours of service per month to over 20 hours of service per month. Average per month charter revenue increased over 400 percent from \$287 during the pre-demonstration to \$1,503 during the demonstration. CATA's total charter revenue during the 24-month demonstration was \$36,078, compared to charter revenue of \$6,310 during the 22-month pre-demonstration period. During the pre-demonstration period, CATA charged \$60 per hour for charter service. For the demonstration, CATA generally charged \$82.12 per hour, its calculated fully-allocated cost. However, CATA charged a reduced rate of \$44.75 for member governments charters. In addition, consistent with the local charter

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policy, CATA implemented a four hour minimum for chartering the trolley.

CATA's total charter revenues for FY94 and FY95 are \$12,592 and \$22,492, respectively. Operating budgets for FY94 and FY95 are \$14,226,351 and \$13,976,778, respectively. CATA's charter revenue accounts for only 0.08 percent of its total budgeted revenues for FY94 and 0.16 percent for FY95.

CATA provided 185 charter revenue hours in FY94 and 275 in FY95. CATA's total revenue hours for FY94 and FY95 are 119,097 and 124,499, respectively. The charter revenue hours represent approximately 0.15 percent of total revenue hours for FY94 and 0.22 percent of total revenue hours for FY95.

CATA did not provide a significant amount of charter service during the demonstration, based on the charter revenue hours and charter revenue earned. The charters performed did not have a tangible effect on CATA's operations.

CATA's primary objective for participating in the demonstration, and for relaxing the regulations, was to have the flexibility to serve its member governments which fund transit operations through local property taxes. Additionally, CATA wanted to provide service to economic development organizations and the chamber of commerce to enhance economic development.

During the two year demonstration, however, CATA primarily provided service (85 percent of total charters) to private organizations. Fifty-nine percent of the charters served wedding parties. CATA provided only eight charters to member governments and two charters to the Convention and Visitors Bureau. CATA did not provide any charters for the Economic Development Corporation or the Chamber of Commerce. The Chamber of Commerce was represented on the local advisory committee and, therefore, well aware of CATA's availability to provide charter service. The minimal amount of service provided to

government entities and economic development organizations does not support CATA's claim of unmet needs for these groups.

CATA believed that charter service could enhance the public's perception of public transit and could attract customers that are not regular transit customers.

### Impact on Customers

The main effect of the demonstration on charter customers in the Lansing area was the availability of the trolleys for chartering by private groups and individuals. CATA provided 85 percent of its charter trips to private groups and individuals during the demonstration. Ninety-eight percent of charters utilized the trolleys. Trolleys were not available for chartering prior to the demonstration. None of the private operators in the area owned trolleys and CATA did not take delivery of its three trolleys until several months after the demonstration had begun. Prior to the demonstration, private groups and individuals could only charter over-the-road coaches from private charter operators.

The demonstration opened a new market in Lansing which was not previously served by the private operators, chartering trolleys for wedding parties. More than half of CATA's charter service (59 percent) was for wedding parties.

CATA primarily used the unique equipment provision of the local charter policy to provide charters, rather than serving specific groups identified as having unmet needs. The demand for charter service for the groups identified in the local charter policy was minimal. With only eight charters provided for member governments, two charters provided for the Greater Lansing Convention and Visitors Bureau, and no charters provided for the Economic Development Corporation or Chamber of Commerce, the demonstration did not show that these groups previously had significant unmet charter needs.

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All of the respondents to the customer survey used unique equipment. Over 90 percent of the charters used CATA's trolleys, including two which required wheelchair lifts. The one charter that did not use a trolley also required a lift-equipped vehicle.

CATA's primary concern was its inability to perform charters for member government entities. During the demonstration, CATA provided only eight of the 86 charters for government entities. These included the Lansing Police Department, Lansing Transportation Department, City of East Lansing, and City of Lansing.

In implementing the charter demonstration, CATA raised its charter rates 37 percent. Prior to the demonstration CATA charged \$60 per hour. CATA charged \$82.12 per hour for charters during the demonstration, consistent with its calculated fully-allocated cost. CATA charged a reduced rate of \$44.75 for its member governments.

### **Impact on Private Operators**

The private operators did not make data available to evaluate the impact of the demonstration on their charter operations. However, based on the size and type of operations of the private operators in the area, the charter demonstration in Lansing did not adversely impact the private operators. The private operators stated that they did not feel any direct impact due to the charter demonstration.

The willing and able private operators, identified by M•DOT for the demonstration each have at least 18 vehicles in their fleet. CATA's total revenue earned (\$36,078) and charter service hours (476) during the two year demonstration does not represent a significant portion of any of the private operators' business and could not significantly impact the private operators' businesses.

If use of the trolley was not a customer requirement, some of these charters could have been performed by the private operator. A small private operator, with one or two vehicles, could be more significantly impacted by CATA's charter service.

Under the demonstration, CATA only provided charter service within its service area. The private operators primarily provide longer charters to destinations outside the Lansing area, although some do provide service to the local Lansing area.

In developing the local charter policy, the private operators were primarily concerned about CATA's use of trolleys to provide charter service. Currently, none of the private operators own trolleys. The private operators did not believe that customers would choose a transit bus over an over-the-road coach, provided the costs were comparable. However, the private operators were concerned that potential customers might choose the trolley in place of the over-the-road coaches they offer. CATA provided 84 charters (98 percent) using its trolleys during the demonstration, including 72 (85 percent) for private groups and individuals.

The private operators indicated that the charters for wedding receptions reflect a new business market that would not be served by regular transit buses. None of the private operators indicated that they served this market, either prior to or during the demonstration.

According to the customer surveys, nearly 50 percent of the respondents would have used private operators if CATA had been unable to provide the charter. Twenty-five percent of the respondents indicated that they would not have been able to obtain comparable service had CATA not been available. The primary reason for selecting CATA was the availability of the trolley. Several respondents stated that they would have used a bus if the trolley was not available.

## 8. LANSING, MICHIGAN

### Effectiveness of the Local Decision Making Process

The local advisory committee worked together effectively to establish the local charter policy for the demonstration. Committee members agreed to modify CATA's proposal to address specific concerns. The private operators' major concern was CATA's proposed unique equipment provision, which would allow CATA to provide charter service with its trolleys and other unique equipment to any organization or individual requesting unique equipment. The private operators were concerned that the trolleys would take business away from the private operators. The Committee compromised by establishing a four hour minimum for CATA's charters using unique equipment, which would make the cost more comparable to the private operators' charges. The adopted policy provided further protection for the private operators by stipulating that if a private operator acquired a trolley, CATA could only provide the requested charter after the private operator was given the opportunity and declined to provide the service.

Committee members were also concerned that CATA's proposed provision for providing charters to CATA member governments for official business was too broad and ambiguous. The Committee added the requirement that such charters would have to be requested in writing on letterhead of the unit of government by the governing body or the chief executive of the government unit.

After adopting the local charter policy, the Committee did not meet during the demonstration. CATA provided information to committee members regularly on the charters it performed during the demonstration.

Committee members indicated that the communication and level of trust between the public operator and the private operators improved during the demonstration. Private operators indicated that they are now more comfortable working with CATA. However, the

private operators indicated that this level of trust did not apply to other public entities or to CATA under other circumstances.

The local committee process also enhanced the public operators' trust and confidence in the private operators. A public operator member of the local advisory committee noted that as a result of the Committee and the communication during the demonstration, she would not hesitate to call or recommend the involved private operators.

Members agreed that the local advisory committee structure encouraged communication and established a foundation for working together in the future. However, private operators continued to be concerned that the cooperative relationships established would not be maintained if the charter regulations were changed and the public operator was permitted to provide service without the input of a local advisory committee.

### Next Steps

Committee members indicated that they would be willing to discuss a formal agreement as prescribed by the current charter regulations to permit CATA to perform charters similar to those during the demonstration. The private operators are open to the committee structure and would be willing to work together even after the demonstration. The private operators stated that they would prefer to work with the public operators rather than have the current regulations lifted.

M•DOT stated that it is not interested in regulating charter services by public transit agencies. M•DOT is encouraging communication between the public and privates.

Under the charter regulations, CATA may continue to provide charter service to customers in need of accessible equipment (i.e., wheelchair lifts) as a subcontractor to a private operator. CATA may also provide service under subcontract to a private operator to satisfy a

## 8. LANSING, MICHIGAN

capacity need. The private operators indicated that they want to work with the public operators to fulfill capacity or accessible equipment needs. In Michigan, however, the higher insurance requirements for private operators generally prohibit private operators from subcontracting work to the public operator. The private operators indicated that they would not subcontract with the public operators due to the additional risk.

The private operators are concerned that their business would be adversely affected if FTA relaxed or removed the current charter bus restrictions and allowed public operators to provide charters without any restrictions to protect the private operators. The private operators would prefer to work with the public operator through a local committee structure.



## 9. MUSKEGON COUNTY, MICHIGAN

### OVERVIEW

This section includes the demographic and economic background of the site, including a description of the public transit operator, Muskegon Area Transit System (MATS), and the private operators in the area.

### Demographic and Economic Background

Muskegon is a Great Lakes city located in Muskegon County in Western Michigan. Muskegon County is 180 miles from Chicago, 186 miles from Detroit, and within 500 miles of one third of the US and Canadian population.

Major highways link Muskegon County to Grand Rapids, Detroit, and Chicago. Muskegon County Airport has the regional services of four major airlines and provides over 175 commercial flights weekly. Nearly two million tons of waterborne cargo pass through the commercial port in Muskegon County each year. Seven national and regional trucking firms, Greyhound Bus Lines, and CSX offer service in the area. MATS provides local bus transportation.

In 1992, the population of Muskegon County was 161,980, and the median age is 32.7. Eleven percent of the people are college graduates, and 74.2 percent have completed high school. Minorities represent 15.8 percent of the Muskegon County Area Population.

The median value of a home in the metropolitan area is \$46,300 which is below the national average. The median household income is \$25,617.

Until the early 1980s, much of Muskegon County's industrial base was related to the automotive industry. The past decade and the changes in the automotive industry have led to industrial growth among a wide variety of product areas. The manufacturing employee turnover rate in Muskegon County is three percent which is significantly below the Michigan average of ten percent. The major employers in the area are Brunswick Bowling &

Billiards, Corporation, Knoll Group, Howmet Corporation, SPX Corporation, Hackley Hospital, and the County of Muskegon. The 1994 unemployment rate is 7.3 percent.

Approximately 1,400 rooms are available in just over 40 hotels, motels, and bed and breakfasts. The annual average occupancy rate is 55 percent. The Downtown Muskegon Conference Center is centrally located in the heart of Muskegon and only 10 minutes from Lake Michigan. The Conference Center uses three adjacent facilities, the Farauenthal Center for the Performing Arts, the Walker Arena Conference Center, and the Holiday Inn Muskegon Harbor. The Holiday Inn meeting room accommodates 400 people, and the Walker Arena and Conference Center services banquets for 900 people.

Lake Michigan and the many inland lakes attract visitors to the area. Scenic cruises are also available along the Lake. Three state parks are located along the shores of Lake Michigan, and Muskegon also has various amusement and fun parks in the area. For wintertime visitors, Muskegon offers trails for snowmobiling, and the Winter Sports Complex has Olympic-style luge runs and miles of cross-country ski trails.

### Public Transit Operator Background

The Muskegon Area Transit System (MATS) provides service to the residents of Muskegon County. MATS is a department of Muskegon County authorized to provide public mass transportation services within the County. MATS serves the cities of Muskegon, Muskegon Heights, Roosevelt Park, Norton Shores, and Muskegon Township. MATS service area covers 527 square miles and serves a population of 161,980.

MATS maintains a fleet of 20 accessible buses which operate approximately 33,990 hours, travel 451,000 miles, and carry 641,500 passengers annually. MATS currently operates service on nine fixed routes with 13 buses in peak service. MATS provides service from 6:00

## 9. MUSKEGON COUNTY, MICHIGAN

am to 6:00 pm Monday through Friday and from 10:00 am to 6:00 pm on Saturday. MATS also provides a county-wide paratransit service, GO BUS, that operates during the linehaul service hours.

MATS also operates The Muskegon Trolley Company, a summer trolley shuttle operating from Memorial Day to Labor Day and linking the urban cities with lakeshore beaches, State parks, and amusement areas. MATS operates two trolley routes, the South Trolley and the North Towne Trolley. The service operates from 11:00 am to 6:00 pm seven days a week, except during special community events. MATS uses the trolleys for charter service year-round and for fixed route in the summer months.

Muskegon County received \$2,820,000 from the Federal Transit Administration, M•DOT, and the Federal Highway Administration under six different grants for an entire fleet of new heavy duty buses to replace the old buses in February 1994.

MATS has a staff of 31 employees and an operating budget of \$1,527,412. MATS is currently renovating the historic Union Depot, an 1890's Richardsonian brick railroad station as an intermodal center with an ISTE A enhancement grant of \$554,970. The depot will be converted into an intermodal bus transfer facility, trolley station, and leased to the Convention Visitors Bureau as a Tourist Information Center.

The Muskegon Area Transit System (MATS) provides service in the 509 square miles of Muskegon County. MATS began in 1969 as the Muskegon County Metropolitan Transportation System (MCMTS). MCMTS absorbed the Muskegon Area Transit Authority in 1972 to form MATS.

MATS recently adopted an extension to its name, changing it to "MATS - The Shore Line" in order to emphasize the community's location along the water. Muskegon County received \$2,820,000 from the Federal Transit

Administration, the Michigan Department of Transportation, and the Federal Highway Administration under six different grants for an entire fleet of new heavy duty buses to replace the old buses. Utilizing the ISTE A enhancement grant of \$554,970, MATS is renovating the historic Union Depot which will be converted into an intermodal bus transfer facility, trolley station, and potentially an AMTRAK station.

MATS currently has an excellent relationship with Greyhound, one of the private operator in its service area, and leases Greyhound office space, ticketing area, and the use of Muskegon County's Passenger Transfer Terminal in downtown Muskegon.

### Private Charter Operators Background

Five privately-owned charter operators provide service in the Muskegon Area. Only one private operator is located within Muskegon County, however.

- ***Rent-A-Coach, Inc.*** is the only private operator located within Muskegon County. Rent-A-Coach has three buses.
- ***Cardinal Charters and Tours*** is headquartered in Middlebury, Indiana, but has one garage in Holland, Michigan, which is about 30 miles from Muskegon. Cardinal Charters and Tours has over 40 vehicles.
- ***G & M Coaches*** is located in Grand Rapids, MI, about 30 miles from Muskegon, and has eight coaches.
- ***Great Lakes Motorcoach*** is located in Grand Rapids, Michigan, about 30 miles from Muskegon. Great Lakes has 18 vehicles, including 16 over-the-road coaches, one executive coach, and one transit bus. Great Lakes does not charges a minimum duration, which is determined seasonally, but does not charge customers for deadhead.
- ***Mid-Michigan Coaches*** is located in Ashley, Michigan, and has five buses.

## 9. MUSKEGON COUNTY, MICHIGAN

### MATS' DEMONSTRATION PROPOSAL

MATS submitted its proposal to M•DOT to participate in the demonstration on March 15, 1993. In its proposal, MATS indicated interest in providing charter service to the Muskegon Economic Growth Alliance (MEGA) which is the local economic development agency, to local government entities, and to local community groups primarily not for profit agencies. MATS also wanted to offer charters using its three rubber-tired trolleys upon request by these groups, as well as private parties. MATS indicated that this special equipment is not available through private carriers, and MATS has frequently denied requests to charter the trolleys due to the current charter regulations.

### LOCAL CHARTER DEMONSTRATION

M•DOT selected MATS as one of the four sites in Michigan to participate in the charter demonstration. M•DOT convened a meeting with representatives of the four sites on June 15, 1993, to introduce the demonstration. FTA attended the meeting and introduced the evaluation approach. M•DOT instructed the individual sites on appointing local advisory committees and developing local charter policies.

### Development of Local Policy and Process

Although an authorized private operator can provide charter service anywhere within the state of Michigan, M•DOT limited the willing and able private operators for the demonstration in each area to those that had demonstrated a financial commitment to provide service in the area (i.e., those that had advertised in the local telephone directory). M•DOT identified the following willing and able private operators for the Muskegon area:

- Cardinal Charter & Tours
- G and M Coaches
- Great Lakes Motorcoach, Inc.
- Mid-Michigan Coaches, Inc.

- Rent-A-Coach, Inc.

M•DOT sent a letter to each private operator introducing the local charter demonstration and requesting their cooperation.

MATS invited the willing and able private operators to a meeting on June 18, 1993. Representatives from Cardinal Charters & Tours, Great Lakes Motorcoach, and Rent-A-Coach attended the meeting. MATS presented an overview of the demonstration and the local decision-making process. The public operators recommended that they be appointed to serve on the local advisory committee, with one of the three participating as an alternate member.

MATS accepted the recommendation of the private operators and appointed the local advisory committee, including the private operators and representatives of the public sector. M•DOT subsequently concurred and officially appointed the committee.

#### Muskegon Local Advisory Committee

Company/Agency	Sector
MATS	Public
Grand Rapids Area Transit Authority (GRATA)	Public
Cardinal Charters & Tours	Private
Great Lakes Motorcoach	Private
Rent-A-Coach	Private
	Alternate
Muskegon Economic Growth Alliance (MEGA)	Public
	Alternate

MATS discussed in general the types of charters it might propose to provide. The private operators indicated at the initial meeting that they were not greatly concerned about MATS providing charter service under the demonstration, since the charters would be restricted to MATS service area and the private operators primarily provided longer distance charters. The private operators were not concerned with MATS use of its trolleys for charter service, but were adamant that they did not want MATS to provide service to church groups.

## 9. MUSKEGON COUNTY, MICHIGAN

MATS developed a proposed local charter policy for consideration by the local advisory committee.

The local advisory committee met on July 14, 1993, to amend, approve, and formally adopt the local charter policy for Muskegon County. Representatives from FTA and M•DOT attended the meeting. The committee discussed each provision in the proposed policy and agreed to several modifications to address specific concerns.

The private operators were concerned that the category "governmental entities" was too broad. MATS felt pressured by member governments and Muskegon County, as well as various county government entities, to provide charter service. The private carriers thought that "government entities" should be restricted to those member governments that had a financial and political stake in MATS.

The Committee was concerned that the category "501(c) non-profit organizations" was too broad. The Committee agreed that service to the non-profit agencies must be in response to a need for wheelchair lift-equipped vehicles.

The Committee determined that service for the Convention and Visitors Bureau for tours and meetings should only occur after the five willing and able carriers were called.

The Committee also discussed charter service using trolley buses currently owned by MATS. The Committee agreed that service with the trolleys would be acceptable until one of the private operators in the area obtained a trolley. MATS explained that the trolley service was important for economic development.

The Committee unanimously approved the local charter policy at this meeting. M•DOT approved the Muskegon local charter policy on August 10, 1993.

### Muskegon Local Charter Policy

Service Area: Restricted to Muskegon County

Nature of Service: Incidental trips

- Service for political entities, specifically, incorporated townships, villages, cities, and the County of Muskegon in Muskegon County.
- Service for Economic Development Agency (Muskegon Economic Growth Alliance) for the purpose of tours for economic development projects and development promotion.
- Incidental Service for 501(c) non-profit agencies which include civic, charitable, and community based organizations; except that, political groups, churches and religious organizations will not be provided service; and providing that the request is for lift accessible vehicles.
- Service to the Convention & Visitors Bureau, to do short trips involving tours of Muskegon recreational area, providing that the five private operators listed on the M•DOT list of willing and able carriers with financial stake in Muskegon County are called by the CVB first.
- Service provided with unique equipment, rubberized motor trolleys (as long as a willing and able private operator does not have a trolley in their fleet). When a private operator obtains a trolley they would have the first right of refusal.
- Service for community activities run by Muskegon County based chambers of commerce.

### Implementation of the Demonstration

After M•DOT approved the local charter policy, MATS initiated the demonstration on August 19, 1993. MATS provided its first charter on September 10, 1993.

## 9. MUSKEGON COUNTY, MICHIGAN

MATS calculated its fully-allocated cost based on the FY92 audit to be \$43.98 per hour. MATS charged \$45 per hour for charter service to cover its fully-allocated cost. For the first two charters provided under the demonstration, MATS only charged \$30 per hour because it had not yet completed the fully-allocated cost calculation. MATS did not implement a minimum duration for its charter service.

MATS did not publicly advertise its availability to provide charter service. MATS did, however, notify specific agencies that could charter service from MATS under the local charter policy.

The Committee met in September 1994 to discuss the status of the demonstration. The purpose of the meeting was to inform the Committee members of charters performed by MATS and to provide opportunity for discussion of implementation of the demonstration. MATS informed the Committee that the program was not being marketed due to the potential problems of advertising a program which may dissolve at the termination of the demonstration.

During the meeting, the private operators indicated that they trust MATS and that they want to be involved in determining the charter business in Muskegon. The private operators believe that it is a local, rather than a national or state, issue. The private operators indicated that they are not interested in local Muskegon work which is typically comprised of short trips.

In a letter to FTA, MATS requested an extension of the demonstration beyond the August 9, 1994, date originally established in a final rule.

### EVALUATION ACTIVITIES

FTA attended the kick-off meeting for the Michigan demonstrations convened by M•DOT on June 15, 1993, in Lansing, Michigan. FTA explained the evaluation objectives and

approach to representatives of the Michigan demonstration sites, including MATS.

FTA attended the initial meeting of the Muskegon local advisory committee on July 14, 1993. FTA explained the evaluation objectives and the data requirements to the Committee members.

MATS did not provide charter service prior to the demonstration. MATS provided detailed information for each charter performed during the demonstration, including:

- date
- customer
- origin
- destination
- number of vehicles
- vehicle type (trolley, regular bus)
- miles
- hours
- charge

FTA entered the data into a spreadsheet and summarized the number of charters, total hours, total miles, and total charges. Based on the customer name and description of the charters service, FTA classified the charters into the following categories:

- school
- community
- government
- private

FTA sent an introductory letter to each of the private operators determined by M•DOT to be willing and able to provide service in the Muskegon area. FTA explained the objectives of the charter demonstration and the approach for evaluating the demonstration and solicited their participation in the demonstration

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evaluation. FTA subsequently attempted to contact each private operator by phone. FTA requested the private operators to provide data on the charters provided to the specific groups permitted under the demonstration prior to and during the demonstration. FTA discussed the private operators' concerns regarding the demonstration. FTA maintained periodic contact with the responsive private operators to discuss the impact of the demonstration, as well as the possibility of submitting data. Although many private operators provided comments and agreed to submit charter data, FTA did not obtain data from any of the private operators.

FTA conducted telephone surveys of MATS' charter customers in order to obtain information about:

- the organizations and individuals requesting charter service and trip purpose
- charter service requested during the pre-demonstration and demonstration
- factors in selection of the public operator versus private operators
- alternative option if the public operator was not available to provide service

FTA attempted to contact 24 of MATS charter customers, representing those charters performed during the demonstration for purposes other than for weddings. Attempts do not include those telephone numbers which were no longer in service. FTA successfully completed surveys for 17 of the customers, representing 38 of the trips. FTA had a 71 percent response rate.

MATS convened a follow-up local advisory committee meeting upon FTA's request on November 7, 1995, to discuss the impact of the demonstration on the private operators and the effectiveness of the local committee structure. Representatives from the following organizations attended the meeting: MATS, GRATA, Cardinal Tours, and FTA. FTA presented preliminary results based on data received at that time.

### DEMONSTRATION RESULTS

In the discussion below, MATS' charter service is described in terms of the quantity of service, the groups served, and the consistency of the service with the local charter policy.

MATS Demonstration Statistics	
Total Charters	99
Total Hours	396
Total Revenue	\$17,632

### Quantity of Service

MATS provided 99 charters and 396 hours of charter service during the 26-month demonstration. As seen in Exhibit 9.1, MATS performed an average of nearly four charters per month, providing 15 hours of service per month and generating monthly revenues of \$678. Prior to the demonstration, MATS did not provide any charter service.

Exhibit 9.1 Average Charter Service Per Month	
	Demo
Avg. Charters/Month	3.81
Avg. Hours/Month	15
Avg. Revenue/Month	\$678

The majority of charters were one day, one vehicle charters, with an average duration of almost four hours. MATS' largest charters served the 1994 and 1995 annual Ms. Michigan Pageants. These charters, which spanned seven days and utilized two or three vehicles per day, accounted for more than 25 percent of MATS' total charter hours during the demonstration.

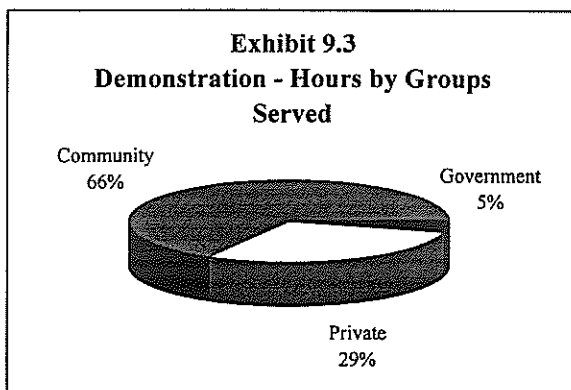
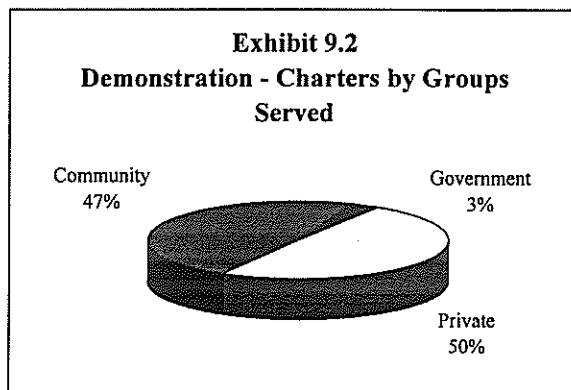
### Groups Served

Exhibits 9.2 and 9.3 present the distribution of charters and charter hours by group served during the demonstration. MATS provided charter service to 44 private groups and individuals during the demonstration, an average of almost two charters per month. This represented 50 percent of MATS charters during the demonstration. The charters were relatively short, with an average of less than 2.5 hours per

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trip, and accounted for 29 percent of the MATS' total charter hours during the demonstration.

Thirty of the private charters (68 percent of charters for private organizations) were for weddings. The remaining private charters served private organizations and individuals for tours, parties, and reunions.



MATS' provided an average of two charters and ten hours of charter service per month to community groups. Service for community groups represented over 47 percent of MATS' charters and 66 percent of MATS' total charter hours. The community organizations served by MATS included the YMCA, the Muskegon Museum of Art, Girl Scout troops, MEGA, the National Association for the Advancement of Colored People (NAACP), and Hospice.

MATS' largest charters served community groups. The annual Ms. Michigan Pageant accounts for two of the community trips. For the pageant in June 1994, MATS provided charter service over a seven day period, utilizing one to

three trolleys per day, and provided a total of 58 service hours and generated \$2,598 in charter revenue. For the 1995 pageant, MATS provided charter service over a seven day period, utilizing one vehicle each day, and providing a total of 46 service hours and generating revenues of \$2,092. Twenty of the charters were provided for the YMCA (21 percent). In March, April, and May of 1994, the YMCA chartered one bus two days a week to transport school children from area schools to the YMCA gym for after school activities. The Ms. Michigan Pageant and YMCA charters account for 36 percent of MATS' total charter hours.

MATS only provided three charters and 20 hours of service for government groups during the demonstration. This represents three percent of the total charters and five percent of the total hours.

### Consistency with the Local Charter Policy

The charters performed by MATS during the demonstration correspond to the following provisions set forth in the local charter policy. Each charter performed complied with at least one of the charter policy provisions. Charters may fall into more than one category.

Muskegon Charter Demonstration Policy	Charters within Scope
Governmental entities in Muskegon County	3
Muskegon Economic Growth Alliance	2
Non-profit agencies, including civic, charitable, and community	47
Convention and Visitors Bureau	0
Muskegon County based chambers of commerce	0
Unique style equipment (trolleys)	77

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MATS primarily used the unique equipment provision and the provision for service to non-profit agencies during the demonstration.

MATS provided approximately 78 percent of the charter service (77 charters) with its trolleys. The YMCA service, which was provided on a regular basis during the spring of 1994 and accounted for 21 percent of MATS total charters, used regular transit buses.

Forty-nine of the charters (49 percent) qualified only under the unique equipment provision, while 28 of the charters (28 percent) also qualified for service under other provisions of the policy.

### FINDINGS AND CONCLUSIONS

Based on the charter information provided by MATS, the results of the customer surveys, and discussions with MATS and the private operators, FTA compiled the following findings and conclusions. This section focuses on:

- impact on the public operator
- impact on customers
- impact on private operators
- effectiveness of the local decision making process
- next steps

#### Impact on the Public Operator

In terms of its overall operations, the demonstration did not have a significant impact on MATS.

MATS' total charter revenue during the 26 month demonstration was \$17,632. For the demonstration, MATS generally charged \$45 per hour, but the first three charters were provided at a lower rate since MATS did not have the fully-allocated cost calculation available.

MATS' total charter revenue for FY94 and FY95 were \$8,132 and \$8,870, respectively. Operating budgets for FY94 and FY95 were \$1,100,713 and \$1,086,734, respectively. Thus, MATS' charter revenue accounts for less than one percent of its operating budget for FY94 and FY95.

MATS provided 181 charter revenue hours in FY94 and 198 in FY95. MATS' total revenue hours for FY94 and FY95 were 34,170 and 34,175 hours, respectively. Thus, MATS' charter revenue hours account for less than one percent of total revenue hours for FY94 and FY95.

MATS' primary objectives for participating in the demonstration were to have the flexibility to serve local government entities, local community groups, and the economic development group, MEGA. During the two year demonstration, MATS provided 50 charters (50 percent of all charters) for community and government groups.

The demonstration allowed MATS to respond to requests from area residents and organizations to charter a trolley. MATS had indicated in its proposal to M•DOT that it had been declining requests to charter the trolleys since it was not providing any charter service under the existing charter regulations. According to MATS, the trolleys help promote tourism in Muskegon, and the vintage style trolleys enhance the tourist area image. During the demonstration, MATS was able to use the trolleys year round, rather than just for the summer trolley shuttle.

Most of the charters (78 percent) provided by MATS during the demonstration used the trolleys. Nearly half of all the charters (49 percent) were allowable only under the unique equipment provision of the local charter policy.

#### Impact on Customers

As a result of the demonstration, community and private groups and individuals in Muskegon were able to obtain charter service at affordable



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rates, without paying the minimum duration and deadhead charges required by most private operators.

Forty-seven percent of the charters performed were for community organizations and 49 percent were for private organizations and individuals. The private organizations and individuals all utilized the unique equipment provision of the local charter policy. Seventy-seven percent of all charters utilized the trolleys.

The demonstration provided customers the option to charter a trolley rather than a regular transit bus or an over-the-road coach. MATS' had identified an unmet need for charters using its trolleys in its proposal to M•DOT. Prior to the demonstration, MATS received and denied repeated requests to charter the trolleys.

The demonstration opened a new market in Muskegon which was not previously served by the private operators, chartering trolleys for wedding receptions. MATS provided 31 charters for wedding parties, 31 percent of its total charters. Each wedding charter utilized a trolley.

Only two of the charters were for MEGA, which MATS specifically targeted in the local charter policy. MEGA participated in the local advisory committee and emphasized that the ability to charter directly from MATS would enhance the conference offerings to prospective groups and would provide affordable charter options to the community at-large. MEGA indicated that the requirement in the local policy for MEGA to contact the four private operators prior to engaging MATS to provide charter service was cumbersome and did not allow groups to achieve the cost benefits of the public operator.

According to the customer surveys, five of the 17 respondents (29 percent) would not have called private operators for service. Only two of the 17 respondents called the private operators during the decision making process. The overwhelming reason for selecting MATS was the availability of the trolley. One of the

respondents indicated that the private operators were unavailable to provide the service. Two of the respondents indicated that cost was an issue in selecting the public operator.

### Impact on Private Operators

The charter demonstration did not adversely impact any of the private charter operators in the area. The private operators did not make data available to evaluate the impact of the demonstration on their charter business. The four willing and able private operators in the area have fleets of from 5 to 40 vehicles. MATS' average charter hours per month (15) and average monthly charter revenue (\$678) does not represent a significant portion of any of the private operators' business.

At the beginning of the demonstration, the private operators indicated that they were not concerned with MATS providing local charter service within its service area because the private operators' business was primarily longer distance charters. Further, the private operators stated that the type of charters performed by MATS (short distance, short duration) would not be profitable for the private operators. The private operators stated that it costs about \$250 to start a bus and therefore, they would not make money on two or three hour charters.

MATS did not implement a minimum duration for its charter service. The average length of MATS charters was four hours. However, several of the charters were multi-day or required more than one vehicle, including the two charters for the Ms. Michigan Pageant which accounted for 26 percent of MATS' total charter hours. Seventy percent of the charters were three hours or less.

The private operators were not concerned about MATS use of trolleys to provide charter service or provide service for weddings. The local charter policy protected the private operators by only allowing MATS to use its trolleys to provide service as long as a private operator did not obtain a trolley. During the demonstration,

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one of the private operators looked into acquiring a trolley, but determined that the revenue potential did not justify the expense.

### **Effectiveness of Local Decision Making Process**

The local advisory committee worked together effectively to establish the local charter policy for the demonstration. The local advisory committee members present at the final committee meeting on November 7, 1995, indicated that the charter demonstration was successful in Muskegon.

Although the committee only met once after establishing the local charter policy, the committee members agreed that the committee structure provided for open communication. Prior to the demonstration, the private operators and MATS had established a good relationship. The committee members stated that the level of trust remained strong during the demonstration.

However, the private operators remained skeptical of the transfer of this trust to other public entities. Several of the private operators had bad experiences with other public operators in the past. For example, the private operators indicated that they were particularly concerned that some public operators provided charters below cost for certain events, such as football games, which are profitable charters for the private operators. The private operators were concerned whether the public operators' main interest in the charter business was to serve unmet needs and improve the public perception of transit or to generate additional revenue.

During the demonstration, MATS only performed charters under the local charter policy. The private operators indicated that the provisions in the policy were acceptable and did not take away private operator business. The private operators also stated that the duration of most of the charters performed by MATS would not be profitable for the private operators to provide.

### **Next Steps**

At the final meeting on November 7, 1995, the Committee discussed several approaches for working together to meet the needs for local charter service in Muskegon.

The Committee discussed the possibility of developing a formal agreement under the existing charter regulations similar to the local charter policy of the demonstration. Both the public and private operators indicated their willingness to participate in a formal agreement. The representative from GRATA also indicated a willingness to establish a formal agreement with private operators in the Grand Rapids area.

However, under the existing charter regulations, a formal agreement can only be executed if all willing and able private operators agree. In Michigan, this exception is difficult to use because a licensed private operator can provide service anywhere in Michigan and could claim to be willing and able to provide service in Muskegon regardless of where the private operator was located. The Committee agreed that in order to make this exception work in Muskegon, the regulation allowing charter service under a formal agreement would have to include more specific guidelines regarding who is willing and able.

The Committee discussed the subcontracting exception under the existing regulations which permits the public operator to provide service under subcontract to a private operator to satisfy a capacity need or need for accessible equipment. The Committee agreed that this exception would not work in Michigan, because of the disparity in insurance requirements for private operators and public operators. The private operators are required to carry significantly more insurance than the public operators and subcontracting to the public operator would result in increased risk for the private operator.

Committee members agreed that charter service should not be a national policy; it should be decided at the local level by the public and

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private operators. The local committee structure during the demonstration worked and allowed the involved parties to design a policy appropriate to the area.

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### OVERVIEW

This section includes the demographic and economic background of the site, including a description of the public transit operator, Marquette County Transit Authority (MarqTran), and the private charter operators in the area.

### Demographic and Economic Background

Marquette County is the largest county in Michigan's Upper Peninsula and lies on the southern shore of Lake Superior. Marquette County is 184 miles from Green Bay, Wisconsin, 302 miles from Milwaukee, Wisconsin, and 435 miles from Lansing, Michigan.

Marquette County has the largest population of the 15 counties in the Upper Peninsula. According to the 1990 United States Census, the population of Marquette County is 70,887. The projected population for the year 2,000 is 76,890, an increase of 8.5 percent.

The median home value for Marquette County is \$37,800 (1980 census). The 1990 total employment in the county is 33,558. Nearly 68 percent of the people are employed in the government, services, and retail trade industries. The K.I. Sawyer Air Force Base, Marquette General Hospital, Cleveland Cliffs Iron Company, and Northern Michigan University are major employers in the area. The unemployment rate in 1992 was nine percent.

Greyhound Bus provides service to the county. American Eagle and Mesaba provide service via eight flights daily and Upper Peninsula Aero Inc. operates round trip flights to Lansing and Escanaba each weekday from Marquette County Airport. MarqTran operates the county-wide bus system.

Most of the attractions in Marquette, Michigan involve the outdoors. Its location on Lake Superior is ideal for fishing, sailing, swimming, hunting, and camping. In the winter, Marquette offers skiing and snowmobiling. Northern

Michigan University provides performing arts in the Forest Roberts Theater. Marquette County has 1,116 rooms in 37 hotels and motels.

### Public Transit Operator Background

Marquette County Transit Authority (MarqTran) operates the county-wide public transportation system. MarqTran has a fleet of 26 vehicles which includes one 41-passenger and four 33-passenger buses. Seventeen of the vehicles are lift equipped. MarqTran operates 18 vehicles in peak service, and annually operates over 813,000 miles and carries 295,000 passengers.

MarqTran has contracts with a local mental health center to transport individuals to the work center. This service requires three buses, each staffed with a driver and an aid and is technically open door.

MarqTran provides service to seniors and disabled persons through a state grant. MarqTran charges a small fare.

Prior to the implementation of the demonstration, MarqTran provided some charter service. MarqTran's internal charter policy required that MarqTran refer nearly all charters to private carriers. MarqTran could only respond to a charter request if the private operator could not provide the charter due to lack of available equipment.

### Private Charter Operators Background

Marquette does not have any private charter operators in the immediate area. The following operators perform some service in the Marquette County area:

- *White Pine Bus Service, Inc.* is located in Ironwood, Michigan, about 80 miles from Marquette.
- *Lamers Bus Lines*, is located in Green Bay, Wisconsin, at least 100 miles from the Marquette area. Lamers has a fleet of 60

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buses. Lamers occasionally provides charter service in the Marquette area.

- *M and M Coaches and Charter, Inc.* is located in Menominee, Michigan, more than 75 miles from Marquette.
- *Northland Coaches* is located in Niagara, Wisconsin, over 50 miles from the Marquette area.
- *Debby Tours* is a charter broker located in Ishpeming, Michigan, approximately 20 miles from Marquette.

### MARQTRAN'S DEMONSTRATION PROPOSAL

MarqTran's charter demonstration proposal to M•DOT identified the following types of local area charters that could be operated by MarqTran, the private operators, or a joint effort between MarqTran and the private operators:

- convention shuttles
- convention special events trips
- community events shuttles
- senior citizen trips
- transport of athletic teams
- tourist shuttles
- wedding party transportation
- handicapped groups
- economic development tours
- government officials tours
- hospital substance abuse units
- travel agent tours

MarqTran also identified potential out of area charter trips:

- motor coach tours
- senior citizen tours

- athletic teams
- handicapped groups
- tourist groups

In the demonstration proposal, MarqTran identified several benefits it hoped to achieve. MarqTran wanted to improve the charter regulations to balance the needs of community groups and resolve the issues related to the competition between publicly and privately funded organizations. MarqTran wanted to enhance their working relationship with the private operators and, as a result of an improved relationship with the private operators, attract motor coach tours to increase tourism for the Marquette area.

### LOCAL CHARTER DEMONSTRATION

M•DOT selected MarqTran as one of the four sites in Michigan to participate in the charter demonstration.

#### Development of Local Policy and Process

Although a licensed private operator can provide charter service anywhere within the state of Michigan, M•DOT limited the willing and able private operators for the demonstration in each area to those that had demonstrated a financial commitment to provide service in the area (i.e., those that advertised in the local telephone directory).

For the Marquette area, M•DOT identified the following willing and able private operators:

- Lamers Bus Lines
- M and M Coaches and Charter, Inc.
- Northland Coaches
- White Pine Bus Service, Inc.

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M•DOT sent a letter to each private operator introducing the charter demonstration and requesting their cooperation.

The private operators met with MarqTran on September 16, 1993, to discuss the demonstration. The group decided that the four private operators attending the meeting would serve on the local advisory committee.

### Marquette Local Advisory Committee

Company/Agency	Sector
MarqTran	Public
Elger County Transit	Public
Northland Coaches	Private
M and M Coaches and Charters	Private
White Pine Bus Service	Private
Lamers Bus Lines	Private
County Tourism Board	Public

During the meeting, the Committee discussed MarqTran's current internal charter policy. MarqTran stated that their policy is more stringent than the Federal regulations, as it requires referral of all general public charters to private operators. MarqTran can only provide the service if the private operators are unavailable to perform the charter.

MarqTran stated that it wanted to provide service only in its service area to meet the needs of Marquette County citizens. MarqTran wanted to provide service to senior citizen groups, persons with disabilities, governmental agencies, and other citizen groups which could not afford the service from a private operator. The private operators stated that their experience with senior citizen groups does not indicate an unmet need due to cost. MarqTran stated that they were sensitive to the issue that a publicly funded agency would compete unfairly with private operators. However, MarqTran indicated that it has the obligation to provide service to Marquette County citizens because it receives public funding.

The committee did not meet again until March 16, 1994. At that time, the Committee discussed MarqTran's proposed guidelines for the local charter policy. The private operators voiced their concern that the proposed guidelines were too liberal and favored the public operator. The private operators stated that they would lose a significant amount of business in and out of Marquette County with the proposed provisions. The Committee deleted one of the proposed guidelines which would have allowed MarqTran to charge 20 percent less than the charge quoted by the private operator. The committee defined small bus as a bus for a group of ten or fewer individuals. The committee stipulated that charters for community groups must be non-profit in nature.

The committee indicated a need to further discuss the proposed provisions allowing charters that are unscheduled or necessitate demand responsive service which cannot be provided by private operators without advance notice or a surcharge, as well as the provision permitting charters outside of Marquette County in the case of an emergency or for unique events. The committee did not reach an agreement on an official local charter policy and decided to defer further discussion to a subsequent meeting.

Due to the distance between the private operators, the committee had difficulty coordinating a follow-up meeting to finalize the charter policy provisions. FTA coordinated a conference call with the members of the committee on January 10, 1995, in which all but one committee member participated. The members discussed the exceptions regarding unscheduled and demand responsive service and charters outside of Marquette County. The committee decided upon a referral process in which the public operator would contact at least one of the private operators in the general vicinity of Marquette County for requests of unscheduled charter service (less than one hour notice). The committee also limited the service provided by

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small buses to groups of 16 or less when a wheelchair lift equipped bus is needed.

MarqTran agreed to incorporate the changes in the policy and send it to each committee member for a final review. Marquette's local charter policy was approved by the local advisory committee during the conference call.

### Marquette Local Charter Policy

Under the charter demonstration, MarqTran will be allowed to operate charters in accordance with the primary exceptions to the charter regulations, as well as the following:

- When a lift-equipped bus is needed for the charter, a small bus for a group of sixteen or less or a trolley
- When the charter is operated for a non-profit community event in Marquette County.
- For charters that are unscheduled following contact with a private operator to ensure no willing and able operator or necessitate demand-response service for a group of sixteen or less and cannot be operated by a private carrier without advance notice or without a surcharge.

### Implementation of the Demonstration

MarqTran initiated its local charter demonstration in January 1995. Due to the late start date, MarqTran's demonstration lasted only ten months. MarqTran provided its first charter under the demonstration in January, 1995.

MarqTran charged an average of \$36 per hour, with a minimum of 45 minutes as a set-up fee.

KPMG independently calculated MarqTran's fully allocated cost rate for FY94 and FY95 as \$32.90 and \$34.80, respectively.

MarqTran did not advertise for charter service in the telephone directory during the demonstration.

The local advisory committee did not meet during the demonstration period.

FTA met with MarqTran in Marquette on November 13, 1995, to discuss the impacts of the demonstration. Representatives from the private operators were unable to attend the meeting due to the distance from Marquette.

### EVALUATION ACTIVITIES

During the evaluation, FTA maintained contact with MarqTran regarding the status of the local decision making process. As noted above, FTA assisted MarqTran in the process by coordinating a conference call of Committee members on January 10, 1995. The Committee members finalized the local policy at that time.

Although MarqTran conducted charter service prior to the demonstration, MarqTran did not submit pre-demonstration data to FTA.

After the conclusion of the demonstration, MarqTran provided information on the charters performed during the demonstration, including:

- date
- customer name
- number of vehicles
- vehicle type
- miles
- passengers
- hours
- amount charged

FTA entered the data into a spreadsheet and summarized the number of charters, vehicles, total miles, total passengers, total hours, and total charges. FTA classified the charters by the customer and description into the following categories:

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- community
- university
- private
- private operator

FTA conducted telephone surveys of MarqTran's charter customers in order to obtain information about:

- the organizations and individuals requesting charters. FTA solicited information concerning
- charter service requested during the pre-demonstration and demonstration periods
- factors in selection of public operator versus private operators
- alternative option if public operator was not available to provide service

FTA attempted to contact four MarqTran charter customers, representing those charters performed during the demonstration for which contact information was available. Attempts do not include those telephone numbers which were no longer in service. FTA successfully completed surveys for two of the customers, representing a 50 percent response rate.

FTA met with MarqTran on November 13, 1995 to discuss the impact of the demonstration and the effectiveness of the committee structure. Although invited to participate, the private operators were unable to attend the meeting.

### DEMONSTRATION RESULTS

MarqTran's charter service is described in terms of the quantity of service, the groups served, and the consistency of service with the local charter policy.

#### MarqTran Demonstration Statistics

Total Charters	27
Total Hours	131
Total Revenue	\$4,345

#### Quantity of Service

As seen in Exhibit 10.1 MarqTran provided a small amount of charter service on a monthly basis during the demonstration.

**Exhibit 10.1**  
**Average Charter Service Per Month**

	Demonstration
Avg. Charters/Month	2.7
Avg. Hours/Month	13
Avg. Revenue/Month	\$435

MarqTran performed 27 charters, an average of nearly three trips per month. The average trip length was five hours. MarqTran operated an average of 13 hours of charter service per month and generated \$435 in charter revenue per month.

Although MarqTran did not submit data for the pre-demonstration, MarqTran indicated that it provided a comparable level of service to similar groups prior to the demonstration.

#### Groups Served

Exhibits 10.2 and 10.3 illustrate the distribution of charters and charter hours by groups served during the demonstration. MarqTran performed 19 charters (over 70 percent) and operated 104 hours of service (78 percent) for private groups and individuals. These groups included the Marquette County Luge Association, Michigan Licensed Beverage Association, Mesaba Airlines, and private weddings. MarqTran also provided three charter trips for local mine tours sponsored by various local organizations. MarqTran has provided this service for many years.

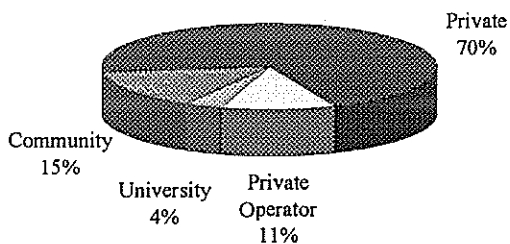


## 10. MARQUETTE, MICHIGAN

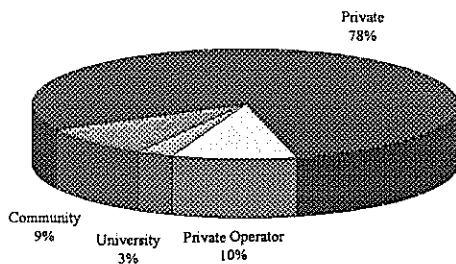
MarqTran provided three charters (11 percent) as a subcontractor to a private operator due to insufficient capacity. Two of the charters used trolleys owned by M•DOT on loan to MarqTran.

MarqTran provided four charters and 12 hours of service to community groups. The charters included two trips for senior health screening at a local hospital and two trips for local youth.

**Exhibit 10.2  
Demonstration - Charters by Groups Served**



**Exhibit 10.3  
Demonstration - Hours by Groups Served**



### Consistency with the Local Charter Policy

Seventeen of the charters (63 percent) performed by MarqTran during the demonstration correspond to one of the provisions set forth in the local charter policy. Ten of the charters (37 percent) performed by MarqTran do not correspond to the local charter policy, including charter service for weddings. Six of the 27 charters were for weddings, including two trips using trolleys which were on loan from MDOT during the summer.

Marquette Charter Demonstration Policy	Charters within Scope
Lift-equipped bus, a small bus for a group of 16 or less, or a trolley	6
Non-profit community event in Marquette County	10
Unscheduled charters following contact with a private operator to ensure no willing and able operator or which necessitate demand-response service for a group of 16 or less and cannot be operated by a private carrier without advance notice or without a surcharge	1

### FINDINGS AND CONCLUSIONS

Based on the charter information provided by the MarqTran for the demonstration, the results of the customer surveys, and discussions with MarqTran and the private operators, FTA compiled the following findings and conclusions. This section focuses on:

- impact on the public operator
- impact on customers
- impact on private operators
- effectiveness of the local decision making process
- next steps

#### Impact on the Public Operator

The charter demonstration did not have a significant impact on MarqTran's operations.

Prior to the demonstration, MarqTran provided charter service in accordance with its internal charter policy. MarqTran only provided charter service when the private operators could not provide the service due to lack of equipment. MarqTran provided service to member

## 10. MARQUETTE, MICHIGAN

governments and non-profits organizations under its internal charter policy.

MarqTran did not provide data to FTA on its charter service prior to the demonstration. However, MarqTran indicated that the level of service during the demonstration was comparable to the level of service prior to the demonstration.

In the ten month demonstration period, MarqTran provided 27 charters, 131 hours, and generated revenues of \$4,345. The charter service results in an average of nearly three trips, 13 hours, and \$435 per month.

For FY95, MarqTran earned revenues of \$2,363 representing less than one percent of their total operating budget of \$1,568,280. During FY95, MarqTran provided 69 hours of charter service, representing less than one percent of total revenue hours of 45,038.

MarqTran provided six charters for wedding parties. Only two of the charters utilized the trolleys which MarqTran had on loan from MDOT. The other four wedding charters used buses. MarqTran noted that the number of wedding charters would be higher if MarqTran had a trolley.

### Impact on Customers

The demonstration in Marquette County did not significantly impact charter customers. As noted previously, the charter service provided by MarqTran during the demonstration was comparable to its service prior to the demonstration in terms of quantity of service and the groups served.

Prior to the demonstration, MarqTran sometimes worked directly for the Convention and Visitors Bureau. The Society of Independent Foresters recently had its annual convention in Marquette, and MarqTran performed some of the service. MarqTran cooperated with the private operators and other public operators in order to provide the

service. In this instance, the private operators directly billed the customers rather than subcontracting to MarqTran. During the demonstration, MarqTran did not provide any charter service for the Convention and Visitors Bureau.

MarqTran's local charter policy stated that they were interested in providing charter service to non-profit community events. However, the private operators indicated that in their experience, the area did not have groups with unmet needs because they could not afford the private operator service. During the demonstration, MarqTran provided a limited amount of service to community and university groups, 19 percent of all charters performed and 12 percent of total charter hours.

### Impact on Private Operators

The demonstration did not have a significant impact on the private operators. All of the private operators are located at least 50 miles from Marquette.

Prior to the implementation of the demonstration, MarqTran provided some charter service. MarqTran's internal charter policy required that MarqTran refer nearly all charters to private carriers. MarqTran could only respond to a charter request if the private operator could not provide the charter due to lack of available equipment.

Prior to the demonstration, MarqTran indicated that they did not have any problems with the private operators. MarqTran referred numerous charters to the private carriers, and occasionally provided charters on a subcontract basis. MarqTran primarily made referrals to Debbi Tours and White Pine Transit. MarqTran hired White Pine Transit to perform the bulk of service for the Michigan Municipal League Convention in 1989.

## 10. MARQUETTE, MICHIGAN

MarqTran's total revenue earned (\$4,345) and charter service hours (131) over the ten month demonstration period does not represent a significant portion of any of the private operator's business. As a result, individual private operators did not experience a significant impact as a result of the charters provided during the demonstration. This does not imply that some of the charters could not be performed by the private operators.

MarqTran also provided service under a subcontract with private operators. MarqTran subcontracted with private operators for three charters and a total of 13 hours, representing approximately 11 percent of the total charters performed.

Both respondents to the customer survey indicated that they called the private operators before contracting with the public operator. According to the respondents, they only use the public operator when the private operators are unavailable.

### **Effectiveness of the Local Decision Making Process**

Although, the local advisory committee was formed in September 1993, the committee did not approve a local charter policy until January 1995. Members of the committee were either located outside the state or a significant distance from Marquette, making it difficult to convene meetings. As a result, the demonstration did not start until January 1995, resulting in only ten months of service for the demonstration.

The committee worked together to develop a policy that addressed the concerns of all parties. During the development of the local charter policy, the private operators were concerned because MarqTran proposed a provision that would have allowed MarqTran to charge 20 percent less than the private operator. After discussions, MarqTran agreed to delete that provision from the charter policy.

### **Next Steps**

As a result of the demonstration, the committee has opened communication; however, the private operators that serve Marquette are not located in the county. Since the Upper Peninsula is located far from other areas within the state, it is difficult for MarqTran to meet with the private operators.

One of the charter brokers in Marquette County requested that quality be a factor in determining whether or not the public operator can perform a charter. The charter broker complained about poor service by a private operator. MarqTran expressed interest in pursuing the possibility of providing charter service based upon quality factors.

MarqTran, as a non-urbanized area, is eligible to apply for a hardship exception due to minimum duration requirements or distance between charter origin and operator location from the FTA Administrator under Exception 3 of the current Federal charter requirements detailed in 49 CFR Part 604.

## 11. FINDINGS AND RECOMMENDATIONS

### DEMOGRAPHICS AND ECONOMICS OF DEMONSTRATION SITES

Consistent with FTA's final rule implementing the charter demonstration, FTA selected the demonstration sites to include public transit agencies in rural and urbanized areas of various sizes. Exhibit 11.1 shows the population of the demonstration sites, based on the 1990 census, and the fleet size of the public agency in each site.

The populations range from approximately 55,000 to 2,500,000. For the evaluation of the local demonstrations, the demonstration sites and respective public transit agencies are grouped as follows:

- large urbanized area with a metropolitan area population of over 2.5 million:
  - St. Louis, Missouri; Bi-State
- medium sized cities with populations between 200,000 and 500,000:

- Oklahoma City, Oklahoma; COTPA
- Lansing, Michigan; CATA
- Monterey, California; MST

- small urbanized areas with populations between 100,000 and 200,000:

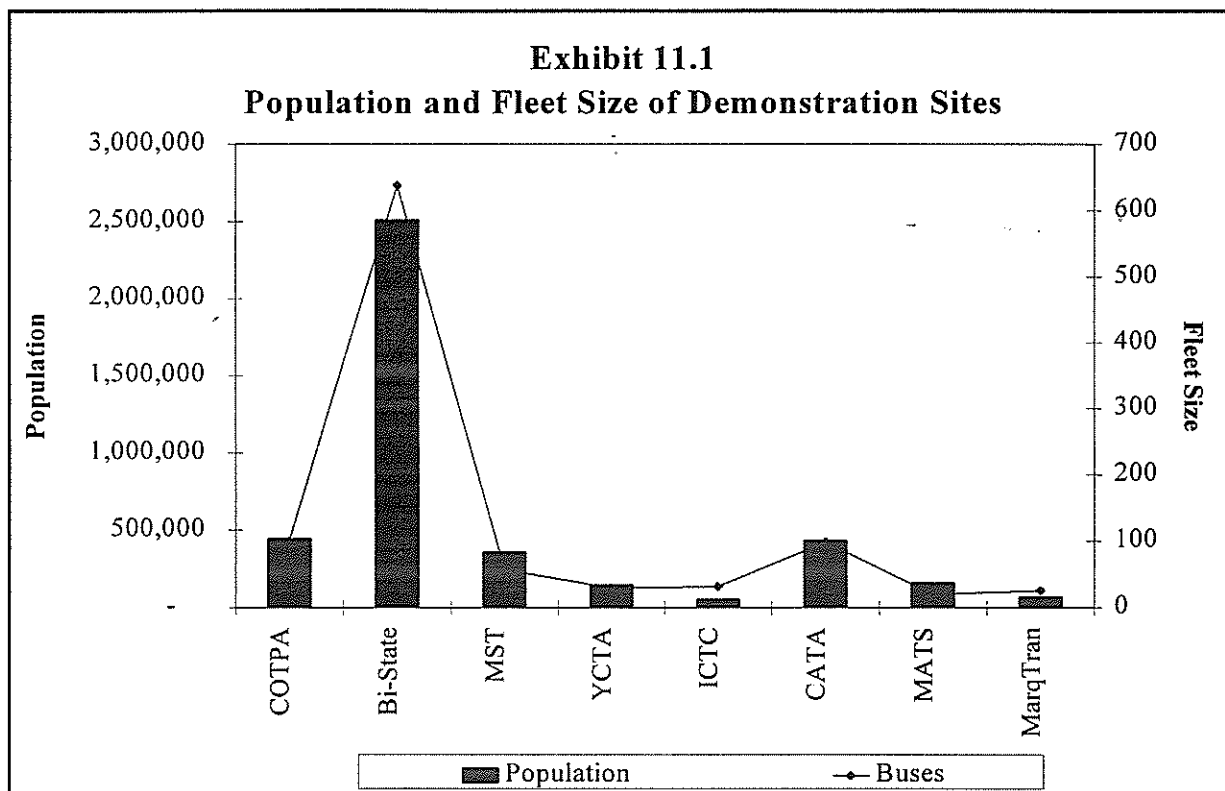
- Yolo County, California; YCTA
- Muskegon, Michigan; MATS

- rural areas with populations less than 100,000:

- Isabella County, Michigan; ICTC
- Marquette, Michigan; MarqTran

All of the public transit operators provide fixed route and demand response service. Bi-State is the only public operator which operates rail service. Bi-State completed the first stage of its light rail system and began operating light rail service during the demonstration.

The bus fleet sizes of the public operators generally correspond to the area population. Bi-State has the largest fleet and the rural



## 11. FINDINGS AND RECOMMENDATIONS

operators, ICTC and MarqTran, have the smallest fleets.

Population is not the primary determinant of charter service needs in each area. The type of service needs identified by the public operator, as well as the actual service provided prior to and during the demonstration, varied by demonstration site. It reflected the specific local conditions with respect to:

- the availability of private operators in the area
- the convention and tourism business in the area
- the nature and size of local community events
- proximity to other metropolitan areas and attractions

Marquette, a non-urbanized area, does not have any private operators located within 80 miles. The other non-urbanized area, Isabella County, has only one private operator in the area which moved its operation to Mt. Pleasant in Isabella County during the demonstration. This private operator primarily provides Head Start service and has one small bus which may be available on weekends and evenings. Muskegon does not have any private charter operators located within 30 miles. While there are no private operators located in Yolo County, the county is adjacent to a large metropolitan area, Sacramento, which is served by numerous private operators.

Lansing and Oklahoma City are state capitals. As such, they have a larger government workforce and more government-related transportation requirements than the other sites.

St. Louis and Oklahoma City have facilities and accommodations for convention groups. St. Louis has a new convention center with capacity for more than 30,000 people in 80 meeting rooms. The TWA Dome Stadium was

completed in 1995. The stadium, with a capacity for 70,000, significantly increased the convention capacity in St. Louis.

Oklahoma City's Myriad Convention Center is a multi-purpose sports, convention, and entertainment center with a 16,000 seat arena. The Civic Center Music Hall seats 3,200 and the Oklahoma City Fairgrounds have banquet rooms for 5,000. The Convention and Visitors' Bureau indicated that Oklahoma City hosts approximately 400 meetings annually.

Other demonstration sites have meeting space and hotels to serve smaller groups.

Several of the sites are home to recurring community events requiring charter service. For example:

- Monterey hosts the AT&T golf tournament and the Big Sur Marathon annually.
- Muskegon is the site of the annual Ms. Michigan Pageant.
- Isabella County holds the Michigan Special Olympics and Wheatland Music Festival each summer.

### DEMONSTRATION PROPOSALS

COTPA, Bi-State, MST, and YCTA submitted proposals directly to FTA to participate in the demonstration. M•DOT also submitted a proposal directly to FTA for four unnamed sites in Michigan. Public transit operators in Michigan submitted proposals to M•DOT. M•DOT selected two transit operators in rural areas, MarqTran and ICTC, and two urbanized area operators, CATA and MATS, to participate in the demonstration in Michigan.

As seen in Exhibit 11.2, most of the proposals identified the need to serve member government entities. In particular, M•DOT and the local Michigan public operators stressed the importance of being able to serve the member government entities that funded the public

## 11. FINDINGS AND RECOMMENDATIONS

### Exhibit 11.2 Groups Identified With Unmet Needs in Demonstration Proposals

	COTPA	Bi-State	MST	YCTA	ICTC	CATA	MATS	Marq Tran
Seniors				■	■			■
Persons with Disabilities		■			■			■
Government	■		■	■		■	■	■
Financially Unable					■			■
Economic Advancement		■				■	■	
Community, Civic	■						■	
Requesting Unique Equipment						■	■	
Youth Groups					■			
Chambers	■			■				
Associations	■							
Non-Profits	■		■	■				
Universities				■				

transit operator through local property tax millages.

Many of the proposals also identified the need to serve local economic development agencies and groups to support economic development in the area. The public operators believed this would benefit the community as a whole, as well as the public and private charter operators in the area.

Bi-State specified the need to serve large convention groups that it believed were not being adequately served by the private operators. Bi-State stressed the need not only for the equipment to transport large numbers of convention participants, but also the ability to route and schedule the vehicles efficiently and to provide appropriate on-street supervision for large movements.

Several proposals also indicated a desire to serve groups requesting unique equipment. The definition of unique equipment varied by site. Generally, it included accessible vehicles which were not available from the private charter operators. It also included rubber tired trolleys, electric buses, and other types of special vehicles which the public operators owned.

#### LOCAL ADVISORY COMMITTEES

Each demonstration site established a local advisory committee in accordance with the regulations implementing the demonstration. The committees generally comprised 4 to 6 members, equally representing public and private sectors. Several sites included a neutral party on the local advisory committee, such as a chamber of commerce or the MPO.

COTPA utilized the existing Private Operators Coordinating Committee of the metropolitan planning organization. In some cases, private operators selected representatives for the committee; in other cases, the public operator selected committee members.

M•DOT served as the advisory board for the demonstration sites in the state of Michigan. In each of the other demonstration sites, the metropolitan planning organization served as the advisory board. The implementing regulation identified the role of the advisory board to resolve issues that could not be unanimously agreed to at the local advisory committee level. The advisory boards approved the appointment of the local advisory committee in each site.

## 11. FINDINGS AND RECOMMENDATIONS

All of the local committees established policies that allowed the public transit operator to provide charters according to broad categories of customers or types of service. Most of the committees initially debated the issue of whether to review exceptions on a case-by-case basis or to approve broad categories of allowable service. Committees generally agreed that it would be too time consuming to review requests for exceptions on a case-by-case basis. The private operators agreed to relinquish the control associated with case by case review, but requested the public operator to keep them informed throughout the demonstration.

All of the committees reached agreement on the general types of charters the public operator could provide during the demonstration. Some worked effectively together to modify the public operator's proposal to meet public and private concerns. In some cases, definitions were clarified and controls were established to protect the private operators. For example, in Lansing, the committee agreed to permit CATA to provide charter service with its trolleys, provided a four hour minimum was applied in order to make the cost of the charter more comparable to the private operators' charges.

In St. Louis, only two of the six committee members, one private and one public, attended the meeting in which the local charter policy was adopted. In Marquette, the committee meeting was held via teleconference due to the difficulty in getting the committee members together.

Some of the private operators agreed reluctantly to the public operator's proposal. The private operators in Monterey, for example, felt they did not have a choice on the unique equipment provision.

In Oklahoma City, COTPA presented its policy to the Private Operators Coordinating Committee as having two components:

1. charters that were permitted under the demonstration, including: governmental entities and agencies, associations, non-profit organizations, and requests by the Convention and Visitors Bureaus to provide transit services for convention-related business within the metropolitan area
2. exceptions that would be decided by a subcommittee of the Private Operators Coordinating Committee, based on evaluation of cost, equipment uniqueness, and service nature

COTPA operated under the first component of the local policy and did not convene the subcommittee to evaluate other exceptions.

In each demonstration site, the local advisory committees unanimously approved the charter policies, as modified through the committee process. In no case was the advisory board required to make a decision on an exception that was not unanimously agreed to by the local advisory committee. The advisory board in each demonstration site approved the local charter policy adopted by the local advisory committee.

The committees generally did not meet during the demonstration after establishing the local charter policy. Most public operators provided data to the committee members on the charters provided during the demonstration. Where this did not occur, committee members expressed concern that they could not assess the impact of the demonstration on their business.

Committee members in most demonstration sites indicated that the local committee structure enhanced the relationship between the public and private operator, building trust and confidence in each other. However, private operators adamantly stated that the relationship and trust would not transfer to other public operators or necessarily to the local public operator under different circumstances. Where the public operator did not keep committee members informed about its charter activities

## 11. FINDINGS AND RECOMMENDATIONS

during the demonstration, the relationship between the public and private operators deteriorated.

### LOCAL CHARTER POLICIES

In each demonstration site, the local committees agreed to broad categories of customers that the public operator could serve during the demonstration. Several of the committees debated in the initial meetings whether to permit broad categories or to review exceptions on a case-by-case basis. Generally, committee members agreed that the process of reviewing each charter request to determine whether the public operator could provide the service was cumbersome and did not serve the customer well. In Monterey, the private operators were particularly reluctant to establish broad categories, but agreed to do so.

Exhibit 11.3 presents the categories of customers and types of charters permitted under

each local demonstration. As the exhibit shows, the local charter policies focused on the following groups and types of charters:

- member governments
- economic development groups and chambers of commerce
- convention related charters
- community organizations and events
- charters with unique equipment
- charters for private individuals and organizations through a referral process

Six of the eight local policies included a provision allowing the public operator to serve government entities. The ability to serve member governments was a particular concern for the sites in Michigan. M•DOT and the public operators in each of the four Michigan sites stressed the importance of providing service to the member governments which

**Exhibit 11.3**  
**Groups Identified in Local Charter Policies**

	COTPA	Bi-State	MST	YCTA	ICTC	CATA	MATS	Marq Tran
Member Governments			■	■	■	■	■	
Other Government	■			■				
Seniors/Disabled			■	■				
Non-Profit/Community	■			■	■		■	■
Economic Advancement						■	■	
Convention & Visitors Bureau	■					■	■	
Chambers of Commerce				■			■	
Unique/Special Equipment		■	■	■	■	■	■	■
Emergency			■	■		■		
Private Groups (Referral)			■	■	■			■
Private Groups (No Referral)			■		■			
Referral from Charter Co.'s			■	■				
Insufficient Capacity								
Convention < 10 veh (Referral)		■						
Large movements (> 11 veh)		■						



## 11. FINDINGS AND RECOMMENDATIONS

supported the local transit authority. While MarqTran identified the local governments as a group whose needs were not adequately met in its proposal to M•DOT, the local policy did not include a provision for serving government entities.

Four agencies - COTPA, CATA, MATS, and YCTA - included provisions for serving economic development organizations. The organizations included convention and visitors bureaus, chambers of commerce, and economic development agencies. COTPA's general policy included a provision to serve requests received by the Convention and Visitors Bureau to provide transit services for convention-related business within the metropolitan area.

Bi-State's policy did not specifically have a provision for serving the Convention and Visitors Bureau. However, the policy included a provision for serving large convention-related movements (11 or more vehicles) and for serving convention groups using less than 10 vehicles after the requester attempted to obtain service from private operators. Bi-State's policy emphasized the importance of this service for the local convention business and local economy.

Both CATA's and MATS' local charter policies required a referral process for serving charter requests by the Convention and Visitors Bureau. In each site, the Convention and Visitors Bureau had to contact the willing and able private operators in the area (five in Muskegon, nine in Lansing) before MATS or CATA could provide the service.

Five of the local policies included provisions for serving non-profit organizations and community groups and events.

MST's and YCTA's policies included provisions to serve groups of seniors and persons with disabilities.

Seven of the eight policies included a provision for charter service using unique or special equipment. COTPA's policy identified unique equipment as one of the criteria on which the subcommittee of the POCC would evaluate requests for exceptions to its general policy. However, the subcommittee did not convene to consider such exceptions.

All of the public operators have accessible vehicles, which are generally included in the unique equipment provision. YCTA's provision is for accessible vehicles only. Bi-State's unique equipment provision permitted it to serve persons with disabilities.

The four public operators in Michigan and COTPA have one or more rubber tired trolleys:

- CATA acquired three trolleys several months after the demonstration began in Lansing. CATA uses the trolleys in a summer shuttle service and downtown circulator service.
- ICTC has one trolley which it uses only for charters and special service, not in regular route service.
- MATS has one trolley which it uses on a downtown circulator route and plans to use on a summer tourist route.
- COTPA has six trolleys, four located in Norman at the University and two located in Oklahoma City. COTPA uses the trolleys in shuttle service at the University in Norman.
- MarqTran has access to a trolley from M•DOT, which it shares with other public operators.

YCTA has four compressed natural gas (CNG) vehicles, as well as several buses with bathrooms. YCTA's local policy permitted it to provide service with the CNG buses; the buses with bathrooms could be used only if the bathrooms were sealed off for the trip. In Monterey, MST has a variety of unique equipment which it included in its provision, including an electric bus, a WAVE bus which is

## 11. FINDINGS AND RECOMMENDATIONS

painted with a wave design and is used in regular service along the waterfront, and an historic vehicle.

Under the unique equipment provisions, the public operators are not restricted to serving specific groups or trip purposes. The public operators may provide charter service to any group or individual requesting a special vehicle.

Four local policies included referral processes which permitted the public operator to provide service to private groups and individuals after referring the customer to the private operators. In MST's and YCTA's local policies, the public operator could provide service to private groups and individuals if the private operators were not available as determined through the referral process. The policies required MST and YCTA to provide a list of the private operators in the area to the requesting party. MST had to fax the request for service to the four primary private operators in the area. These private operators would then forward the request to other small operators. The policy specified timeframes for the private operators to respond if they were interested in providing the service. MST's policy allowed MST to provide service to any group requesting service less than six hours in advance of the start time without going through the referral process. YCTA's policy required the customer to sign a charter service form verifying that it had received the referral list of private operators from YCTA.

ICTC's policy permitted it to provide service to private groups and individuals if the price of the charter was less than \$150. ICTC could only provide charter service to private groups and individuals for movements expected to exceed \$150 after the charter was offered to and refused by or ignored by the private operators. The customer was responsible for providing evidence that the private operators declined to provide the service.

MarqTran's policy required it to contact at least one of the private operators in the general

vicinity of Marquette County prior to providing unscheduled charter service, i.e., requests with less than one hour notice.

As noted above, Bi-State's, MATS', and CATA's policies also included referral provisions, but not for private groups and individuals. Bi-State's policy required a referral process for convention-related charters utilizing 10 or fewer vehicles. Bi-State did not implement a formal referral process and did not track referrals made. Bi-State indicated that it referred parties requesting charter service to the listing of providers in the telephone directory. Bi-State did not implement procedures to ensure that customers referred to the private operators actually contacted them. CATA's and MATS' policies permitted them to serve the Convention and Visitors Bureau after referring the request to private operators. None of these policies specified formal procedures for the referrals.

Bi-State's and CATA's local policies specified minimum durations for some or all types of charter service under the policy. Bi-State's policy required a minimum duration of 4 hours for any service. CATA's policy required a minimum duration of 4 hours for chartering the trolleys under the unique equipment provision. The requirement was added to the policy on the insistence of the private operator members of the local advisory committee. The minimum was implemented to make the cost of chartering a trolley from CATA more comparable to the cost of chartering an over the road coach from the private operators. The private operators felt that the trolleys presented the greatest competition to their own vehicles.

In addition to referral and minimum duration requirements, several policies included other requirements to protect the private operators' business, particularly with the use of unique equipment by the public operator. YCTA has several vehicles in its fleet that have bathrooms. The local policy prohibited YCTA from using these vehicles in charter service unless the bathrooms were sealed off and not used for the

## 11. FINDINGS AND RECOMMENDATIONS

charter. The policy permitted the committee to make exceptions. CATA's and MATS' policies required a referral process to be implemented if any private operator in the area obtained a trolley.

YCTA's policy specified that its hourly charter rates could not be less than the average of the three lowest charter rates established by the Yolo area private charter operators for similar sized buses. The policy permitted YCTA to establish different minimum duration requirements, however.

The intent of the demonstration, as stated in the ISTEA mandate was to serve "government, civic, charitable, and other community activities which would otherwise not be served in a cost effective and efficient manner". The local policies adopted went beyond the ISTEA mandate in implementing unique equipment provisions which permitted private groups and organizations to charter service from the public operators.

### DEMONSTRATION IMPLEMENTATION

Following the approval of local charter policies, the public operators determined hourly rates, minimum durations, and marketing strategies.

Prior to the demonstration, from 1993 through July 1995, COTPA charged governmental entities \$40 per hour and all other groups \$50 per hour on weekdays and \$65 per hour on weekends. After July 1995, COTPA implemented the following charter rate structure:

- governmental entities: \$45 weekdays and \$60 weekends
- all other groups:
  - \$55 weekdays and \$70 weekends for buses
  - \$70 weekdays and \$85 weekends for trolley buses

COTPA implemented a two hour minimum charge for all charter service.

Bi-State had the following charter rates in effect during the demonstration:

- \$57.50 for bus
- \$41.00 for paratransit

Bi-State increased its charter rate per hour to \$61 during FY95. Bi-State calculates its fully allocated cost each fiscal year and adjusts its charges accordingly. Bi-State charged \$52 per hour in FY93, \$53 per hour in FY94, \$57.50 per hour in FY 95, and \$61 per hour in FY96. Bi-State's local charter policy implemented a four hour minimum for charter service.

MST charged \$48 per hour for charter service. Charter service was available every day during non-peak hours.

According to the local policy, YCTA's hourly charter rates could not be less than the average of the three lowest charter rates established by the Yolo-area charter companies for similar-size buses. YCTA charged an average of \$58 per hour for charter service during the demonstration. YCTA required a two hour minimum for charter service.

ICTC determined its fully-allocated cost for FY94 to be \$41.71. ICTC generally charged \$55 per hour for charters using the trolley. ICTC implemented a two hour minimum for chartering the trolley. ICTC charged \$50 for the first hour and \$45 for each subsequent hour for chartering a bus.

CATA increased its charge per hour from \$60 during the pre-demonstration to \$82.12 during the demonstration, its fully allocated cost. CATA charged its member governments a reduced rate of \$44.75 during the demonstration. CATA also implemented a four hour minimum for charters utilizing the trolley, as required in its local charter policy.

## 11. FINDINGS AND RECOMMENDATIONS

MATS calculated its fully-allocated cost based on the FY92 audit to be \$43.98 per hour. MATS charged \$45 per hour for charter service. MATS did not implement a minimum duration for its charter service.

Due to the distance of the private operators, the Marquette local advisory committee did not reach consensus on their local charter policy until January, 1995. As a result, MarqTran's demonstration lasted only ten months. MarqTran charged an average of \$36 per hour, with a minimum of 45 minutes as a set-up fee.

CATA actively promoted its availability to provide charter service. In December 1993, CATA notified the major organizations that could be served under the local charter policy. CATA sent letters and a charter service information sheet to the following organizations:

- CATA member governments (mayors of Lansing and East Lansing, Ingham County Board of Commissioners, and Charter Townships of Delhi, Meridian, and Lansing)
- Greater Lansing Convention and Visitors Bureau (GLCVB)
- Lansing Regional Chamber of Commerce (LRCC)
- Lansing Economic Development Corporation (LEDC)

CATA tailored the information sheets to the specific group and incorporated the specific charter purposes, rates, and other restrictions of the local charter policy applicable to each group. In addition, CATA met with the GLCVB, LRCC, and LEDC to discuss charter opportunities.

CATA further promoted the availability of charter service as part of the promotion of the three new American Heritage trolleys. CATA obtained the first two trolleys in January 1994 and held a dedication ceremony on January 24,

1994. The Vice Chair of the CATA Board, in his speech at the dedication news conference, indicated that CATA was participating in the FTA charter demonstration and that CATA could offer the trolleys to the general public for charter purposes. The speech also indicated that the trolleys were not available from the private charter companies.

The trolley launch campaign included billboards, newspaper advertisements, bus posters, and miscellaneous print ads. All of the promotional materials, except the billboard, advertised the availability of the trolleys for charter service.

CATA prepared a Trolley Charter Services information sheet which it mailed to over 2,000 members of the Lansing Regional Chamber of Commerce. CATA developed a glossy CATA Trolley Charter Services fact sheet which it distributed through CATA Customer Service and at more than 20 special events.

COTPA did not advertise its availability to provide charter service or solicit business during the demonstration. However, the Convention and Visitors Bureau was aware of COTPA's charter service and referred potential customers to COTPA.

Bi-State did not formally advertise its availability to provide charter service under the demonstration. Bi-State did, however, give a formal presentation to the Convention and Visitors Bureau on the availability of charter service, as well as on the programs and service offered by Bi-State.

Once the demonstration was extended through October 31, 1995, MST advertised in the telephone directory and directly to local non-profit organizations. MST distributed a pamphlet stating that they were available to provide charter service.

YCTA issued a press release announcing its ability to operate charter service. YCTA

## 11. FINDINGS AND RECOMMENDATIONS

advertised its ability to provide charter service in the local telephone listing.

ICTC did not conduct any direct advertising of its charter service. ICTC advertised the availability of the trolleys for charters for special events or weddings in its brochure which included Dial-A-Ride tips, as well as fare information and hours.

MATS did not publicly advertise its availability to provide charter service. MATS did, however, notify specific agencies that could charter service from MATS under the local charter policy.

MarqTran did not advertise for charter service in the telephone directory during the demonstration.

### CHARTER SERVICE PROVIDED

The public operators in the eight demonstration sites provided a total of 834 charters during the demonstration, an average of 34 charters per month. This represents an increase of 79 percent over the average charters per month for the four public operators providing service prior to the demonstration - COTPA, Bi-State, ICTC, and CATA. MarqTran also provided service prior to the demonstration but did not provide data for comparison. The increase in the charters per month is equally attributed to the increase in service of the four public operators which provided charter service prior to the demonstration (19 to 26 charters per month) and to the four public operators that did not provide charter service prior to the demonstration (none to eight charters per month).

As seen in Exhibit 11.4, the average charter hours per month increased 39 percent from 258 hours during the pre-demonstration to 359 hours during the demonstration. The smaller increase in charter hours per month results from the reduction in the average length of the charters from 16 hours during the pre-demonstration to 11 hours during the demonstration. Both COTPA and Bi-State, the public operators providing the majority of the service, experienced significant reductions in the average duration of their charters, 35 percent and 63 percent, respectively.

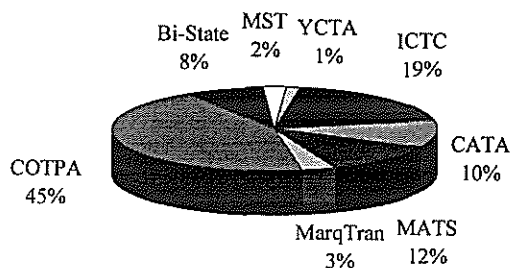
The total charter revenue earned by the public operators during the demonstration was \$497,911. Average revenue per month increased 107 percent from \$10,075 during the pre-demonstration to \$20,855 during the demonstration. The increase in charter revenue per month reflects the increase in the hours of charter service provided, as well as higher charter rates implemented by the public operators during the demonstration.

As illustrated in Exhibits 11.5 and 11.6, COTPA and Bi-State together account for 53 percent of the total charters and 75 percent of the total charter hours during the demonstration. COTPA performed 45 percent of the charters and 42 percent of the charter hours during the demonstration. Although Bi-State provided a relatively small number of charters during the demonstration (65 charters or eight percent), many of the charters were large movements. Bi-State provided over 33 percent of the total charter hours for all sites during the demonstration. ICTC, a rural operator, performed 19 percent of the charters and nine percent of the charter hours during the demonstration.

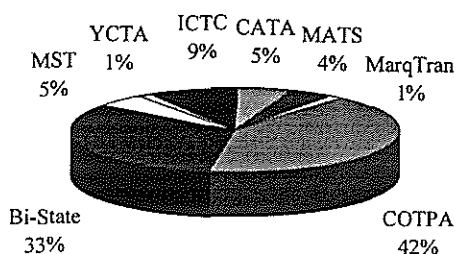
Exhibit 11.4 Average Monthly Charter Service		
	Pre-Demo	Demo
Trips/Month	19	34
Hours/Month	258	359
Revenue/Month	\$10,075	\$20,855

## 11. FINDINGS AND RECOMMENDATIONS

**Exhibit 11.5**  
**Charters by Demonstration Site**



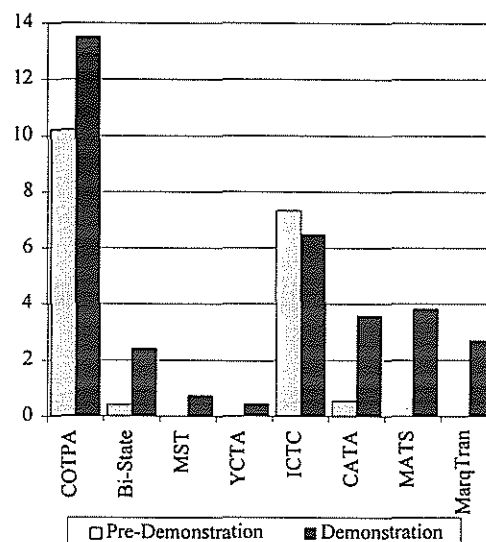
**Exhibit 11.6**  
**Charter Hours by Demonstration Site**



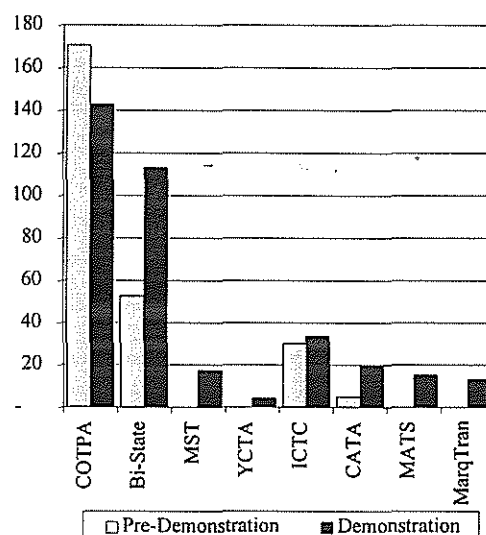
CATA, MarqTran, MST, YCTA, and MATS each contributed a small percentage of the total charters (one to 12 percent) and charter hours (five percent or less each) during the demonstration.

Exhibits 11.7 and 11.8 illustrate the average number of charters per month and the average charter hours per month of each public operator during the pre-demonstration and demonstration. COTPA provided a significant amount of charter service prior to the demonstration, approximately 10 charters per month. COTPA's service increased 32 percent during the demonstration to nearly 14 charters per month. However, COTPA's average charter hours per month decreased 16 percent from 171 hours during the pre-demonstration to 143 during the demonstration.

**Exhibit 11.7**  
**Average Charters per Month by Demonstration Site**

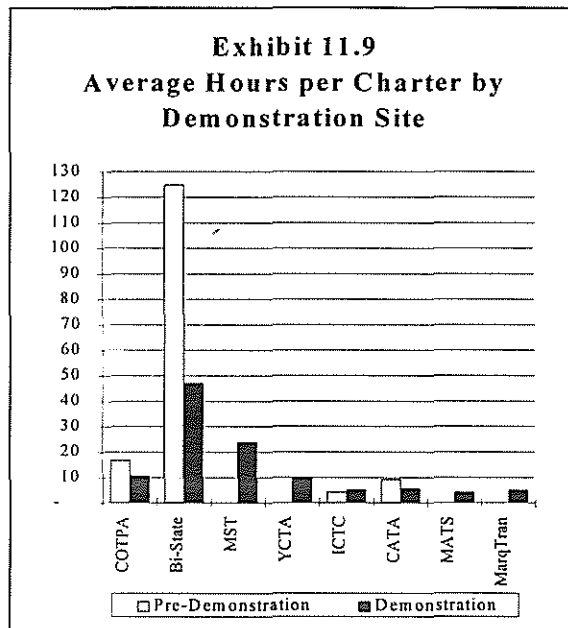


**Exhibit 11.8**  
**Average Charter Hours per Month by Demonstration Site**



## 11. FINDINGS AND RECOMMENDATIONS

As illustrated in Exhibit 11.9, the average duration of COTPA's charters decreased 35 percent from 17 to 11 hours during the demonstration. COTPA provided large charter movements during both the pre-demonstration and demonstration. However, COTPA provided larger and longer charters prior to the demonstration than during the demonstration. COTPA provided a very large charter movement for the Oklahoma City Convention and Visitors Bureau in September 1992 (prior to demonstration), which utilized an average of 26 vehicles per day over a four day period and accounted for approximately 15 percent of COTPA's charter hours during the pre-demonstration. COTPA operated two large charters for the All Sports Association, providing about 600 hours of service, 18 percent of COTPA's total hours of charter service during the pre-demonstration. COTPA also provided charter service to the Cavalry basketball and the 89ers baseball teams. While these charters involved only one or two vehicles per day, they operated over 100 days and, with over 350 hours of service, accounted for 11 percent of COTPA's charter hours during the pre-demonstration.



During the demonstration, COTPA provided several charters requiring more than 10 vehicles per day. COTPA provided a large charter movement for one of the private operators in the area, which utilized about four vehicles per day over a 23 day period.

COTPA continued to serve the sports teams and All Sports Association during the demonstration. The movements were smaller than during the pre-demonstration, however. COTPA also provided large charter movements for the Baptist Medical Center during both the pre-demonstration and demonstration.

Bi-State's average charters per month increased more than 400 percent during the demonstration, but average charter hours per month increased only 113 percent. The smaller increase in charter hours per month is due to the significant decrease in the average duration of Bi-State's charters during the demonstration, 63 percent from 125 hours per trip to 47 hours per trip. Bi-State provided the largest charters of any of the public operators during the pre-demonstration and demonstration. During the demonstration, Bi-State operated an average of 7 vehicles and 47 hours per charter. Bi-State performed only eight charters during its pre-demonstration. Most of the charters were multi-day, multi-vehicle movements, with an average of 19 vehicles and 125 hours per charter.

Bi-State provided service for the North American Christian Convention in the summer of 1993. Bi-State operated an average of 16 vehicles per day over a four day period and earned over \$25,000, almost half of its total charter revenue during the pre-demonstration. Bi-State continued to provide many multi-day, multi-vehicle charters during the demonstration (though not of same magnitude as in the pre-demonstration), but also provided a significant number of shorter duration charters which decreased the average hours per charter to 47 hours. Bi-State also provided a significant amount of free service to its government entities on numerous occasions prior to and during the

## 11. FINDINGS AND RECOMMENDATIONS

demonstration. Bi-State did not recognize this service as charter and did not provide information on the service.

ICTC's charter service did not change significantly during the demonstration. ICTC provided an average of about seven charters per month during both the pre-demonstration and demonstration. The average duration of ICTC's charters increased 25 percent from 4 hours during the pre-demonstration to 5 hours during the demonstration. As a result, ICTC's hours per month increased approximately 13 percent during the demonstration. ICTC implemented a two hour minimum for charters using the trolley during the demonstration which may have contributed to the increase in hours per trip.

Although CATA was fourth in terms of the number of charters and average charter hours per month, CATA's charter service increased the most of any of the public operators that provided service prior to the demonstration. CATA's charter service increased over 500 percent from one charter every other month during the pre-demonstration to nearly four charters per month during the demonstration. CATA's charter hours increased more than 300 percent to an average of 20 hours per month during the demonstration. The average duration of CATA's charters decreased by 33 percent from 9 to 6 hours per charter, resulting in the smaller increase in charter hours than in charters per month. The majority of CATA's charters during the pre-demonstration involved multiple vehicles. During the demonstration, CATA primarily provided single vehicle charters resulting in fewer hours per charter. The majority of CATA's charters during the demonstration were charged at four hours, consistent with the local charter policy requirement for a four minimum for charters utilizing trolleys.

MATS provided 99 charters during the demonstration, an average of four charters per month. MATS provided approximately 15 hours per month of charter service with an average

duration per charter of four hours. MATS did not provide any charter service prior to the demonstration. Ninety percent of MATS charters involved only one vehicle. MATS' largest charters were for the 1994 and 1995 annual Ms. Michigan Pageants. These two charters covered seven days and used 2 to 3 vehicles per day, and accounted for 26 percent of mats' total charter hours.

MST provided 19 charters during the demonstration, an average of less than one per month. However, MST primarily operated large charters with an average of four vehicles per charter and an average duration of 24 hours. MST provided shuttle service for a local shopping center on weekends and holidays between Thanksgiving and New Years Day. MST operated one vehicle per day for 13 days. This charter accounted for nearly one third of MST's charter hours during the demonstration. MST also served the annual Big Sur Marathon in 1993 and 1994 through four separate charters with an average of 69 hours per charter. The Big Sur Marathon charters comprised 40 percent of MST's total charter hours during the demonstration.

YCTA provided only 11 charters during the demonstration, an average of less than one charter every two months. YCTA performed several charters requiring more than one vehicle. The average duration of YCTA's charters was 10 hours.

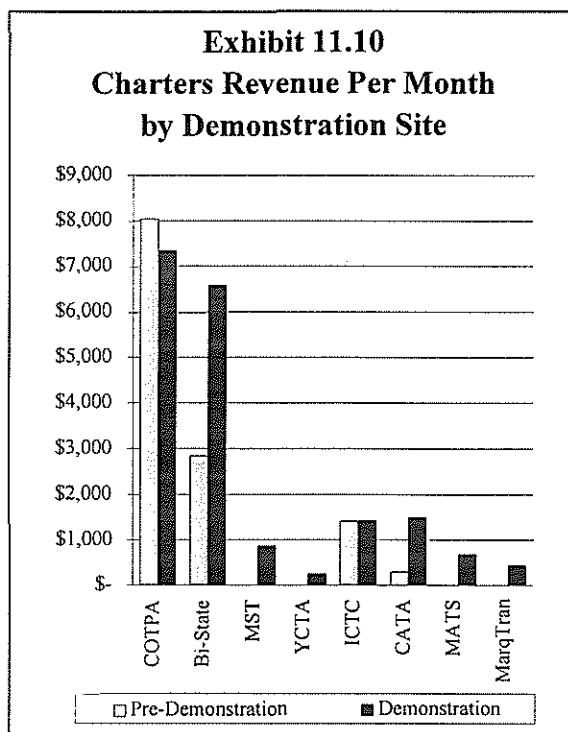
MarqTran provided an average of almost three charters and 13 hours of charter service per month during its ten-month demonstration. Although MarqTran provided charter service prior to the demonstration, it did not provide data for comparison to the demonstration. MarqTran indicated that the service provided during the demonstration was comparable to that provided prior to the demonstration.

Exhibit 11.10 shows that the total charter revenue per month for all of the public operators increased 107 percent from \$10,075 to \$20,855.



## 11. FINDINGS AND RECOMMENDATIONS

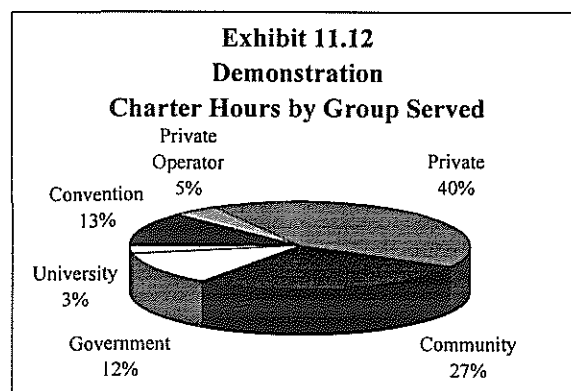
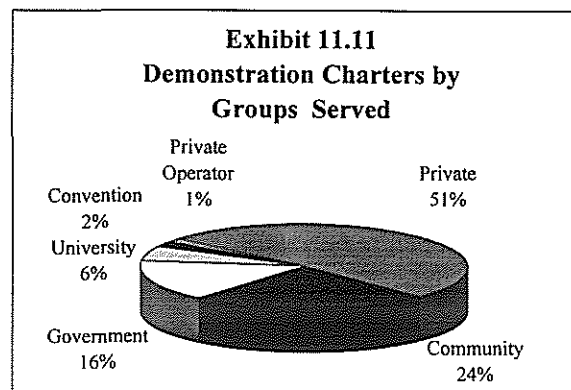
Consistent with the increase in service, CATA experienced the greatest increase in charter revenue per month, over 400 percent, followed by Bi-State with an increase of 132 percent. ICTC's revenue per month remained relatively constant. COTPA's revenue per month decreased about 9 percent.



### GROUPS SERVED

As illustrated in Exhibits 11.11 and 11.12, the public operators primarily provided charter service to private individuals and groups during the demonstration. Fifty-one percent of the charters and 40 percent of the charter hours were for private groups and individuals. Community groups accounted for approximately one fourth of the charters and charter hours during the demonstration. Sixteen percent of the charters performed were for government entities. However, these charters accounted for only 13 percent of the charter hours during the demonstration, due to the typically short durations. Only two percent of the charters were for conventions. These charters typically were among the largest, with an average of 35 hours

per charter. Because the convention charters were large, frequently covering several days and utilizing multiple vehicles, they account for 13 percent of the overall charter hours.

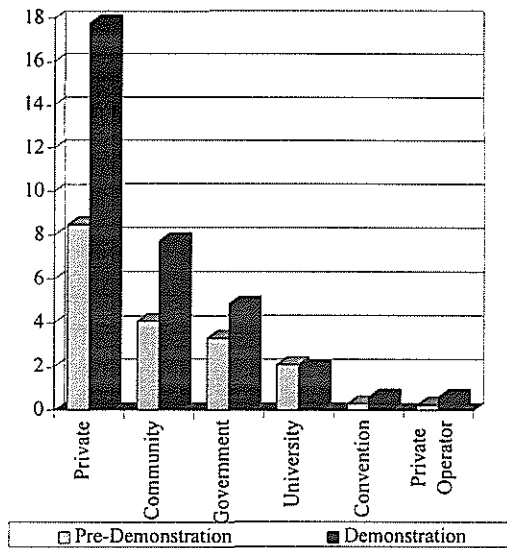


As noted previously, COTPA and Bi-State provided 75 percent of the charter hours during the demonstration. Therefore, Bi-State and COTPA have a greater impact on the overall charters and charter hours by groups served than those agencies providing fewer charters and charter hours.

Overall, charter hours per month increased 39 percent during the demonstration. Exhibits 11.13 and 11.14 present the number of charters and charter hours for each group during the pre-demonstration and demonstration.

## 11. FINDINGS AND RECOMMENDATIONS

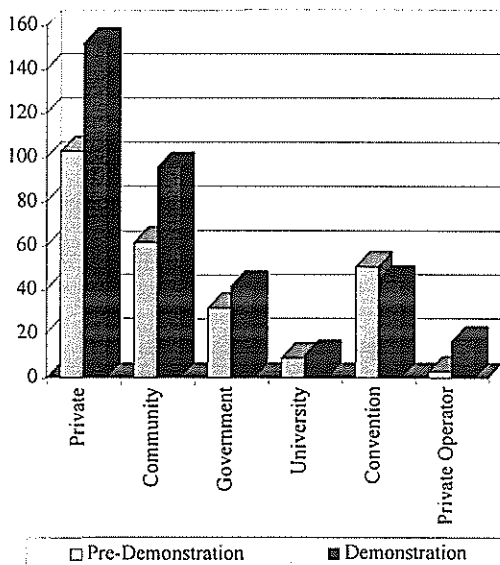
**Exhibit 11.13**  
**Groups Served**  
**Charters per Month**



### Private Groups and Individuals

Service to private groups and individuals increased dramatically during the demonstration. Charters per month serving private groups and individuals increased 110 percent from 8 to 18; charter hours per month increased 48 percent. The average duration of charters for private groups and individuals decreased 38 percent during the demonstration, from almost 15 hours per charter to about 9 hours per charter, resulting in the smaller increase in charter hours per month. The public operators that did not provide charter service prior to the demonstration provided a significant amount of short duration charters for private groups and individuals during the demonstration, many for private parties and weddings. The public operators provided an average of 18 charters and 152 hours of charter service per month to private groups and individuals during the demonstration.

**Exhibit 11.14**  
**Groups Served**  
**Charter Hours per Month**

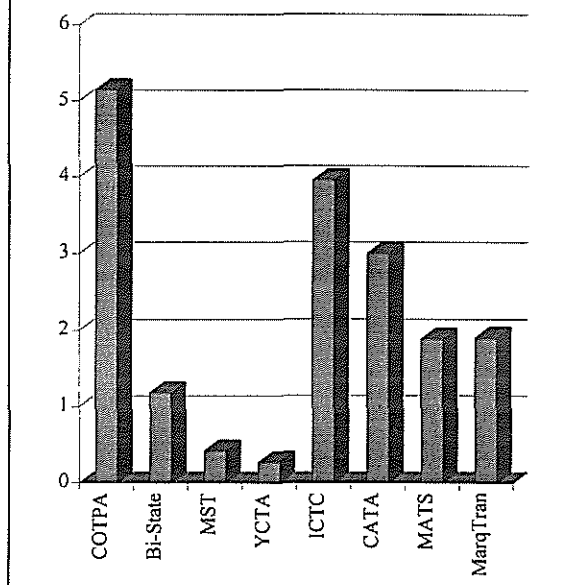


Each public operator served private groups and individuals during the demonstration, as seen in Exhibits 11.15 and 11.16. Three public operators provided service to private groups and individuals prior to the demonstration - COTPA, Bi-State, and ICTC.

Bi-State significantly expanded its service to private groups and individuals during the demonstration. Bi-State provided an average of 46 hours of charter service per month to private groups and individuals during the demonstration, an increase of more than 200 percent from the pre-demonstration. Forty-nine percent of Bi-State's charters and 41 percent of its charter hours during the demonstration served private groups and individuals.

## 11. FINDINGS AND RECOMMENDATIONS

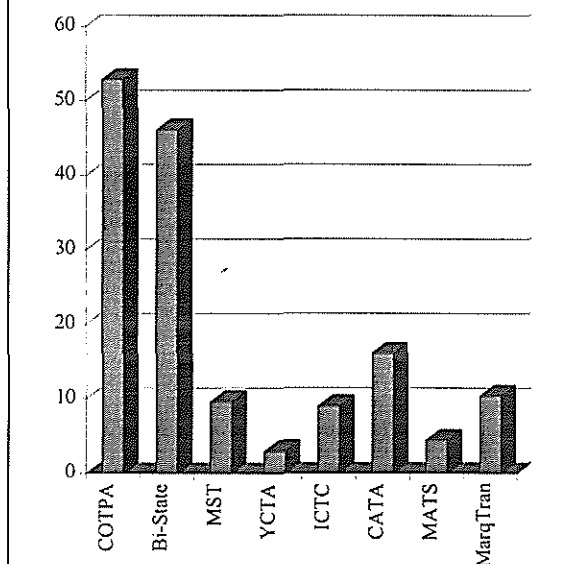
**Exhibit 11.15**  
**Charters/Month for Private Groups and Individuals by Site**



the average duration of COTPA's charters for private groups and individuals decreased 50 percent. As a result, COTPA's charter hours per month serving private groups and individuals actually decreased 33 percent during the demonstration to an average of 53 hours per month. Service to private groups and individuals represented more than one-third of COTPA's charter business during the demonstration.

The vast majority of CATA's service during the demonstration was for private groups and individuals. Eighty-four percent of CATA's charters and 81 percent of its charter hours during the demonstration served private groups or individuals. CATA provided an average of 3 charters and 16 hours of charter service per month to private groups and individuals during the demonstration. While CATA provided limited charter service prior to the demonstration, it did not serve private groups and individuals.

**Exhibit 11.16**  
**Charter Hours/Month for Private Groups and Individuals by Site**



COTPA provided charter service to an average of 5 private groups and individuals per month during the demonstration, an increase of 34 percent from the pre-demonstration. However,

ICTC's service to private groups and individuals during the demonstration was consistent with its service prior to the demonstration, about 9 hours per month. ICTC provided 61 percent of its charters, but only 27 percent of its charter hours during the demonstration to private groups and individuals. ICTC's charters for private groups and individuals were relatively short, averaging 2.3 hours per charter. ICTC's charters for other groups were significantly longer.

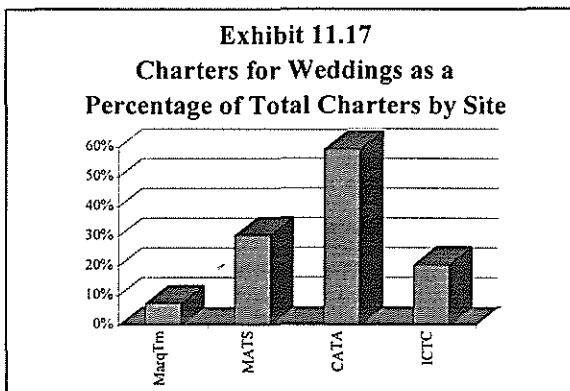
MarqTran, YCTA, and MST also predominantly served private groups and individuals during the demonstration. However, these three public operators combined provided only 9 percent of total charters and 11 percent of the total charter hours serving private groups and individuals during the demonstration. MarqTran provided an average of over 10 hours of charter service per month to private groups and individuals, 78 percent of its total charter hours during the demonstration. YCTA provided an average of less than 3 hours of charter service per month for private groups and individuals, but this accounted for 69 percent of YCTA's charter

## 11. FINDINGS AND RECOMMENDATIONS

hours. MST provided an average of nearly 10 hours of charter service per month for private groups and individuals, 55 percent of its charter hours during the demonstration.

MATS provided about four hours of charter service per month to private groups and individuals during the demonstration. While 49 percent of MATS charters served private groups and individuals, only 29 percent of the charter hours were for private groups and individuals, due to the significantly shorter durations of these charters, an average of 2.4 hours per charter.

As illustrated in Exhibit 11.17, all four public operators in Michigan provided charter service for wedding parties. Fifty-nine percent of CATA's charters during the demonstration were for weddings. Thirty percent of MATS' charters were for weddings, more than half of its charters for private groups and individuals. ICTC provided over 20 percent of its charters for wedding parties, about one third of its charters for private groups and individuals. All of the wedding charters were performed with trolleys.

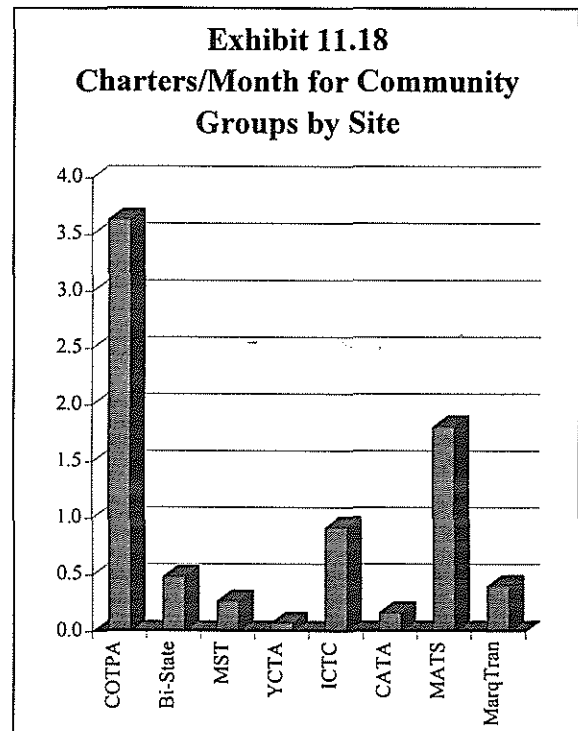


### Community Groups

The public operators provided an average of 8 charters and 95 hours of charter service per month to community groups during the demonstration. Service to community groups increased 76 percent in terms of charters but only 55 percent in terms of charter hours per month. The average duration of charters for

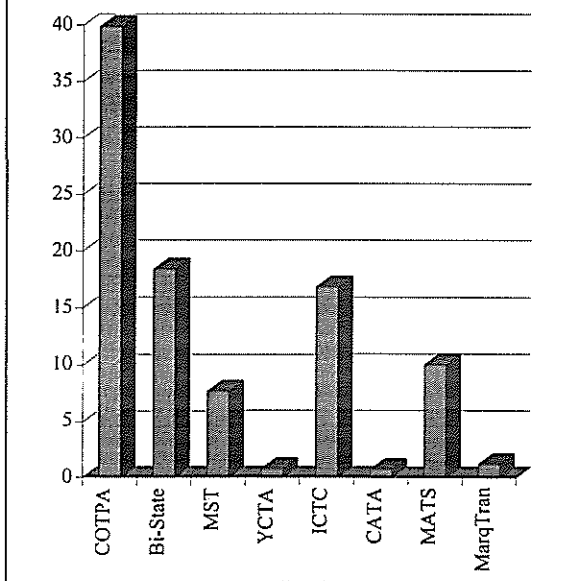
community groups decreased 16 percent during the demonstration. Bi-State, the largest public operator, did not provide charter service to community groups prior to the demonstration. COTPA provided large charters for community groups and events prior to the demonstration; the charters for community groups during the demonstration tended to be shorter. MATS, which did not provide charter service prior to the demonstration, provided 47 percent of its charters and 66 percent of its charter hours to community groups during demonstration. MATS' average trip length for charters for community groups was less than six hours.

As illustrated in Exhibits 11.18 and 11.19, each public operator provided some charter service to community groups during the demonstration. Charters for community groups tended to be longer (12.7 hours) than average for all groups served.



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**Exhibit 11.19**  
**Charter Hours/Month for**  
**Community Groups by Site**



MATS provided the majority of its charter service (66 percent of charter hours) to community groups, an average of 10 hours per month. MATS largest charters served community groups and events. MATS provided service for the annual Ms. Michigan Pageant in 1994 and 1995. These two charters averaged 52 hours over several days. MATS provided 20 charters (21 percent) for the YMCA, operating two vehicles per day to transport children from area schools to the YMCA gym for after school activities. The Ms. Michigan Pageant and YMCA accounted for 26 percent of MATS' charters and 10 percent of MATS' charter hours during the demonstration. MATS' other charters for community groups were smaller movements, generally requiring only one vehicle for one day.

ICTC provided 18 percent of the total charter hours serving community groups, with only COTPA and Bi-State providing more. ICTC provided an average of almost 17 hours of charter service per month to community groups, approximately 50 percent of its total charter hours during the demonstration. This is largely

due to ICTC's four large charter movements for community groups, the annual Michigan Special Olympics and Wheatland Music Festivals in 1994 and 1995. With an average duration of 90 hours, these four charters resulted in 358 total hours, 43 percent of ICTC's charter service hours during the demonstration. ICTC provided about the same level of service to community groups prior to the demonstration

MST also provided a significant amount of charter service for community events, 37 percent of MST's charters and 44 percent of its charter hours. MST provided four charters for the Big Sur Marathon, two in 1993 and two in 1994. These charters required 18 vehicles in 1993 and 11 vehicles in 1994, and accounted for 37 percent of MST's charter hours during the demonstration. MST provided an average of 8 hours of charter service per month to community groups and events.

COTPA provided 42 percent of all the charter service to community groups during the demonstration. COTPA provided an average of 40 hours of charter service per month to community groups and events, 28 percent of its total charter hours during the demonstration. COTPA's service to community groups actually decreased 11 percent from 45 hours per month prior to the demonstration.

Bi-State provided 20 percent of all charters serving community groups during the demonstration. Bi-State provided about 18 hours of charter service per month to community groups, 16 percent of its charter hours. Bi-State did not provide any charter service to community groups prior to the demonstration.

CATA, MarqTran, and YCTA combined provided less than 1 charter and 3 hours of charter service per month for community groups during the demonstration. For YCTA, which provided only 11 charters during the demonstration, the charter hours for community groups represent 18 percent of its total charter hours. For CATA and MarqTran, the charter

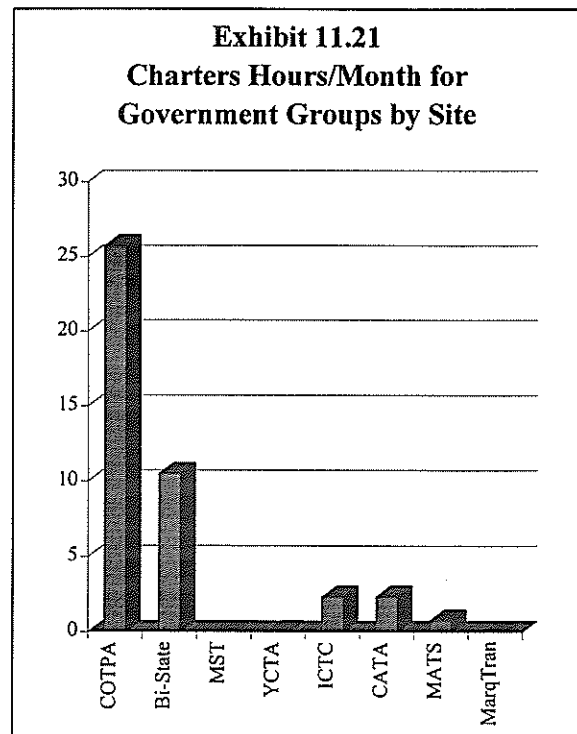
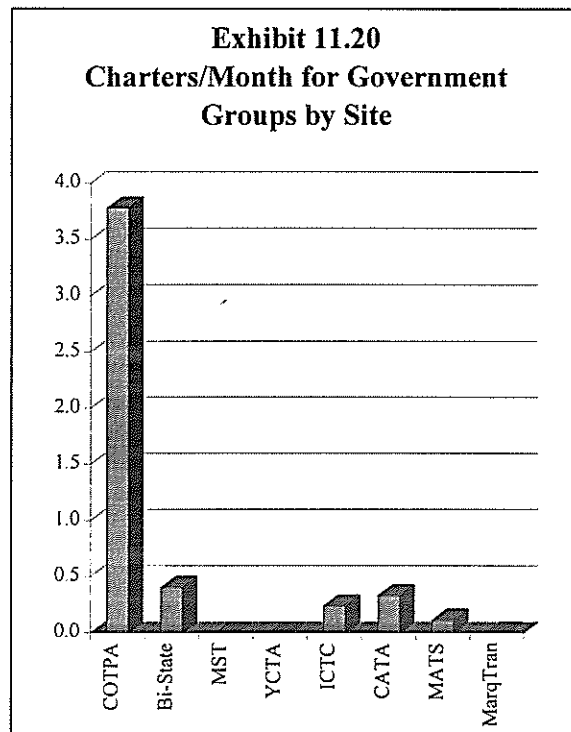
## 11. FINDINGS AND RECOMMENDATIONS

hours for community groups are less than 10 percent of total charter hours. Although CATA's service to community groups is small in terms of actual hours and percentage of CATA's total hours, the service did increase during the demonstration.

### Government Entities

Several public operators identified the need to serve government groups in their demonstration proposals and development of local policies. The average number of charters per month serving government entities increased 48 percent during the demonstration. Charter hours serving government entities increased about 32 percent, due to the relatively shorter duration of these trips. Overall, public operators provided 130 charters, an average of 5 charters and 42 hours of charter service per month to government entities during the demonstration.

As seen in Exhibits 11.20 and 11.21, five public operators provided charter movements for government entities during the demonstration



COTPA provided the most service to government entities, about 26 hours of charter service per month. This was an increase of 42 percent over the pre-demonstration, when COTPA provided about 18 hours of service per month to government entities. Service to government entities represented 28 percent of COTPA's charters during the demonstration. These were typically short trips, resulting in a smaller percentage of total charter hours, 18 percent.

Bi-State also served more government entities per month during the demonstration than pre-demonstration. Bi-State provided only one charter for a government entity during the pre-demonstration. Bi-State provided 243 hours of charter service over a three day period for the President's Commission for the Employment of the Disabled. Bi-State's charter movements for government entities during the demonstration were significantly smaller, with an average duration of 26 hours per charter. With the 90 percent decrease in the average duration, Bi-State's charter hours for government groups per month decreased 18 percent. Bi-State provided

## 11. FINDINGS AND RECOMMENDATIONS

about 10 hours of charter service per month to government entities, 9 percent of its total charter hours. Bi-State also provided service to government entities for which it did not charge and did not recognize or report as charter service.

Together, COTPA and Bi-State provided about 87 percent of the charters and 98 percent of the charter hours serving government groups during the demonstration.

ICTC and CATA significantly increased their service to government entities during the demonstration. MATS, which did not provide any service prior to the demonstration, also served government entities during the demonstration. However, these three public operators together provided only about 1 charter and 6 hours of charter service per month to government entities during the demonstration.

### Conventions

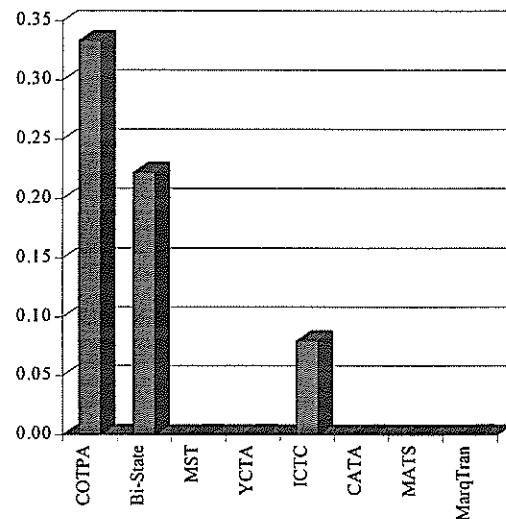
The number of charters per month by the public operators serving convention groups doubled during the demonstration, but still was less than one charter per month. Charter hours per month decreased 13 percent to an average of 44 hours per month. Charter movements serving convention groups were significantly smaller during the demonstration than the pre-demonstration. The average duration of charters for conventions decreased 56 percent from 160 hours per charter during the pre-demonstration to 70 hours during the demonstration.

COTPA and Bi-State provided several large charters for conventions prior to the demonstration. For example, COTPA's largest charter, for the Convention and Visitors' Bureau, spanned four days with an average of 26 vehicles per day. Bi-State's largest charter during the pre-demonstration also served a convention. The charter involved an average of 16 vehicles per day over a four day period. While COTPA and Bi-State continued to serve large convention groups during the

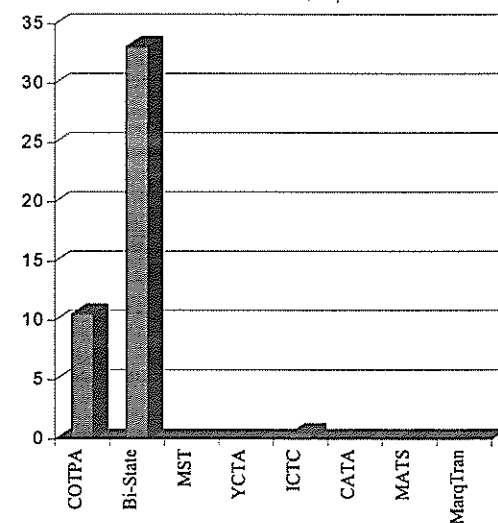
demonstration, the size of the movements were significantly smaller.

Exhibits 11.22 and 11.23 show that three public operators provided service for conventions during the demonstration - Bi-State, COTPA, and ICTC.

**Exhibit 11.22**  
**Charters/Month for Conventions**  
**by Site**



**Exhibit 11.23**  
**Charter Hours/Month for**  
**Conventions by Site**



## 11. FINDINGS AND RECOMMENDATIONS

Bi-State provided 75 percent of the service for conventions during the demonstration, about 33 hours per month. This is an increase of 41 percent from 23 hours of charter service per month prior to the demonstration. Twenty-nine percent of Bi-State's charter hours served six convention groups, as identified by the St. Louis Visitors and Convention Bureau. The largest charter for the International Association of Fire Chiefs spanned five days and utilized an average of 21 buses per day. With a total of 816 hours, this charter represented 27 percent of Bi-State's total charter hours during the demonstration. Bi-State's other convention charters were significantly smaller in scope. Each lasted one or two days utilizing one to three vehicles per day.

COTPA served 9 conventions during the demonstration, providing an average of 11 hours of service per month, seven percent of its total charter hours. COTPA's service to conventions increased 27 percent in terms of charters per month, but decreased 61 percent in terms of charters hours per month. The decrease in the charter hours results from the significant decrease in COTPA's average duration of charters for convention groups from 103 hours per charter during the pre-demonstration to 32 hours per charter during the demonstration. During the pre-demonstration, COTPA provided over 470 hours of charter service over a four day period for one charter for the Convention and Visitors Bureau. This was COTPA's largest charter during both the pre-demonstration and demonstration. COTPA did not provide any charters during the demonstration of that magnitude. During the demonstration, COTPA's largest convention charter served the Kiwanis over a three day period in September 1995. COTPA provided over 100 hours of charter service with an average of 7 vehicles per day for this convention.

ICTC, one of the two rural operators in the demonstration, provided two charters for convention groups during the demonstration, using one vehicle with an average duration of

six hours per charter. These charters represent only 1 percent of ICTC's charter hours during the demonstration.

### Private Operators

While it accounted for only five percent of total charter hours during the demonstration, service provided under subcontract to private operators increased over 400 percent from an average of three hours per month during the pre-demonstration to 17 charter hours per month during the demonstration. The movements provided for private operators during the demonstration were significantly larger than those prior to the demonstration, as reflected in the more than 200 percent increase in the average duration from 31 hours per charter to 147 hours per charter.

Five of the public operators provided charter service under subcontract to private operators - COTPA, Bi-State, MST, YCTA, and MarqTran. COTPA's service to private charter operators increased from less than one hour per month prior to the demonstration to almost 10 hours per month during the demonstration. COTPA's largest charter - 220 hours of service over 23 days - was provided for a private charter operator. However, the level of service was minimal.

Bi-State provided almost 5 hours of charter service per month to private charter operators, about 5 percent of its total charter hours. MarqTran provided three charters to private charter operators during the demonstration. These charters represented nearly 10 percent of MarqTran's charter hours. YCTA provided two charters to private charter operators, 13 percent of its total charter hours during the demonstration.

### University Groups

Service to university groups remained relatively stable at about 2 charters per month. Charters for university groups were the shortest, with an



## 11. FINDINGS AND RECOMMENDATIONS

average duration of about 5 hours. With a total of only 10 charter hours per month, this service represents less than three percent of the public operators' service during the demonstration.

Three public operators served university related groups - COTPA, ICTC, and CATA. COTPA's service to university groups increased from an average of less than one hour per month during the pre-demonstration to an average of over four hours per month during the demonstration.

Prior to the demonstration, CATA provided 75 percent of its charters for Michigan State University, with an average of 4 hours of charter service per month. During the demonstration, CATA only provided two percent (2 charters) of its charters for the university, averaging one hour of service every other month.

### CONSISTENCY WITH LOCAL CHARTER POLICIES

The local charter policies focused on providing service to:

- local government entities
- economic development groups and chambers of commerce
- convention groups
- individuals and groups requesting unique equipment
- community groups and events
- private individuals, generally through referral process

Most of the public operators adhered to the local charter policies established for the demonstration, as summarized in Exhibit 11.24. Many of the charters provided by the public operators during the demonstration were permitted under more than one provision of the local charter policy, particularly for the sites that included a unique equipment provision.

**Exhibit 11.24**  
**Charters Within Local Charter Policies**

COTPA	70%
Bi-State	100%
MST	100%
YCTA	100%
ICTC	100%
CATA	100%
MATS	100%
MarqTran	63%

COTPA's local charter policy included two components:

- groups that it was permitted to serve under the demonstration - government entities, associations and non-profit organizations, and requests from the Convention and Visitor's Bureau for convention-related activity
- exceptions that would be decided by the subcommittee of the POCC based on evaluation of cost, equipment uniqueness, and service nature

COTPA categorized its charters according to the local charter policy. According to COTPA, 70 percent of the charters were permitted under the general provisions of the policy. About 60 percent served government entities, associations, or non-profit organizations. About 10 percent of the charters were provided under the provision permitting service upon request of the Convention and Visitors' Bureau (CVB), according to COTPA. COTPA provided only 3 charters (less than one percent) directly for the CVB during the demonstration. The other 35 charters which COTPA indicated it operated under this provision were through an informal referral from the CVB.

The CVB provides information to inquiring parties on the services and facilities available in Oklahoma City. The CVB informs groups and individuals that COTPA is available to provide charter service. Neither CVB nor COTPA track

## 11. FINDINGS AND RECOMMENDATIONS

the requests for charter service referred by the CVB. COTPA does not obtain documentation from customers showing that they have been referred by the CVB. Further, many of the charters categorized under this provision are not convention related. For example, COTPA provided a significant amount of service for sports teams that it categorized under this provision.

COTPA provided 110 charters (30 percent) which were exceptions to the general policy. However, COTPA did not obtain approval of the POCC subcommittee to perform these charters, as required by the local charter policy. The majority of these charters, 92, utilized COTPA's trolleys. Fourteen of the charters were performed, according to COTPA, because the private operators did not have the equipment capacity to provide the service.

Seventeen of the charters (63 percent) performed by MarqTran during the demonstration correspond to one of the provisions set forth in the local charter policy. Ten of the charters (37 percent) performed by MarqTran do not correspond to the local charter policy, including charter service for weddings. Six of the 27 charters were for weddings, including two trips using trolleys which were on loan from M•DOT during the summer.

Bi-State's policy allowed it to provide the following types of service:

- large charter movements (requiring 11 or more buses), especially convention related
- convention related charter movements of 10 or fewer buses, if the customer tried but was unable to obtain the service from the private operators
- movements for groups of persons with cognitive disabilities, which could be single event movements or arrangements for daily, weekly, or monthly service
- movements for visiting and local groups that include persons using wheelchairs or other mobility aids

Although Bi-State believed that the private operators were unable to effectively serve large conventions, Bi-State provided charter service to only 6 conventions identified by the St. Louis Visitors and Convention Bureau during the demonstration. Only one of the convention charters required more than 11 vehicles; the other five charters served smaller conventions, covering 1 or 2 days and utilizing 1 to 3 vehicles per day.

Bi-State provided only 2 charters that required 11 or more vehicles per day, the large convention for the International Association of Fire Chiefs and a one-day movement for a private operator requiring 22 vehicles.

Bi-State provided 46 percent of its charter hours to private groups and individuals during the demonstration, which were not specifically provided for in the local charter policy. Bi-State also served community groups and local government entities, 5 percent and 10 percent of Bi-State's charter hours respectively, which were not specifically provided for in the local charter policy. These charters are categorized under Bi-State's provision for service utilizing 10 or fewer vehicles after referral to private operators. Bi-State does not, however, have documentation that the charters were referred or that the customer contacted the private operators.

### Unique Equipment

All of the local charter policies, except COTPA's, permitted the public operator to provide charter service to individuals or groups requesting a special vehicle. COTPA's policy recognized special equipment as one of the criteria that the POCC subcommittee could use to evaluate exceptions to COTPA's general policy. The exception process specified in COTPA's policy was never utilized during the

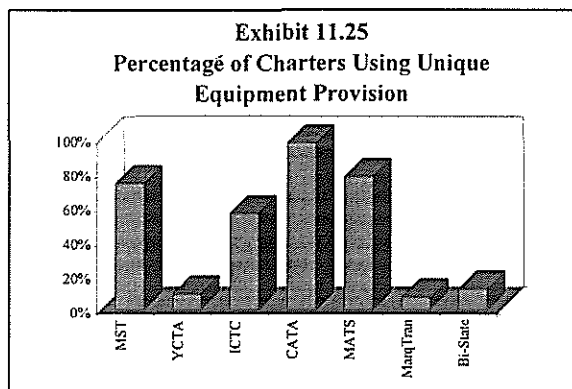
## 11. FINDINGS AND RECOMMENDATIONS

demonstration, however. Therefore, the policy did not permit COTPA to provide service upon request for special equipment.

Special vehicles primarily included accessible vehicles and rubber tired trolleys. Bi-State's provision permitting charter service requiring unique equipment was limited to accessible equipment. Five of the public operators have one or more trolleys - COTPA, CATA, MATS, ICTC, and MarqTran. YCTA has several CNG vehicles which it considers special equipment. MST also defined its one electric vehicle and its WAVE bus as special equipment. The WAVE bus is operated in regular shuttle service along the waterfront. The vehicle has a special paint job which looks like a wave.

Exhibit 11.25 illustrates the significant amount of charter service provided by the public operators under the unique equipment provisions of their policies. CATA provided 98 percent of its charters with its trolleys. Eighty-six percent of the charter trips were allowable only under the unique equipment provision.

MATS used its trolley to provide 76 percent of its charters during the demonstration. Forty-eight percent of MATS' charters qualified only under the unique equipment provision. Twenty-eight percent utilized the trolley but qualified under other provisions of MATS' policy.



ICTC provided 56 percent of its charters with unique equipment - 54 percent utilizing its trolley and two percent requiring wheelchair

accessibility. Most of these charters qualified under other provisions of ICTC's policy; seven percent of ICTC's charters qualified only under the unique equipment provision.

MST used special equipment for 74 percent of its charters. Four charters (21 percent) required lift equipped vehicles; 10 charters (53 percent) utilized the WAVE bus (nine charters) or the historic bus (one charter). The 10 charters using the WAVE or historic bus qualified only under the unique equipment provision of the policy. The 4 charters requiring lifts also qualified under MST's provision for serving groups of seniors and persons with disabilities.

Bi-State provided eight charters (12 percent) to groups requiring accessible equipment.

COTPA provided 96 charters (26 percent) utilizing unique equipment. Ninety-two of the charters used the trolleys; only four required accessible equipment. As noted above, COTPA's policy permitted it to provide charter service to groups requesting unique equipment only with approval of the POCC subcommittee. The POCC subcommittee did not grant approval for these charters.

YCTA provided one charter using its CNG bus. MarqTran operated two charters with its trolley, seven percent of its total charters during the demonstration.

### Referrals

Five of the local policies included provisions which permitted the public operator to provide service to specific categories of customers after referring the request to the private operators.

MST's, YCTA's, and ICTC's referral provisions allowed them to serve private groups and individuals after determining through the referral process that the private operators were not available to provide the service. MST's provision applied to requests for charter service more than six hours in advance of the

## 11. FINDINGS AND RECOMMENDATIONS

movement. MST's policy allowed it to provide service to private individuals and groups requesting service within six hours of the movement without going through the referral process. MST established procedures for providing the party requesting the service with a list of the private operators in the area.

During the demonstration, MST received 174 charter inquiries. MST referred the 38 requests for service within its service area to the private operators in accordance with the local charter policy. Private operators responded that they were able to fill 32 of the referred requests for charter service. MST operated 4 charters that the privates were not able to fill.

YCTA implemented procedures for handling referrals in accordance with the local charter policy. YCTA developed a charter report to be filled out by the charter customer which included the following information: charter date, day of week, customer name, event description, from, to, start time, end time, number of seats needed, other special vehicle features needed, signature, address, and phone number. The form listed eight private charter operators, including their address, phone number, and fax number. The form requested the customer to indicate why they chose YCTA instead of the other private operators using the following categories: cost, availability, clean-fuel vehicle, wheelchair accessibility, or other.

YCTA maintained a listing of charter requests during the demonstration. YCTA did not receive any requests which were not subject to the referral process according to the local charter policy.

ICTC's policy invoked the referral process if the charter movement was expected to exceed \$150; for charters expected to cost \$150 or less, ICTC could provide the service without going through the referral process. ICTC provided 16 charters costing \$150 or more to private groups and individuals during the demonstration. Twelve utilized the trolley and were, therefore,

permitted under the unique equipment provision. Four of the charters used buses; these were permitted only under the referral process.

Bi-State's policy included a provision for serving convention-related groups for movements requiring 10 or fewer vehicles after the requesting party attempted to obtain service from private operators. Bi-State did not implement a formal process for handling referrals. When a request for charter service requiring less than 10 vehicles was received, Bi-State referred the inquiring party to the private charter operators listed in the Yellow Pages. Bi-State did not keep a log of referrals; Bi-State relied on its staff to remember that a referral had been made when the party called back to schedule service. Bi-State did not implement procedures requiring the party to document that it had contacted the private operators to request service.

Bi-State served five convention groups, as identified by the St. Louis Convention and Visitors Bureau, that required ten or fewer vehicles. Bi-State also served 50 other private, community, and government groups requiring ten or fewer vehicles. While considered to fall under the referral provision, Bi-State did not provide documentation that these charter requests were referred to the private charter operators or that the customer actually contacted the private operators. Nor did Bi-State maintain documentation of other charter requests referred to private operators.

MATS' policy permitted it to serve requests from the Convention and Visitors Bureau only after the five private operators in the area were contacted and declined to provide the service. MATS did not serve the Convention and Visitors Bureau during the demonstration.

Marquette's local advisory committee decided upon a referral process in which the public operator would contact at least one of the private operators in the general vicinity of

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Marquette County for requests of unscheduled charter service (less than one hour notice).

### Government Entities

Six of the local charter policies included provisions for providing service to government entities, specifically member government entities. As previously noted, the public operators provided 130 charters for government entities. The majority of these (78 percent) were provided by COTPA. MST and YCTA did not provide any charter service to government entities. The three Michigan operators that had provisions for serving government entities - CATA, MATS, and ICTC - only provided 17 charters for government entities. Bi-State, which did not have a provision specifically for serving government entities, provided 11 charters to government entities. Government charters represented only 16 percent of the total charters provided by all public operators during the demonstration.

### Conventions

Bi-State and COTPA's local charter policies had provisions for service to convention groups. The main focus of Bi-State's policy was to serve convention groups, particularly large convention groups. Bi-State's policy emphasized the limited capability on the part of the local private charter operators to provide the service for large conventions, stressing the need not only for the equipment but also for the ability to route and schedule the vehicles efficiently and to provide on-street supervision to ensure that the movements operate efficiently. Bi-State's policy permitted it to serve large convention related groups for movements requiring 11 or more vehicles. Convention-related movements requiring 10 or fewer vehicles were permitted only after first being referred to the private operators.

COTPA's policy included a provision for serving requests from the Convention and Visitors Bureau for convention-related service.

COTPA, in effect, used this provision to provide service to groups and individuals which were informed by the CVB of COTPA's ability to provide charter service. COTPA did not establish a formal referral process. Neither COTPA nor the CVB maintained records of "referred" requests.

Both COTPA and Bi-State served conventions during the demonstration. Bi-State provided charter service to only 6 conventions, as identified by the St. Louis Convention and Visitors Bureau during the demonstration. One third of Bi-State's charter hours during the demonstration served conventions. Bi-State's largest charter, which served a convention group, required an average of 22 vehicles per day over 5 days and accounted for 27 percent of Bi-State's charter hours. The other five small convention charters, requiring less than 10 vehicles, accounted for another 3 percent of Bi-State's charter hours during the demonstration. Bi-State's service to convention groups increased only 41 percent during the demonstration, accounting for about one third of the 113 percent increase in total charter hours per month for all groups.

Bi-State provided service for a variety of private, community, and government groups under the referral provision which were not recognized by the St. Louis Convention and Visitors Bureau. Bi-State does not have documentation that these charters were first referred to the private operators.

COTPA provided three charters directly for the Convention and Visitors' Bureau during the demonstration. These movements were small, requiring one or two vehicles per day for one to three days, with only 25 hours of service (less than one percent of COTPA's charter hours). COTPA's other convention charters resulted in about 250 hours of charter service (another seven percent of total charter hours) COTPA also classified service to a variety of private groups, such as sports teams, under this provision.

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### IMPACT ON PUBLIC OPERATORS

The charter service provided during the demonstration generally had a minimal impact on the public operators' business:

- the amount of charter service, hours, and revenue per month was minimal compared to the overall agency budget and service hours
- the level of service did not change significantly during the demonstration.

For each of the public operators, the charter hours and charter revenues accounted for less than one percent of total revenue hours and total operating budgets, respectively.

Bi-State's service was impacted the most during the demonstration. Bi-State provided a significant amount of charter service prior to the demonstration, operating an average of 53 hours of charter service per month (second only to COTPA). Bi-State's service increased 113 percent to 113 hours per month during the demonstration. Still, total charter service during the demonstration was less than 0.1 percent of Bi-State's revenue hours (non rail) and operating budget (non-rail). According to both Bi-State and the private operators in the area, the overall charter market grew during the demonstration. The new convention center and stadium opened in St. Louis and increased the number of visitors and conventions. A new private charter operator entered the St. Louis market with 30 vehicles.

COTPA provided the most charter service (charters and charter hours) of any of the public operators during both the pre-demonstration and demonstration. COTPA served more charter customers during the demonstration, an average of 14 per month compared to 10 per month during the pre-demonstration. However, COTPA's charter hours and charter revenues per month decreased during the demonstration. COTPA's average charter hours per month decreased slightly from 171 hours per month during the pre-demonstration to 143 hours per

month during the demonstration, reflecting the shorter average duration of charters during the demonstration. COTPA's charter revenue per month decreased 22 percent.

ICTC's level of service, in terms of charters and charter hours remained relatively constant prior to and during the demonstration. Although ICTC is one of the rural operators, ICTC provided the third greatest amount of charter service, behind COTPA and Bi-State. ICTC's average charters per month actually decreased, but due to the increase in the average length of its charters, hours of charter service increased about 13 percent to an average of 34 hours per month. ICTC provided 54 percent of its charter service (88 charters) with its trolley. ICTC does not use the trolley in regular service; it is only used for charters and special events. ICTC's charter hours represent less than one percent of its total service hours in FY 94 and FY 95.

CATA experienced the greatest increase in its charter service of any of the public operators providing charter service prior to the demonstration, more than 500 percent in the number of charters and 300 percent in charter hours per month. However, CATA provided a minimal amount of charter service prior to the demonstration, less than one charter per month. Thus, even with the significant increase, the level of service provided during the demonstration was minimal, about four charters and 20 charter hours per month. CATA increased its rate per hour to \$82.12 (from \$60) for the demonstration. CATA's charter revenue per month increased over 400 percent, reflecting both the increase in service and the increase in the hourly rate. CATA launched a major marketing program to introduce its three trolleys into service in February 1994, just a few months after the demonstration was initiated in Lansing. CATA took advantage of this promotional campaign to advertise the availability of the trolleys to provide charter service to private groups and individuals requesting the trolley. None of the other public operators advertised to this extent.

## 11. FINDINGS AND RECOMMENDATIONS

MarqTran provided service prior to the demo but did not provide quantitative data for comparison with the demonstration. MarqTran stated that the level of service provided during the demonstration was comparable to the level provided during the pre-demonstration, about 3 charters and 13 charter hours per month.

The three public operators that did not provide any charter service prior to the demonstration - MST, YCTA, and MATS - all provided less than 20 hours of charter service per month during their demonstrations. YCTA provided only 4 hours of charter service per month during its demonstration.

In the state of Michigan, one of the primary concerns was the ability to provide charter service to government entities that contribute to the operations of the public operator through property tax millages. M•DOT and the transit operators argued that it was the responsibility of the public operator to serve the needs of the government. As noted in the section on groups served, however, the public operators in Michigan combined provided only about one charter and six charter hours per month for government entities. The impact of charter service on local government decisions regarding property tax millages for transit cannot be determined.

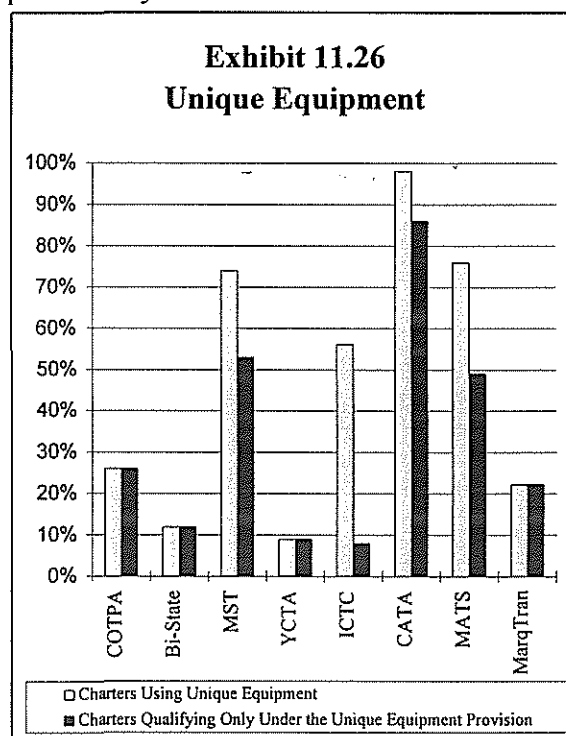
Other reasons often cited for more flexibility to serve local groups was the potential to introduce transit to a wider group than currently utilizes transit, to enhance the public's perception of transit, and possibly to attract new riders to public transit. While the public operators served community and private groups during the demonstration, some of which may not have used transit before, the study cannot determine the impact, if any, on public operators' ridership or the public's perception of transit.

### IMPACT ON CUSTOMERS

The primary impact of the demonstration on charter customers was the ability of private

groups and individuals to charter service directly from the public operators through the unique equipment provisions of the local charter policies. Seven of the charter policies contained a unique equipment provision. The general provisions of COTPA's policy did not include a unique equipment provision. COTPA's policy permitted a subcommittee of the POCC to grant exceptions to the general policy, however, and unique equipment was one of the evaluation factors. COTPA did not invoke the exception process during the demonstration, however. In the case of Bi-State, the unique equipment provision pertained only to accessible equipment. The other charter operators however operated a variety of unique equipment under the provision, including rubber tired trolleys, electric buses, CNG buses, and specially painted diesel buses.

Forty-five percent of the charters provided by the public operators during the demonstration used unique equipment. Exhibit 11.26 details the percentage of charters using unique equipment and the percentage of charters which only qualify under a unique equipment provision by site.



## 11. FINDINGS AND RECOMMENDATIONS

COTPA, which provided the most charter service during the demonstration, used unique equipment for 96 charters, 26 percent of its service. CATA, MATS, and ICTC, which operated significantly fewer charters, each provided between 77 and 91 charters with unique equipment during the demonstration.

While some of the charters which used unique equipment were permitted under other provisions of the local charter policies, the vast majority of these were allowed only under the unique equipment provision. Some of the charters served other groups allowed or provided accessible equipment.

CATA used its trolleys for 98 percent of its charters during the demonstration. Eighty-six percent of its charters were allowable only under the unique equipment provision.

The significant amount of charter service provided by many of the public operators under the unique equipment provisions of their policies, the majority of which served private groups and individuals, does not support their claims of unmet local needs for charter service.

The demonstration opened a new charter market in Michigan - chartering by private individuals for wedding parties. All of the public operators in Michigan provided charters for weddings during the demonstration, as seen in Exhibit 11.27. Wedding charters accounted for 31 percent of the charters performed by the public operators in Michigan during the demonstration. In most sites, this is new service. ICTC, however, served this market prior to the demonstration, providing almost 3 wedding charters per month which represented 39 percent of its charter service. All of the wedding charters utilized the rubber tired trolleys. None of the private operators involved in the demonstration have trolleys and none provide wedding charters.

**Exhibit 11.27**  
**Charters for Weddings**

	<b>Number of Charters</b>	<b>% Total Charters</b>
ICTC	33	20 %
CATA	51	59 %
MATS	30	30 %
MarqTran	2	7 %
<b>Total</b>	<b>116</b>	<b>31 %</b>

Service to community groups increased during the demonstration. The public operators provided an average of eight charters per month for community groups during the demonstration, an increase of 76 percent from the pre-demonstration.

MATS, which did not provide any charter service prior to the demonstration, provided an average of 10 charter hours per month to community groups. Community charters represented 66 percent of MATS' charter hours during the demonstration.

Community groups in St. Louis were able to obtain charter service directly from Bi-State during the demonstration. Bi-State provided an average of about 18 hours of charter service per month to community groups during the demonstration; Bi-State did not serve community groups prior to the demonstration.

Government entities also received more service from the public operators during the demonstration. The number of charters increased 48 percent to about five charters per month and the charter hours increased 32 percent to almost 42 hours per month.

### IMPACT ON PRIVATE OPERATORS

The demonstration had a minimal direct impact on the private charter operators that participated in the evaluation. Generally, the service provided by the public operator did not impact the private operators in the area for the same



## 11. FINDINGS AND RECOMMENDATIONS

reasons it minimally impacted the public operators' business:

- the level of service provided by the public transit operator, in terms of the number of charters, charter hours, and charter revenue per month) was small and could not adversely impact any one private operator's business
- the level of service provided by the public transit operator during the demonstration was comparable to the level of service prior to the demonstration

The demonstration in St. Louis is the one exception. Bi-State's service more than doubled in terms of charter hours per month during the demonstration. Bi-State provided an average of 53 hours of charter service a month prior to the demonstration, producing about \$2,800 in charter revenue per month. During the demonstration, Bi State operated an average of 113 hours of service and earned an average of more than \$6,500 per month in charter revenue.

St. Louis has an active charter market, with numerous private charter operators of varying sizes serving a variety of charter needs. While there are some small charter operators in the St. Louis area, most of the private operators have fleets of 10 to 100 over the road coaches.

Bi-State operated 9 charters which required 5 or more vehicles per day. Three of these charters lasted 5 or more days. Bi-State's largest charter served a convention and produced almost \$47,000 in revenue for Bi-State over a five day period, using an average of 22 vehicles per day. Bi-State operated one charter for a private company which required only one vehicle per day but lasted over a 10 week period. This charter was Bi-State's second largest in terms of charter hours and revenue earned. These charters produced two-thirds of Bi-State's charter revenues during the demonstration. The magnitude of these charters precluded the private operators in the area from providing the

service individually. The other charters were significantly smaller and many of them could potentially have been served by one or more of the private operators, depending on their availability at the time.

The overall charter market in St. Louis increased during the demonstration. A new convention center and a new stadium were completed during the demonstration in St. Louis. These provided facilities for larger conventions. According to the St. Louis Convention and Visitors Bureau, the economic impact of convention business in St. Louis grew from about \$20 million in 1995 to over \$85 million in 1996,

Each private operator that expressed interest in the demonstration (by attending the preliminary meeting sponsored by the public operator or any subsequent meeting or by contacting the public operator) or, in Michigan, was identified by M•DOT as having a financial interest in the charter market within the demonstration site was provided an opportunity to identify its concerns and the impacts of the demonstration on its business. Not all private operators provided input on the impact of the demonstration in their area.

Three private operators in Yolo County provided data on their charters for government, civic, and charitable organizations for the pre-demonstration and demonstration. The data represents a small portion of the private operators business, only the charters within the scope of YCTA's local charter policy. For example, the data only includes charters provided within a 40 air mile radius of Yolo County.

During the 20-month pre-demonstration, the private operators provided 100 charters under the conditions specified in YCTA's local charter policy. The private operators provided 726 hours of service and generated revenues of \$39,555. During the first 12 months of the demonstration, the private operators provided

## 11. FINDINGS AND RECOMMENDATIONS

46 charters, accounting for 264 hours, and generating revenues of \$18,836.

As seen in Exhibit 11.28, the private operators' average charters per month decreased 20 percent from five charters to four charters per month. However, the average charter hours per month decreased 39 percent from 36 hours to 22 hours per month. This indicates that the private operators performed shorter charter trips during the demonstration than the pre-demonstration period. Revenues decreased from an average of \$1,978 to \$1,570 per month, representing a 21 percent change.

<b>Exhibit 11.28 Yolo County, CA Private Operators Service per Month</b>		
	<b>Pre- Demonstration</b>	<b>Demonstration</b>
Average Charters per Month	5	4
Average Hours per Month	36	22
Average Revenue per Month	\$1,978	\$1,570

Although the average number of monthly charters and average monthly revenues decreased 20 percent from the pre-demonstration to the first 12 months of the demonstration, the private operators indicated that the demonstration had a minimal impact on their individual businesses. YCTA's average monthly charter hours (4) and charter revenue (\$256) does not represent a significant portion of hours or revenue for the individual private operators

Many of the larger charter operators in each demonstration site indicated from the start that the demonstration would not impact their business. The private operators generally served longer distance charters and indicated that the

shorter local charters which the public operator could provide under the demonstration would not affect their business. The short local trips are often not cost-effective for the private operators to provide, especially if they have to travel long deadhead distances.

Most of the private operators indicated at the end of the demonstration that the service provided by the public operator did not adversely impact their business. Many, in fact, felt no impact as the nature of the public operators' business was different than the private operators.

Throughout the demonstration, private operators expressed concern about the potential adverse effects of relaxing the charter regulations. Generally, private operators contended that the service provided by the public operators during the demonstration would not be representative of their service under more relaxed regulations. Most private operators felt that the demonstration provided the public operator the opportunity "to get their foot in the door" of the local charter market and that, if the regulations were relaxed as a result of the demonstration, the public operator would greatly increase its charter service.

Many of the private operators improved with the public operator as a result of participating in the local advisory committee. Private operators stressed, however, that the increased trust between the public and private operators would not extend to other public operators or to the specific public operator under different circumstances.

For some private operators, it was difficult to overcome previous adversarial interactions and relationships with the public operator. Several of the private operators believed that the public operators had not taken appropriate measures to involve the private operators in public service, as required by the FTA private sector requirements which were in effect at the beginning of the demonstration.

## 11. FINDINGS AND RECOMMENDATIONS

The private operators generally felt that they could serve all of the local charter needs. The small local trips are generally not of interest to the private operators, however, when there is potential to serve a larger charter movement.

The demonstration did not support the public operators' claims of unmet needs, except possibly in Muskegon and Marquette, where there are no private operators in the immediate area. In Marquette, for example, the closest private operator is located about 90 miles away. It is generally not worthwhile for the private operators to travel this distance to perform two or three hour charters. Fifty-two percent of MarqTran's charters lasted four hours or less. Only 6 of MarqTran's charter (22 percent) earned more than \$200 in charter revenue, and only one of these earned more than \$300. The associated deadhead makes these charters not cost-effective for the private operators.

### RECOMMENDATIONS

The results of the demonstration do not indicate the need for FTA to significantly alter its current charter regulations. The demonstration did not support public operators' claims of unmet needs for the groups for which the demonstration was primarily intended: government, civic, charitable and other community activities. Although the public operators in each area identified groups which would not otherwise be served in a cost effective manner (including those for which the demonstration was intended and those particular to each site), the charter service provided during the demonstration did not serve a significant number of these groups or significantly increase the level of service to these groups.

Although overall service increased 79 percent, the average charters per month for all eight public operators was only 34. Prior to the demonstration, the aggregate level of service averaged 19 charters per month, with only four sites providing charter service.

The results of the demonstration largely reflect the level of service provided by COTPA and Bi-State. COTPA and Bi-State combined provided 52 percent of the charters and 75 percent of the charter hours during the demonstration. Thus, their service dominates the results, in terms of the quantity of service provided and the number and types of groups served.

In considering the level of charter service of the individual sites, the size of the area and the transit agency are important considerations. The impact of the charter service in each site varies depending on the number of private operators in the area, the type of community events, the presence of a convention industry, and the proximity to other metropolitan areas.

Service to private groups and individuals increased dramatically during the demonstration. The public operators provided an average of 18 charters and 152 hours of service per month to private groups and individuals, reflecting a 110 percent increase in the number of charters and a 48 percent increase in charter hours. Service to private groups and individuals represented 51 percent of total charters and 40 percent of total charter hours during the demonstration.

Although service to community groups increased 90 percent, the public operators provided less than eight charters per month for these groups. Service to government groups increased 48 percent; however, the public operators provided only five charters and 42 hours of service per month to government groups.

Forty-five percent of the charters provided by the public operators during the demonstration used unique equipment. Two percent of the charters required wheelchair accessible vehicles. The remaining 43 percent utilized trolleys, CNG buses, and other equipment designated as special by the public operators.

## 11. FINDINGS AND RECOMMENDATIONS

### Existing Regulations

In general, the regulations provide opportunities for public and private operators to work cooperatively to meet the charter needs of most groups. It is important for the public operators to be able to use the existing charter regulation exceptions to provide service to customers that the private operators are not interested in or are not available to provide. Most private operators are not interested in providing short trips in the local area. Many of the private operators that participated in the demonstration indicated that it was not profitable for them to provide service for trips less than four hours or a minimum charge of at least \$250 - \$300. Additionally, the private operators prefer to rely on the public operators when they need accessible equipment. The private operators do not want to purchase wheelchair accessible buses because they are too costly and the need is minimal.

Some state charter regulations, however, impede the public operators' use of the Federal exceptions for providing charter service under the existing FTA regulations.

In many states, private charter operators are licensed to provide service within or originating within a specified area. In some states however, charter licensing permits private operators to operate from anywhere within the state. For example, private charter companies in Michigan are granted authority to operate charter service throughout the state.

California also recognizes one class of charter carrier in the state that has authority to operate from any point or points within the state to other points in or out of the state. This authority is only available through transfer of an existing certificate. Other classes of charter carriers in California are authorized to operate service beginning within a 40 mile radius of the home terminal to any point or destination in the state. Multiple certifications may be granted for various locations of a single company.

Thus, while there may be no private operators in the immediate area, a private operator located many miles away (across the state) could identify itself as being willing and able to provide charter service. Under the current regulations, the public operator is required to publish notice of its interest in providing charter service and to solicit statements of interest from willing and able private operators. In states such as Michigan, where charter operators are granted statewide operating authority, all private charter operators would be encompassed in the solicitation for willing and able private operators. Any private operator within the state could indicate that it is willing and able to provide charter service in the area, regardless of the feasibility of providing service from distant locations. A single private operator's claim that it is both willing and able to provide charter service would prohibit the public operator from providing any charter service directly to customers (except disabled, and in rural areas elderly). This is particularly problematic for rural areas, where the need for charter service is generally on a smaller scale than the larger urbanized areas.

This also limits the feasibility of a public operator entering into an agreement with all willing and able private operators to provide specific types of charter service (exception 7).

Insurance requirements may also limit the ability of public operators to utilize the existing exceptions. Some states require private charter operators to maintain higher levels of insurance than are required for public transit operators. For example, M•DOT requires private charter operators to have bodily injury and property damage protection of \$5 million combined. Public transit operators are required to maintain \$1 million in insurance coverage, significantly less than the \$5 million required for private operators.

## 11. FINDINGS AND RECOMMENDATIONS

### Charter Prohibition [49 CFR Part 604]

Recipients of Federal funds are prohibited from providing charter service except on an incidental basis using Federally-funded equipment or facilities if there is at least one private charter operator willing and able to provide the service. There are seven exceptions under which a recipient of FTA funds may provide charter service. All charter service must be incidental; it must not interfere with the provision of mass transportation service. Charter service should be performed during non-peak hours and recover fully-allocated costs.

**1. Direct service to customers when there are no willing and able private charters operators.**

A public operator may provide incidental charter service if it determines on an annual basis that there are no private charter operators willing and able to provide the service. The public operator must conduct an annual public participation process. If at least one willing and able private charter operator exists, the public operator cannot provide charter service under this exception.

**2. Under contract to provide FTA-funded vehicles or service to a private operator to satisfy a capacity need or a need for accessible equipment.**

The public operator must enter into an agreement with the private charter operator for the service -- not directly with the charter customer. The public operator may not have an exclusive arrangement with only one private operator; the public operator must respond equitably to requests from all private operators.

**3. In a non-urbanized area, direct service to customers when the service provided by a willing and able operator(s) creates a hardship on the customer due to minimum duration requirements or distance between the charter origin and operator location.**

The public operator must petition the FTA Regional Administrator for approval. The public operator must provide notice of its request for an exception to all willing and able private operators.

**4. Direct service to customers for special events where private operators are not capable of providing the service.**

A public operator may petition the FTA Regional Administrator to provide charter service directly to customers for special events, at least 90 days prior to the event. The petition must describe the event, explain how it is special and the amount of charter service that the private operators cannot provide.

**5. Under contract to a private, non-profit organization serving persons with disabilities or with a government entity that is a qualified social service agency receiving Federal funds, or receiving welfare assistance funds.**

A public operator may provide charter service directly to a government entity or private, non-profit organization if one of the following conditions apply: a significant number of disabled persons will be passengers on the trip; the organization is a qualified social service agency; or the entity is eligible to receive directly or indirectly from a state or local government body public welfare assistance funds for purposes that may require transportation.

**6. In a non-urbanized area, under contract to a government entity or a private, non-profit organization that certifies that more than 50 percent of the passengers will be elderly.**

**7. Direct service to customers through formal agreements with all private charter operators.**

A public operator may provide charter service directly to a customer, if an agreement has been reached with *all willing and able private operators*. The public operator must provide for an annual public participation process to identify all willing and able private operators. The formal agreement must specify the type of charter service allowed under the agreement.

## 11. FINDINGS AND RECOMMENDATIONS

The discrepancy in insurance coverage prohibits or limits the ability of private operators to subcontract charter service to the public operator when it does not have the capacity or accessible equipment necessary to meet the needs of the customer. Exception 2, which allows the public operator to provide charter service under subcontract to private operators to fill a capacity need or a need for accessible equipment, can allow the public operator to meet the needs of potential customers when the private operator is unable to do so.

States may also impose other requirements on private charter operators that are different or more stringent than those required for public operators. For example, the California Public Utilities Commission, which regulates charter carriers in California, imposes vehicle inspection and driver training and certification requirements on private charter operators.

### **Suggested Actions**

The following actions are suggested to improve the ability of public transit operators to utilize the existing exceptions to the charter regulations to meet the charter needs in their communities.

**FTA should modify the definition of "willing and able" private operators** to ensure that only the private operators that are truly willing to provide service in the area identify themselves as willing and able. FTA could specify a service area from which "willing and able" private operators could be drawn - for example within a specified radius of the public operator. The radius should be graduated to reflect the different nature of charters in rural, small urban, and urbanized areas. For example, in rural areas the charters tend to be small, generally involving one vehicle and lasting only a few hours. It is generally not cost-effective for private charter operators to travel significant distances to perform two hour charters. Many of the private operators who participated in the demonstration indicated that they cannot even start their buses for less than \$250-\$350 in

revenue or less than four hours. The private operators are not interested in providing short trips. Thus, in rural areas the radius within which private charter operators must be sought should be limited to 60 to 90 miles. Larger urbanized areas, where there is a market and need for larger charter movements to accommodate convention and community events, are more likely to have private charter operators located within the area. Further, private operators are willing to travel farther to participate in large, multi-day or multi-vehicle charters. Thus, for the larger urbanized areas, the radius within which willing and able private operators must be sought should be greater, 100 or 150 miles.

There are other options for defining "willing and able" private operators. FTA could adopt the standard utilized by M•DOT in the demonstration that "willing and able" private operators are limited to those that have demonstrated a financial interest in the local charter market as evidenced by advertising in the telephone listings in that area. It would be more difficult for FTA to monitor recipients compliance with this definition of willing and able operator, however.

FTA could impose the definition of willing and able operator universally, for public transit operators in all states, or only in those states where private operators' service areas are not defined in the licensing process.

The definition of "willing and able" also affects the ability of the public and private operators to enter into a formal agreement. Redefining the definition of "willing and able" will enable more public transit operators and private operators to establish a formal agreement.

**FTA should extend the non-urbanized area hardship exception to small urbanized areas (50,000 to 200,000).** Public operators in rural areas can petition FTA for an exception to provide service directly to customers if the service available from willing and able private

## 11. FINDINGS AND RECOMMENDATIONS

operators would present a hardship on the customer due to the distance between the charter origin and destination or to state-imposed minimum duration requirements. No such relief is available for public transit operators in small urbanized areas which may not have private charter operators in the immediate area. FTA should extend this exception to small urbanized areas.

For example, MATS serves the small urbanized area of Muskegon County, Michigan. Currently, there are no private operators located within 30 miles of Muskegon County. The private operators in the surrounding area indicated that they want MATS to provide service for the short local trips. The private operators are interested in providing longer trips, generally all day excursions or intercity travel.

**FTA should modify the exception for formal agreements with all private charter operators to permit the type of cooperative effort implemented during the demonstration.** This exception permits the public operator to provide service directly to customers through a formal agreement with all willing and able private operators. The issues identified above with the determination of willing and able private operators may limit the usefulness of this exception.

FTA could modify the exception to permit the type of cooperative effort that was made during the demonstration. FTA could permit state DOTs or MPOs to oversee the formation of a local advisory committee, comprised of public and private sector representatives, which would establish the local charter policy for the area. This exception would work only where the State DOT or MPO is willing to take on the responsibility. Private operators are more likely to work with the public operators when a neutral party (i.e. MPO) provides oversight to the process. Controls would have to be implemented with respect to:

- development of the local charter policy
- time frame for which the policy would be effective
- handling of complaints

**FTA should develop and implement an outreach program** to inform both public and private operators about the charter bus regulations and the exceptions under the regulations. FTA should provide guidance to the public and private operators on how to work together to effectively serve the charter needs in their communities. FTA intends to distribute a brochure describing the charter bus regulations and exceptions and examples of how to best utilize the exception process.

- formation of the committee

**CHARTER BUS REGULATIONS**

The Federal Transit Act of 1964 (Act), as amended, safeguards the use of transit equipment and facilities to assure that they are available for mass transportation. The Act also provides protection to private charter bus operators by prohibiting the use of federally funded equipment and facilities in subsidized and unfair competition with private charter operators. Section 12(c)(6) defines mass transportation to specifically exclude charter service, sightseeing service, and school bus service. Section 3(f) requires any applicant for Federal Transit Administration (FTA) assistance, or any public agency or operator receiving assistance for the purchase or operation of buses, to enter into an agreement with the Secretary of Transportation not to engage in charter bus operations outside the urbanized area within which it provides regularly scheduled mass transportation service, except as authorized in the agreement. The agreement sets forth equitable terms to ensure that private intercity charter bus operators are not foreclosed from this business by FTA recipients. FTA published a final rule on April 1, 1976 implementing these sections of the act by regulating the intercity charter bus service that a recipient could provide.

**Regulation**

FTA issued revised final charter service regulations on April 13, 1987 (effective May 13, 1987) which prohibit FTA recipients from providing any charter service using FTA funded equipment or facilities if there is at least one private charter operator willing and able to provide the service. The regulations included seven exceptions to the general prohibition. The revised final regulations expanded the protections of the 1976 rule to intracity charter service. These regulations reflected FTA's principle that federally funded equipment and facilities should not be used to compete unfairly with private charter operators and addressed the declining health of the private intercity charter

bus industry. The revised final regulations expanded the scope of the prohibition to FTA funded vans as well as buses. FTA does not impose restrictions on charter rail service and charter ferry boat service provided with FTA-funded equipment except that the service be incidental to the provision of mass transportation. The regulations do not apply to applicants and recipients of federal financial assistance under Section 16(b)(2).

The regulation provides for five exceptions to the general prohibition:

- A recipient may provide any and all charter service with FTA funded equipment and facilities if there are no willing and able private charter operators to provide the service.
- A recipient may enter into a contract with a private charter operator to supply equipment for or to provide a specific charter trip if the private charter operator does not have the capacity to provide the trip.
- A recipient may enter into a contract with a private charter operator to supply equipment for or to provide a specific charter trip if the private charter operator is unable to provide equipment accessible to elderly and disabled persons.
- A recipient in a non-urbanized area may petition FTA for an exception if the charter service available from the willing and able private charter operators would result in a hardship on the customer, i.e., the willing and able private operators 1) impose minimum durations pursuant to a State regulatory requirement which are longer than the duration of the desired trip or 2) are located too far from the origin of charter service.
- A recipient may petition FTA for an exception to provide charter service directly to the customer when the private charter operators are not capable of providing charter service for special events.



## APPENDIX A - BACKGROUND

Before a recipient can provide any charter service using FTA funded equipment or facilities under these exceptions, it must determine if there are any private charter operators willing and able to provide charter service in the area. The recipient must publish a notice describing the charter service it desires to provide and request private operators to respond with evidence that they are willing and able to provide the service. The recipient must publish the notice annually in a newspaper of general circulation in the geographic area in which it desires to provide service and provide a copy of the notice to specified parties (all private charter operators in the proposed geographic area, any private charter operator requesting a copy, and the two major trade associations, the American Bus Association and the United Bus Owners of America). If at least one private operator indicates that it is willing and able to provide the service, the recipient is prohibited from providing charter service using FTA funded equipment and facilities unless one of the exceptions identified above applies. A willing and able operator must have both the desire and the physical capability to provide the categories of revenue vehicles requested (vans and buses) and must possess the legal authority, including the necessary safety certifications, licenses and other legal prerequisites, to provide charter service in the area. The process for determining willing and able private operators must be conducted on an annual basis.

Any charter service which a recipient provides under any of the exceptions must be incidental to the provision of mass transportation service. FTA defines incidental charter service as charter service which does not 1) interfere with or detract from the provision of the mass transportation service for which the equipment or facilities were funded under the Acts, or 2) shorten the mass transportation life of the equipment or facilities. Service may only be provided within the recipient's service area. The recipient should not provide any charter service during peak hours. The provision of the service must be consistent with FTA's policies on useful

life and spare ratios. The recipient must maintain records of charter miles and subtract them from total mileage when determining useful life.

The charter rate imposed for each charter trip must equal or exceed the fully allocated cost of providing the service, since charter service provided at costs below the full recovery level is possible only because of the FTA subsidy.

FTA issued the revised charter regulations to address the declining health of the private intercity charter bus industry, which FTA believed was exacerbated by the charter services provided by FTA recipients. In the final rule, FTA noted that between 1970 and 1984, the private intercity charter industry's profitability decreased from 9.9 percent to 1.7 percent and profits decreased by 50 percent to \$39.9 million. The revised charter regulations extended the protection to private charter operators with regard to intracity charter service which was not covered in the prior regulation. The revised charter regulation shifted responsibility for compliance to the public operators.

### Amendment

The Department of Transportation and Related Agencies Appropriations Act of 1988 (FY 1988 Act) and accompanying Conference Report directed the FTA to amend its charter service regulation to "permit non-profit social service agencies with clear needs for affordable and/or accessible equipment to seek bids for charter service from publicly funded operators." The Report recommended limiting these non-profit agencies to government entities and entities subject to sections 501 (c)(1), (3), (5), and (19) of the Internal Revenue Code. The Report further recommended that the public operator be required to notify the chartering entity of any willing and able private operators.

The FTA amended its charter regulation on December 30, 1988 (effective January 30, 1989)

## APPENDIX A - BACKGROUND

to provide two additional exceptions to the general prohibition:

A recipient may provide charter service directly to "non-profit" social service agencies that are governmental entities or organizations exempt from taxation under Internal Revenue Code 501 (c)(1), (3), (4), and (19), provided that the agency is 1) contracting for service for persons with disabilities, 2) a recipient of funds under certain US Department of Health and Human Service programs, or 3) has been certified by the State.

A recipient in a non-urbanized area may provide charter service directly to social service agencies that are government entities or private, non-profit organizations exempt from taxation under Internal Revenue Code 501 (c) (1), (3), (4), or (19), provided that the entity or organization certifies that more than 50 percent of the passengers on the trip will be elderly.

Under these exceptions, the charter trip must be consistent with the function and purpose of the entity/organization.

The 1988 Amendment reiterated that a recipient could provide charter service on an incidental basis under an agreement reached with the local private operators as part of the willing and able determination.

### CHARTER DEMONSTRATION MANDATE

Section 3040 of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) directed the FTA to issue regulations to implement a charter service demonstration program.

ISTEA stated that FTA implement the charter service demonstration program as follows:

"(a) ESTABLISHMENT. Notwithstanding any provision of law, the Secretary shall implement

regulations, not later than 9 months after the date of the enactment of this Act, in not more than 4 States to permit transit operators to provide charter services for the purposes of meeting the transit needs of government, civic, charitable, and other community activities which would otherwise not be served in a cost effective and efficient manner.

(b) CONSULTATION. In developing such regulations, the Secretary shall consult with a board that is equally represented by public transit operators and privately owned charter services.

(c) REPORT. Not later than 3 years after the date of the enactment of this Act, the Secretary shall transmit to Congress a report containing an evaluation of the effectiveness of the demonstration program regulations established under this section and make recommendations to improve current charter service regulations."

According to the Congressional Report accompanying ISTEA, the demonstration program was mandated in response to the concerns of local public transit operators regarding the existing charter service regulation. Many public operators voiced concern that:

- certain groups were not being served under the existing regulation
- they were not able to provide service to the local government entities that provided support to the local agency
- they were not permitted to provide service to support local economic development activities

The demonstration program would address unmet transit needs by granting public transit operators additional flexibility not afforded under the existing charter service regulation, without creating undue competition for privately owned charter operators.

## APPENDIX A - BACKGROUND

The Congressional Report indicated that the results and evaluation of the demonstration program should provide Congress and the FTA with the necessary information to determine the most effective method for providing charter services to local communities and address whether the current regulations are in need of modification.

### CONSULTATION

#### Federal Advisory Committee Involvement

In accordance with the ISTEA mandate for consultation with public and private operators in developing the demonstration and the Federal Advisory Committee Act, FTA established a Charter demonstration program Advisory Committee, effective March 16, 1992. The committee was authorized to:

- assist FTA and DOT in implementing regulations establishing a charter service demonstration program
- assist FTA and DOT in formulating guidelines for determining the most effective means of conducting and monitoring the demonstration program
- advise FTA and DOT on means for ensuring a balance between the needs of public transit operators for greater flexibility in providing charter services and the interests of private charter operators
- provide a forum for discussion of key issues relating to the effectiveness and/or need for modification of the current charter services regulation.

The Advisory Committee was responsible for recommending:

- guidelines for selecting demonstration sites
- the length of the demonstration program procedures for localities participating in the demonstration, including:

- determining the types of organizations for which the public operators would be permitted to provide charter service directly
- identifying unmet needs
- monitoring and collecting data

The Advisory Committee membership included balanced representation of public transit operators and privately owned charter companies.

#### Committee Meetings

The FTA Administrator, after consultation with the Secretary of DOT, appointed the 24 representatives of the public and private sectors listed in Attachment A-1 to the Federal Advisory Committee (FAC). The FAC met twice at FTA headquarters in Washington, DC, on May 4, 1992, and January 11, 1993.

On May 4, 1992, FTA convened an introductory meeting of the FAC. The FAC gathered to discuss the FTA demonstration proposal, the FTA demonstration monitoring and evaluation proposal, and the criteria for site selection. The FAC deliberated over many aspects of the demonstration proposal, including the cost differential exception, equipment uniqueness, fully allocated costs, and general guidelines versus case by case approval of charters. The FAC also considered the various groups and organizations which are encompassed in the government, charitable, civic, and other community categories for which the demonstration proposal is designed to serve. FTA supported a demonstration with the participation of willing and interested public operators in six cities. The advice and comments of the FAC were incorporated into the NPRM issued in the October 28, 1992, Federal Register.

The FAC met again on January 11, 1993, to discuss the proposals and comments submitted in response to the NPRM on the demonstration program, the FTA plan for data collection and related comments received, the fully allocated

## APPENDIX A - BACKGROUND

cost methodology to be utilized by FTA, and the selection of sites for the demonstration program. FTA pre-selected demonstration sites from the proposals submitted and presented them to the FAC for comment and discussion. The fact that the demonstration was limited to no more than four states had an impact on site selection. Initially, the FAC was attempting to select two sites each with a small, medium, and large population. Upon trying to pair the sites, the FAC determined that eight sites would be more effective for the program in order to address the concerns of the Michigan DOT that rural areas, as well as smaller sized cities, be addressed by the demonstration.

The FAC discussed whether local panels would review charter service to be provided by the public operator on a case by case basis or develop general guidelines for the charters permitted under the demonstration. In general, the private operators opposed the pre-approved categories of allowed charter service; while the public operators believed that approval of each individual charter was inefficient and would delay the process. The Committee decided to allow the local panels to determine the guidelines for the demonstration program in each site.

### ESTABLISHMENT OF CHARTER DEMONSTRATION

#### Notice of Proposed Rulemaking

After consulting with the Advisory Committee in formulating the proposed demonstration program, FTA issued a Notice of Proposed Rulemaking (NPRM) in the Federal Register on October 28, 1992. The NPRM described FTA's proposed demonstration program in response to Section 3040 of the ISTEA. Rather than overhauling the existing charter regulation, FTA proposed to amend the regulation to provide recipients in the selected demonstration sites additional flexibility to adjust local charter policy to local circumstances. The NPRM also

suggested a 12 to 18 month demonstration period.

FTA proposed that local officials, with the advice and recommendations from a local advisory panel composed of an equal number of representatives of the public and private sectors, make the local service decisions. A State Department of Transportation (DOT) or metropolitan planning organization (MPO) in each of the selected demonstration sites would be empowered to determine the charter services that the public operator would be permitted to provide during the demonstration. The State DOT or MPO would appoint a local advisory panel, composed of four to six persons, equally represented by public transit operators or local business organizations and representatives of local private charter operators. The local advisory panel would review the public agency's proposed charter service and make a recommendation to the State DOT or MPO. In the case of a unanimous decision, the State or MPO would accept the decision of the local advisory panel. In the event the panel could not reach a unanimous decision, the State DOT or MPO would make the final decision.

The proposal identified four criteria which the DOT/MPO could use as the basis for granting or denying exceptions to the charter regulation:

- Cost Evaluation - An FTA recipient offers service at a cost at least 20 percent below the average charge by private operators.
- Equipment Uniqueness - An FTA recipient possesses equipment not available from private operators and which, if obtained from a public source, would result in a substantial surcharge for charter users. The equipment must be essential to the purpose of the charter, such as lift-equipped vehicles for persons with disabilities or trolley buses.
- Service Nature - The nature of the service is such that only a FTA recipient can practically provide it.

## APPENDIX A - BACKGROUND

- Specific Local Factors - The service is to accommodate a specific local need that cannot be met by the private sector which is important to the economic or social health and vitality of the local area.

Recipients would be required to recover their fully allocated cost in providing charter service under the demonstration. Moreover, the proposal emphasized that the State DOT or MPO should not grant an exception that would jeopardize the private operators business.

While the Congressional Report accompanying the ISTEA legislation recommended that FTA select the State of Michigan as a participant in the demonstration, FTA determined that the cost and difficulty of conducting the demonstration on a statewide basis was prohibitive. Instead, FTA proposed selection of three pairs of sites, two in each of the following population ranges:

- Under 250,000
- 250,000 to 999,999
- 1,000,000 to 2,999,999

The selection of pairs of sites within specified population ranges was intended to provide a basis for comparison and to ensure that the demonstration captured a range of local circumstances. Very large metropolitan areas were excluded due to the difficulty of monitoring programs and the large number of private operators in these areas.

The NPRM requested proposals from sites wishing to participate in the demonstration program and identified the information required for consideration. The proposals were due to FTA by December 28, 1992. The proposal process and site selection are discussed below.

### Proposal Process And Site Selection

FTA required the following elements in the proposals:

- the geographic area of the demonstration
- a list of public and private charter operators in the proposed demonstration area
- evidence of local consensus on the demonstration among public and private operators such as a written agreement indicating the willingness of the public and private operators to participate in the demonstration
- indication of local public and private operators' willingness to coordinate their activities during the demonstration
- a proposed procedure for establishing a local advisory panel
- identification of the State DOT or MPO as the entity authorized to rule on local exceptions to the charter regulation allowed under the proposed demonstration
- identification and analysis of groups not currently being served under the charter regulation which would be eligible under the criteria for exceptions set out in the NPRM
- a plan for providing demonstration data

FTA received proposals from six public agencies:

- Monterey-Salinas Transit, Monterey, CA
- Central Oklahoma Transportation and Parking Authority, Oklahoma City, OK
- Bi-State Development Agency, St. Louis, MO
- Metro-Dade Transit Agency, Miami, FL
- Sacramento Area Council of Governments on behalf of the Sacramento Regional Transit Authority and the Yolo County Transit Authority, Sacramento and Yolo County, CA
- Michigan Department of Transportation on behalf of four unnamed transit agencies within the State of Michigan

## APPENDIX A - BACKGROUND

FTA staff evaluated the proposals received based on the following criteria:

- Background and geographic area
- Evidence of local consensus
- Plan for providing demonstration data
- Advisory panel process
- Willingness to coordinate
- Groups not being served under current charter regulations
- Other conditions/constraints

FTA presented the proposals and evaluations to the Federal Advisory Committee (FAC) at the January 11, 1993, meeting. Recommendation for selection by the FAC was based on the following factors:

- FTA staff evaluations
- responsiveness of the proposals to the factors established in the NPRM
- population ranges of the areas served by the respondents

The FAC recommended selection of the following sites:

- Monterey-Salinas Transit (MST)
- Central Oklahoma Transportation and Parking Authority (COTPA)
- Bi-State Development Agency (Bi-State)
- Michigan Department of Transportation on behalf of four unnamed transit agencies within the State of Michigan
- Yolo County Transit Authority (YCTA)

The selection of the above sites/public agencies represents eight sites rather than the proposed six sites in three matched pairs based on population. The selection of these sites provides

for matched pairs varying in population size from rural to large urban areas.

Later in January 1993, FTA notified the individual agencies that they had been recommended for selection to participate in the demonstration program and requested additional information on specific issues that FTA believed were not adequately addressed in the proposals.

### Final Rule

FTA issued the final rule implementing the charter demonstration program in the Federal Register Vol. 58, No. 130 on July 9, 1993. The final rule includes the provisions stipulated in the NPRM and describes a demonstration program in which eight sites within four states will be permitted to provide charter service as determined by local officials, according to specified criteria. The final rule expands the number of participating demonstration sites to eight to include two smaller cities/rural areas. This adjustment responds to the concerns of the Michigan Department of Transportation that rural areas, as well as smaller sized cities, be represented in the demonstration program.

FTA modified the demonstration program described in the NPRM, taking into consideration the comments received and the recommendations of the Federal Advisory Committee. These revisions included:

- Allowing localities which demonstrated that their existing local advisory panels effectively represent both public and private operators to utilize these panels for demonstration purposes
- Permitting the local advisory panel to set its own cost differential, which may be higher or lower than the 20 percent recommended by FTA, based on local circumstances.

## APPENDIX A - BACKGROUND

The final rule established the year long demonstration, beginning on August 9, 1993 and extending through August 9, 1994.

### Demonstration Extensions

FTA extended the charter demonstration twice in response to concerns raised by participating public transit operators that the year-long demonstration did not provide adequate time to effectively implement the demonstration and assess its impacts. While the final rule established the effective date of the charter demonstration as August 9, 1993, many of the public agencies did not begin the demonstration until September or October 1993, after they completed the local decision making process. In order to allow a full year for the demonstration, FTA published a notice in the Federal Register on October 12, 1993, extending the demonstration through October 31, 1994.

The public operators raised additional concerns that the one year demonstration period did not provide sufficient time to focus marketing efforts on the demonstration nor for the advertising to be worthwhile. A group of the public operators met with FTA to request an additional extension that would provide adequate time for full implementation of the demonstration. After receiving generally favorable input from the FAC, FTA published a notice in the Federal Register on October 7, 1994, extending the charter demonstration through October 31, 1995.

### GAO STUDY

Section 3041 of ISTEA required the US General Accounting Office (GAO) assess the impact of the federal charter service regulation (49 CFR Part 604) on communities' ability to meet their charter needs.

### Charter Bus Service: Local Factors Determine Effectiveness of Federal Regulation

GAO conducted its review from April 1992 to April 1993 in accordance with generally accepted government auditing standards and evaluated the following:

- the extent to which the regulation allows communities to cost-effectively and efficiently meet the transportation needs of government, civic, and charitable organizations
- the extent to which public transit operators and private charter operators have entered into charter service agreements
- the extent to which contracts enable private operators to profit from the provision of charter service by public operators using federally subsidized vehicles

The GAO contacted public operators, private operators, and charter users in order to obtain information to support the above assessments. The GAO conducted a nationwide survey in which it distributed questionnaires to 1,253 operators, representing recipients of urban (Section 5307) and rural (Section 5311) FTA grants. GAO received an 81 percent response rate.

GAO also compiled case studies of nine communities chosen on the basis of geographic location, population, presence or absence of known problems with charter service, and whether or not the community received federal funds. GAO interviewed public operators and private operators in these areas. In those areas in which the regulation is in effect (i.e., the community receives FTA grants), GAO spoke to charter users to assess the impact of the regulation.

GAO's Report to Congressional Committees entitled "Charter Bus Service: Local Factors Determine Effectiveness of Federal Regulation" (GAO/RCED-93-162) details the results of the

## APPENDIX A - BACKGROUND

surveys and interviews conducted. GAO determined the following based on the study:

- local factors determine the effectiveness of the federal regulations
- the current regulation allows for sufficient charter service
- the exceptions under the regulation are rarely used
- public and private operators are not cooperating
- awareness of the exceptions should be increased
- the groups currently permitted to obtain subsidized charter service by public operators may need to be expanded

GAO recommended that FTA pursue ways to more clearly communicate to grant recipients the services they are permitted to provide under the charter regulations. In the report, GAO "... recommend[ed] that FTA communicate the processes for obtaining exceptions under the existing regulation directly to public operators, particularly those in rural areas."



## APPENDIX B - EVALUATION APPROACH

### OBJECTIVES

The ISTEA mandate for the charter demonstration required the Secretary of Transportation to transmit to Congress a report containing an evaluation of the effectiveness of the demonstration program regulations and make recommendations to improve current charter service regulations. FTA engaged KPMG Peat Marwick LLP to conduct the evaluation of the charter demonstration in each of the eight demonstration areas and prepare a report for submission to Congress.

The objective of the evaluation is to assess the effectiveness of the demonstration program regulations established pursuant to Section 3040 of ISTEA. Specifically, the evaluation focuses on:

- the impact on the public operators
- the impact on customers
- the impact on private operators
- effectiveness of the local decision making process

### APPROACH

The evaluation addresses each of the eight demonstration sites individually and assesses the differences among sites. The evaluation is based on information provided by the public operators on the charters performed during the demonstration and pre-demonstration periods, private operator data where available, the results of the customer surveys, and discussions with the public and private operators.

FTA analyzed the public operators charter service in terms of quantity of service, the groups served, and the consistency of the service with the local charter policy. FTA analyzed the impact on the individual public operators' operations based on the quantity of service provided, the charter revenue generated, the change in the level of service from the pre-

demonstration, and comparison of charter service to overall operations.

Congress mandated the demonstration in response to public transit agencies' concerns about the unmet needs of specific types of organizations, including government, civic, charitable, and community groups. The evaluation assesses the extent to which the public operators provided charter service to meet the needs of these groups. FTA classified the charters performed by the public operator into categories of private groups and individuals, community, government, subcontract to private operators, convention, and university. FTA analyzed the impact on the customers by the changes in the level of service provided to each group and the results of customer surveys.

FTA analyzed the impact on private operators based on the total charter hours and charter revenue earned by the public operator, changes in the private operators service to the applicable groups during the demonstration, the results of customer surveys, and comments provided by the private operators during the demonstration.

FTA assessed the effectiveness of the local decision making process based upon establishment of a local advisory committee, development of the local charter policy, communication among the committee members, and proper reporting of charter activities.

### ACTIVITIES

FTA performed the following activities in order to evaluate the effects of the demonstration:

- site visits
- data collection and communication
- analysis

## APPENDIX B - EVALUATION APPROACH

### Site Visits

FTA visited each of the sites participating in the charter demonstration. The purpose of the initial site visits was to meet the participants in the demonstration program, including the public operator, selected private charter operators, and the State DOT/MPO designated as the ruling entity for the demonstration to:

- establish roles and relationships for the demonstration program
- obtain background information about the public operator, including the organization, the services it operates, and charter services operated under the existing charter bus regulations
- discuss anticipated local implementation of the charter demonstration
- discuss specific local issues and concerns, both public and private
- discuss data requirements and establish a data collection process

The initial site visits were conducted as follows:

Site	Initial Visit
Oklahoma City, OK	April 26 - 27, 1993
St. Louis, MO	May 10 - 11, 1993
Monterey, CA	June 1 - 2, 1993
Yolo County, CA	June 3 - 4, 1993
Michigan DOT	June 15, 1993

Because M•DOT selected four demonstration sites within the state and served as the ruling entity for each demonstration site, the initial site visit was to M•DOT rather than each of the individual demonstration sites in Michigan. M•DOT convened a meeting with representatives of the public operators in each of the demonstration sites.

FTA conducted the initial site visits prior to the establishment and meeting of the local advisory committees in each area, although in most cases the public operator had met with the MPO/DOT and private charter operators to introduce the

demonstration. Except for the Michigan demonstration sites, the initial site visit included individual meetings with local private charter operators that had demonstrated interest in the program. These meetings focused on the specific issues and concerns of the private operators and their participation in the demonstration evaluation. In some cases, FTA also met with members from the State DOT/MPO serving as the overseeing entity to discuss the local advisory process.

The public operators and State DOT/MPO in each demonstration area convened a meeting or series of meetings with the local advisory committee to review and adopt the local charter policy that would govern the public operator during the demonstration. While it was not feasible for FTA to attend each committee meeting in each demonstration site, FTA attended several committee meetings to observe the process and the interaction between the public and private sectors. FTA attended the preliminary meetings of the local advisory committees in Muskegon and Lansing Michigan on July 14, 1993, and October 18, 1993, respectively. FTA selected the two sites in Michigan since FTA did not previously conduct individual site visits in Michigan. FTA organized and participated in the second meeting (via tele-conference) of the local advisory committee in Marquette County on January 10, 1995 to finalize the charter policy.

After the demonstrations had been implemented locally, FTA conducted several follow-up visits to the demonstration sites. FTA visited COTPA (Oklahoma City) and M•DOT in June of 1994. FTA also visited Bi-State (St. Louis) and MST (Monterey) during the summer of 1994. These meetings focused on the status of the demonstration programs in each area. For some sites, the follow-up visits included additional meetings with private operators.

FTA visited each of the demonstration sites during the three month period following the end of the demonstration. FTA requested that the

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local public operators convene meetings with the members of the local advisory committees and interested private operators. FTA discussed the committee structure, the effects of the demonstration on the private operators and the customers, and actions the public and private operators could take to work together in the future to meet the charter needs of the community, and recommendations to improve the current charter bus regulations. The local advisory committees in the majority of the sites met to discuss the demonstration. Private operators did not attend the meetings at COTPA, Bi-State, and MarqTran. FTA contacted private operators from these sites to ensure the inclusion of their comments in the final analysis.

The final site visits were conducted as follows:

Site	Follow-Up Visit
Oklahoma City, OK	January 16, 1996
St. Louis, MO	November 20-21, 1995
Monterey, CA	December 14, 1995
Yolo County, CA	December 13, 1995
Lansing, MI	November 6, 1995
Muskegon, MI	November 7, 1996
Isabella County, MI	November 8, 1996
Marquette, MI	November 13, 1996

### Data Collection and Communication

In addition to periodic site visits, FTA communicated on a recurrent basis with the public and private operators in each demonstration site to obtain data and discuss issues.

FTA established a process for collection of data from the public operators, selected private operators, and charter customers in each demonstration site. The approach for collecting data from each group was tailored to the specific data requirements for the evaluation and the group's obligation to participate. FTA worked directly with the public operators,

private operators, and charter users to collect the data.

### Public Operators

FTA required the public operators proposing to participate in the demonstration to indicate their ability to provide data for evaluation of the demonstration. During the initial site visit with each public operator and in subsequent conversations, FTA identified the data requirements for the evaluation of the charter demonstration and established a process for data collection. FTA requested each public operator to provide the following information for each charter performed during the pre-demonstration period (generally January 1, 1992, through the implementation of the demonstration program) and the demonstration period (from implementation of the demonstration through the end of the demonstration, October 31, 1995):

- date
- customer name
- trip origin and destination
- trip purpose
- miles
- hours
- equipment used
- price charged

Each public operator provided the data in a format and according to a schedule mutually agreed to by FTA and the public operator, based on the public operator's existing data collection process. The public operators provided the data in a variety of formats, including hard copies of individual charter orders.

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FTA entered the data into a spreadsheet and summarized the number of charters, total hours, total miles, passengers, and total amount charged. Based on the customer name and description of the trip, FTA classified the charters into the following categories:

- private groups and individuals
- community
- government
- convention
- university
- private operator

### Private Operators

The evaluation approach focused on private operators who expressed an interest in the demonstration program; it did not involve all potential private operators in each demonstration area. Each public operator and DOT/MPO was responsible for notifying the local private charter operators about the demonstration program. In most cases, the public operator and DOT/MPO invited local private charter operators to attend a meeting to introduce the demonstration program and solicit their input. Each public operator provided FTA with a list of private charter operators that had attended the introductory meeting or, if unable to attend, had indicated an interest in the demonstration.

In the state of Michigan, a certified private charter operator is permitted to provide service throughout the state. Thus, any private charter operator could be considered willing and able to provide service in any jurisdiction within Michigan. M•DOT, as the ruling entity for the demonstrations in the state, limited the willing and able private charter operators for each demonstration site to those that demonstrated a financial commitment to providing charter service in the area. For this purpose, M•DOT defined financial commitment as local

advertising, in the telephone directory, in the specific local demonstration area.

M•DOT wrote to each willing and able private charter operator, as defined above, to introduce the demonstration program and request their cooperation. The individual public operators in each demonstration site were then responsible for coordinating with the specific group of private operators identified in their area.

FTA met with many of the private operators identified by the public operator or MPO/DOT during the initial site visits conducted in the summer of 1993 and some of the early advisory committee meetings. FTA contacted other private operators via letter or telephone.

FTA discussed the demonstration with each private operator, specifically the evaluation of the demonstration and the participation of the private operator in the evaluation. The private operators could participate in two ways:

- by providing data on specific charter trips
- by sharing specific issues and concerns regarding the existing relationship with the public operator, the charter demonstration, and the public operator's charter activity

FTA encouraged the private operators to provide data and emphasized that their participation was critical to demonstrating the effect of the demonstration on the private operators. However, FTA recognized that for some of the private operators, providing the detailed data was not practical. FTA documented their concerns and agreed to maintain contact throughout the demonstration to hear their perspectives as the demonstration proceeds.

FTA identified the data requirements for the private operators which were comparable to the data requirements for the public operator and would provide a basis for comparison and analysis of the impact on the customer and the

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private operator. FTA requested the private operators to provide data for the pre-demonstration and demonstration periods for specific trips:

- that served government, civic, charitable and other community organizations
- with both origin and destination within the public operator's service area

FTA requested the following data:

- date
- customer name
- trip origin and destination
- trip purpose
- miles
- hours
- equipment used
- price charged

FTA recognized that the data collection could pose a significant burden for some of the private operators, particularly those that do not maintain their records in automated format. In order to ease the burden on the private operator and obtain the greatest level of participation possible, FTA suggested that the private operators provide the data in whatever format it was available; FTA would take the raw data and compile it in a format for analysis. As a result, private operators provided the data to FTA in a variety of formats including spreadsheets, data base printouts, and hard copies of charter orders/invoices. In some cases, private operators provided data which included all charters performed in the specified time period. FTA sorted the data, eliminating trips that were outside the public operator's service area or did not involve the specific groups of interest: government, civic, charitable, and convention groups.

In addition, FTA offered to compile the data for private operators which maintain data manually and do not have the resources available to compile the data. One private operator in Yolo County, California, accepted this offer. FTA visited the private operator to compile the pre-demonstration data and demonstration data through September 1994 and visited the operator again at the end of the demonstration to compile the data for the balance of the demonstration.

FTA assured confidentiality to each of the private operators agreeing to participate in the demonstration evaluation. Many of the private operators were understandably concerned that their competitors might have access to their data. FTA assured the private operators that the data presented would be in summary form and would include data from at least three private operators in the area; individual data would not be presented or identified with a specific private operator.

Several private operators in each demonstration site agreed to participate in the evaluation of the demonstration and provided some of the required data. The private operators' submission of data was sporadic; the private operators submitted data on a voluntary basis.

FTA compiled and manipulated the private operators' data in a manner similar to that of the public operators' data. FTA classified each charter according to the group served as government, civic, and charitable.

FTA received and analyzed data from three private operators in Yolo County, California. The results of this analysis are presented in this report. Although private operators from other demonstration sites submitted data, FTA was unable to include the data in the analysis because FTA did not receive data from at least three private operators in the area.

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### Customer Surveys

FTA conducted a survey of selected customers that were served by the public operators during the demonstration. The objective of the survey was to assess the customers' experience with the public operators and the customers' reasons for chartering service from the public operator rather than private operators.

FTA maintained a list of customers chartering buses from the public operator. FTA obtained contact information from the public operators for each charter customer. FTA contacted selected charter users by telephone, briefly explaining the charter demonstration and asking for specific information about the charter trip provided by the public operator. FTA decided not to contact customers requesting charters for wedding parties. These are considered one time charters.

The information requested in the telephone survey is presented in Exhibit B-1. The survey focused on the type of organization chartering the bus, the charter service received, how the customer became aware of the service provided by the public operator, the reason for selecting the public operator rather than one of the private charter operators, and what the customer would have done if the public operator's service was not available. In addition, the customer was asked to provide additional information on other charter trips taken during the last few years (during the pre-demonstration period).

The majority of customers contacted were willing to share their experiences as well as their reasons for choosing the public operator. The survey helped to clarify the type of organization being served.

FTA accumulated the data and analyzed the number of groups requiring special equipment, the types of special equipment requested, the number of groups which did not previously use charter service, and if applicable, the reasons

why groups switched from private charter operators to the public operators.

### ANALYSIS

FTA summarized the public operators' charter service in terms of the quantity of service, the groups served, and the consistency of the service with the local charter policy.

#### Quantity of Service

In each demonstration site, FTA analyzed the amount of charter service provided during the demonstration to a comparable period prior to implementation of the demonstration (pre-demonstration period). The analysis looked at the number of charter trips, charter hours, the length of the charters, the number of vehicles required, and the charter revenue generated. The analysis did not include miles and passengers because not all of the public operators provided the data.

Most of the demonstration sites implemented the demonstration in the fall of 1993. Thus, the demonstration period generally covered approximately 26 months (from September 1993 through October 1995). The pre-demonstration period was defined as January 1, 1992 through the implementation of the charter demonstration in each local area, approximately 21 months. FTA compared the amount of charter service on a monthly basis for the demonstration and pre-demonstration periods to determine the overall impacts of the demonstration.

#### Groups Served

In each demonstration area, FTA analyzed the types of groups served by the public operator during the demonstration and the consistency of the charters provided with the provisions of the local charter policy.

FTA classified each charter performed by the type of group served:

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- private groups and individuals - private organizations, including corporations or other businesses which are for profit and individuals
- community - charitable, civic, church, school, seniors, disabled
- government - local or state government bodies or related organizations
- private operator - under subcontract to the private operator
- convention - groups attending conventions in the area
- university - universities or colleges and affiliated groups

MST categorized the charters and FTA utilized this designation. In most cases however, the public operator did not categorize the charters according to user group. FTA assigned specific charter customers to categories based on the customer name, trip purpose (if identified), or information provided by the customer through the customer survey process.

FTA analyzed the number of charters and charter hours provided by the public operator for each group during the demonstration. FTA compared the categories of customers served by the public operator during the demonstration to the category of customers served during the pre-demonstration period (if the public operator performed charters prior to the demonstration) to identify shifts in the types of customers being served and the level of service to various groups.

FTA analyzed the groups served by the public operator:

- to determine the consistency of the service provided with the provisions of the local charter policy
- to determine the extent to which the local policies adopted and the resulting service

provided conformed with the intent of the demonstration (fulfilling unmet needs)

### Impact on Public Operators

The evaluation analyzes the impact of charter service provided by the public operator on its overall operations:

- quantity of service provided (number of charters, charter hours, and charter revenue for service provided during the demonstration and pre-demonstration periods)
- changes in the level of charter service provided from the pre-demonstration to the demonstration
- comparison of charter service to total revenue hours and total operating budgets
- service to groups identified as having unmet needs

### Impact on Customers

The primary goal of the charter demonstration program was to allow the public operator to serve the unmet charter needs of specific local organizations that were not effectively being served under the existing charter regulations. In the proposals to FTA, each public operator identified specific unmet needs for charter service in their area.

The evaluation addressed the impact on the customers in terms of the groups served (private, community, government, private operator, convention, and university). The evaluation was based on:

- number of charters, charter hours, and charter revenue classified by specific groups during the demonstration and pre-demonstration periods
- changes in the level of service to groups and shifts of service from one group to another group

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- survey of a sample of charter customers served by the public operator during the demonstration

### Impact on Private Operators

Consistent with the existing charter regulations, the final rule implementing the charter demonstration program emphasized that the intent of the demonstration was not to create unfair competition or adversely affect the private charter operators in the demonstration sites. The public operators in the demonstration sites were supposed to serve specific groups that were not being served in a cost effective and efficient manner under FTA's existing charter regulations, not to shift service from the private sector to the public operator.

The evaluation addressed the impact on the private charter operators in terms of the charter service provided. The evaluation was based on:

- number of charters, charter hours, and revenues for service provided by the public operators during the demonstration and pre-demonstration periods
- private operators' data, where available
- discussions with private operators
- survey of a sample of charter customers served by the public operator during the demonstration

The private operators in Yolo County were the only private operators to provide data for analysis. FTA summarized the data in terms of the number of charters performed, charter hours and revenues. FTA compared the data from the pre-demonstration to the demonstration period to determine changes in the level of service. FTA also analyzed the private operators' average monthly charter hours and average monthly charter revenue in terms of the individual private operators' business.

### Effectiveness of the Local Decision Making Process

The demonstration regulations provided the selected public operators with additional flexibility to establish local charter policies to meet the specific needs of local government, civic, charitable and other community organizations, based on specific local circumstances. Rather than establishing specific adjustments to the existing regulations applicable to all the demonstration participants, the demonstration regulations allowed local officials in each demonstration area to make local charter service decisions, within certain guidelines. The regulations stipulated that the local decisions be made with the advice and recommendation of a local advisory committee, comprised equally of representatives of the public and private sectors.

The demonstration regulations allowed a State DOT/MPO to rule on requests by the public operator to provide charter service during the demonstration, based on the recommendation of the local advisory committee. The demonstration regulations called for the State DOT/MPO or public operator to appoint the local advisory committee to make recommendations to the State DOT/MPO regarding the types of charter service the public operator would be permitted to provide. The demonstration regulations stipulated that the State DOT/MPO would accept a unanimous recommendation from the advisory committee and, if the committee did not reach a unanimous decision, they would base their decision on criteria including:

- cost evaluation
- equipment uniqueness
- service nature
- specific local factors

The evaluation of the effectiveness of the local decision making process focused on 1) review and documentation of the process used to



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establish the local charter policy in each demonstration site in accordance with the charter demonstration regulations and 2) comparison of the local processes established and the local charter policies adopted in each demonstration site. The evaluation addressed the following:

- formation of the local advisory committee
- role of the MPO or State DOT in adopting the policy recommended by the local advisory committee
- the consensus building process within the local advisory committee
- the role of the local advisory committee in monitoring the demonstration program
- the relationship established between the public operator and the private operators through the committee process
- the local charter policy established through the committee
- the strengths and weaknesses of the specific local decision making process

The evaluation is based primarily on interviews with the public and private operators and State DOT/MPO staff, data collection from public and private operators, documentation of committee meetings and correspondence, and discussions with program participants.

## **EXHIBIT B.1**

### **Charter Service Survey**

#### ***Organization Information***

Organization:

Contact:

Phone Number:

Type of organization:

Is your organization a non-profit?

Yes ☐

No ☐

#### ***Charter Service Provided since Inception of Demonstration Program***

How many times during the last year did the public operator provide service for your organization? How long were these trips? Estimated charges?

How many times during the last year did private operators provide service for your organization? How long were these trips? Estimated charges?

Was special equipment provided?

Yes ☐

No ☐

#### ***Factors in Selection of Public Operator***

How did you become aware of the availability of charter service provided by the public operator?

Did you also call private operators?

Yes ☐

No ☐

What was the primary reason for your decision to use the public operator? If due to cost variation, what was the estimated difference?

If you switched from a private operator to a public operator, what was the reason?

Have you noticed a difference in the charter service provided to your organization due to the described demonstration program?

Yes ☐

No ☐

***Charter Service Provided Prior to Demonstration Program***

Has your organization procured charter service prior to this (from any public or private operators)?

Yes ☐

No ☐

If yes, who has provided this service?

If the public operators had not been available to provide the charter service, would you have contacted a private operator to perform the charter?