

of the agreement set forth in § 604.7(b) of this part within 60 days of May 13, 1987, to the appropriate FTA regional office. FTA will sign the agreement, retain one copy of the agreement and return the other to the recipient.

(Approved by the Office of Management and Budget under Control No. 2132-0543)

§ 604.9 Charter service.

(a) If a recipient desires to provide any charter service using FTA equipment or facilities the recipient must first determine if there are any private charter operators willing and able to provide the charter service which the recipient desires to provide. To the extent that there is at least one such private operator, the recipient is prohibited from providing charter service with FTA funded equipment or facilities unless one or more of the exceptions in § 604.9(b) applies.

(b) *Exceptions.* (1) A recipient may provide any and all charter service with FTA funded equipment and facilities to the extent that there are no willing and able private charter operators.

(2) A recipient may enter into a contract with a private charter operator to provide charter equipment to or service for the private charter operator if:

(i) The private charter operator is requested to provide charter service that exceeds its capacity; or

(ii) The private charter operator is unable to provide equipment accessible to elderly and handicapped persons itself.

(3) A recipient in a non-urbanized area may petition FTA for an exception to provide charter service directly to the customer if the charter service provided by the willing and able private charter operator or operators would create a hardship on the customer because:

(i) The willing and able private charter operator or operators impose minimum durations pursuant to State regulation and the desired trip length is shorter than the mandatory trip length; or

(ii) The willing and able private operator or operators are located too far from the origin of the charter service.

(4) Any recipient may petition the Administrator for an exception to provide charter service directly to the customer for special events to the extent that private charter operators are not capable of providing the service.

(5) A recipient may execute a contract with a government entity or a private, non-profit organization exempt from taxation under subsection 501(c)(1), 501(c)(3), 501(c)(4), or 501(c)(19) of the Internal Revenue Code to provide charter service upon obtaining a certification from that entity or organization which states that:

(i) [the entity/organization] certifies that it is a government entity or an organization exempt from taxation under subsection 501(c)(1), 501(c)(3), 501(c)(4), or 501(c)(19) of the Internal Revenue Code; there will be a significant number of handicapped persons as passengers on this charter trip; the requested charter trip is consistent with the function and purpose of [the entity/organization]; and the charter trip will be organized and operated in compliance with Title VI of the Civil Rights Act of 1964, as amended; and, section 19 of the Federal Mass Transit Act of 1964, as amended, and 49 CFR part 27; or, 45 CFR part 80; or,

(ii) [the entity/organization] certifies that it is a government entity or an organization exempt from taxation under subsection 501(c)(1), 501(c)(3), 501(c)(4), or 501(c)(19) of the Internal Revenue Code; [the entity/organization] is a qualified social service agency under appendix A of 49 CFR part 604, as a recipient of funds, either directly or indirectly, under one or more of the Federal programs listed in appendix A; the requested charter trip is consistent with the function and purpose of [the entity/organization]; and the charter trip will be organized and operated in compliance with Title VI of the Civil Rights Act of 1964, as amended; and, Section 19 of the Federal Mass Transit Act of 1964, as amended, and 49 CFR part 27; or, 45 CFR part 80.

(iii) [the entity/organization] certifies that it is a government entity or organization exempt from taxation under subsection 501(c)(1), 501(c)(3), 501(c)(4), or 501(c)(19) of the Internal Revenue Code; [the entity/organization] either receives or is eligible to receive directly or indirectly, from a State or local governmental body public welfare assistance funds for purposes whose implementation may require the transportation of a group of transit-advantaged or transit-dependent persons; following a petition presented by the State in which the entity or organization resides, FTA has determined in writing that an FTA recipient may contract directly with

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the entity or organization for charter services; the requested charter trip is consistent with the functions and purposes of the entity or organization; and the charter trip will be organized and operated in compliance with Title VI of the Civil Rights Act of 1964, as amended; and section 19 of the Federal Mass Transit Act of 1964, as amended, and 49 CFR part 27; or, 45 CFR part 80.

(6) A recipient in a non-urbanized area may execute a contract with a government entity or a private, non-profit organization exempt from taxation under subsection 501(c)(1), 501(c)(3), 501(c)(4), or 501(c)(19) of the Internal Revenue Code to provide charter service upon obtaining a certification from that entity or organization which states that:

[the entity/organization] certifies that it is a government entity or an organization exempt from taxation under subsection 501(c)(1), 501(c)(3), 501(c)(4), or 501(c)(19) of the Internal Revenue Code; more than 50% of the passengers on this charter trip will be elderly; the requested charter trip is consistent with the function and purpose of [the entity/organization]; and the charter trip will be organized and operated in compliance with Title VI of the Civil Rights Act of 1964, as amended; and, Section 19 of the Federal Mass Transit Act of 1964, as amended, and 49 CFR part 27; or, 45 CFR part 80.

(7) A recipient may provide charter service directly to the customer where a formal agreement has been executed between the recipient and all private charter operators it has determined to be willing and able in accordance with this part, provided that:

(i) The agreement specifically allows the recipient to provide the particular type of charter trip;

(ii) The recipient has provided for such an agreement in its annual public charter notice published pursuant to this part before undertaking any charter service pursuant to this exception; and

(iii) If a recipient has received several responses to its annual public charter notice but ceased its review process after determining that one private operator was willing and able, it must, before concluding a formal charter agreement under this section, complete the review process to ensure that all the willing and able private operators are valid parties to the agreement.

(8) During the demonstration period described in paragraph (b)(8)(iv) of this section, recipients in the FTA-selected sites may submit applications to provide charter service to an advisory panel equally representative of public transit providers or local business organizations and local private operators, and which has either been created for such purpose by the grantee, the State Department of Transportation (State DOT), or metropolitan planning organization (MPO), or which is part of the recipient's existing private sector consultation process.

(i) The advisory panel will forward these applications to the State DOT or MPO, which will grant those recommended by unanimous vote of the advisory panel.

(ii) If the advisory panel does not unanimously endorse an application, the State DOT or MPO will make a decision to grant or deny the application based on the following criteria:

(A) *Cost evaluation.* A recipient may provide charter service when it can do so at a significantly lower cost than can private charter operators. Cost differences may be considered significant when there is approximately a twenty percent difference between the average charge for service by private operators and the recipient's fully allocated cost of providing the service, or when the advisory panel determines them to be significant.

(B) *Equipment uniqueness.* A recipient may provide charter service using equipment that is not available from a private source, when such equipment is essential to the purpose of the charter trip.

(C) *Service nature.* A recipient may provide unscheduled or demand responsive service that could not be provided by a private operator without advance notice or at a substantial surcharge to the customer.

(D) *Specific local factors.* A recipient may provide service which responds to a clear need that cannot be met by the local private sector, and which is important to the economic or social health and vitality of the local area.

(iii) The State DOT or MPO may not grant applications to provide service

that would jeopardize the economic vitality of individual private charter operators or would seriously detract from private charter business.

(iv) The service described in this subsection may be provided only during the demonstration program to be conducted through October 31, 1995, in the following sites:

- (A) Monterey, California;
- (B) Oklahoma City, Oklahoma;
- (C) St. Louis, Missouri;
- (D) Yolo County, California;
- (E) Four sites within the State of Michigan.

(c) The process for requesting and granting an exception under 49 CFR 604.9(b)(3):

(1) The recipient must provide the private charter operators that it has determined are willing and able in accordance with this part with a written notice explaining why it is seeking an exception and state that they have at least 30 days to submit written comments to the recipient on the request;

(2) The recipient must send a copy of the notice, all comments received, and any further information it desires in support of its request to the Chief Counsel.

(3) The Chief Counsel shall review the materials submitted and issue a written decision denying or granting in whole or in part the request. In making this decision, the Chief Counsel may seek such additional information as the Chief Counsel determines is needed.

(4) Any exception that the Chief Counsel grants under 49 CFR 604.9(b)(3) shall be effective for not longer than 12 months from the date that the Chief Counsel grants it.

(d) The process for requesting and granting an exception under 49 CFR 604.9(b)(4):

(1) The recipient must submit its petition for an exception to the Administrator at least 90 days prior to the day or days on which it desires to provide charter service.

(2) The petition must describe the event, explain how it is special, and explain the amount of charter service which private charter operators are not capable of providing.

(3) The Administrator will review the materials and issue a written decision denying or granting in whole or in part

the request. In making this decision, the Administrator may seek such additional information as the Administrator determines is needed.

(4) Any exception granted by the Administrator under 49 CFR 604.9(b)(4) shall be effective solely for the event for which the recipient requests an exception.

(e) Any charter service that a recipient provides under any of the exceptions in this part must be incidental charter service.

[52 FR 11933, Apr. 13, 1987, as amended at 53 FR 53355, Dec. 30, 1988; 58 FR 36899, July 9, 1993; 58 FR 52685, Oct. 12, 1993; 59 FR 51134, Oct. 7, 1994]

§ 604.11 Procedures for determining if there are any willing and able private charter operators.

(a) To determine if there is at least one private charter operator willing and able to provide the charter service that the recipient desires to provide, the recipient must complete a public participation process:

(1) At least 60 days before it desires to begin to provide charter service if it is not doing so on May 13, 1987; or

(2) Not more than 90 days after May 13, 1987 if the recipient is providing charter service on May 13, 1987 and desires to continue to provide charter service.

(b) The public participation process must at a minimum include:

(1) Placing a notice in a newspaper, or newspapers, of general circulation within the proposed geographic charter service area;

(2) Sending a copy of the notice to all private charter service operators in the proposed geographic charter service area and to any private charter service operator that requests notice;

(3) Sending a copy of the notice to the United Bus Owners of America, 1300 L Street, NW., suite 1050, Washington, DC 20005, and the American Bus Association, 1100 New York Avenue, NW, Suite 1050, Washington, DC 20005-3934.

(c) The notice must:

(1) State the recipient's name;

(2) Describe the charter service that the recipient proposes to provide limited to the days, times of day, geographic area, and categories of revenue