



U.S. Department of  
Transportation

# News:

Office of the Assistant Secretary for Public Affairs  
Washington, D.C. 20590

**FOR RELEASE MONDAY**  
**April 13, 1987**

**UMTA 03-87**  
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## **UMTA ISSUES NEW CHARTER SERVICE RULE**

Ralph L. Stanley, Administrator of the Urban Mass Transportation Administration, today announced the revised regulations governing the charter service that the agency's grant recipients may provide using UMTA funded buses and vans.

The final rule, published in the Federal Register today, prohibits any federally subsidized transit authority from running charter service if there is at least one willing and able private charter operator who desires to run that service.

Under the previous rule, transit authorities were able to more freely run charter operations in direct competition with private charter operators, but at an unfair competitive advantage because they are publicly subsidized.

"The new charter service regulations culminate nearly 10 years of effort to reform the rules governing use of federal mass transit assistance for charter operations," Stanley said. "In an era of limited subsidies, we want to ensure that scarce Federal resources are used for their primary purpose, providing mass transit service to the millions of Americans who depend on it every day."

The new regulations show the Administration's strong commitment to competitiveness because it ensures that federal subsidies will no longer be used to hurt privately run charter operations, Stanley added.

The rule provides five exceptions to the general prohibition, and responds to comments provided during the rulemaking.

- \* A recipient may provide charter service with UMTA funded equipment and facilities to the extent that there is no private willing and able charter operator.
- \* A recipient may enter into a contract with a private charter operator if the private charter operator does not have the capacity needed for the trip.

- \* A recipient may enter into a contract with a private charter operator if the private charter operator is unable to provide equipment accessible to elderly and handicapped persons.
- \* In an effort to make certain that a sufficient number of uses are available for special events, such as the Pan Am Games, visits by foreign dignitaries, or major sporting events, the regulation permits an UMTA grantee to petition the UMTA Administrator for a waiver of the requirements. If such a waiver is granted by the Administrator, an UMTA grantee would be permitted to provide charter service for that special event and would be permitted to enter into a contract with the customer for that service.
- \* A recipient in non-urbanized areas, less than 50,000 in population, may petition UMTA for an exception if the charter services provided by a willing and able private charter operator would result in a hardship to the customer either because the State imposes by regulation minimum charter durations or because the private charter operator is located too far from the origin of the charter service.

The fifth exception was added in response to the major issue raised by smaller communities.

Any charter service provided under one of these exceptions, however, must be provided in a way which does not interfere with the mass transit service a transit authority provides.

The rule requires that any federally subsidized transit authority that desires to provide any charter service using UMTA funded equipment or facilities must publish a notice annually in a newspaper of general circulation and provide a copy of the notice to several parties listed in the rule. The rule provides these parties with the opportunity to comment on the recipient's proposal to show that they are willing and able to provide the charter service that the recipient proposes to provide.

The rule applies not just to recipients that receive assistance directly from UMTA, but also to all the entities that receive UMTA assistance through the recipients. If an interested party believes that the recipient has not complied with the rule, it may file a complaint with UMTA.

The rule will become effective 30 days after today's publication in the Federal Register. UMTA is requesting comments for 45 days on the expansion of the rule from buses only to buses and vans.

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