

## **ITEM 12 - Information**

May 19, 2010

Briefing on Proposed Response to the Request by Martz National Coach for Federal Assistance for Commuter Bus Service between Fredericksburg and Washington DC

### **Staff**

**Recommendation:** Receive briefing on the request by Martz National Coach and a proposed TPB draft response.

**Background:** In the enclosed letter of January 21, 2010, Martz National Coach has requested TPB support for its proposal to direct FTA Section 5307 funding for bus procurement, preventive maintenance, or capital cost of contracting for its commuter bus service between Fredericksburg to Washington DC.

# National Capital Region Transportation Planning Board

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## D R A F T

May 19, 2010

Mr. Craig Smith  
CEO  
Martz Group  
10411 Hall Industrial Drive  
Fredericksburg, Virginia 22408

Dear Mr. Smith:

Thank you for your letter dated January 21, 2010 regarding Federal Assistance for Commuter Bus Service from Fredericksburg to Washington, DC provided by Martz National Coach Works Inc. of VA.

You have requested that the National Capital Region Transportation Planning Board (TPB) support a project in its TIP to benefit commuter bus service from the Fredericksburg area based on additional Section 5307 allocations generated through reporting to the Federal Transit Administration (FTA) National Transit Database (NTD).

TPB staff has been reviewing your request in concert with our member agencies and jurisdictions and has identified the following key questions and issues which warrant your further response:

1. As you know, one of the transit recipients in the Washington metropolitan region would have to be willing to assume responsibility for either entering into a sub-recipient agreement with Martz or buying and then leasing federally qualifying assets for Martz. In either case, there would be administrative responsibilities that the transit recipient would have to shoulder since the recipient would have an obligation to insure that Martz is in full compliance with federal rules (e.g., FTA charter regulations, procurement, drug and alcohol testing, restrictions on permissible uses of the federally funded assets, auditing, EEO requirements, DBE requirements). With regard to pass-thru arrangements, both recipients and sub-recipients need to be public bodies per FTA Circular C 9030.1D dated May 1, 2010. Has Martz confirmed the existence of a willing recipient?
2. It is safe to assume that a precedent set with Martz will spawn "me too" reactions from other privately operated commuter bus services in the region. Mindful of this, the evaluation of Martz's proposal appropriately needs to anticipate the likelihood of others seeking the same accommodation and the implications of that.
3. The inception of a program along the lines suggested by the Martz proposal naturally means that all existing recipients of Section 5307 funds in the region

would experience a nominal reduction in their funding, since the overall Section 5307 program is finite. While the "cost" of Martz's participation would be spread among all the metropolitan areas in the country, there would be a nominal reduction of funding for the region's recipients. How does Martz propose to make the existing recipients whole for this?

4. After reviewing similar arrangements in other metropolitan areas, notably in New York, we question the adequacy of a ten (10) percent allocation of the earnings for the recipient to shoulder these administrative responsibilities. Does Martz have documented experience from other areas to substantiate that an allocation of this magnitude is adequate?
5. There is a great deal of interest on our behalf in learning more from you on how proposed projects outlined in your letter, such as preventive maintenance, bus procurement, and Capital Cost of Contracting, would be of benefit to the region and to the commuting public. Like any other prospective use of federal funds, the region's decision-makers want to be satisfied that there is a public benefit commensurate with the investment. What does Martz envision as this public benefit? For example, one benefit could be reduced transit fares for Martz' bus service or some improvements in service.
6. Martz also needs to provide the calculation on potential earnings from the Section 5307 funding as a result of reporting its miles to the NTD.

While we are receptive to working with Martz on this initiative and have been consulting with our designated recipients on this matter, it is essential that we obtain this additional information and clarification in order to move forward in considering your request.

We look forward to your response. Please contact Ronald Kirby, staff director for the TPB, at (202)962-3310 if you have additional questions or need further information.

Sincerely,

David Snyder  
Chair, National Capital Region  
Transportation Planning Board

cc: Barry M. Hecht





*A Century of Service*

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January 21, 2010

Mr. Ronald Kirby, Director  
National Capital Region Transportation Planning Board  
777 N Capitol Street N.E.  
Washington, DC 20002

RE: Federal Assistance for Commuter Bus Service from Fredericksburg to  
Washington, DC provided by Martz National Coach Works Inc. of VA

Mr. Kirby,

I am writing on behalf of Martz Group, d/b/a Martz National Coach Works Inc. of VA, to ask for your support for a proposal to direct FTA Section 5307 funding for Martz Group's Commuter services. We provide service from the Fredericksburg, VA area, to the Pentagon and to Washington, DC. We make numerous stops in the District.

We carry approximately 200,000 annual riders, and operate 500,000 annual revenue vehicle miles in this service. This service is a convenience to its commuter riders, and contributes to reduction of congestion and carbon footprint, and to air quality improvement. It is an example of "extreme commute" services. Studies have identified growing national trends of commuting over extremely long distances (and time). It is good public policy to direct as many of these commuters as possible to public transit.

However, Martz receives no state or federal assistance that could benefit its riders by maintaining the capital fleet, and by keeping fares at reasonable levels. Such funding may be available to other providers in the region.

Martz has been determined to be a commuter operator by FTA National Transportation Data Base. We are proposing to report to NTD. Our operations generate about \$250,000 in annual FTA Section 5307 funding, an amount that is expected to increase in future years by growth in the 5307 program. We estimate that these funds would be sufficient to replace the 12+ over-the-road coaches used in this service on a 12 year cycle. If we continue to report this data, it would generate additional 5307 allocations to the urbanized area, and would not reduce the funds to any other transit operation in the Region. This is a win-win proposal.

It is our understanding that 5307 funds made available to the Washington, DC Urbanized Area are split among WMATA, Maryland Mass Transit Administration, and PRTC, by agreement among these parties, to support WMATA, MARC, VRE, and various PRTC and FRED services outside the WMATA Compact area. Because our service is similar to the VRE and PRTC/FRED services outside the compact area, we have asked the signatories to the split letter to consider making the 5307 funding "earned" by the Martz service be made available to PRTC to support this service.



In turn, we ask that the TPB support a project in its TIP to benefit "Commuter Bus Service from the Fredericksburg Area." The TIP would need to direct these funds to a sub recipient that can apply for an FTA grant on Martz' behalf, and to contract with Martz to implement the project. The project could be bus procurement, Preventive Maintenance, or Capital Cost of Contracting, as described in the appropriate FTA circulars.

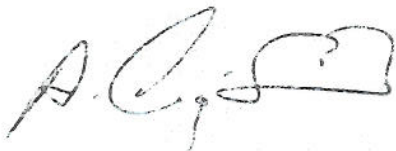
Martz has begun reporting to NTD for Report Year 2008. Its report was accepted by NTD. Therefore, the FFY 2010 5307 allocation will reflect its service. If you can support this proposal, we respectfully request that the TIP for 2010 be amended to identify a capital project for this service, or that these funds be set aside for a future TIP.

If this strategy is successful and of mutual benefit, as we believe it will be, there may be opportunities for additional 5307 funding to the Region to support other long distance commuter transit services.

Our consultant, Barry Hecht, has already spoken to you, or to a member of your staff, about this proposal. He is available to answer any additional questions that you have, and to identify the funds that the subject service generates. We are also prepared to meet with you to further explain this proposal. His contact information is on the attachment.

Thank you for considering this request.

Sincerely,



Craig Smith  
CEO  
Martz Group

Note: A substantially similar letter has been sent to TPB, to FAMPO, and to other parties to the Split Letter.

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