

National Capital Region Transportation Planning Board

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TPB Technical Committee
Item #10
May 7, 2010

D R A F T

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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., procurement, drug and alcohol testing, restrictions on permissible uses of the federally funded assets, auditing, EEO requirements, DBE requirements). 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 fashion 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