

List of Subjects in 49 CFR Part 604

Administrative practice and procedure, Charter service, Mass transportation. In consideration of the foregoing, FTA amends chapter VI of title 49 of the Code of Federal Regulations as set forth below:

Title 49—Transportation

1. Revise part 604 to read as follows:

PART 604—CHARTER SERVICE

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Subpart A—General provisions.

§ 604.1 Purpose.

- (a) The purpose of this part is to implement 49 U.S.C. 5323(d), which protects private charter operators from unauthorized competition from recipients of Federal financial assistance under the Federal Transit Laws.
- (b) This subpart specifies which entities shall comply with the charter service regulations; defines terms used in this part; explains procedures for an exemption from this part; and sets out the contents of a charter service agreement.

§ 604.2 Applicability.

- (a) The requirements of this part shall apply to recipients of Federal financial assistance under the Federal Transit Laws, except as otherwise provided in paragraphs (b) through (g) of this section.
- (b) The requirements of this part shall not apply to a recipient transporting its employees, other transit system employees, transit management officials, transit contractors and bidders, government officials and their contractors and official guests, to or from transit facilities or projects within its geographic service area or proposed geographic service area for the purpose of conducting oversight functions such as inspection, evaluation, or review.
- (c) The requirements of this part shall not apply to private charter operators that receive, directly or indirectly, Federal financial assistance under section 3038 of the Transportation Equity Act for the 21st Century, as amended, or to the non-FTA funded activities of private charter operators that receive, directly or indirectly, FTA financial assistance under any of the following programs: 49 U.S.C. 5307, 49 U.S.C. 5309, 49 U.S.C. 5310, 49 U.S.C. 5311, 49 U.S.C. 5316, or 49 U.S.C. 5317.
- (d) The requirements of this part shall not apply to a recipient transporting its employees, other transit system employees, transit management officials, transit contractors and bidders, government officials and their contractors and official guests, for emergency preparedness planning and operations.
- (e) The requirements of this part shall not apply to a recipient that uses Federal financial assistance from FTA, for program purposes only, under 49 U.S.C. 5310, 49 U.S.C. 5311, 49 U.S.C. 5316, or 49 U.S.C. 5317.
- (f) The requirements of this part shall not apply to a recipient, for actions directly responding to an emergency declared by the President, governor, or mayor or in an emergency requiring immediate action prior to a formal declaration. If the emergency lasts more than 45 days, the recipient shall follow the procedures set out in subpart D of 49 CFR 601.
- (g) The requirements of this part shall not apply to a recipient in a nonurbanized area transporting its employees, other transit system employees, transit management officials, and transit contractors and bidders to or from transit training outside its geographic service area.

§ 604.3 Definitions.

All terms defined in 49 U.S.C. 5301 *et seq.* are used in their statutory meaning in this part. Other terms used in this part are defined as follows:

- (a) “*Federal Transit Laws*” means 49 U.S.C. 5301 *et seq.*, and includes 23 U.S.C. 103(e)(4), 142(a), and 142(c), when used to provide assistance to public transit agencies for purchasing buses and vans.
- (b) “*Administrator*” means the Administrator of the Federal Transit Administration or his or her designee.
- (c) “*Charter service*” means, but does not include demand response service to individuals:
- (1) Transportation provided by a recipient at the request of a third party for the exclusive use of a bus or van for a negotiated price. The following features may be characteristic of charter service:
 - (i) A third party pays the transit provider a negotiated price for the group;
 - (ii) Any fares charged to individual members of the group are collected by a third party;
 - (iii) The service is not part of the transit provider’s regularly scheduled service, or is offered for a limited period of time; or
 - (iv) A third party determines the origin and destination of the trip as well as scheduling; or
 - (2) Transportation provided by a recipient to the public for events or functions that occur on an irregular basis or for a limited duration and:
 - (i) A premium fare is charged that is greater than the usual or customary fixed route fare; or
 - (ii) The service is paid for in whole or in part by a third party.
- (d) “*Charter service hours*” means total hours operated by buses or vans while in charter service including:
- (1) Hours operated while carrying passengers for hire, plus
 - (2) Associated deadhead hours.
- (e) “*Chief Counsel*” means the Chief Counsel of FTA and his or her designated employees.
- (f) “*Days*” means calendar days. The last day of a time period is included in the computation of time unless the last day is a Saturday, Sunday, or legal holiday, in which case, the time period runs until the end of the next day that is not a Saturday, Sunday, or legal holiday.
- (g) “*Demand response*” means any non-fixed route system of transporting individuals that requires advanced scheduling by the customer, including services provided by public entities, nonprofits, and private providers.
- (h) “*Exclusive*” means service that a reasonable person would conclude is intended to exclude members of the public.
- (i) “*FTA*” means the Federal Transit Administration.
- (j) “*Geographic service area*” means the entire area in which a recipient is authorized to provide public transportation service under appropriate local, state, and Federal law.
- (k) “*Government official*” means an individual elected or appointed at the local, state, or Federal level.
- (l) “*Interested party*” means an individual, partnership, corporation, association, or other organization that has a financial interest that is affected by the actions of a recipient providing charter service under the Federal Transit Laws. This term includes states, counties, cities, and their subdivisions, and tribal nations.

(m) “*Pattern of violations*” means more than one finding of unauthorized charter service under this part by FTA beginning with the most recent finding of unauthorized charter service and looking back over a period not to exceed 72 months.

(n) “*Presiding Official*” means an official or agency representative who conducts a hearing at the request of the Chief Counsel and who has had no previous contact with the parties concerning the issue in the proceeding.

(o) “*Program purposes*” means transportation that serves the needs of either human service agencies or targeted populations (elderly, individuals with disabilities, and or low income individuals); this does not include exclusive service for other groups formed for purposes unrelated to the special needs of the targeted populations identified herein.

(p) “*Public transportation*” has the meaning set forth in 49 U.S.C.

5302(a)(10).

(q) “*Qualified human service organization*” means an organization that serves persons who qualify for human service or transportation-related programs or services due to disability, income, or advanced age. This term is used consistent with the President’s Executive Order on Human Service Transportation Coordination (February 24, 2004).

(r) “*Recipient*” means an agency or entity that receives Federal financial assistance, either directly or indirectly, including subrecipients, under the Federal Transit Laws. This term does not include third-party contractors who use non-FTA funded vehicles.

(s) “*Registered charter provider*” means a private charter operator that wants to receive notice of charter service requests directed to recipients and has registered on FTA’s charter registration Web site.

(t) “*Registration list*” means the current list of registered charter providers and qualified human service organizations maintained on FTA’s charter registration Web site.

(u) “*Special transportation*” means demand response or paratransit service that is regular and continuous and is a type of “public transportation.”

(v) “*Violation*” means a finding by FTA of a failure to comply with one of the requirements of this Part.

§ 604.4 Charter service agreement.

(a) A recipient seeking Federal assistance under the Federal Transit Laws to acquire or operate any public transportation equipment or facilities shall enter into a “Charter Service Agreement” as set out in paragraph (b) of this section.

(b) A recipient shall enter into a Charter Service Agreement if it receives Federal funds for equipment or facilities under the Federal Transit Laws. The terms of the Charter Service Agreement are as follows: “The recipient agrees that it, and each of its subrecipients, and third party contractors at any level who use FTA-funded vehicles, may provide charter service using equipment or facilities acquired with Federal assistance authorized under the Federal Transit Laws only in compliance with the regulations set out in 49 CFR 604, the terms and conditions of which are incorporated herein by reference.”

(c) The Charter Service Agreement is contained in the Certifications and Assurances published annually by FTA for applicants for Federal financial assistance. Once a recipient receives Federal funds, the Certifications and Assurances become part of its Grant Agreement or Cooperative Agreement for Federal financial assistance.

Subpart B—Exceptions

§ 604.5 Purpose.

The purpose of this subpart is to identify the limited exceptions under which recipients may provide community-based charter services.

§ 604.6 Government officials on official government business.

(a) A recipient may provide charter service to government officials (Federal, State, and local) for official government business, which can include non-transit related purposes, if the recipient:

- (1) Provides the service in its geographic service area;
- (2) Does not generate revenue from the charter service, except as required by law; and
- (3) After providing such service, records the following:
 - (i) The government organization's name, address, phone number, and email address;
 - (ii) The date and time of service;
 - (iii) The number of passengers (specifically noting the number of government officials on the trip);
 - (iv) The origin, destination, and trip length (miles and hours);
 - (v) The fee collected, if any; and
 - (vi) The vehicle number for the vehicle used to provide the service.

(b) A recipient that provides charter service under this section shall be limited annually to 80 charter service hours for providing trips to government officials for official government business.

(c) A recipient may petition the Administrator for additional charter service hours only if the petition contains the following information:

- (1) Date and description of the official government event and the number of charter service hours requested;
- (2) Explanation of why registered charter providers in the geographic service area cannot perform the service (e.g., equipment, time constraints, or other extenuating circumstances); and
- (3) Evidence that the recipient has sent the request for additional hours to registered charter providers in its geographic service area.

(d) FTA shall post the request for additional charter service hours under this exception in the Government Officials Exception docket, docket number FTA-2007-0020 at <http://www.regulations.gov>. Interested parties may review the contents of this docket and bring questions or concerns to the attention of the Ombudsman for Charter Services. The written decision of the Administrator regarding the request for additional charter service hours shall be posted in the Government Officials Exception docket and sent to the recipient.

§ 604.7 Qualified human service organizations.

(a) A recipient may provide charter service to a qualified human service organization (QHSO) for the purpose of serving persons:

- (1) With mobility limitations related to advanced age;
- (2) With disabilities; or

(3) With low income.

(b) If an organization serving persons described in paragraph (a) of this section receives funding, directly or indirectly, from the programs listed in Appendix A of this part, the QHSO shall not be required to register on the FTA charter registration Web site.

(c) If a QHSO serving persons described in paragraph (a) of this section does not receive funding from any of the programs listed in Appendix A of this part, the QHSO shall register on the FTA charter registration Web site in accordance with § 604.15.

(d) A recipient providing charter service under this exception, whether or not the QHSO receives funding from Appendix A programs, and after providing such charter service, shall record:

- (1) The QHSO's name, address, phone number, and e-mail address;
- (2) The date and time of service;
- (3) The number of passengers;
- (4) The origin, destination, and trip length (miles and hours);
- (5) The fee collected, if any; and
- (6) The vehicle number for the vehicle used to provide the service.

§ 604.8 Leasing FTA funded equipment and drivers.

(a) A recipient may lease its FTA funded equipment and drivers to registered charter providers for charter service only if the following conditions exist:

- (1) The private charter operator is registered on the FTA charter registration Web site;
- (2) The registered charter provider owns and operates buses or vans in a charter service business;
- (3) The registered charter provider received a request for charter service that exceeds its available capacity either of the number of vehicles operated by the registered charter provider or the number of accessible vehicles operated by the registered charter provider; and
- (4) The registered charter provider has exhausted all of the available vehicles of all registered charter providers in the recipient's geographic service area.

(b) A recipient leasing vehicles and drivers to a registered charter provider under this provision shall record:

- (1) The registered charter provider's name, address, telephone number, and e-mail address;
- (2) The number of vehicles leased, types of vehicles leased, and vehicle identification numbers; and
- (3) The documentation presented by the registered charter provider in support of paragraphs (a)(1) through (4) of this section.

(c) In accordance with § 604.26, if a registered charter provider seeking to lease vehicles has filed a complaint requesting that another registered charter provider be removed from the FTA charter registration Web site, then the registered charter provider seeking to lease vehicles is not required to exhaust the vehicles from that registered charter provider while the complaint is pending before leasing vehicles from a recipient.

§ 604.9 When no registered charter provider responds to notice from a recipient.

(a) A recipient may provide charter service, on its own initiative or at the request of a third party, if no registered charter provider responds to the notice issued in § 604.14:

- (1) Within 72 hours for charter service requested to be provided in less than 30 days; or
- (2) Within 14 calendar days for charter service requested to be provided in 30 days or more.

(b) A recipient shall not provide charter service under this section if a registered charter provider indicates an interest in providing the charter service set out in the notice issued pursuant to § 604.14 and the registered charter provider has informed the recipient of its interest in providing the service.

(c) After providing the service, a recipient shall record:

- (1) The group's name, address, phone number, and e-mail address;
- (2) The date and time of service;
- (3) The number of passengers;
- (4) The origin, destination, and trip length (miles and hours);
- (5) The fee collected, if any; and
- (6) The vehicle number for the vehicle used to provide the service.

§ 604.10 Agreement with registered charter providers.

(a) A recipient may provide charter service directly to a customer consistent with an agreement entered into with all registered charter providers in the recipient's geographic service area.

(b) If a new charter provider registers in the geographic service area subsequent to the initial agreement, the recipient may continue to provide charter service under the previous agreement with the other charter providers up to 90 days without an agreement with the newly registered charter provider.

(c) Any of the parties to an agreement may cancel the agreement at any time after providing the recipient a 90-day notice.

§ 604.11 Petitions to the Administrator.

(a) A recipient may petition the Administrator for an exception to the charter service regulations to provide charter service directly to a customer for:

- (1) Events of regional or national significance;
- (2) Hardship (only for non-urbanized areas under 50,000 in population or small urbanized areas under 200,000 in population); or
- (3) Unique and time sensitive events (e.g., funerals of local, regional, or national significance) that are in the public's interest.

(b) The petition to the Administrator shall include the following information:

- (1) The date and description of the event;
- (2) The type of service requested and the type of equipment;
- (3) The anticipated number of charter service hours needed for the event;
- (4) The anticipated number of vehicles and duration of the event; and
 - (i) For an event of regional or national significance, the petition shall include a description of how registered charter providers were consulted, how registered charter providers will be utilized in providing the charter service, a certification that the recipient has exhausted all of the registered

charter providers in its geographic service area, and submit the petition at least 90 days before the first day of the event described in paragraph (b)(1) of this section;

(ii) For a hardship request, a petition is only available if the registered charter provider has deadhead time that exceeds total trip time from initial pickup to final drop-off, including wait time. The petition shall describe how the registered charter provider's minimum duration would create a hardship on the group requesting the charter service; or

(iii) For unique and time sensitive events, the petition shall describe why the event is unique or time sensitive and how providing the charter service would be in the public's interest.

(c) Upon receipt of a petition that meets the requirements set forth in paragraph (b) of this section, the Administrator shall review the materials and issue a written decision denying or granting the request in whole or in part. In making this decision, the Administrator may seek such additional information as the Administrator deems necessary. The Administrator's decision shall be filed in the Petitions to the Administrator docket, number FTA-2007-0022 at <http://www.regulations.gov> and sent to the recipient.

(d) Any exception granted by the Administrator under this section shall be effective only for the event identified in paragraph (b)(1) of this section.

(e) A recipient shall send its petition to the Administrator by facsimile to (202) 366-3809 or by e-mail to ombudsman.charterservice@dot.gov.

(f) A recipient shall retain a copy of the Administrator's approval for a period of at least three years and shall include it in the recipient's quarterly report posted on the charter registration Web site.

§ 604.12 Reporting requirements for all exceptions.

(a) A recipient that provides charter service in accordance with one or more of the exceptions contained in this subpart shall maintain the required notice and records in an electronic format for a period of at least three years from the date of the service or lease. A recipient may maintain the required records in other formats in addition to the electronic format.

(b) In addition to the requirements identified in paragraph (a) of this section, the records required under this subpart shall include a clear statement identifying which exception the recipient relied upon when it provided the charter service.

(c) Beginning on July 30, 2008, a recipient providing charter service under these exceptions shall post the records required under this subpart on the FTA charter registration Web site 30 days after the end of each calendar quarter (i.e., January 30th, April 30th, July 30th, and October 30th). A single document or charter log may include all charter service trips provided during the quarter.

(d) A recipient may exclude specific origin and destination information for safety and security reasons. If a recipient excludes such information, the record of the service shall describe the reason why such information was excluded and provide generalized information instead of providing specific origin and destination information.

Subpart C—Procedures for Registration and Notification

§ 604.13 Registration of private charter operators.

(a) Private charter operators shall provide the following information at http://www.fta.dot.gov/laws/leg_reg_179.html to be considered a registered charter provider:

- (1) Company name, address, phone number, e-mail address, and facsimile number;
- (2) Federal and, if available, state motor carrier identifying number;
- (3) The geographic service areas of public transit agencies, as identified by the transit agency's zip code, in which the private charter operator intends to provide charter service;
- (4) The number of buses or vans the private charter operator owns;
- (5) A certification that the private charter operator has valid insurance; and
- (6) Whether willing to provide free or reduced rate charter services to registered qualified human service organizations.

(b) A private charter operator that provides valid information in this subpart is a "registered charter provider" for purposes of this part and shall have standing to file a complaint consistent with subpart F.

(c) A recipient, a registered charter provider, or their duly authorized representative, may challenge a registered charter provider's registration and request removal of the private charter operator from FTA's charter registration Web site by filing a complaint consistent with subpart F.

(d) FTA may refuse to post a private charter operator's information if the private charter operator fails to provide all of the required information as indicated on the FTA charter registration Web site.

(e) A registered charter provider shall provide current and accurate information on FTA's charter registration Web site, and shall update that information no less frequently than every two years.

§ 604.14 Recipient's notification to registered charter providers.

(a) Upon receiving a request for charter service, a recipient may:

- (1) Decline to provide the service, with or without referring the requestor to FTA's charter registration Web site (http://www.fta.dot.gov/laws/leg_reg_179.html);
- (2) Provide the service under an exception provided in subpart B of this part; or
- (3) Provide notice to registered charter providers as provided in this section and provide the service pursuant to § 604.9.

(b) If a recipient is interested in providing charter service under the exception contained in § 604.9, then upon receipt of a request for charter service, the recipient shall provide e-mail notice to registered charter providers in the recipient's geographic service area in the following manner:

- (1) E-mail notice of the request shall be sent by the close of business on the day the recipient receives the request unless the recipient received the request after 2 p.m., in which case the recipient shall send the notice by the close of business the next business day;
- (2) E-mail notice sent to the list of registered charter providers shall include:
 - (i) Customer name, address, phone number, and e-mail address (if available);

- (ii) Requested date of service;
- (iii) Approximate number of passengers;
- (iv) Whether the type of equipment requested is (are) bus(es) or van(s);
and
- (v) Trip itinerary and approximate duration; and

(3) If the recipient intends to provide service that meets the definition of charter service under § 604.3(c)(2), the e-mail notice must include the fare the recipient intends to charge for the service.

(c) A recipient shall retain an electronic copy of the e-mail notice and the list of registered charter providers that were sent e-mail notice of the requested charter service for a period of at least three years from the date the email notice was sent.

(d) If a recipient receives an “undeliverable” notice in response to its e-mail notice, the recipient shall send the notice via facsimile. The recipient shall maintain the record of the undeliverable e-mail notice and the facsimile sent confirmation for a period of three years.

Subpart D—Registration of Qualified Human Service Organizations and Duties for Recipients With Respect to Charter Registration Web site
§ 604.15 Registration of qualified human service organizations.

(a) Qualified human service organizations (QHSO) that seek free or reduced rate services from recipients, and do not receive funds from Federal programs listed in Appendix A, but serve individuals described in § 604.7 (i.e., individuals with low income, advanced age, or with disabilities), shall register on FTA’s charter registration Web site by submitting the following information:

- (1) Name of organization, address, phone number, e-mail address, and facsimile number;
- (2) The geographic service area of the recipient in which the qualified human service organization resides;
- (3) Basic financial information regarding the qualified human service organization and whether the qualified human service organization is exempt from taxation under sections 501(c) (1), (3), (4), or (19) of the Internal Revenue Code, and whether it is a unit of Federal, State or local government;
- (4) Whether the qualified human service organization receives funds directly or indirectly from a State or local program, and if so, which program(s); and
- (5) A narrative statement describing the types of charter service trips the qualified human service organization may request from a recipient and how that service is consistent with the mission of the qualified human service organization.

(b) A qualified human service organization is eligible to receive charter services from a recipient if it:

- (1) Registers on the FTA Web site in accordance with paragraph (a) of this section at least 60 days before the date of the requested charter service; and
- (2) Verifies FTA’s receipt of its registration by viewing its information on the FTA charter registration Web site

http://www.fta.dot.gov/laws/leg_reg_179.html.

- (c) A registered charter provider may challenge a QHSO's status to receive charter services from a recipient by requesting removal of the QHSO from FTA's charter registration Web site by filing a complaint consistent with subpart F.
- (d) A QHSO shall provide current and accurate information on FTA's charter registration Web site, and shall update that information no less frequently than every two years.

§ 604.16 Duties for recipients with respect to charter registration Web site.

Each recipient shall ensure that its affected employees and contractors have the necessary competency to effectively use the FTA charter registration Web site.

Subpart E—Advisory Opinions and Cease and Desist Orders

§ 604.17 Purpose.

The purpose of this subpart is to set out the requirements for requesting an advisory opinion from the Chief Counsel's Office. An advisory opinion may also request that the Chief Counsel issue a cease and desist order, which would be an order to refrain from doing an act which, if done, would be a violation of this part.

§ 604.18 Request for an advisory opinion.

(a) An interested party may request an advisory opinion from the Chief Counsel on a matter regarding specific factual events only.

(b) A request for an advisory opinion shall be submitted in the following form:

[Date]

Chief Counsel, Federal Transit
Administration, 1200 New Jersey Ave. SE.,
Room E55-302, Washington, DC 20590

Re: Request for Advisory Opinion

The undersigned submits this request for an advisory opinion from the FTA Chief Counsel with respect to [the general nature of the matter involved].

A. A full statement of all facts and legal points relevant to the request

B. An affirmation that the undersigned swears, to the best of his/her knowledge and belief, this request includes all data, information, and views relevant to the matter, whether favorable or unfavorable to the position of the undersigned, which is the subject of the request.

C. The following certification: "I hereby certify that I have this day served the foregoing [name of document] on the following interested party(ies) at the following addresses and e-mail or facsimile numbers (if also served by e-mail or facsimile) by [specify method of service]:

[list persons, addresses, and e-mail or facsimile numbers]"

Dated this ___ day of _____, 20__.

[Signature]

[Printed name]

[Title of person making request]

[Mailing address]

[Telephone number]

[e-mail address]

(c) The Chief Counsel may request additional information, as necessary, from the party submitting the request for an advisory opinion.

(d) A request for an advisory opinion may be denied if:

- (1) The request contains incomplete information on which to base an informed advisory opinion;
- (2) The Chief Counsel concludes that an advisory opinion cannot reasonably be given on the matter involved;
- (3) The matter is adequately covered by a prior advisory opinion or a regulation;
- (4) The Chief Counsel otherwise concludes that an advisory opinion would not be in the public interest.

§ 604.19 Processing of advisory opinions.

(a) A request for an advisory opinion shall be sent to the Chief Counsel at ombudsman.charterservice@dot.gov, and filed electronically in the Charter Service Advisory Opinion/Cease and Desist Order docket number FTA–2007–0023 at <http://www.regulations.gov> or sent to the docket's office located at 1200 New Jersey Ave., SE, West Building Ground Floor, Room W12–140, Washington, DC 20590, for submission to that docket.

(b) The Chief Counsel shall make every effort to respond to a request for an advisory opinion within ten days of receipt of a request that complies with § 604.18(b). The Chief Counsel shall send his or her decision to the interested party, the docket, and the recipient, if appropriate.

§ 604.20 Effect of an advisory opinion.

(a) An advisory opinion represents the formal position of FTA on a matter, and except as provided in § 604.25 of this subpart, obligates the agency to follow it until it is amended or revoked.

(b) An advisory opinion may be used in administrative or court proceedings to illustrate acceptable and unacceptable procedures or standards, but not as a legal requirement and is limited to the factual circumstances described in the request for an advisory opinion. The Chief Counsel's advisory opinion shall not be binding upon a Presiding Official conducting a proceeding under subpart I of this part.

(c) A statement made or advice provided by an FTA employee constitutes an advisory opinion only if it is issued in writing under this section. A statement or advice given by an FTA employee orally, or given in writing, but not under this section, is an informal communication that represents the best judgment of that employee at the time but does not constitute an advisory opinion, does not necessarily represent the formal position of FTA, and does not bind or otherwise obligate or commit the agency to the views expressed.

§ 604.21 Special considerations for advisory opinions.

Based on new facts involving significant financial considerations, the Chief Counsel may take appropriate enforcement action contrary to an advisory opinion before amending or revoking the opinion. This action shall be taken only with the approval of the Administrator.

§ 604.22 Request for a cease and desist order.

(a) An interested party may also request a cease and desist order as part of its request for an advisory opinion. A request for a cease and desist order shall contain the following information in addition to the information required for an advisory opinion:

(1) A description of the need for the cease and desist order, a detailed description of the lost business opportunity the interested party is likely to suffer if the recipient performs the charter service in question, and how the public interest will be served by avoiding or ameliorating the lost business opportunity. A registered charter provider must distinguish its loss from that of other registered charter providers in the geographic service area.

(2) A detailed description of the efforts made to notify the recipient of the potential violation of the charter service regulations. Include names, titles, phone numbers or e-mail addresses of persons contacted, date and times contact was made, and the response received, if any.

(b) A request for a cease and desist order may be denied if:

(1) The request contains incomplete information on which to base an informed a cease and desist order;

(2) The Chief Counsel concludes that a cease and desist order cannot reasonably be given on the matter involved;

(3) The matter is adequately covered by a prior a cease and desist order; or

(4) The Chief Counsel otherwise concludes that a cease and desist order would not be in the public interest.

(c) A recipient who is the subject of a request for a cease and desist order shall have three business days to respond to the request. The response shall include a point-by-point rebuttal to the information included in the request for a cease and desist order.

(d) The time period for a response by the recipient begins once a registered charter provider files a request in the Advisory Opinion/Cease and Desist Order docket (FTA–2007–0023 at <http://www.regulations.gov>) or with the FTA Chief Counsel’s Office, whichever date is sooner.

§ 604.23 Effect of a cease and desist order.

(a) Issuance of a cease and desist order against a recipient shall be considered as an aggravating factor in determining the remedy to impose against the recipient in future findings of noncompliance with this part, if the recipient provides the service described in the cease and desist order issued by the Chief Counsel.

(b) In determining whether to grant the request for a cease and desist order, the Chief Counsel shall consider the specific facts shown in the signed, sworn request for a cease and desist order, applicable statutes and regulations, and any other information that is relevant to the request.

§ 604.24 Decisions by the Chief Counsel regarding cease and desist orders.

(a) The Chief Counsel may grant a request for a cease and desist order if the interested party demonstrates, by a preponderance of the evidence, that the planned provision of charter service by a recipient would violate this part.

(b) In determining whether to grant the request for a cease and desist order, the Chief Counsel shall consider the specific facts shown in the signed, sworn request for a cease

and desist order, applicable statutes, regulations, agreements, and any other information that is relevant to the request.

Subpart F—Complaints

§ 604.25 Purpose.

This subpart describes the requirements for filing a complaint challenging the registration of a private charter operator or qualified human service organization on the FTA charter registration Web site and filing a complaint regarding the provision of charter service by a recipient. Note: To save time and expense for all concerned, FTA expects all parties to attempt to resolve matters informally before beginning the official complaint process.

§ 604.26 Complaints and decisions regarding removal of private charter operators or qualified human service organizations from registration list.

(a) A recipient, a registered charter provider, or its duly authorized representative, may challenge the listing of a registered charter provider or qualified human service organization on FTA's charter registration Web site by filing a complaint that meets the following:

- (1) States the name and address of each entity who is the subject of the complaint;
- (2) Provides a concise but complete statement of the facts relied upon to substantiate the reason why the private charter operator or qualified human service organization should not be listed on the FTA charter registration Web site;
- (3) Files electronically by submitting it to the Charter Service Removal Complaint docket number FTA-2007-0024 at <http://www.regulations.gov>;
- (4) Serves by e-mail or facsimile if no e-mail address is available, or by overnight mail service with receipt confirmation, and attaches documents offered in support of the complaint upon all entities named in the complaint;
- (5) Files within 90 days of discovering facts that merit removal of the registered charter provider or qualified human service organization from the FTA Charter Registration Web site; and
- (6) Contains the following certification:

I hereby certify that I have this day served the foregoing [name of document] on the following persons at the following addresses and e-mail or facsimile numbers (if also served by e-mail or facsimile) by [specify method of service]: [list persons, addresses, and e-mail or facsimile numbers]

Dated this ____ day of ____, 20__.

[signature], for [party].

(b) The registered charter provider or qualified human service organization shall have 15 days to answer the complaint and shall file such answer, and all supporting documentation, in the Charter Service Removal Complaint docket number FTA-2007-0024 at <http://www.regulations.gov> and e-mail such answer to ombudsman.charterservice@dot.gov.

(c) A recipient, qualified human service organization, or a registered charter provider, or its duly authorized representative, shall not file a reply to the answer.

(d) FTA shall determine whether to remove the registered charter provider or qualified human service organization from the FTA charter registration Web site based on a preponderance of the evidence of one or more of the following:

- (1) Bad faith;
 - (2) Fraud;
 - (3) Lapse of insurance;
 - (4) Lapse of other documentation; or
 - (5) The filing of more than one complaint, which on its face, does not state a claim that warrants an investigation or further action by FTA.
- (e) FTA's determination whether or not to remove a registered charter provider or qualified human service organization from the registration list shall be sent to the parties within 30 days of the date of the response required in paragraph (b) of this section and shall state:
- (1) Reasons for allowing the continued listing or removal of the registered charter provider or qualified human service organization from the registration list;
 - (2) If removal is ordered, the length of time (not to exceed three years) the private charter operator or qualified human service organization shall be barred from the registration list; and
 - (3) The date by which the private charter operator or qualified human service organization may re-apply for registration on the FTA charter registration Web site.

§ 604.27 Complaints, answers, replies, and other documents.

- (a) A registered charter provider, or its duly authorized representative ("complainant"), affected by an alleged noncompliance of this part may file a complaint with the Office of the Chief Counsel.
- (b) Complaints filed under this subpart shall:
- (1) Be titled "Notice of Charter Service Complaint";
 - (2) State the name and address of each recipient that is the subject of the complaint and, with respect to each recipient, the specific provisions of this part that the complainant believes were violated;
 - (3) Be served in accordance with § 604.31, along with all documents then available in the exercise of reasonable diligence, offered in support of the complaint, upon all recipients named in the complaint as being responsible for the alleged action(s) or omission(s) upon which the complaint is based;
 - (4) Provide a concise but complete statement of the facts relied upon to substantiate each allegation (complainant must show by a preponderance of the evidence that the recipient provided charter service and that such service did not fall within one of the exemptions or exceptions set out in this part);
 - (5) Describe how the complainant was directly and substantially affected by the things done or omitted by the recipients;
 - (6) Identify each registered charter provider associated with the complaint; and
 - (7) Be filed within 90 days after the alleged event giving rise to the complaint occurred.
- (c) Unless the complaint is dismissed pursuant to § 604.28 or § 604.29, FTA shall notify the complainant, respondent, and state recipient, if applicable, within 30 days after the date FTA receives the complaint that the complaint has been docketed. Respondent shall have 30 days from the date of service of the FTA notification to file an answer.

- (d) The complainant may file a reply within 20 days of the date of service of the respondent's answer.
- (e) The respondent may file a rebuttal within 10 days of the date of service of the reply.
- (f) The answer, reply, and rebuttal shall, like the complaint, be accompanied by the supporting documentation upon which the submitter relies.
- (g) The answer shall deny or admit the allegations made in the complaint or state that the entity filing the document is without sufficient knowledge or information to admit or deny an allegation, and shall assert any affirmative defense.
- (h) The answer, reply, and rebuttal shall each contain a concise but complete statement of the facts relied upon to substantiate the answers, admissions, denials, or averments made.
- (i) The respondent's answer may include a motion to dismiss the complaint, or any portion thereof, with a supporting memorandum of points and authorities.
- (j) The complainant may withdraw a complaint at any time after filing by serving a "Notification of Withdrawal" on the Chief Counsel and the respondent.

§ 604.28 Dismissals.

(a) Within 20 days after the receipt of a complaint described in § 604.27, the Office of the Chief Counsel shall provide reasons for dismissing a complaint, or any claim in the complaint, with prejudice, under this section if:

- (1) It appears on its face to be outside the jurisdiction of FTA under the Federal Transit Laws;
- (2) On its face it does not state a claim that warrants an investigation or further action by FTA; or
- (3) The complainant lacks standing to file a complaint under subparts B, C, or D of this part.

(b) [Reserved.]

§ 604.29 Incomplete complaints.

If a complaint is not dismissed under § 604.28, but is deficient as to one or more of the requirements set forth in § 604.27, the Office of the Chief Counsel may dismiss the complaint within 20 days after receiving it. Dismissal shall be without prejudice and the complainant may re-file after amendment to correct the deficiency. The Chief Counsel's dismissal shall include the reasons for the dismissal without prejudice.

§ 604.30 Filing complaints.

(a) *Filing address.* Unless provided otherwise, the complainant shall file the complaint with the Office of the Chief Counsel, 1200 New Jersey Ave., SE., Room E55-302, Washington, DC 20590 and file it electronically in the Charter Service Complaint docket number FTA-2007-0025 at <http://www.regulations.gov> or mail it to the docket by sending the complaint to 1200 New Jersey Ave., SE., West Building Ground Floor, Room W12-140, Washington, DC 20590.

(b) *Date and method of filing.* Filing of any document shall be by personal delivery, U.S. mail, or overnight delivery with receipt confirmation. Unless the date is shown to be inaccurate, documents to be filed with FTA shall be deemed filed, on the earliest of:

- (1) The date of personal delivery;
- (2) The mailing date shown on the certificate of service;

- (3) The date shown on the postmark if there is no certificate of service; or
 - (4) The mailing date shown by other evidence if there is no certificate of service and no postmark.
- (c) *E-mail or fax.* A document sent by facsimile or e-mail shall not constitute service as described in § 604.31.
- (d) *Number of copies.* Unless otherwise specified, an executed original shall be filed with FTA.
- (e) *Form.* Documents filed with FTA shall be typewritten or legibly printed. In the case of docketed proceedings, the document shall include a title and the docket number, as established by the Chief Counsel or Presiding Official, of the proceeding on the front page.
- (f) *Signing of documents and other papers.* The original of every document filed shall be signed by the person filing it or the person's duly authorized representative. Subject to the enforcement provisions contained in this subpart, the signature shall serve as a certification that the signer has read the document and, based on reasonable inquiry, to the best of the signer's knowledge, information, and belief, the document is:
- (1) Consistent with this part;
 - (2) Warranted by existing law or that a good faith argument exists for extension, modification, or reversal of existing law; and
 - (3) Not interposed for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of the administrative process.

§ 604.31 Service.

- (a) *Designation of person to receive service.* The initial document filed by the complainant shall state on the first page of the document for all parties to be served:
- (1) The title of the document;
 - (2) The name, post office address, telephone number; and
 - (3) The facsimile number, if any, and e-mail address(es), if any. If any of the above items change during the proceeding, the person shall promptly file notice of the change with FTA and the Presiding Official, if appropriate, and shall serve the notice on all other parties to the proceeding.
- (b) *Docket numbers.* Each submission identified as a complaint under this part by the submitting party shall be filed in the Charter Service Complaint docket FTA-2007-0025.
- (c) *Who must be served.* Copies of all documents filed with FTA shall be served by the entity filing them on all parties to the proceeding. A certificate of service shall accompany all documents when they are tendered for filing and shall certify concurrent service on FTA and all parties. Certificates of service shall be in substantially the following form: I hereby certify that I have this day served the foregoing [name of document] on the following persons at the following addresses and e-mail or facsimile numbers (if also served by e-mail or facsimile) by [specify method of service]:
[list persons, addresses, and e-mail or facsimile numbers]
Dated this ___ day of ____, 20__.
[signature], for [party]
- (d) *Method of service.* Except as otherwise provided in § 604.26, or agreed by the parties and the Presiding Official, as appropriate, the method of service is personal delivery or U.S. mail.

- (e) *Presumption of service.* There shall be a presumption of lawful service:
- (1) When acknowledgment of receipt is by a person who customarily or in the ordinary course of business receives mail at the address of the party or of the person designated under this section; or
 - (2) When a properly addressed envelope, sent to the last known address has been returned as undeliverable, unclaimed, or refused.

Subpart G—Investigations

§ 604.32 Investigation of complaint.

- (a) If, based on the pleadings, there appears to be a reasonable basis for investigation, FTA shall investigate the subject matter of the complaint.
- (b) The investigation may include a review of written submissions or pleadings of the parties, as supplemented by any informal investigation FTA considers necessary and by additional information furnished by the parties at FTA request. Each party shall file documents that it considers sufficient to present all relevant facts and argument necessary for FTA to determine whether the recipient is in compliance.
- (c) The Chief Counsel shall send a notice to complainant(s) and respondent(s) once an investigation is complete, but not later than 90 days after receipt of the last pleading specified in § 604.27 was due to FTA.

§ 604.33 Agency initiation of investigation.

- (a) Notwithstanding any other provision under these regulations, FTA may initiate its own investigation of any matter within the applicability of this Part without having received a complaint. The investigation may include, without limitation, any of the actions described in § 604.32.
- (b) Following the initiation of an investigation under this section, FTA sends a notice to the entities subject to investigation. The notice will set forth the areas of FTA's concern and the reasons; request a response to the notice within 30 days of the date of service; and inform the respondent that FTA will, in its discretion, invite good faith efforts to resolve the matter.
- (c) If the matters addressed in the FTA notice are not resolved informally, the Chief Counsel may refer the matter to a Presiding Official.

Subpart H—Decisions by FTA and Appointment of a Presiding Official (PO)

§ 604.34 Chief Counsel decisions and appointment of a PO.

- (a) After receiving a complaint consistent with § 604.27, and conducting an investigation, the Chief Counsel may:
- (1) Issue a decision based on the pleadings filed to date;
 - (2) Appoint a PO to review the matter; or
 - (3) Dismiss the complaint pursuant to § 604.28.
- (b) If the Chief Counsel appoints a PO to review the matter, the Chief Counsel shall send out a hearing order that sets forth the following:
- (1) The allegations in the complaint, or notice of investigation, and the chronology and results of the investigation preliminary to the hearing;
 - (2) The relevant statutory, judicial, regulatory, and other authorities;

- (3) The issues to be decided;
- (4) Such rules of procedure as may be necessary to supplement the provisions of this Part;
- (5) The name and address of the PO, and the assignment of authority to the PO to conduct the hearing in accordance with the procedures set forth in this Part; and
- (6) The date by which the PO is directed to issue a recommended decision.

§ 604.35 Separation of functions.

(a) Proceedings under this part shall be handled by an FTA attorney, except that the Chief Counsel may appoint a PO, who may not be an FTA attorney.

(b) After issuance of an initial decision by the Chief Counsel, the FTA employee or contractor engaged in the performance of investigative or prosecutorial functions in a proceeding under this part shall not, in that case or a factually related case, participate or give advice in a final decision by the Administrator or his or her designee on written appeal, and shall not, except as counsel or as witness in the public proceedings, engage in any substantive communication regarding that case or a related case with the Administrator on written appeal.

Subpart I—Hearings.

§ 604.36 Powers of a PO.

A PO may:

- (a) Give notice of, and hold, prehearing conferences and hearings;
- (b) Administer oaths and affirmations;
- (c) Issue notices of deposition requested by the parties;
- (d) Limit the frequency and extent of discovery;
- (e) Rule on offers of proof;
- (f) Receive relevant and material evidence;
- (g) Regulate the course of the hearing in accordance with the rules of this part to avoid unnecessary and duplicative proceedings in the interest of prompt and fair resolution of the matters at issue;
- (h) Hold conferences to settle or to simplify the issues by consent of the parties;
- (i) Dispose of procedural motions and requests;
- (j) Examine witnesses; and
- (k) Make findings of fact and conclusions of law and issue a recommended decision.

§ 604.37 Appearances, parties, and rights of parties.

(a) Any party to the hearing may appear and be heard in person and any party to the hearing may be accompanied, represented, or advised by an attorney licensed by a State, the District of Columbia, or a territory of the United States to practice law or appear before the courts of that State or territory, or by another duly authorized representative. An attorney, or other duly authorized representative, who represents a party shall file according to the filing and service procedures contained in § 604.30 and § 604.31.

(b) The parties to the hearing are the respondent(s) named in the hearing order, the complainant(s), and FTA, as represented by the PO.

(c) The parties to the hearing may agree to extend for a reasonable period of time the time for filing a document under this part. If the parties agree, the PO shall grant one extension

of time to each party. The party seeking the extension of time shall submit a draft order to the PO to be signed by the PO and filed with the hearing docket. The PO may grant additional oral requests for an extension of time where the parties agree to the extension.

(d) An extension of time granted by the PO for any reason extends the due date for the PO's recommended decision and for the final agency decision by the length of time in the PO's extension.

§ 604.38 Discovery.

(a) Permissible forms of discovery shall be within the discretion of the PO.

(b) The PO shall limit the frequency and extent of discovery permitted by this section if a party shows that:

- (1) The information requested is cumulative or repetitious;
- (2) The information requested may be obtained from another less burdensome and more convenient source;
- (3) The party requesting the information has had ample opportunity to obtain the information through other discovery methods permitted under this section; or
- (4) The method or scope of discovery requested by the party is unduly burdensome or expensive.

§ 604.39 Depositions.

(a) For good cause shown, the PO may order that the testimony of a witness may be taken by deposition and that the witness produce documentary evidence in connection with such testimony. Generally, an order to take the deposition of a witness is entered only if:

- (1) The person whose deposition is to be taken would be unavailable at the hearing;
- (2) The deposition is deemed necessary to perpetuate the testimony of the witness;
- or
- (3) The taking of the deposition is necessary to prevent undue and excessive expense to a party and will not result in undue burden to other parties or in undue delay.

(b) Any party to the hearing desiring to take the deposition of a witness according to the terms set out in this subpart, shall file a motion with the PO, with a copy of the motion served on each party. The motion shall include:

- (1) The name and residence of the witness;
- (2) The time and place for the taking of the proposed deposition;
- (3) The reasons why such deposition should be taken; and
- (4) A general description of the matters concerning which the witness will be asked to testify.

(c) If good cause is shown in the motion, the PO in his or her discretion, issues an order authorizing the deposition and specifying the name of the witness to be deposed, the location and time of the deposition and the general scope and subject matter of the testimony to be taken.

(d) Witnesses whose testimony is taken by deposition shall be sworn or shall affirm before any questions are put to them. Each question propounded shall be recorded and the answers of the witness transcribed verbatim. The written transcript shall be subscribed by

the witness, unless the parties by stipulation waive the signing, or the witness is ill, cannot be found, or refuses to sign. The reporter shall note the reason for failure to sign.

§ 604.40 Public disclosure of evidence.

- (a) Except as provided in this section, the hearing shall be open to the public.
- (b) The PO may order that any information contained in the record be withheld from public disclosure. Any person may object to disclosure of information in the record by filing a written motion to withhold specific information with the PO. The person shall state specific grounds for nondisclosure in the motion.
- (c) The PO shall grant the motion to withhold information from public disclosure if the PO determines that disclosure would be in violation of the Privacy Act, would reveal trade secrets or privileged or confidential commercial or financial information, or is otherwise prohibited by law.

§ 604.41 Standard of proof.

The PO shall issue a recommended decision or shall rule in a party's favor only if the decision or ruling is supported by a preponderance of the evidence.

§ 604.42 Burden of proof.

- (a) The burden of proof of noncompliance with this part, determination, or agreement issued under the authority of the Federal Transit Laws is on the registered charter provider.
- (b) Except as otherwise provided by statute or rule, the proponent of a motion, request, or order has the burden of proof.

§ 604.43 Offer of proof.

A party whose evidence has been excluded by a ruling of the PO, during a hearing in which the respondent had an opportunity to respond to the offer of proof, may offer the evidence on the record when filing an appeal.

§ 604.44 Record.

- (a) The transcript of all testimony in the hearing, all exhibits received into evidence, all motions, applications requests and rulings, and all documents included in the hearing record shall constitute the exclusive record for decision in the proceedings and the basis for the issuance of any orders.
- (b) Any interested person may examine the record by entering the docket number at <http://www.regulations.gov> or after payment of reasonable costs for search and reproduction of the record.

§ 604.45 Waiver of procedures.

- (a) The PO shall waive such procedural steps as all parties to the hearing agree to waive before issuance of an initial decision.
- (b) Consent to a waiver of any procedural step bars the raising of this issue on appeal.
- (c) The parties may not by consent waive the obligation of the PO to enter a recommended decision on the record.

§ 604.46 Recommended decision by a PO.

(a) The PO shall issue a recommended decision based on the record developed during the proceeding and shall send the recommended decision to the Chief Counsel for ratification or modification not later than 110 days after the referral from the Chief Counsel.

(b) The Chief Counsel shall ratify or modify the PO's recommended decision within 30 days of receiving the recommended decision. The Chief Counsel shall serve his or her decision, which is capable of being appealed to the Administrator, on all parties to the proceeding.

§ 604.47 Remedies.

(a) If the Chief Counsel determines that a violation of this part occurred, he or she may take one or more of the following actions:

- (1) Bar the recipient from receiving future Federal financial assistance from FTA;
- (2) Order the withholding of a reasonable percentage of available Federal financial assistance; or
- (3) Pursue suspension and debarment of the recipient, its employees, or its contractors.

(b) In determining the type and amount of remedy, the Chief Counsel shall consider the following factors:

- (1) The nature and circumstances of the violation;
- (2) The extent and gravity of the violation (“extent of deviation from regulatory requirements”);
- (3) The revenue earned (“economic benefit”) by providing the charter service;
- (4) The operating budget of the recipient;
- (5) Such other matters as justice may require; and
- (6) Whether a recipient provided service described in a cease and desist order after issuance of such order by the Chief Counsel.

(c) The Chief Counsel office may mitigate the remedy when the recipient can document corrective action of alleged violation. The Chief Counsel's decision to mitigate a remedy shall be determined on the basis of how much corrective action was taken by the recipient and when it was taken. Systemic action to prevent future violations will be given greater consideration than action simply to remedy violations identified during FTA's inspection or identified in a complaint.

(d) In the event the Chief Counsel finds a pattern of violations, the remedy ordered shall bar a recipient from receiving Federal transit assistance in an amount that the Chief Counsel considers appropriate.

(e) The Chief Counsel may make a decision to withhold Federal financial assistance in a lump sum or over a period of time not to exceed five years.

Subpart J—Appeal to Administrator and Final Agency Orders

§ 604.48 Appeal from Chief Counsel decision.

(a) Each party adversely affected by the Chief Counsel's office decision may file an appeal with the Administrator within 21 days of the date of the Chief Counsel's issued his or her decision. Each party may file a reply to an appeal within 21 days after it is

served on the party. Filing and service of appeals and replies shall be by personal delivery consistent with §§ 604.30 and 604.31.

(b) If an appeal is filed, the Administrator reviews the entire record and issues a final agency decision based on the record that either accepts, rejects, or modifies the Chief Counsel's decision within 30 days of the due date of the reply. If no appeal is filed, the Administrator may take review of the case on his or her own motion. If the Administrator finds that the respondent is not in compliance with this part, the final agency order shall include a statement of corrective action, if appropriate, and identify remedies.

(c) If no appeal is filed, and the Administrator does not take review of the decision by his office on the Administrator's own motion, the Chief Counsel's decision shall take effect as the final agency decision and order on the twenty-first day after the actual date the Chief Counsel's decision was issued.

(d) The failure to file an appeal is deemed a waiver of any rights to seek judicial review of the Chief Counsel's decision that becomes a final agency decision by operation of paragraph (c) of this section.

§ 604.49 Administrator's discretionary review of the Chief Counsel's decision.

(a) If the Administrator takes review on the Administrator's own motion, the Administrator shall issue a notice of review by the twenty-first day after the actual date of the Chief Counsel's decision that contains the following information:

(1) The notice sets forth the specific findings of fact and conclusions of law in the decision subject to review by the Administrator.

(2) Parties may file one brief on review to the Administrator or rely on their post-hearing briefs to the Chief Counsel's office. Briefs on review shall be filed not later than 10 days after service of the notice of review. Filing and service of briefs on review shall be by personal delivery consistent with § 604.30 and § 604.31.

(3) The Administrator issues a final agency decision and order within 30 days of the due date of the briefs on review. If the Administrator finds that the respondent is not in compliance with this part, the final agency order shall include a statement of corrective action, if appropriate, and identify remedies.

(b) If the Administrator takes review on the Administrator's own motion, the decision of the Chief Counsel is stayed pending a final decision by the Administrator.

Subpart K—Judicial Review

§ 604.50 Judicial review of a final decision and order.

(a) A person may seek judicial review in an appropriate United States District Court of a final decision and order of the Administrator as provided in 5 U.S.C. 701–706. A party seeking judicial review of a final decision and order shall file a petition for review with the Court not later than 60 days after a final decision and order is effective.

(b) The following do not constitute final decisions and orders subject to judicial review:

(1) FTA's decision to dismiss a complaint as set forth in § 604.29;

(2) A recommended decision issued by a PO at the conclusion of a hearing; or

(3) A Chief Counsel decision that becomes the final decision of the Administrator because it was not appealed within the stated timeframes.

Appendix A to Part 604—Listing of Human Service Federal Financial Assistance Programs

FEDERAL PROGRAMS PROVIDING TRANSPORTATION ASSISTANCE

1	Food Stamp, Employment and Training Program	Food and Nutrition Service	Department of Agriculture
2	Voluntary Public School Choice	Office of Innovation and Improvement	Department of Education
3	Assistance for Education of All Children with Disabilities—IDEA	Office of Special Education and Rehabilitative Services	Department of Education
4	Centers for Independent Living	Office of Special Education and Rehabilitative Services	Department of Education
5	Independent Living for Older Individuals Who Are Blind.	Office of Special Education and Rehabilitative Services	Department of Education
6	Independent Living State Grants	Office of Special Education and Rehabilitative Services	Department of Education
7	Supported Employment Services for Individuals with Most Significant Disabilities	Office of Special Education and Rehabilitative Services	Department of Education
8	Vocational Rehabilitative Grants	Office of Special Education and Rehabilitative Services	Department of Education
9	Social Service Block Grant	Administration for Children and Families	Department of Health and Human Services
10	Child Care and Development Fund	Administration for Children and Families	Department of Health and Human Services
11	Head Start	Administration for Children and Families	Department of Health and Human Services
12	Refugee and Entrant Assistance Discretionary Grants	Administration for Children and Families	Department of Health and Human Services
13	Refugee and Entrant Assistance State Administered Programs	Administration for Children and Families	Department of Health and Human Services
14	Refugee and Entrant Targeted Assistance	Administration for Children and Families	Department of Health and Human Services
15	Refugee and Entrant Assistance Voluntary Agency Programs	Administration for Children and Families	Department of Health and Human Services
16	State Development Disabilities Council and Protection & Advocacy	Administration for Children and Families	Department of Health and Human Services
17	Temporary Assistance to Needy Families	Administration for Children and Families	Department of Health and Human Services
18	Community Services Block Grant	Administration for Children and Families	Department of Health and Human Services
19	Promoting Safe and Stable Families	Administration for Children and Families	Department of Health and Human Services
20	Developmental Disabilities Projects of National Significance	Administration for Children and Families	Department of Health and Human Services
21	Grants for Supportive Services and Senior Centers	Administration on Aging	Department of Health and Human Services
22	Programs for American Indian, Alaskan Native and Native Hawaii Elders	Administration on Aging	Department of Health and Human Services
23	Medicaid	Centers for Medicaid and Medicare	Department of Health and Human Services
24	State Health Insurance Program	Centers for Medicaid and Medicare	Department of Health and Human Services
25	Home and Community Base Waiver	Centers for Medicaid and Medicare	Department of Health and Human Services
26	Community Health Centers	Health Resources and Services Administration	Department of Health and Human Services
27	Healthy Communities	Health Resources and Services Administration	Department of Health and Human Services
28	HIV Care Formula Program	Health Resources and Services Administration	Department of Health and Human Services

29	Maternal and Child Health Block Grant	Health Resources and Services Administration	Department of Health and Human Services
30	Rural Health Care Network	Health Resources and Services Administration	Department of Health and Human Services
31	Rural Health Care Outreach Program	Health Resources and Services Administration	Department of Health and Human Services
32	Health Start Initiative	Health Resources and Services Administration	Department of Health and Human Services
33	Ryan White Care Act Programs	Health Resources and Services Administration	Department of Health and Human Services
34	Substance Abuse Prevention and Treatment Block Grant	Substance Abuse and Mental Health Services Administration	Department of Health and Human Services
35	Prevention and Texas Block Grant	Substance Abuse and Mental Health Services Administration	Department of Health and Human Services
36	Community Development Block Grant	Community Planning and Development	Department of Housing and Urban Development
37	Housing Opportunities for Persons with AIDS	Community Planning and Development	Department of Housing and Urban Development
38	Supportive Housing Program	Community Planning and Development	Department of Housing and Urban Development
39	Revitalization of Severely Distressed Public Housing	Public and Indian Housing	Department of Housing and Urban Development
40	Indian Employment Assistance	Bureau of Indian Affairs	Department of the Interior
41	Indian Employment, Training, and Related Services	Bureau of Indian Affairs	Department of the Interior
42	Black Lung Benefits	Employment Standards Administration	Department of Labor
43	Senior Community Services Employment Program	Employment Standards Administration	Department of Labor
44	Job Corps	Employment and Training Administration	Department of Labor
45	Migrant and Seasonal Farm Worker	Employment and Training Administration	Department of Labor
46	Native American Employment and Training	Employment and Training Administration	Department of Labor
47	Welfare to Work Grants for Tribes	Employment and Training Administration	Department of Labor
48	Welfare to Work for States and Locals	Employment and Training Administration	Department of Labor
49	Work Incentive Grants	Employment and Training Administration	Department of Labor
50	Workforce Investment Act Adult Services Program	Employment and Training Administration	Department of Labor
51	Workforce Investment Act Adult Dislocated Worker Program	Employment and Training Administration	Department of Labor
52	Workforce Investment Act Youth Activities Program	Employment and Training Administration	Department of Labor
53	Homeless Veterans Reintegration Program	Veterans Employment & Training Service	Department of Labor
54	Veterans Employment Program	Veterans Employment & Training Service	Department of Labor
55	Elderly and Persons with Disability	Federal Transit Administration	Department of Transportation
56	New Freedom Program	Federal Transit Administration	Department of Transportation
57	Job Access and Reverse Commute Program	Federal Transit Administration	Department of Transportation
58	Non-Urbanized Area Program	Federal Transit Administration	Department of Transportation
59	Capital Discretionary Program	Federal Transit Administration	Department of Transportation
60	Urbanized Area Formula Program	Federal Transit Administration	Department of Transportation
61	Automobiles and Adaptive Equipment	Veterans Benefits Administration	Department of Veterans Affairs.
62	Homeless Provider Grants	Veterans Health Administration	Department of Veterans Affairs.
63	Veterans Medical Care Benefits	Veterans Health Administration	Department of Veterans Affairs.
64	Ticket to Work Program	Social Security Administration	Department of Veterans Affairs.

Appendix B to Part 604—Basis for Removal From Charter Registration Web Site

The following is an explanation of terms contained in Section 604.27(d) concerning reasons for which FTA may remove a private charter operator or a qualified human service from the FTA charter registration Web site.

What is bad faith?

Bad faith is the actual or constructive fraud or a design to mislead or deceive another or a neglect or refusal to fulfill a duty or contractual obligation. It is not an honest mistake. Black's Law Dictionary, Revised Fourth Edition, West Publishing Company, St. Paul, Minn., 1968. For example, it would be bad faith for a registered charter provider to respond to a recipient's notification to registered charter providers of a charter service opportunity stating that it would provide the service with no actual intent to perform the charter service. It would not be bad faith for a registered charter operator to fail to provide charter service in response to a recipient's notification when it honestly mistook the date, place or time the service was to be provided.

What is fraud?

Fraud is the suggestion or assertion of a fact that is not true, by one who has no reasonable ground for believing it to be true; the suppression of a fact by one who is bound to disclose it; one who gives information of other facts which are likely to mislead; or a promise made without any intention of performing it. Black's Law Dictionary, revised Fourth Edition, West Publishing Company, St. Paul, Minn., 1968. Examples of fraud include but are not limited to: (1) A registered charter operator indicates that it has a current state or Federal safety certification when it knows that it does not in fact have one; (2) a broker that owns no charter vehicles registers as a registered charter provider; (3) a registered charter provider intentionally misrepresents its legal geographic service area.

What is a lapse of insurance?

A lapse of insurance occurs when there is no policy of insurance in place. This may occur when there has been default in payment of premiums on an insurance policy and the policy is no longer in force. In addition, no other policy of insurance has taken its place. Black's Law Dictionary, Revised Fourth Edition, West Publishing Company, St. Paul, Minn., 1968.

What is a lapse of other documentation?

A lapse of other documentation means for example, but is not limited to, failure to have or loss or revocation of business license, operating authority, failure to notify of current company name, address, phone number, e-mail address and facsimile number, failure to have a current state or Federal safety certification, or failure to provide accurate Federal of state motor carrier identifying number. Black's Law Dictionary, Revised Fourth Edition, West Publishing Company, St. Paul, Minn., 1968.

What is a complaint that does not state a claim that warrants an investigation or further action by FTA?

A complaint is a document describing a specific instance that allegedly constitutes a violation of the charter service regulations set forth in 49 CFR 604.28. More than one complaint may be contained in the same document. A complaint does not state a claim that warrants investigation when the allegations made in the complaint, without considering any extraneous material or matter, do not raise a genuine issue as to any material question of fact, and based on the undisputed facts stated in the complaint, there is no violation of the charter service statute or regulation as a matter of law. Based on Federal Rules of Civil Procedure, Rule 56(c). Examples of complaints that would not warrant an investigation or further action by FTA include but are not limited to: (1) A complaint against a public transit agency that does not receive FTA funding; (2) a complaint brought against a public transit agency by a private charter operator that is neither a registered charter provider nor its duly authorized representative; (3) a complaint that gives no information as to when or where the alleged prohibited charter service took place.

Appendix C to Part 604—Charter Service Questions and Answers

The following questions were taken from comments submitted to the Notice of Proposed Rulemaking. Some questions have been modified slightly from the original text.

(a) Applicability

(1) Q: How do I know if these charter regulations apply to my transit agency?

A: If your transit agency accepts FTA financial assistance, the charter regulations probably apply. Your next step is to look at the exemptions contained in section 604.2 (“Applicability”). If none of these exemptions apply, look at the definition of charter service contained in section 604.3 (“Definitions”). Determine if the activity your agency is about to engage in fits within that definition. If not, then the charter regulations do not apply. If the activity does fit within the definition of charter service, then you need to determine whether the activity fits within one of the exceptions contained in subpart B (“Exceptions”). Remember that you may not provide the service if a registered charter provider indicates an interest in providing the service. This is true even if the registered charter provider does not ultimately reach an agreement with the customer.

(2) Q: How are registered private charter providers identified? Is there some kind of proof requirement that charter operators can actually provide service to a particular area? Or, do charter operators have to have a history of providing service to the area they claim to serve?

A: A registered charter provider is a private operator who wishes to receive notification of pending charter service requests directed to public transit agencies and has registered on FTA’s charter registration Web site. When registering, charter providers are required to provide specific information, including areas served. They are not required to provide

proof of such service. Additionally, the entire registration process is a self-certification process; FTA does not confirm the representations or information that the registered charter provider provides. Finally, a registered charter provider also does not have to demonstrate a history of providing service in the areas it claims to serve.

(3) Q: Is there any geographical limitation on where a private charter operator can register?

A: No. There is no geographical limitation on which areas a private charter operator may register. This means a private charter operator may register for several states or across the United States. If a registered charter provider, however, indicates interest in providing charter service to a particular customer and fails to negotiate in good faith with the customer, and a public transit agency was willing to provide the service, then the public transit agency can file a complaint under 49 CFR section 604.26 against the registered charter provider.

(4) Q: Who is considered a “private charter operator?” What are the criteria to establish that classification?

A: A “private charter operator” is any private, for-profit entity (i.e., individual, group or company) that provides chartered transportation on a regular basis with its own equipment (e.g., bus and/or van).

(5) Q: Is there a definition of “geographic service area?”

A: Yes. Geographic service area is defined under 49 CFR section 604.3(j) as, “the entire area in which a recipient is authorized to provide public transportation service under appropriate local, state and Federal law.”

(6) Q: Do charter service hours include time spent waiting for passengers where the vehicle is not available for other services?

A: Yes. Charter service hours include both time spent transporting passengers and time spent waiting for passengers. Charter service hours also include “deadhead” hours which is the time spent getting from the garage to the origin of the trip and then the time spent from the trip’s ending destination back to the garage, since the vehicle is unavailable during that time period as well.

(7) Q: Qualified Human Service Organizations (QHSOs) that do not receive funds from Federal programs listed in Appendix A are required to certify that their federal funds include funding for transportation. However, most Federal funds are passed through one or more levels of state and local government, so how can we be certain what the original purposes of the Federal funds were?

A: The regulation, 49 CFR 604.15(b), has been modified. That provision no longer requires QHSOs to certify that their funding included funding for transportation.

(8) Q: What is the status of sub-grantees and entities with equipment and operations not assisted with federal funds?

A: The regulations do not apply to equipment that is fully funded with local funds and is stored in a locally funded facility and is maintained with only local funds.

(9) Q: Must a private charter provider that provides public transportation services under contract or agreement with a public transit agency abide by the limitations in the proposed rule?

A: Yes. Private charter providers that provide public transportation service under contract with a public transit agency are covered by the new regulation when they are operating FTA funded equipment or services. These private charter operators are standing in the shoes of the public transit agency, and therefore cannot use federally funded equipment to provide charter services. This does not mean, however, that a private charter operator that contracts with a public transit agency and uses one of the private charter operator's own vehicles is subject to the charter service regulations (see section 604.2(c)).

(10) Q: Does the analysis change under different contractual scenarios (e.g., turnkey operations, operation and maintenance of vehicles provided by the public transit agency, or operation of contractor owned buses maintained in a federally funded facility owned by a public transit agency)?

A: Yes. The regulations, however, only apply when the contract is funded with FTA funds or the buses are funded with FTA funds or the equipment is maintained in an FTA funded facility.

(11) Q: May a private charter operator that qualifies as a sub-grantee of a state, under an FTA-administered program, use vehicles purchased with federal assistance to provide private charter services?''

A: It depends. A private charter operator that receives FTA assistance can use FTA-funded equipment to provide service for program purposes (see section 604.2(e)), but not for other charter service. Under the provisions of section 604.2(c), however, the regulations do not apply to non-FTA funded activities of private charter operators that receive directly or indirectly FTA financial assistance under programs such as sections 5307, 5309, 5310, 5311, 5316, and 5317. Further, an intercity bus operator that receives assistance under section 5311(f) to provide rural intercity bus service may provide charter service using a FTA-funded vehicle only if one of the exceptions applies. A vehicle equipped with a lift using FTA assistance under section 3038 of TEA-21 may be used for charter service.

(12) Q: Is there an emergency charter exception for 'actual, imminent or anticipated possibility of injury, loss of life, or loss of property?' For instance, there could be a poison gas plume or threat of one from an industrial accident or railcar derailment. A

transit agency could be called to do a rapid evacuation of an apartment, hospital, school, elder care facility or some other facility requiring group or individual evacuation. Must the public transit agencies wait for the Administrator to declare this incident an event of 'regional or national significance' so that transit buses can be used?

A: Yes, there is an exception for emergencies. Section 604.2(f) contains an exemption that allows for public transit agencies to respond to emergencies that last fewer than 45 days. If an emergency lasts longer than 45 days, the public transit agency must follow the procedures set out in subpart D of 49 CFR part 601. The Administrator does not declare an emergency. Rather, the President, Governor, or Mayor declares the emergency.

(13) Q: If an emergency is exactly 45 days long, is the emergency services exception still applicable?

A: Yes. If the emergency lasts exactly 45 days the emergency services exception is still applicable. The regulation refers to calendar days, not business days. Therefore, if the emergency lasts more than 45 calendar days, the public transit agency must follow the procedures set out in subpart D of 49 CFR part 601.

(14) Q: Do emergency situations include matters of security—e.g., when the Secret Service requests vehicles with no undervehicle luggage compartments?

A: No. Situations involving the Secret Service would fall under the government officials section of the regulation (49 CFR section 604.7), which allows up to 80 hours annually of charter service to government officials on official government business, which can include non-transit purposes.

(15) Q: Are rural transit operators (section 5311) exempt from the rule? What about recipients of 5310 vehicles or JARC or New Freedom grants?

A: Recipients under section 5311, 5310, 5316, and 5317 are not subject to the charter rule when using FTA-funded vehicles to provide public transportation or coordinated human service transportation or to serve groups of individuals with disabilities, the elderly, or low income individuals. The charter rule does apply, however, if the FTA recipient wants to provide other charter service using FTA-funded or maintained vehicles. A rural transit operator may provide other charter service only under the exemptions/exceptions contained in the rule.

(b) Exemptions

(16) Q: Does the exemption of demand response service from the definition of charter service exclude rural and small urban systems entirely?

A: No. The exemption of demand response service from the definition of charter service is intended to exclude service provided to individuals, as opposed to a group, who request service such as paratransit service. In addition, the exception contained in section 604.7

does not include service provided to QHSOs (organizations providing service to persons with disabilities, low income individuals, and the elderly).

(17) Q: Is there an expedited process to obtain the Administrator's decision and signature for time sensitive events so that there could be sufficient time to plan and implement service?

A: Petitions to the Administrator for events of regional or national significance will be processed as quickly as practicable.

(c) Definitions

(18) Q: If a transit agency provides service that is irregular or on a limited basis for an exclusive group of individuals, but provides the service free of charge, is the service exempt from the charter regulation?

A: Yes. So long as the transit agency does not charge a premium fare for the service and there is no third party paying for the service in whole or in part.

(19) Q: Does "qualified human service agency" include any non-profit entity that provides services to the disabled, or economically disadvantaged without reference to age?

A: Yes, so long as the QHSO either receives funding from one of the programs listed in Appendix A or registers as a QHSO on the FTA charter Web site. Under section 604.7, a recipient may provide charter service to entities that meet the definition of "qualified human service organization." This includes organizations that serve persons who qualify for human service or transportation-related programs or services due to a disability, income or advanced age. All three are not required, however, so an organization may qualify as a QHSO but serve only persons with low income.

(20) Q: Is it charter service when the local transit authority provides event or fair service, that is open to the public, with or without charge, where the transit authority determines the routes and times and it is scheduled for the same time every year, but the Fair Association subsidizes all or part of the costs?

A: Yes. The fact that the Fair Association pays for the service in whole or in part means the service is charter under section 604.3(c)(2).

(21) Q: What qualifies as indirect financial assistance?

A: The inclusion of "indirect" financial assistance as part of the definition of "recipient" is covers "subrecipients." We modified the definition of recipient in the final rule to make this point clear.

(22) Q: When a transit authority contracts out its smaller accessible vehicles for use during football games to offer service free of charge for persons with disabilities and their escorts, is it charter service?

A: Yes. Under the facts presented, this type of service falls under the definition of charter service in section 604.3(c)(1). Since “contracting out” involves a third party, exclusive use, and a negotiated price. Thus, the transit authority would need to determine whether one of the exceptions under subpart B applies.

(23) Q: Is it considered charter service when the transit authority funds shuttles to and from football games? Regularly scheduled service is suspended on these days, but this service partially follows the existing route and is open to the public at the regular fare.

A: No. If the service provided by the public transit agency costs the same as the customary fixed route fare and it is open to the public then it is not charter.

(24) Q: Is shuttle service for a one-time event considered charter service, if the service is open to the public, widely advertised, and the itinerary is determined by the transit operator? What if the service has been provided for decades?

A: No. So long as the transit authority charges its customary fixed route fare for the shuttle service, and there is no third party involvement, then the service is not charter. Widely advertising the service or providing the service for decades has no bearing on whether the service is charter.

(25) Q: Is demand response service included in the definition of charter service?

A: No. Demand response service is excluded from the definition of charter service under section 604.3(c).

(26) Q: Is it charter service when a university pays a public transit agency a fixed charge to allow all faculty, staff, and students to ride the transit system for free?

A: No. So long as the public transit agency provides the service on a regular basis, along a fixed route, and the service is open to the public, the fact that the university may be subsidizing student and faculty rides, does not convert the service to charter.

(27) Q: Can a transit agency provide service when the customer wants a particular type of equipment such as a (rubber tire) trolley bus, vintage bus, or CNG bus that the private operators do not have?

A: No. Public transit agencies cannot provide charter service solely based on a customer’s vehicle preferences. FTA only recognizes two categories of vehicles: buses and vans.

(28) Q: What is a “qualified human service organization?”

A: A qualified human service organization is an organization that provides service to individuals that qualify for federally conducted or assisted transportation related programs due to disability, income or advanced age. See section 604.3(q).

(29) Q: If a transit agency has restored or preserved historic electric buses for limited, special use, are the buses subjected to charter bus restrictions?

A: Yes, if the public transit agency purchased the historic electric buses with Federal funds or maintains those vehicles in federally funded facilities.

(30) Q: If a grantee operates assets that are locally funded are such assets subject to the charter regulations?

A: It depends. If a recipient receives FTA funds for operating assistance or stores its vehicles in a FTA-funded facility or receives indirect FTA assistance, then the charter regulations apply. The fact that the vehicle was locally funded does not make the recipient exempt from the charter regulations. If both operating and capital funds are locally supplied, then the vehicle is not subject to the charter service regulations.

(31) Q: Does “pattern of violations” apply from the effective date of the final rule?

A: Yes. The new definition of pattern of violations applies from the effective date of the final rule. In other words, in order to establish a pattern of violations, the violation had to occur after the effective date of the final rule.

(32) Q: What is a violation? Does it require an official charter decision or could it also include an oversight finding or other means of identifying shortcomings?

A: The new rule defines “violation” as a finding by FTA of a failure to comply with one of the requirements of this part. A finding may be an official charter decision by the Chief Counsel or the Administrator. An oversight finding would also qualify as an FTA finding.

(33) Q: Are sightseeing trips still not charter?

A: Yes. “Sightseeing” is excluded from the definition of “public transportation” under 49 U.S.C. Section 5302(a)(10). Therefore, it is not permissible for public transit agencies to provide sightseeing service with FTA-funded assets.

(34) Q: If a transit agency provides vehicles to a special event, but the event is open to the public, the route is controlled by the transit agency, the route is advertised similarly to the transit agency’s regular routes, the buses are not identified as “special service” or any other different markings, and the vehicles go to and from fixed stops in an express bus manner, is this charter?

A: No. So long as the transit authority does not charge a premium fare for the service and a third party does not pay for the service in whole or in part. Advertising or different markings on the bus are longer determinative of whether the service is charter.

(35) Q: Does FTA consider wait time as a factor, in and of itself, when determining whether service is charter service?

A: No. Wait time is not, in and of itself, considered a characteristic of charter service.

(36) Q: What if there is no “contract” under the “single contract” factor and the transit agency merely sees a need and provides the charter-type service on its own initiative, is that charter?

A: No. If a transit agency sees a need and wants to provide service for a limited duration at the customary fixed route fare, then that service is not charter service. The existence of a contract is no longer determinative of whether service is charter service.

(d) Exceptions

(37) Q: If the federal government calls on a public transit agency for transit service and it will exceed the proposed 80 hour limitation, are public operators to refuse this service or seek a waiver directly from the federal government?

A: A public transit agency can petition for more service hours if it exceeds the 80 hour annual allowance. Instructions on how to file a petition are more fully described under 49 CFR Section 604.6(c) of the new regulation. Public transit agencies should be mindful that the Administrator will grant such requests under extraordinary circumstances only.

(38) Q: What kind of events qualify for the “Events of Regional and National Significance” exception?

A: First, this exception is now located in section 604.11 and is called “Petitions to the Administrator.” Second, the exception is designed to allow public transit agencies to participate in providing service to large events that will attract a lot of visitors. Some examples are: the Kentucky Derby, the Indianapolis 500, a bridge opening, or a new transit facility opening. If a transit authority is unsure whether a particular event fits within the exception, the transit authority may request an Advisory Opinion from FTA according to section 604.17.

(39) Q: What should a transit agency do when it is in the process now of planning for an event of regional significance? Will the new rules terminate these plans?

A: The new rule will impact a transit authority’s planning process for an event of regional significance. Any service provided by the transit authority after the effective date of the rule—April 30, 2008—is subject to the provisions of the new rule.

(40) Q: What can a public transit agency do if there is a time sensitive event in which the agency does not have time to consult with all the private charter operators in their area? For example, the presidential inauguration.

A: Section 604.11 provides a process to petition the FTA Administrator for permission to provide service for a unique and time sensitive event. A presidential inauguration, however, is not a good example of a unique and time sensitive event. A presidential inauguration is an event with substantial advance planning and a transit agency should have time to contact private operators.

(41) Q: How should a public transit agency handle the situation of a regional or nationally significant event when there is a requirement to plan significant events (e.g., the Super Bowl) many years in advance long before the list of registered charter service providers is compiled?

A: If the transit agency plans to provide service to an event of regional or national significance after the effective date of the rule—April 30, 2008—then that service is subject to the requirements of the new rule.

(42) Q: Does the hardship exception apply to small urban operators?

A: Yes. Under section 604.11, the hardship exception applies to non-urbanized areas under 50,000 in population or a small urbanized area under 200,000 in population.

(e) Notice

(43) Q: May a transit agency indicate in the notice that goes out to registered charter providers that the customer requested specific equipment?

A: No. In terms of type of vehicles, the notice can include whether the customer needs a bus or a van. The registered charter provider, when it contacts the customer will learn of the specific customer needs. At that time, the registered charter provider can determine whether to seek out the specialized equipment from other private charter operators or a public transit agency.

(44) Q: Must a public transit agency provide notice of all potential charter trips to registered charter providers?

A: No. A public transit agency needs to provide notice only for charter trips that it is interested in providing. If an exemption or one of the exceptions applies, then the public transit would, after providing the service, record the service as required by section 604.12.

(45) Q: What does “notifying private operators” entail? What actions are to be taken when a notification e-mail is undeliverable? Is it sufficient to provide phone numbers of private operators when people call in for charter service?

A: Only “registered charter providers” need to be contacted. In order to qualify as a “registered charter provider” the information provided, including contact information, must be valid. If the e-mail is undeliverable, then the notice should be faxed to the registered charter provider. If the public transit agency declines to provide the service to the customer, then they should refer the customer to the FTA charter registration Web site. It is not necessary to provide the customer with the registered charter provider’s phone number if the public transit agency refers the customer to the charter registration Web site.

(46) Q: May a recipient provide service that allows customers to park at a distant location, like a museum, and then have a transit vehicle take them to a sporting event for a fare that is higher than the normal fixed route fare? May a recipient prevent a private charter operator from providing a similar service from the same starting point to the same destination?

A: No. In this case, since the recipient charges a premium fare for the service, it meets the definition of charter. In order to provide the service, the recipient must give notice to registered charter providers in accordance with section 604.14. A recipient may not prevent a private charter operator from providing a similar service. This is true whether or not the private charter operator is registered on the FTA Charter Registration Web site.

(f) Complaint & Investigation Process

(47) Q: May a trade association or other operators that are unable to provide requested charter service have the right to file a complaint under the new rule?

A: Yes. A registered charter operator or its duly authorized representative, who can include a trade association, may file a complaint under section 604.26(a). Under the new rule, a private charter operator that is not registered with FTA’s charter registration Web site may not file a complaint.

(48) Q: Is there a time limit for making complaints?

A: Yes. Complaints must be filed within 90 days of the alleged unauthorized charter service.

(49) Q: Are there examples of the likely remedies FTA may impose for a violation of the charter service regulations?

A: Yes. Appendix D contains a matrix of likely remedies that FTA may impose for a violation of the charter service regulations.

(50) Q: When a complaint is filed, who is responsible for arbitration or litigation costs?

A: FTA will pay for the presiding official and the facility for the hearing, if necessary. Each party involved in the litigation is responsible for its own litigation costs.

(51) Q: What affirmative defenses might be available in the complaint process?

A: An affirmative defense to a complaint could state the applicability of one of the exceptions such as 49 CFR Section 604.6 which states that the service that was provided was within the allowable 80 hours of government official service.

(52) Q: May a state waive participation in the complaint proceedings and forward the complaint directly to FTA after initial receipt and review?

A: A state is no longer involved in the complaint process, and, therefore, no waiver is necessary. In order for a complaint to be filed, it must be filed directly with the Office of the Chief Counsel.

(53) Q: What can a transit agency do if it believes that a private provider is not bargaining in good faith with a group and responds to a notice with a price or terms that are not acceptable to that group?

A: If a transit agency believes that a registered charter provider is not bargaining in good faith, the transit agency may file a complaint for removal from FTA's Charter Registration Web site.

(54) Q: What actions can a private charter operator take when it becomes aware of a transit agency's plan to engage in charter service just before the date of the charter?

A: As soon as a registered charter provider becomes aware of an upcoming charter event that it was not contacted about, then it should request an advisory opinion and cease and desist order. If the service has already occurred, then the registered charter provider may file a complaint.

(55) Q: When a registered charter provider indicates that there are no privately owned vehicles available for lease, must the public transit agency investigate independently whether the representation by the registered charter provider is accurate?

A: No. The public transit agency is not required to investigate independently whether the registered charter provider's representation is accurate. Rather, the public transit agency need only confirm that the number of vehicles owned by all registered charter providers in the geographic service area is consistent with the registered charter provider's representation.

(56) Q: Who qualifies as a presiding official, what are the duties, and what other limitations are imposed?

A: A presiding official will have training and/or experience in conducting hearings. More important, the person may not have any conflicts of interest or previous contact with the parties concerning the issue in the proceeding. A presiding official's duties include, but are not limited to, convening a hearing, issuing orders, ruling on motions, and drafting recommended decisions.

(57) Q: What recourse does a transit operator have when a registered charter provider indicates interest in providing the charter service set out in the notice and then does not do so?

A: A transit operator can and should file a complaint for removal against the registered charter provider. This notifies FTA of the registered charter provider's alleged actions. FTA will then investigate the allegations and potentially remove the registered charter provider from the registration list.

(58) Q: Are there any measures to regulate who is considered a registered charter provider? And, are there any penalties for those that register and actually are not in a position to perform the needed services—for example an individual who owns a taxicab.

A: Yes. Through the self-registration process, a registered charter provider certifies that the information it provides on the charter registration Web site is true and accurate. The penalty for providing inaccurate or untrue information is removal from the registration Web site and possibly criminal penalties under 18 U.S.C. 1001.

(59) Q: If a customer hosts a large community event and the public transit agency cannot provide service because of the charter regulations and private operators will not provide service because the payment is not sufficient, is there any alternative means or does the service not get provided at all?

A: A public transit agency may provide the service if, after providing the notice required in section 604.14, no registered charter providers in the transit agency's geographic service area are interested in providing the service.

(60) Q: What will result if a registered charter operator cannot actually provide the service, but responds to a recipient's notice anyway?

A: If a registered charter provider responds to a notice, then it is expected to negotiate in good faith with the customer to provide the service. If a registered charter provider vindictively responds to a notice in order to prevent a public transit agency from providing the service, then that registered charter provider may be subject to a complaint for removal from the charter registration Web site.

(61) Q: What method will the decision maker employ in determining the penalty for violating the charter regulations?

A: Remedies will be based upon the facts of the situation, including but not limited to, the extent of deviation from the regulations and the economic benefit from providing the charter service. See section 604.47 and Appendix D for more details.

(62) Q: Can multiple violations in a single finding stemming from a single complaint constitute a pattern of violations?

A: Yes. A pattern of violations is defined as more than one finding of unauthorized charter service under this part by FTA beginning with the most recent finding of unauthorized charter service and looking back over a period not to exceed 72 months. While a single complaint may contain several violations, the complaint must contain more than a single event that included unauthorized charter service in order to establish a pattern of violations.

(g) Recordkeeping

(63) Q: What if the public transit provider does not have sufficient time to evaluate a request and make sure that all the information is complete before notifying the registered private charter companies?

A: A recipient should wait to provide notice that is consistent with 49 CFR Section 604.14.

(h) Miscellaneous

(64) Q: Are body-on-van-chassis vehicles classified as buses or vans under this provision?

A: Body-on-van-chassis vehicles are treated as vans under the regulation.

(65) Q: Are there adequate provisions to ensure that the registry site will be maintained in such a way that carriers provide evidence of insurance?

A: Registered charter providers are required to certify that they have insurance but are not required to provide evidence of insurance. If there is information that indicates the provider has provided a false certification, then it can be subject to criminal penalties under 18 U.S.C. 1001 and removed from the FTA Charter Registration Web site.

(66) Q: Will the registration Web site be fully functional and grantees receive training on how to use the Web site before the rule's effective date?

A: Yes. The Web site will be fully functional before the rule's effective date. A training manual will also be distributed before the effective date. FTA intends to also do a roll-out of the regulation prior to the effective date of the final rule.

(67) Q: When a new operator registers, may recipients continue under existing contractual agreements for charter service?

A: Yes. If the contract was signed before the new private operator registered, the arrangement can continue for up to 90 days. During that 90 day period, however, the public transit agency must enter into an agreement with the new registrant. If not, the transit agency must terminate the existing agreement for all registered charter providers.

(68) Q: Do FTA’s attorneys have the necessary training to serve as administrative law judges and makes rulings on motions, a task that heretofore has not been a part of the day-to-day activities of regional counsel?

A: Yes. FTA attorneys who have the delegated responsibility to serve as a Presiding Official may rule on motions and will possess the necessary qualifications to carry out their delegated tasks and responsibilities.

(69) Q: Must a public transit agency continue to serve as the lead for events of regional or national significance, if after consultation with all registered charter providers in its geographic service area, registered charter providers have enough vehicles to provide all of the service to the event?

A. No. If after consultation with registered charter providers and there is no need for the public transit vehicles, then the public transit agency may decline to serve as the lead and allow the registered charter providers to work directly with event organizers. Alternatively, the public transit entity may retain the lead and continue to coordinate with event organizers and registered charter providers.

Appendix D to Part 604—Matrix of Remedies for Violations

Remedy Assessment Matrix:

EXTENT OF DEVIATION FROM REGULATORY REQUIREMENTS

	Major	Moderate	Minor
Major Economic Benefit	\$25,000/violation to 20,000	\$19,999/violation to 15,000	\$14,999/violation to 11,000
Moderate	\$10,999/violation to 8,000	\$7,999/violation to 5,000	\$4,999/violation to 3,000
Minor	\$2,999/violation to 1,500	\$1,499/violation to 500	\$499/violation to 100

FTA’s Remedy Policy:

—This remedy policy applies to decisions by the Chief Counsel, Presiding Officials, and final determinations by the Administrator.

—Remedy calculation is based on the following elements:

- (1) The nature and circumstances of the violation;

- (2) The extent and gravity of the violation (“extent of deviation from regulatory requirements”);
- (3) The revenue earned (“economic benefit”) by providing the charter service;
- (4) The operating budget of the recipient;
- (5) Such other matters as justice may require; and
- (6) Whether a recipient provided service described in a cease and desist order after issuance of such order by the Chief Counsel.