

# **Securing FMCSA Authority: The CARTS Experience**





*There are those who look at things the way they are, and ask why... I dream of things that never were, and ask why not?*

*Robert F. Kennedy*



COMING SOON!

**CARTS**  
**INTERURBAN**  
**COACH**



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Please join us for our  
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Friday, October 29, 1:30 pm 3620 S. Austin Avenue

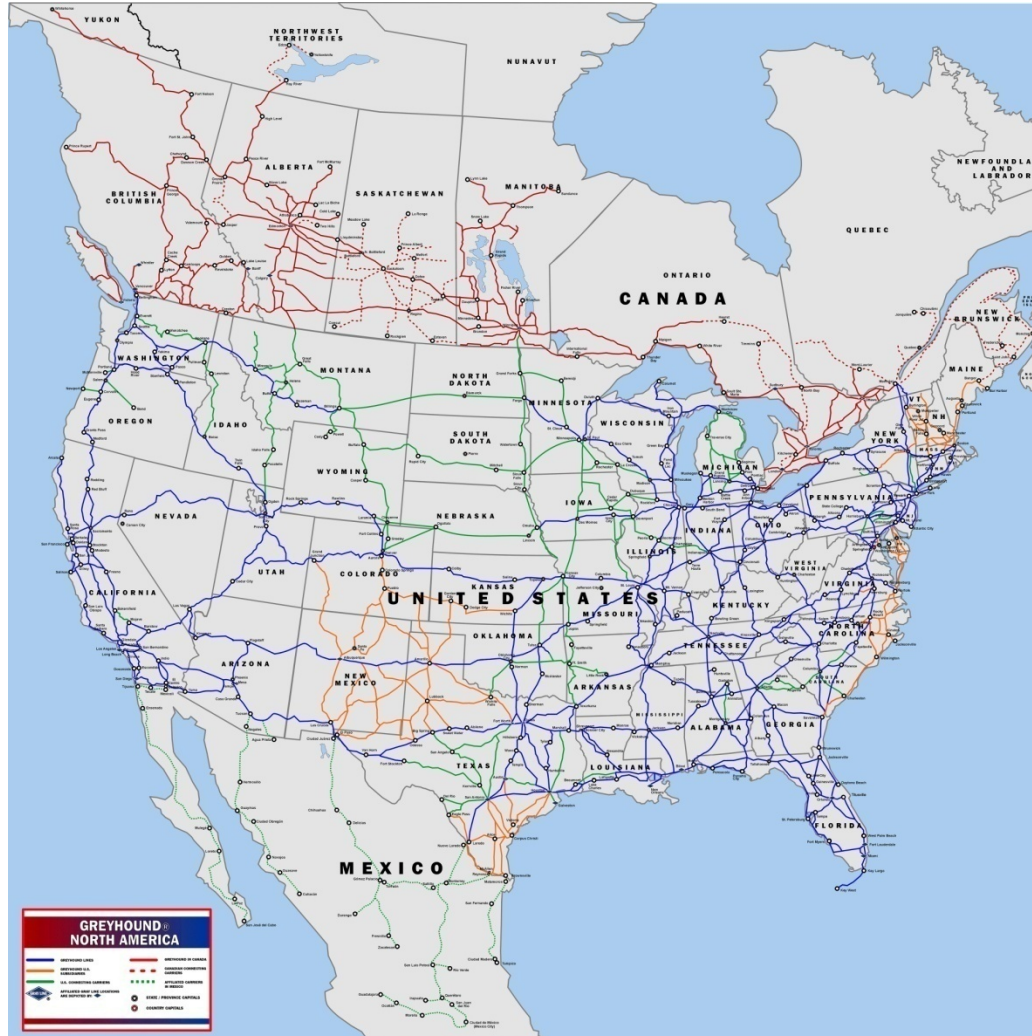
# TAYLOR STATION GROUNDBREAKING

# Capital Area Rural Transportation System

Thursday, August 5th at 10 a.m.



# Greyhound National Route Map



# Existing and Proposed Services with Potential Interurban Services





01/28/2008

ICB Proposal due at TxDOT (details of routes, maps, support letter, etc.)

04/22/2008

TML contacted to check if ICB could be covered under existing policy

04/28/2008

CARTS receives FMCSA confirmation of ICB registration; notification provide to Greg Alexander via email. USDOT Number and Carrier PIN are listed.

04/29/2008

Date of letter received from FMCSA acknowledging receipt of application, and stating to expect contact by appropriate offices to schedule safety audit. The safety audit usually takes 2 to 4 hours to complete.

05/16/2008

CARTS meets with TTI to discuss CARTS Interregional routes, country bus.



06/04/2008

Dave receives email from consultant regarding preparation for FMCSA Safety Audit and DOT compliance.

06/04/2008

Greg Alexander (email) explains DOT number under operating authority of FMCSA is public record, and consultants, process agents solicit grantees.

06/10/2008

Dave receives photos of ICB Retro bus in progress from bus manufacturer.

07/11/2008

Date of letter received from FMCSA with notification of further compliance issues: (1) Insurance liability; (2) Form BOC-3 (49 CFR 366); (3) Form MCS-150; If applicant fails to comply within 20 days from date of publication in the FMCSA Register, a decision will be served notifying the applicant that the application will stand dismissed for want of prosecution unless applicant complies with the requirements within 60 days. (Kathy Weiner, Chief, Information Systems Division)



07/31/2008

CARTS ICB Proposal and Concept plan forwarded to TML Underwriter as requested.

8/14/2008

Letter received from FMCSA stating preliminary grant of operating authority has become effective, but authority has not been issued because: (1) Insurance (Form BMC-91 or BMC-91X); (2) Designation of agents upon whom processes may be served (Form BOC-3).

8/18/2008

FMCSA – SAFER (Safety and Fitness Electronic Records) link provided to TML to access and complete insurance section. CARTS application status shows “no insurance filed”.

8/19/2008

Email received from TML Underwriter stating all attempts to contact (by phone) FMCSA regarding insurance are being answered by voicemail only.

8/19/2008

TML files form BMC91X with FMCSA. Underwriter states



8/26/2008

James Vinson, Underwriter – TML contacted James Ross, Self-Insured Division – FMCSA (202) 385-2349. Mr. Ross explained the insurance requirements pertain to interstate carriers not intrastate service. Greg Alexander contacted James Vinson to explain why CARTS is an interstate carrier. Mr. Alexander offered to join James Vinson in a conference call with Mr. Ross if he needed to be convinced of the interstate aspect of the ICB.

9/03/2008

James Vinson (TML) contacted Tura Gatling, FMCSA Supervisor (202) 385-2412 [tura.gatling@dot.gov](mailto:tura.gatling@dot.gov)

The service provided by FMCSA has been unclear and unresponsive. Dave Marsh has been in communication with Greg Alexander to provide assistance with TML's objective to file insurance with the FMCSA.



9/04/2008

James Vinson (TML) receives email response from Dorothea Grimes (FMCSA) responding to Tura Gatling (FMCSA) "It does not appear that this carrier needs operating authority since it plans to operate regional intercity service within Central Teas to interline with the existing carry passengers and deliver packages that will interline with outbound Greyhound Bus Line service.

9/04/2008

Greg Alexander convinces Tura Gatling that CARTS needs FMCSA operating authority. Now the issue is that FMCSA does not accept Risk Pool type of insurance liability coverage.

9/05/2008

Dave Marsh corresponds with Randy Isaacs about the current status with FMCSA. Mr. Isaacs details a carrier in Fla. Who segregated units from their fleet and purchased insurance for these units on the open market to meet the required levels of insurance under FMCSA.

9/05/2008

CARTS has requested TML secure the necessary insurance from one of its carriers.



9/30/2008

Email from James Vinson (TML)-“ The Pool's Broker Victor O. Schinnerer is unable to assist us with placing coverage for the three (3) buses of Interurban Coach outside of the Pool. They do not have a market that will provide a quote for operation of the buses.

10/20/2008

Dave Marsh corresponds with Greg Alexander inquiring if there is a provision for suspending or putting the CARTS application “on hold”, to prevent a dismissal for failure to acquire insurance before the expiration date. Mr. Alexander responds that FMCSA doesn't have a provision for this.

11/12/2008

Dave Marsh sends email to Joe Holland and Gary Williams (TxDOT) with mention of the snags in the process that CARTS has encountered in its intent to complete the FMCSA licensing process.

7/07/2009

Lyle, Rene, Bob Flemming drive Route B (Marble Falls to Georgetown) in the Bustleback bus logging times/mileage, points of interest, possible bus stops.



10/08/2009

Dave Marsh initiates the formation of the Interurban Bus Workgroup with first meeting scheduled for 10/16/2009.

1/07/2010

Dave Marsh and Greg Alexander communicate (email) discussing contract for services to be provided to address re-start of the FMCSA application process and NBTA membership.

1/11/2010

Consulting agreement drafted for Greg Alexander to provide assistance with CARTS ICB project until July 2010.

1/22/2010

Consulting agreement with Greg Alexander finalized and pending G. Alexander's signature to complete the agreement.

2/1/2010

Greg Alexander sends ICB route/roadway information to CARTS for final review before submittal to FMCSA.



2/11/2010

CARTS acknowledged receipt of FedEx package from Greg Alexander containing FMCSA application with cover letter, etc.

3/2/2010

Greg Alexander states (email) a call to Yvette Carter (FMCSA) is answered by voicemail notifying that, due to Congress' nonrenewal of the Highway Trust Fund, non-essential personnel have been furloughed, including those that process operating authority applications. Update on situation to follow.

3/15/2010

Greg Alexander (email) talked with Ms. Yvette Carter who stated everything seems OK with the application, but the vetting process takes a minimum of ten weeks. Greg will check in periodically for progress on application.

3/15/2010

Greg Alexander was emailed by Dave that Manuel Espinoza, special agent (FMCSA) had called to find out if CARTS had a previous MC #, or if officers of the corporation had previous MC #.





3/16/2010

Dave forwards TRB Digest (handbook) with information how FMCSA affects FTA 5310/5311 providers.

3/30/2010

Greg Alexander contacted Ms. Carter at FMCSA to check status of application. FMCSA is waiting for reply from State of Texas to verify that CARTS is in good standing. After the vetting process, a FMCSA inspector will contact you to check records, vehicles, to ensure driver and vehicle safety compliance.

4/14/2010

Gary Williams (TxDOT) emails Dave, provides contact information for Texas Motor Carrier Division, Credentialing Branch. (Continued from 4/14/2010)

4/15/2010

Greg A. emails, he talked with Ms. Carter and the application has been sent to the next FMCSA specialist. Greg spoke with the specialist and learned within the next 2 to 3 weeks, CARTS should receive notice that the application has been tentatively approved or that they need additional info.

Greg talked with GM of a transit authority in California who has been working on getting his application for over a year and still has not been able to do so.

4/23/2010

Greg contacted FMCSA, learned the application had passed phase 3 of the 4 stage process, the application is now with the person responsible for preparing it for publication in the FMCSA Register. Greg was told they need route descriptions. Greg stated the route descriptions were filed with the application. She stated she did not have them, Greg said he would fax her a copy. Greg will continue to check the FMCSA Register daily until the CARTS application is published.

4/29/2010

Dave and Greg exchange email regarding being contacted by a vendor/company who accessed the CARTS MC# and was interested in selling products. Dave asks Rene to contact Linda Dunbar-Orrick to assist with our insurance initiative. Greg mentions other details that will need to be handled (i.e. contact Greyhound regarding getting CARTS In NTBA as a sponsored carrier.

5/05/2010

Greg Alexander sends email with copy of the FMCSA Register publication of CARTS route authority application. Also sent "Post Approval Compliance Requirements" identifying additional steps needed for compliance. (Form BOC-3, BCM-91, NTBA, etc.) Greg asks Dave to call him to discuss interlining with Greyhound and how getting paid is calculated.

5/07/2010

Dave responds to Roderick Lewis (American Bus Association) regarding CARTS ABA membership, costs, etc.



5/10/2010

Randy Isaacs emails Dave regarding MAX, NBTA, GPX relationships (CARTS/GLI).

5/11/2010

Greg emails Dave: Greg called ABA and was advised they filed the BOC-3 with the FMCSA, designating ABA as process agent for CARTS. CARTS needs to file biennial MS-150; form MS150A is no longer required. The biennial update for the MS-150 may be conducted online at the following URL:

<http://www.fmcsa.dot.gov/online-registration>

5/11/2010

Linda Dunbar-Orrick (TML) responds to email with options for CARTS to consider for insurance for ICB. Suggests VOSCO, but mentions CARTS might have better results with a local agency.



5/17/2010

Greg emails Dave: If you do not have proof of insurance filed with FMCSA by 5/25/10, you will receive a warning letter from FMCSA stating you have until 8/05/10 to file proof of insurance. If proof of insurance is not filed by then, FMCSA will dismiss your application without recourse.

5/17/2010

Dave requests Greg to call on the phone to discuss details of purchasing additional insurance. Greg Alexander (972-418-1193)

5/17/2010

Dave corresponds (email) with Jim Howell (Arthur J. Gallagher Risk Management Services, Inc.) Dave is interested in Senatorial intervention that benefited a system in West Virginia whose insurance situation was similar to TML.

5/21/2010

Dave provides Rene with contact information for Kevin Gregory (AJG) to start the process to acquire insurance for the CARTS ICB fleet.



5/26/2010

TML provides loss run history (5 yr.) to send to Kevin Gregory (AJG).

6/07/2010

Greg sends email: reminder that if CARTS did not have proof of insurance filed with FMCSA by 5/25/10, a warning letter from FMCSA stating you have until 8/05/10 to file proof of insurance. If proof of insurance is not filed by then, FMCSA will dismiss your application.

6/07/2010

Dave sent email to Rene, with instructions to work directly with Kevin Gregory to obtain insurance by 7/15/2010 to ensure ample time to work out any kinks for the August drop dead date with FMCSA.

6/08/2010

Kevin Gregory responds to 6/07/2010 email from Rene. Kevin states both ICB Routes A and B fit the 50 mile radius designation.

6/08/2010

Dave emails ICB workgroup about ICB meeting for Wednesday, 6/09/2010 to review Sam's roadwork to date, and set a timeline calendar for this project.



6/10/2010

Rene sends email to Kevin Gregory with reminder of the FMCSA application deadline, and requesting that we have insurance through AJG by July 15, 2010.

6/15/2010

Kevin Gregory send email Dave/Rene stating he has compiled the information (ICB vehicles & drivers) and is submitting to their markets with a 7/01/2010 effective date, though he isn't sure he'll have quotes by that date. Kevin names Tara Bolmey as his contact while he is on leave for a week. Dave responds with the more realistic date of 7/15/2010.

6/17/2010

Kevin Gregory sends contact information for Tara Bolmey (AJG).

6/17/2010

Adrian sends updated ICB Route time schedule/bus stops/etc.

6/23/2010

Tara Bolmey (AJG) requests Professional and General liability coverage and name of Workers Comp carrier (TML), as one of the companies is requesting this for underwriting purposes. Rene forwards CARTS Maintenance plan to Tara Bolmey (AJG).

6/24/2010

Tara Bolmey (AJG) requests seating capacities of vehicles and “stated amount” values of the listed vehicles.

6/24/2010

Tara Bolmey seeks assistance from Dave, Rene to complete application requested by National Interstate (CMT). Rene off 624-6/28, back on 6/29.

6/30/2010

Rene forwards completed National Interstate (CMT) application to Tara Bolmey.





7/1/2010

Tara Bolmey (AJG) requests historical data for all units in CARTS Fleet. Joe Holland dedication (7/2/2010), Rene driver training (7/6 & 7/7).

7/1/2010

Kevin Gregory send email regarding a situation that has developed regarding the insuring of the 6 ICB units. Once a filing is made, the carrier is in essence on the entire fleet, not just these 6 units based on the way it is set up. The filing authority name is Capital Area Rural Transportation System dba CARTS Interurban Coach. When a carrier files a form with Tx Dot, they require the carrier to extend the cover to any vehicle owned or operated by the authority holder whether scheduled or not. Thus, a carrier will not issue a filing for 6 units when they know there are other units owned or operated in the same name as the authority is granted to. If CARTS Interurban Coach was a separate legal entity, there would be no issue, but as a DBA, they are under the legal entity of Capital Area and the carrier is in essence on the hook for the entire fleet while collecting premium on only 6 vehicles. Unless we can carve out the 6 separate units under a separate legal entity, the carrier can't make a filing.



7/1/2010

Dave responds to Kevin Gregory: Your carriers are trying to fit CARTS into the market they are used to dealing with. No TxDOT # is needed, only the FMCSA filing is necessary. Starting a separate entity would be time consuming and is not necessary. (Complete email available on request).

7/1/2010

Dave sends email to Kevin Gregory: One more clarification, CARTS will not use ICB vehicles in public service, and no public buses will be used in ICB service. Under FMCSA, there is a separate category for publicly subsidized carriers like CARTS that recognizes our status.

7/7/2010

Rene sends requested fleet information to Tara Bolmey (AJG).

7/9/2010

Kevin Gregory sends email stating his last resort has the same issue with the filing. The companies will look at all exposures @\$ 5 million , but not separate coverage for the ICB vehicles only.



7/10/2010

Dave Marsh responds to Kevin with disappointment.

7/10/2010

Dave sends email to Randy Isaacs, Greg Alexander, Kevin Gregory with the final status update. Creating a separate entity is the last resort, but it is fraught with other complications.

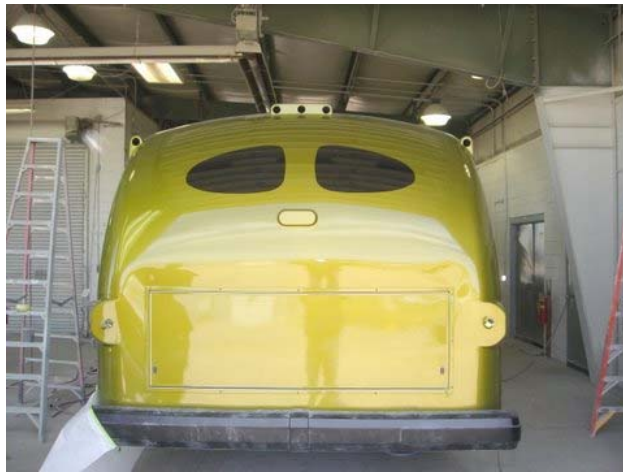
7/10/2010

Kevin Gregory sends conciliatory email and adds that if the ICB is set up as a separate entity he could get it done. He will be standing by.

7/23/2010

Dave Marsh shares email from Linda Pugh regarding insurance for 5311F vehicles. She is interested in details of the CARTS endeavor to acquire insurance for the ICB vehicles.

**That's Over Two Years for  
CARTS to (maybe) get FMCSA  
Authority!**



# Research Results Digest 311

## FMCSA REGULATIONS AS THEY APPLY TO FTA SECTION 5310/5311 PROVIDERS: A HANDBOOK

*This digest summarizes the results of NCHRP Project 20-65(10). The digest was prepared by ICF International in Fairfax, Virginia.*

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## CHAPTER 1 INTRODUCTION, HISTORY, AND FUTURE ACTIONS

### 1.1 INTRODUCTION

#### 1.1.1 Purpose

This digest offers guidance to state and local governments, transit agencies, and others who provide transportation services supported by FTA Section 5310 and 5311 grants. Section 5310 grants provide local operators with funding for public transportation for those who are elderly or have disabilities. Section 5311 grants provide funding to transit providers in rural areas. The digest is intended to help these operators and providers sort out which regulations from both the Federal Motor Carrier Safety Administration (FMCSA) and the FTA apply to them, as well as help them understand how to address those regulations cost-effectively.

#### 1.1.2 The Issue

The FMCSA regulates interstate commerce, while the FTA regulates public transportation. When these areas overlap, such as when public transportation travels between states, there can be cause for confusion. Moreover, FMCSA regulations have traditionally been geared toward commercial businesses that operate in interstate commerce and are not inherently

designed for small public transit agencies providing specialized services. As such, FTA 5310 and 5311 grantees have found it difficult, confusing, and sometimes prohibitively expensive to meet FMCSA requirements when traveling interstate. On occasion, this has resulted in operators being cited by state highway patrols for unknowingly violating FMCSA regulations. This digest is intended to minimize those problems and provide a clear, concise account of how to meet all necessary regulations.

#### 1.1.3 Using this Digest

This digest is a resource for FTA grantees to determine the applicability of FMCSA regulations to their operations. Reading it straight through from cover to cover is unlikely to be particularly useful for the average 5310 and 5311 provider. Rather, the digest is intended as a reference so that when a provider is determining how to comply with a particular regulation, the provider can look up the regulation in this digest and find a simple explanation of what is necessary.

#### 1.1.4 Digest Organization

The digest presents a brief history of the FMCSA and provides information about up-

## Texas Municipal League Intergovernmental Risk Pool

### Major Rating Factors

#### Strengths:

- Strong, well-established market position as a leading provider of workers' compensation and property/casualty insurance for governmental entities throughout Texas.
- A strong pricing advantage, with relative freedom from regulatory oversight regarding pricing.
- Very strong capitalization, supported by healthy earnings.

#### Weaknesses:

- Geographically concentrated in Texas.
- Limited member and premium growth opportunities given the focused member base.
- Increased risk retention could give rise to earnings volatility.

#### Rationale

The insurer financial strength rating on the Texas Municipal League Intergovernmental Risk Pool (TML-IRP) reflects the organization's firmly established presence in the Texas local government market, very strong capitalization, and pricing advantages. Offsetting these strengths are the pool's geographic concentration in one state, limited member and premium growth opportunities because of its niche market, and potential rise in earnings volatility given the pool's increased risk retention.

TML-IRP maintains a proven platform as a leading provider of workers' compensation and property/casualty coverage to the Texas local government market and as the fourth-largest public entity risk pool in the U.S. based on 2007 gross contributions. The organization

#### Operating Company Covered

#### By This Report

Financial Strength Rating

Local Currency  
A/Stable/—

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# Road-tested and Ready



**CARTS**



*Only those who dare to fail greatly can ever achieve greatly.*

*Robert F. Kennedy*