

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D.C.

ORDER NO. 2931

IN THE MATTER OF:

Served November 12, 1986

Application of HK SYSTEMS, INC., )  
for Special Authorization to )  
Conduct Charter Operations Pursuant )  
to Contract with Military District )  
of Washington )

Case No. CP-86-07

By application filed November 10, 1986, HK Systems, Inc. ("HK" or "applicant"), a Texas corporation, seeks authority pursuant to WMATC Special Certificate of Public Convenience and Necessity No. 1 to transport active duty military personnel, Department of Defense ("DOD") civilian personnel, and persons on official business with DOD having valid passes, in charter operations pursuant to contract with the Military District of Washington ("MDW").

The contract filed by applicant requires it to operate three separate routes for MDW: Route #1, Route #6, and Route #20. Both Route #1 and Route #20 operate wholly within Arlington County, Va., and are, therefore, beyond the jurisdiction of this Commission. Accordingly, this application -- as it pertains to Route #1 and Route #20 -- is hereby dismissed pursuant to Compact, Title II, Article XII, Section 1(b).

Route #20 would operate between the Pentagon in Arlington, Va., and the Washington Navy Yard in Washington, D.C., serving the following locations:

- Pentagon, Stop C, South Parking, Lane 10
- 4th and M Streets, S.W.
- Fort McNair Main Gate on P Street, S.W.
- 2nd and V Streets, S.W.
- 1900 Half Street, S.W.
- Building 159 on Tingey Street, S.E.
- Building 143 on Patterson Avenue, S.E.
- Building 208 at 10th and N Streets, S.E.
- Building 57 on Harwood Street, S.E.

The service would be operated in both directions, making 8 round trips a day, Monday through Friday, except federal holidays.

The contract, executed November 6, 1986, calls for service from December 1, 1986, through September 30, 1987. Applicant has submitted a projected operating statement for this 10-month period, indicating a net profit after taxes of \$17,857 on revenues of \$324,727 for the

entire contract. Route #6 at issue here accounts for about one-third of this amount.

Applicant states that it is familiar with the Compact and the Commission's rules and regulations, that it will comply with them, and that it has not been found unfit by any regulatory agency and is not under any fitness investigation. The contracting officer for MDW has submitted a notarized statement in support of the application as required by Regulation No. 70-04 stating, among other things, that MDW has investigated applicant's qualifications and is satisfied that HK will be able to perform properly the proposed service.

Applicant is related to a corporation that conducts certain commuter services pursuant to a contract with Prince William County, Va., using buses owned by Prince William County. Applicant proposes to employ vehicles and drivers used in performing the Prince William County service. Applicant describes the arrangement as follows:

Applicant HK Systems, Inc. is owned by George W. Hanthorn and John F. Karner. Messrs. Hanthorn and Karner are minority stockholders of BusLease Contract Services, Inc., a controlled subsidiary of BusLease, Inc.

BusLease Contract Services ("BCS") provides certain peak period commuter bus service under contract with Prince William County, Virginia. This service is operated with buses owned by Prince William County and used by BCS, and with buses leased to BCS by BusLease, Inc. The Prince William County service leaves points in Prince William County in the morning, arriving at the Pentagon or in Washington, DC at or before 8:00 A.M. In the afternoon, the Prince Williams service generally begins departing Washington or the Pentagon at or after 4:30 P.M.

HK will utilize certain of the buses used by BCS in the Prince William operation to operate the service for the Military District of Washington. Additionally, HK will employ various of the drivers employed in the morning and evening by BCS to operate its Prince William County service. Inasmuch as the service for which this application is being filed operates during times when the BCS Prince William service does not operate, HK can make effective, efficient and economical use of the BCS equipment and the personnel driving in the morning and evening for BCS.

HK and BCS have received permission from Prince William County for HK to use the County-owned buses in service for DOD. HK will enter into a sublease agreement with BCS to use the BCS leased buses in service for DOD.

Applicant has submitted a certificate of liability insurance in the required amount of \$5 million combined single limit. However, the

certificate pertains only to "owned" vehicles and it is clear from the above that HK owns none of the vehicles it proposes to use. In addition, the cancellation clause does not provide the unequivocal 30-days' notice required by Commission Regulation No. 62. A corrected certificate of insurance will be required.

Also, applicant will be required to submit its permission to use Prince William County's buses to perform the MDW contract as well as copies of its leases covering buses not owned by Prince William County. In this latter regard, applicant is reminded of the requirements of Commission Regulation No. 69 dealing with equipment leases.

Inasmuch as a contract has been executed for the transportation of employees pursuant to contract with their employer for a period in excess of 181 days, the application appears amenable to processing under Commission Regulation No. 70. See Order No. 2004, served June 20, 1979. Notice of this application must be published and opportunity given for the filing of protests. Protests, if any, must be written, sworn, and notarized, and must contain all evidence and argument upon which the protestant would rely.

THEREFORE, IT IS ORDERED:

1. That HK Systems, Inc., shall publish once in a newspaper of general circulation in the Metropolitan District notice of this application in the form prescribed by the staff of the Commission no later than Saturday, November 15, 1986.

2. That applicant shall file with the Commission an affidavit of such publication no later than Tuesday, November 25, 1986.

3. That applicant shall make appropriate filings addressing the matters raised in the text of this order, no later than Tuesday, November 25, 1986.

4. That any person desiring to protest this application shall file a notarized protest in conformance with Commission Regulation No. 70-06 at the office of the Commission, 1625 I Street, N.W., Room 316, Washington, D.C. 20006, no later than Tuesday, November 25, 1986, and shall simultaneously serve a copy of such protest on applicant's resident agent, CT Corporation System, 1030 - 15th Street, N.W., Washington, D.C. 20005.

FOR THE COMMISSION:

  
William H. McGilvery  
Executive Director

