

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D.C.

ORDER NO. 2932

IN THE MATTER OF:

Served November 13, 1986

Application of O&R MANAGEMENT )  
CORPORATION for a Certificate to )  
Conduct Charter Operations Pursuant )  
to Contract with Montgomery County )

Case No. AP-86-35

By application filed September 2, 1986, O&R Management Corporation ("O&R" or "applicant") seeks a certificate of public convenience and necessity to conduct charter operations pursuant to contract with Montgomery County, Md. ("the County"). The contract, filed in Case No. AP-86-16, Application of O&R Management for Temporary Authority to Conduct Charter Operations Pursuant to Contract with Montgomery County, incorporated herein by reference, requires that applicant provide regular route service between points in Montgomery County, Md., in conjunction with the County's Ride-On service.

By Order No. 2864, served May 23, 1986, O&R was granted temporary authority to perform the service encompassed by the contract. Pursuant to Order No. 2902, served September 4, 1986, and incorporated herein by reference, a public hearing on the matter was held October 2, 1986. Two witnesses testified on behalf of O&R, and a representative of the County testified in support of the application. The application is unopposed.

SUMMARY OF EVIDENCE

Mark Rich is O&R's project manager for the contract at issue in this application. Mr. Rich is responsible for general administration of operations under the contract, including driver training, vehicle maintenance, and route coverage on a daily basis.

O&R uses twenty 21-passenger leased vehicles to provide the service for which it seeks a certificate. Vehicles are housed at a specified location in Rockville, Montgomery County, Md., from which point they are dispatched. Maintenance and repairs are performed by O&R. A routine program of preventive maintenance is followed. Each day prior to its being placed in service, drivers check vehicles for physical damage and to assure that lights, signals, brakes, and windshield wipers are functioning and that requisite safety equipment is on board. Fluid levels are checked each evening. Any problems are reported in writing to the dispatcher. A maintenance file is kept on each vehicle.

O&R requires drivers to be properly licensed for commercial driving, to have clean driving records, and to pass a driving test prior to being hired. No driver is assigned a route until he has completed a probationary period during which he first observes an experienced driver for a time and then drives under supervision for an additional period. Once assigned a specific route, a driver is given a daily start-up time. If a driver is five minutes late, a back-up driver runs the route. Since it began operating pursuant to temporary authority, O&R has not failed to perform on any route on any day. A driver safety program is also in effect featuring monthly in-service training.

Mr. Rich is not familiar with the Compact or the Commission's rules and regulations. However, his immediate supervisor is Jerry Robertson who has over 13 years' experience in transportation subject to this Commission's jurisdiction. A contract review committee, whose members are familiar with the Compact and the Commission's rules and regulations, monitors performance of the contract at issue in this case. Mr. Rich is willing to become familiar with the Compact and the Commission's rules and regulations and to comply with them.

Since O&R began offering service pursuant to contract with the County, several minor route changes have been made and one route from Germantown, Md., to the Rockville Metro Station, Rockville, Md., has been added. Ridership was level through the summer, increasing after September. Ridership data submitted pursuant to Order No. 2902 indicate that, on average, over 6,000 persons a week use O&R's service.

A statement of financial condition dated June 30, 1986, and submitted with O&R's application, shows current assets of \$299,421 and fixed assets of \$99,190. Current liabilities of \$147,291 are listed with long term liabilities of \$125,000 and equity of \$126,320. An operating statement projected for the first 12 months of WMATC operations estimates revenues of \$1,024,000 and total operating expenses of \$952,293, resulting in net income of \$71,707.

John D. Robertson testified for applicant. Mr. Robertson is a director and shareholder in O&R, as well as its senior vice president. In this position, he is directly responsible for O&R's complete day-to-day operations, working directly with all contract supervisors. \*/ Mr. Robertson is a member of O&R's contract review committee which monitors all contracts and meets with individual agencies monthly to discuss means of improving performance. Mr. Robertson is aware of the Commission's rules and regulations and willing to comply with them.

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\*/ Other contracts performed by O&R deal with such diverse tasks as collection of parking meter money, management of motor pools, and loading of cargo.

Mr. Robertson anticipates that the transportation required of O&R by the County will change and expand from that being currently performed. One goal of the contract is to increase ridership on the mass transit system within Montgomery County. O&R is using various methods to accomplish this. When ridership increases significantly on any route O&R serves, the County will take over the route with its Ride-On bus service and assign another route to O&R. The result of this system, as Mr. Robertson envisions it, is expansion of service within Montgomery County with O&R starting up routes, building ridership along these routes, and then turning the routes over to the County's Ride-On bus system. Mr. Robertson believes O&R can provide the County better than adequate service which is financially beneficial to the County and local taxpayers.

Anthony T. Wright, contract administrator for the Division of Transit Services, Montgomery County Department of Transportation, testified in support of the application. Mr. Wright's primary duties include the preparation and disposition of all requests for proposals, negotiating and drafting contracts, and monitoring contracts once executed. Mr. Wright testified that the County selected O&R from among seven bidders responding to the County's request for proposals to perform certain regular route transportation between points in the County. O&R was selected based on its ability to provide the service and the projected cost of that service. This selection was approved by the County's Contract Review Committee.

The purpose of the contract is to have a private carrier perform certain regular route transportation supplementing that provided by the County itself. The County owns and operates 196 30-passenger buses along regular routes in Montgomery County. This service, known as Ride-On, is itself a supplement to Metrobus service. The purpose of Ride-On is to provide service into neighborhoods where access by Metrobus is precluded by road or traffic conditions. In essence Ride-On is the County's effort to provide regular route service where no other service exists. Although the routes included in the contract are low ridership routes, it is the County's position that the routes cover areas in need of regular route transportation.

The contract between the County and O&R is for a period of two years with an option to extend for a third year. The service called for by the contract is limited to transportation in 21-passenger vehicles. The contract contains a clause requiring service adjustments and also includes incentives to the contractor for increasing ridership. When ridership along a given route increases to a level in excess of that which a 21-passenger vehicle can handle, the County intends to take that route back for its Ride-On service, identify another low ridership route, and assign that route to O&R. Since June 2, 1986, O&R has performed the transportation required by the contract on a daily basis in accordance with Montgomery County's expectations. The County is quite pleased with the level and quality of service O&R has been providing.

## DISCUSSION AND CONCLUSIONS

This matter is governed by Title II, Article XII, Section 4(b) of the Compact which requires that an applicant for a certificate of public convenience and necessity prove that it is fit, willing and able to perform properly the proposed transportation and to conform to the provisions of the Compact and the Commission's rules, regulations, and requirements thereunder. Section 4(b) further requires that the applicant prove the proposed service is required by the public convenience and necessity. After reviewing the entire record in this case we find that O&R has met its statutory burden. Accordingly, the application shall be granted.

O&R operates a sufficient number of 21-passenger vehicles to perform the proposed service. The vehicles are new, regularly maintained, and inspected daily before being placed on the road. O&R's drivers are properly licensed and have good driving records. O&R has a driver training program and a driver safety program. Back-up procedures are in place for both vehicles and drivers. O&R has been operating the transportation for which it is seeking a certificate pursuant to temporary authority since June 2, 1986. During that time it has not missed a single run. O&R has shown itself capable of meeting the service adjustment requirements of its contract by providing such additional equipment, insurance, and staff as reassignment of routes has required. The record indicates that O&R is a financially healthy company and that this operation, the only passenger transportation which O&R performs, has been and is likely to remain profitable. Applicant's principals are familiar with the Compact and the Commission's rules and regulations, and they are willing to comply therewith.

Montgomery County, through its Ride-On program, attempts to provide needed regular route transportation between points in Montgomery County where bus service is not otherwise available. The service at issue in this application is part of the Ride-On system, the only difference being that the County has contracted with a private carrier to provide the transportation. The routes at issue are considered low ridership routes, i.e., routes more efficiently served in vehicles smaller than the 30-passenger buses owned and operated by the County. Nonetheless, it is the County's opinion, as expressed by its representative, that the routes cover areas in need of regular route transportation. Passenger counts for the period June 2, 1986, through August 29, 1986, support the County's position.

THEREFORE, IT IS ORDERED:

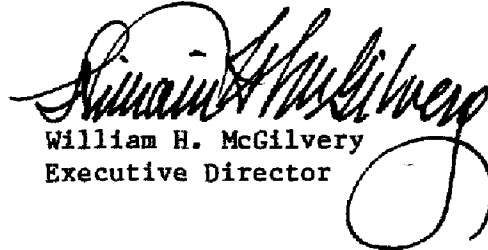
1. That O&R Management Corporation is hereby granted authority to transport persons in charter operations between points in Montgomery County, Md., pursuant to contract dated April 22, 1986, with Montgomery County, Md., together with any continuous extension, amendments or

modifications thereto, restricted to transportation in vehicles with a manufacturer's designed seating capacity of 21 persons or less, including the driver.

2. That O&R Management Corporation is hereby directed to file within 30 days of the service date of this order: (a) an affidavit of identification of vehicles in accordance with Commission Regulation No. 68 for which purpose WMATC No. 128 is hereby assigned; (b) an equipment list indicating make, model, serial number, vehicle identification number, and license plate number for each vehicle to be used in WMATC operations and for which such information has not been supplied; (c) executed copies of leases pursuant to Regulation No. 69 for each vehicle leased by O&R Management Corporation for use in WMATC operations since May 23, 1986; (d) two copies of its WMATC Tariff No. 1.

3. That unless O&R Management Corporation complies with the requirements of the preceding paragraph within 30 days of the service date of this order or such additional time as the Commission may direct or allow, the grant of authority contained herein shall be void, and the application shall stand denied in its entirety upon the expiration of the said compliance time.

BY DIRECTION OF THE COMMISSION; COMMISSIONERS WORTHY, SCHIFTER, AND SHANNON:



William H. McGilvery  
Executive Director