



U.S. Department
of Transportation
**Federal Transit
Administration**

REGION V
Illinois, Indiana,
Michigan, Minnesota,
Ohio, Wisconsin

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VIA FACSIMILE FOLLOWED BY CERTIFIED MAIL

October 20, 2004

Mr. William Volk
General Manager
Champaign-Urbana Mass Transit District
801 E. University Avenue
Urbana, IL 61801

RE: Charter Complaint and Continuing Charter Violations

Dear Mr. Volk:

On May 27, 2004, the Federal Transit Administration (FTA) received a complaint from a private charter operator, Allerton Charter Coach, Inc. (Allerton), alleging that the Champaign-Urbana Mass Transit District (MTD) was conducting illegal charter operations. The Complaint No. 2004-10 was forwarded to MTD on June 10, 2004, and MTD was provided with thirty days in which to respond. MTD failed to respond. On September 1, 2004, FTA received supplemental information from Allerton. The supplemental information was forwarded to MTD on September 3, 2004, and MTD was given another thirty days to respond. To date, MTD has again failed to respond.

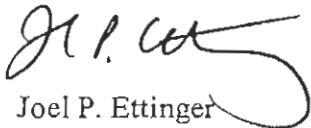
As a result of MTD's failure to respond to the allegations in the complaint, FTA staff (Regional Counsel Nancy-Ellen Zusman, Deputy Regional Administrator Don Gismondi, and General Engineer Cyrell McLemore) contacted you by telephone earlier today. During that conversation, you indicated that MTD for a significant number of years had an arrangement with Illini Swallow to operate charters on its behalf for a 10% fee. You indicated that Illini Swallow had been the only private willing and able provider in MTD's area. Additionally, you acknowledged that MTD had finished providing service on all outstanding charters after receiving the complaint. You also acknowledged that MTD had never responded to Allerton's willing and able response in June 2004. You stated that at the present time MTD is only providing charters for 501(c)(3) organizations.

Under the charter regulations, 49 C.F.R. Section 604.9, a recipient is prohibited from providing charter service if there is at least one willing and able private provider, unless one of the exceptions applies. Operating charter service on behalf of Illini Swallow does not qualify as one of the exceptions. Additionally, once a new annual charter notice was issued, MTD should have completed the willing and able determination process. MTD failed to respond to Allerton's willing and able response, which is also a violation of the charter regulations. Once MTD was made aware that it was violating the charter regulations, it should have immediately stopped providing charter service.

As FTA staff indicated to you on the telephone, MTD should immediately cease and desist providing illegal charter service. Failure to respond to this cease and desist order may jeopardize the receipt of federal funds. Additionally, MTD needs to immediately respond to Allerton's complaint; otherwise FTA will issue its determination on the complaint without any input from MTD.

Should you have any questions regarding this matter, please feel free to contact myself or Nancy-Ellen Zusman. Either of us can be reached at (312) 353-2789.

Sincerely,



Joel P. Ettinger
Regional Administrator

cc: Edward Gill
Richard Schweitzer