

OFFICE OF PASSENGER TRANSPORTATION  
COMPLIANCE REVIEW FOR  
SECTION 5310 AND 5311 TRANSIT AGENCIES

CHARTER COMPLIANCE REVIEW CHECKLIST

TRANSIT AGENCY	DATE OF COMPLIANCE REVIEW
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**REQUIREMENT**

FTA grantees are prohibited from using federally funded equipment and facilities to provide charter service if a registered private charter operator expresses interest in providing the service. The prohibition applies to recipients of Section 5307, 5310, 5311, and 5339 assistance. Grantees are allowed to operate community-based charter services exempted and excepted under the regulations and some irregular or limited duration services.

**REFERENCES**

The FTA rule for charter service is 49 CFR Part 604:

<http://www.gpo.gov/fdsys/granule/CFR-2012-title49-vol7/CFR-2012-title49-vol7-part604/content-detail.html>.

FTA Charter Service Website (including provider registration): <http://www.fta.dot.gov/about/15740.html>.

Ombudsman for Charter Services: [ombudsman.charterservice@dot.gov](mailto:ombudsman.charterservice@dot.gov) or (312) 353-2887.

**CHARTER DEFINITION**

Charter service is defined as transportation provided by a transit agency at the request of a third party for the exclusive use of a bus or van for a negotiated price. Under this portion of the definition, any of the following features suggest that the service being provided is regulated charter:

- a. A third party pays the transit provider a negotiated price for the group.
- b. Any fares charged to individual members of the group are collected by a third party.
- c. The service is not part of the transit provider's regularly scheduled service, or is offered for a limited period of time; or
- d. A third party determines the origin and destination of the trip as well as scheduling.
- e. Transportation provided by a transit agency to the public for events or functions that occur on an irregular basis or for a limited duration and
  - 1) A premium fare is charged that is greater than the usual or customary fixed route fare; or
  - 2) The service is paid for in whole or in part by a third party.

**EXEMPTIONS**

Federal charter service regulation does not apply to the following. **No record-keeping or reporting is required.**

- a. A transit agency that is 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 for the purpose of conducting oversight functions such as inspection, evaluation, or review.
- b. Private charter operators that receive, directly or indirectly, federal financial assistance under FTA programs or other specified programs.
- c. A transit agency that is 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.
- d. A transit agency that uses federal financial assistance from FTA, for program purposes only.

- e. 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. For the first 45 days, the transit agency is exempt. If the emergency lasts more than 45 days, the transit agency has to follow specific procedures in the rules to continue the service.
- f. Transit providers in a non-urbanized area that are 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.

### **EXCEPTIONS**

Listed below are exceptions (regulated charter) that may be provided, if specific guidelines are met and procedures are followed. **This service must be reported quarterly to the Office of Passenger Transportation and records must be kept by the transit agency for three years. The transit agency must have an MDOT approved cost allocation plan.**

- a. Government officials on official government business (no more than 80 hours within the geographic service area and does not generate revenue by law).
- b. Qualified human service organizations for the purpose of serving persons
  - 1) With mobility limitations related to advanced age;
  - 2) With disabilities; or
  - 3) With low income.
- c. When no registered charter provider responds to a notice from a recipient.
- d. Agreement with all registered charter providers within the agency's geographic service area.
- e. Petitions to the Administrator to provide charter service directly to a customer for
  - 1) Events of regional or national significance;
  - 2) Hardship (only for nonurbanized 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.
- f. Leasing FTA funded equipment and drivers to registered service providers under the following conditions:
  - 1) The private charter operator is registered on the FTA charter registration website.
  - 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.
  - 4) The registered charter provider has exhausted all of the available vehicles of all registered charter service providers in the recipient's geographic service area.

### **REVIEW QUESTIONS**

**1. Does the agency operate any service that falls under one or more of the allowed exemptions?**

YES      NO

If yes, which exemption(s)?

**2. Does the agency provide charter service with locally owned vehicles?**      YES      NO

If the vehicle is stored and maintained in a federally funded facility, the service must be reported to MDOT as charter service. (Files will be reviewed to ensure this service is separate from federally funded public transportation service).

**3. Does the agency operate and report any charter service under the exceptions above, as defined in the regulation (e.g. service provided on an irregular basis or for limited duration, receives subsidies from third parties for service)?** YES NO

If yes, which exception(s)?

**4. If applicable, were the quarterly reports submitted in a timely manner and reflect under which exception the grantee performed the charter service?** YES NO N/A

**5. Did the agency or state (on the agency's behalf) request an advisory opinion from the Office of Chief Counsel?** YES NO

If yes, what was the response? Was it followed?

**6. Did any registered charter provider file a cease and desist order against the agency?**

YES NO

If yes, what was the outcome and did the agency follow it?

**7. Did any registered charter provider file a complaint with the Office of Chief Counsel alleging noncompliance against the agency?** YES NO

If yes, did the agency file an answer within 30 days of the date that the FTA notification was served?

COMPLIANCE ANALYST	DATE
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