

RE: Federal Charter Service

Dear Subrecipient:

As a subrecipient of Federal Transit Administration (FTA) funding (Section 5307, 5310, 5311, 5316, and/or 5317) you are required to comply with the charter service rules, 49 CFR Part 604. New rules to charter service were issued by the FTA in 2008. In some ways the revision allow for more flexibility in providing charter service but, in turn, also requires the FTA subrecipient to maintain detailed record keeping of all such services or requests. This letter will attempt to simplify the charter rules, however, I also urge you to read the revised law to better understand your full responsibilities when providing service with the federally funded equipment awarded to your organization.

Charter service is now defined as transportation provided at the request of a third party for exclusive use of a vehicle for a negotiated price. The transportation provided to the public for events or functions that occur on an irregular basis or of a limited duration and a fare is charged or a third party pays for part of or the whole service.

The general goal of these regulations is to protect the private charter provider from unfair competition from FTA subrecipients; there are exceptions where the FTA subrecipient can provide charter service. Below are some of the exceptions but not all:

- **Exception one:** FTA subrecipients are allowed to provide charter services to human services organizations that receive funding, either directly or indirectly from the list of the 64 federal programs that are listed in "Appendix A" of this rule.
- **Exception two:** FTA subrecipients are allowed to provide charter services to Qualified Human Services Organizations (QHSO), but these QHSO must be registered on-line with the FTA (under charter service registration). In addition the transportation is limited only to senior citizens, people with disabilities or low income individuals.
- **Exception three:** FTA subrecipients can provide charter service whenever private charter service operators (who must also register on-line with the FTA under charter service registration) decline the opportunity to respond to a request for charter service. This exception only applies if the requestor of the charter service and the FTA subrecipient follow the charter service required notifications and registration procedures.
- **Exception four:** FTA subrecipients can provide charter service if they have filed a petition with the FTA Administrator and this petition has been approved. For example there could be a petition granted for an economic hardship imposed on the charter service requestor's customers if the FTA subrecipient couldn't provide the service.

The most drastic change in the charter service rules is the new FTA on-line registration requirement for both private charter operators and certain QHSOs. Private operators must register on-line, there is a detailed list of information they must provide including their geographic service area and whether they provide reduced rates to QHSOs. The revised charter service rules includes a Private Operator's Bill of Rights, but only for those private operators who register on-line. A QHSO is also required to register on-line if they do not receive one of the identified federal funds listed on Appendix A of the law.

If you are receiving FTA funds from 5310, 5311, 5316 and 5317, and using these funds for program purposes you are exempt from charter service rules. That is to say, you can only provide charter service that supports “program purposes” that are funded under these programs. However, you are still required to track all charter service requests from other parties and ensure that they follow the required charter rule registration and request process. **As a FTA subrecipient of these funds you are not required to register on-line.** We know some of our county providers have inquired in the past about being allowed to provide “special trip” requests from local organizations or clubs. Upon receiving such requests for charter service you may 1) decline to provide service with or without referring requester to the charter registration website, 2) provide the service under one of the exceptions or 3) provide notice to a registered charter provider. If you choose to provide the notice to the registered private charter provider there is a required time you must notify the registered provider and specific information about the request that is required. This is all covered in the notification requirement section of the law.

These revised charter service rules also give clearer guidance to private charter providers for filing complaints at those FTA subrecipients who violate these regulations. It is noted that if there is a pattern of violations the subrecipient can be barred from receiving federal funds. It is part of our job to provide technical assistance in understanding these requirements and ensure continued compliance. As a subrecipient you must maintain records of charter requests, notices and charter services operating under the various exceptions in the charter service rules. In the FTA workshop handout provided there is a quarterly reporting form you should be maintaining, at this time we are not requesting these be sent to us but we will be requesting them when conducting our site reviews. (Charter logs must be kept for up to three years)

I have also attached the Charter Service Final Rule (01/14/08), this document and the FTA workshop handout summarizes the new requirements, included in these materials is the website for the charter service registration process. When in doubt as to whether or not a service being requested is considered charter please call your NJ TRANSIT contact for written guidance.

Sincerely,

Janelle Director, Manager
Local Programs and Minibus Support

CC:

LPS Staff
Community Mobility Staff