

Agency Name

Transit Policies and Procedures

Subject	Contract Service
Section	Financial
Effective Date	
Approved By	
Approval Date	

Purpose

Develop a procedure for third party contract service.

Definitions

Contract Service: Transportation service provided to a group of people at a specified cost through an agreement with a third party.

Fully Allocated Cost: The total cost for the Agency to provide a contract service.

Procedure

Prepare a written procedure for the Agency to follow when providing contract service to social service agencies and public entities. Contract service shall be offered at the fully allocated cost. Fully allocated costs result in higher fares to cover costs associated with providing the service as well as contract negotiation, scheduling, record keeping, and invoicing. Examples of service costs are as follows:

- Vehicle Cost
- Insurance
- Overhead
- Utilities
- Wages
- Benefits
- Fuel
- Maintenance

The Transit Director is responsible for preparing and negotiating a formal contractual agreement with each third party. It shall include the Agency's rate per trip or per mile based on the fully allocated cost of the service. The contract must be signed before contract service begins and must be renegotiated on an annual basis. Contract agencies/entities shall be invoiced monthly.

Contract service should only be offered if the transit system has the capacity to accommodate the request. It is intended to fill empty seats during regular service hours at off peak times and should not decrease seating capacity for general public passengers. Contract service participants must follow all Agency policies and procedures.

This policy or procedure is intended to be used as an example. It should be customized to each transit agency. Review by a legal expert is recommended.

Responsibilities

The Transit Director is responsible for setting contract service rates, negotiating contracts, and conducting annual contract renegotiations.