



Charter Bus Use Guidelines



Public Sector
K-12 Education



Gallagher

Insurance | Risk Management | Consulting

Table of Contents

I. Introduction.....	3
II. Pre-Qualification of Charter Bus Companies.....	3
III. Contract for Services.....	4
IV. Pre-Trip Checklist and Inspection.....	4
Appendix A: Application to Provide Charter Bus Service Pre-Qualification Checklist.....	5
Appendix B: Sample Vendor Insurance Certificate.....	7
Appendix C: Departure Checklist.....	8
Appendix D: Sample Charter Bus Contract.....	8
Disclaimers.....	11

I. Introduction

The purpose of this document is to provide guidelines and procedures to manage and transfer the risk of charter bus use, and help your district ensure the safe transportation of students, teachers, chaperones and parents. This process involves pre-qualification, entering a contract for services, and pre-trip checklist and inspection.

1. PRE-QUALIFICATION OF CHARTER BUS COMPANIES

Establish a list of approved companies that your school district will use. This involves background checks, insurance verification and a site visit. The provider list should be updated annually, and no provider should be used without pre-qualification. A pre-qualification application and checklist for completion by the vendor is included in Appendix A.

2. CONTRACT FOR SERVICES

Prior to travel, a contract should be established with the provider. Contracts can be for single-trip use or on an annual basis. Needs may vary from trip to trip; school personnel must verify that the carrier(s) meet all criteria for a given trip.

3. PRE-TRIP CHECKLIST AND INSPECTION

Designated school personnel should verify that each driver and vehicle meet all criteria and contractual requirements before departure.

II. Pre-Qualification of Charter Bus Companies

The use of a pre-qualification application as provided in Appendix A will facilitate the gathering of the data required in this section. Provide adequate time for vendor to submit required application for review.

Background Checks

Thorough background checks on motor carriers involve the following:

- Online verification of safety rating
- Insurance verification
- Driver qualification
- Drug and alcohol policy
- Compliance with Federal Motor Carrier Safety Regulations (FMCSRs)
- Reference checks
- Site visit

Online Verification of Safety Rating

There are different legal requirements for intrastate and interstate motor contract carriers. Any selected carrier should meet the requirements established in the links below for intrastate or interstate transportation. The links from the Federal Motor Carrier Safety Administration lay out regulations, requirements, exemptions and exceptions. Any selected carrier must have a satisfactory record.

<https://www.fmcsa.dot.gov/regulations/education-related-transportation>

<https://www.fmcsa.dot.gov/regulations/passenger-carrier-guidance-fact-sheet>

Insurance Verification

Federal law requires \$5 million auto liability from interstate carriers, with most states requiring much less for intrastate-only carriers. It is recommended that the acceptable minimum limit requested from any carrier is equal to or greater than the federal guidelines, since intrastate liability limits are inadequate. Auto liability limits are required and are often the only thing discussed when dealing with charter bus operators; however, general liability and workers'

compensation coverage requirements are essential to properly manage the risks involved. Loading and unloading risks as well as sexual abuse and misconduct are examples of things that may not be covered under an auto liability policy alone. A full description of desired insurance limits and requirements is included in the sample contract and sample insurance certificate sections. No carrier should be placed on the preapproved carrier list without having provided a valid certificate of insurance.

Verify that all items on the certificate of insurance will be in compliance with contractual requirements, and require copies of all policy forms and endorsements providing contractually required coverage not shown on the certificate. Make sure to verify the A.M. Best rating of the carriers providing coverage to comply with contract terms.

Driver Qualification

Carriers must certify that drivers are properly certified; in compliance with federal and state laws; and meet all criteria including proper licensing, MVR requirements and medical certifications. Carrier must certify that drivers do not violate hours of service limitations.

Drug and Alcohol Policy

Verify that carrier requires pre-employment, random, and post-accident drug and alcohol testing by obtaining a copy of their drug and alcohol policy.

Compliance With FMCSRs

Vehicles transporting more than eight passengers including the driver for compensation are subject to FMCSRs. These requirements are listed on the pre-qualification checklist provided in this document.

Reference Checks

Ask carrier to provide references from groups that have used their service within the past year. The district should verify that any issues have been resolved prior to placing the carrier on the approved list.

Site Visit

The last step in the background check process is the site visit. It is important to verify and document with photos where applicable that a carrier has maintenance facilities up to your district's standards for vehicles, including certified maintenance personnel. The carrier should also provide evidence of proper vehicle and driver documentation and record keeping. Maintenance and inspection records should also be available for review. Any nonconfidential driver information should be available for verification, such as CDLs,

medical certificates, etc. Emergency and breakdown procedures should be discussed and provided as necessary. Ask to see the company's accident register and compare against online review. During this visit, also verify that the vehicles to be used are in compliance with state laws for student transport and are suitable for the desired use.

III. Contract for Services

Contracts can be used for single trips or on an annual basis. If an annual contract is used, a trip addendum must be provided for each trip. A contract and trip addendum with the vendor should also include hold harmless/indemnification language in favor of the school, requirements about monitors, statutory safety equipment, routes, wages, pickup and drop-off times, and equipment requirements. The contract should specifically address the drivers and specifics on the vehicles used for the trip. The contract should specifically state that the use of subcontractors is prohibited without prior approval of the contractor. It is the school's responsibility to pre-qualify any subcontractors to meet the standards of approved list carriers. A sample charter bus main annual contract without a trip addendum is included in Appendix D.

IV. Pre-Trip Checklist and Inspection

School personnel should verify specific information prior to releasing a charter bus for travel on behalf of the school. The carrier should be made aware of any items the driver will be expected to show on-site. Prior to departure, the following should be arranged with the driver.

- Verify emergency contacts.
- Check for valid driver's license and medical card, and ask to see the driver's logbook.
- Check vehicle registration to make sure vehicle is authorized in the states of travel, and that VIN and license plate match the registration.
- Check DOT annual inspection sticker for last date of inspection.
- Perform walk-around with driver using departure checklist (included in Appendix C).

**Appendix A: Application to Provide Charter Bus Service
Pre-Qualification Checklist**

A motor carrier seeking to be approved for use by the _____
Schools is requested to answer the following questions and submit
the following documentation.

COMPANY NAME

CONTACT PERSON

ADDRESS

PHONE NUMBER

FAX NUMBER

EMAIL

EMERGENCY CONTACT(S)

PHONE NUMBER(S) OF EMERGENCY CONTACT(S)

**Site visit discussion items (do not submit information with
this checklist)**

- Maintenance: on-site/off-site, personnel qualifications, inspections
- State or national professional associations or emergency aid organization membership
- Policy on emergencies and breakdowns; discuss recent breakdowns
- Policies on drivers' hours of service
- Review accident register
- Drug and alcohol testing
- Driver qualifications files

Documents to be submitted with application

1. Certificate of insurance in the amount of \$5 million (minimum) on which the school system (ATTN: superintendent or designee) is named as an additional insured.
2. Endorsement for Motor Carrier Policies of Insurance for Public Liability (MCS-90B).
3. Evidence of a USDOT number (MCS-150, FMCSA letter, etc.).
4. Policy or statement on overbooking and subcontracting, including the list of companies that are used as subcontractors. Note: Any company that is used as a subcontractor must also be on the school system's approved list.
5. Date of last compliance review (safety rating) and copy of the review if available, or include Department of Defense (DOD) certification if applicable.
6. Statement on how often and on what schedule driver's license or motor vehicle records (MVR) checks are performed on all drivers.
7. List of vehicles, including description, company vehicle unit number, VIN, license tag number with date of last annual inspection.
8. List of all current drivers, including the date of each driver's last medical certification and the CDL expiration date.
9. Drug and alcohol testing policy.

By each signature, I certify that _____
(company name) meets all regulations required in the FMCSR.

FMCSR (authorized signature)

PART 382 (CONTROLLED SUBSTANCE AND ALCOHOL TESTING)

PART 387 (FINANCIAL RESPONSIBILITY)

PART 390 (GENERAL APPLICABILITY AND DEFINITIONS)

PART 391 (DRIVER QUALIFICATIONS)

PART 392 (DRIVING RULES)

PART 393 (PARTS AND ACCESSORIES)

PART 395 (HOURS OF SERVICE)

PART 396 (INSPECTION, REPAIR AND MAINTENANCE)

PART 397 (GENERAL HAZARDOUS MATERIALS RULES)

Information for drug and alcohol policy

HOW MANY DRIVING POSITIONS DO YOU HAVE AS PER PART 382?

HOW MANY DRUG TESTS WERE ADMINISTERED DURING LAST CALENDAR YEAR?

HOW MANY ALCOHOL TESTS WERE ADMINISTERED DURING LAST CALENDAR YEAR?

ARE YOU A MEMBER OF A CONSORTIUM?

LIST COMPANY

PHONE

I hereby certify that all information contained in this document and all required documents attached to this document are factual and correct.

AUTHORIZED COMPANY REPRESENTATIVE

NAME (PRINT OR TYPE)

TITLE (PRINT OR TYPE)

SIGNATURE

DATE

Appendix C: Departure Checklist

Operational

- Prior to the day of the trip, review the terms of the contract. Take a copy of the contract on the trip. Note: Emergency contact name and phone number should be in the contract.
- At the time of trip departure, check to make sure that the bus company that arrives is the one that was contracted for this trip. If any bus is not from that company, ensure that the buses assigned are valid subcontractors on the list of prequalified vendors provided by the school system.
- Make sure that the proper number of buses and drivers are present, as stipulated in the contract for the trip.

Vehicle

- Windows/windshield
- Interior lights
- Headlights (high beam/low beam)
- Tail lights/brake lights
- Horn
- Tires (no slick tires)
- Fire extinguisher (charged)
- Copy of the annual safety inspection (either sticker or paper)

Driver information

- Valid commercial driver's license with passenger and school bus endorsement
- Valid medical certificate (pocket card)
- Driver's record of duty status/logbook (ask the driver if he/she has enough hours remaining to perform the trip)
- Vehicle registration card to ensure that vehicle is authorized to operate in the states of the trip (make sure that the license plate and VIN match the registration card)

Appendix D: Sample Charter Bus Contract

Sample Only

Do not use without legal review.

1. INTRODUCTION

This contract is entered into on the _____ day of _____, 20____, by and between [INSERT SCHOOL NAME], hereinafter referred to as [INSERT SCHOOL NAME], and _____, hereinafter referred to as Contractor, for the purpose of being a vendor to provide charter bus service to [INSERT SCHOOL NAME].

1.1. CONTRACT PERIOD

The term of this contract will be effective from the date above in Paragraph 1 through the end of the current [INSERT SCHOOL NAME] fiscal year (July 1).

1.2. SPECIFIC TRIP ARRANGEMENTS

This contract is a base agreement with [INSERT SCHOOL NAME] to avoid re-execution of complete contract documents each time a charter bus trip needs to be scheduled. Companies with contracts on file will have provided appropriate assurances and liability insurance certificates to be maintained by [INSERT SCHOOL NAME] for the period noted in this agreement. When a need for charter services arises within [INSERT SCHOOL NAME], solicitations will be taken as necessary to determine the contractor who will receive the specific business for that trip/activity. Companies with executed base agreements on file will only be required to provide a trip addendum to consummate the final charter bus purchase. The trip addendum will include specific information about the trip, times, places, cost, etc., and shall be agreed to by the [INSERT SCHOOL NAME] purchasing official and the requesting department. Additional signature by the contracting official at [INSERT SCHOOL NAME] of the trip addendum will not be required as long as this agreement is on file and the term has not expired. If the trip addendum contains any additional terms, those terms must be agreed to in writing by an authorized official of [INSERT SCHOOL NAME]. In the event of any conflict, the terms of this contract shall prevail.

1.3. VOLUME

[INSERT SCHOOL NAME] does not guarantee Contractor any minimum or maximum amount of business during the term of this contract.

2. TRIP CANCELLATION BY SCHOOL

In such cases where it is necessary for [INSERT SCHOOL NAME] to cancel a scheduled trip due to unforeseen circumstances, [INSERT SCHOOL NAME] personnel will strive to notify Contractor as soon as possible. In cases where cancellation of a trip occurs at least two (2) hours before embarkation or before the driver has been dispatched, there will be no trip and/or penalty charges assessed. For less than two (2) hour notification, any penalty charges assessed will not equal the full cost of the planned trip. Such charge should be no larger than is needed to defray Contractor's expenses.

3. TARDINESS AND ADDITIONAL EXPENSES

- 3.1. Should Contractor arrive more than one (1) hour behind schedule, all charges connected with alternate arrangements, either made by [INSERT SCHOOL NAME] personnel or Contractor, will be the responsibility of Contractor.
- 3.2. Contractor shall be responsible for any additional costs incurred by [INSERT SCHOOL NAME] due to Contractor's failure to provide the services in accordance with this contract, including but not limited to breach of any warranty or representation in Section 4 below, mechanical failure or tardiness.

4. CONTRACTOR RESPONSIBILITIES AND REPRESENTATIONS

Contractor warrants the following:

- 4.1. That well-maintained and clean buses will be provided.
- 4.2. That all buses and equipment necessary to fulfill this charter bus contract are clean, in good working order, and conform with proper standards of the industry.
- 4.3. That all driving staff provided are properly certified and licensed under the laws, rules and regulations of any authority having jurisdiction, if so required by such laws, rules and regulations.
- 4.4. That all driving staff provided have been drug tested in compliance with any applicable laws, rules and regulations of any authority having jurisdiction, if so required by such laws, rules and regulations.
- 4.5. That all driving staff provided conform to all applicable requirements for motor carrier drivers.
- 4.6. That all driving staff provided are prepared with accurate routing information.
- 4.7. That all of the services to be performed by the bus charter company under or pursuant to this contract shall be of the standard and quality which prevail among similar businesses and organizations of superior knowledge and skill engaged in providing similar services under the same or similar circumstances.

4.8. That Contractor has all necessary corporate power and has received all necessary corporate approvals to execute and deliver this contract, and the individual executing the contract on behalf of Contractor has been duly authorized to act for and bind the company.

5. PAYMENT BONDS

- 5.1. Payment bonds are required on contracts greater than \$25,000. The cost of all required bonds shall be added to any individual purchase order for which it is required. Contractor must execute and return the required payment bond prior to providing the charter service.
- 5.2. The payment bond shall be executed in the full amount of the purchase order as a guarantee that the scope of work will be performed faithfully and that [INSERT SCHOOL NAME] will be held harmless from all costs and damages which [INSERT SCHOOL NAME] may suffer by reason of Contractor's default or failure to perform the work.
- 5.3. Each bond shall be accompanied by a valid power of attorney (issued by the surety company and attached, signed and sealed, with the corporate embossed seal, to the bond) authorizing the agent who signs the bond to commit the company to the terms of the bond, and stating (on the face of the power of attorney) the limit, if any, in the total amount for which he is empowered to issue a single bond.
- 5.4. The only forms of surety acceptable as payment bonds are: cashier's check, certified check, irrevocable letter of credit issued by a financial institution subject to the laws of [INSERT STATE], a United States Treasury bond, or a surety or blanket bond from a company chartered or authorized to do business in the State of [INSERT STATE].

6. INDEPENDENT CONTRACTOR

Contractor recognizes that it is engaged as an independent contractor, and covenants and agrees that it shall conduct itself consistent with such status; that it will neither hold itself out as nor claim to be an officer, partner, employee or agent of [INSERT SCHOOL NAME] by reason hereof; and that it will not by reason hereof make any claim, demand, or application to or for any right or privilege applicable to an officer, partner, employee, or agent of [INSERT SCHOOL NAME].

7. TERMINATION

Either party shall have the right to terminate this agreement without cause at any time giving sixty (60) days notice in writing to the other party. Upon notice of cancellation, Contractor shall be required to fulfill all outstanding obligations for scheduled trips or reimburse [INSERT SCHOOL NAME] for any difference in cost for a rescheduled trip resulting in a higher expense to [INSERT SCHOOL NAME].

8. COMPLIANCE WITH LAW

Contractor warrants that all laws, rules and regulations of duly constituted authorities having jurisdiction over its activities shall be complied with by the Contractor and its drivers.

9. LIMITATION OF LIABILITIES

Except for the obligation of [INSERT SCHOOL NAME] to pay Contractor pursuant to the terms of this contract, [INSERT SCHOOL NAME] shall have no liability to Contractor or to anyone claiming through or under Contractor by reason of the execution or performance of this contract.

10. INDEMNIFICATION

To the fullest extent permitted by law, contractor shall and does hereby agree to indemnify, protect, defend with counsel approved by [INSERT SCHOOL NAME], and hold harmless [INSERT SCHOOL NAME] and its respective officers, directors, attorneys, employees, representatives, and agents (collectively "indemnitees") from and against all damages, losses, liens, causes of action, suits, judgments, expenses (including reasonable attorney's fees), and other claims of any nature, kind, or description (collectively "Claims") by any person or entity, arising out of, caused by, or resulting from contractor's performance under this agreement and which are caused in whole or in part by any negligent act, negligent omission, or willful misconduct of contractor, anyone directly or indirectly employed by contractor, or anyone for whose acts contractor may be liable. The provisions of this section shall not be construed to eliminate or reduce any other indemnification or right which any Indemnitee has by law. The indemnities contained herein shall survive the termination of this contract for any reason whatsoever.

11. INSURANCE

Contractor, consistent with its status as an independent contractor, will carry and will cause its subcontractors to carry at least the following insurance from companies having an A.M. Best rating of "A-", VI or better, in the form and in the amounts as [INSERT SCHOOL NAME] may require:

Workers' compensation insurance with statutory limits and employers liability insurance with limits of not less than \$1 million:

Employers Liability	Each accident \$1 million
Employers Liability	Each employee \$1 million

Policies must include (a) other states endorsement to include [INSERT STATE] if business is domiciled outside the State of [INSERT STATE], and (b) a waiver of all rights of subrogation in favor of [INSERT SCHOOL NAME];

Commercial general liability insurance with limits of not less than:

Each Occurrence Limit	\$1 million
Damage to Rented Premises	\$100,000
Medical Expenses (Any One Person)	\$10,000
Personal and Advertising Injury	\$1 million
General Aggregate	\$3 million
Products—Completed Operations Aggregate	\$3 million

The commercial general liability policy must not exclude coverage for claims of negligent hiring, training and supervision, which may arise in the context of sexual molestation, abuse, harassment or similar sexual misconduct.

Commercial automobile liability insurance covering all owned, non-owned or hired automobiles, with coverage for at least \$5 million combined single limit bodily injury and property damage. Coverage shall not exclude passengers.

If limits are not met in primary insurance contracts, umbrella/excess liability insurance may be provided with limits of not less than \$4 million per occurrence and aggregate with a self-insured retention of no more than \$10,000, and (i) providing coverage in excess of and (ii) following form, subject to the same provisions as, the underlying policies required for general liability and commercial auto liability insurance.

The contractor agrees to indemnify [INSERT SCHOOL NAME] for any applicable deductibles and self-insured retentions.

Contractor shall not commence work under this contract until it has obtained all the insurance required hereunder and delivered to [INSERT SCHOOL NAME] evidence satisfactory, in [INSERT SCHOOL NAME]'s sole discretion, of the existence of all insurance required under this contract. Insurance policies, with the exception of workers' compensation and employers liability, will name and the evidence will reflect [INSERT SCHOOL NAME] as an additional insured.

12. RECORDS

Contractor agrees to keep accurate records of financial or working processes and any records relative to the performance of this agreement. Contractor further agrees that such books and records shall be subject to inspection and audit by any person designated by [INSERT SCHOOL NAME] at all reasonable times during business hours.

Contractor shall retain all books, records and other documents concerning performance of this agreement for at least three (3) years after termination of this agreement or final payment under it. Contractor shall, upon request of [INSERT SCHOOL NAME], allow [INSERT SCHOOL NAME], to have full access to and the right to examine any of such documents during such period and the period the agreement is in effect.

13. GENERAL PROVISIONS

13.1. ASSIGNMENT

This contract is a personal service contract for the services of Contractor, and Contractor's interest in this contract, duties hereunder and fees due hereunder may not be subcontracted, assigned or delegated to any party without the prior written approval of [INSERT SCHOOL NAME], and any attempt to do so shall be void and of no effect.

Insert other general provisions as needed or required in compliance with applicable laws.

COMPANY NAME

SIGNATURE

PRINTED NAME

TITLE

DATE

Disclaimers

Loss Control Disclaimer

The information contained in this report was obtained from sources which to the best of the writer's knowledge are authentic and reliable. Arthur J. Gallagher makes no guarantee of results, and assumes no liability in connection with either the information herein contained or the safety suggestions herein made. Moreover, it cannot be assumed that every acceptable safety procedure is contained herein, or that abnormal or unusual circumstances may not warrant or require further or additional procedures.

Legal Disclaimer

The discussion set forth above is only an insurance/risk management perspective and is **not** legal advice. We do not provide legal advice, as we are not qualified to do so. We highly recommend that you seek the advice of legal counsel in order to become fully apprised of the legal implications related to these issues

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