

# MEMORANDUM OF UNDERSTANDING

BY AND BETWEEN  
THE WELLSBORO AREA SCHOOL DISTRICT  
AND  
NILES TRANSPORTATION

WHEREAS the Wellsboro Area School District and Niles Transportation entered into a Contract for the Transportation of School Pupils, effective July 1, 2020 through June 30, 2024, the parties wish to amend the following provisions:

## ARTICLE III: PAYMENT

### A. Base Payment:

During the term of this Agreement, all annual bus payments shall be computed at State Formula with amendments as agreed hereon. The utilized passenger capacity needed for the State Formula will be determined on the second week of school. The State Formula may be recalculated for each bus that changes its utilized passenger capacity by more than 5%. After computing the current yearly value of service by applying the Cost Index (as provided by PDE), the following additions will be made:

Year 20-21: 1%; Year 21-22: 1%; Year 22-23: 1%; Year 23-24: 1%

The District wishes to document its commitment to the Contractor to compensate the Contractor no less than \$ 100 per run during the term of this agreement.

### D. Fuel Price Escalation:

From time to time, there are severe fluctuations in the price of fuel. For this reason, the District agree to the following provision to protect the Contractor from severe upswings in the fuel price that are not accounted for in the State Formula. The parties understand and accept that the State formula does adjust for fuel over time. Nevertheless, the parties agree that for each seven cent (\$.07) increase (assuming 7 mpg) in the dyed (tax-free) price of gasoline and/or diesel fuel above the base price per gallon (shown below), the District will add an additional one cent (\$.01) per mile to the Contractor's payments. The payment above the base price, as defined herein, shall be based on the actual cost the Contractor paid above the base price. As soon as practical, the Contractor will provide the District with fuel delivery receipts and invoices in order to provide proof of purchase of tax-free fuel above the base price. The Contractor covenants and agrees to purchase fuel at the cheapest price available.

Memorandum of Understanding

Page 2

The base price per gallon for the 2020-21 school year will be \$ 2.75. The parties agree that the base price will increase annually based on the Consumer Price Index for the term of this contract.

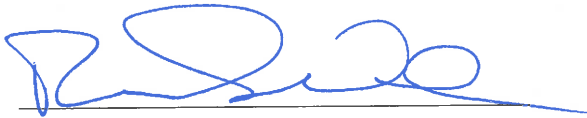
In the event the monthly base fuel should fluctuate by more than 20% from the September 1<sup>st</sup> cost per gallon of fuel, the Contractor and the School District shall renegotiate the terms of the fuel clause for this contract. Any amendments made to the fuel price escalation will need to be mutually agreed upon.

All other provisions of the parties' Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties to this agreement have hereto set their hands and seals this Memorandum of Understanding on the 11<sup>th</sup> day of February, 2020.

\_\_\_\_\_  
Board President

\_\_\_\_\_  
Secretary to the Board



Richard Niles, Niles Transportation