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SERVICE DATE – JULY 14, 2022

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21100

VAN POOL TRANSPORTATION LLC—ACQUISITION OF CONTROL—
ALLTOWN BUS SERVICE INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On June 14, 2022, Van Pool Transportation LLC (Van Pool or Applicant), a noncarrier, filed an application for Van Pool to acquire control of an interstate passenger motor carrier, Alltown Bus Service Inc. (Alltown), from its sole shareholder, Greg C. Polan (Seller). The Board is tentatively approving and authorizing the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments must be filed by August 28, 2022. If any comments are filed, Van Pool may file a reply by September 12, 2022. If no opposing comments are filed by August 28, 2022, this notice shall be effective on August 29, 2022.

ADDRESSES: Comments may be filed with the Board either via e-filing or in writing addressed to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to Van Pool's representative: Andrew K. Light, Scopelitis, Garvin, Light, Hanson & Feary, P.C., 10 W. Market Street, Suite 1400, Indianapolis, IN 46204.

FOR FURTHER INFORMATION CONTACT: Valerie Quinn at (202) 245-0283. Assistance for the hearing impaired is available through the Federal Relay Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION: According to the application, Van Pool is a limited liability company organized under Delaware law and headquartered in Wilbraham, Mass. (Appl. 2.) Van Pool states that it owns and controls all of the equity and voting interest in the following interstate passenger motor carriers (collectively, the Affiliate Regulated Carriers) that hold interstate passenger motor carrier authority, (*id.* at 2-4):¹

¹ Additional information about these motor carriers, including U.S. Department of Transportation (USDOT) numbers, motor carrier numbers, and USDOT safety fitness ratings, can be found in the application. (See *id.* at 2-4; *id.* at Ex. A.)

- NRT Bus, Inc., which primarily provides non-regulated student school bus transportation services in Massachusetts (Essex, Middlesex, Norfolk, Suffolk and Worcester counties), and occasional charter services;
- Trombly Motor Coach Service, Inc., which primarily provides non-regulated school bus transportation services in Massachusetts (Essex and Middlesex counties) and occasional charter services;
- Salter Transportation, Inc., which primarily provides non-regulated school bus transportation services in Massachusetts (Essex County) and southern New Hampshire, and occasional charter services; and
- Easton Coach Company, LLC, which provides (i) intrastate paratransit, shuttle, and line-run services under contracts with regional transportation authorities and other organizations, primarily in New Jersey and eastern Pennsylvania, and (ii) private charter motor coach and shuttle services (interstate and intrastate), primarily in eastern Pennsylvania.²

According to the application, Van Pool also has operating subsidiaries that provide transportation services that do not involve regulated interstate transportation or require interstate passenger authority (together with the Affiliate Regulated Carriers, the Applicant Subsidiaries), primarily in the northeastern portion of the United States. (Appl. 2-3; *id.* at Ex. B.) Van Pool states that it is indirectly owned and controlled by investment funds affiliated with Audax Management Company, LLC, a Delaware limited liability company. (*Id.* at 6.)³

The application explains that Alltown, the carrier being acquired, is an Illinois corporation that provides primarily non-regulated school bus transportation services in the Chicago, Ill., metropolitan area and Chicago suburbs (the Service Area), and occasional charter services when its vehicles are not in use for school activities. (*Id.* at 5, 10.) The application states that Alltown: uses approximately 462 school buses and approximately 325 drivers in providing its services; holds interstate operating authority under FMCSA Docket No. MC-193112; and has a “Satisfactory” USDOT Safety Rating. (*Id.* at 5.) According to the application, all of the issued and outstanding shares of Alltown are held by the Seller, who does not own or control any interstate passenger motor carrier other than Alltown. (*Id.*) Van Pool represents that, through this transaction, it will acquire the issued and outstanding shares of Alltown, the effect of which will be to place Alltown under the control of Van Pool. (*Id.*)

Under 49 U.S.C. § 14303(b), the Board must approve and authorize a transaction that it finds consistent with the public interest, taking into consideration at least: (1) the effect of the proposed transaction on the adequacy of transportation to the public, (2) the total fixed charges that result from the proposed transaction, and (3) the interest of affected carrier employees. Van Pool has submitted the information required by 49 C.F.R. § 1182.2, including information to

² In Van Pool Transportation LLC—Acquisition of Control—F.M. Kuzmeskus, Inc., Docket No. MCF 21099, Van Pool has filed an application to acquire F.M. Kuzmeskus, Inc. Today, the Board is tentatively approving that application.

³ Further information about the Applicant’s corporate structure and ownership can be found in the application. (*See* Appl. 6; *id.* at Ex. B.)

demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. § 14303(b), see 49 C.F.R. § 1182.2(a)(7), and a jurisdictional statement under 49 U.S.C. § 14303(g) that the aggregate gross operating revenues of the involved carriers exceeded \$2 million during the 12-month period immediately preceding the filing of the application, see 49 C.F.R. § 1182.2(a)(5). (See Appl. 7-12.)

Van Pool asserts that the proposed transaction will not have a material, detrimental impact on the adequacy of transportation services available to the public. (Id. at 7-8.) Van Pool states that Alltown will continue to provide the same services it currently provides under the same name, but will operate as a subsidiary of Van Pool, which is experienced in passenger transportation operations. (Id.) Van Pool explains that it is experienced in the same market segments served by Alltown and that the transaction is expected to result in improved operating efficiencies, increased equipment utilization rates, and cost savings derived from economies of scale, all of which will help ensure the provision of adequate service to the public. (Id. at 8.) Van Pool also asserts that adding Alltown to its corporate family will enhance the viability of Van Pool's organization and the Applicant Subsidiaries. (Id.)

Van Pool claims that neither competition nor the public interest will be adversely affected by the proposed transaction. (Id. at 9-12.) Van Pool explains that the school bus transportation market is very competitive in northern Illinois; school bus services are often outsourced under contracts using competitive bidding processes, and there are many school bus services providers in that market area. (Id. at 11 (listing multiple competitors).) As to charter services, which represent "a very small portion of Alltown's revenue," Van Pool states that Alltown's competitors include Aries Charter Transportation, Chicago Classic Coach, Culvers Transportation, Chicago Motor Coach, and several school bus transportation companies, as well as brokers for charter services that operate within the Service Area. (Id. at 11.)⁴ Applicant further notes that all charter service providers, including Alltown, compete with other modes of passenger transportation, including rail and passenger transportation network companies. (Id. at 11.) Van Pool also notes that the Service Area of Alltown is geographically "dispersed" from the service areas of the Affiliate Regulated Carriers⁵ and states that there is virtually no overlap in the service areas and customer bases among the Affiliate Regulated Carriers and Alltown. (Id. at 12.)

Van Pool states that the proposed transaction will increase fixed charges in the form of interest expenses because funds will be borrowed to assist in financing the transaction; however, Van Pool maintains that the increase will not impact the provision of transportation services to the public. (Id. at 8.) Van Pool also asserts that it does not expect the transaction to have substantial impacts on employees or labor conditions, and it does not anticipate a measurable reduction in force or changes in compensation levels or benefits at Alltown. (Id. at 9.) Van Pool

⁴ (See also id. at 5 (stating that Alltown's charter services generate less than 7.8% of its aggregate annual revenue, with the interstate portion of those services accounting for less than 0.8%).)

⁵ The service areas of the Affiliate Regulated Carriers are in New England (regions of Massachusetts and New Hampshire) and the Mid-Atlantic (New Jersey and eastern Pennsylvania). (Id. at 3-4.)

submits, however, that staffing redundancies could result in limited downsizing of back-office or managerial-level personnel. (Id.)

The Board finds that the acquisition as proposed in the application is consistent with the public interest and should be tentatively approved and authorized. If any opposing comments are timely filed, these findings will be deemed vacated, and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 C.F.R. § 1182.6. If no opposing comments are filed by expiration of the comment period, this notice will take effect automatically and will be the final Board action.

This action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c).

Board decisions and notices are available at www.stb.gov.

It is ordered:

1. The proposed transaction is approved and authorized, subject to the filing of opposing comments.
2. If opposing comments are timely filed, the findings made in this notice will be deemed vacated.
3. This notice will be effective August 29, 2022, unless opposing comments are filed by August 28, 2022. If any comments are filed, Applicant may file a reply by September 12, 2022.
4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

Decided: July 8, 2022.

By the Board, Board Members Fuchs, Hedlund, Oberman, Primus, and Schultz.