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SERVICE DATE – AUGUST 19, 2022

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21101

VAN POOL TRANSPORTATION LLC—ACQUISITION OF CONTROL—
DS BUS LINES, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On July 21, 2022, Van Pool Transportation LLC (Van Pool or Applicant), a noncarrier, filed an application for Van Pool to acquire indirect control of an interstate passenger motor carrier, DS Bus Lines, Inc. (DS Bus), by acquiring Kincaid Group Holdings, Inc. (Holdings), from the shareholders of Holdings. 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 October 3, 2022. If any comments are filed, Van Pool may file a reply by October 17, 2022. If no opposing comments are filed by October 3, 2022, this notice shall be effective on October 4, 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: Nathaniel Bawcombe at (202) 245-0376. 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 3-4)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 3-4; id. at Ex. A.)

- NRT Bus, Inc. (NRT), 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. (Trombly), which primarily provides non-regulated school bus transportation services in Massachusetts (Essex and Middlesex counties) and occasional charter services;
- Salter Transportation, Inc. (Salter), 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 (Easton), 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 7.)³

The application explains that DS Bus, the carrier being acquired, is a Kansas corporation that provides the following services: (i) non-regulated school bus transportation services in the Kansas cities of Beloit, Kansas City, Lincoln, Olathe, and Shawnee; the metropolitan area of Denver, Colo.; the metropolitan area of Tulsa, Okla.; and the Missouri cities of Belton and Smithville; (ii) occasional charter services at times when its vehicles are not in use for school activities; and (iii) intrastate employee shuttle service between Amarillo and Cactus, Tex., for employees of JBS USA, and between Denver and Fort Morgan, Colo., for employees of Cargill. (*Id.* at 5-6.) The application states that DS Bus uses approximately 545 vehicles and employs approximately 600 drivers in providing its services, holds interstate operating authority under FMCSA Docket No. MC-962756, and has no USDOT Safety Rating. (*Id.*)⁴ According to the application, all of the issued and outstanding shares of DS Bus are held by Holdings, which does

² In Van Pool Transportation LLC—Acquisition of Control—Alltown Bus Service, Inc., Docket No. MCF 21100, Van Pool filed an application to acquire motor carrier Alltown Bus Service, Inc., and in Van Pool Transportation LLC—Acquisition of Control—F.M. Kuzmeskus, Inc., Docket No. MCF 21099, Van Pool filed an application to acquire motor carrier F.M. Kuzmeskus, Inc. On July 14, 2022, the Board tentatively approved both of those applications. Absent any opposing comments, the authorizations of those transactions will become effective on August 29, 2022.

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

⁴ Additional information about DS Bus, including information about operations pursuant to state authority, can be found in the application. (See *id.* at 5-6.)

not own or control any interstate passenger motor carrier other than DS Bus. (Id. at 5.) Van Pool represents that, through this transaction, it will acquire Holdings from the shareholders of Holdings, the effect of which will be to place DS Bus under the control of Van Pool. (Id. at 1, 6.)

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 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. 7-13.)

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 8.) Van Pool states that DS Bus 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 DS Bus 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 9.) Van Pool also asserts that adding DS Bus 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 10-12.) Van Pool explains that the market for the transportation services provided by DS Bus is competitive in the areas where it operates. (Id. at 12.) Specifically, Applicant states that school bus services are often outsourced under contracts using competitive bidding processes and that competitors of DS Bus include AM Bus Company, First Student, National Express-Durham, North American Central School Bus, and United Quick Transportation. (Id.) As to charter services, Van Pool states that DS Bus competes directly with the above-mentioned school bus service providers as well as passenger charter service providers that operate in the same areas as DS Bus. (Id.) Applicant further notes that all charter service providers, including DS Bus, compete with other modes of passenger transportation, including rail, low-cost airlines, and passenger transportation network companies. (Id.) Van Pool also states that areas in which DS Bus operates are geographically "dispersed" from the service areas of the Affiliate Regulated Carriers and that there is virtually no overlap in the service areas and customer bases among the Affiliate Regulated Carriers and DS Bus. (Id.)

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 9.) 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 DS Bus. (Id. at 10.) Van Pool 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 October 4, 2022, unless opposing comments are filed by October 3, 2022. If any comments are filed, Applicant may file a reply by October 17, 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: August 15, 2022.

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