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SERVICE DATE — NOVEMBER 17, 2023

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21111

VAN POOL TRANSPORTATION LLC—ACQUISITION OF CONTROL—
PLSIII LLC

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On October 19, 2023, 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, PLSIII LLC (PLS), by acquiring all the outstanding equity interests in PLS from Founders Mobility LLC (Founders), the sole member of PLS. 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 January 2, 2024. If any comments are filed, Van Pool may file a reply by January 16, 2024. If no opposing comments are filed by January 2, 2024, this notice shall be effective on January 3, 2024.

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: Sarah Fancher at (202) 245-0355. If you require an accommodation under the Americans with Disabilities Act, please call (202) 245-0245.

SUPPLEMENTARY INFORMATION: According to the application, Van Pool is a limited liability company organized under Delaware law and headquartered in Wilbraham, Mass. (Appl. 2.) Applicant states that it is not a federally regulated carrier but that it indirectly owns and controls all equity and voting interest in eight interstate passenger motor carriers (the Affiliate Regulated Carriers) that are among its operating subsidiaries. (*Id.*) The Affiliate Regulated Carriers are as follows¹:

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* Appl. 3-6, Ex. A.)

- NRT Bus, Inc., which primarily provides non-regulated student transportation services for schools in Massachusetts (Essex, Middlesex, Norfolk, Suffolk, and Worcester counties), and occasional charter services;
- Trombly Motor Coach Service, Inc., which primarily provides non-regulated student transportation services for schools in Massachusetts (Essex and Middlesex counties), and occasional charter services;
- Salter Transportation, Inc., which primarily provides non-regulated student transportation services for schools in Massachusetts (Essex County) and southern New Hampshire, and occasional charter services;
- 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;
- F. M. Kuzmeskus, Inc., d/b/a Travel Kuz, which provides (i) non-regulated school bus transportation services, (ii) intrastate and interstate motor coach and limousine charter services, and (iii) limited intrastate and interstate charter services, all in western Massachusetts and southern Vermont;
- Alltown Bus Service Inc., which primarily provides non-regulated student transportation services for schools in the metropolitan area of Chicago, Ill., and its northern suburbs, and occasional charter services;
- DS Bus Lines, Inc., which primarily provides (i) non-regulated student transportation services for schools in Kansas (Beloit, Kansas City, Lincoln, Olathe, and Shawnee), Missouri (Belton and Smithville), Colorado (the metropolitan area of Denver), and Oklahoma (the metropolitan area of Tulsa), (ii) intrastate employee shuttle services in Colorado and Texas, and (iii) occasional charter services; and
- Royal Coach Lines, Inc., which primarily provides (i) non-regulated student transportation services for schools in the metropolitan area of Westchester County, N.Y., and southern Connecticut, and (ii) contract and charter transportation services.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, primarily in the northeastern and central portions of the United States.

² In Van Pool Transportation LLC—Acquisition of Control—Local Motion, Inc., MCF 21104 (STB served Feb. 10, 2023), Applicant received approval to acquire control of Local Motion, Inc., which became effective on March 28, 2023, but Applicant states that it has not yet completed the transaction. (Appl. 3 n.4.)

(Appl. 2-3.) 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 8-9.)³

The application explains that PLS, the carrier being acquired, is a New York limited liability company headquartered in Buffalo, N.Y., and provides the following services: (i) primarily transit disabled transportation services under contracts with private non-profit organizations for fixed route and shuttle services in New York (Buffalo, western New York, Rochester, Utica and surrounding areas, and Poughkeepsie and surrounding areas), and (ii) very limited group day trip charter transportation services. (Appl. 7.) The application states that PLS holds intrastate carrier operating authority issued by the New York State Department of Transportation, as well as interstate carrier operating authority under FMCSA Docket No. MC-540425. (Id.) Applicant states that PLS has no safety rating. (Id.) Applicant states that it will acquire control of PLS by acquiring all the equity interests in PLS from Founders, the sole member of PLS. (Id. at 1, 8.)

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 CFR 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 CFR 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 CFR 1182.2(a)(5). (See Appl. 9-13.)

Van Pool asserts that the proposed transaction will not have a material, detrimental impact on the adequacy of transportation services available for the public. (Id. at 10.) According to Van Pool, PLS will continue to provide the same services it currently provides under the same name; however, going forward, PLS will operate within the holdings of Applicant, an organization thoroughly experienced in passenger transportation operations. (Id.) Van Pool states that it is experienced in the same market segments served by PLS (transit disabled and private charter transportation) and that the passenger carrier management capacity of Applicant is expected to result in improved operating efficiencies, increased equipment utilization rates, and cost savings derived from economies of scale, which will help to ensure the provision of adequate service to the public. (Id.) Van Pool also asserts that the addition of PLS will enhance the viability of Applicant's organization and its subsidiaries. (Id. at 11.)

Van Pool states that the impact of the transaction on the regulated motor carrier industry will be minimal at most and that neither competition nor the public interest will be adversely affected. (Id. at 13.) According to Van Pool, the transit disabled transportation market is competitive in the areas serviced by PLS, and a majority of contracts for the applicable services

³ Further information about Applicant's corporate structure and ownership can be found in the application. (See Appl. 8-9, Ex. B.)

are subject to the bidding processes. (Id.) Van Pool also asserts that it, and all charter service providers, compete with other modes of passenger transportation, including rail, low-cost airlines, carpools, and passenger transportation network companies. (Id.) Van Pool states that there is virtually no overlap in the service areas and/or customer bases among the Affiliate Regulated Carriers and PLS. (Id.)

Van Pool asserts 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 states that the increase will not impact the provision of transportation services to the public. (Id. at 11.) 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 PLS. (Id.) Van Pool submits, however, that staffing redundancies could result in limited downsizing of back-office and/or managerial-level personnel. (Id.)

Based on Van Pool's representations, 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 CFR 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 in this proceeding.

This action is categorically excluded from environmental review under 49 CFR 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 January 3, 2024, unless opposing comments are filed by January 2, 2024. If any comments are filed, Applicant may file a reply by January 16, 2024.
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: November 8, 2023

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