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SERVICE DATE – FEBRUARY 10, 2023

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21104

VAN POOL TRANSPORTATION LLC—ACQUISITION OF CONTROL—LOCAL
MOTION, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On January 13, 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, Local Motion, Inc. (Local Motion), by acquiring all of the outstanding equity shares of the shareholders of Local Motion: Bruce E. Barrows, William J. Carragher, and John R. Eaton (collectively, Sellers). 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 March 27, 2023. If any comments are filed, Van Pool may file a reply by April 11, 2023. If no opposing comments are filed by March 27, 2023, this notice shall be effective on March 28, 2023.

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: Amy Ziehm at (202) 245-0391. 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.) Van Pool states that it indirectly 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 2-6):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 2-6; 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;
- 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., which provides (i) non-regulated school bus transportation services in western Massachusetts and southern Vermont, (ii) intrastate and interstate motor coach and limousine charter services, and (iii) limited intrastate and interstate charter services;
- Alltown Bus Service, Inc., which primarily provides non-regulated school bus transportation services in the metropolitan area of Chicago, Ill., and occasional charter services; and
- DS Bus Lines, Inc., which primarily provides non-regulated school bus transportation services 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), and intrastate employee shuttle services in Colorado and Texas.

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 8.)²

The application explains that Local Motion, the carrier being acquired, is a Massachusetts corporation that provides the following services: (i) non-regulated school bus transportation services under contracts with schools in the metropolitan area of Boston, Mass. (Greater Boston); (ii) motor coach and mini-bus charter services to the traveling public in Greater Boston; (iii) contract shuttle services for employers and colleges in Greater Boston; and (iv) transportation services for students attending summer camps, all originating in Greater Boston. (*Id.* at 6-7.) The application states that, in providing its services, Local Motion utilizes approximately 20 motor coaches, 130 school buses, 10 mini-buses, and 12 vans, and approximately 185 drivers. (*Id.* at 7.) The application further states that Local Motion holds

² Further information about the Applicant's corporate structure and ownership can be found in the application. (See Appl. 8; *id.* at Ex. B.)

interstate carrier operating authority under FMCSA Docket No. MC-338541 and has a safety rating of “Satisfactory.” (Id. at 6.) According to the application, all the Sellers are individuals domiciled in Massachusetts, none of the Sellers is a carrier, and none of the Sellers has control of any federally regulated passenger motor carrier other than Local Motion. (Id.) Van Pool represents that, through this transaction, it will acquire all the outstanding equity shares from Sellers, the effect of which will be to place Local Motion under the control of Van Pool. (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 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. 9-14.)

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 10.) Van Pool states that Local Motion 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 Local Motion (school bus transportation, private charter transportation, employer and college shuttle services, and summer camp transportation), 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.) Van Pool also asserts that adding Local Motion 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 11-14.) Van Pool explains that the school bus transportation market is very competitive in eastern Massachusetts, and there are a large number of school bus service providers in that market area. (Id. at 13 (listing multiple competitors).) As to charter services, Van Pool states that there are a number of passenger transportation arrangers or brokers for charter services that operate and serve Greater Boston, including Academy Bus Charter, Cavalier Coach, Bloom Bus, and Paul Revere Bus. (Id.) Van Pool notes that all charter service providers, including Local Motion, also compete with other modes of passenger transportation, including rail, low-cost airlines, and passenger transportation network companies. (Id.) In addition, Van Pool explains that Local Motion competes with a number of providers of employer and college shuttle services in Greater Boston, and competes with many of the school bus service providers and charter service providers in providing transportation services for summer camps. (Id.) Van Pool also notes that the Local Motion service areas are generally geographically “dispersed” from the service areas of the Affiliate Regulated Carriers in regard to their respective

service offerings, and states that there is virtually no overlap in the service areas and/or customer bases among the Affiliate Regulated Carriers and Local Motion. (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 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 Local Motion. (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 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 in this proceeding.

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 March 28, 2023, unless opposing comments are filed by March 27, 2023. If any comments are filed, Applicant may file a reply by April 11, 2023.
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: February 7, 2023.

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