

SERVICE DATE – JULY 14, 2022

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21099

VAN POOL TRANSPORTATION LLC—ACQUISITION OF CONTROL—
F. M. KUZMESKUS, 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, F. M. Kuzmeskus, Inc., doing business as Travel Kuz (Travel Kuz), from its shareholders, Darlene Kuzmeskus, Michael Doyle, and Pamala Reipold (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 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. (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 6.)³

The application explains that Travel Kuz, the carrier being acquired, is a Massachusetts corporation that provides (i) non-regulated school bus transportation services in western Massachusetts and southern Vermont (the Service Areas), (ii) intrastate and interstate motor coach and limousine charter services for group activities in the Service Areas, and (iii) limited intrastate and interstate charter services utilizing school buses. (*Id.* at 5.) The application states that Travel Kuz: uses approximately 158 vehicles and employs approximately 150 drivers in providing its services; holds interstate operating authority under FMCSA Docket No. MC-205423; and has a “Satisfactory” USDOT Safety Rating. (*Id.*)⁴ According to the application, all of the issued and outstanding shares of Travel Kuz are held by the Sellers, who do not own or control any interstate passenger motor carrier other than Travel Kuz. (*Id.* at 4-5.) Van Pool represents that, through this transaction, it will acquire the issued and outstanding shares of Travel Kuz, the effect of which will be to place Travel Kuz under the control of Van Pool. (*Id.* at 5.)

² In Van Pool Transportation LLC—Acquisition of Control—Alltown Bus Service, Inc., Docket No. MCF 21100, Van Pool has filed an application to acquire Alltown Bus Service, 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.)

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

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. 7-11.)

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 Travel Kuz 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 Travel Kuz 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 Travel Kuz 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 9-11.) Van Pool explains that the market for the transportation services provided by Travel Kuz is competitive in its Service Areas. (Id. at 10.) Specifically, Applicant states that school bus services are often outsourced under contracts using competitive bidding processes, and that competitors of Travel Kuz include First Student, Durham School Services, and Student Transportation of America. (Id.) As to motor coach and limousine charter services (intrastate and interstate), Van Pool states that competitors include King Gray, Premier Coach, Peter Pan, and Wilson Bus, as well as brokers for charter services that operate within the Service Areas. (Id. at 10-11.) Applicant further notes that all charter service providers, including Travel Kuz, compete with other modes of passenger transportation, including rail, low-cost airlines, and passenger transportation network companies. (Id. at 11.) Van Pool also notes that the Service Areas of Travel Kuz are 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 Travel Kuz. (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 8.) Van Pool also asserts that it does not expect the transaction to have

⁵ The service areas of NRT, Trombly, and Salter are in eastern Massachusetts and southern New Hampshire, and the service areas of Easton are in eastern Pennsylvania and the state of New Jersey. (Id.)

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 Travel Kuz. (Id. at 9.) 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 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.