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SERVICE DATE – JUNE 14, 2023

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21107

VAN POOL TRANSPORTATION LLC—ACQUISITION OF CONTROL—
ROYAL COACH LINES, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On May 15, 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, Royal Coach Lines, Inc. (Royal Coach), by acquiring all of the outstanding equity shares from Steven DiPaolo, the sole shareholder of Royal Coach. 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 July 31, 2023. If any comments are filed, Van Pool may file a reply by August 14, 2023. If no opposing comments are filed by July 31, 2023, this notice shall be effective on August 1, 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: Valerie Quinn at (202) 740-5567. 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 of the equity and voting interest in seven interstate passenger motor carriers that are among its operating subsidiaries (the Affiliate Regulated Carriers). (*Id.* at 2.) 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; *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 its northern suburbs, and occasional charter services; and
- DS Bus Lines, Inc., which primarily provides (i) 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), (ii) intrastate employee shuttle services in Colorado and Texas, and (iii) occasional charter 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. (Appl. 2-3.) Van Pool states that it is indirectly owned and controlled by investment funds

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.)

affiliated with Audax Management Company, LLC, a Delaware limited liability company. (Id. at 8.)³

The application explains that Royal Coach, the carrier being acquired, is a New York corporation headquartered in Yonkers, N.Y., and provides the following services: (i) primarily non-regulated school bus transportation services under contracts with schools in the metropolitan area of Westchester County, N.Y., and southern Connecticut (Westchester Area), and (ii) contract and charter transportation services in the Westchester Area for activities such as summer camps, events, group trips, and other activities, utilizing the same buses and vans at times when those vehicles are not in use for school activities. (Id. at 6-7.) According to the application, less than 1% of Royal Coach's charter revenue was derived from regulated interstate moves. (Id. at 7.) The application states that Royal Coach holds intrastate contract carrier and charter carrier operating authorities issued by the New York State Department of Transportation, as well as interstate carrier operating authority under FMCSA Docket No. MC-139888 and a safety rating of "Satisfactory." (Id. at 6.) Van Pool states that it will acquire control of Royal Coach by acquiring all of the outstanding equity shares from Steve DiPaolo, the sole shareholder of Royal Coach. (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. 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, Royal Coach will continue to provide the same services it currently provides under the same name; however, going forward, Royal Coach 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 Royal Coach (school bus transportation 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 in turn will help to ensure the provision of adequate service to the public. (Id.) Van Pool also asserts that the addition of Royal Coach will enhance the viability of Applicant's organization and its subsidiaries. (Id.)

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

Van Pool states 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 school bus transportation market is competitive in the Westchester Area, with several local, regional, and national school bus service providers in operation. (Id. at 12.) Van Pool also asserts that a number of passenger charter transportation providers serve the Westchester Area. (Id. at 12-13.) In addition, Van Pool asserts that all charter service providers, including Royal Coach, compete with other modes of passenger transportation, including rail, low-cost airlines, carpools, and passenger transportation network companies. (Id. at 13.) Van Pool states that there is virtually no overlap in the service areas and/or customer bases among the Affiliate Regulated Carriers and Royal Coach. (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 maintains that the increase will not impact the provision of transportation services to the public. (Id. at 10-11.) 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 Royal Coach. (Id. at 11.) 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 August 1, 2023, unless opposing comments are filed by July 31, 2023. If any comments are filed, Applicant may file a reply by August 14, 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: June 8, 2023.

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