

# Bus & Motorcoach NEWS

WHAT'S GOING ON IN THE BUS INDUSTRY

## FTA proposes major overhaul of charter bus rules

WASHINGTON — The Federal Transit Administration has proposed a complete revamping of the regulations that prohibit public transit agencies from providing charter bus service.

The rules overhaul is contained in a 55-page "Notice of Proposed Rulemaking" the FTA issued last month.

The proposal is a major milestone in a tedious process — that

began in May — to come up with a new set of rules that would end decades of fighting between public transit agencies and private bus operators.

Many of the proposed revisions were developed by the Charter Bus Negotiated Rulemaking Advisory Committee that met monthly between May and December to craft recommendations for the FTA.

The committee, made up of

representatives from public transit agencies, private bus companies and trade associations representing both, reached consensus on much of the proposed regulatory language.

Where the advisory committee members could not agree, the FTA has stepped in to serve as arbitrator and has proposed revisions that it says are based "on the open and informed exchange that took place

during the advisory committee meetings."

The rules proposed by the federal agency that sends billions of taxpayer dollars annually to public transit agencies across the U.S. were specifically developed to stop transits from using taxpayer-paid-for buses to compete unfairly with private bus operators, and to do away with old rules that have been a constant source of friction.

To accomplish that, a team of FTA attorneys, lead Chief Counsel David Horner, took the advisory committee's recommendations and the FTA's own thoughts and molded them into proposed regulations that retool nearly every aspect of the charter rules.

### Gone, gone, gone

For example, the new rules

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## Truckers warming up to '07 diesel engines

Early reports from the trucking industry indicate the '07 reduced-emissions diesel engines are performing, well, just fine.

Take Penske Truck Leasing, which has one of the largest fleets in North America with more than 200,000 heavy-, medium- and light-duty trucks.

While other truck operators were — or are still — debating whether to buy even one Class 8 truck with a new EPA-certified engine, Penske is knee-deep in 2007 engine-performance checking.

The company's maintenance operation began evaluating and testing preproduction '07 engines as early as October 2005, running

over-the-road applications and short hauls with various customers.

Penske provided early feedback on component changes, as well as design issues pertaining to the placement of particulate traps.

"With all the engines we've been running," Mike Hasinec, Penske's vice president of maintenance systems and support told one trucking publication, "we haven't seen any issues we'd consider alarming."

As a result, Penske plans to purchase 7,000 to 9,000 Class 8 trucks with the cleaner-burning engines from various manufacturers

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A forklift operator loads new Detroit Diesel engines into a tractor-trailer for shipment to a truck manufacturer.

## Bus rental outfit is scrutinized by coach operators

ROME, Ga. — A new breed of competitor for tour-and-charter bus companies is drawing sharp scrutiny from coach operators in Georgia who say the new entry is not only putting the public at risk but could tarnish the safety reputation of the entire industry.

Being closely watched is AutoMax Rent-a-Car, which is renting

25- and 41-passenger buses to colleges, high schools, businesses, churches, senior groups and others from its locations in Cartersville and Rome, just outside of Atlanta.

It essentially operates like any car rental agency, except it also offers large and midsize coaches.

"It's a very, very scary situation," Jimmy Cantrell of Daniel's

Charters in Gainesville, Ga., said of the issue, which was a major topic of discussion at Motorcoach Expo in New Orleans.

He said that while people who rent the buses have to sign a contract detailing their responsibilities, he believes that most of them are not reading the fine print in the rental agreement that explains they

are liable for insuring both the driver and the vehicle.

"They just sign the contract just like you and I do when we rent a car," he said.

The dangers of such a practice could be astronomical, says Brenda Tidwell of Leisure Time Charters in Emerson, Ga., who said that because AutoMax is not a motor-

coach company it is not subject to federal regulations that require regular bus safety inspections and frequent driver testing.

"In my opinion that puts the public at risk and I don't think the public even realizes it," she emphasized.

She warns that if someone

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# FirstGroup to acquire Laidlaw; what about Greyhound?

NAPERVILLE, Ill. — When it was announced last month that Britain's biggest bus company planned to buy Laidlaw International, the No. 1 operator of school buses in North America, much of the comment generated by the deal focused on Laidlaw's dogged subsidiary, Greyhound Lines.

There was immediate speculation Greyhound could be headed for yet another uncertain destina-

tion. Perhaps sold, spun-off or downsized even more. In article after article there was sentence after sentence suggesting Greyhound wasn't a good fit with FirstGroup, the company that proposes to buy Laidlaw for \$2.8 billion.

FirstGroup CEO Moir Lockhead and Laidlaw executives remained mum about plans for Greyhound, helping stoke the

speculation and conjecture.

For his part, Greyhound President and CEO Steve Gorman confirmed that Greyhound is in limbo.

In a message to employees, Gorman said "no decision has been made on Greyhound's future. No decision will be made until the deal closes. At that point, a decision on all key assets will be made by FirstGroup. Until then, it will be business as usual at all of the

operating companies, including Greyhound."

While it will be weeks before anything concrete develops, that hasn't slowed British media and some financial analysts from spinning out scenarios that would have Greyhound being bought by Stagecoach Group, the Scottish parent company of Coach USA and Coach Canada.

After all, the thinking goes,

Coach USA and Stagecoach are ginning up megabus.com in the U.S., and there are strong indications that an expansion of megabus.com is in the offing. Currently, megabus operates only in the Upper Midwest, with Chicago as its hub.

In a reality check, it should be noted that Greyhound has never been much of a fit with Laidlaw

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# New York promises halt to indiscriminate ticketing

NEW YORK — Tour and charter bus drivers who have been hit with parking tickets and other vehicle violations — some of them criminal summonses — in midtown New York City are in for some major relief.

NYC & Company, the city's official tourism marketing agency, says it has reached an agreement with the New York Police Department that should slow the issuance of tickets.

Beginning with the 2005 holiday season and continuing into this year, there have been widespread reports of New York police not only issuing parking tickets

indiscriminately, but also handing out traffic citations and criminal summonses for standing and drop-off violations even when coaches were in areas designated specifically for commercial buses.

Many of the citations came during the holiday seasons when many more charters than usual visit the city.

The tickets were the topic of discussions by motorcoach owners who attended the annual gatherings last month of both the United Motorcoach Association and the American Bus Association.

Fred Dixon, vice president of NYC & Company, said the prob-

lem developed when police sent traffic officers from outside Manhattan to help control the growing traffic congestion problem that has developed in the heart of the city, especially during holidays and special events.

"We in New York City have been a victim of our own success in that the city has been incredibly congested during these periods," Dixon said in a letter to Ronald Eyre, immediate-past chairman of the American Bus Association and president of Eyre Bus Service in Maryland.

Dixon said the traffic officers brought in from other boroughs

were not adequately versed in motorcoach regulations, which likely caused the surge in tickets that the bus drivers received.

NYC & Company was brought into the situation after Eyre sent a letter to New York Mayor Michael R. Bloomberg asking him to look into the problem and warning of the possible loss of tourism revenue if the issue was not resolved.

"Our primary concern is that this activity could result in a severe disruption of motorcoach operations in the city and safe operating procedures, as drivers may be forced to circle the city streets or drop passengers at

greater distances from their destinations to avoid these tickets," he told the mayor.

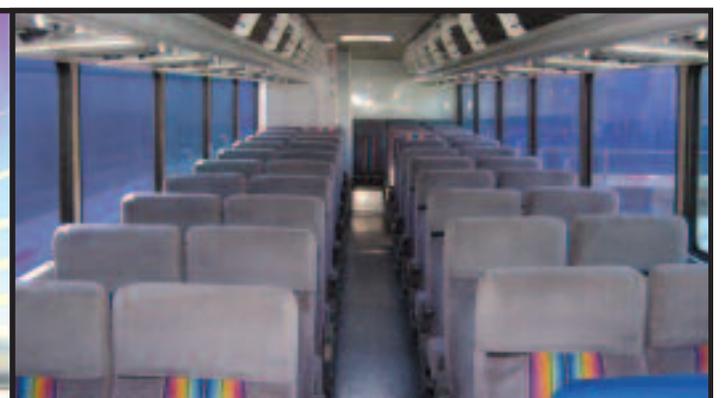
Additionally, he warned that some out-of-state operators could start avoiding New York entirely as a destination for their charter groups, a move he noted could cost the city millions of dollars.

Eyre said he was extremely pleased with the quick resolution of the problem. "Nobody could ask for more cooperation than what we received," he said.

Under the negotiated agreement, the police agreed to:

- Provide in-depth training of

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# Groups adopt recommendations on driver cell-phone use

A national coalition of school bus associations is recommending that school bus operators — both private and public — prohibit their drivers from using cell phones while driving except in emergencies.

Earlier, Motor Coach Canada,

the trade organization that represents private coach operators in Canada, issued a statement calling on bus drivers to refrain from using cell phones to make personal calls while driving.

The association did not, however, call for a ban on cell phone use

by drivers. It said there were situations where voice communications between a driver and another party while en route “is necessary in the interest of passenger comfort, safety and operational efficiency.”

The American School Bus Council announced its position

three months after the National Transportation Safety Board recommended that bus associations in the U.S. adopt a policy recommending that cell phone use by drivers be banned.

The policy embraced by the school bus council goes beyond the

NTSB recommendation, proposing that school bus drivers also be prohibited from using cell phones while loading and unloading students.

The NTSB issued its cell-phone ban recommendation in November, following its two-year investigation of the Nov. 14, 2004, crash of a tour coach into an overpass on the George Washington Memorial Parkway in Alexandria, Va. The driver of the Eyre Bus Service coach was talking on a hands-free cell phone and ignored warning signs about the low clearance of the overpass.

The NTSB investigation concluded with a number of safety proposals, with the No. 1 recommendation being that bus trade groups and unions representing drivers recommend that their members ban cell phone use by drivers except in emergencies.

The American School Bus Council becomes the first association to announce it had taken action on the NTSB recommendation. The group’s co-director, Pete Japikse, said the council will urge school bus companies and school districts to enact a ban.

He said the group also will urge state lawmakers to take action. There are at least a dozen states with laws or regulations prohibiting school bus drivers from talking on the phone.

The council, which was formed late last year, was set up to act as a unified voice for the school transportation industry.

It is composed of the National Association for Pupil Transportation, the National Association of State Directors of Pupil Transportation Services, the National School Transportation Association, Bluebird Corp., IC Corporation and Thomas Built Buses.

The council’s goal is to raise awareness of the role of yellow school buses in the education, safety, health and security of schoolchildren.

The council has a Web site, [www.americanschoolbuscouncil.org](http://www.americanschoolbuscouncil.org).

## National Interstate increases dividend

RICHFIELD, Ohio — Directors of National Interstate Corp. have boosted the company dividend to a nickel a share. The first dividend payable at the new rate will be March 16 to shareholders of record Feb. 28.

National Interstate is the parent company of the motorcoach industry insurer of the same name.



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# THE DOCKET

## '08 budget request totals \$67 billion for USDOT

WASHINGTON — The Bush Administration has asked Congress for \$67 billion in fiscal 2008 to pay for highway-related construction and congestion relief; transportation safety programs, and to provide the framework for reforming the U.S. aviation system.

"Our goal is to deliver a transportation system that frees all of us to make daily decisions confident we can reach our destinations safely, without worrying about how we will get there, or if we can make it on time," said U.S. Secretary of Transportation Mary E. Peters.

Highway spending, the largest share of the proposed U.S. Department of Transportation budget, would rise about 0.8 percent to \$39.6 billion, according to the American Association of State Highway and Transportation Officials. The president and Congress agreed to the increase in the five-year highway spending law passed two years ago.

Overall transportation safety funding is put at \$20.3 billion.

Of that amount, \$528 million is earmarked for the Federal Motor

Carrier Safety Administration, which regulates over-the-road bus safety. There is \$228 million for FMCSA operations and safety programs, plus \$188.5 million for enforcement activities and \$7.2 million for security. A total of \$32 million would go to border enforcement grants.

The administration proposed public transportation funding of \$9.42 billion for fiscal '08, which begins in October, which is \$308 million less than is authorized and supposedly guaranteed under the 2005 Safe, Accountable, Flexible, Efficient Transportation Equity Act — A Legacy for Users.

The American Public Transportation Association immediately said it was "extremely disappointed" by the budget request and appealed to Congress to bring the funding back up to \$9.731 billion.

The Bush budget knocked out \$300 million in spending for rail and fixed guideway transit projects, cut transit research funding by \$4 million and reduced the Federal Transit Administration program funding by \$3.2 million.

## Interstate congestion relief slated

WASHINGTON — The U.S. Department of Transportation has identified eight Interstates across the United States where it will attempt to fast track congestion relief.

Secretary of Transportation Mary E. Peters said the department's new "Corridors of the Future" program provides for transportation planning across state lines to help reduce congestion.

"If we don't act today, our economy will be facing a standstill in the future," she warned.

The department is advancing 14 of 38 proposals on eight busy Interstate corridors: I-95 between Florida and Maine; I-15 in Southern California and Nevada; I-80/94 and I-90 linking Illinois, Indiana

and Michigan; I-5 in California, Washington and Oregon; I-70 from Missouri to Ohio; I-69 from Texas to Michigan; I-80 in Nevada and California, and I-10 from California to Florida.

The highway proposals include various combinations of expanded capacity, truck-only lanes, increased freight and passenger rail development, and extensive use of new technology to keep traffic moving and improve safety.

Peters said her department will aggressively push the program by accelerating permitting schedules, identifying new financing options, and promoting innovative project delivery methods to "move these projects from the drawing board to completion faster than ever before."

## N.D. lawmaker wants 40-mph Interstate minimum

BISMARCK, N.D. — North Dakota's two interstates have a 75-mph speed limit but no minimum speed requirement, creating potential hazards, says a state legislator who wants a minimum speed-limit law.

Rep. Ed Gruchalla has asked the North Dakota House transportation committee to endorse a bill to set a 40 mph minimum speed on I-29 and I-94.

Gruchalla is a former state highway patrolman.

## Niagara bridges boost U.S. tolls

NIAGARA FALLS, N.Y. — The U.S. toll rate for buses and other vehicles using the Rainbow, Whirlpool Rapids and Lewiston-Queenston bridges over the Niagara River have been raised.

Canadian rates remain unchanged.

The Niagara Falls Bridge Commission said it took the action because of the "prolonged weakness in the U.S. dollar." The increase is the first since 1998.

"The commission has been successful in controlling costs to our customers, but we have held the line on the diminished U.S. dollar as long as we could," said Commission General Manager Thomas Garlock. "This modest adjust will permit the commission to continue to be financially stable and proceed with aggressive physical improvements to our facilities."

The new round-trip rate for a two-axle bus going from the U.S. into Canada and back is \$9.50, up from \$8, and the rate for a three-axle coach is now \$12.50, up from \$10. Autos went from \$2.50 to \$3, and the rate for five-axle over-the-road rose from \$13 to \$17.

The Whirlpool Rapids and Rainbow bridges connect Niagara, Ont., and Niagara, N.Y., while the Lewiston-Queenston Bridge links Lewiston, Ont., and Lewiston, N.Y.

## Idaho ponders slower buses, faster trucks

BOISE, Idaho — The Idaho state senate is considering a bill that would lower the speed limit on Interstates for buses and autos but increase it for over-the-road trucks.

The proposed legislation would reduce the speed limit for buses and passenger cars to 70 mph from 75 mph, and hike the speed for big rigs from 65 to 70 mph.

Sen. Tim Corder, who introduced the bill, said it would result in fewer collisions by decreasing the number of "vehicle interactions" caused by vehicles passing each other on Interstates.

Corder, who owns a trucking company, introduced a similar bill last year but it didn't make it to the Senate floor for a vote.

## Mo. lawmakers consider asking FMCSA to allow young bus, truck drivers

JEFFERSON CITY, Mo. — The Missouri General Assembly is considering asking the Federal Motor Carrier Safety Administration to adopt a pilot program that would allow 19 and 20 year-olds to operate interstate commercial motor vehicles.

A resolution requesting establishment of such a pilot program was introduced in the Missouri House last month.

The issue of lowering the driving age for a CDL with interstate authority has been around since early in this decade.

In 2001, the Truckload Carriers Association made a strong push to get the FMCSA to adopt a pilot program that would, among other things, assure a level of safety that was equal to or greater than the level achieved by commercial vehicle drivers 21 years of age or older. But the FMCSA shot down the idea.

Some in the commercial vehicle industry believe the idea will eventually gain traction because of changes occurring in the truck and bus industries. And the measure introduced in Missouri (House Concurrent Resolution No. 27) could be a new kickoff.

Those who advocate the idea of allowing younger CMV drivers say it would create greater opportunity for both industries to boost recruiting when young people are making early career decisions. Currently, individuals essentially cannot be

recruited as interstate drivers unless they are 21, and by that age many young adults have already committed to another career.

The resolution being considered in Missouri notes that a FMCSA-controlled pilot program for 19 and 20 year-olds "has the potential of relieving a severe commercial motor vehicle driver shortage in the (U.S.) and creating excellent career opportunities."

Noted one coach industry executive: "Recruiting drivers out of high school will eventually produce a better driver population."

There also may be a growing realization among commercial vehicle insurers that something has to be done, particularly in the bus sector, where the average age of drivers continues to creep up, creating a completely different set of potential safety problems.

New technology could help foster the idea.

With such systems as on-board cameras, GPS, engine-control modules and cell phones, younger drivers can be monitored for speeding, following too close and other unsafe driving practices, plus hours-of-service adherence.

Additionally, new tests designed to select drivers that have a propensity "to do the right thing" will likely see increased use. "All accidents generally have a moral component where somebody failed to do the right thing," observed an industry executive.

## Notification system upgrade asked

WASHINGTON — The Federal Motor Carrier Safety Administration has been asked to amend its safety regulations to promote greater motor carrier use of so-called employer notification systems.

Employer notification system is the term used to described programs that allow commercial bus and trucker companies to register their drivers with state licensing agencies that, in turn, notify the companies when one of their drivers receives a traffic ticket, conviction or change in commercial driver license status.

Such notification systems allow operators to take timely action to address unsafe driving.

The request to the FMCSA seeks to address a regulatory loop-

hole that allows some serious traffic convictions to go unreported and undetected for months. Plus, the hope is that the FMCSA will promote wider adoption of the notification systems by states.

Currently, coach operators and other motor carriers obtain and review the motor vehicle record of each of the drivers they employ through semi-annual or annual motor vehicle record checks.

There are thought to be 10 states that have some type of employer notification system. There also are commercial services that provide multi-state employer notification coverage.

The rules change request was made by the American Trucking Associations.

## Political extortion?

Wire service reports say California Attorney General Jerry Brown wants the six largest U.S. and Japanese automakers to settle a lawsuit in which the state is claiming millions of dollars in damages caused by vehicle emissions of greenhouse gases.

Former California Attorney General Bill Lockyer, now California's treasurer, sued the auto companies in September in U.S. District Court in Oakland. Lockyer said he wanted to hold the auto industry accountable for what scientists say is their contribution to climate change.

Lockyer's lawsuit supposedly marked the first time a state has sought monetary damages for the Earth-warming effects of gases emitted by cars and trucks.

However, it probably won't be the last; 49 other attorneys general have to run for re-election some time.

### Political extortion II

Wisconsin Gov. Jim Doyle has proposed a tax on oil companies to help raise money for state transportation projects.

Under Doyle's too-clever plan, oil companies would be taxed about \$1.50 per barrel of oil sold in the state and be prohibited from passing the cost along to consumers.

The tax would be levied when companies transfer oil between one another or between subsidiaries, or at the point where fuel exits the pipeline for distribution.

The fee would not apply to 100 percent biodiesel or to the ethanol portion of E85. In addition, oil companies would be able to deduct the payments from their federal taxes as a cost of doing business. Won't Uncle Sam love that?

# 'Battle is joined,' says Bus Co-Op founder

By Neil Eisenberg  
President/CEO  
VanGo!  
Sun Valley, Calif.

The lines have been drawn and the battle joined.

Whether you operate a single motorcoach or 49, you're facing the most serious industry challenge of the day.

Simply put, are we — as small- to medium-sized carriers — going to allow an ad hoc group of bus brokers to affect changes in *our* industry?

Are we going to permit them to dictate who will or will not survive by virtue of their dubious marketing practices?

Are we to tolerate their sweetheart deals with "shady operators" (quoted from *Bus & Motorcoach News* and not condoned by the author of this article) only to have them (the brokers) blame the carriers for poor performance?

For me, the answer is "no."

And for those unwilling to say it, this battle is also with the mega carriers that have even more power to squeeze us out of business.

If you doubt the veracity of this allegation, think of how many well-run companies are no longer operating since the buyout spree of the mid-to-late 1990s. Are we in for another round of buyouts? More importantly, what kind of companies might these carriers have their eye on?

First, let's get some facts straight.

The small- to medium-sized carriers (49 or fewer buses and motorcoaches) in the United States and Canada are the backbone of our industry. We own and operate more buses and motorcoaches,

move more passengers, effect more innovation, and are the major catalysts of change within our industry.

Like most of you, I live and breathe my company every waking hour of every day. Most days I love

*'As far as I am concerned, (bus brokers) have worn out their welcome unless they change their business practices.'*

it, and others, well... but without the day-to-day exhilaration and pride of seeing *my* coaches safely and comfortably transporting people down the highway, my life would somehow be less rewarding.

For those of you who feel the way I do you *must* take action now. If not, we will most assuredly become an industry of mega carriers, brokers, and aimless drones begging for scraps from the aforementioned.

After reading the Feb. 15 issue of *Bus and Motorcoach News*, I believe it is best to allow the brokers even more editorial latitude so they can take shots at each other and those who legitimately threaten their existence.

I am in contact with dozens of operators daily, and not one of them buys into the convoluted rationalizations, baseless misrepresentations and shameful rhetoric as authored by two broker owners. They are *our* guests in this industry, and as far as I am concerned, they have worn out their welcome unless they change their business practices.

Say what you will Mr. Bus Broker(s), The Bus Co-Op and any other entity trying to derail you is a good thing for our industry.

So what are the issues

involved? If you're a broker, then call yourself a broker.

Don't dress up your Web sites to look as if you operate hundreds of vehicles.

Don't boldly proclaim, as one

of the largest brokers does on its Web site: "We're not local bus owners. We're not brokers."

I say, if it walks like a duck and quacks like a duck, it must be a duck.

When you speak for your broker brethren, get your stories straight. One broker vented his anger at The Bus Co-Op in his editorial by touting internet advertising sites as a "better deal," while another tore into the same advertising site in his editorial. For the record, neither The Bus Co-Op, nor any of my colleagues, have anything against these advertising sites.

We (carriers) must prominently place our operating authorities on all vehicles and advertising. Why not have the brokers prominently display their authorities online as well?

Why not post bonds as truck brokers do?

Why expose and berate unsuspecting carriers by not giving them all pertinent information when booking them? Let your carrier know if alcohol consumption, potentially destructive passengers or overtime may occur.

Don't profess due diligence in researching your sub-contracted carrier when he accepts your rock-

bottom price. The old adage is as accurate today as a century ago: "You get what you pay for."

If you really want to provide customers with the highest quality equipment, safety and service, don't use the cut-rate carriers. Finally, adhere to the same 10 percent return that truck brokers are federally mandated to.

But, alas, that will cut into your obscenely high margins, and cripple your ability to throw money at the search engines to monopolize a few critical key words. Beware bus brokers there are enough of us small- and medium-sized carriers to effect change. It would probably be to your advantage to work with us to effect these changes now, rather than have the fed's come in and force the issue later.

But we operators are realists, the money is way too good and the business is way too easy for the vast majority of brokers. We are simply going to have to use our combined strength to oppose the dictates of these ad hoc brokers. As I and many others see it, we either use one of the national associations as our voice, or move to a new entity like The Bus Co-Op, which will not allow brokers as members, push to generate Internet and other business, as well as establish enormous buying power for its member owners.

Speaking for The Bus Co-Op and VanGo "The Art of Transportation," we implore the federal government to regulate bus brokers in at least the same manner as truck brokering companies. We are, after all, speaking of transporting people, not property. Please contact your association of choice and voice your opinion on this issue.

### How to contact us:

To submit or report news, Letters to the Editor, articles, news releases:

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A PUBLICATION OF THE UNITED MOTORCOACH ASSOCIATION

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Daryl G. Johnson  
J & J Charters  
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Krapf Coaches  
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ISSUE NO. 95

# Coach operator recounts experiences with bus brokers

By Dean Golden  
Operations Manager  
West Valley Charter Lines  
Campbell, Calif.

First, I would like to commend *Bus & Motorcoach News* for tackling the issue of bus brokers in your last few issues. After reading the various articles, I thought I would respond as an operator who has dealt with many different bus brokers over the years.

A bus broker is simply someone trying to make a buck off bus companies. A broker often will charge their customers from 5 to 100 percent — or more — over the price we quote them. We see this all the time. I have been told some brokers have a minimum \$200 markup on any trip, meaning a \$120 school bus rental would be priced at a minimum of \$320.

A bus broker has nothing to do with the operation of a bus company; why should an operator be giving them money? A bus broker does not make the playing field level or fair. If you are not an approved vendor, or a “liked” vendor of a bus broker, they will not call you for a quote. So, they truly aren’t even a broker in my opinion.

I am amazed that Edward Telmany (president) of US Coachways Inc. has taken the time to respond to the articles. (See Nov. 15 and Feb. 15 issues of *Bus & Motorcoach News*.) I have personally left 10-plus voice-mail messages for him during the past three years that never were responded to. We had booked trips for US Coachways but we invariably had to try to chase down payment information and trip details from the company.

It is nearly impossible to get through his phone tree when you call his company and try to speak to a live person. And, if you do

reach a live person, you are sent from person to person because the person you are speaking to isn’t able to help you.

## About Bus Bank

The Bus Bank is another example of what I would consider a bad broker to deal with. The Bus Bank is endorsed by Lancer Insurance. We met with one of their people about a year and a half ago in our office. The presentation was very well done and I bought into what they had to offer. I asked the following three questions:

1. Will The Bus Bank adhere to our cancellation policy? (They said “yes” in our meeting.)

2. Will The Bus Bank guarantee if the trip is in the San Francisco market, it will only contact coach companies in the San Francisco market, not go to companies out of the area? (They claimed this was the case.)

3. Can The Bus Bank provide a breakdown of how many bookings they have had in the San Francisco market? (The Bus Bank representative said they would supply the figures; we never saw them.)

When I received the packet to sign up for The Bus Bank, they had all these terms and conditions we had to agree to or they would not use us. Basically, they tell you how to run your company when they book with you, and all your policies and procedures mean nothing. So, we have decided not to be part of them.

## Metropolitan Shuttle

As for Metropolitan Shuttle, they have called us on three different occasions, and we have chosen not to do business with them. We asked for payment up front, before the trips went, and they told us they only pay net-30 days. We couldn’t agree to that.

Why do brokers try to bully a company into their terms or they will not use them? Is that how the broker is supposed to work?

*‘Why shouldn’t you  
as a bus operator  
be paid up front  
as well?’*

Then there is Transportation Management Services, known as TMS.

We have been doing work for them for about four years. Their convention shuttle work is always paid in full and before the event. They have been a great company to deal with.

We also did work for them following Hurricane Katrina, and like many other companies it was a struggle to get final payment from them. Even though that was really frustrating, I believe TMS is a fair company to work with.

We have had dealings with:

- MyBestRide.com
- CoachQuote.com
- USABusCharter.com
- CharterBusAmerica.com, which used to be CopperTop-Tours.com, and others. There are so many brokers for a person to choose from.

## Others’ experience

In recent weeks, I have been in contact with many different bus companies across the U.S., and I have been amazed by the number of independent operators that have chosen to use brokers. And, how many have been burned by brokers.

MyBestRide.com seems to be

the worst of the worst from what I am hearing. I have been in contact with a dozen different operators who claim they are owed in excess of \$20,000 by this broker, with some of the bills well over 120 days past due.

Four companies say Metropolitan Shuttle owes them in excess of \$10,000.

The Bus Bank has five companies who claim they’re owed in excess of \$8,000.

And two companies are claiming USABusCharter.com owes them in excess of \$5,000.

To me, it doesn’t matter if these claims are accurate or not. It just reinforces my belief that any operator who chooses to work with a bus broker should be paid up front, and have a copy of a signed contract.

## BusRates.com

I also want to talk about BusRates.com. Glenn P. Orloff of Metropolitan Shuttle had many negative things to say about them (see Feb. 15 *Bus & Motorcoach News*).

I find BusRates.com to be the best online place I work with. We joined their site in March 2005, and since then we have had about 290 inquires for quotes from their site, and have booked 86 trips/tours, which is 30 percent.

This is a better return of my time, versus anything a bus broker can give me. After reading (Mr. Orloff’s) article, it has made me decide to help out BusRates.com, and give them more tools their online customers can use to help determine if a bus company is good or not.

There are many Web sites that potential bus customers can use to see if an operator has a current registration, has a good safety rating, and has insurance coverage.

In California, where we’re located, there are very strict state rules when it comes to hauling students. Bus brokers are violating these rules by telling customers the rules don’t apply because they are booking through a broker. Again, this just shows the broker does not have any interest in the law, or the companies they deal with. They go out and get the business and give it to the coach company that provides the lowest quote, with no respect to how long the company has been in business, what type of coaches they have, or their safety rating. The lowest price wins.

## Bottom line

I believe the bottom line is pretty simple: Bus companies shouldn’t use brokers to get their business. If all bus companies would stop using brokers we would not lose customers. The customers would end up calling coach companies directly and eliminate the brokers.

If a coach company decides to work with a broker, it should not do the work without payment up front. They collect their money up front from their customers; why shouldn’t you as a bus operator be paid up front as well?

Bus companies also do not need to offer a lower net rate to bus brokers, or allow brokers to negotiate the price down. There is plenty of mark-up tacked on by brokers.

Finally, when talking directly to customers or potential customers, bus companies should add some type of explanation or warning in their sales pitch or e-mailed quotes about dealing with bus brokers and broker price gouging.

# New coalition to fight privatization of toll roads

WASHINGTON — A coalition of highway user groups has been organized to battle the trend toward privatization or leasing of existing toll roads, bridges and tunnels to private investors.

Early members of the coalition include the Recreation Vehicle Industry Association, the Owner-Operator Independent Drivers Association, the American Highway Users Alliance, the National Association of Truck Stop Operators, and the American Trucking Associations.

Called the Americans for a Strong National Highway Network, the coalition’s aim is “to advance the rights of American motorists to travel on safe, reliable public roads; maintain a robust national highway network for the efficient transport of goods and the military, and to hold government accountable for ensuring financing is transparent, motivated by public good, and dedicated to transportation purposes.

“The sale or lease of existing

toll facilities generates revenue at great expense to taxpayers and the trucking industry, and carries potential negative impacts on highway safety, security and the motoring public,” said ATA President and CEO Bill Graves.

“We must consider the long-term impact privatization will have on our nation’s transportation system and explore all available financing options to ensure that the government is motivated by public good and transportation

purposes,” Graves, a former governor of Kansas, added.

Supporting the coalition is Rep. Peter DeFazio (D-Ore.), chairman of the House Subcommittee on Highways and Transit. “For the Bush Administration, the rush to promote public-private partnerships is based in ideology, not a critical evaluation of how public-private partnerships might help meet the goal of an improved, integrated national transportation system and further the public

interest,” said DeFazio.

Several members of the coalition have previously stated their strong opposition to the lease or sale of existing toll roads, bridges or tunnels to private groups, and has called on federal and state governments to abandon the financing technique.

Truckers support a toll-free national highway system where money to finance highway improvements primarily comes from user fees, such as the fuel tax.

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## Fung Wah coach slams guardrail

BOSTON — A 45-foot coach operated by accident-prone Chinatown operator Fung Wah skidded off the Massachusetts Turnpike late last month and hit a guard rail.

None of the roughly 50 people on the bus were reported injured. When interviewed by local media, the passengers couldn't agree on whether the coach was driving too fast for conditions.

The incident occurred just before noon during a storm. Other major bus operators reportedly had shut down their Boston operations during the bad weather.

The incident was the latest in the string of events involving Fung Wah.

About two years ago, a Fung Wah bus caught fire in Boston. Last September, a Fung Wah coach full of passengers rolled near Auburn, Mass., because the driver was driving too fast. Many were hurt.

In early January, a set of duals on a Boston-bound Fung Wah bus sheared off the lug bolts and nearly came off the coach. The bus had traveled nearly 200 miles at highway speeds on an early-morning run from New York.

When the State Police arrived, the two right-rear wheels were dangling from the axle. Investigators said the sheared-off bolts were an indication the lug nuts may not have been properly tightened.

None of the 30 passengers on board was injured. Massachusetts State Police cited the company for failure to properly maintain equipment.

Following the rollover incident, the Federal Motor Carrier Safety Administration fined Fung Wah more than \$31,000, in part, for letting non-English speaking drivers carry its passengers. (See Nov. 15 *Bus & Motorcoach News*.)

State police determined the driver in the most recent crash could effectively communicate in English.

Fung Wah has been under heightened regulatory scrutiny for its string of mishaps.

## Bus museum schedules spring event

HERSHEY, Pa. — The Museum of Bus Transportation's annual Spring Fling and Bus Show will be Saturday, June 2.

This year's event will mark the first time that all 33 of the museum's restored over-the-road, transit and school buses will be available for viewing at one time by visitors.

And, it will be the first time the public will have an opportunity to visit the new Memorial Annex.

Buses will be displayed at both the annex and the nearby museum.

There will be no charge to visit the annex, where the fling and show will be conducted.

Normal admission (with member discounts) will be charged at the museum.

The event will include a bus memorabilia and collectibles flea market, and hot food and cold drinks will be sold by volunteer

members to benefit the museum.

A highlight will be a ceremony to dedicate the new annex to long-time museum founders and supporters Richard Maguire, Dick Fullington Sr., and George Sage.

To reserve space and/or tables, or to get additional information, call (717) 560-7100, ext. 119, or go to [www.buseum.org](http://www.buseum.org).

The museum and annex are in Hershey.

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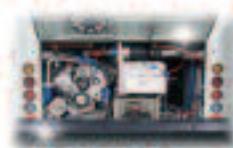
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## People

*Gerald Hausman*, whose name-sake **Hausman Bus Sales** was a leading motorcoach sales organization for four decades, has been presented one of the inaugural Lifetime Achievement Awards by the **American Bus Association**.

The awards, established to honor individuals who have helped shape the motorcoach and group travel industry, were presented for the first time at this year's ABA Marketplace in Grapevine, Texas.

The late *Peter L. Picknelly* of **Peter Pan Bus Lines** also was named a recipient of the award (see Feb. 15 *Bus & Motorcoach News*).

Hausman entered the motorcoach industry almost 60 years ago when his father suggested he call on **Greyhound Lines** and try to re-establish a scrap account.

The visit paid off and Hausman began selling scrap parts, but he quickly moved to pre-owned bus sales. By the late 1960s, Hausman

## Doug Anderson, Craig Lentzsch to lead ABA

GRAPEVINE, Texas — Doug Anderson, president of Anderson Coach & Travel in Greenville, Pa., has been elected to a two-year term as chairman of the American Bus Association.

The election, by the ABA board of directors, came during the association's annual Marketplace, which was conducted here last month.

Additionally, the board elected Craig Lentzsch, president and CEO of Coach America in Dallas, to be vice chairman.

Anderson is a long-time ABA member and had served as vice chairman for the past two years. He succeeds Ron Eyre, president of Eyre Tour and Travel in Glenelg, Md. Anderson also has been a

chairman of the ABA Marketplace, as well as "a prominent voice on the board," the ABA said in a statement announcing his election.

"I'm excited and honored to be serving the ABA membership in the coming years. ABA has always been a leader and innovator in the industry, with a focus on inclusiveness in the industry and reaching out to our members," Anderson said.

Eyre said he enjoyed his time as chairman. "I've had the opportunity to work with some talented people who really truly care about the association and our industry," he noted.

Six ABA directors whose terms expire this year were nominated to serve an additional three years.

They are, Lentzsch, plus:

- Don DeVivo, DATTCO, New Britain, Conn.
- Brian Souter, Stagecoach Group, Perth, Scotland
- Jim Jalbert, C&J Trailways, Portsmouth, N.H.
- Ron Moore, Burlington Trailways, West Burlington, Iowa
- Chris Anzuoni, Plymouth & Brockton Street Railway Co., Plymouth, Mass.

The ABA said delegates to its '06 Marketplace in Grapevine, which is just northwest of the Dallas/Fort Worth International Airport, participated in more than 110,000 appointments, a record. The number of appointments at the '06 Marketplace in Nashville was something over 103,000.

Attendance at Marketplace has leveled off in recent years at around 3,000. There were 2,863 delegates at this year's event, compared to 3,000 last year and nearly 3,000 in 2004.

There were 626 "buyer" delegates at Marketplace this year, versus "more than 600 buyers" last year, and 1,949 "sellers" this year, virtually the same as last year.

The 2008 Marketplace will be Feb. 2-8 in Virginia Beach, Va., and the chairman will be John Meier, general manager/CEO of Badger Coaches in Madison, Wis.

This year's Marketplace chairman, Steve Haddad, president of Bieber Tours in Kutztown, Pa., described his tenure as "a once-in-a-lifetime experience."

Bus Sales was well established and Hausman had 35 employees.

From his Chicago base, Hausman expanded to Southern Califor-

nia and New Jersey.

In 1972, Hausman became the U.S. sales arm of **Motor Coach Industries**, which at the time had a

market share of less than 25 percent. By 1980, Hausman Bus Sales had captured 70 percent of the new and pre-owned coach market.

Hausman retired in 1989, selling Hausman Bus Sales to Greyhound Corp. He continues as an industry consultant.



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- Los Alamitos, CA – Tuesday, April 17
- Las Vegas, NV – Wednesday, April 18
- Phoenix, AZ – Thursday, April 19
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- Dallas, TX – Thursday, April 26
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## N.Y. tickets

CONTINUED FROM PAGE 3

officers manning the streets, including specific instructions on changes made to regulations during holidays and other busy seasons.

- Issue a directive that only Manhattan precinct officers will be charged with implementing the regulations and that only those officers — not outer-borough offi-

cers — be given the authority to issue citations and summonses to coaches.

- Invite someone from NYC & Company to attend the training sessions.

Dixon also explained why some of the citations issued by police were criminal summonses instead of simply city tickets, noting that they are determined by the type of violation and where the infraction takes place.

“Some may fall under parking control regulations and others fall under administrative law violations,” he said. “Some may in fact require criminal summons although the act itself is not being criminalized.”

The best course of action to take, he suggested, is for operators to consult their attorneys for guidance on how to handle the criminal summons.

## '07 Engines

CONTINUED FROM PAGE 1

— including Freightliner and International Truck and Engine — during '07, as both attrition and new business demand.

That means that by the end of the year, Penske — by itself — could be operating three or four times as many vehicles with the '07 diesel engines as the entire private North American bus industry, and that's if the motorcoach industry has a decent sales year.

Penske's decision also is significant because Class 8 trucks with '07 engines cost \$7,000-\$9,000 more than similarly equipped '06 models. New motorcoaches equipped with '07 engines, when they begin rolling off assembly lines around the middle of the year,

will cost \$11,000-\$14,000 more.

Penske also sees its early commitment to the '07 engines as giving it something of a competitive advantage. Hasinec was quoted as saying his company will be better prepared than its competitors to use and maintain the new engine technology.

An executive with C.R. England, North America's second-largest refrigerated truck operation, reported that the fuel economy of the '07 engines it is running is comparable with the trucks purchased in 2005 and 2006. England, which is based in Salt Lake City, tracks fuel mileage on a weekly basis for its fleet of 3,000 trucks.

The company plans to buy 200 heavy-duty trucks with '07 engines in July.

Virtually all of the engine mak-

ers, including Detroit Diesel, Caterpillar and Cummins, have been saying for months that the after-treatment systems on the '07 engines will not penalize fuel economy significantly because of improvements made to other engine components and systems.

More than 1.6 million miles of '07 engine testing in trucks operated by Wal-Mart also has confirmed that fuel economy is on par with '06 models.

Schneider National, North America's 8th largest for-hire trucker, also has made an early commitment to '07 engines. It bought 50 and expects to purchase another 500 toward the end of the year if the initial models perform well. Most, if not all, of the Schneider trucks will be equipped with Detroit Diesel engines.

## ArvinMeritor to develop diesel-electric drivetrain

TROY, Mich. — Call it a project worth watching.

ArvinMeritor and Wal-Mart have agreed to develop a dual-mode, diesel-electric drivetrain for over-the-road trucks.

The drivetrain will be developed for use in an International Class 8 ProStar tractor and use an engine developed by Cummins.

“We've been working on development of hybrid drivetrains for some time,” said Carsten J. Reinhardt, president of ArvinMeritor's commercial vehicle systems business.

“This Class 8 project is a major step in our continuing work in alternative drivetrain development — both for power transmission and emissions — and holds tremendous promise for the worldwide heavy-duty market in a number of impor-

tant environmental and economic ways.”

A key driving force behind the project is Wal-Mart's announced intention to double — yes, double — the fuel efficiency of its heavy-duty trucks during the next decade.

Dual-mode diesel-electric drivetrains, which have both mechanical and electrical propulsion systems, use the electric motor drive primarily for periods of high demand under low-speed, high-load operating conditions, such as accelerating from a stop.

Once moving, the mechanical propulsion system begins to blend its power with the electric motor until it reaches highway speeds, where the drive phases to completely mechanical. The electrical system can provide additional power during hill climbing.

## Volvo unveils hybrid drivetrain

WASHINGTON — Volvo AB and Mack Trucks Inc. have unveiled a hybrid prototype of a heavy-duty Mack construction truck, and executives from the two companies say the truck's diesel-electric power supply will cut fuel costs 30 percent for stop-and-go

trucks and buses while running much cleaner.

“The new engine offers the greatest potential for fuel savings and clean technology where it is most needed, in urban centers around the world,” said Volvo AB President Leif Johansson.

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## Fast start for Expo '08; CMG purchased

SAN FRANCISCO — More than 10 months before Motorcoach Expo 2008, 85 percent of the exhibit hall floor space already has been sold, reports Convention Management Group, the company that manages the event for the United Motorcoach Association.

Mark Miller, exhibit account representative for Convention Management Group, said a record amount of '08 booth space was sold on the final day of Expo '07 in New Orleans.

The general sales campaign for the '08 show begins this month.

Meanwhile, in an unrelated development, Convention Management Group has been purchased by one of the leading providers of business-to-business communications for trade and professional associations in North America.

Naylor LLC, which is based in Gainesville, Fla., purchased Fair-

fax, Va.-based CMG from its principals.

CMG is a full-service event management company and, like Naylor, focuses exclusively on serving trade and professional associations. The acquisition will add event management capabilities to Naylor's slate of print and online media services.

"Acquiring a respected convention management company and adding a Washington, D.C.-area office is a natural and exciting addition for Naylor as we continue to expand our business and capabilities," said Alex DeBarr, president and CEO of Naylor.

"By adding CMG's event management services, Naylor is now able to offer our association partners completely integrated media solutions in print, online and in person."

Founded 17 years ago, CMG produces conventions and trade

shows on behalf of eight organizations representing a variety of industries, from manufacturing, to food processing, to commercial construction. Plus, of course, the motorcoach industry.

"We are proud to become a part of the leading media partner for associations in North America," said Mike Muldoon, president of CMG. "Naylor has outstanding relationships with hundreds of associations, and it's clear they share our core values of providing consistent and always improving services to our association partners, exhibitors and attendees."

Muldoon is joining Naylor as executive vice president.

"Naylor's powerful sales and marketing capability and wide array of print and electronic media services will allow us to provide more and better services to our current customers," said Muldoon.

## General Motors is considering selling Allison unit

DETROIT — General Motors Corp. has confirmed it is looking at possible changes at Allison Transmission, including selling the division as part of its long-term strategy to improve the company's financial condition.

The auto giant said it's examining the value of operations "not central" to the corporate mission of designing, manufacturing and selling cars and light trucks globally.

Allison dominates the auto-

matic transmission market for motorcoaches and buses, as well as commercial trucks. It employs 3,400 people, has seven plants in Indianapolis, and sells its products in North and South America, Europe, Africa and Asia.

## Government relations firm, lobbyist are hired by UMA

ALEXANDRIA, Va. — The United Motorcoach Association has retained a Washington firm, BKS & Associates, and one of its managing directors, Becky Weber, to provide government relations and lobbying services.

BKS & Associates is a bipartisan firm, providing government relations consultancy to a select group of domestic and international clients.

It is part of Burson-Marsteller, the world's largest communications agency, and is led by Charles Black, who is perhaps best known as one of the nation's leading Republican political strategists. Black served as a senior advisor to Presidents Ronald Reagan and George H.W. Bush.

Weber and BKS provide government relations services to the National School Transportation Association, which is managed by UMA.

Weber specializes in transportation issues. She held senior staff positions on the House Transportation and Infrastructure Committee and at the Department of Transportation.

At USDOT, she worked in the legislative division of the Office of the General Counsel. As a U.S. House staff member, Weber served as counsel to Republican members of the transportation and infrastructure committee on matters under the jurisdiction of the surface transportation subcommittee.

She served on the Bush/Cheney Transition Advisory Team for the Department of Transportation in 2001.

She holds a law degree from the University of Kansas and a bachelor degree from Baylor University.

"From my vantage point, retaining BKS and Becky Weber further strengthens our ties with the school bus industry, a relationship that seems natural given that one-third of (UMA) members operate home-to-school school bus service on a contract basis," said Victor Parra, president and CEO of UMA.

"Becky is the top transportation lobbyist in town. She's well respected by both Democratic and Republican members of Congress."

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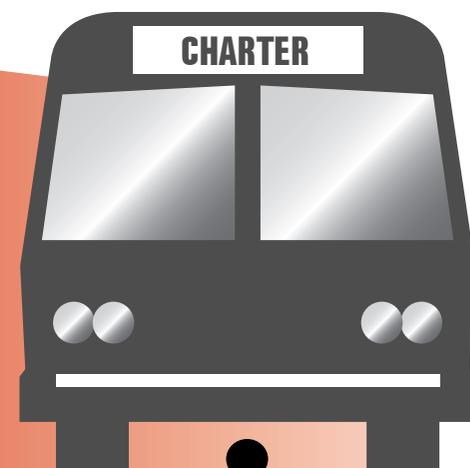
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# UMA files charter complaints against two transits

ALEXANDRIA, Va. — The United Motorcoach Association is pursuing charter-service complaints with the Federal Transit Administration against transit agencies in Purcellville, Va., and Rome, Ga.

The association says the Virginia Regional Transportation Association in Purcellville violated charter rules last June and July, and again in October. So far, however, UMA has had some difficulty con-

vincing the FTA regional administrator in Philadelphia to agree.

Virginia Regional Transit told the administrator it published charter service notices but no private operators responded, so it legally provided the disputed service.

UMA and Virginia Coach Company, a private operator based in Purcellville, contend Virginia Regional Transit did not comply with FTA rules that require the

agency to not only publish its charter service notice in a local newspaper but also to send copies to all private charter operators in the geographic area where the agency operates, plus copies to UMA and the American Bus Association.

Neither UMA nor Virginia Coach received notices from Virginia Regional Transit in 2003, 2004 and 2005.

UMA and Virginia Coach say

the transit agency provided charter service to Chinmaya Mission in June and July of last year at a daily rate of \$300. UMA contends such a rate is “unobtainable” in the bus industry “without benefit of federal subsidies.” Then, in October, the transit system again provided illegal charter service, says UMA.

In the Rome, Ga., case, UMA contends the City of Rome Transit Department either “grossly misin-

terpreted” federal charter rules or is attempting to circumvent the rules in an effort to “disguise what would otherwise be considered charter” service.

According to UMA, Rome Transit has a trolley bus that it routinely uses to provide charter service. The transit agency denies the allegation, saying it subcontracts the trolley to willing-and-able private operators that request it.

## Charter rules

CONTINUED FROM PAGE 1

totally trash such provisions as the willing-and-able process; cease-and-desist orders; public “charter” notices printed in seven-point type in the back of local newspapers, and regulatory language that is vague, unenforceable and easily disputable.

Gone also is an appeals process that was little more than a joke.

Gone, too, is the involvement of regional FTA administrators who, early in this decade, became notorious for their timidity in tackling charter service complaints; issued rulings that defied logic or were hopelessly inconsistent, or handed down feckless rulings that contained neither backbone nor bite.

In the past couple of years, some brave regional FTA administrators have become more aggressive about enforcing the rules.

In place of the old rules are proposals that appear to be fair, clear and reasonable — and have teeth. They provide a largely unambiguous definition of charter service that even the most unsophisticated transit administrator ought to be able to understand... and adhere to.

### Let in the light

One of their best features is that they seek to make the process transparent, including putting requests that public transit agencies get for charter service out in the open for all to see.

At the same time, they make demands on private operators.

They require operators to register their availability for charter work online at a new FTA Web site that will be dedicated to charter service. They also seek to stop the practice by some private operators of filing frivolous, vague or vindictive charter service complaints.

Ultimately, they will require private bus companies to step up to the plate and become more fully engaged with the public transit agencies in the geographic area where they operate.

For its part, the FTA says the

new rules contain a “more robust complaint, hearings and appeals process.”

Under the revisions, there are deadlines the FTA must meet when it investigates a charter service complaint.

### Teeth anyone?

The FTA believes the rules eventually will reduce the number of charter service complaints because public transit agencies will learn the FTA is serious when it says transits shouldn't engage in prohibited charter work.

Improved enforcement is a key aspect of the new rules. The stated goal is to deter “risky behavior” by public transits bent on pushing the limits in providing charter service.

The rules contain a “remedial scheme” for violations. They give the FTA wide discretion in determining the best remedy. For example, an agency could be completely barred from receiving federal money, or forced to give up revenue collected in violation of the rules.

One private-sector representative who attended the advisory committee meetings calls the FTA proposal “a very positive document... While I know we are not all going to agree with everything that is proposed, I think we definitely got the benefit of the negotiations in most of the proposals.”

Here are some of the key aspects of the proposed rules:

**FTA Charter Registration Website:** The FTA will develop a Web site that will serve as a database of private charter operators and clearing house for requests for charter service received by public transit agencies.

**Registration:** All private charter operators wanting to be considered for charter work that was requested of a public transit agency will be required to register on the Web site.

**Process to be followed when a transit agency gets a request for charter service:** Unless the public transit agency is able to provide the service under one of the exceptions in the new rules (see below), it must

decline the opportunity and refer the customer to registered private operators on the FTA charter service Web site, or notify private charter operators of the opportunity.

Private operators have 72 hours to respond to a notification of service requested in less than 30 days, or 14 calendar days to respond for service requested to be provided in 30 days or more.

**Exceptions allowing public transit agencies to perform charter service:**

- Transportation of government officials for site visits (the rules contain a cap for this type of service)
- Trips for qualified human services organizations (those that receive federal, state or local funding that includes transportation) and the requested trip is consistent with the group's stated mission
- Leasing FTA-funded equipment and drivers
- Events of regional or national significance (requires consultation with registered private charter providers)
- Instances when no charter service provider responds to a notice requesting service.

**Advisory Opinions:** Any interested party may request an advisory opinion

from the FTA. The interested party must provide details about a specific event. The advisory opinion would represent the formal position of FTA on a matter and obligate the agency to follow it until it is amended or revoked.

**Complaints:** There is a streamlined complaint process for alleged charter violations, and challenges to the listing of private charter operators on the Web site registration list. The complaint process

contains specific timelines for complaints, answers, replies and other documents and an investigation process. For example, the FTA has 90 days in which to conduct an investigation.

**Appeals:** The proposed rules outline an appeals process, including a timeline that all parties must follow, plus providing for judicial review of final decisions and orders in an appropriate U.S. District Court.

**Hardship Exception:** FTA proposed to retain the current hardship exception that allows rural areas to provide charter service when distances exist between it and available charter operators with a modification that the current phrase “too far” be replaced with “deadhead time exceeding total trip time from initial pick-up to final drop-off.”

**Fully allocated costs:** FTA proposes to eliminate the concept of “fully allocated costs” for purposes of the charter rule. The FTA believes the charter service allowed under the rule would be an incidental use of FTA-funded equipment and facilities, and the recovery of fully allocated costs would not be required.

**Cease-and-desist orders:** The proposed rule does not include a cease-and-desist provision, citing a lack of human resources to administer cease-and-desist provisions; a fear of being inundated with requests, and because FTA believes the revisions to the charter service definition with clear exceptions and strong remedies provide sufficient protection of a private operator's financial interest.

**Neutral decision-maker:** The FTA proposes a new provision that would allow FTA headquarters to make an initial decision regarding a

charter service complaint or to refer the matter to a “neutral decision-maker,” referred to as a presiding official or arbitrator for a hearing. The presiding official would hold a hearing and issue a recommended decision to the FTA that would reject, ratify or adopt with modifications the recommended decision. Any initial decision could be appealed to the FTA administrator.

**Definition of charter service:** The FTA proposes that three elements must be present for a bus service to be considered charter service:

- Transportation of a group of persons pursuant to a single contract with a third party.
- A fixed charge
- An itinerary determined by someone other than the public transit agency.

**Examples of charter service:** Use of buses or vans to transport school students, school personnel or school equipment

Shuttle service to events that occur on an irregular basis or for a limited duration

Shuttle services limited to a group of individuals pursuant to a contract with an institution, university, corporation or government.

**Service that does NOT constitute charter service:**

- Adding equipment or days to an existing route
- Extending service hours on an existing route
- Demand-responsive service that is part of coordinated public transit human services transportation
- New or modified service that is open to the public, where the recipient establishes and controls the route and the service continues from year to year.

Comments on the proposed rules are due to FTA by April 16. To get a copy of the proposed rule and details about how to file comments, go to [http://www.fta.dot.gov/regional\\_offices\\_federal\\_register.html](http://www.fta.dot.gov/regional_offices_federal_register.html). Under the Subject heading, look for: Charter Service Notice of Proposed Rulemaking.

## Transit agency seeks charter firms

The following public transit provider has informed the United Motorcoach Association of its intent to provide charter bus service unless willing-and-able private operators step forward to offer service.

UMA urges appropriate opera-

tors to take the time to respond to this notice:

**Altoona, Pa.** Deadline: 4 p.m. Feb. 28, 2007. Write to: Eric Wolf, General Manager, Altoona Metro Transit (AMTRAN), 3301 Fifth Ave., Altoona, PA 16602. Phone: (814) 944-4074.

## Laidlaw

CONTINUED FROM PAGE 3

either. Since it was merged into Laidlaw eight years ago, Greyhound has continued to operate quite independently from its headquarters in Dallas. Synergies with other Laidlaw operations have not been in abundance.

Greyhound accounted for less than 33 percent of Laidlaw's revenue in the first quarter of fiscal 2007, down from 40 percent for all of 2006.

### FirstThings first

Meanwhile, FirstGroup's takeover of Laidlaw is the first order of business for both companies and, in the eyes of most analysts the deal makes a great deal of sense.

No. 1, it would combine North America's two largest operators of school buses. Laidlaw's fleet numbers 41,000 yellow buses and the FirstStudent subsidiary of FirstGroup operates 22,000. The third-largest school bus operator in North America also is a British outfit, National Express.

In explaining the deal to employees, shareholders and the investment community, Laidlaw heavily emphasizes the cost savings to be gained. Overhead, administrative and development costs will be reduced and spread over 63,000 buses instead of 41,000, it was noted.

In London, it was reported that FirstGroup expects the deal to generate approximately \$70 million in pretax savings in the first full year following its completion. However, in a conference call with financial analysts, Laidlaw President and CEO Kevin Benson said he didn't know "where they got the (\$70 million) number from, and I can't attest to it."

At Laidlaw's annual shareholders meeting last month, and in subsequent statements, Benson noted that Laidlaw and FirstStudent are

facing significant competitive pressures in the highly fragmented school bus contracting industry.

To meet the competition, he said, industry giants like Laidlaw and FirstStudent are going to have to invest in new technology to reign in costs so they can remain competitive with smaller companies that have much lower overhead.

For example, in recent years Laidlaw has worked with manufacturers to build it school buses that last longer, reducing its bus investment costs.

### No fun being public

Benson also noted that merging Laidlaw into FirstGroup will eliminate huge expenses the company incurs by being a public company and having to comply with federal Sarbanes-Oxley Act audit and financial reporting requirements. "A lot of that reporting simply goes away" by virtue of being owned by a British company, Benson noted.

Laidlaw is not alone among American companies that chaff under the reporting burdens and costs imposed by Sarbanes-Oxley, which was an outgrowth of the corporate scandals of the late 1990s and early in this decade.

The second merger synergy noted by executives is that both FirstGroup and Laidlaw manage public transit systems in the U.S., with FirstGroup one of the largest private-sector providers of transit management and contracting. The companies operate in major cities, including Los Angeles, Houston, Denver and suburban Chicago.

FirstGroup also is one of the largest providers of airport shuttle bus services in the U.S., serving airports in Baltimore, Philadelphia, Miami and other cities.

Additionally, Laidlaw and FirstGroup operate paratransit systems, campus shuttles, call centers and other light transit activities.

However, several people in the motorcoach industry say the business has been looked at by federal regulators who found it is operating legally.

According to coach operators who have had experience with the rental company, AutoMax not only rents the buses, but supplies customers with the names of drivers they can contact to operate the bus.

"But the drivers do not have to undergo physicals, take drug tests or anything else that we as motorcoach operators are required to do with our drivers," said Tidwell. "The customers know nothing about them at all."

### Heck of a deal

The proposed deal also is being touted as favorable for Laidlaw shareholders, though there have been questions about why Laidlaw management didn't put the company on the auction block and see if a higher bidder could be found.

Under the agreement, First-

*'We believe this transaction... represents an excellent opportunity for both companies' employees and shareholders.'*

Group will acquire all of the outstanding common shares of Laidlaw in an all-cash transaction valued at roughly \$3.6 billion. That amount includes assumption of \$800 million in Laidlaw debt, making the actual purchase price \$2.8 billion.

Laidlaw stockholders are to receive \$35.25 for each share of Laidlaw common stock they hold. The deal has been OK'd by Laidlaw's directors and they have recommended that stockholders also approve the transaction. A vote by shareholders is some months away.

Since Laidlaw emerged from bankruptcy four years ago with a clean balance sheet, a changed name, and a public stock offering, the price of Laidlaw shares have gone from \$7 at their low point to over \$29 at the end of January, before the merger was announced.

Cantrell said the customers also can choose to drive the buses themselves, which adds to the safety concerns. "If the person can start it up and get it out of the parking lot then they think he's a pretty good ole' guy," he said.

United Motorcoach Association Vice President Ken Presley, who has been monitoring the situation closely, confirmed that not all bus rental customers take the time to read the fine print in the contract or check on the records of the drivers.

He said a college in Georgia that was renting buses from AutoMax dropped the service after

Some have wondered how much near-term upside investment potential remained in Laidlaw shares given the financial challenges the company faces in terms of reviving Greyhound, keeping the school bus operations competitive, and rising labor costs.

Said Benson: "Our goal for the past four years has been to develop, demonstrate and deliver shareholder value. We believe this transaction is the epitome of that goal and represents an excellent opportunity for both companies' employees and shareholders."

"The combination of Laidlaw and FirstGroup will bring together well-known brands and well-respected companies that share a very strong focus on employee and customer satisfaction. It will provide a sound economic and operational base from which to continue many of the efficiency initiatives that we have underway."

FirstGroup plans to finance the acquisition through a bank loan and share issuance.

### Pesky regulators

In addition to the talk about the merger's possible impact on Greyhound, other speculation has centered on the issue of regulatory approval and possible anti-trust implications since the transaction would combine the two largest private school bus operators in the U.S.

Benson addressed the issue in the conference call with analysts, telling them that "clearly" he was confident the transaction would win regulatory approval, and he said his confidence was shared by the Laidlaw board and FirstGroup.

"We would not have put the amount of time into it that we have to get to where we've got" if executives, attorneys and investment consultants didn't think the deal would clear regulatory hurdles, Benson told the analysts.

There are roughly 495,000

total school buses operated on a daily basis, with 330,000 owned and operated by public school districts. The 63,000 operated by Laidlaw and FirstGroup represent about 13 percent of that total. Of the 165,000 school buses operated by private contractors, Laidlaw and FirstGroup operate a combined 38 percent.

### No love

After the deal was announced, Standard & Poor's Ratings Service placed FirstGroup's short-term credit rating on watch with negative implications.

"The CreditWatch placement reflects the weak business profile of up to 50 percent of Laidlaw's operations and the increase in debt leverage required to undertake the acquisition," said S&P credit analyst Leigh Bailey. "These factors are together expected to dilute FirstGroup's existing satisfactory business profile and could also pressure credit ratios."

The unions that represent Laidlaw and FirstStudent drivers also have been critical of the deal.

The International Brotherhood of Teamsters said it was concerned about the service record of First Student, particularly when it came to safety violations.

More than 30 drivers attended Laidlaw's annual meeting, and some questioned Benson about the merger.

"FirstGroup has been an anti-union company," declared Louis Malizia, assistant director of capital strategies for the Teamsters. "As we study the details of this merger, if we find that we have a lack of confidence in FirstGroup's administration in the U.S. then we'll oppose this merger in any way we can."

In response, Benson said: "I don't think anyone who drives a bus here has any reason to worry."

## AutoMax

CONTINUED FROM PAGE 1

were to have a serious accident in one of the rented buses, it would give the motorcoach industry a black eye because the public wouldn't know or appreciate the difference between the rental business and a professional bus company and its trained drivers.

"We (the industry) have a very good safety record and this would not be good for our industry," she said.

Executives with AutoMax declined to comment on the company or its bus rental practices.

he informed them of its responsibilities and the potential financial liabilities it faced. "They backed right off," he said.

The Georgia operators say the public needs to be educated about the situation, and the best place to start might be with the rental company itself.

"I think they should be required to actually tell their customers of their insurance liability rather than just hand them a contract and have them sign it," said Tidwell.

Cantrell agreed that education is the key, although he said operators in the state also need to push

for legislation that could correct some of the problems. "But that could take two years or so and in the meantime we need to go out and educate the public."

Meanwhile, they worry the bus rental business is likely to spread to other states, causing the industry even more problems.

"It is happening in my town and it is going to be in your backyard soon, too," suggested Tidwell.

Presley agreed, saying it probably is spreading and operators around the country should be watching for it in their areas. "If you don't have it in your community now, you could soon," he warns.

# Congressmen join call for national biodiesel standard

SAN ANTONIO, Texas — Pressure appears to be building for the establishment of a national standard for biodiesel fuel.

Four Congressmen, two Democrats and two Republicans, speaking at the National Biodiesel Board's 2007 Conference and Expo here announced their strong agreement with the call for a national standard.

Such a standard "would be well received on Capitol Hill because petroleum marketers are reluctant to handle all these different blends," said U.S. Rep. Kenny Hulshof, R-Mo.

Hulshof said operators of commercial vehicles won't use biodiesel-blended fuel "if we continue to offer them all these different boutique blends all over the country."

U.S. Rep. Thaddeus McCotter, R-Mich., said that a national bio-

diesel standard would help "build a national political movement in favor of biofuels."

U.S. Rep. Collin Peterson, D-Minn., addressed a different aspect of the biodiesel issue. "We have different mandates in different states," said Peterson. "We have a

mandate to use biodiesel in Minnesota, and it works, but there's no mandate in neighboring states. I think we should have a national mandate."

About two years ago, the National Biodiesel Board declared that biodiesel would be a billion-

gallon industry by 2015. But the industry built so much capacity during the past two years that the board this past fall approved a new: "5 x 15," or 5 percent of the diesel market by 2015.

That would mean a tenfold increase in biodiesel production

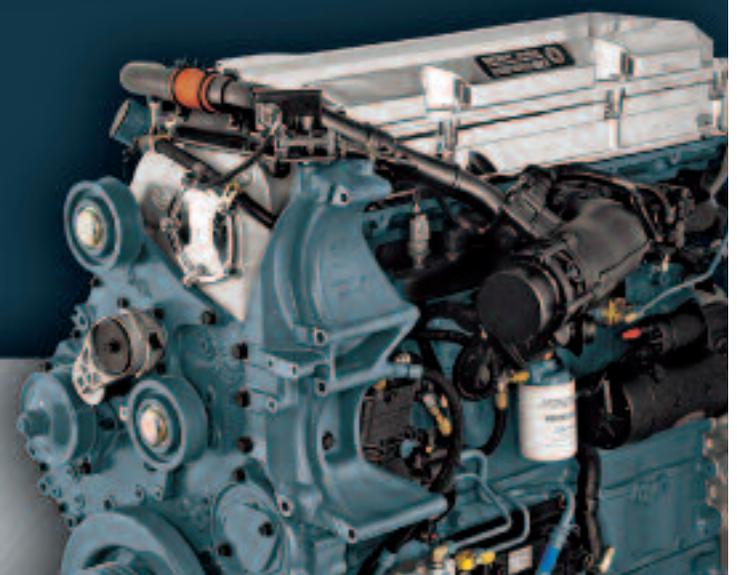
levels in 10 years.

Such a production increase would mean that all diesel now made from Iraq oil, and a fourth of all diesel now made from Persian Gulf oil, could be replaced with home-grown biodiesel, said biodiesel board CEO Joe Jobe.



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## More enforcement for ULSD labeling

WASHINGTON — The U.S. Environmental Protection Agency has stepped up enforcement of its fuel-pump labeling rules after finding that a majority of retail diesel pumps it checked were not displaying ultra-low-sulfur-diesel labels, even though they were dispensing ULSD.

EPA said ULSD is widely available, but mislabeled pumps could cause a perception it is not. "EPA has received complaints from operators ... that they cannot find pumps that are labeled ULSD," an agency spokesman noted.

## Calendar

### MARCH 2007

**7-9 Trailways 71st Annual Conference and Meeting**, Don Shula's Hotel and Golf Course, Miami Lakes, Fla. Info: Go to [www.trailways.com](http://www.trailways.com), or call (703) 691-3052.

**27 Pennsylvania Bus Association Marketplace 2007**, Pennsylvania Farm Show Complex, Harrisburg. Info: Go to [www.pabus.org](http://www.pabus.org).

### APRIL 2007

**5 DATTCO Sales & Service Expo**, Mohegan Sun Casino, Uncasville, Conn. Info: Call (800) 229-4878.

**24-26 Ontario Transportation Expo**, Holiday Inn Select Toronto Airport and International Centre, Mississauga, Ont. Info: Go to [www.ote.ca](http://www.ote.ca).

# California operators charged with fraud, tax evasion

SAN JOSE, Calif. — The owners of a San Jose bus company were arrested late last month and charged with 14 felony offenses, including insurance fraud and tax evasion.

Gerald Quint of San Jose and Susan Stommel of Pleasanton, are the owners and operators of New Century Transportation. The 10-year-old company has a fleet that includes transit and midsize buses, a motorcoach, vans, limousines and town cars.

Santa Clara County prosecutors say Quint and Stommel committed workers' compensation insurance fraud, grand theft, income and corporate tax evasion, and unemployment insurance tax evasion.

The prosecutors say the scheme cost the state of California and workers' compensation insurance companies \$2.2 million — \$3 million with interest and penalties.

If convicted on all counts, Quint and Stommel face more than 15 years in prison.

"By avoiding millions of dollars in required taxes and insurance premiums, the defendants not only profited illegally, but also gained an unfair advantage over honest business competitors," said District Attorney Dolores Carr.

When the pair were arrested they were taken to Santa Clara County jail; bail was initially set at \$1 million each.

The company operated by Quint and Stommel has about 30 employees, and operates largely in

Santa Clara and nearby San Francisco. It contracts with Santa Clara Valley Transportation Authority to provide the Altamont Commuter Express shuttle and Downtown Area Shuttle services.

It also provides contracted shuttle services from transportation hubs and light rail stations to corporate offices. Plus, it operates the shuttle buses for a popular non-profit arts center and charters to casinos.

One competitor said New Century owes area coach operators more than \$125,000 for work the operators provided to New Century.

Prosecutors said their investigation revealed that between 2004 and 2006, New Century failed to report more than \$4.5 million in wages to the state Employment Development Department.

Additionally, Quint and Stommel allegedly deducted personal income taxes and disability taxes

from employees' wages but pocketed the money instead of remitting it to the Employment Development Department.

As a result, the pair defrauded the state of more than \$280,000. And because paid wages are used as the primary basis to calculate a business' workers compensation insurance premium, prosecutors said "such gross underreporting in payroll" also illegally and substantially lowered the workers compensation insurance premiums for New Century.

Prosecutors say the total amount of premium defrauded between 2003 and 2006 was more than \$1.3 million.

Investigators also said Quint and Stommel failed to report nearly \$11 million in New Century revenue from 2002 through 2005, resulting in evasion of more than \$480,000 in state corporate and personal income taxes

## Corrections

Larry Williams of L.W. Transportation in Fredericksburg, Va. was incorrectly identified in a

photograph in the Feb. 15 issue. The professional affiliation of David Messick of Blue Ridge Coach Lines in Culpeper, Va., also was wrong.

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