

Bus & Motorcoach NEWS

WHAT'S GOING ON IN THE BUS INDUSTRY



Motorcoachified...More or Less. Operator and vendor coaches show the variety of wraps available for the *Get Motorcoachified* campaign. An ABC Companies' T2140 Van Hool demonstrator displays a full wrap; a Holiday Companies of

Randleman and Greensboro, N.C., coach sports a *Get Motorcoachified* bumper wrap, and a coach operated by Tri-City Charter of Longview, Texas and Bossier City, La., rolls with a back-window wrap. Learn more at www.MotorcoachCouncil.com.

Charter list re-registration deemed vital for operators

WASHINGTON D.C. — Private motorcoach operators who signed on early to the Federal Transit Administration charter registration list should keep a close watch on their e-mails over the next several weeks.

Those who don't could be dropped from the program that notifies them of potential charter service jobs available in their area.

Re-registration is required every two years and the FTA already is notifying individual operators by e-mail that their registration is about to expire and they will have to sign up again if they want to continue receiving charter notices.

The list is a critical part of the revised charter service rule that was adopted by the FTA about two years ago to prevent tax-funded public transit agencies from taking charter work from private operators.

Under the rule, transit agencies

are required to notify motorcoach operators on the list of any charter work they have been asked to do. The private carriers then would have first shot at the jobs and the transit agencies could do the charters only if there were no private companies willing to do them.

Motorcoach industry representatives say getting — and remaining — on the list is not only important for individual operators, but could be critical to the survival of the charter rule.

"Registration is the only method of telling the communities of your interest in serving them," said Ken Presley, vice president of the United Motorcoach Association.

He and others in the industry warn that the charter service rule is under attack by transit agencies across the country that want it changed so they can resume doing

CONTINUED ON PAGE 8 ►

Tax collectors target use of independent contractors

WASHINGTON — The Internal Revenue Service and 37 states reportedly are targeting companies that try to reduce payroll costs by illegally classifying workers as independent contractors instead of employees.

The practice costs governments billions in lost revenue.

It also can leave workers without workers compensation if they are injured on the job, and without benefits if they lose their job.

Many who have studied the problem believe it has worsened during the economic downturn, prompting the more aggressive recovery efforts by states.

A number of large companies, including Target, FedEx Ground

and Comcast, already have been accused of cutting costs by removing workers from the payroll or bringing on new workers — sometimes through intermediary companies — without making them full employees.

The Society for Human Resource Management, representing company personnel departments nationwide, said it surveyed members in October 2008 and found 12 percent of them were moving to use more independent contractors, contingent, and temporary workers because of the recession.

By designating workers as "independent contractors," businesses can save as much as 30 percent

CONTINUED ON PAGE 8 ►

Diesel prices dip, but will it last?

A still-weak U.S. and world economy produced lower diesel fuel prices during February, but whether the trend will continue seems problematic.

Diesel's average price in the U.S. dropped to about \$2.77 a gallon at the end of last month, down 11 cents a gallon from late January, the U.S. Department of Energy reported.

Despite the price slide, the mo-

torcoach industry's main fuel is selling at 55 cents a gallon higher than it was a year ago.

Except for a three-week price run-up at the start of the year, diesel fuel prices have slipped lower during most of this year so far.

Gasoline also fell in February, declining to \$2.652 a gallon.

Similarly, crude oil prices have traded lower, falling to below \$77 a barrel, held in check by a stron-

ger dollar and signs demand for gasoline and other fuels remains sluggish.

A recovering dollar tends to put pressure on oil prices because it makes oil more expensive for investors holding other currencies.

Meanwhile, some analysts expect fuel demand to soon pick up, and conspire with limited supplies to boost oil prices, probably \$10 a barrel higher to around \$90 a barrel.



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Fire destroys Champion Bus plant

Speedy restart is anticipated

IMLAY CITY, Mich. — A fire that destroyed the main manufacturing plant of Champion Bus Inc. isn't expected to halt the company's assembly operation for very long.

Instead, the company that builds Champion and General Coach America small and midsize buses, as well as two midsize models for ABC Companies, expects to be back in production this month.

"We have the luxury of having two plants (on site), so we can move production to the other plant," said Andrew Imanse, group president of the commercial buses unit of Thor Industries, which owns Champion. General Coach America and Champion are sister companies.

He said the second facility, which was not damaged, was set up for production before the fire, but at the time was only being used for finishing work.

"We just have to rearrange some things," said Imanse. "We have the materials on hand and probably will just have to fix a few

jigs and fixtures."

He said the manufacturing complex employs about 300 people and Thor is eager to get them back to work as soon as possible.

The Feb. 14 fire that gutted the 100,000-square-foot plant destroyed buses that were on the assembly line, plus raw materials and equipment.

The cause of the fire has not been determined, nor the dollar amount of damage. In a filing with the U.S. Securities and Exchange Commission, the company said it would be responsible for the first \$5 million in damages.

"We are deeply saddened about the tragedy Champion has experienced," said Brenda Borwege of ABC Companies.

She said ABC is working with Champion-General Coach to mitigate any inconveniences that may occur to the company or its customers.

"Champion is working on contingency plans, and they have been a good partner with ABC," she noted.

Champion-General Coach produces two 35-foot models for ABC, the 3035RE and the M1235.

There were early, unconfirmed

reports the fire began in a welding area. Employees had been working in plant on Saturday, the day before the fire was discovered.

There also were indications the fire burned for several hours before it was noticed outside the building around 7:30 p.m. Sunday.

When the local fire chief arrived on the scene he soon discovered there was no one in the plant, so he hurriedly began removing materials the fire had not yet reached. The effort reportedly saved some tooling and jigs, as well as bus sidewalls and caps.

Logistics is a key issue in resuming production, including where to store materials and components used in the production of buses. Thor and Champion spokesmen, as well as other sources, said the company had moved quickly to lease warehouse space in and around Imlay City.

In addition to getting the production line running as quickly as possible, Imanse said discussions have been held regarding rebuilding the plant.

"We already met with the architects," he said.

Thor, which was founded 30

Popular Chicago charter operator Richard Hausman dies at age 55

MT. PROSPECT, Ill. — Richard Hausman, a well-liked Chicago tour and charter operator whose family name is synonymous with the motorcoach industry, died last month on his way to a short vacation in Las Vegas. He was 55.

Mr. Hausman was the son of industry legend Gerald 'Jerry' Hausman, the founder of Hausman Bus Sales. The senior Mr. Hausman died two-and-one-half years ago.

Richard Hausman spent 25 years in the industry before co-founding Chicago Classic Coach about four years ago. The company operates a fleet of 20 buses, plus limousines, SUVs, and vans.

Chicago Classic Coach was among the first private charter operators in the nation to adapt eco-marketing to the motorcoach industry, emphasizing a green message to differentiate its ser-

vices in its market.

Friends and colleagues described Mr. Hausman as a thoughtful, caring individual who was always willing to help others. He was widely respected and admired for his professionalism and good nature.

One industry veteran said Mr. Hausman not only was a successful businessman but "a really fine person, and a real bus guy."

Earlier this year, he was chosen vice president of the newly reformed Illinois Motorcoach Association.

He is survived by his partner Patti Hogate; two children, Josh and Taylor; two brothers, Michael and Sam, and three sisters, Bonnie Daniels, Julia Jacobs and Laura Isen.

A memorial has been established with the American Cancer Society.

years ago, has about 5,500 employees working at a dozen divisions in Indiana and Michigan. It acquired Champion in 1998.

Richard Riegel of Thor said al-

though the fire was devastating, it could produce a silver lining.

"We'll get through this," he said. "It will create a better opportunity for us to improve."

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THE DOCKET

Suit over climate finding

WASHINGTON — A group of organizations and individuals that includes businesses, several members of Congress, and a conservative public interest legal foundation has filed suit in federal appeals court challenging the U.S. Environmental Protection Agency finding that greenhouse gas emissions are a danger to public health.

The lead plaintiff in the lawsuit, the Southeastern Legal Foundation, called EPA's "endangerment finding" a "power grab" and based on "scientific errors and fraud."

"The scientific basis for the EPA endangerment finding is flawed, based on questionable and potentially fraudulent data, and certainly does not rise to the level of certainty necessary to upend the American economy, toss millions out of work, and which promises little or no climate change benefit over the next half-century," Shannon Goessling, executive director of the Atlanta-based foundation, said in a statement.

The USEPA said in a statement it believes its finding will withstand the court challenge.

Bill targets state tax practices

WASHINGTON — Is the third time a charm for federal legislation that would restrict states from imposing corporate income and other business taxes on interstate commerce unless those involved in the activities have a substantial nexus, or connection, with the state seeking to impose the tax?

Congress is currently considering a bill, titled Business Activities Tax Simplification Act of 2010 (H.R. 1083), that would put limits on the states' ability to impose their taxes on businesses engaged in interstate commerce.

Similar legislation has been introduced in at least the last three sessions of Congress, and the ear-

lier bills received hearings but stalled.

Last month, the House Subcommittee on Commercial and Administrative Law of the Judiciary Committee held a hearing on the latest version of the legislation.

As the bill is currently written, it would do little for interstate motor carriers, a group of businesses that are at least as much exposed to unfair taxes of this sort as any other kinds of business.

But efforts are being made to submit language that would go a long way toward solving many carriers' nexus problems, as well as making state practices in this respect more uniform.

Live witnesses at last month's hearing were limited to one representative from business and one from state government, along with an academic.

As would be expected, the representative of the states urged Congress to back off, saying the states are best equipped to handle the issue fairly on their own.

However, written testimony has been submitted, pointing to several areas where state tax practices have forced Congress to enact legislation protecting interstate carriers, and noting that states are beginning to retaliate against one another's motor carriers, a situation that would seem to require federal action.

W.Va. eyes idling limits

CHARLESTON, W.Va. — The West Virginia legislature is considering bills that would limit bus and truck idling, allow tolling beyond the state turnpike, and bring state commercial driver's license laws into federal compliance.

A bill, SB 183, would restrict idling to five minutes in any hour for trucks and buses weighing more than 10,000 pounds, but allow for some exceptions. Fines would range from \$150 to \$300.

The bill is being considered by the state Senate Transportation

and Infrastructure Committee.

The legislature also is reviewing identical House-Senate bills that would give the Parkways, Economic Development and Tourism Authority the power to make some of the state's new or existing roads toll roads.

The bills were introduced at the request of West Virginia Gov. Joe Manchin.

Finally, legislators are considering similar bills that would bring the state CDL law into compliance with federal laws.

States eye services for more taxes

Many more service providers in the U.S. likely will be forced to pitch in to solve state and local government revenue shortfalls.

Sales taxes today mainly, though not exclusively, hit sales of tangible goods such as sofas and SUVs.

Faced with the worst budget crisis in a generation, many states are looking to expand sales taxes to services. The goal, legislators say, is to broaden the tax base to cover a broader swath of the economy as traditional sources of tax revenue decline.

Although in early stages, service taxes are being considered by legislators around the U.S. In Kentucky, representatives have introduced a measure to extend sales taxes to some high-end services such as limousines and balloon rides.

In North Carolina, the legislature last year considered, but didn't pass, a proposal to tax services such as car repairs and lawn care.

In Maine, the legislature last year passed a law that would lower income taxes for most residents but extend sales taxes to services such as car repairs and dry cleaning. It faces a voter referendum in June.

Many states already tax some services, such as hotel rooms and restaurant tabs.

Hawaii and New Mexico tax the broadest array of services, more than 150, including movie tickets, according to the Federation of Tax Administrators, a trade group of state tax agencies.

"The tax system ought to reflect the nature of our current econ-

States tackle budget woes

At least 40 states have begun their 2010 legislative sessions and virtually all of them are wrestling with budget shortages, many of them severe.

Two more states begin their regular sessions later — Louisiana's begins at the end of this month and North Carolina's starts around the middle of May.

No regular sessions are scheduled this year in Montana, Nevada, North Dakota, Oregon and Texas.

omy," says Gerald Parsky, an investment manager who last year chaired a commission on California's tax system. The panel suggested the state lower personal income taxes, eliminate the state's corporate income and sales taxes, and replace the revenue with a "business net receipts tax" that would tax a greater share of businesses.

"The sales tax in California doesn't reach the service economy and yet the state is providing benefits to those people," said Parsky, a Republican. The idea went nowhere.

A policy advocate for the California Chamber of Commerce said her organization opposed the idea for a number of reasons, including potential harm to smaller businesses such as dry cleaners. "These small businesses are trying to sell their services and they are going to essentially have to tell their consumers now the prices have increased," she said.

The consumption of services, at about \$6.1 trillion a year, accounts for about two-thirds of

Nearly all states are in terrible financial shape, and many legislatures have run through their repertory of budget-balancing tricks in prior sessions. Besides that, federal stimulus money for states will run out this fiscal year.

Many states will have to make real spending cuts or raise taxes in a serious way. All this is likely to be greatly complicated by the fact that nearly three-quarters of the states elect governors this fall.

total U.S. consumer spending, yet services aren't widely taxed by state and local governments. This is rooted partly in history: Sales taxes in the U.S. began to spread around 75 years ago when the service sector was a smaller share of the economy, and legislators have generally found it easier to raise existing sales tax rates than to extend the tax to new areas.

As the service sector's share of the economy has grown, so has its influence. Whenever a service is proposed, everybody in that profession shows up to protest it.

State and local governments are funded almost entirely by taxes on sales, property, personal income and corporate profits, which together account for 81 percent of state and local tax revenue.

High unemployment and thrifter consumer behavior have eaten into income and sales taxes. And in many places falling real-estate prices have reduced property taxes, the biggest source of local funding and normally a stable revenue stream.

Wyoming pursues I-80 tolling

CHEYENNE, Wyo. — Wyoming continues working toward establishing tolls on Interstate 80, which stretches across the state.

The state Senate Transportation, Highways and Military Affairs Committee approved a bill last month directing the Wyoming Department of Transportation to work on a tolling plan for the road.

After the study is completed, the legislature would have to assess the study and take any further action. Federal approval also could be

required before tolling could begin.

"The tolled configuration will allow Interstate 80 to be maintained and to be operated in a way that will reduce increasing traffic congestion, delays, hazards, injuries and fatalities," the proposed state legislation says.

Two years ago, the state hired a national consultant firm to conduct the first phase of the study, which found that toll rates would range from \$116 for big rigs, to \$9.50 for autos.

Iowa enforces intrastate rule

DES MOINES, Iowa — Intrastate carriers in Iowa must now display their company name and USDOT registration number.

However, enforcement of the requirement does not begin until next year. In the meantime, the state Office of Motor Vehicle Enforcement will issue verbal warnings. After that, a citation could be issued, which carries a \$25 fine and court costs.

The new requirement affects anyone transporting persons or property in commerce with a commercial motor vehicle.

Displaying the number allows enforcement officers to track a carrier's safety rating and insurance.

More information on Iowa's new rule can be found at www.iowadot.gov/usdotnumbers.html, or by calling (800) 925-6469.

Operators could be shocked by new DOT rating system

WASHINGTON — A former chief of the Federal Motor Carrier Safety Administration says the agency should develop a mechanism for giving commercial vehicle operators an early peak at their rating before a new safety monitoring system is fully implemented later this year.

Annette Sandberg, who headed the FMCSA during the early years of the Bush Administration, said officials at the agency should provide carriers with a procedure for seeing what their safety scores would look like under the new Comprehensive Safety Analysis 2010.

Sandberg said fleets need at least three to four months before CSA 2010 goes live to clean up their data.

"If they're not in a pilot state, they have no idea what they look like," she said.

While the FMCSA has been focused on the safety impacts of CSA 2010, it has not really been concerned about the financial impacts on fleets, Sandberg said.

For example, will operators with high scores be shunned by potential customers?

Under the CSA 2010 system, which has been under development by the FMCSA for three years, bus and truck operators will be under additional scrutiny and scored with more refined criteria.

CSA 2010 uses seven Behavioral Analysis Safety Improvement Categories, or BASICs, to evaluate operators. As a result, carriers that had good scores under SafeStat could find themselves "deficient" in areas under CSA 2010.

The FMCSA currently is pilot testing the CSA 2010 the program in a half-dozen states.

Sandberg made her comments during a conference call hosted by the investment firm of Stifel Nicolaus. She provided her thoughts on the pressing regulatory issues facing commercial vehicle operators.

Sandberg, a principal at Trans-Safe Consulting, said she expects the FMCSA to issue a final rule on electronic onboard records by the end of summer, possibly earlier. A draft electronic onboard recorder rule currently is being evaluated by the White House.

The rule is expected to require recorders for carriers that fail to

Tougher drug testing is proposed

WASHINGTON — The U.S. Department of Transportation wants to toughen its workplace drug-testing program for bus and truck drivers and other transportation workers, including testing for the drugs ecstasy and heroin.

The department has published a proposed rule that also would lower cutoff levels for cocaine and amphetamines and authorize employers to use test facilities certified by the U.S. Department of Health and Human Services to conduct initial drug testing.

HHS has estimated there may be 10 percent more users of amphetamine and cocaine identified using the lowered cutoffs.

Jim Swart, director of DOT's Office of Drug and Alcohol Policy and Compliance, said in a statement that the proposed rule is intended to more closely align

meet hours-of-service standards, and also encourage voluntary use of recorders by various incentives.

It also will spell out new performance standards for the devices, taking into account the technological developments that have occurred since the current voluntary rule was established more than 20 years ago.

much of the USDOT program of direct-observation urine drug-testing with stringent HHS drug-testing guidelines.

The USDOT will take comments on the proposed rule until April 5.

The drug-testing proposal has been on USDOT rule-making agenda for nearly six years, when HHS revised some of its mandatory workforce drug-testing guidelines for federal agencies.

"In this rule, we are seeking to harmonize our proposals for laboratories, collectors, medical review officers and employers with the new requirements contained in the revised HHS mandatory guidelines," the rule says.

Annette Sandberg, a transportation consultant and former administrator of the Federal Motor Carrier Safety Administration

Sandberg believes EOBRs "will probably be mandated (for all truck and bus operators) in the next five years, if not sooner."

Sandberg said that while a lot of operators don't like EOBRs because they're expensive and they don't want to be monitored, she also noted that many companies already have GPS units in their vehi-

said during a conference call last month that she didn't expect the new drug-testing standards to be implemented soon.

She said USDOT is busy with more urgent trucking issues, such as a revised hours-of-service rule for truckers and electronic onboard recorders.

Comments on the proposal must include the docket number, OST-2010-0026 or RIN 2105-AD95 and may be submitted by the following means:

- Federal eRulemaking Portal: Go to www.regulations.gov and follow the online instructions for submitting comments.

- Mail: Docket Management Facility, U.S. Department of Transportation, 1200 New Jersey Ave. SE, West Building Ground Floor Room W12-140, Washington, D.C. 20590-0001.

cles, and it's a small step from GPS to EOBRs.

Regarding other issues, including reauthorization of the surface transportation bill, the U.S.-Mexico border dispute, and driver health and drug testing, Sandberg said these items have been delayed or put on the back burner because of other legislative priorities.

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Prevost launches engine website

STE. CLAIRE, Quebec — In conjunction with the introduction of 2010 Volvo engines in its motorcoaches, Prevost has developed a website that provides extensive information about the selective catalytic reduction technology used in the new engines.

The website can be found at www.VolvoBusSCR.com.

Prevost has been gearing up for months to adopt the 2010 Volvo D13 engine in the coaches it sells throughout North America.

Prevost executives says the selective catalytic reduction system developed by Volvo not only meets

but exceeds 2010 USEPA requirements, delivering near-zero emissions of particulates and NOx (oxides of nitrogen).

“Volvo’s SCR, already well proven in Europe, combines the best aspects of exhaust gas recirculation with a diesel particulate filter and selective catalytic reduction,” said Michael Power, director of marketing for Prevost.

The SCR website includes answers to frequently asked questions about diesel exhaust fluid, which must be used with SCR systems; information on diesel exhaust fluid availability, and other facts about

SCR.

The site has a French-language version, and it can be linked from the Prevost website, www.prevost-car.com.

Separately, Prevost announced it has established a presence on Facebook.

“Facebook users can become fans of Prevost on the Prevost Facebook page,” said Power.

Facebook users can find the Prevost Facebook page by linking from the Prevost website; searching for “Prevost” on Facebook, or using this link: www.facebook.com/pages/Prevost/185461153519.

Scenicruiser reunion set for early April

ADRIAN, Texas — That most iconic of motorcoaches, the 1950s Scenicruiser, will be the star attraction early next month at a “Scenicruiser reunion” in west Texas.

A group of enthusiasts, lead by Tom McNally of Peoria, Ill., is organizing Scenicruise 2010, to be April 8-9 in the tiny community of Adrian, Texas (population 150), and Amarillo, Texas, (population 240,000). Amarillo is about 50 miles east of Adrian and actually

has motels and more than one restaurant.

Adrian was chosen as the first-day site for the reunion because it’s the legendary midpoint between Los Angeles and Chicago (1,139 miles each way) on historic U.S. Route 66 (“America’s Mother Road”). Adrian is in far west Texas, 37 miles from the Texas-New Mexico state line, just off Interstate 40.

At least a half-dozen of the 1,001 Scenicruisers built by General Motors between and 1954 and

1956, and designated the PD-4501, are expected at the reunion. They will make a nostalgia run between Adrian and Amarillo with reunion attendees on board.

All the Scenicruisers were built by GM for Greyhound Lines, which operated them across the U.S. from 1954 into the 1970s. With their raised deck, the coaches came to symbolize luxury passenger highway travel in the 1950s and ’60s.

It is estimated that 200 Sceni-

School bus driver is hero

ARONEY, Ala — A school bus driver has been hailed as a hero for helping a woman escape from a burning house here last month.

Debra Hall, assistant principal at Crossville School told the *Fort Payne Times-Journal* bus driver Jeremy Moses should be commended for his action.

The incident happened on a Thursday morning while Moses was driving his usual route. While traveling through the Aroney community, Moses passed a burning house and noticed a woman outside, screaming for help, yelling that another woman was trapped inside.

With no one else and no other vehicles in sight, Moses pulled his

bus to the side of the road, turned on his emergency flashers, assigned two older girls on the bus to watch over the younger students, and rushed to help.

Hall said Moses ran around to the side of the house, opened a window and helped the trapped woman through a window and outside to safety just as the roof began to collapse.

An eighth-grade student on the bus, Timothy Kerr, attempted to save a dog trapped in the house but wasn’t successful.

Hall has sent a letter to the DeKalb County Board of Education requesting the board recognize Moses and the student at an upcoming meeting.

Big Texan Steak Ranch, off I-40.

ABC Companies’ recently restored PD-4501 is likely to be one of the coaches traveling to the reunion. McNally owns the former Greyhound Scenicruiser No. 1001.

For more information, including hotel and campground information, contact McNally at (309) 253-2169, or by e-mail at bonemcnally@hotmail.com, or Chad Goertz at (661) 212-2026, or by e-mail at chadgoertz2@msn.com.

cruisers survive, with many converted to motorhomes and other uses.

Numerous other vintage buses also are expected at the reunion, which also is being called “The Hounds of the Mother Road Reunion.”

The event gets under way at 10 a.m. April 8 in Adrian. Following picture taking and lunch, the Scenicruisers will drive to Amarillo where they will be on display at the

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Federal Government Bans Texting for Commercial Drivers

How Will You Remind Your Drivers?

A texting ban for commercial motor vehicle (CMV) drivers is now in effect. In a notice that appeared in the Federal Register on January 27, 2010, the Federal Motor Carrier Safety Administration announced that CMV drivers are prohibited from retrieving, reading, preparing, or sending text messages through wireless electronic devices while driving.

The ban is applicable to all CMV drivers who are subject to the Federal Motor Carrier Safety Regulations.

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IRS crackdown

CONTINUED FROM PAGE 1

of payroll — avoiding unemployment insurance and workers' compensation payments, as well as the employer's share of payroll withholding.

The practice deprives states of revenue, even as rising jobless rates strain their budgets. The nation's unemployment rate in January was 9.7 percent.

Typically, unless workers fight for and win a ruling that they should have been treated as full employees, they aren't able to collect workers' compensation for an injury or unemployment benefits when left jobless.

The federal Government Accountability Office estimates that employee misclassification resulted in the underpayment of an estimated \$2.72 billion in Social Security taxes, unemployment insurance taxes and income taxes in 2006, the last year for which figures are available. The IRS said it is beginning a three-year study of the issue.

The state crackdowns include:

- **New York:** A multi-agency team reported finding nearly 31,500 cases of employee misclassification and nearly \$390 million in unreported wages from Sept. 2007 and the end of 2009. It had ordered employers to pay more than \$28 million in past-due wages, taxes and penalties.

- **California:** Orange County prosecutors said last year they would seek \$38 million from a couple for workers' compensation fraud for failing to pay premiums and submitting claims for 42 injured but uninsured workers at their construction companies.

- **Florida:** A 2008 statewide grand jury found some construction contractors conspired with check-cashing stores to fake pay-

ments to a bogus subcontractor, cash the checks themselves and pay workers cash, under the table.

- **Ohio:** The state's Bureau of Workers' Compensation ruled last year that a former state attorney general's top aide improperly classified all four employees at his Youngstown construction firm; on appeal only two were found misclassified. The state won't say how much he owes in restitution.

Some companies say using independent contractors helps them keep costs down and stay flexible in an increasingly tough and competitive economy.

Some brand-name companies have been sued for alleged employee misclassification. FedEx Ground, a subsidiary of Memphis-based FedEx Corp., has been sued more than 45 times for classifying package delivery drivers as independent contractors. The company maintains its drivers are small-business owners, who can own multiple routes and expand their business as they wish. Court rulings have been split.

Both cable television giant Comcast and Target have been sued for allegedly hiring intermediary companies that deny benefits to workers. Plaintiffs included janitors who worked in Target stores in Texas and cable TV installers in Massachusetts. Both Target and Comcast maintain the workers suing were never employees of theirs.

"Misclassification of employees as independent contractors results in violations of any number of federal and state employment benefit and protection laws, and state and federal tax laws, including minimum wage and overtime violations," said Nancy Leppink, deputy administrator of the U.S. Labor Department's Wage and Hour Division.

Thrust changed for FTA projects

WASHINGTON — There was a time, not so long ago, when it was widely accepted that the primary role of public transit agencies was to transport as many people as possible — safely, efficiently and at modest cost.

In striving to achieve those goals, it was said, transit agencies would reduce congestion, cut exhaust emissions, save the planet.

Transit agencies, by and large do move people safely and, at times, efficiently and cost effectively.

Unfortunately, many transit agencies, as anyone who has spent even a minimum amount of time studying the industry can readily attest, are financial sink holes.

And transit agencies have had only limited success at getting Americans to abandon their automobiles, thereby reducing pollution and congestion to any great extent.

Having come up short on several fronts, the U.S. Department of Transportation has now found a

new mission for public transit — economic development and other fun things.

The USDOT has proposed revised funding guidelines for major transit projects that would be based on "livability issues," such as economic development opportunities and environmental benefits, in addition to cost and commuting-time savings.

The guidelines would change how the Federal Transit Administration selects projects to receive federal tax dollars through its New Starts and Small Starts programs.

The FTA will immediately rescind budget restrictions issued by the Bush Administration five years ago that primarily focused on how much a transit project shortened commute times in comparison to its cost.

The new guidelines mean the FTA will now evaluate a project's environmental, community, economic development and congestion relief benefits.

The Obama administration soon will initiate a rulemaking process on the guidelines and seek public comment on the best ways to measure such benefits.

"Our new policy for selecting major transit projects will work to promote livability rather than hinder it," said U.S. Transportation Secretary Ray LaHood in a statement. "We'll finally be able to make the case for investing in popular streetcar projects and other transit systems that people want — and that our old ways of doing business didn't value enough."

The American Public Transportation Association backs the guideline revisions as "much needed changes to the New Starts project selection process."

"This is a change that APTA has long championed, and it will allow for a more efficient approval process, so projects can move forward more quickly," said APTA President William Millar in a statement.

Charter rule

CONTINUED FROM PAGE 1

charters whenever it suits them.

Politicians have joined in on the attack and one of them — Sen. Patty Murray, a Democrat from the state of Washington — has succeeded in getting King County Metro Transit in Seattle exempted from the rule. (See January and Feb. 15 issues of *Bus & Motorcoach News*.)

Many in the motorcoach industry have suggested that if operators don't join the registration program and perform the charters the FTA could see that as a sign private companies are not interested in the rule, possibly making it easier for federal regulators and legislators to change it.

"Operators who fail to re-register may be essentially giving their local transit a free license to perform charter work," stressed Presley.

Although the FTA has only begun sending e-mails to operators whose registration is about to expire, problems already have developed.

The FTA said some operators have complained about a requirement that makes them wait until after their current registration expires before a new registration will be accepted.

The e-mails being sent to the operators informs them that their registration will expire in one week and that a second notice will be sent to them one day before it expires. But, the notice says sign-

ing up again only can be done after the actual expiration date.

"We've received some complaints about their being a gap in their registration, and we are working on that problem and hope to have it resolved soon," said an FTA spokeswoman.

Operators that have not signed up for charter notifications can register at www.fta.dot.gov/CharterRegistration. Just click on "I accept these terms" and then "Submit new private charter operator registration."

Assistance is available by calling (202) 385-4357 or (866) 466-5221.

Companies that are already signed up should wait for the notice saying their registration is expiring.

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Long-time industry business model continues to erode

By Dave Millhouser

“You won’t believe what I found!” JR exclaimed breathlessly.

“A guy sold me a gold Rolex for only \$350.”

The watch WAS beautiful, but it had a minor flaw...the logo on the dial said “RoMex.” Suddenly, the under-priced watch was not like money in the bank.

Sometimes we make an assumption about the value of things based on incomplete information, and other times values change dramatically because of events beyond our control.

For many years motorcoach companies in the U.S. operated on a unique business model. The buses they operated were extremely well built and had service lives approaching 20 years. You would buy a coach, run its wheels off, and sell it several years later for nearly the purchase price. You might not run it 20 years but the price it commanded in the used market relied on it being useful for that long.

Back then, many operators were willing to “turn wheels” for little or no profit. They knew that

when they sold the coach for far more than its depreciated value the return from the sale would be their profit. A bus was like money in the bank, and family fortunes were built on them.

In the 1990s this all began to change. Manufacturers needed to sell more buses, so they built stock units and began discounting to move them. Financing was readily available and cheap, so operators who had been buying used now bought new. We, as an industry began selling the public on riding new buses, despite the fact that a 20-year-useful life was critical to our business model.

A customer once told me he was insulted by my company’s low offer on his trade. And, that he was glad we’d finally been forced to offer discounts on the new coach. He missed the connection between new bus pricing, and the residual value of used equipment.

Why buy an expensive used coach if a discounted new one is only a few dollars more?

European coach operators have taken a different tack, and it appears we are moving in that direction. Used coach values matter to

them — but not as much. It’s a different environment, and they are able to get higher prices for running trips, making an operating profit. This gives them a bit more control of their destiny.

As you consider equipment purchases, and plan for the future, it’s important to give thought to what part residual values will play and what forces may influence them.

Obviously, the quality of the coach and the manufacturer’s support network are critical. A well-built bus ages well. Some models are designed for a shorter life and there’s nothing wrong with that — IF you account for its impact on resale.

Some finance companies are struggling with a glut of repossessions. This impacts residual value in at least two ways. They tend to accept lower prices for these coaches, just to blow them out (and, remember, your used buses are competing with theirs).

In addition, once burned, finance companies are reluctant to fund used-coach purchases without big down payments. The person you’re trying to sell your

coaches to may not be able to come up with the down-payment money. That’s one reason why trading to a manufacturer at wholesale can make sense.

New brands of coaches have been introduced in recent years. The U.S. market is small and the economy is ugly. Some current players may not survive.

When GM, Eagle, Neoplan, Irizar and Dina departed the field, the value of those products dropped dramatically. The fiscal health of a coach’s manufacturer will have a significant impact on its long-term value.

Drive trains matter. Some model years are perceived as being better than others, so buses equipped with a particular engine or transmission may hold their value better. Extended warranties are a plus.

Conversely, if a major component builder leaves the field, coaches equipped with their product lose ground. Some, for instance, are worried about the potential impact of Caterpillar pulling out of the on-highway market. Cat says it will continue to support its engines, but will its

dealers?

One of the benefits of buying new equipment now is that in a few years you may benefit from the current down market. In 2015, a buyer looking for a five-year-old coach may have very few to choose from. If you need equipment, and choose the right bus, now might be a good time to buy.

Conversely, a well-maintained coach can look good (and operate well) for years.

One enterprising operator managed to keep his passengers from questioning his buses’ age by taping over the model year on the builder’s plate. His coaches were immaculate, and he got away with it until he was ready to sell — for a fair price.

Masking tape is inexpensive and effective.

Dave Millhouser is a bus industry marketing consultant and freelance writer. Contact him at: dave_millhouser@hotmail.com.



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3-4 Aloha Bus Maintenance Forum, Hilton Waikiki Prince Kuhio, Honolulu. Info: (808) 834-1417.

14-17 Trailways 74th Annual Conference & Stockholders Meeting, Renaissance Ross Bridge Resort and Spa, Birmingham, Ala. Info: Go to www.trailways.com.

16 Greater New Jersey Motorcoach Association Membership Meeting, Seaview, a Dolce Resort, Galloway, N.J. Info: Go to www.gnjma.com, or call (856) 665-3200.

22 Pennsylvania Bus Association Awards Banquet, Holiday Inn Harrisburg-Hershey, Grantville, Pa. Info: www.pabus.org.

23 Pennsylvania Bus Association Marketplace 2010, Pennsylvania Farm Show Complex, Harrisburg. Info: Go to www.pabus.org.

29-30 South Central Motorcoach Association Operators Meeting, IP Casino, Resort & Spa, Biloxi, Miss. Info: www.southcentralmotorcoach.org.

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