

# Bus & Motorcoach NEWS

WHAT'S GOING ON IN THE BUS INDUSTRY

## Houston operator seeks to build Texas powerhouse

HOUSTON — A Houston-based bus holding company is seeking U.S. Surface Transportation Board approval of its acquisition of five Texas and Louisiana motorcoach companies in what amounts to the most significant industry consolidation move of the decade.

The combined company would initially operate with 650 vehicles, making it the largest private

ground-passenger-transportation provider in Texas, and the dominant player in fast-growing central and east Texas.

Newly-formed Texas Bus and Limo Acquisition Corp. seeks to consolidate GBJ Inc., which is the corporate parent of AFC Transportation of Houston, the nation's 20th largest motorcoach operator; Echo Tours and Charters, a fast-growing Dallas-based operator;

Roadrunner Charters of Irving, Texas, the nation's 45th largest coach operator; Star Shuttle Inc., a market leader based in San Antonio, and Tri-City Charter, which has bases near Shreveport, La., and in Longview, Texas.

Completion of the acquisitions, along with regulatory approval, would create North America's 6th largest motorcoach operation, eclipsed only by FirstGroup Ameri-

ca (Greyhound), Coach USA, Horizon Coach Lines, Academy Bus, and Pacific Western Group of Calgary, Alberta.

The driving force behind Texas Bus and Limo Acquisition is AFC Transportation and its principals, John Ferrari, founder of AFC, and his step-father, H. Sonny El-Lahham.

El-Lahham, who also is known as Hassam El-Lahham, is listed on

the Transportation Surface Board application as the president and CEO of Texas Bus and Limo. He is a Houston restaurateur and has supported his son since he formed AFC Transportation as a one-vehicle limousine company 22 years ago.

"Placing the carrier applicants under one corporate umbrella will enable the applicants to take

CONTINUED ON PAGE 20 ►



### Spring Fling

The Museum of Bus Transportation in Hershey, Pa., held its annual spring open house last month, drawing a record crowd and many more attendee-owned buses than usual. At right is the museum's 1959 GM Coach suburban bus that had a bit role in the movie Forrester Gump. See story on Page 8.



Photos by Chris Schmidt

## Environment for borrowing stays positive for operators

Since the late 1990s, U.S. monetary policy has been aimed at maintaining interest-rate targets that are relatively low to stimulate investment and consumption and to combat the lingering economic stagnation resulting from the financial meltdown of the last decade.

For motorcoach operators that has meant reduced interest rates when it came time for borrowing and, more recently, an expanding universe of banks and other financial organizations ready to serve operators seeking to finance growth and new equipment.

"It is a liquid market and the banks are actively lending. There is plenty of credit availability now, so that is a non-issue if your credit

is good," reports Matt Hotchkiss of Wells Fargo Equipment Finance in Minneapolis.

"There are a lot of coach operators out there who are doing well, so they are buying."

Others echo Hotchkiss' assessment of today's borrowing environment.

"There is an abundance of access to capital at this point," says Greg Berg of SunTrust Equipment Finance & Leasing Corp. in Southlake, Texas.

"Since the downturn in 2008 or 2009, when no one had capital to lend, the banks have really worked hard on their balance sheets and have been very careful about their capital. Our deposits are up over-

CONTINUED ON PAGE 16 ►

## Operating in the Big Apple: The hassles keep growing

NEW YORK CITY — The motorcoach industry has a love-hate relationship with this burg.

Because New York is one of the most popular tourist destinations in the country, charter bus operators love the revenue it generates.

Even operators from the hinterlands — Minnesota, Wisconsin, Iowa — often send coaches filled

with tourists and school groups to the Big Apple daily during the peak travel season.

Traveling into the Big City has long been a hassle, but an increasing number of companies say it's getting markedly worse, with drivers encountering more clogged streets, more distracted pedestrians, more confusing signs, more

cops who are quick to ticket buses for being in the wrong place at the wrong time, and fewer parking spots.

It has gotten to the point that some drivers are refusing to take trips to the city, operators in the East and Midwest report.

"I've got experienced drivers whose stress levels are at an all-

time high driving into the city," said Godfrey LeBron of Paradise Travel, a Long Island, N.Y., company that runs as many as 30 charter buses a day into Manhattan.

"Drivers with any seniority will refuse trips to the city because they don't want to deal with the stress."

Operators say drivers grum-

bling about taking a coach into New York is nothing new. The city's streets have always been too crowded, pedestrians have always ignored "don't walk" signs, delivery trucks have always double parked, and cabbies have always been impatient and aggressive, driving with one hand on the

CONTINUED ON PAGE 16 ►

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# Vamoose Bus charts an intercity path less travelled

NEW YORK CITY — In the passenger transportation business, Vamoose Bus has few — if any — parallels.

That's because Vamoose offers two levels of curbside service between New York and metropolitan Washington, D.C., and it does it through an unusual partnership between a pair of veteran New York bus guys and a family-owned coach company based in Lorton, Va.

One industry sage describes the arrangement as a hybrid operation, combining the best attributes of each.

Both levels of service offered by Vamoose Bus combine curbside convenience with first-class, airline-style amenities for passengers.

In addition, the hybrid operation melds first-rate customer service expertise with excellent op-

erations skills.

It was 10 years ago that the two experienced New York bus executives, Sam Bluzenstein and Sol Wollner, came up with the idea of marrying the best of two worlds.

Bluzenstein and Wollner had watched the advent of the fledgling curbside express services that had popped up in major Eastern cities, and understood the importance of picking up and dropping

travelers at convenient locations.

They felt that, while a bare bones curbside approach served the public well, there was a significant number of customers who wanted convenience combined with the amenities normally associated with luxury transportation.

"We decided there was no reason we couldn't provide both," says Bluzenstein. "Sol and I spent years in the customer service part

of the business and felt we knew how to take care of travelers.

"Once we decided to go ahead, it seemed smart to partner with someone who was an expert in the operations part of the business. We wanted the best possible motorcoach operator and we found that in DC Trails (dctrails.com), a major charter-and-tour operator headquartered in Lorton."

CONTINUED ON PAGE 14 ►

# Luxury service in Texas relishes airline competition

DALLAS, Texas — Vonlane, a luxury motorcoach start-up now linking Dallas and Austin with daily service, appears to be confident in going up against airlines for short-haul business travel.

"We created, in Vonlane, a more dignified way to travel that helps business people reclaim the productive hours that are typically lost when flying or driving between Texas cities," says company President Alex Danza.

The company has four departures from Dallas and Austin each weekday. The one-way fare is \$100 for the 200-mile trip, taking about three hours.

Fares on megabus.com for

Dallas-to-Austin trips ranged from \$12 to \$25 this spring. Greyhound was charging \$24 to \$45.

A Houston television station interviewed a potential passenger who said he would consider a luxury bus trip as an alternative to a flight that includes the hassles of parking, shuttle buses, check-ins and security checkpoints.

"One of our competitors is Southwest Airlines," Danza told KHOU-TV. "With air travel you have mechanical delays, you have crew delays and you have weather delays. We certainly will have challenges with delays, but the beautiful thing about this is if you're in traffic, you're not wast-



ing time."

According to the company, "A trip aboard a Vonlane coach provides business travelers with three hours of uninterrupted, productive work time, in comfort, without the

distractions of the office. In comparison, a business traveler might, at most, realize 30 minutes of productive work time during his normal three-hour door, to aircraft-seat, to ground transportation

travel time."

Vonlane's coaches went into service in May.

The carrier employs five drivers and five attendants. It equipped its

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# THE DOCKET

## House OKs bill that would block higher insurance levels

WASHINGTON — The U.S. House passed a fiscal 2015 transportation funding bill last month, which included an amendment that would prohibit the Federal Motor Carrier Safety Administration from raising minimum liability insurance requirements for bus and truck companies.

Left out of the measure, which was sponsored and shepherded by Rep. Tom Latham, R-Iowa, was an

amendment that would force the FMCSA to issue its final electronic logging mandate by Jan. 30. The Senate is pushing for such a deadline for the devices.

The House's proposed \$52 billion Transportation and Housing and Urban Development legislation, which would fund the country's transportation system for one year, is about \$1.2 billion more than the fis-

cal 2014 enacted level but about \$8 billion less than the Obama administration's fiscal 2015 budget request.

Before voting to advance the bill to the Senate, the House adopted an amendment, by a very close vote of 214-212, to prevent the FMCSA from lifting the minimum amount of insurance that bus and truck fleets must carry.

The United Motorcoach Associ-

ation applauded Rep. Steven Daines, R-Mont.; his colleague, Rep. Sam Graves, R-Mo., and their staffs for introducing and gaining passage of the amendment that would block regulations that would increase the minimum insurance requirement.

In April, the FMCSA released a study mandated by federal law that made recommendations for massive increases to current minimum levels

of financial responsibility for commercial motor vehicle carriers. (See May 15 *Bus & Motorcoach News*.)

UMA contends the study fails to properly evaluate passenger carrier insurance data.

"Passenger carrier insurance companies have decades of actual claims; yet, the FMCSA failed to consult with them," said UMA in a statement.

"Additionally, the FMCSA fails to make any substantive connection with higher minimum insurance limits and improving safety," said Ken Presley, UMA vice president of industry relations and chief operating officer.

FMCSA announced plans to pursue a high-priority rulemaking to increase insurance limits shortly after the release of the study. (See June 15 *Bus & Motorcoach News*.)

"UMA thanks Congressmen Daines and Graves for their leadership on this issue of great importance to the bus and motorcoach industry," said UMA President and CEO Victor Parra.

"When enacted into law, the amendment introduced by Congressmen Daines and Graves will stop FMCSA from pursuing massive increases that would harm new-entrant and small-fleet passenger carriers and most assuredly reduce safety by pushing people towards less safe modes of transportation," added Parra.

Separately, a bid by Rep. Paul Broun, R-Ga., to cut Amtrak funding by \$340 million failed after Latham, chairman of the House appropriations subcommittee, warned the reduction, if enacted, could disrupt service throughout the passenger railroad's network.

### But in the Senate

Sen. Charles Schumer, D-N.Y., said he would push to raise the minimum liability insurance commercial carriers are required to hold when the Senate considers its fiscal 2015 transportation funding bill.

Schumer, a senior Democrat who holds a leadership position in the Senate, said raising the minimum requirement would improve the culture of safety and help provide victims of accidents with more compensation.

He vowed to ensure the provision added to the House transportation funding bill — that would prevent the FMCSA from increasing insurance requirements for truck and bus companies — does not become law.

## Indiana Toll Road fee rises, Pennsylvania Turnpike to follow

HARRISBURG, Pa. — The Pennsylvania Turnpike Commission has approved a 5 percent toll increase for both E-ZPass and cash customers that will take effect Jan. 4.

While the new increase affects cash and E-ZPass rates similarly, E-ZPass customers will continue to save at least 35 percent on turnpike tolls next year, according to the commission.

"Yearly turnpike toll increases are necessary for the commission to satisfy the financial plan outlined under a transportation-funding law enacted seven years ago," said Pennsylvania Turnpike CEO Mark Compton.

The 2015 toll increase marks the first time since 2011 that

E-ZPass rates have gone up by the same percent as cash rates. E-ZPass tolls have increased by 7 percent since lower rates for E-ZPass were first introduced in 2011, according to the commission.

Meanwhile, the cost of driving the Indiana Toll road increased an average of 2.67 percent for all drivers not having an E-ZPass, starting July 1.

The toll for a typical three-axle motorcoach going the 157-mile length of the highway is now \$14.73, up from \$14.21.

Rates for drivers with transponders will remain unchanged through 2016.

The hikes on the Indiana route are allowed annually under a lease of the toll road that went into ef-

fect eight years ago.

### Relief on Verrazano Bridge

FORT WADSWORTH, N.Y. — Operators of commercial vehicles can expect to start seeing rebates for tolls paid on the Verrazano-Narrows Bridge here under a relief plan first announced by Gov. Andrew Cuomo in February.

Cuomo said last month the toll-relief plan had become effective for commercial vehicles. They can expect to see a 20 percent rebate on E-ZPass charges going back to April, the governor said in a statement.

"The Verrazano-Narrows Bridge is tremendously important to Staten Island's economy and, by delivering this toll relief, we are

unlocking the potential of the region's businesses," Cuomo said.

"We believe this will have a significant impact on companies that use the bridge for business and we hope it will attract new businesses and opportunities to Staten Island as well."

In February, Cuomo announced his plan to reduce the cost of crossing the bridge for Staten Island residents and commercial vehicles. The plan for commercial vehicles cuts 20 percent off tolls if they make more than 10 trips per month over the bridge.

Commercial vehicle operators do not have to sign up for the discounts; the rebate would be applied to their account automatically, Cuomo said.

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## Warning: Florida law change places CDL holders at risk

JACKSONVILLE, Fla. — A Florida attorney is warning that commercial driver's license holders have been placed at greater risk as a result of a change in Florida law.

Chris Carson of Dale Carson Law in Jacksonville, said that since early January, if a person holding a commercial driver's license receives a moving violation

and is found guilty, the Florida Department of Highway Safety and Motor Vehicles will no longer allow judges to withhold the points from the driver's license.

"This means points will always be assessed if a CDL holder is found guilty of a moving violation.

"Since (commercial vehicle drivers) are also prohibited from

attending traffic school... a traffic citation could result in a commercial license being suspended or revoked, insurance costs rising significantly, and even the loss of a job," he said in a news release.

Prior to the law change, drivers of commercial vehicles could appear in court and, oftentimes, convince the judge to withhold points.

Under the new law, a complete

dismissal is the only acceptable outcome for most CDL holders, said Carson.

"This law will take many commercial drivers off the streets permanently if they are found guilty in the state of Florida," Carson said.

"Under the new law, all moving violations now have dramatic consequences for CDL holders."

## Higher biodiesel mandate adopted for Minnesota

ST. PAUL, Minn. — Diesel fuel sold in Minnesota between now and the end of September must contain 10 percent biodiesel.

The requirement took effect July 1.

Starting next year, the 10 percent biodiesel requirement will extend from April through September. Ten percent biodiesel is commonly known as B10.

During the rest of the year, diesel fuel sold in Minnesota will be 5 percent biodiesel, or B5.

The Minnesota Department of Agriculture has issued guidance to the effect that carriers may buy fuel during the winter, when the requirement is for B5, and take delivery and use the fuel in the summer and still be in compliance with the law.

This year, such a contract had to be entered into before July 1.

During its 2014 session, the Minnesota legislature passed a bill that postpones until 2018 the effective date of the mandate that diesel fuel sold in Minnesota in the warmer months must contain 20 percent or more of biodiesel.

## Court dismisses CSA lawsuit alleging regulators broke rules

WASHINGTON — A federal appeals court dismissed a lawsuit alleging that federal regulators did not follow the law when they implemented the Compliance, Safety, Accountability ratings program. (See Sept. 15, 2012 *Bus & Motorcoach News*.)

The Alliance for Safe, Efficient and Competitive Truck Transportation had contended that PowerPoint presentations the Federal Motor Carrier Safety Administration posted on its website in 2012 represented an "astonishing" change in agency policy, which the

agency failed to subject to notice-and-comment rulemaking.

"We are not astonished," the U.S. Court of Appeals for the District of Columbia Circuit said in its ruling.

"In our view — and the agency's — the PowerPoint presenta-

tions do nothing more than explain the agency's Safety Measurement System."

The court also said the challenge lacked standing because it came too late after the agency implemented the Safety Measurement System in 2010.

## N.C. repeals local taxing authority

RALEIGH, N.C. — North Carolina Gov. Pat McCrory signed unusual legislation last month that repeals the authority of local governments to impose a business tax.

The state legislature adopted the measure that becomes effective next year.

The tax targeted in the legislation is the business privilege tax

municipalities have for decades been able to levy.

The state House would have replaced the tax with a fee of \$100 per business location, but the state Senate didn't agree, leaving the cities with nothing.

The loss in local revenue is estimated at \$62 million a year.

It seems likely the issue will be revisited.

## Ga. governor suspends fuel tax hike

ATLANTA — Gov. Nathan Deal of Georgia has suspended a pending fuel tax increase for both diesel fuel and gasoline, freezing state tax rates that have been in force since the beginning of this year.

A portion of Georgia's fuel tax rates are recalculated every six months according to the price of fuel, and that price had risen

enough in recent months to have raised the rate some 15 percent as of July 1, had the governor not acted.

Now, the rates will remain unchanged through the remainder of the year.

The governor's action, however, does not affect local sales taxes on fuel levied at the pump by Georgia counties and cities.



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# UMA announces fall board election, six seats contested

WASHINGTON — The United Motorcoach Association is seeking nominations from its U.S. operator members for five, three-year seats on its board.

Additionally, the association is soliciting nominations for the single coachbuilder associate-representative seat on the board.

All of the director seats being contested, including the coachbuilder associate representative, are the result of expiring terms of incumbent directors, who may seek re-election.

Two active directors will be elected from two of UMA's three U.S. membership regions (I and III), and one from Region II.

The Region II anomaly occurs because, according to association by-laws, the association chairman and vice chairman continue to serve as director for the regions from which they were elected during the term they serve as chairman or vice chairman. The board seat held by UMA's current chairman, Brian Annett of Annett Bus Lines in Sebring, Fla., would ordinarily be up for election this year but for the fact Annett is serving as chairman.

Aug. 29 is the deadline for letters of nomination for the director positions.

The directors whose seats expire at the end of this year are: Region I (the West): Callen Hotard of the Calco-Hotard Group in New Orleans, and Tom Ready of Ready Bus Lines in La Crescent, Minn.; Region II (the Midwest): Ralph Young of Young Transportation in Asheville, N.C., and Region III (the Northeast): Godfrey LeBron of Paradise Travel of Franklin Square, N.Y., and Joan Libby of Cavalier Coach Trailways in Boston.

The coachbuilder associate-director seat currently held by Tim Wayland of ABC Companies in Winter Garden, Fla., also is being contested.

Last year, UMA members voted — nearly unanimously — to revise the bylaws to provide for the election of both the coachbuilder and non-coachbuilder associate-board representatives using the same process as active regional directors.

Maps showing the UMA regions are available in UMA Membership Directories and on the association website, [www.uma.org](http://www.uma.org). Click on About UMA and then the UMA Board of Directors link. A list of the states composing each region also is available in the directory and on the website. Go to *About UMA* and click on *Bylaws of the Association*.

Qualification standards for UMA directors can be found in Article VI of the bylaws. Among the qualifications is a requirement that nominees must have been a UMA member for at least one year.

Nominations for the regional board directorships must come from active UMA members who are motorcoach operators. Members can

nominate themselves. Candidates nominated for the board must represent an active UMA-member company in good standing with the association.

Similarly, nominations for the coachbuilder associate-board representative must come from active coachbuilder members of the association. Associate coachbuilder mem-

bers can nominate themselves. Candidates nominated for the board must represent a UMA-member company in good standing.

Written letters of nomination must state the candidate's name, company affiliation and home-base location. Nomination letters also must be postmarked, emailed or faxed between July 15 and Aug. 29.

The nominating subcommittees will produce a list of candidates for each region, plus the non-coachbuilder associate representative, no later than Oct. 1.

Ballots will be mailed to UMA members by Oct. 15, and must be returned no later than Nov. 15. Winners will be announced in *Bus & Motorcoach News*.

UMA members with questions about nominations should contact the association at (800) 424-8262. Mail nomination letters to: UMA Nominations, 113 S. West St., 4th Floor, Alexandria, VA 22314-2824.

Nominations also may be faxed to (703) 838-2950, or emailed to UMA President and CEO Victor Parra at [vparra@uma.org](mailto:vparra@uma.org).

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**SETRA**



Five buses from the historic fleet of New Jersey Transit were driven to Hershey for this year's Spring Fling.

Photo by Chris Schmidt

## 'Fling' draws record crowd

HERSHEY, Pa. — The Museum of Bus Transportation held its annual Spring Fling last month on the campus it shares with the Antique Automobile Club of America here.

The gathering has evolved into a virtual Northeastern bus industry family reunion.

This year, more than 400 people showed up, on a near perfect

day, to experience modern and antique buses and motorcoaches.

Many industry veterans used the event to reconnect with old friends and colleagues, and the record attendance included many bus and antique car enthusiasts and their families.

A highlight came when the Braunschweig family, owner of Passaic Valley Coaches in Chatham, N.J., donated a pristine 1990 Prevost LeMirage to the museum.

Purchased new by the Braunschweigs, the coach spent its entire working life in the Passaic Valley fleet, and was delivered to the museum complete with manuals and the original sales order.

Museum President Tom Collins pointed out that "the coach had just returned from its last charter and was in perfect condition... literally ready for display. That's typical of how Passaic Valley takes care of its fleet."

Collins reported that in addition to the museum fleet of coaches that was on display for the fling, 37 attendees brought buses, up dramatically from last year's 23.

And, there was a nearly 25 percent increase in the number of vendor booths where attendees could purchase bus memorabilia and souvenirs.

Four coach manufacturers showcased new models, including ABC Companies' double-deck Van Hool T925; a Caio G3600; a Temsa TS35, and a Prevost H3-45.

Delaware Express Tours of Newark, Del., displayed a new MCI J4500, and a number of transit agencies showed off their latest buses.

Greyhound Lines brought a Prevost X3-45, sporting the latest livery, three-point seatbelts, Wi-Fi and 110-volt outlets.

Ranging from a 1908 Martz Lines' White, to the four modern demonstrator coaches, 106 years of bus evolution was on display, with virtually every bus in its original seated configuration.

Coaches were displayed inside the facility, as well as in the museum parking lot and at the George M. Sage Memorial Annex. Wolf's Bus Lines of York Springs, Pa., provided shuttle service between the museum and the annex, as it has for a number of years.

Collins said that "this was the best Spring Fling we've had, both in terms of quality and quantity. I'm really grateful to the museum staff for pulling it all together, and the 12 sponsors who made it possible."

For more information, go to [www.busmuseum.org](http://www.busmuseum.org).



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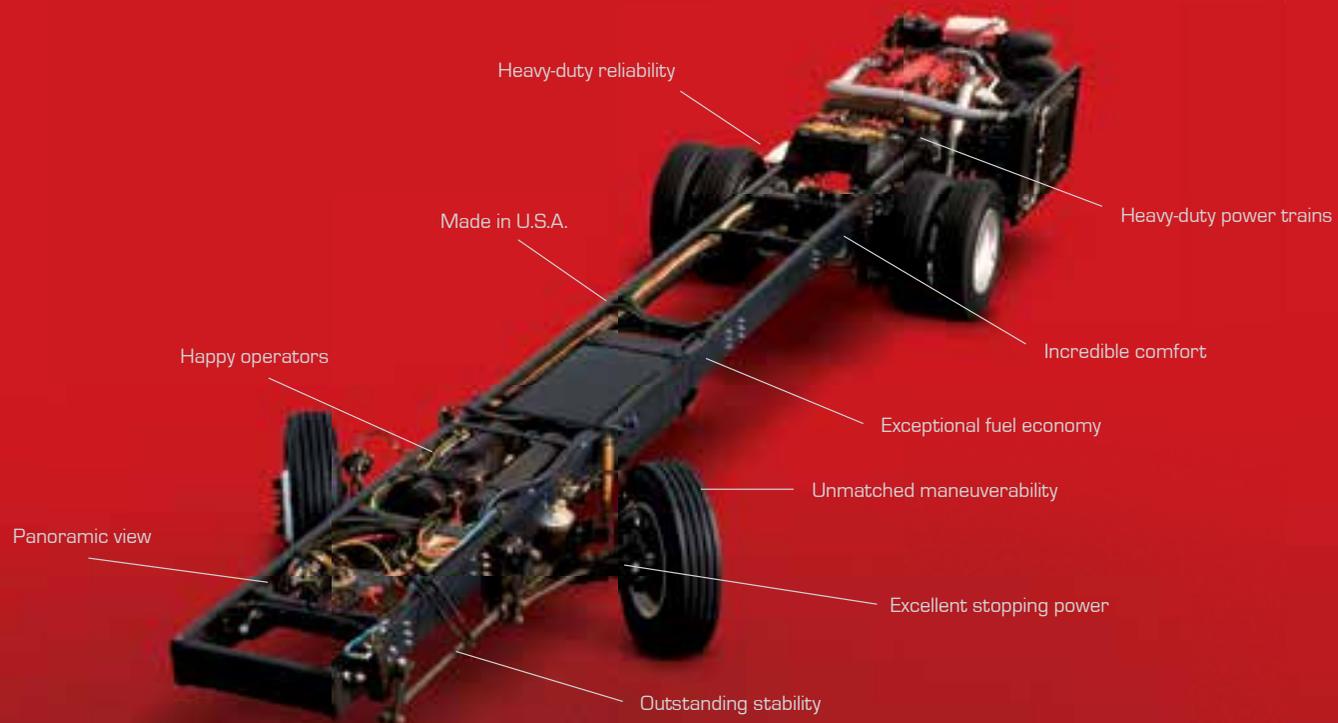


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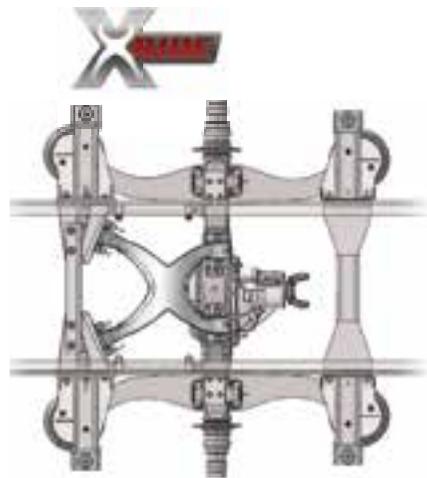




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# N.J. Transit appeals \$10,000 fine in charter rule case

WASHINGTON — New Jersey Transit has appealed the \$10,000 fine levied against it by the Federal Transit Administration for violating the government's charter service rule during a golf tournament last summer, questioning the size of the penalty and "whether such an assessment is appropriate."

The transit agency's appeal "does not dispute" that "NJ Transit failed to ensure...compliance" with the federal charter service regulation.

Instead, the appeal argues the FTA overstated the number of federally-funded buses used by Academy Bus, New Jersey Transit's largest private contractor, to shuttle spectators during the tournament, maintaining the total was 23 buses and not 31 as alleged.

New Jersey Transit also argues it was improperly punished as a repeat offender of the charter service regulation, which prohibits public transit agencies and their contractors from gaining an unfair advantage over private-sector operators by using taxpayer-paid-for buses to provide charters.

The FTA issued the fine after finding a "pattern of violations" by

New Jersey Transit because the transit agency also breached the charter service rule earlier in 2013.

In addition to the fine, the FTA ordered New Jersey Transit to submit within 90 days an oversight plan that would ensure that all of its third-party contractors comply with the federal charter service rule. (See July 1 *Bus & Motorcoach News*).

## Basis of case/fine

Last September, the United Motorcoach Association filed a complaint against New Jersey Transit on behalf of Service Bus Co. of Yonkers, N.Y.

The complaint alleged that numerous buses owned by New Jersey Transit and operated by Academy Bus were observed providing continuous shuttle service — for three days — from designated parking areas to the Barclays Golf Tournament. The PGA Tour event was played at Liberty National Golf Club in Jersey City.

Academy, based in Hoboken, N.J., operates scores of commuter coaches for New Jersey Transit, the fourth-largest transit bus system in the U.S. Only New York, Los Angeles and Chicago have

larger systems. The statewide transit authority operates 2,027 buses, according to its website.

Academy is the nation's fourth-largest private motorcoach operator and the largest family-owned coach company.

The New Jersey Transit appeal reveals that Academy was paid \$165,512.50 to provide the shuttles at the golf tournament.

The FTA finding and fine against New Jersey Transit was hailed by many motorcoach operators in the Northeast. These operators say Academy has used New Jersey Transit buses for years to provide illegal charter service and undercut competitors.

Some operators, however, criticized the \$10,000 fine as being too small in light of their belief that the economic damages suffered by private operators have been much larger.

The UMA complaint asserted that Academy was subject to the charter service regulation as a sub-recipient of FTA funds and was required to notify registered charter companies upon receiving a request to provide charter service at the golf tournament, thereby allowing other companies to bid on

the shuttle contract.

UMA contended that under the federal charter regulation, New Jersey Transit was responsible for Academy's actions.

## Basis of N.J. Transit appeal

New Jersey appealed the fine in a letter to FTA Deputy Administrator Therese McMillan.

"NJ Transit does not appeal the determination that it violated the charter service regulation," its appeal states. "NJ Transit does not dispute that Academy failed to comply with the regulations and that NJ Transit failed to ensure such compliance (when) Academy used FTA-funded buses to provide a private charter for the Barclays Golf Tournament in August 2013."

New Jersey Transit, with a \$1.9-billion budget for fiscal 2013, contends the \$10,000 fine is too large. Its appeal states: "The economic benefit gained by Academy in using the FTA-funded buses should be recalculated to a lesser amount, thereby reducing the penalty on NJ Transit."

The transit agency gave two reasons for arguing the fine should be bumped lower:

"First, the FTA has over-count-

ed the number of FTA-funded vehicles used by Academy in its charter service. As stated in NJ Transit's answer, Academy used two FTA buses on Aug. 23, 13 on Aug. 24 and 16 on Aug. 25. However, the actual number of discrete vehicles used by Academy is only 23 — not 31. Several buses were used on more than one occasion... if the correct number of vehicles used in the calculation of the fraction of FTA-funded buses in the Academy charter fleet, a percentage of 13.1 percent... would result, not 17.6 percent.

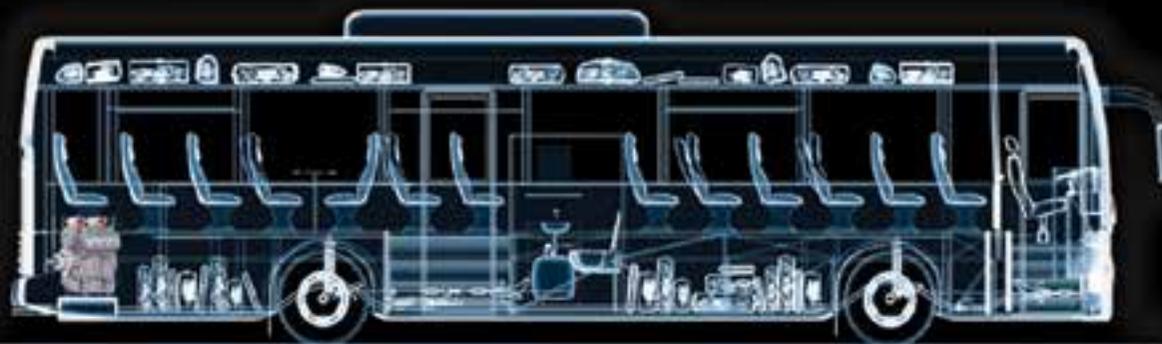
"Second, NJ Transit contends that the overall economic benefit to Academy... has not been properly calculated... NJ Transit advised that the total value of the contract between Academy and Barclays was \$165,512.50... However, it is appropriate that this amount be reduced by the costs incurred by Academy in providing the service — such as the costs of its drivers, fuel, and other operating expenses...

"Utilizing the lower percentage of 13.1 percent and an amount less than \$165,512.50 would produce an economic benefit to Academy

CONTINUED ON PAGE 18 ►

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# Transit-takeover dispute gains new life in Minnesota

ROCHESTER, Minn. — After two years of fighting unsuccessfully in the courts and before a federal agency, a private bus operator who lost his nearly 50-year transit business here has received his first favorable legal ruling.

The Minnesota Supreme Court agreed late last month to review a case involving Dan Holter of Rochester City Lines, who claims the city of Rochester failed to follow proper procurement procedures when it awarded the local transit service contract to a competitor.

Holter, whose family-owned company had provided local bus service in Rochester since 1966, filed suit in 2012, challenging the city's award of the bus contract to national giant First Transit.

The suit claimed the bidding process for the contract was unfair and the city ignored a conflict of interest. The city argued that "best-value" procurement procedures allowed it to avoid review of its discretionary evaluation of contract proposals.

Holter also filed an action with the Federal Transit Administration, maintaining the city violated federal regulations requiring a government entity, using federal transit funds to compete with a private carrier, to pay just compensation to the affected business.

A county district court rejected Holter's challenge to the contract award, and the Minnesota Court of Appeals upheld the lower-court ruling.

The FTA also sided with the city on the federal funds issue, a ruling that Holter's lawyer, Steven A. Diaz, a former chief counsel for the FTA, called "a threat to the entire private bus industry." (See June 15, 2013, *Bus & Motorcoach News*.)

Despite the earlier setbacks, Holter has continued to pursue his legal battle, and the Minnesota Supreme Court decision to review the appeals court ruling gives new life to his effort to have the First Transit contract rescinded and to force the city to pay him compensation for his business losses.

"The decision by the Supreme Court to review this case gives (Rochester City Lines) great hope that the courts will not allow otherwise prohibited misconduct under the mask of administrative discretion," Holter said in a statement. "This case is really all about fair and open competition."

The reason the city of Rochester put the community's bus service up for public bid after using the Holter family-owned City Lines for so long was that the FTA rejected the city's procedure for paying the transit company. That involved using federal transit

grants to help subsidize the City Lines operation under a "pass through" procedure the FTA apparently had previously approved.

However, in 2011 the FTA said the payment procedure actually was a "fee for service" and that the city would have to seek competitive bids for the service rather than simply allowing City Lines to hold the

transit franchise as it had for years.

The city bid out the service in early 2012 and four companies responded, including City Lines, which bid \$21.6 million, and First Transit, which offered the low bid of \$19.7 million.

Following an extensive interview procedure in which each company was scored not only for

its price, but other business elements such as operating capital, the City Council awarded a five-year franchise to First Transit.

Holter maintains that the bidding process was unfair because the specifications were written to favor a large company, including certain capital requirements that small companies could not meet.

He also claims there was a conflict of interest during the interview process because two of his own managers who represented his company at the meeting — unbeknownst to him — had applied for jobs with First Transit. He said the city was aware of the job offers but did not disclose the information to him.

CONTINUED ON PAGE 18 ►



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# USDOT marks 100 years of intercity bus travel

*Note: The U.S. Department of Transportation marked the 100th anniversary of intercity bus travel last month at an outdoor ceremony in Washington, D.C. Following the event, Anne Ferro, administrator of the Federal Motor Carrier Safety Administration, a regulatory division of the USDOT, posted comments on the department blog, Fast Lane. They are excerpted here.*

By Anne Ferro

Today, we commemorate motorcoach travel's prominent place in our nation's transportation network for the past century.

One hundred years ago, Carl Eric Wickman, a Swedish immigrant and drill operator laid-off from Minnesota's iron ore mines, began a modest bus service to take miners from Hibbing to nearby Alice, a town known for its sauloons. He charged 15 cents a ride in a Hupmobile.

A year later, Wickman joined forces with a similar service running between Hibbing and Duluth. In its first year, the Mesaba Transportation Company earned an \$8,000 profit, and American intercity bus travel was born.

During the 1920s, Wickman's buses — with their sleek lines and grey paint — become known as "greyhounds," and in 1929 the company officially became Greyhound Lines.

The American passenger carrier industry has grown considerably since then. Today, motorcoach travel provides mobility and connectivity for millions of Americans and helps us meet our enormous energy and environmental challenges.

The drivers operating these vehicles help ensure that motorcoach travel is a safe way for Americans to get where they need to go.

These buses and drivers do more than take people from Point A



## Lack of Respect or Just Sloppy?

*This photo appeared on the Fast Lane blog of the USDOT last month. Here's the caption that ran under the photo: "FMCSA Administrator Ferro and others in front of Eric Wickman's 1914 Hupmobile at 100th anniversary celebration." The "others" in photo just happen to be three of the*

*most important executives in the motorcoach industry, but apparently the USDOT could care less. For the record, the three, from left, are Greyhound President and CEO David Leach; American Bus Association Senior Vice President Clyde Hart, and UMA President and CEO Vic Parra.*

to Point B; they give Americans access to jobs and economic opportunity. They connect families. And in towns without air or rail service, they connect entire communities with the rest of the nation.

At the Federal Motor Carrier Safety Administration, we work to ensure that every motorcoach trip is a safe one.

With a team of trained inspectors and investigators nationwide, the FMCSA has significantly stepped-up its safety enforcement of buses and other commercial passenger carriers.

In 2012, we conducted 33,684 inspections and put 880 drivers and 1,831 vehicles out of service due to safety violations.

We've also given consumers the ability to make good safety decisions when planning their travel

with our SaferBus app. SaferBus is a free tool that allows you to "Look Before You Book" by putting carrier safety information in the palm of your hand.

A century after an enterprising young immigrant gave folks a 15-cent ride to Alice, Minnesota, intercity bus transportation is firmly embedded in our nation's transportation system.

Over the past three years, the number of passenger trips has increased by nearly 6 percent, and in 2012 carriers provided nearly 640 million passenger trips totaling more than 75 billion passenger miles.

That's a long way from what Carl Eric Wickman had in mind when he fired up his Hupmobile in 1914, and I know the industry will continue to play a vital role in keeping Americans moving forward.

## Industry view

*Note: Also speaking at the USDOT event was Victor Parra, president and CEO of the United Motorcoach Association. Here are excerpts from his remarks:*

The story of the bus and motorcoach industry is a uniquely American story. In many respects, it represents the very basic manifestation of the American Dream.

It is a story that's not been told much, but definitely experienced thousands of times since our industry was economically de-regulated in 1984. That one single event cleared the way for men and women to pursue the American Dream of owning and operating their own business.

It also created opportunities for Americans in every walk of life and at every income level to see

this great nation in ways they'd never experienced.

Making this happen was UMA's dream when we were established back in 1971, long before those doors of opportunity were opened. You see, our founders knew there was potential for a larger and more diverse industry out there. One that could help people travel to all parts of our nation without cumbersome regulations and barriers that prevent buses from moving freely between states and Canadian jurisdictions.

But, the real winners of increased motorcoach travel are the cities and towns across America where we take visitors who spend not only dollars in the places they visit, but yen, euros, pounds, and every other currency in the world.

But I would be remiss if I didn't address one more important element, safety.

Since UMA was established 43 years ago, we've fought tirelessly to build a strong and safe industry. I put emphasis on the word "safe" because safety isn't just a function within our business; it IS our business.

You see, people have options. They can fly to where they're going. They can take the train. Or, they can simply hop in their car and drive to their destination. We think, however, that we offer the best option, go by motorcoach!

Today, more than 3,500 companies in the United States provide interstate bus and motorcoach transportation. Most are small businesses.

This is a great industry, and one that I'm proud to say that I've been part of it for more than 16 years.

I'd like to thank Acting Deputy Transportation Secretary (Victor) Mendez and Administrator (Anne) Ferro for...giving our industry the attention it deserves.

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# Bus & Motorcoach NEWS

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# Feds' consideration of ticket challenges is good first step

By Dave Millhouser

We were cruising west on a nearly deserted Interstate 80 in a Flxible VL100 on a perfect summer day.

Flx's were great buses...but quirky.

They were not equipped with a speedometer. You sorta translated the tachometer RPMs and gear selection into a speed approximation. In this coach's case, the tachometer was broken.

The speed limit was 55, but this was Nebraska, and the only car going our way was a state trooper. We fell in about a quarter mile behind and paced him for about 30 miles, when he suddenly eased onto the shoulder, then whipped in behind me as I passed and flipped on the dreaded flashing lights of doom.

"Do you know how fast you were going?" he asked.

In this case, the honest answer was "no."

When I pointed out the coach had no speedometer, and it had seemed logical that following a cruising police car would result in a safe speed... he cleverly figured out

that writing a ticket would establish that we'd BOTH been speeding.

While he was actually a nice guy, don't you hate it when the folks who enforce laws don't abide 'em?

While the Federal Motor Carrier Safety Administration is adept at gathering statistics for its Safety Measurement System, the agency seems more concerned with quantity than quality.

What I'm referring to here is its historic resistance to purging traffic citations and similar violations when courts dismiss or acquit them. That may be about to change. (See July 1 *Bus & Motorcoach News*.)

It would seem that they've been a bit like the trooper's original... "don't do as I do...do as I say."

Fines (and worse) are enforced on bus operators for clerical, often insignificant, errors in all sorts of paperwork required by federal regulations.

Clearly serious violations warrant action, but I've heard regulators publicly brag about bagging a driver for logging violations because he napped on the wrong bus.

If they're trying to make the

point that we need to comply, there may be better ways, but the issue here is that they didn't seem to honor the law themselves.

An FMCSA official in Kentucky reportedly said, in relation to the impact of traffic tickets on SMS scores "you've got to have some other evidence right now other than just the court's throwing it out."

Regulators seem frustrated when citations are dismissed on technicalities (or because the driver was actually innocent).

Well, gee whiz, if it's thrown out on a technicality, isn't that because someone in enforcement goofed? How different is that than napping in the wrong bus? Is it a technicality if a well-intentioned police officer makes a mistake that's eventually corrected by a judge?

If the accused actually invests the time and money to appear in court, and a judge accepts their explanation, why is a distant regulator presumed to know more than the court?

"Due process" is in the Constitution for a reason.

Under the current system, it

also appears that your driver could be ticketed, and then work for another bus line. Does the offense remain on your SMS score, while the presumed dangerous driver is cranking out miles for another carrier?

Where is the Constitutional presumption of innocence? Doesn't it make more sense to only post violations that have been adjudicated or have not been challenged? When an offense is dismissed...it no longer exists except in a bureaucratic fantasy.

Recently, in a nod to logic (and pressure from the transportation industry), FMCSA has announced changes to the system that allows it to account, in the future, for changes in the status of reported violations.

A good start, and hopefully signaling that sanity may be coming to the system.

The perception is that there were no checks and balances. That a police officer or inspector could never make a mistake. That their interpretation of rules didn't warrant a bit of extra scrutiny.

It's scary when a regulator, who has never driven a commercial ve-

hicle, is sure they "know what's best," or that a ticket written in error by a rookie officer could effectively put an operator's business at risk.

According to a news release issued by the FMCSA, the agency "received 111 comments on (its rule change), and 70 of them supported the proposed changes."

This is a good first step, and hopefully the industry and regulators are inching towards working together at enforcement that actually impacts safety.

In real life we, as an industry, gain a great deal when regulation has a genuine impact on safety. And we should be grateful to the 111 folks who commented and FMCSA for listening. We, and they, should keep it up.

All this thinking is exhausting, I'd take a nap...but I don't know which bus is legal...

*Dave Millhouser is a bus industry marketing consultant and freelance writer. Contact him by email at: Davemillhouser@gmail.com.*



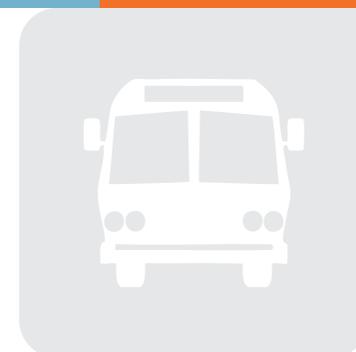
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## Vamoose

CONTINUED FROM PAGE 3

### The operator: DC Trails

DC Trails owners, Bill and Lili-ana Torres, had built a fleet of 65 coaches over 10 years. In addition to a passionate commitment to service, Bill Torres attributed their growth to the fact that between them, he and Lili-ana have nearly 60 years' experience in the coach business.

As they grew their company, the Torres were careful to diversify the operation. In addition to offering sightseeing tours and airport transfers, they also provided charters traveling throughout the Eastern Seaboard and Canada.

The company's charter division handles groups from 36 to 61 passengers, in addition to operating Vamoose's 50 weekly scheduled runs.

Settling on a name for the new service was a smaller, but important, challenge. Bluzenstein and Wollner hired an advertising company to make a list of suggestions, and then the families got together and voted. They ended up picking a low-brow — but distinctive, hard-to-forget — name.

"Vamoose," as it turned out, was the unanimous choice; a combination of whimsy and Spanish for "Let's Go!"

### Bumps in the road

There were glitches in the beginning, mostly associated with finding ideal pickup points for the express routes.

After months of listening to customers, Vamoose settled on originating the coach service in the Washington suburbs of Lorton; Arlington, Va., and Bethesda, Md., on one end, and Midtown Manhat-

tan on the other.

In 2009, five years of steady growth fueled by loyal customers convinced the partners the next logical step was a next-level service, Vamoose Gold.

It provides the same amenities as the regular service, including Wi-Fi, and power outlets at every seat, as well as Vamoose unique luggage-assistance staff (attired in bright yellow shirts) that serves every departure and arrival.

In addition, the 36-passenger Gold coaches offer extra-wide, two-plus-one leather seats with extra leg room. Each has a tray table and cup holder.

The luggage assistance program also is one of Vamoose services that fits the hybrid definition. Regardless of the time of day, every coach is met by staff members who handle baggage and provide customers with any help they may need.

### Loads of service extras

Virtually all other curbside services simply drop passengers off; while Vamoose makes sure they're taken care of, offering the safety and services of a bus station but at a convenient curb location. Drivers aren't asked to unload bags, freeing them to greet and assist customers.

Another hybrid trait of Vamoose is their handling of ticketing and service.

Many curbside carriers favor online ticketing and Vamoose also does the bulk of its business via the Internet. What makes Vamoose different is that their staff is available 24-hours a day to answer questions, sell tickets and help with problems — on the telephone. They even take pride in their "lost and found" — often taking the trouble to track

down customers who've left items on the coaches.

Many curbside services are notorious for their almost complete absence of customer and passenger considerations.

Vamoose representatives are empowered, in fact they are encouraged, to help customers take advantage of company policy regarding changes in itineraries. There's never a charge for changes more than two hours prior to a departure, and Vamoose goes to exceptional lengths to accommodate their clientele's changing needs.

### Demanding partner

According to DC Trails' Bill Torres: "Vamoose is very demanding and we love them for it. They want the best equipment and service for their customers, and that makes us a better company. Every coach we operate for them is ADA compliant and GPS equipped.

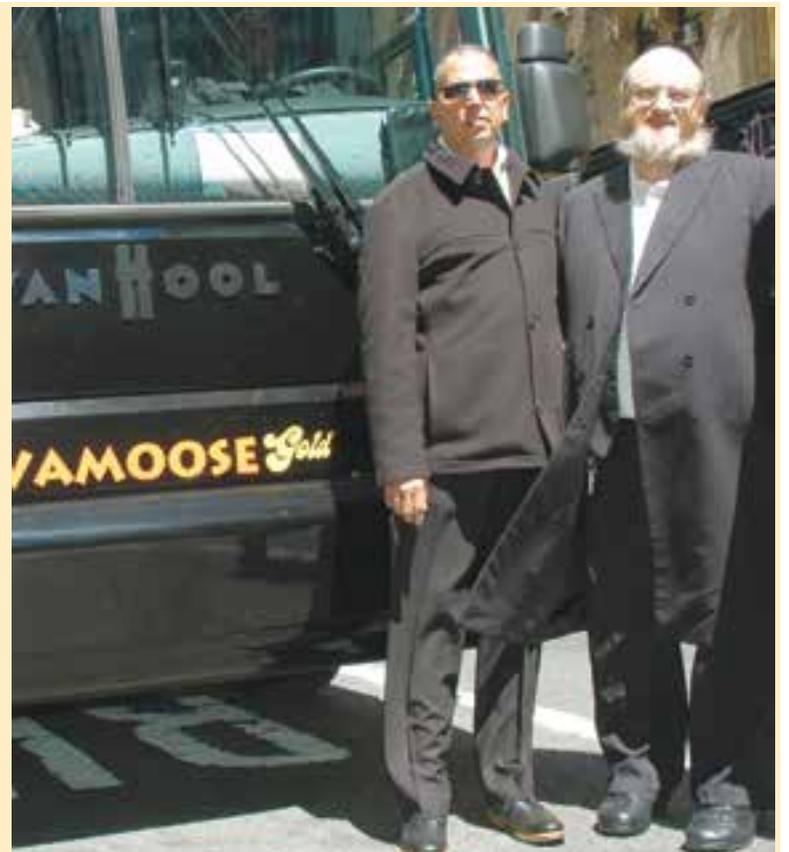
"We have the technology to monitor in real time the drivers and interior. None of the coaches operating this service are over three years old, all have seat belts and we limit speeds at 65 mph."

DC Trails recently took delivery of four new Van Hool TX45 coaches configured specifically for the Gold Service.

In addition to the Wi-Fi system and 110-volt outlets, they all have three-point seatbelts, rear windows, REI Elite entertainment systems, and ASA backup cameras.

So far this year, DC Trails has acquired 11 new Van Hool TX45s and 3 CX45s. While most Vamoose runs are served by 56-passenger coaches, the new TX45s, operating the Gold Service, have the two-plus-one leather seating.

Sol Wollner pointed out, "Va-



Bill Torres, left, of DC Trails, and Sam Bluzenstein of Vamoose Bus pose next to a new 'Vamoose Gold' Van Hool coach.

moose worked hard to find the best possible coach operator and we put the same effort into hiring our workers. We look for character and work ethic, but that's not enough. A key to Vamoose success is our relationship with customers, so we hire staff based on their ability to work well with people."

### Who needs eHarmony?

Sam Bluzenstein says that, despite having won awards for outstanding service, one of the most satisfying aspects of the business has been the number of engagements and marriages that have taken place between couples who met while riding a Vamoose coach.

"We'd like to think that our friendly service encourages passengers to get to know each other. Often, customers that board as strangers get off the bus as friends. We've actually had engagements announced on the coach; I guess that takes it to the ultimate level," he smiles.

"Vamoose thrives on repeat business and word-of-mouth advertising, we work hard at earning our customer's loyalty."

The mix of quality and convenience, word-of-mouth advertising and an active social media presence has resulted in expanding sales, with the Gold Service adding a measure of glitter to the growth.

## Vonlane

CONTINUED FROM PAGE 3

two Prevost coaches with 16 premium leather seats that recline up to 150 degrees. A private conference room for six also is available.

Danza told local reporters that each coach cost \$700,000. The company intends to purchase two more coaches in September and open new routes from Dallas to Houston and San Antonio.

Amenities include a restroom; desk-like work stations with electrical outlets at each seat; free wi-fi; a galley and steward; seven XM radio stations and two DirecTV channels; noise-cancelling headphones; newspapers; a coat closet; free baggage carriage, up to three bags of 50 pounds or less, and one carry-on bag. Complimentary refreshments include coffee, beverages, sandwiches and snacks.

"For half the cost of air fare we will give people first-class service," the 40-year-old Danza told

the *Dallas Morning News*.

Danza told the *Morning News* he is a "million-plus-mile business traveler who is really tired of flying."

The *Austin Business Journal* identified Danza as the former president of Savoya LLC, a high-end provider of global chauffeur services. That company's website says Savoya was started in 2000 and provides service throughout North America, Europe, Asia and Oceania (Australia & New Zealand) and in select markets in Africa, South America, and the Middle East.

Vonlane's website describes the hassles of air travel in stronger terms: "Our on-board service makes you feel like you're on a private jet, and lets you make the most of your valuable time compared to your peers traveling with one of those cattle-call airlines."

### The market model

Danza declined to be interviewed by *Bus and Motorcoach*

*News* to discuss his service, but his business model seems to fit the mold suggested by Mark Richardson, who recently became president of LimoLiner, a luxury bus service that links Boston and New York City with plush, 28-passenger motor coaches. (See June 1 *Bus & Motorcoach News*.)

LimoLiner's fare is about four times as high as consumer bus service but about half the cost of the region's high-speed Amtrak service. The carrier handles about 25,000 passengers annually at an occupancy rate of 50 percent.

Richardson said corridors such as Boston-New York are "just right" for luxury coach service. "The model is having two metropolitan areas that are three to four hours apart. If the cities are much closer people drive. If they are too far apart it becomes an airplane trip."

*Texas Monthly Magazine* predicted an appreciative audience for Vonlane's brand of service.

"The notion that a traveler



could have a nicer experience riding on a pleasant bus for three hours, rather than bouncing around airports and crammed onto an airplane, holds some validity. The \$100 price point means Vonlane... won't be the transportation provider for students on a budget visiting home, but there are a variety of travelers in Texas, and serving some of their needs relieves some demand for everyone."

The magazine continued: "As travel between the ever-growing cities that make up Texas' big four (cities) becomes increasingly essential, addressing the dearth of good options for different kinds of travel becomes more important.

"Transportation is a serious challenge in our expanding state, and 16 seats on a pricey luxury bus is still 16 cars that won't be packed onto an already-crowded I-35."

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## Big Apple hassles

CONTINUED FROM PAGE 1

wheel and the other on the horn.

### The curse of texting

However, all of these factors have gotten worse, and some new aggravations have surfaced. These include pedestrians who are too busy texting on their smart phones to heed traffic, and the addition of bike lanes, which have made narrow streets even more difficult for buses to navigate.

And many of the bikes in those new lanes are “city bikes” that are available for rent to tourists with no experience riding the crowded streets of the city.

“We’ve even seen people on bikes texting,” said LeBron. “With the infrastructure as tight as it is, everybody has to pay attention. If someone isn’t paying attention, you’ve got a big problem.”

Distracted pedestrians aren’t just an annoyance to charter bus operators. There has been a rash of city transit bus-pedestrian accidents in New York, resulting in an initiative by Mayor Bill de Blasio to curb such accidents. (See June 15 *Bus & Motorcoach News*.)

According to the *Village Voice*, pedestrians are killed at a higher rate in New York City — accounting for 52 percent of all traffic fatalities — than the national average of 13 percent, partly because there are so many people walking in the city.

“Because it is so dense in New York, it is difficult to turn a corner with a bus because there are going to be 75 people on the corner

wanting to cross,” said Michael Neustadt, president of Coach Tours of Brookfield, Conn.

Neustadt, whose company operates 5 to 10 buses into Manhattan daily, agrees there are plenty of problems facing bus drivers in the city. But he is still a big fan of New York as a charter bus destination.

“It’s the best city in the world,” he said. “It attracts more visitors than any other city, and many of them come by motorcoach. I find that to be a good thing. Bus companies can make a lot of money driving people to New York.”

### The parking hassle

What Neustadt doesn’t like about operating buses in New York is the lack of parking, the hassles of dropping off and picking up passengers, and the liberal issuance of tickets to bus drivers.

“There is just not enough space to park in New York City,” he said. “There are maybe a few dozen legal bus parking spaces in the city, and on any given day there are easily more than 1,000 buses looking for parking. That means buses have to leave Manhattan to find legal parking.”

Drivers who drop off passengers and don’t have to pick them up for several hours typically drive to New Jersey and the Bronx to find free or legal parking. But, if they have to pick up their passengers in a couple of hours, there isn’t time to head for suburban parking, so they just drive around until pick-up time.

“They’re like moving parking lots,” said Tom Ready of Ready Bus Lines, a La Crescent, Minn.,

operator that runs charter buses to New York, which he said is a hot destination for groups in Minnesota and Wisconsin. “It’s a waste of fuel driving around like that.”

The lack of parking in New York City also is the biggest complaint of Cam Morris, who manages Oneonta (N.Y.) Bus Lines and who is president of the Bus Association of New York. She also said maps to legal bus parking areas are often inaccurate.

“Our drivers say that the new parking maps they got from the city show parking that isn’t even there,” said Morris.

### Signs: Confusion City

Signage also can be confusing. “Sometimes there will be five different signs on the same pole,” Ready said. “One sign says ‘park here’ and another says ‘don’t park here.’”

Another challenge facing bus operators is finding the correct spot to drop off and pick up passengers. There are designated areas near some attractions, such as the 9/11 Memorial Museum in lower Manhattan and the art museum district near Central Park.

However, sometimes drivers have to just find a spot to quickly drop off or pick up their passengers. If they are caught stopping in the wrong place by police, they are issued a ticket.

“Loading and unloading passengers can be a cat-and-mouse game,” LeBron said.

Even if a bus is stopped at the proper loading and unloading spot, police often hassle drivers to move along.



“There is no place to park and they push you along when you try to drop off. They just don’t accommodate motorcoaches on Manhattan Island,” Ready said. “We bring in tourists who spend money. They don’t appreciate what we offer to the city.”

### Revenue source

Operators say they’ve noticed an increase in the number of citations issued to buses, and hint it is part of a push by the city to increase revenue.

“It’s tax the rich and fine the hell out of everyone else,” said LeBron.

Operators say their drivers are sometimes issued tickets even when they are parked or stopped legally, forcing them to fight City Hall. Ready said that happened to one of his drivers who had stopped his bus at a parking meter and got out to swipe his credit card to pay.

“While he is paying a cop walks up and slaps a ticket on the windshield,” he said, adding that the officer said he issued the ticket

because the driver had left the bus. “Well, his arms aren’t long enough to swipe the credit card from inside the bus,” said Ready, who successfully fought the ticket.

The increase in ticketing has forced some companies to add surcharges to their charter prices to cover the fines, but Morris said she doesn’t think it has become a widespread practice.

“Companies add surcharges to offset high fuel costs, but I don’t think surcharges to cover parking tickets are very common,” she said.

Even though bus companies complain about the hassles of driving motorcoaches in Manhattan, they are unlikely to stop serving the city. For many companies located fairly close to New York, it’s their top destination and a major part of their business.

“It’s an exciting place. Everyone wants to go there,” Neustadt said. “We go in, drop off passengers and go away. It isn’t necessarily easy, but it is something we do well and we charge for it appropriately.”

## Borrowing/lending

CONTINUED FROM PAGE 1

all, and that puts us in a great position to lend.”

The continuing slow improvement in the economy this year has modestly influenced capital availability and the willingness of motorcoach operators to spend, notes Berg.

“I think there are more lenders within our space than ever before. Most of our customers appear to have had a better year in 2013 than what they had in 2012. With discretionary income going up a little bit, there is a bit more room for people to spend money and that helps anybody who is in a travel-related business.”

There have been frequent predictions in recent years that interest rates would move higher, but rates have remained at a low level. The Federal Reserve lists the bank prime loan interest rate at 3.25 percent — where it has been parked

since January 2009. The prime loan rate is what commercial banks charge their most credit-worthy customers.

The bank prime rate hit its last peak of 8.25 percent in 2007. The rate stood at 8.5 percent at the beginning of 2000 and 10 percent at the beginning of 1990.

Interest rates facing motorcoach operators generally range from 4 to 10 percent, depending on the age of the coach being financed and the buyer’s credit history.

“We anticipated rates would be a lot higher right now than they are” Hotchkiss said. “I think everybody expected rates would start increasing late last year, but that never materialized. The economy is still stagnant. There is not any inflation

yet, so that has kept rates down.

“We do expect rates to start increasing by the end of the summer and to go up about a point and a half next year.”

### The new normal?

“Interest rates are very fair,” observed Gregg Goedde, vice president of ABC Bus Leasing Inc. of Faribault, Minn. “The rates have been this low for so long that this is what we expect as the new normal.”

If interest rates do rise in the coming months as some analysts expect, the boost probably will not be severe, he said. “I don’t see inflation getting out of control. It is hard to get upset if the rates go up a quarter of a point in this market.”

Capital access and interest rates can be problematic for new companies or those with weak financial records. Financing also can be difficult to obtain for older coaches.

Generally, however, qualifying for financing is no tougher today than in past years, said Berg.

Still, he adds that “there is less capital for start-ups and less capital if you have had some major problems in the past. Start-ups are paying a very high interest rate. Nobody (no finance company) is really in that space. But, if you have paid your bills and done well, there is still capital for you.”

### Older coach conundrum

Operators seeking to add an

older coach to their fleets may have tougher going because of a lack of financing, regardless of how lovingly that vehicle was maintained.

“A lot of lenders will do equipment up to 10 years old. The ’04s and ’05s can be very nice coaches, but lenders are looking at a 10-year window,” Goedde said. “That can be a real challenge for customers looking at strong equipment that is older than that. There are a lot of older buses that could make really good money for customers but can be difficult to finance.”

Wells Fargo economists expect the U.S. economy to grow 2 percent this year, Hotchkiss said. “That’s slow but steady growth. It is not taking off like everybody hopes it would.”

This could be a good time for healthy carriers to buy a motorcoach, he said.

“From a financing perspective, yes. Beyond that it is dependent on an operator’s needs.”

## Calendar

**JULY 2014**

**13-16 Joint Annual Meeting of Virginia, North Carolina and**

**South Carolina Motorcoach Associations**, Richmond Marriott, Richmond, Va. Info: [www.scmotorcoach.org](http://www.scmotorcoach.org), [www.ncmotorcoach.org](http://www.ncmotorcoach.org), [www.ncmotorcoach.com](http://www.ncmotorcoach.com).

**23 Florida Motorcoach Association Education and Compliance Meeting**, Sheraton Lake Buena Vista Resort, Orlando. Info: [FMA@buses.org](mailto:FMA@buses.org).

# Getting it right: Tips for financing coach fleet upgrades

By Scott Baer

Bus and motorcoach companies of all types and sizes share a common goal of growing the business while keeping costs under control.

For some this may mean updating their fleets with the newest technology and safety equipment, for others it may mean replacing or refurbishing coaches that are showing signs of aging, or perhaps adding some diversity to the fleet with smaller or larger coaches.

In any case, cost is a big part of the equation, as is the financing required to obtain the vehicles needed to operate a successful business without a large outlay of cash.

Smart fleet financing can provide the flexibility bus and motorcoach companies need as they grow, as well as helping with cash forecasting and tax treatment.

In addition, with the right equipment finance operators can avoid requirements like compensating balances, large down payments, and client list reviews, which makes the process faster and easier than a traditional loan.

For companies making the switch to more energy efficient buses, the reduction in fleet operating expenses through fuel- and maintenance-cost savings can be used to pay bus financing costs over time.

In this case, financing essentially converts the capital outlay to a monthly expense that is offset by fuel savings.

## Decisions: When to buy, finance?

Why lease a fleet of motorcoaches or finance even a single midsize today?

Why not buy new equipment outright if your company has the cash, or hold onto your money and run those old coaches just a few thousand miles more?

Reasonable questions, certainly, for transportation company owners to ask, but the answers might surprise you.

According to the Equipment Leasing & Finance Association, seven of 10 businesses in the U.S. lease or finance their equipment, and you should consider these options, too.

Leasing or financing can provide your operation with access to high-quality equipment that helps your company grow.

Working with an equipment leasing and finance firm that specializes in the commercial trans-

### Selecting a partner

Like any business decision, it is important to do your research before deciding to finance and selecting a finance company. Choosing a qualified, reputable financing partner is perhaps the most important decision made during the equipment financing process, yet it is often where motorcoach owners and managers spend the least amount of time.

In some cases a bus or motorcoach manufacturer might offer financing as part of the sales process; your bank or an independent finance company with experience in specialty vehicle financing is also a good place to start.

Look for a partner that understands your objectives, is experienced with the equipment needed, and is committed to the relationship over the long term. When searching for a finance partner, look for a company that:

- Is flexible and willing to work with you to develop a program that will meet your financial objectives
- Considers the relationship a partnership and is readily available to answer questions and provide support throughout the life of the agreement
- Is experienced in the commercial vehicle finance market
- Offers fast credit approvals and quick, easy processing
- Is a financially stable, long-term business partner.

### Questions to ask

There are specific questions

you can apply to qualify for 100 percent financing, with no down payment.

You can also take advantage of technology upgrades by changing out equipment every few years through a provision in your lease or finance contract.

There are other advantages to equipment leasing or financing as well.

Motorcoach operators can free themselves from the hassles of equipment remarketing and disposal.

Simplified billing and bundling costs into a single invoice so you can make one payment every month are other advantages as well.

Whether you need to refresh your coach fleet or replace an old shuttle bus, you owe it to your operation to consider equipment leasing or financing.

Source: Advantage Funding

you can ask to ensure you're getting the information necessary to make a sound decision before signing on the bottom line. Consider these questions from the Equipment Leasing & Finance Association:

1. How will the transportation

equipment be used?

2. Does the financing partner understand the specialty vehicle market and how the transaction will help the company operate better?

3. What is the total recurring payment and are there any other

costs that will be incurred before terms end?

4. What happens if the operator wants to change the terms and end the financing early?

5. What are the obligations for the equipment (such as insurance,

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## New Jersey Transit

CONTINUED FROM PAGE 10

of FTA buses of an amount less than \$29,130.20. It is likely that this amount would be sufficiently lower enough to allow the administrator to conclude that the level of economic benefit to Academy was only 'minor,' not 'moderate.'"

### What pattern?

New Jersey Transit also argues that the federal government incorrectly based the fine on a "pattern

of violations."

On March 25, 2013, the FTA issued a cease-and-desist order to New Jersey Transit and the Atlantic City Jitney Association in response to a complaint that the association was impermissibly using FTA-funded buses to provide charter service. New Jersey Transit was ordered to develop an oversight plan to ensure that its contractors complied with the charter service regulation.

However, the FTA noted in its Academy ruling that New Jersey

Transit had yet to file that oversight plan, saying that its "repeated failure" to enforce the charter service regulation demonstrates "a pattern of violations."

"This statement is not correct," states the New Jersey Transit appeal. It points to an attached e-mail, dated Aug. 1, 2012, that was sent to two FTA consultants as proof of an oversight plan. The transit system says this plan was also attached to a letter sent to FTA on April 10, 2013. "This, in two instances, NJ Transit provided the FTA with the required

oversight plan."

In requesting the FTA reconsider the penalty, New Jersey Transit summarizes:

"First, there is no basis to conclude that NJ Transit has committed more than one violation constituting a pattern of violations. Second, even if the administrator were to conclude that the decision was correct, as to this issue, the economic benefit gained by Academy in using the FTA-funded buses should be recalculated to a lesser amount, thereby reducing

the penalty on NJ Transit."

The appeal was signed by John J. Hoffman, acting attorney general of New Jersey.

### 'More...not less'

The New Jersey fine should have been larger, not smaller, said Sal Dipaolo, president of Service Bus Company, which instigated the New Jersey Transit complaint. Last month, he told *Bus & Motorcoach News*, "It is nowhere near what it should have been."

Dipaolo also noted that the use of federally-funded buses by major private bus operators is not uncommon in the East, and that smaller charter companies "are seriously handicapped by the practice." He said he has tried to file complaints in the past but didn't have the resources to pursue them.

"I appreciate all the efforts of UMA in helping me with this complaint," he said. "It never would have gotten this far without them."

## Transit dispute

CONTINUED FROM PAGE 11

Diaz, Holter's lawyer, said that two of the core issues in the case, establishing the proper standard for reviewing the city's "best-value" competitive bid process and determining whether Holter's bid protest claim was correctly dismissed, weren't considered by the lower courts, but are the basis of the state Supreme Court decision to review the case.

The court also granted permission to the Associated General Contractors of Minnesota to file a friend-of-the-court brief in support of City Lines' challenge to the procurement process.

"The Supreme Court went directly to the core issues," Diaz said in an interview. "This isn't just about City Lines. This is about the integrity of the procurement process."

Meanwhile, Diaz, who served as chief counsel of the FTA from 1989 to 1993, continues to pursue action before the federal agency. He has filed a petition for rule-making with the FTA, arguing that the agency reversed its long-standing policy of not allowing government entities to use federal funds to subsidize a competitor of a private company without compensating that company.

"That reversal of policy requires public comment," Diaz said. "It cannot be made arbitrarily or by fiat. The FTA is abandoning the private bus industry. Charter and school bus companies should be looking over their shoulders. This is a very serious matter."

Diaz said the Minnesota Supreme Court is expected to hear oral argument in the case late this year.

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## Consolidation

CONTINUED FROM PAGE 1

advantage of economies of scale to strengthen their individual operations,” says the Texas Bus and Limo filing with the Surface Transportation Board.

“Additionally, the transaction involves a debt consolidation and restructuring that will make the... carriers more financially secure and allow them to obtain financing and insurance at more attractive

rates.

“The savings associated with a more streamlined business operation and debt restructuring will allow the companies to be stronger and more secure. Without the transaction, the companies will not be able to make planned upgrades to their carrier fleets and will continue to operate less efficiently and effectively.”

A key aspect of the consolidation, according to the filing, is to achieve greater efficiencies and

reduce costs.

“The applicants hope to use the opportunity for increased coordination to bolster the business of each carrier by engaging in vehicle-sharing arrangements on favorable terms. This will allow the carriers to reduce their overall fleets by retiring older vehicles and focusing on utilizing vehicles and manpower more efficiently.

“The savings realized from the streamlined operations and debt restructuring will be invested back

into the carriers, enabling them to purchase newer, more energy-efficient and lower-emission vehicles over time and providing safer, more efficient transportation options to the travelling public.”

Texas Bus and Limo plans to consolidate \$75 million in debt held by the companies, the application states. Savings realized in “interest, insurance and other fixed costs” will be reinvested in the new company.

## Quick action asked

The application asks the Surface Transportation Board to provide expedited, tentative approval of the acquisitions. Texas Bus and Limo stated that the companies and their banks have agreed to a timeline “to receive debt restructure approval” in the middle of August.

The Surface Transportation Board oversees larger mergers and acquisitions in the ground transportation industries — railroads, trucking and buses — to prevent deals that would significantly reduce competition or create monopolistic conditions.

According to documents filed last month with the Surface Transportation Board, Texas Bus and Limo will not be a carrier, but will strictly function as a holding company to enable the existing carriers to operate more efficiently.

The five operating companies are being acquired in a cash and stock deal. The owners of the carriers “will receive cash and an equal percentage of (Texas Bus and Limo) stock...The applicants anticipate that other interests, including sponsors and employees, might own approximately 15 percent of (Texas Bus and Limo) stock in the future.”

## The companies

The 52-page filing describes a maze of parent companies, limited partnerships and subsidiaries.

The first company described is Echo Tours and Charters, which was formed when Echo’s owners purchased the former Gotta Go Trailways of Fort Worth three years ago.

Echo has continued to make acquisitions and now operates 100 vehicles, ranging from sedans to motorcoaches.

Echo is owned by a limited general partnership whose principals are Chris Jarrard, Tanner West and Thom Fox.

The parent company of AFC Transportation is an outfit called GBJ Inc., which has a number of companies operating under such names as AFC Corporate Transportation, AFC Transit, First Class Charters, A First Class Limousine Service and AFC School Charters.

AFC Transportation/GBJ operates 134 vehicles, including motorcoaches, midsize buses, sport utility vehicles and limousines.

Ferrari and El-Lahham are the principals of AFC/GBJ.

Roadrunner Charters Inc. of Irving, Texas, has been in business since 2004 and primarily services Dallas/Fort Worth. It operates 54 motorcoaches and midsize buses.

CONTINUED ON PAGE 22



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## People

NORTHFIELD, Minn. — *John Benjamin* of **Benjamin Bus**, a family-owned school bus company, and **Northfield Lines**, a motorcoach operation, was presented with the Jim DeVeau Award at the 2014 Minnesota School Bus Operators Association Summer Conference.

The award annually honors an individual who has worked diligently to promote high standards of school bus safety, efficiency and environmental responsibility.

“I am so honored to receive this award,” said Benjamin. “Jim DeVeau was someone in the bussing industry whom I admired very much.”

Benjamin Bus was founded 25 years ago by Benjamin and his late brother, Larry. It and Northfield Lines are owned by Benjamin and his wife, Wanda.

MEXICO CITY — *Bob Greene* has joined **Amaya-Astron Seating** as sales representative serving the U.S and Canadian motorcoach markets.

Greene has spent 25+ years in sales, with the past 13 years working at **REI** as senior account executive in the motorcoach aftermarket sales division.

He brings to Amaya a wealth of knowledge regarding the overall motorcoach industry and most importantly the relationships he has developed over the years with coach owners/operators and their key maintenance and safety personnel.

Late last year, Greene was elected to the United Motorcoach Association board as the non-coachbuilder vendor representative.

He is a graduate of the University of Nebraska-Lincoln and is based in Omaha. Reach him at [bgreene45@cox.net](mailto:bgreene45@cox.net).

DES PLAINES, Ill. — *Darril King* has been named vice president new coach sales by **Motor Coach Industries**.

He will handle the company’s Northeast region, responsible for New York state and New England.

King was formerly vice president **Setra** sales specialist and before that vice president regional sales. He joined MCI when the company gained Setra North American distribution rights two years ago. Prior to Setra, King had a 37-year career at **Detroit Diesel**.

King will continue to report to *Patricia Ziska*, MCI vice president of sales. “Operators in the Northeast will benefit from his experience and knowledge and can count on him for exceptional service related to their MCI J4500, MCI D-Series and Setra coach needs,” said Ziska.

Contact King at [Darril.King@mcicoach.com](mailto:Darril.King@mcicoach.com).

FARIBAULT, Minn. — **CH Bus Sales** announced the appointment of *Roy A. Furo Sr.* as account executive

for the Northeast.

Furo will be responsible for sales in Maine, New Hampshire, Massachusetts, Connecticut, Vermont, Rhode Island, and Upstate New York.

Furo joins CH Bus Sales with more than 10 years of experience in the motorcoach industry. Most recently he headed sales for **MCI** in the northeastern U.S.

“He brings knowledge of tour-and-charter operators in the North-

east, as well as sales strategy and customer development,” said *Duane Geiger*, executive vice president at CH Bus Sales, which distributes Temsa coaches in the U.S.

ELKHART, Ind. — *Troy Snyder* has been named general manager of **Ameritrans**, the midsize bus manufacturer owned by **ABC Companies**.

Most recently, Snyder served as both president and vice president of sales at **Goshen Coach**, where he



John Benjamin



Bob Greene



Darril King



Roy Furo Sr.

specialized in product development and high-output production.

Snyder attended Ball State Uni-

versity and Indiana University and holds both bachelor- and master-of-science degrees.

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## Consolidation

CONTINUED FROM PAGE 20

Ron Wills is president and CEO.

Star Shuttle Inc. of San Antonio has been in business for 22 years, providing charter, convention and tour operations, paratransit and transit services in the San Antonio and Austin markets.

Its 60-vehicle fleet includes motorcoaches, trolleys, limousines and school buses. John P. Walker is president and CEO.

Tri-City Charter of Bossier Inc. is based in Bossier, La., and has a second base in Longview, Texas. In operation for 15 years, it offers interstate service primarily in Louisiana and Texas. James E. Pitstick is president and CEO of the carrier, which operates 23 motorcoaches, according to the filing.

The acquisition of Tri-City "is essentially the first step in the overall (Texas Bus and Limo) acquisition," the application states.

### Key to the deal

"Immediately prior to the acquisition of GBJ, Echo, Roadrunner, and Star by (Texas Bus and Limo), Echo will acquire Tri-City, a federally registered passenger motor carrier providing charter and tour service in the southeast United States, with the intent that Tri-City be operated as a subdivision of Echo. Echo's acquisition of Tri-City is crucial to the success of the TBL venture."

If approval is granted by the Surface Transportation Board, Echo will purchase the stock, equipment and operating authority of Tri-City, which will continue to operate as a subsidiary.

"In essence, the Tri-City acquisition is a necessary first step to completing the larger transaction," Texas Bus and Limo states. "Without this acquisition, the overall transaction would no longer be economically viable."

The application provides no elaboration on the need to consolidate Tri-City into Echo before the latter joins Texas Bus and Limo.

With the acquisition of Echo, Texas Bus and Limo also will own 50 percent of Gotta Go Tours by Patti LLC, a group travel and tour service based in Fort Worth. The filing says this company is not a carrier and holds no operating authority.

## Tips for financing

CONTINUED FROM PAGE 17

taxes and maintenance) during the financing term?

Whether adding new coaches to increase fleet size or to replace older vehicles, operators should ex-

Following the transaction, each of the applicant carriers, including Tri-City, will continue to operate as separate entities, with their own brands, and will not significantly alter their transportation operations," the filing states.

"The carriers plan to focus their efforts on the maximum utilization of equipment and resources to serve their respective customer bases, including favorable vehicle sharing arrangements that will allow the carriers to bid on more and bigger charter transportation contracts.

"With maximum utilization of equipment, the carriers will be able to provide their current level of transportation with fewer vehicles, allowing them to retire older, less energy efficient vehicles. In addition, with more combined vehicles at their disposal, the applicants will be able to bid on the charter service contracts for larger events requiring additional vehicle capacity."

### Few changes?

The Texas Bus and Limo application asserts that the consolidation would not bring significant changes to the operations of the affected carriers and any cost-savings would be reinvested.

"The carriers will be able to serve their existing geographic areas and customer bases more efficiently and effectively, and do not anticipate any reduction in current service levels. In fact, the transaction will enable to carriers to leverage the combination of companies to grow the businesses of each individual carrier, and will result in the same or a greater level of transportation to the public."

Texas Bus and Limo adds that there will be some consolidation of headquarters and administrative jobs to the holding company, but these "will be offset by additions in higher-paying sales and field operations personnel in numerous cities across Texas."

### The competitive factors

The filing contains a lengthy analysis of the competitive factors in the markets where the companies operate and claims the consolidation should not "have a material adverse effect on competition."

It notes, for example, that the Dallas/Fort Worth market "has more than 15 interstate transporta-

tion providers, offering charter and tour service," and competing for roughly \$150 million in annual revenue.

"After the transaction, the combined revenues of Echo and Roadrunner will be less than one-third of that amount," says the filing.

Texas Bus and Limo estimates the combined share of its carriers in the East Texas market will be less than 7.5 percent and its share in other markets will not exceed 14 percent.

"Because the carriers' operations will not significantly change after the transaction, the parties do not anticipate these percentages to change significantly, either. Further, the areas served by the carriers are largely separate and distinct, with a small amount of overlap in the larger markets. The companies also will maintain their separate identities and be responsible for their own operations within the larger corporate family. Thus, the transaction will not result in any consolidation of market power in any relevant market," says the filing.

*Bus & Motorcoach News* was unable to speak with executives involved in the consolidation before deadline.

John Ferrari was profiled by the *Houston Business Journal* in 2001, for his success in developing what then was known as A First Class Limousine and Charter Service (now AFC Transportation).

"Ferrari himself spent years learning the ropes of entrepreneurship through his stepfather, local restaurateur Sonny Lahham, owner of La Tour D'Argent French Restaurant and Cavatore Italian Restaurant.

"I worked with him since childhood in the restaurant business and wanted to follow in his footsteps," John Ferrari says of his stepfather. "He has taught me the business of the business."

The *Business Journal* credited Ferrari's six-day-a-week restaurant work experience for his success in transportation. "Ferrari applied what he learned from the restaurant industry to his own business, offering customers courteous service, being on time and charging affordable rates. One referral led to another, multiplying AFC from a single corporate customer to more than 800 today."

ploring financing options before making a decision. Doing so will have you on the road with additions to your fleet quickly and easily, with more cash in the bank to invest in other parts of the business.

Scott Baer is regional sales manager of bus financing at Key

Equipment Finance ([www.kefonline.com](http://www.kefonline.com)). He has been associated with the bus and motorcoach industry for more than 25 years in various sales and management positions with motorcoach manufacturers and finance companies. Reach him at [scott.baer@key.com](mailto:scott.baer@key.com).



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