

Bus & Motorcoach NEWS

WHAT'S GOING ON IN THE BUS INDUSTRY

Safety consultants...on the hell of being shut down

In today's compliance and safety game, there are no checked swings, do-overs, "gimme" putts, or mulligans. Ties do not go to the runner.

If a federal referee or umpire visits your shop, it's three strikes and you're out. Maybe two strikes.

The 15-month-old enforcement onslaught aimed at the motorcoach industry by the Federal Motor Carrier Safety Administration has clearly put most operators

on increased alert.

Still, despite all of the publicity the campaign has generated, operators continue to be caught short on safety compliance, and once they are shut down the owners may be forced to spend hundreds of thousands of dollars to regain operating authority.

The return-to-service process oftentimes takes months and can outlive a carrier's bank account

with absolutely no guarantee of success, say industry safety consultants and observers.

Only a handful of carriers hit by the feds' Operation Quick Strike last year have returned to service. (See June 1 *Bus & Motorcoach News*.)

For that initiative, the FMCSA dispatched 50 "specially trained investigators" to conduct "in-depth reviews into the patterns and practices of the 250 most at-risk mo-

torcoach companies."

In the months since, the FMCSA has focused its attention on upwards of 1,300 motorcoach companies that seldom, if ever, saw a regulator or inspector.

"Do not think (these federal inspectors and auditors) are your friends," admonishes safety consultant Annette Sandberg.

"These people are out there to do enforcement. Carriers need to

remember their objective is to shut you down if they can. That is their mind set right now. They count every carrier they shut down."

Sandberg is the former administrator of the FMCSA, during the George W. Bush presidency, who now leads TransSafe Consulting of Spokane, Wash.

She said the FMCSA crackdown was unleashed in response to

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Leaders take industry message to members of Congress

WASHINGTON — Phone calls, letters, e-mails and tweets still don't beat the communication value of a handshake and eyeball-to-eyeball contact.

After visiting their senators and representatives during the United Motorcoach Association's annual Capitol Hill Days, the owners and senior executives of 57 motorcoach companies know they will be remembered as more than a name the next time they need to discuss federal legislation.

"It's important to let them know our stance and be able to have a face-to-face relationship," said Tim Stout of Stouts Transportation in Ewing, N.J.

"When they receive a correspondence via e-mail or letter or phone call, they are able to put a face to the conversation and make the conversation more relative.



"Also, I feel that if we do not speak our opinion we do not have the right to complain about the outcome," he said. "I would rather be involved in the process than stand by and wish I would have spoken up," added Stout.

"When you meet people one-on-one it impresses people more than just sending a letter or flyer," agreed Joan Libby of Cavalier Coach Trailways in Boston. "I believe we got our points across. It was definitely worthwhile."

Members and representatives of UMA conducted 284 appointments with elected members of Congress or staff members during this year's Capitol Hill Days, 74 more than last year.

The UMA-coordinated visi-

tors went armed with background information on critical issues of interest to the motorcoach industry.

They discussed their views on the most recent federal highway

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Wi-Fi is everywhere, including on buses, but it's no simple matter

A Midwestern motorcoach operator was shocked when he opened a bill of about \$1,100 from a Wi-Fi provider for one month of service.

Subsequent bills ranged from \$400 to \$2,000 — and that was for a single coach.

Clearly, the operator paid a hefty price, particularly when

monthly Wi-Fi costs are more commonly less than \$100.

The experience of the Midwestern operator is an extreme example of the costs associated with offering wireless service on a motorcoach if you don't do your homework.

As operators work to stay on top of the most practical and cost-effective ways of offering Wi-Fi to

their passengers, some have hit pricey snags and inconsistent service.

Still, it's little wonder operators remain eager to offer Wi-Fi on their coaches.

As of the first of this year, 90 percent of American adults used a cell phone, 58 percent had a smartphone, and 42 percent owned a

tablet computer, according to the Pew Research Center Internet & American Life Project.

The range of available options for accessing Wi-Fi service is broad, and each seems to come with its own pros and cons.

Bus & Motorcoach News surveyed a handful of operators across the country to get an idea of the

type of connectivity they're opting for, what they pay for it, what they charge their passengers for the service, and issues that crop up.

Here are snapshots of how coach companies — large and small — are incorporating the service into their operations, plus a look at the increased demand for

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UMA has big expectations for Motorcoach Expo 2015

NEW ORLEANS — The United Motorcoach Association is forecasting record attendance at next year's UMA Motorcoach Expo here.

UMA, which has been conducting Expos for 30 years, told its members that having the show in New Orleans "is sure to bring more attendees than ever before as we showcase our industry's best from the Big Easy."

And, in a message aimed at Expo exhibitors, UMA said that "with an anticipated record attendance, buyers will be looking for your products and services."

"Attendees who came to (Los Angeles for) Expo 2014 to buy spent an average of nearly \$500,000 each on equipment, products and services on-site," UMA said.

"2015's Expo is sure to drive sales to new heights," the association added.

Specifically, UMA is predicting the following about Expo 2015:

- Exhibitors will see nearly 2,000 bus and motorcoach industry personnel over just a few days
- 4 out of 5 attendees will be decision makers for their companies

who make their decisions based on what they see at EXPO

• 78 percent of EXPO attendees will be company presidents, CEOs and top executives who will be making major purchases on-site

Motorcoach Expo at Travel Exchange is the largest annual gathering of bus owners and operators in the U.S. The 2015 show will be Jan. 18-22.

On the first day of Expo — Sunday, Jan. 18, there will be a "new speed networking session."

During the event, motorcoach operators will have an opportunity to meet with NTA tour operators and tour suppliers "to help you build your business and partnerships."

"You will receive a speed networking appointment schedule at the beginning of the session."

UMA says space for the speed networking event will be limited. Information on registering for the new program at Expo will be released in coming weeks.

Industry vendors and suppliers interested in reserving exhibit space for the New Orleans Expo should contact Brian Carsten at (770) 810-6974, or email uma@naylor.com.

Ga. operators support I-95 crackdown

In mid-June, for the first time, four southeastern states collaborated on a three-day traffic enforcement blitz aimed at commercial vehicles.

The initiative was dubbed Operation Safe D.R.I.V.E on I-95.

The crackdown tentatively was slated to be repeated July 29-31, with at least a half-dozen law enforcement agencies from Florida, Georgia and North and South Carolina working to eliminate fatal commercial vehicle crashes.

In Georgia, the program has been strongly endorsed by the Georgia Motorcoach Operators Association.

When the Georgia Department of Public Safety and the Georgia State Patrol launched the initiative in the Peach State, leaders from the Georgia Motorcoach Operators Association were at a press event to support the stepped-up enforcement program.

"This association has long supported improving our safety record as an industry," said Brenda Tidwell, co-owner of Leisure Time Charters and Tours in Emerson, Ga., and president of the Georgia Motorcoach Operators Association.

"We are concerned that those in our care will have a relaxing,



John Keys, who coordinates government affairs for the Georgia Motorcoach Operators Association, addresses Georgia and South Carolina law enforcement officers at the kick-off event for I-95 enforcement initiative.

enjoyable — and safe — experience with motorcoach operators in Georgia. We're partners with the Georgia Department of Public Safety. We welcome every opportunity to work with them to promote safe operations and to make changes to Georgia laws dealing with safe travel in our state.

"We're also actively involved in national bus organizations, which support safer federal operating standards for motorcoaches and constantly seek to add value to our customers' travel experience through support of state and fed-

eral agencies whose mission is to implement safe operating practices," continued Tidwell.

"We commend the department (of public safety) for its leadership in this area, and look forward to continued partnership with them, as well as our federal agency partners."

The Georgia Motorcoach Operators Association urges groups and individuals who charter buses to go to the website of the Federal Motor Carrier Safety Administration and access the latest informa-

CONTINUED ON PAGE 9 ►





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THE DOCKET

More CSA-related mandates coming

LA JOLLA, Calif. — Think you've finally learned the ins and outs of the fed's Compliance, Safety, Accountability program, and gotten its nuances under control? Think again.

Safety compliance expert Jeff Davis, principle officer for Fleet Safety Services, told a trucking symposium here that a tidal wave of add-on CSA regulations and requirements is about to hit the commercial vehicle industry.

Citing "regulation fatigue" at the executive level, Davis nevertheless maintains that fleets will have to redouble their efforts to stay ahead of the curve on CSA to protect their BASIC scores, which are being closely monitored by many law enforcement agencies, insurance companies, and customers, as well as the Federal Motor Carrier Safety Administration, which created the safety octopus.

"We've come through Phase 1 of the CSA," Davis explains, "which was the actual launch of the program and understanding how it would work. For better or worse, we now have that information.

"Now we're entering Phase 2, which is the actual intervention phase, which CSA was all about

in the first place."

In other words, Davis says, fleets must shift from educating themselves about CSA to learning how to operate in a world largely defined by how the program views them — a process made even more complicated by the fact that new CSA requirements are looming and the program itself is being used (and abused) in ways never intended.

'Real' reason for CSA

Davis told symposium attendees that in his estimation, a primary internal purpose of the CSA program was to force motor carriers into using electronic logs. He maintains that use of e-logs is the only way fleets today can accurately track and control hours-of-service compliance to head off detrimental CSA scores.

New CSA realities now require fleets to use doctors with a Medical Providers Certification to gauge the health of their drivers.

"The days of simply fogging a mirror to get a medical card are over. Your drivers must get a full, complete physical to drive."

More annoying, David says, is a brand-new requirement he recently discovered that calls for the govern-

ment-certified doctor to, in turn, be re-certified by the fleet as well.

"You have to place a note in the driver's file that the doctor who passed him or her as fit for duty is government certified," he explained. "You have to go to the FMCSA website and verify they are certified. This regulation crept up on us and I had no idea it was even being considered until I ran up on it."

Additionally, Davis believes that hair testing for CSA's driver drug and alcohol clearing house may soon be required.

Be proactive

"My advice to fleets is to be proactive on this front now," he stresses. "I recommend checking your database on every driver to ascertain whether they've had a prior drug or alcohol violation and follow up to make certain they are in compliance now."

"The bottom line is that fleets are simply going to have to be more hands-on in helping their drivers get and keep their medical cards," says Davis.

"It's going to take more time, more resources and more people to do so."

House, Senate committees advance highway measures

WASHINGTON — It's looking increasingly likely the Senate and House will adopt similar legislation that will keep the federal Highway Trust Fund solvent until at least next May, avoiding possible widespread shutdowns of federally funded highway projects.

Both the House Ways and Means and the Senate Finance committees approved bills last month that would provide roughly \$10 billion to keep a cash-strapped Highway Trust Fund solvent for the next 9 or 10 months.

Despite strong objections raised by Democrats, the GOP-controlled House committee easily reported the bill to the floor. The full House will consider the measure before its August recess.

The Senate Finance Committee reported a bill to the floor that would allow the transfer of \$10.8 billion to the highway account through next spring.

The measure, sponsored by committee Chairman Ron Wyden, D-Ore., marks a significant step toward guaranteeing federal dollars reach the states to pay for large-scale infrastructure projects.

Transportation Secretary An-

thony Foxx has been warning lawmakers for months the Highway Trust Fund would fall short on cash in August, putting thousands of construction jobs at risk.

Both bills would approve the transfer of \$1 billion from the Leaking Underground Storage Tank Fund and extend customs fees.

They also would rely on the accounting practice known as pension smoothing as a source of funding. Pension smoothing allows companies with defined benefit retirement plans to assume higher interest rates when calculating the amount of money needed to contribute for employees' retirements.

Wyden tweaked the Senate legislation in an effort to ensure Republican backing.

House Ways and Means Chairman Dave Camp, R-Mich., said the bill "is a much better approach than any proposal to just get us through the end of this year."

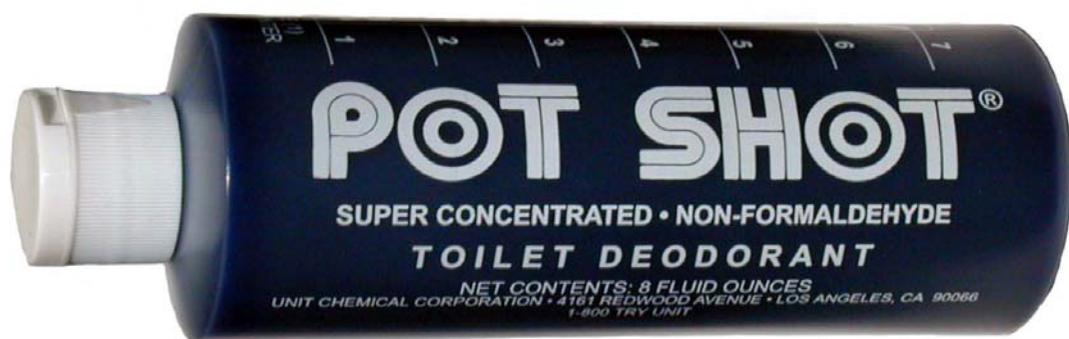
Before approving the bill, the committee rejected 23-16, along party lines, an amendment offered by Rep. Earl Blumenauer, D-Ore., that would have extended funding for the trust fund through the end of the year to give lawmakers time to approve a long-term surface transportation funding plan. The amendment also would have noted that it is the sense of Congress that long-term transportation authorization should be enacted.

Two key Senate Democratic transportation leaders, Senate Environment and Public Works Committee Chairwoman Barbara Boxer of California and Sen. Tom Carper of Delaware, have come out against the Wyden-Camp solution to highway funding.

The "plan to kick the can down the road and pass a temporary patch for the Highway Trust Fund until next May derails the effort to pass a long-term transportation bill this year," Boxer said in a news release.

Meanwhile, the U.S. Department of Transportation announced it will begin rationing the reimbursements it sends states for highway work already done.

Transportation Secretary Anthony Foxx notified the states by letter last month that, as of Aug. 1, reimbursements will be sent twice a month rather than daily. Also, the amounts will be only a share of whatever is in the fund when the checks are cut.



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App helps drivers in locating certified medical examiners

TUSCALOOSA, Ala. — Randall-Reilly, publisher of a pair of leading trucking industry magazines, *Commercial Carrier Journal* and *Overdrive*, has released in its *Trucker Tools* smartphone application a new function to help drivers find medical examiners based on their location and via search.

Listings in the *Trucker Tools* app come directly from the Federal Motor Carrier Safety Administration, and Randall-Reilly says it's updated each morning, keeping the list current.

The FMCSA listings are available online, but the agency system can be hard to use from a mobile device and on the road, which is where drivers may find themselves when in need of a re-certification of their medical cards — if they haven't been paying attention to the expiration date.

To find an approved examiner from the registry, a driver opens the app and taps the Medical Examiners button.

The app will use the phone's location services — both cellular network and GPS signal — to pull up a list of examiners within a

radius of up to 100 miles.

The listings are sorted by proximity and give the name of the examiner, what type of examiner he or she is (M.D., nurse practitioner, chiropractor and the like), address, hours of operation, distance from the driver's location, a button to call the facility and a button that launches a map with directions to the facility.

It's suggested drivers have their phone's GPS switched on when using the medical examiner functionality within the app.

The federal rule requiring drivers to see an FMCSA-approved medical examiner for their USDOT medical certification took effect in late May. (See June 15 *Bus & Motorcoach News*.)

To learn more about the Android version of the *Trucker Tools* app, go to <https://play.google.com/store/apps/details?id=com.salebug.truckstop>.

For the iPhone version, go to <https://itunes.apple.com/us/app/trucker-tools/id362413088?mt=8>.

To learn more about the registry, go to <http://nationalregistry.fmcsa.dot.gov>.

Certified medical examiner roster jumps

WASHINGTON — Another 8,000 health professionals have been added to the National Registry of Certified Medical Examiners since the new system for USDOT medical examinations launched at the end of May with an initial roster of 22,000 providers, the Federal Motor Carrier

Safety Administration reported.

An additional 22,500 medical professionals have initiated the process for gaining their certification.

All interstate commercial truck and bus drivers must pass a USDOT medical examination at least once every two years to ob-

tain a valid medical certificate and maintain their CDL.

And, as required by federal regulation, all new USDOT medical examinations are required to be performed by a medical examiner who has completed the required training and passed an FMCSA certification test.



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B.C. boosts highway speeds

VICTORIA, British Columbia — The western Canada province of British Columbia is boosting speed limits on more than 800 miles of roadways.

Transportation Minister Todd Stone revealed the results of a provincial Rural Highway Safety and Speed Review last month, and announced speed limit increases on 35 sections of highway covering 1,300 kilometers, plus other changes.

The increases mean that stretches of highway, such as the Coquihalla from Othello Road near Hope to the Highway 1 junction near Kamloops, now permit drivers to travel at a maximum speed of 120 kilometers per hour (75 miles per hour), up from 110

km/h (about 69 mph).

New speed limits are also in effect along stretches of the Fraser Valley, Sea to Sky Highway, and parts of Vancouver Island and the Southern Interior region.

The safety review indicated that targeted enforcement, driver education, improved vehicle technology and stiffer penalties have all contributed to a 28 percent decrease in serious crashes on provincial highways since 2003.

"The actions we're taking were the subject of a thorough technical review by our engineers, and the ministry is committed to ongoing monitoring and evaluation of speed limits and other highway safety measures," Stone said in a statement.

FMCSA wants printed duty records

WASHINGTON — The Federal Motor Carrier Safety Administration has issued a clarification about printed copies of on-duty-status records kept by drivers electronically.

The clarification, published in the *Federal Register*, is aimed at drivers who use laptop computers, tablets and smartphones to help them prepare the documents.

Federal law currently allows bus and truck drivers to use such electronic devices but they are not the same as electronic onboard re-

records or electronic logs, which are connected to the vehicle engine and which law enforcement officers can read.

While the alternative devices are acceptable, along with electronic signatures, drivers also must be able to print out copies of their duty records upon request from enforcement officials, meaning drivers better keep a printer handy.

Simply showing an officer the computer or smartphone screen is not acceptable.

Audit rips California PUC over limo, bus safety lapses

SACRAMENTO, Calif. — Just over a year after a deadly fire focused new scrutiny on limousine safety in the state, a scathing new audit found the California Public Utility Commission fails to enforce state safety laws, lacks properly trained investigators and issues skimpy fines to transportation companies that it sometimes doesn't even bother to collect.

Its safety inspectors sometimes base investigations solely on telephone calls with bus and limousine companies without ever visiting them or looking at their vehicles, the audit revealed.

And auditors found an investigator even failed to take action after witnessing a "clear safety hazard" — a driver boarding 13 passengers, including two children riding on adults' laps, in a van licensed for 11 people.

The report raised questions whether the commission can handle new, tough safety rules for limos and buses enacted after the gruesome limousine fire on the San Mateo Bridge in May 2013 killed five women on their way to a bridal party. (See July 1, 2013, *Bus & Motorcoach News*.)

"I really didn't think it was going to be this bad, that we'd find such a lack of oversight and so many safety concerns," said state Senate Majority Leader Ellen Corbett, who requested the audit. "People aren't doing their jobs."

The PUC Transportation Enforcement Branch lacks professional standards and properly trained investigators and seems incapable of correcting its deficiencies, the audit states.

The transportation branch lacks "effective program leadership," state Auditor Elaine Howle said in a statement.

PUC Executive Director Paul Clanon wrote in a response to the audit: "We largely agree with the audit's individual findings. We respectfully disagree with the overarching conclusion that PUC fails

to adequately ensure consumers' transportation safety." The agency's efforts "have not been trivial, nor a failure."

While the audit focused on the PUC's oversight of limos, buses and passenger vans, the agency doesn't inspect smaller limousines licensed to carry no more than seven passengers, like the Lincoln Town Car in last year's fire.

No state agency performs safety inspections for smaller limousines and has no rules governing the conversion of regular-size cars into stretch limos, which often occurs in private garages where they are cut in half and lengthened with a long passenger cabin.

In light of the audit, Corbett questioned whether the PUC could enforce a bill she sponsored last year in response to the bridge fire

that requires all limousines to have emergency exits, including older model cars that require retrofits. The bodies of the women who died in the burning limo were found crowded around the front of the car's passenger compartment trying to follow four survivors who crawled one-by-one through the only exit: a small rectangular opening to the driver's seat.

"I am worried that if on-site visits aren't being conducted, we might not have the oversight to enforce these important regulations," Corbett said. "I am going to be watching the PUC very closely."

She also questioned whether the commission could handle regulating cars-for-hire through Internet sites like Uber, Lyft and Sidecar.

Auditors also found that the rate at 7 percent for a company whose highest-paid employee's salary was no more than 25 times the company median salary, and the scale would have topped out at 13 percent for a company where that ratio exceeded 400-to-1.

The current state tax rate is 8.84 percent, which is among the higher corporate rates in the country. The bill (S.B. 1372) received a majority vote in the state senate (17-15), but did not get the supermajority required for a tax increase.

PUC often fails to complete investigations and issue fines in a timely way, averaging a 46-day wait to begin investigations after receiving a rider complaint and taking 238 days on average to complete it. Eight of 40 cases that were audited took more than a year to complete.

The audit also found fines are not issued on a timely basis and are often less than the maximum amount allowed. In one instance, a \$12,000 fine was issued for a fatal van accident when a \$20,000 fine could have been levied.

In other cases, no fines were issued even through safety violations were found to have occurred.

After the limo fire, the PUC fined San Jose-based Limo Stop \$7,500 because the limo was carrying nine passengers — two beyond its limit.

Investigators blamed the fire on a "catastrophic failure of the rear suspension system" that caused the car to drop onto its drive shaft. The resulting friction ignited carpeting in the passenger compartment, which quickly filled with black smoke. No criminal charges were filed in connection with the incident.

California bill on corporate taxes fails — barely

SACRAMENTO, Calif. — A bill that would have linked the rate of the state corporate income tax imposed on a company to the amount the company pays its top executive has failed — at least for now and not by much.

The bill would have put the tax

rate at 7 percent for a company whose highest-paid employee's salary was no more than 25 times the company median salary, and the scale would have topped out at 13 percent for a company where that ratio exceeded 400-to-1.

The current state tax rate is

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Consultants weigh in

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repeated criticism of the agency, renewed after every fatal motorcoach crash.

"There has been a lot of criticism from the National Transportation Safety Board and Congress that they (the FMCSA) haven't done enough," she said. "They are reacting to that criticism and they are not giving anybody a bye.

"It used to be that if you had a couple of things wrong you might get a bye. Now you are going to be shut down."

Others who work closely with motorcoach operators agree with Sandberg's assessment.

"They are going through your paperwork with an eye, I would say, toward maximum enforcement action," said Dru Carey, a New York City attorney who represents bus companies and led the formation of an association of Asian-American carriers.

It may take 45 to 60 days for an operator to avoid a closure or regain its operating authority, added a safety consultant who asked that he not be named. "We have seen some back as quickly as 30 days. It depends on what their defects were."

On the other hand, Sandberg said, "I am working with two companies that have been shut down for over a year and another that is approaching a year."

And it's not just companies that have been shut down that get caught in the FMCSA waiting game. A "conditional" safety rating has become the new purgatory, with operators waiting for weeks or (more likely) months before inspectors get around to a re-inspection that could result in a conditional rating being upgraded.

And while a company waits, the competition moves in like vultures, making customers aware of the lowered safety status; insurance rates become problematic, and lenders get nervous.

The wages of sin

The costs of recovering from an FMCSA enforcement action can be enormous.

"Attorney's fees and consultants' fees and some of the corrective actions can run over a couple of hundred thousand dollars," Sandberg said.

"I have seen fines in the hundreds of thousands. It depends on the carrier's gross revenue and number of violations. For smaller carriers, the fines can run from \$5,000 to \$30,000 or \$40,000. Your insurance rates are going to go up. There will be other repercussions, like loss of customers. It's going to take a long time to dig out of that hole."

Adds Carey: "While you are out of service, you have to keep

Feds shut down Minnesota operator

WASHINGTON — The Federal Motor Carrier Safety Administration ordered Lakeville, Minn.-based On Eagles Wings Charters to immediately cease all passenger transportation operations after finding the company was endangering the traveling public by failing to assure the safety of its vehicles and drivers.

The FMCSA said the company operating practices presented an "imminent hazard."

In a 16-page order, the FMCSA cited numerous defects in the company's 10-bus fleet, as well as its failure to ensure its buses were systematically inspected, repaired and maintained.

According to the safety agency, an inspection of five company buses ready for dispatch resulted in four being placed out of service immediately.

"In all, 40 separate safety violations were recorded for the four vehicles, including inoperative brakes and broken frame rails," the FMCSA

making insurance payments and bus payments. It can kill you. It can put you out of business."

During the first half of this year, the FMCSA announced the shutdown of eight more passenger carriers on top of the 52 ordered out of service during Operation Quik Strike last year, declaring them imminent hazards or finding that their responses to unsatisfactory safety ratings were unacceptable.

A carrier facing the threat of shutdown should immediately organize the safety and compliance program it should have put in place years ago.

Some carriers simply don't take safety and compliance seriously, said one consultant. "Companies are as safe and compliant as the owner wants them to be. The only thing they are worried about is the operations side. They are not worried about the compliance side. Eventually that is going to catch them."

"As an agency administrator, it would frustrate me to see operators who would, by the seat of their pants, purchase a vehicle and, by the seat of their pants, start driving it," Sandberg said. "They don't do any of the filings or learn any of the rules. They need to view compliance with the same importance as maintenance for their bus.

"They should invest the same time and money for their files. I tell companies if you don't have the money to do the compliance stuff, you shouldn't go into the business."

Carriers are likely to come under scrutiny if they compile unfavorable scores in the FMCSA Safety Measurement System, which tracks inspection results, citations and accident experience.

"When you have bad percentages in just about any area, they are

reported. "The fifth motorcoach inspected was cited for inoperative brakes on one axle and multiple air leaks in the braking system, as well as a damaged windshield."

The federal investigation also found the company had failed to assure that its drivers were properly qualified and licensed to drive a commercial bus and that they adhered to federal hours-of-service rules.

The FMCSA also cited On Eagles Wings for missing records of duty status, exceeding hours of service limits, and falsifying records of duty status.

However, it was one incident in April that sent federal regulators into orbit.

According to the FMCSA, several On Eagle Wings buses were transporting a large group back to Minnesota from Louisville, Ky., when the driver of one bus became sick and couldn't drive.

Company owner Mike LaDue allowed a passenger to drive the

looking at you already," said Carey.

Sandberg believes all carriers, however, will go under the microscope eventually. "I am told they are doing every passenger carrier in the country. If there is a passenger carrier that hasn't been audited, stand by.

"Take the time to have somebody go through your program and help you. There are a gazillion regulations, so any investigators worth their salt can probably find a violation against any company."

Delay can be devastating, she added. "If you are called and told you are going to get an audit, immediately you should consider if you should have somebody help you. A lot of companies think they can handle it themselves because it is too expensive to hire someone. But it really is expensive to deal with these things after the fact."

Importance of organization

A carrier should be as organized as a library with every record placed in the correct order in the correct file placed on the correct shelf at the correct time.

"You want your files to be clean and orderly. It is always better when they come in and see that your business is squared away," Sandberg said. "It is so much better if everything is organized by bus number and driver name. You want the auditors to see it is all done with some methodology. You want to prove to them that you are following regulations."

Successful compliance begins with hiring, one consultant said. "When a company is in trouble, we normally see that they don't have a good hiring process that starts with hiring quality drivers."

Major problems also can lurk in the drug and alcohol testing program.

bus from Tomah, Wis., to Edina, Minn., a distance of 180 miles, and then falsified the driver's hours-of-service records to hide the violation and others.

LaDue told the *Minneapolis StarTribune* he succumbed to the pressure of demanding passengers and regretted his decision to allow a passenger to drive the bus, but vowed he would use the experience to prioritize safety.

"I folded under pressure," LaDue told the newspaper. "It was a terrible decision but I wanted to save the account... I made some mistakes. I'm the first one to admit that. But I didn't think I put anyone in harm's way or put them in imminent danger."

The feds didn't agree.

"Companies that choose to disregard vital safety regulations and put innocent lives at needless risk will be prohibited from operating on our highways and roads," said U.S. Transportation Secretary Anthony Foxx.

"That can be fairly complex," Sandberg said. "Test drivers before you hire them and do your randoms at the proper rate. Some bus companies have seasonal fluctuations in employment and get nailed for not testing at the proper rate. You need to base your testing on your average numbers for each quarter and not your average for the entire year. I have seen four companies nailed for that recently."

Carriers must employ a drug and alcohol testing vendor who understands the complexities of transportation regulations, she noted.

"Some companies may have only dealt with state or local regulations and don't understand federal regulations very well. It is incumbent upon the carrier to make sure they have a reputable company to help them set up and follow a protocol. In the end, it is the carrier that is held accountable."

In addition to maintaining meticulous files, carriers need to guard against discrepancies between files.

Carey has found that some companies have not paid sufficient attention to alerts from their GPS (global positioning satellite) fleet tracking service.

"They are definitely looking at your GPS for speeding violations. If you are not responding to driver speeding violations you are seeing on your own, they are going to slam you."

She also urged correlations of driver vehicle inspection reports and maintenance records, not only to confirm that repairs were made after drivers wrote up issues. "If they see a repair and don't see the issue noted on the DVIR, they can say this DVIR is false because it didn't cite the repair that was subsequently needed."

When speed is justified

When the clock starts counting down toward a potential out-of-service order or loss of authority, haste is needed.

"The most important thing is to get it done very thoroughly and very quickly," Carey said. Carriers must give the FMCSA time to review and respond to their corrective action plans within the time windows specified in the administration's regulations. "If it takes too long, you are out of service. Once you are out of service, once you have lost operating authority, reapplying could take months."

FMCSA regulations state that a proposed "unsatisfactory" safety rating can result in a rating of "unfit" "after 45 or 60 days if necessary improvements are not made."

Another section of the regulation adds, "If a proposed 'unsatisfactory' rating or a proposed determination of unfitness becomes final, FMCSA will, following notice, issue an order revoking the operating authority of the owner or operator."

"With an unsatisfactory rating and 45 days to act, you cannot give them the corrective action plan on the 44th day," Sandberg said. "You need to give the agency at least a couple of weeks to review your plan."

Once the required time runs out, the clock slows to a crawl. "They are not in a big rush to get you back in business," Sandberg said.

And, the proposed plan must be meticulous.

"It takes a rigorous, complete and thorough response that completely addresses in every single, tiny detail, every detailed complaint they have made," Carey said.

The plan also must prove that the carrier has learned how it must perform going forward, she said. "The company needs to show that they don't rely upon a consultant to understand the nature of what they were doing wrong. They need to show that they themselves — the owner, the management, the safety department — understand FMCSA regulations to the Nth degree and are monitoring their safety and compliance themselves."

But some carriers fortunate enough to escape the wrath of an audit once will not learn their lesson and have simply delayed an inevitable fate, a consultant said.

"They go right back to the same bad habits. Once they are put out of service a second time, they probably are not going to be turned back on a second time."

The FMCSA "is using its authority in a very broad manner. Carriers really need to be on top of their game," Sandberg said. "Some of these regulations are a pain in the neck and some of them seem petty, but they really are about safety."

Accord sets stage for Spachman return to Nat'l Interstate board

RICHFIELD, Ohio — It looks like Alan Spachman, founder and former chairman of National Interstate Corporation, will be re-elected as a director of National Interstate despite leading two proxy fights during the past 15 months that were opposed by National Interstate's corporate parent.

Spachman, National Interstate, American Financial Group, and Great American Insurance Co. announced last month they had reached an agreement that likely will assure Spachman's re-election as a National Interstate director.

American Financial Group is the largest stockholder of National Interstate, owning 51.6 percent of the outstanding shares. Great American is a subsidiary of American Financial and holds the National Interstate shares owned by American Financial.

Spachman is the largest individual stockholder of National Interstate, owning roughly 9.2 percent of the outstanding shares.

Earlier this year, Spachman led a fight to block American Financial and Great American from buying all of the outstanding stock of National Interstate not already owned by American Financial and converting National Interstate into

a private company.

Spachman even filed a lawsuit to block the American Financial purchase offer, which was withdrawn after a federal court indicated Spachman's suit had substance and likely could lead to protracted and costly litigation.

As the litigation took shape, Spachman and American Financial traded ugly allegations, some of which were reported publicly. (See March 15 and April issues of *Bus & Motorcoach News*.)

Last year, Spachman led a proxy fight, also opposed by American Financial, which resulted in his son being elected to the board of National Interstate.

Under the agreement announced last month, National Interstate agreed to nominate Spachman, Patrick J. Denzer, Keith A. Jensen, and Ronald J. Brichler to its board at the 2014 National Interstate annual meeting next month.

Jensen and Spachman currently serve as directors of National Interstate; Denzer is founder and president of LI Ventures, an independent investment and advisory services firm, and Brichler is executive vice president of Great American.

Under terms of the accord, the parties agreed to vote all of their

National Interstate shares in support of each of the director nominees.

In addition, National Interstate agreed to recommend in its proxy materials that shareholders vote for the director nominees, and "to use commercially reasonable efforts to cause Mr. Spachman's election to the board of directors by supporting his nomination in a manner no less vigorous and favorable than the manner in which it supports the other director nominees."

For his part, Spachman agreed

to abide by the terms of the agreement, support the National Interstate director nominees, and oppose any effort by others to gain a seat on the National Interstate board.

If he and the others are elected, Spachman will serve another two years as a National Interstate director.

Days after the Spachman-American Financial agreement was filed with the Securities and Exchange Commission, National Interstate announced that its 2014

annual meeting will be at 9 a.m. Sept. 18, at the company headquarters here.

Because the 2014 annual meeting will be held more than 30 days after the anniversary of the 2013 annual meeting, the company was obligated to inform shareholders of the revised deadline for the submission of shareholder proposals and director nominations for consideration at the meeting.

Last year, when there was marginally less acrimony, the National Interstate annual meeting was May 2.

I-95 crackdown

CONTINUED FROM PAGE 3

tion on Georgia motorcoach companies. (<http://www.fmcsa.dot.gov/safety-security/PCS/Consumers.aspx>.)

"Travelers should use this information to make an informed decision on which company to use — and don't just use price as the only standard for your decision," says the association.

To assure that the motorcoach operator is licensed to do business in Georgia, the association promotes a link to the Georgia Department of Public Safety website. (<http://www.gamccd.net/LPCBusCarriers.aspx>.)

At the kick-off press event, announcing the four-state initiative, John Keys, who coordinates government affairs for the Georgia Motorcoach Operators Association, addressed event attendees along with FMCSA Administrator Anne Ferro; Col. Mark McDonough, commissioner of the Georgia Department of Public Safety; Col. Leroy Taylor of the South Carolina Department of Public Safety, and Harris Blackwood of the Georgia Governor's Office of Highway Safety.

The enforcement surge in June, and the similar crackdown July 29-31, will be followed by a third program later in the year.

During the three days of the

campaign in June, 859 citations and 369 warnings were issued to drivers of commercial motor vehicles — most of them trucks. At least two buses were ordered out of service.

A total of 833 citations and 369 warnings were issued to drivers of smaller vehicles.

More than 400 troopers, officers and deputies from the four states patrolled the 900 miles of I-95 in those states June 17-19.

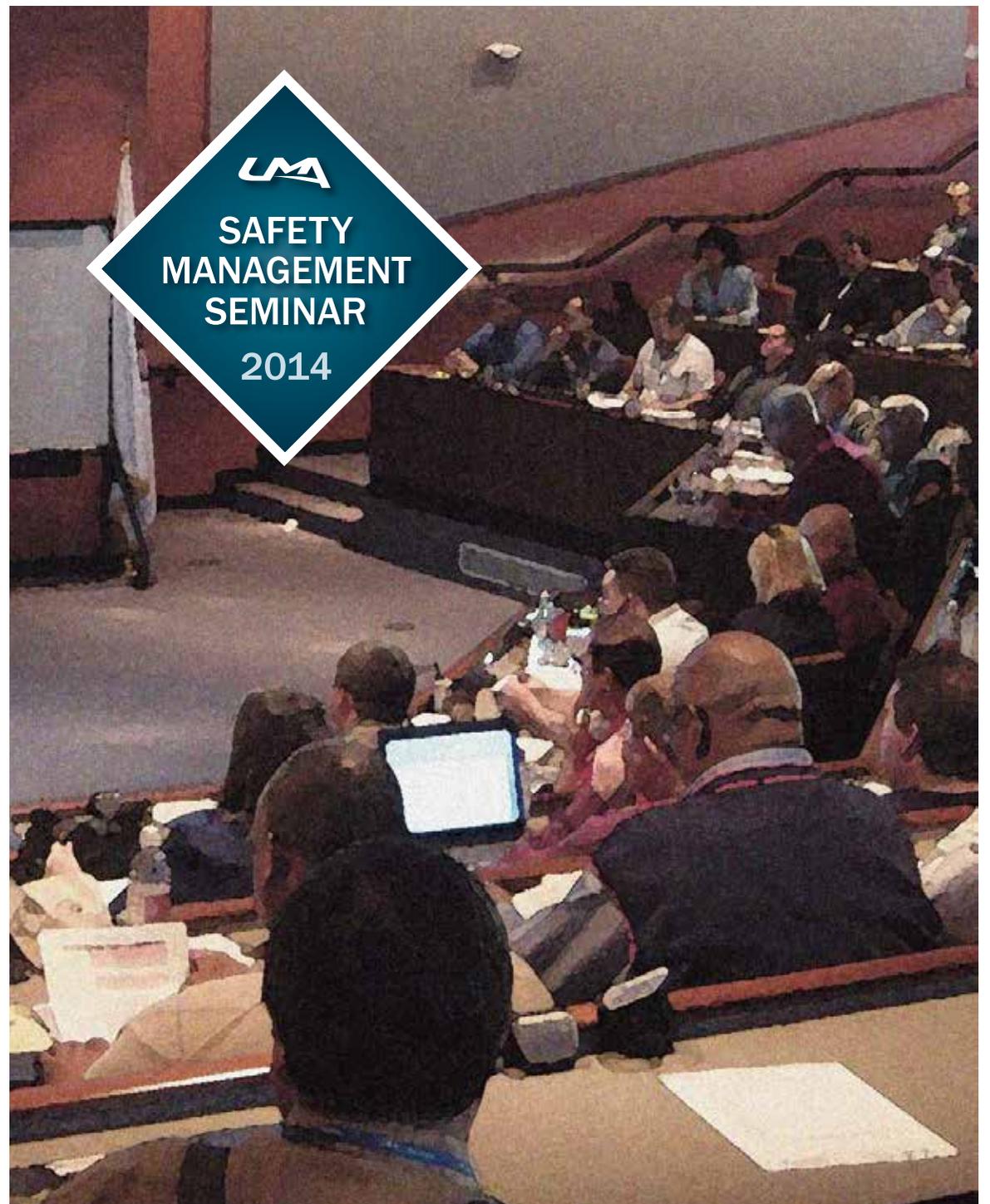
"Approximately 112 of the 900 miles are within the state of Georgia," noted Major Gene Davis, Georgia Department of Public Safety Motor Carrier Compliance Division commander.

The acronym D.R.I.V.E. represents the agencies' focus on targeting distracted, reckless, and impaired drivers through high-visibility enforcement strategies.

Officers are specifically watching for commercial vehicle drivers who are speeding, texting while driving, following too closely, and driving fatigued.

"Officers will also be inspecting commercial vehicles and their drivers at inspection sites, and our officers will not hesitate to issue out-of-service orders to any commercial vehicle or driver found to be a safety hazard," Commander Davis added.

Georgia ranks fourth in the nation for fatal crashes involving commercial motor vehicles.



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Legal Landmine

Background checks: Tread very carefully

Here's a legal requirement you may not be aware of and one that carries more than a little potential for peril if ignored — in today's litigious world.

Under the federal Fair Credit Reporting Act, if a bus or truck operator uses any information contained in various "consumer reports" to decide not to hire a job applicant, the carrier must provide a written "post-adverse action" notice to the applicant, outlining information contained in the report that was used as a reason to not make the hire.

If the rejected job applicant asks for a copy of the report, the carrier must oblige within five days.

A recent \$870,000 settlement in a lawsuit brought by more than 7,000 truck drivers against New England Motor Freight has again put in the spotlight the stringent requirements for motor carriers when rejecting job applicants based on background checks.

A New Jersey federal court approved the settlement agreement between the New Jersey-based motor carrier and a court-certified class of truck drivers.

The drivers alleged in a 2012 lawsuit that the carrier denied them employment after conducting criminal background checks, obtaining credit reports and driver history records without their authorization.

The lead plaintiff in the lawsuit was a driver whom the carrier did not hire because it conducted, without his authorization, a background check that erroneously identified him as a convicted felon, said the driver's attorney.

The New Jersey case was the latest in a series of driver lawsuits alleging violations of the Fair

Credit Reporting Act, which contains strict requirements when employers seek "consumer reports" on job applicants.

The reports can include criminal background checks, credit checks or driver history records.

The law requires that employers gain written permission prior to performing a background check.

Motor carriers, however, are in some cases exempt from that provision and are permitted to obtain permission orally or by electronic means, according to transportation attorneys.

It's not the first case of motor carriers failing to comply with the strict disclosures required by the Fair Credit Reporting Act. Nor will it likely be the last, say attorneys versed in the field.

Other legal agreements with drivers under the Fair Credit Reporting Act have included a \$4.4 million settlement with Swift Transportation earlier this year, a \$2.75 million settlement with U.S. Xpress last year and a \$2.6 million civil penalty assessed in 2012 against credit-screening firm Hire-Right Solutions Inc. by the Federal Trade Commission.

"I'm surprised that we haven't seen more," attorney Rob Moseley of Greenville, S.C., told a leading trucking industry publication. "These are class-action cases just waiting to be filed. If I was a plaintiffs' lawyer, this is where I would be digging."

Other attorneys agree that the future legal landscape could increasingly include Fair Credit Reporting Act "attacks" on motor carriers.

The Fair Credit Reporting Act mandate that appears to be the

most problematic for companies is the requirement that they must provide a written "post-adverse action" notice to job applicants, outlining information contained in the report that was used as a reason to not make a hire.

Similarly, the requirement that the applicant must be supplied a copy of the report if they ask for it also is getting companies into trouble.

"That's the thing that's getting everybody in trouble," said one attorney. "Not many (carriers) are actually giving the adverse action notice."

When a driver applies for a job in person, the carrier generally must first supply the applicant with a pre-adverse action notice before actually rejecting an application, noted one attorney.

The pre-adverse action notice gives the job-seeker a chance to respond to the report's contents.

Perhaps the applicant was not the same person the record references, maybe the report was inaccurate or incomplete, or maybe an applicant can explain he was "young and foolish" at the time of a conviction, said the attorney.

"Or, maybe you were charged with a felony, but you pleaded it down to a misdemeanor, but the report shows it's a felony," said another attorney. "Maybe the report shows the same thing three or four times. There is a litany of things that can happen that a person can explain away."

Another nettlesome problem has centered on carriers' failure to obtain permission from drivers for background checks.

"You have to remember that all this may be taking place in a very fast-paced recruiting and orientation

Evolution at SW Airlines

Note: The greatest passenger transportation success story of the past half century has been the advent of Southwest Airlines. Starting in June 1971 with three planes flying between Dallas and Houston, and Dallas and San Antonio, Southwest has grown to a fleet of more than 550 737s, operating more than 3,400 flights daily, and employing 45,000. The following describes how Southwest is having to retool its business model because of market forces and changing times. If a behemoth like Southwest can change and adapt...

By Gary Kelly

This month, we celebrate the 43rd anniversary of Southwest Airlines.

When Southwest first took to the skies, there was nothing like it; flying was for the rich and elite.

Fares were high and service was low. But Southwest had a vision to offer low fares, friendly customer service, and a convenient flight schedule.

We offered short-haul, high-frequency service and carved out a niche that has served us well.

We launched the low-fare revolution, and we've since grown to carry more passengers within the domestic U.S. than any other airline.

But the world has changed greatly since 1971. For example, record-high energy prices have impacted demand; despite the fact that our short-haul market share increased during the timeframe, we served six million fewer customers on short-haul routes in 2013 than in 2000.

That's significant, especially for an airline like Southwest.

process," noted one attorney. "There is in many cases just a lack of aware-

We've responded accordingly, evolving our business model to meet our customers' changing needs.

We've refreshed our cabin interiors, installing Wi-Fi and offering free live TV onboard, thanks to DISH.

We're bringing on larger airplanes that are better suited for longer flights. We've expanded our service in big markets like New York and Washington, D.C.

We've revamped our Rapid Rewards Frequent Flyer program.

We've acquired AirTran Airways, and we're in the final stages of integrating our airlines to become one by the end of this year.

That has set the stage for launching Southwest's first flights to international destinations. (Service to Aruba, the Bahamas and Jamaica began in July.)

By year's end, we'll offer Southwest service to all of AirTran's current international destinations...with an eye toward expanding even further.

What started as a revolution is now undergoing an evolution.

But we haven't changed what we stand for: low fares, a convenient flight schedule, and the friendliest employees in the world.

Our purpose is to connect you, our valued customer, to the moments that are most important in your life through friendly, reliable and low-cost air travel.

That was true in 1971, and it's just as true today. Thank you for allowing us to share the LUV for the past 43 years. Here's to many more!

Gary Kelly is chairman, president and CEO of Southwest. This column is reprinted from the June issue of Southwest's Spirit magazine.

ness of the requirements, and they are very strict requirements.

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Sorting out coach manufacturer fuel economy claims

By Dave Millhouser

As the old folktale goes, three blind guys were examining an elephant.

The first grabs the tail and decides an elephant is like a snake; the second gets hold of the trunk and is convinced it's more like a fire hose.

No. 3 wraps his arms around a leg and says "you dunderheads...clearly an elephant is like a tree trunk."

Which one was right?

They all were, of course, and yet none grasped the whole picture.

In the July 1 issue, I said that coach manufacturer advertising claims were essentially honest, and they are. On the other hand, it might be wise to note that none necessarily present the whole picture.

Fuel economy is a big deal when diesel fuel is approaching or above \$4 a gallon, and virtually every coach builder claims an advantage. So, it might be worth trying to give the elephant a physical.

There are a variety of factors that impact motorcoach fuel consumption, including weight, wind resistance, parasitic power loss, tires, gearing, and the drive train itself. (I probably missed a few others.)

The point is that each bus manufacturer has a pretty good idea of what they do best, and select a test protocol that stresses that trait.

A coach with good aerodynamics fares

better in tests above 40 miles per hour, a light bus thrives on stop and go, and if a motorcoach has a particularly efficient accessory drive system it doesn't burn as much fuel at idle.

Engines have a sweet spot — that small RPM range where they use the least fuel — and manufacturers try to install gearing that has the bus in the sweet spot during most of its duty cycle. Their problem is figuring out what ratios best serve most of their customers, and your problem is deciding if your operation fits their assumptions.

Some engines and transmissions are more economical than others, but if they're mismatched to the coach, they won't do their best.

When different brands are compared for fuel economy, they should be equipped as nearly identically as possible — engine, transmission, payload, tires, and final drive ratio. If a comparison is a serious part of your buying decision, ask to see the detailed protocol.

It also might be worth the effort to see which builder's configuration most closely parallels your duty cycle. Some manufacturers offer optional gear ratios, and since small fuel savings can save thousands of dollars a year, give it some thought when buying a coach.

A friend who sells small buses taught me an important lesson. He had to hammer a builder to install a larger engine. They insisted that the smaller diesel had a better power-to-weight ratio than big, 45-foot coaches and

was adequate.

My buddy finally prevailed because he convinced them that the market they were targeting operated at highway speeds, where power/weight was less relevant. The frontal area of a 35-foot bus is nearly the same as a 45-footer, so accelerating above 50 mph demanded a ton more horsepower (and fuel) than just the weight of the bus suggested.

A coach going 65 mph burns much less fuel than the same coach at 75, and rapid starts and stops guzzle diesel. According to one analysis, a heavy commercial vehicle traveling at 75 miles an hour uses 39 percent more fuel than the same vehicle traveling at 55.

Even if one brand idles more efficiently than another, idling still wastes fuel, so driver education is always going to be the single-most-important component in saving fuel.

If you're going to rely on a manufacturer's claims as you spec and buy buses, consider a couple of questions.

What does the builder advertise? If one builder touts aerodynamics and another light weight, the former will do better at speed, while the latter excels at stop/go. Which most nearly fits your operating profile?

You'd be stunned at the amount of horsepower and fuel that are consumed driving components like the HVAC, cooling fans and electrical systems. If your operation demands a lot of idling, give some consideration to how efficiently a coach powers its accessories. If most of your trips are long with few stops —

aerodynamics matter most.

As usual, this topic is way beyond my intellect. It's both complicated and ever changing.

Ask yourself which manufacturer's tests most closely fit your modus operandi (a little Latin to impress you).

I'm pretty sure I told you this one before. I'm old, so humor me.

We had put about 600 miles on the last fill-up in a Flxible, and were topping off before a long stretch with little fuel available. At 30 gallons it burped and stopped drinking diesel, meaning — or so we thought — an impressive 20 mpg.

About 400 miles later, the 6-71 Detroit sighed and died.

We were never sure why the coach burped at 30 gallons, but clearly we hadn't actually FILLED the tank

If 20 mpg sounded too good to be true, it was.

You can learn from bus builders' advertising, they are honest. But, understandably, they put their best foot forward.

Like the elephant parts, no single one gives you the whole picture.

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



Dave Millhouser

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Critical industry positions staked out by UMA, members

WASHINGTON — A “mission restatement,” calling for a reduction in the “enforcement mentality” of federal motor carrier regulators, was among the message points carried to members of Congress by motorcoach operators during the United Motorcoach Association annual Capitol Hill Days in late June.

The Federal Motor Carrier Safety Administration has exercised its imminent hazard and out-of-service authority “recklessly” and without due process, according to the briefing positions developed by UMA for participants in the lobbying effort.

The message points provided to UMA members listed the FMCSA “mission restatement” last, but apparently not least, among the association’s legislative priorities.

“UMA believes the FMCSA’s current approach to passenger carrier safety seems solely based on an enforcement mentality instead of engaging in a partnership with the industry to improve safety and decrease the likelihood of crashes,” the message points stated.

The document noted that federal law describes the FMCSA mission as “furtherance of the highest degree of safety and development of motor carrier transportation.”

The association called for more focus on the latter goal.

“UMA believes the ‘development’ of the industry and safety is inseparable. Ultimately, safety professionals must mutually develop and administer best practices to achieve the other half of FMCSA’s congressionally mandated mission of safety.”

UMA proposes amending this section of law by adding this sentence: “Development shall include promotion and expansion of a safe and viable private motor carrier passenger carrier industry.”

Motorcoach industry leaders also seek reforms in the FMCSA authority to order carriers out of service for safety violations.

“The FMCSA is increasingly declaring motor carriers as ‘Imminent Hazard’ or ‘Out-of-Service,’ generally based upon a Compliance Review or safety audit,” according to the message points.

“UMA recognizes compliance with the Federal Motor Carrier Safety Regulations is a fundamental base line for risk mitigation and we endeavor to encourage and assist our members to be fully compliant with all regulations.

“UMA fully supports efforts to ensure motor carriers are safe. However, UMA believes FMCSA has exercised these specific authorities recklessly and failed to be willing to work with carriers to



Rep. John Mica, R-Fla., center, meets with members of UMA lobbying team, from left: Tim Wayland of ABC Companies; UMA Chairman Brian Annett of Annett Bus Lines; Michele Nosko of

UMA; Mica; Michaela Grundman of CH Bus Sales; Becky Weber of Prime Policy Group, and Duane Geiger of CH Bus Sales. Later, UMA honored Mica for his long-time support of the industry.

correct violations.

“Imminent Hazard and/or Out-of-Service orders can mean the death of a company through loss of contracts, foreclosure, repossessions and seizures, and these actions should only be taken in extreme circumstances and after due process,” the document continued.

“Congress has not authorized the FMCSA to put carriers ‘out-of-business’ (a term increasingly used by FMCSA), nor punish by arbitrary withholding of authority to operate. UMA believes that while drivers and vehicles may be placed out-of-service, the serious consequences alone dictate judicial review of the facts before an entire carrier’s operation is deemed an “Imminent Hazard” and/or “Out-of-Service” and virtually dooming many carriers.”

UMA also stated that FMCSA “does not prioritize review of corrective action plans...allowing many carriers to lapse into ‘out-of-service’ status.”

It added, the “FMCSA is often not specific regarding corrections requested; leaving safety professionals unclear how to satisfy the FMCSA.”

The association also called upon the FMCSA to adopt a more cooperative approach in handling new-entrant applications. In efforts to prevent “chameleon carriers” from returning to service after being put out of service by enforcement actions, the federal administration has burdened new entrants with unreasonable delays, UMA argued.

The message points noted a Government Accountability Office study that found that only 1.7 percent of new entrants were chameleons yet “FMCSA is using the majority of its program resources to vet carriers that may not represent a

higher risk of being chameleons.”

“The current process discourages new entrants by delaying approval of applications by as much as six months,” UMA stated. “Many new entrant applicants are given no status report on their applications, or when they could anticipate approval. UMA believes this is a terrible waste of capital as often applicants are making note payments on newly acquired equipment, insurance, rent/mortgage, and sometimes payroll while awaiting approval.

“UMA believes (this) serves no other purpose than creating a barrier to entry for over 98 percent of applicants. In an economy starving for capital investment and new jobs, the delays and lack of communication discourages expansion of the passenger carrier industry. The FMCSA lacks motive to improve this system and Congressional intervention is necessary.”

Under the heading of “Regulatory Reform,” the paper summarized: “UMA believes regulators must strike a critical balance of regulation, enforcement and industry growth. Congressional oversight and legislative intent plays an essential role in this balance; assuring the traveling public systemic safety with an expanding market attracting investment and entrepreneurs.”

Other UMA legislative priorities taken to Congress during Capitol Hill Days:

Financial responsibility

UMA supports legislation that would prevent the FMCSA from raising minimum insurance requirements.

The association believes the current limits — \$5 million for vehicles carrying more than 16 passengers and \$1 million for vehicles up to 15

passengers — are “adequate” and future changes should be the domain of Congress rather than “an agency rule-making procedure.”

Charter service rule

Noting that the federal government provides more than 80 percent of funding for capital equipment and maintenance facilities costs for public transit agencies, “Congress has appropriately recognized that it is an unfair playing field for private tax-paying entities to compete with these entities in the provision of charter service,” UMA stated.

“The charter service rule is working well in most areas of the country and should not be weakened or adjusted in any way.”

Fuel tax exemption

Congress is called upon to restore the full exemption from federal fuel taxes that the motorcoach industry was granted from 1978 to 1990.

“Currently, motorcoaches pay 7.4 cents per gallon in federal tax on diesel fuel. The partial exemption has a tremendous impact on private operators’ ability to ensure passengers continued availability of this economic mode of travel,” UMA explained.

“Public transit, government and school bus vehicles continue to receive the full federal fuel tax exemption while motorcoach passengers are penalized...UMA strongly advocates that motorcoaches should enjoy parity with public transit and school bus operations by resuming the full exemption from federal fuel taxes.

“UMA estimates the cost of returning motorcoaches to full exemption status would cost the U.S. Treasury only (about) \$40 million annually.”

Transit programs

Two changes in federal transit programs are suggested by UMA to facilitate public-private partnerships that would provide transit services in the most cost-effective manner:

“Incentivize public transit operators to contract out a percentage of their public transportation service to private operators. For public transit agencies that contract out at least 20 percent of their fixed-route bus service, the public transit agency would receive a higher federal share (up to 90 percent) on future capital purchases utilizing federal funds.

“Require states to consider whether private operators can enhance intercity bus service through service agreements with existing private equipment before federal funds for intercity bus service can be utilized for capital acquisitions.”

These proposals would benefit private operators and public agencies, UMA contends. “The public is the ultimate winner with better and more efficient use of their tax dollars and improved transportation options.”

Federal pre-emption

UMA called for strengthened language in federal laws to emphasize federal pre-emption of state and local regulations as applied to interstate operators, as well as inspections by third parties.

“UMA is increasingly receiving reports from carriers stating cities and airport authorities are requiring ‘authority’ to operate,” the association stated.

“While federal law permits safety oversight of the vehicle, roadways and insurance, the requirement to obtain operating authority runs afoul of current law.”

The association also hopes to end the practice of third-party inspection services that require fees from motorcoach operators to qualify for certain types of business. In an opinion issued earlier this year, the FMCSA stated it could not regulate the practice.

“UMA believes these practices are already pre-empted by federal law,” the association stated, explaining that subscriptions to such inspection services begin at around \$5,000 annually.

“Small fleet carriers in rural/semi-rural areas cannot generate sufficient revenue to pay these exorbitant fees and must concede their markets to large fleet carriers with the capacity to pay the fees. This is an enormous threat to small, family-owned businesses and an impediment to new ventures.”

Capitol Hill Days

CONTINUED FROM PAGE 1

and public transportation law, MAP-21, the Moving Ahead for Progress in the 21st Century Act that funds surface transportation programs, and a number of other legislative priorities.

Those issues included federal minimum financial responsibility limits, preservation of charter bus protections, return to a zero federal fuel tax for over-the-road buses, and increased opportunities for contracting with public transit agencies.

UMA also is pursuing regulatory reforms, including due process for imminent hazard and out-of-service orders, and prohibitions on en route inspections, third-party inspection requirements and local government requirements for registration of interstate charter bus operators.

Frequent visitor

Scott Riccio of Northeast Charter & Tour Co. in Lewiston, Maine, was visiting his sixth Capitol Hill Days and met three of his state's four members of Congress.

"When motorcoach issues have arisen from the federal level, I have been able to reach out to these members for their support," Riccio said. "Many have signed off because of the calls or letters I have sent them. They get to know you after a while."

The meetings with the elected officials were arranged by Prime Policy Group, a government affairs firm used by UMA.

"Wow, to say our day was a success is an understatement," said Victor Parra, UMA president and chief executive. "The feedback we've heard from our members on their meetings tell us they had a great experience and that this is exactly what we needed to make an impression on our regulators."

"This day may not provide the instant gratification we have all become accustomed to in this day and age, but I can promise you, the messages our members shared all over the Hill today will have a positive impact as we move closer to the reauthorization of the highway safety bill," said Parra.

Making a difference

"Our members were incredible today," added Ken Presley, UMA vice president of industry relations and chief operating officer. "It can be daunting to walk into a representative's or senator's office and ask for their support on our issues, but they rose up to the challenge and made a difference."

Describing the scope of the motorcoach industry was helpful for many elected officials.

UMA's briefing packet noted the association represents more than 900 bus and motorcoach companies and more than 250 suppliers, manufacturers and travel partners.

"Even though the motorcoach industry is small in the state of Maine, we play a huge role, carrying Maine-based customers as well as people from around the world," said Riccio.

"Tourism is Maine's No. 1 economic en-



Rep. Bill Shuster, R-Pa., chairman of the House Transportation and Infrastructure Committee, speaks at a UMA-sponsored

fundraising reception. Sales. Later, UMA honored Mica for his long-time support of the industry.

gine. Making sure your senators and representatives know our industry — how many people we employ, how much money we spend to run our operations and how we do it in a green and environmentally-friendly fashion — is key," he said.

"They want to hear how business runs successfully in their state."

Libby met with seven members of the Massachusetts delegation to Washington.

"Some of the issues they already were aware of," she said. "The people who sit on the transportation committees were very aware of most of the things we were bring-

ing forward," Libby noted.

"As president of the Greater Jersey Motorcoach Association, it was a great way to speak on behalf of the 60 companies that belong to our association," Stout said.

The day of meetings concluded with a reception for UMA members and congressional members and staff. Rep. John Mica, R-Fla., former chairman and current member of the important House Transportation and Infrastructure Committee, attended and was awarded the inaugural "Motorcoach Champion Award" for his support of the private bus and motorcoach industry.

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megabus drives growth of Stagecoach Group in U.S./Canada

PERTH, Scotland — Combined operating profits of Coach USA, Coach Canada and megabus.com jumped more than 80 percent during the fiscal year ended April 30.

Stagecoach Group, corporate parent all three operations, reported that its North American division, which is largely composed of Coach

USA, Coach Canada and megabus, had an operating profit of \$38 million in the 12 months ended April 30, compared to a fiscal 2013 restated operating profit of \$21.2 million.

“Growth in our North America division is continuing to be driven by our intercity megabus.com services where we have further expanded our

growing...network,” said Stagecoach Group in its preliminary fiscal 2014 year-end report.

“We have achieved our objective for the year, which was to deliver a significant increase in the division’s operating profit” compared to fiscal 2013.

Combined revenue for the North American division climbed nearly 7

percent during fiscal 2014, reaching \$685.7 million, compared to restated fiscal 2013 revenue of \$641.2 million.

Much of the revenue increase, like the improved profitability, was due to continuing growth of megabus.

Revenue at megabus during fiscal 2014 rose to nearly \$178 million from \$152.8 million the year before,

or a 16.4 percent increase.

The various other segments of Coach USA/Coach Canada had a mixed revenue picture.

Revenue from charter services declined 2 percent to \$78.1 million, from \$79.7 million in fiscal 2013. Sightseeing and tour revenue posted a 5.6 percent gain for fiscal 2014, reaching \$22.6 million from the \$21.4 million reported in fiscal 2013.

Scheduled-service and commuter revenue totaled \$213.6 million in fiscal 2014, up slightly from fiscal 2013’s \$212.3 million.

Two other segments had revenue declines in fiscal 2014. Contract business dropped 14.5 percent to \$36.1 million, while school bus revenue fell 5.3 percent to \$1.8 million.

“Like-for-like charter revenue declined as we continued to adjust our charter fleet size to reflect changes in demand, and the decline in contract revenue reflects the (expiration) of certain contracts previously operated by the group,” Stagecoach said.

“The like-for-like growth in scheduled-service and commuter revenue includes declines in revenue on certain airport express services that we have restructured with a view to improving their profitability. The like-for-like growth in sightseeing and tour revenue included good growth in revenue at our Chicago sightseeing operations,” the company noted.

The profit margin for the North American operation increased more than 200 basis points during fiscal 2014, rising to 5.5 percent from 3.3 percent in fiscal 2013.

While revenue growth in North America continues to outpace other divisions of Stagecoach Group, the company does not expect an increase in earnings during fiscal 2015 on the order of that achieved in fiscal 2014.

“Although we would not expect the level of increase in operating profit in the year ended April 30, 2014, to be repeated in the new financial year, we remain positive on the prospects for the North America division,” said Stagecoach.

Added Stagecoach Group Chief Executive Martin Griffiths: “We believe there is a huge opportunity to encourage motorists to switch from the car, and our expansion plans are well on track.

“Our other wholly-owned operations in North America are performing satisfactorily and we are also pleased to have made progress in resolving the way forward for our Twin America sightseeing joint venture.”

The progress Griffiths was referring to at Twin America involves the resolution of two-year-old litigation.

The U.S. Department of Justice and the New York Attorney General sued Twin America and its joint venture partners, which include two Stagecoach U.S. subsidiaries, in 2012.

The suit alleged that the formation



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megabus expands reserved seating to 30 cities in North America

NEW YORK CITY — megabus.com, the curbside coach service owned by Coach USA, announced last month that it is expanding its reserved-seating program on select routes to and from 30 cities in North America.

The service option allows customers to choose from 10 “popular seats” for a fee.

Tickets for specific reserved seats can be purchased at www.megabus.com now, with service beginning Sept. 10.

megabus initiated reserve seating at the end of May on select routes in Baltimore, Boston, Philadelphia, New York and Washington, D.C., and June 18 in Canada in Toronto, Kingston and Montreal.

Now the program is being ex-

panded to nearly two-dozen more cities, ranging from Austin, Texas, to San Francisco, to Toledo, Ohio.

“We’ve heard our customers’ desires to secure some of the most-popular seats and we’re providing that opportunity,” said Mike Alivich, vice president of marketing and public relations for megabus.com/

Coach USA.

“With reserved seating, customers no longer need to arrive over an hour early to make sure they get the most-popular seats. Now they can simply book them in advance.”

By purchasing adjoining reserved seats, friends and family members are guaranteed to sit next

to each other.

The reserved seats are visually distinct with solid blue upholstery and are identified by a large number embroidered onto the seat fabric.

The number will correspond to the specific seat number customers select on the megabus.com website at the time of purchase.

The reserved seating is only being sold in certain cities on select routes and times, and is only valid on the trip scheduled.

megabus currently provides service to more than 120 cities across North America.

More information is available at www.megabus.com.

Stagecoach Group

CONTINUED FROM PAGE 14

of the Twin America joint venture sightseeing operation in New York in 2009 was anti-competitive. Stagecoach owns 60 percent of Twin America.

Separately, private plaintiffs brought a claim based on the same allegations on behalf of a proposed class of customers.

Stagecoach Group and the other defendants have not admitted any liability but have agreed to a cash settlement of \$19 million with the private plaintiffs to resolve the private litigation. That settlement has received preliminary court approval. Final court approval is anticipated in the next six to nine months.

In fiscal 2014, Twin America produced revenue of \$81.6 million for Stagecoach Group, down from \$88.7 million in fiscal 2013.

The Stagecoach share of the operating profit at Twin America fell to \$9.1 million in fiscal 2014, from \$19.3 million in fiscal 2013. The operating margin at Twin America dropped to 11.2 percent in fiscal 2014, from 21.8 percent in fiscal 2013.

The slide in numbers at Twin America reflects the increasingly competitive New York bus sightseeing market, with the entry of major new competitors. Of course, 22 percent profit margins tend to attract competitors.

During fiscal 2014, Coach USA and Coach Canada disposed of a handful of business units. It sold the former Raz Transportation of Portland, Ore., to DMC Transport for \$800,000, and it sold several small Canadian operations to Pacific Western Transportation for \$4.6 million Canadian.

The Canadian sales included the last of the school bus operations, a local transit contract business, and shuttle services to Pearson International Airport in Toronto.

Also during fiscal 2014, Stagecoach Group spent \$10.5 million on double-decker Van Hool coaches for megabus.



In regards to the Motorcoach Marketing program, we love it. So far, we have made the 1000 postcards, and we did some full page handouts. We just got a stand up banner. When I get some time, I'll be making new rack cards for both offices. We made 500 church theme postcards and 500 in the safety theme. We sent out the church cards through a local mailing company to every church within 50

miles. So far, we have had a great response and 4-5 people booked trips from it. I plan on using the safety ones soon by sending them to our new customers. All of our staff and drivers love the modern design and the finished products. Only one of my staff has watched the videos so far, but we will be working on that next month. So far I'm very happy with the service. It works well and looks great!

Chris Knittel

Owner/General Manager
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Greyhound continues to show gains, says parent company

ABERDEEN, Scotland — FirstGroup, the corporate parent of Greyhound Lines, reported last month that revenue at Greyhound climbed 3.4 percent during the three months ended June 30.

FirstGroup largely attributed the year-over-year increase to a more stable U.S. economy.

The gain at Greyhound, said FirstGroup, was a continuation of “the improving trends” occurring at North America’s largest line-run operator during the past year, excluding the impact of the severe winter weather during the three months ended March 30.

Additionally, “there was strong

demand for our long-distance operations and Greyhound Express, which benefits from the passenger feed from our unique national network,” said FirstGroup.

Greyhound Express posted revenue growth of 6.9 percent during the three months ended June 30, compared to the same period a

year ago.

FirstGroup said the expansion of Greyhound Express continues to be profitable with the new services in the Southwest.

In FirstGroup’s fiscal first quarter trading update, the company said the ambitious program to bring airline-style yield manage-

ment to the traditional Greyhound route system continues on schedule, including the necessary information technology development, staff recruiting and training.

Greyhound also is continuing to expand its sales channels, driving increased online transactions through dedicated mobile applications and the recent launch of a mobile version of its website.

FirstGroup has a medium-term goal of achieving a 12 percent profit margin at Greyhound. The fiscal 2013/14 profit margin at Greyhound was 8.3 percent.

Regarding FirstGroup’s other North American operations:

- First Student continued to make progress with its contract portfolio pricing program

- First Transit continued its strong financial performance with modest capital requirement

FirstGroup reiterated that delivering a turnaround at First Student “is a key priority. We have accelerated our program to address contract portfolio pricing, insuring an appropriate level of return on contracts won or retained.

“Our results to date in this year’s bidding season, which we are currently two thirds of the way through, are at the upper end of our planning range. We have achieved average price increases of 4 percent, with many instances of significantly greater rises.”

Laissez les bons temps rouler!

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Calendar

AUGUST 2014

5-8 International Motorcoach Group Strategic Alliance Meeting 2014, Hilton Branson Convention Center, Branson, Mo. Info: www.imgcoach.com.

14-17 National Association of Motorcoach Operators 2014 Annual Conference, Shreveport (La.) Hilton. Info: www.namocoaches.org.

17-20 2014 South Central Motorcoach Association, Alabama Motorcoach Association and Georgia Motorcoach Operators Association, Hilton Shreveport Hotel & Convention Center, Shreveport, La. Info: www.alabamamotorcoach.org.

24 Pacific Bus Museum Open House (11 a.m.-3 p.m.), Pacific Bus Museum storage facility, 37974 Shinn St., Fremont, Calif. Info: <http://pacbus.org>.

25 30th annual Martz/American Cancer Society Golf Tournament, Wilkes-Barre (Pa.) Wyoming Valley Country Club. Info: (570) 821-3860.

Long-time Rhode Island operator Eugene Conway dies

CUMBERLAND HILL, R.I. — Eugene R. Conway, who spent roughly six decades helping build the family motorcoach company, Conway Tours, while simultaneously serving as a high school science teacher for nearly three of those decades, died here last month. He was 92.

Mr. Conway was a life-long resident of Cumberland Hill, a community of about 8,000 residents that is 14 miles north of Providence, R.I., where he was a respected businessman and educator.

His family said lessons learned from early success at selling apples from the family orchard

Metro publisher Ed Bobit dies

TORRANCE, Calif. — Ed Bobit, founder and chairman of Bobit Business Media, publisher of *Metro* and *School Bus Fleet* magazines, was buried last month. He died quietly at the age of 86.

Mr. Bobit founded his company and *Automotive Fleet* magazine in late 1961, with \$6,000 he had saved while working at publishing giant McGraw-Hill.

During the past 50 years, the Bobit company has grown to publish more than 20 trade magazines, covering five markets. In 1964, Mr. Bobit acquired both *Metro* and *School Bus Fleet*.

Last summer, Mr. Bobit underwent heart valve-replacement surgery and had been working primarily from home.

Mr. Bobit was described by his family as a man of outsized pleasures, many of which were wrapped up in work and family, which often were one and the same.

Since 2007, Mr. Bobit's son Ty has run the company, holding the title of CEO. His eldest grandson Blake joined the business four years ago.

Mr. Bobit said the idea for *Automotive Fleet* grew out of his notion that there were not enough resources for the men and women who manage large fleets. He was inducted into the Fleet Hall of Fame in 2009.

In the school bus industry, he was acknowledged for his support of the National Association for Pupil Transportation. He was inducted into the association Hall of Fame in 1999.

One of his greatest passions was any sport played by his beloved Michigan State University, where he played during his undergraduate years.

He is survived by five children.

helped him grow Conway Tours, which the family started when Mr. Conway was four years old. He was the seventh of eight children.

He graduated from Mt. St. Charles Academy, the University of Rhode Island, and attended the U.S. Naval Academy.

Mr. Conway was 19 when World War II broke out and he joined the Navy. He was buried

with military honors.

When assignment to duty in Canada threatened to put his wedding to his high school sweetheart, Rita Charland, on hold, Rita chose to fly on a twin-engine plane through a blizzard and they were married on Naval Station Argentia on the tip of Newfoundland.

Mr. Conway was the only person Rita knew at her wedding; they

were together for 68 years.

After his military service, he joined the family business and took on the additional responsibility of teaching science at Cumberland High School in the mid-1950s. He retired from teaching in 1983, but continued at the bus company for another two decades.

He was a supporter of the New England Bus, American Bus and

United Motorcoach associations.

He also was a member of the National Teachers, Rhode Island Teachers and Blackstone Valley Retired Teachers associations.

In addition to his wife, he is survived by sons Robert, Michael, Thomas and Peter; daughters Kathleen Peck and Julia Conway, and sisters Barbara Brown and Rita Moran.



Join the Club.

UMA membership provides programs and benefits to help your business succeed, but it also provides so much more. UMA members are a **community** of motorcoach operators who can *learn* from each other, *share experiences* with each other and *help* each other in times of need.

If you're not already a UMA member, don't miss out on these valuable relationships—**join the club** today.

“Our company wanted to **thank UMA and all of its resources**. When it came time for us to increase our fleet, and add insurance and benefits, our **UMA membership really paid off** and we were able to reach out to our UMA partners to help us with our needs.”



— Ray Sargoni, President
Gray Line of San Francisco, San Jose & Monterey
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Basics of Wi-Fi

CONTINUED FROM PAGE 1

Wi-Fi to which coach manufacturers are responding.

Royal Excursions,
Mishawaka, Ind.

President and owner Shannon Kaser experienced the unpredictable charges noted above.

These days, however, he has found a way to keep his costs under control.

"Instead of going with the newer 4G, we back stepped and went to a 3G card with Sprint," he said. "Now it's not a variable cost — I don't cringe when I open my bill."

Rather than go to a big-box electronics store to purchase \$100 routers that would serve only 5 to 10 passengers, Kaser paid the \$1,000-per-router cost that enables an entire coach full of passengers to go online.

He pays a flat fee of about \$70 per month for an unlimited data plan, which he found necessary after initial efforts to limit passengers' use of streaming data (such as watching videos on YouTube) weren't entirely successful. That's what led to the pricey overage fees.

"I would say because people have devices, they'd probably rather have Wi-Fi than watch a movie on the bus; I'd say it's just as popular — if not more," Kaser said.

The Royal Excursions fleet includes about 60 vehicles, coaches, minibuses, limos and transit buses — some of which have wireless capability.

In the past, the company charged charter groups a \$75 fee for Wi-Fi service but now that's at \$25 because it's considered more of a standard feature, compared to when Royal Excursions first offered it in 2008.

These days, "it's not such a novelty," noted Kaser.

Travel Lovers Tours,
St. Petersburg, Fla.

This small operator with three coaches and a single Wi-Fi unit (a broadband router and a wireless card) takes a different tack.

"We charge a nominal daily fee to keep people from saying they want it but not using it," said owner Barac Wimberly.

This works for Travel Lovers because the unit is moved from coach to coach. The company charges \$5 to \$10 per day for an entire charter group to have unlimited use and pays Sprint \$42 per month for unlimited 3G/4G Wi-Fi, Wimberly said. The card cost about \$30, and the broadband router cost about \$300.

"We find 40 to 50 percent of our clientele ask about it," Wimberly said.

"If it's a senior group they're

usually not requesting it, but student groups do."

Plus, he said, he uses it when he's helping out driving — he can run his office from the road using his cellphone and tablet.

"It's not free of problems," Wimberly said. The cellular-based service doesn't cover everywhere the coach travels, and sometimes the router drops out in areas that should have Wi-Fi.

Cedar Valley Transit Lines,
Cedar Rapids, Iowa

General Manager Doug Decker is still working to find the sweet spot between affordability and meeting demand from passengers.

"It's requested all the time — everybody expects it," he said. "But we're finding that technology hasn't kept up with the demand. (The routers) worked fine a few years ago when five or six or seven people on the bus used it, but not now when the majority of people want it."

In this case, the Autonet boxes Decker's company uses cost \$300, and they pay about \$40 per month for a 5GB data plan.

"Now that everybody's got a smartphone, that 5GB gets used up before you're halfway to Florida," Decker said. Reliability is an issue as well — so much so the company doesn't charge passengers for Wi-Fi "because it's something that's not dependable," he noted.

Lorenz Bus Service,
Minneapolis

Wi-Fi maintenance has been an issue for Mike Canine, charter operations manager for this family-run company.

After offering the service for about five years, Canine recently did a good deal of research on Wi-Fi options when his provider, Sprint, changed their product offering from 3G/4G cards to 4G LTE.

He describes the research as "a quite cumbersome and annoying process."

He considered the WiFi in Motion Moovbox, a product from SinglePoint Communications that creates a mobile Wi-Fi hotspot that will travel with a bus.

It includes a 3G/4G router and a rugged antenna that mounts atop the vehicle. He found its interface appealing because it offers a fairly simple way to restrict data usage — such as blocking YouTube, for example — and also liked the option to e-log trip information, but found the initial cost to be more than he wanted to pay.

So, instead, he ended up buying a CradlePoint router that can be plugged into a lighter or used with an adapter.

"There is some manual upkeep to this approach but it does provide

a lower price point," Canine said. "The pitfall is that the cards sometimes need to be updated."

Since then, Canine said he has learned of another way to provide Wi-Fi onboard a coach: the system offered by Saucon Technologies, which is best known in the motorcoach industry for its GPS tracking, reporting options and dispatch tools. (www.saucontds.com/solutions.php.)

He said the Saucon system offers a "locked-in, cheaper rate for data plans."

The benefit is that the same Wi-Fi for customers also powers the GPS and there's one cost for both.

Lorenz Bus uses 40 routers for its 200 vehicles, which includes school buses, motorcoaches and city-style transits for shuttle work. Some of the routers are permanently installed and some are not.

The coach builders

Motorcoach manufacturers report seeing a surge in the demand for Wi-Fi-ready vehicles, and also are adapting to the changing expectations by retrofitting Wi-Fi on older models.

Clint Guth, senior vice president at ABC Companies, confirms that demand for Wi-Fi has increased — made evident by the fact that about 50 percent of new coaches sold by ABC are delivered Wi-Fi capable.

"We do some prewiring at our factory," he said. "They're called shark fins, and it's antennas, a whole bunch of them, on top of the motorcoach."

The company also can retrofit an existing coach for about \$2,000 for the necessary hardware, and operators can expect a monthly maintenance fee on top of that.

Prevost also builds coaches that are Wi-Fi-equipped, but Director of Marketing and Commercial Administration Michael Power said it's hard to quantify the percentage of such outfitted buses because it's often an aftermarket addition.

"We're seeing a positive trend," he said. "More and more operators are looking for it. People use local providers for the systems. We might install the router for them or they might work with a third-party installer."

He said he often hears operators reaching the same conclusion as the folks at Cedar Valley Transit Lines

"It's very difficult to charge a rate for Wi-Fi," he said. "You can't charge more because if it doesn't work, or if it's in a zone that doesn't work, there's an expectation from customers."

At Motor Coach Industries, retrofitting has become part of its business as well.

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