

Bus & Motorcoach NEWS

WHAT'S GOING ON IN THE BUS INDUSTRY

UNITED MOTORCOACH ASSOCIATION MOTORCOACH EXPO 2013



Travel Exchange

More than 3,600 group travel professionals, including hundreds from the motorcoach industry, made their way to Orlando, Fla., last month for the first "Travel Exchange," an expansive trade show that combined the UMA Motorcoach Expo and the annual NTA Convention in one location. The goal of the event was to provide a forum for members of both organizations to find new ways of working together to grow the group travel pie. For Expo attendees, the co-located show also meant more of everything — activities, events, sessions, networking opportunities, parties, fund raising and interesting people. Our complete Expo coverage can be found in Section 2.



Coming in March 1 issue: New buses, new products at Expo 2013

Seatbelt retrofit rule: Not going to happen

ORLANDO, Fla. — An apparent decision by federal transportation regulators not to require the retrofitting of existing commercial buses with passenger seatbelts has won strong support from motorcoach operators.

Their reaction to the news that's expected to be announced formally by the National Highway Traffic Safety Administration within the next few weeks ranges from surprise to relief.

"I can live with that," smiled Bill Gentry Jr. of Gentry Trailways in Knoxville, Tenn, who learned of the decision while touring the exhibition hall at the UMA Motorcoach Expo here last month.

He said a decision that mandated all buses now on the highways have passenger seatbelts would

have financially ruined many companies throughout the country.

"We might as well close our doors," he said had the decision gone the other way.

Although NHTSA has yet to make a formal announcement regarding its long-awaited seatbelt rule, officials from the agency said informally during a meeting of commercial truckers early last month that the rule has been finalized and it does not include retrofitting of existing buses.

Instead, it will mandate that all newly manufactured coaches come with three-point seatbelts on all passenger seats.

Separately, NHTSA Administrator David Strickland said in an interview in Detroit in mid-January

CONTINUED ON PAGE 30 ►

UMA, NTA complete first step in bid to grow bus travel market

ORLANDO, Fla. — During the past 15 years, there has been one major industry development that has significantly expanded the bus travel market in North America — the emergence of Chinatown curbside operators and megabus.com.

And while the curbside operators, megabus and their copycats have enlarged the intercity market, nothing even remotely comparable has come along to expand the nation's tour-and-charter bus industry.

Last month, however, an important new effort was initiated to help do just that.

It involves two important industry and group travel institutions, the United Motorcoach Association and the NTA (formerly the National Tour Association), who integrated their annual trade shows in a bid to foster the part-

nerships, relationships, connections, business arrangements, synergies or whatever you want to call them that will ultimately result in more people traveling in charter-and-tour buses.

"The big picture here," and the real reason for the combined trade show, "is to grow the industry and to help everyone," said Larry Hundt, a member of the UMA board and chairman of its meetings committee, which oversees and coordinates UMA Motorcoach Expo annually.

In Hundt's view, and it is shared by many who worked hard during the past two-plus years to co-locate and integrate the two shows, members of UMA and NTA will discover ways of building business by virtue of having met at the com-

CONTINUED ON PAGE 32 ►

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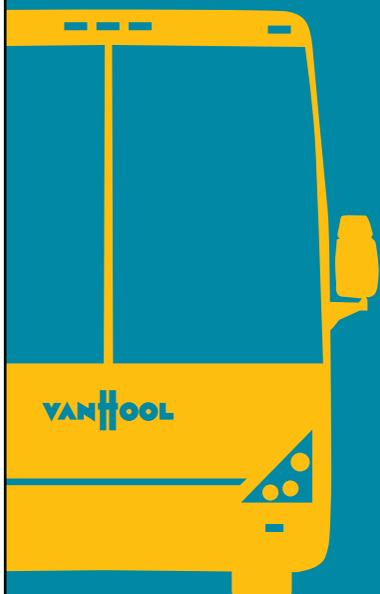


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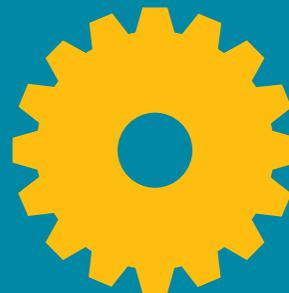
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Coach sales for fourth quarter, all of 2012, show gain

Sales of new motorcoaches in the U.S. and Canada rose nearly 6 percent last year, compared to 2011.

Incomplete but comparable figures for last year show that 1,506 new coaches were delivered in North America between Jan. 1 and Dec. 31, compared to 1,423 during 2011.

That's a gain of 83 coaches, or 5.8 percent, reports *National Bus Trader* magazine, which has been compiling new motorcoach sales figures for the industry since 1985.

The sales total for 2012 marked the fourth consecutive year new coach deliveries in the U.S. and Canada were measurably below 2,000 units.

During the past 10 years, sales exceeded 2,000 new coaches only during the years 2005, 2006, 2007 and 2008.

The top-selling coach in North America last year was again the MCI J4500, the ninth consecutive year the J-model has held that distinction, while CH Bus Sales sold more than 100 Temsas during the

year, a milestone for that manufacturer.

For the final quarter of last year, 473 new coaches built by MCI, Prevost, Setra, Temsa and Volvo were delivered in the U.S. and Canada, compared to 446 new models sold by those same manufacturers during October, November and December 2011. That's a gain of 6.1 percent.

The fourth-quarter and full-year sales figures are not "complete" because ABC Companies, which distributes Van Hool motor-

coaches in the U.S. and Canada, notified *National Bus Trader* during the third quarter of last year that in the future it would only report sales of Van Hool C2045 and T2145 models, but would not report sales of the TD925 model "for competitive and confidential reasons."

The TD925 is the double-decker Van Hool intercity coach used extensively by megabus.com, Google and a passel of smaller operators.

For both the third and fourth

quarters of last year, ABC Companies "refrained" from submitting any sales numbers, including those for the Van Hool C and T models.

So, *National Bus Trader* Editor Larry Plachno was forced to report sales for the two quarters without any figures from ABC/Van Hool.

To assure apples-to-apples comparisons, Plachno adjusted both the third- and fourth-quarter 2011 figures to include only those manufacturers that reported

CONTINUED ON PAGE 8 ►

School bus privatization runs bumpy road in South Carolina

COLUMBIA, S.C. — Private motorcoach operators throughout South Carolina are a keeping close watch on their state legislature this year as it explores possible actions that could create new business opportunities for them with school districts.

Although no specific legislation has been proposed yet, lawmakers who last month opened their annual six-month session reportedly are eyeing policy changes that would make it possible for the operators to not only transport students to and

from school, but also provide transportation for class trips.

"We're all small businesses that are always looking to expand, and working with the schools would be good for all of us," said Buddy Young, owner of Capitol Bus Lines in West Columbia, S.C., one of about 90 charter-and-tour operators in the state.

Currently, the state and local school districts share tight control over student transportation in South Carolina, with the state owning the school buses, paying

for the fuel and assuming the risks, and the school districts hiring the drivers and managing the day-to-day operations.

In addition, the state allows the school districts to operate activity buses, which are used for sports teams and class trips.

In recent years, however, the state agreed to allow three major school districts — Charleston, Dorchester and Beaufort — to privatize their transportation programs.

Several others have indicated interest in joining the three, but

legislation that would have allowed full privatization of all school bus programs stalled in a legislative committee last year.

A second look?

Now there's talk lawmakers are willing to take another look at the issue.

Although the Motorcoach Association of South Carolina and most of the operator members backed the privatization at Charleston, Dorchester and Beaufort, they got nothing out of it because the

schools gave the business to Durham School Services, a national student transportation provider based in Warrenville, Ill.

Association President Bob Garrett said one of the reasons carriers in the state were unable to compete with Durham is because they were unable to obtain the financing to purchase buses because the school district contracts contain clauses that allows them to cancel the agreement at the end of each year.

"The playing field wasn't

CONTINUED ON PAGE 14 ►

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THE DOCKET

Industry feels payroll tax bite

Will it retard the economy?

Like employers and workers all across the U.S., motorcoach operators and their employees were hit with a payroll tax hike last month that economists expect will slow the economy.

The fiscal cliff deal reached by the White House and Congress at the end of last year ended a two-year payroll-tax holiday.

Workers' share of the Social Security payroll tax had been lowered by two percentage points during 2011 and 2012, to 4.2 percent from 6.2 percent.

That seemingly small change amounted to an annual income boost of \$1,000 for a typical U.S. family earning \$50,000 a year.

It provided an increase of as much as \$2,202 last year for someone earning \$110,100, the maximum wage subject to the payroll tax in 2012.

The end of the tax break raised taxes for all wage earners last month and will for the rest of the year, surprising many despite the extension of most individual income-tax rates.

It means the tax burden on individuals climbed back to 2008

levels for most U.S. households.

One almost immediate result of the payroll tax increase was that consumers turned gloomy as night in January. Pessimism doesn't always lead to less spending, but the reason for the gloom — smaller paychecks — certainly raises that potential.

The Conference Board's January confidence report was disappointing across the board.

The top-line confidence index fell to its lowest reading since November 2011. Households feel more downbeat about the current economic situation and the future, the survey indicated.

The Conference Board pointed to the increase in payroll taxes as the damper on consumer spirits. Consumers may take a while "to recover from their initial paycheck shock," the report said.

One of the many things economists disagree on is what kinds of tax cuts stimulate the economy. Some economists favor one-time, lump-sum tax rebates. Others urge withholding less from paychecks to get Americans to spend more on goods and services.

In a new study, economists at the Federal Reserve Bank of New York come down on one side of this debate: They find lowering

the withholding rate — the method used in the Obama Administration's 2011 and 2012 payroll-tax cuts — led U.S. workers to spend a bigger chunk of their extra income — and more than they intended to.

The economists, Grant Graziani, Wilbert van der Klaauw and Basit Zafar, surveyed workers in early 2011 and then in December 2011 to gauge the effects of the payroll tax cut, which reduced the withholding rate from paychecks (for Social Security and Medicare).

The policy, which affected around 155 million workers, was eventually extended for all of 2012 but expired amid Washington's "fiscal cliff" fight.

The Fed researchers found that nearly 52 percent of respondents who intended to mostly save the extra cash, and nearly 19 percent of those who wanted to mostly pay off debt, ended up spending most of the windfall.

More than 70 percent of those who originally intended to spend most of the funds did so. All told, about 36 percent of the extra income was spent by respondents — a relatively large figure.

To explain differences between what people intended to do

CONTINUED ON PAGE 6 ►

Wannabes line up to replace USDOT Secretary LaHood

WASHINGTON — A busload of names of possible successors have surfaced in the wake of the announcement Transportation Secretary Ray LaHood, the only Republican remaining in President Barack Obama's first-term Cabinet, is leaving the administration.

LaHood had indicated months ago he wouldn't be around for a second Obama term but more recently it wasn't clear he would be departing.

Then, last month, in an interview, LaHood said he had told Obama a week after the November election he needed to move on, but added he was still "conflicted" by his decision because he liked working for Obama and considered it the "best job I've ever had in public service."

Possible replacements for LaHood include Debbie Hersman, chairman of the National Transportation Safety Board; former Pennsylvania Gov. Ed Rendell; former Michigan Gov. Jennifer Granholm; retired Rep. Steve LaTourette, R-Ohio, and former Rep. Jim Oberstar of Minnesota, who led the House Transportation and Infrastructure Committee.

LaHood plans to remain at the department until his successor is confirmed by the Senate, which he expected in about two months.

The only other Republican who was in Obama's first-term Cabinet was Defense Secretary Robert Gates, who earlier stepped aside and was replaced by Democrat Leon Panetta.

LaHood, who is 67, said he would not run for public office in his home state of Illinois and said he did not have any specific plans.

"I have had a good run. I'm one of these people who believe that you should go out while they're applauding," he said.

During his term, LaHood, a former congressman from Illinois, pushed for greater safety on the highways and in the air.

He helped steer a number of safety measures and highway projects, including steps to curb distracted driving, promote high-speed rail, and repair roads and bridges. Under his watch, the department demanded tougher fuel efficiency requirements for automakers and took steps to address airline pilot fatigue.

He pushed implementation of billions of dollars in transportation projects from the 2009 economic stimulus law, and he worked with Congress last year to pass an overhaul of highway and transit programs that gives states more flexibility in how they spend federal money.

Perhaps LaHood's most passionate work has involved distracted driving, which he has called a "national epidemic." He launched a national media campaign to end texting and cell phone use by drivers, an awareness campaign that has drawn comparisons to efforts to promote seatbelt use more than a generation ago.

"Safety will be something that people will remember us for in all modes of transportation," LaHood said.



Ray LaHood



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States clamber to find revenue for roads, transit

Payroll, sales tax being considered

More states are scrambling to find additional tax revenue to pay for highway repairs and public transit systems, including imposing higher payroll and sales taxes, and raising taxes paid by gasoline stations.

The proposals are being considered in at least 13 states as governors lay out their legislative agendas for the year.

The examination of new or additional taxes comes as states find revenue from stagnant federal and state fuel taxes isn't keeping up with highways, bridges and urban transit systems that increasingly are falling into disrepair.

"We're seeing a wide variety of funding and financing proposals being put forward to address funding transportation crises," says Jaime Rall, transportation senior policy specialist at the National Conference of State Legislatures.

Among them:

Massachusetts Gov. Deval Patrick, a Democrat, is considering several options to raise about \$1 billion a year, including raising the state's 21-cents-a-gallon gasoline tax, raising the sales tax, increasing the income tax or imposing a tax based on the miles a vehicle travels.

Virginia Gov. Bob McDonnell, a Republican, wants to scrap the 17.5-cents-a-gallon state gasoline tax and increase the state 5 percent sales tax to 5.8 percent, with the additional money going to transportation.

If passed by the state legislature, Virginia would become the only state without a gasoline tax paid at the pump.

Pennsylvania Gov. Tom Corbett, a Republican, wants to remove a cap on the oil company franchise tax paid by gas stations to raise an estimated \$1.9 billion a year.

Funding transportation has reached a point of national crisis, says the American Society of Civil Engineers, which estimates the country needs to spend \$2.7 trillion on total infrastructure between now and 2020, but is falling more than \$1 trillion short of that.

A big reason for the move toward new taxes: Federal and state fuel taxes, the primary way of funding transportation, aren't keeping up with demands as automobiles become more fuel-efficient, people drive less, and

electric and hybrid vehicles increase in number.

Compounding the situation: The federal gasoline tax, much of which goes back to the states to pay for transportation, has been at 18.4 cents a gallon for two decades.

Some states haven't raised their fuel taxes in a quarter century.

At the same time, construction costs have climbed. That has diminished the purchasing power of the federal gasoline tax by 33 percent since 1993 when it was last raised, according to the National Surface Transportation Infrastructure Finance Commission, which issued a report in 2009.

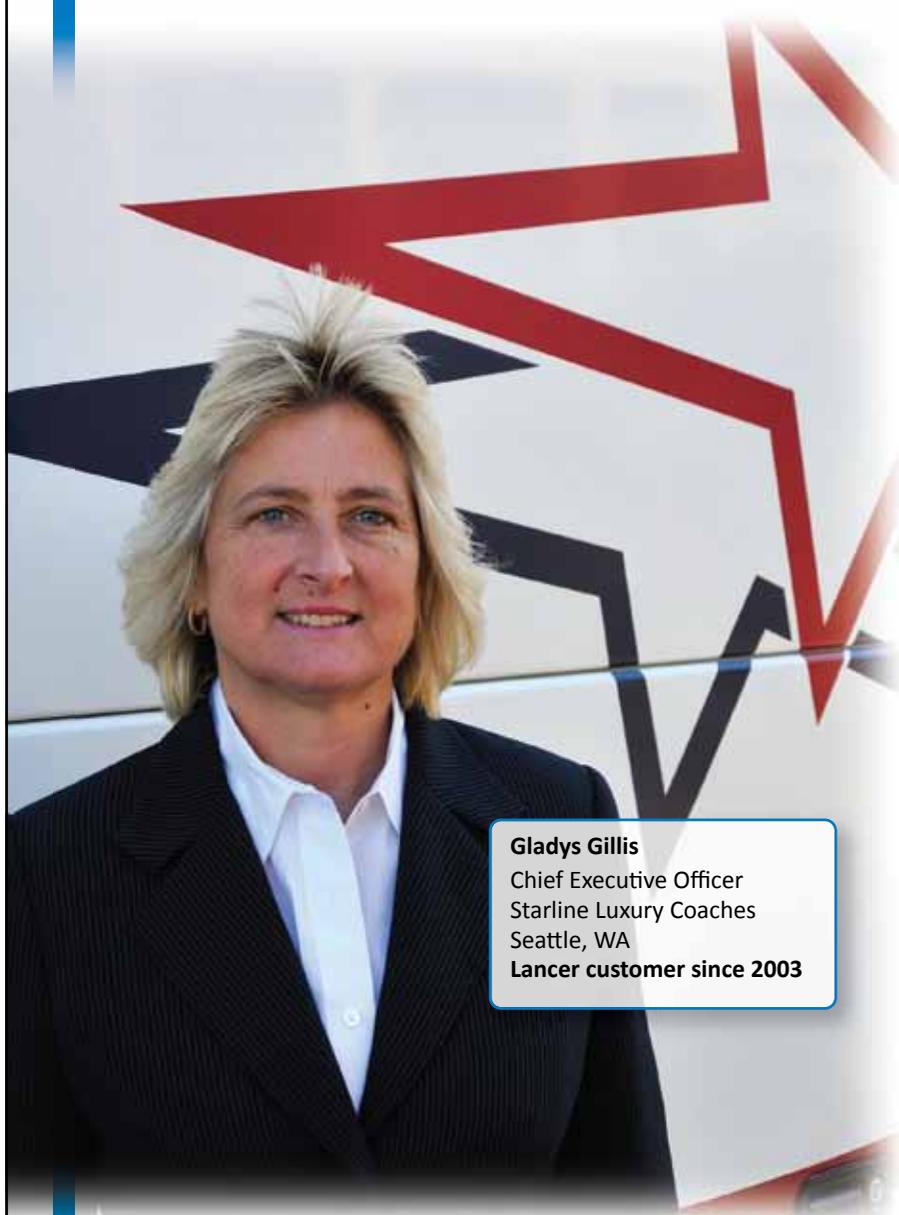
On average, the value of state gasoline taxes has effectively fallen 20 percent because of inflation for a nationwide total of \$10 billion a year, according to a report last year by the National Conference of State Legislatures.

That's left states looking for a way out of the funding crunch, and

many are keeping an eye on what happens in Virginia.

"The gas tax is inherently a shrinking revenue source for all states," says Jeff Caldwell, McDonnell's press secretary. "We've already heard from other states interested in this proposal and looking for more information."

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Tax hike

CONTINUED FROM PAGE 4

and what they actually did, the researchers point to something called “mental accounting.”

When asked in early 2011 how much they would spend, respondents focused on the big, overall size of the windfall and wanted to save or pay off debt.

As 2011 rolled on, though, workers paid more attention to the small extra bump in their paychecks twice a month — roughly \$42 for an average household making \$50,000 a year.

The piddly bumps felt like just a little additional income and were more likely to be spent.

The Fed study has other intriguing findings.

Many economists, including those in the Obama Administration, said they thought tax policies targeting low-income households did more to stimulate the economy. These workers, the thinking went, were more likely to have to spend extra cash they received.

But the Fed researchers found low-income respondents did not necessarily spend a greater proportion of their windfall.

High-income Americans used the largest share of their tax-cut funds for spending, while low-income workers used most of the

Court rules NLRB appointments are invalid

WASHINGTON — The Obama Administration is expected to appeal a controversial U.S. Court of Appeals decision that said President Obama violated the Constitution when he bypassed the Senate to fill vacancies on the National Labor Relations Board.

The federal appeals court for the District of Columbia issued the decision, in a case known as “Noel Canning v National Labor Relations Board,” that said Obama overstepped his authority when he appointed Democrats Sharon Block and Richard Griffin to fill vacancies on the NLRB.

“Employers across America thank the court for its decision to strike down a political, partisan move by the administration to pack the NLRB with illegal recess appointees,” said Coalition for a cash to pay down debt.

The good news, say economists, is we’re getting a better sense of what kind of tax cuts spur spending and the broader economy. The bad news is this successful policy intervention just expired — and its absence is now hurting the economy.

The payroll-tax holiday was never intended to be permanent. After all, it cost the government

Democratic Workplace chairman Geoffrey Burr.

“This is a major milestone in reining in an out-of-control federal agency seemingly bent on enacting Big Labor’s special interest agenda.”

CDW represents more than 600 employers, associations and other organizations.

The court struck down the recess appointments on two grounds:

1. The president did not appoint Block and Griffin during an intersession recess (intersession recesses are those that occur between sessions of Congress) and the court found the recess appointment clause only allows intersession recess appointments.

This is a significantly different interpretation of the president’s recess appointment authority than hundreds of billions of dollars.

The 6.2 percent levy is just half the Social Security/Medicare payroll tax. Employers pay the other half.

That makes the hike especially onerous to the self-employed, who now face a rate of 12.4 percent.

Workers who earn less than \$113,000 annually feel the full 6.2 percent bite, making the payroll tax one of the tax code’s more re-

gressive levies.

The payroll tax whiplash could be especially hard on upper-middle-class families in which both parents work. Because it affects each earner’s pay, a husband and wife making \$100,000 apiece will end up owing more than would a single breadwinner earning \$200,000.

President Obama and Congress negotiated the 2 percent tax

has been used for many administrations dating back to the 1800s. The unusual interpretation is likely to form the basis of any appeal.

2. The vacancies Block and Griffin were appointed to fill did not arise during an intersession recess and the court found the recess appointment clause only permits recess appointments for vacancies that arise during an intersession recess and the recess appointment must be done in the same intersession recess in which the vacancy arose.

That means, according to the D.C. appeals court, the board lost its quorum when a former member’s term expired on Jan 3, 2012.

The NLRB and the White House announced the government would ignore the appeals court ruling and petition for Supreme Court review.

President Obama’s spokesman denounced the decision, calling it a “novel and unprecedented ruling,” adding that the decision has “no impact on the ongoing operations of the National Labor Relations Board.”

Not only is the decision unprecedented, White House Press Secretary Jay Carney said during a press briefing, “it contradicts 150 years of practice by Democratic and Republican administrations. So, we respectfully but strongly disagree with the ruling.”

Carney said that more than 280 intrasession recess appointments have been made since 1867. To learn more about the history of the case, go to <http://myprivateballot.com/litigation/unlawful-recess-appointment-lawsuit/>.

holiday in December 2010. Their hope was that extra money in workers’ paychecks would get spent, boosting the economy.

Now, with the tax holiday gone, the result could be a form of anti-stimulus.

It’s “like a splash of cold water,” Credit Suisse analyst Edward Kelly told Bloomberg News. “It represents a direct reduction of spending by the lower-end consumer.”

Mark Your Calendar!

UMA Capitol Hill Day
June 26, 2013
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UMA United Motorcoach Association

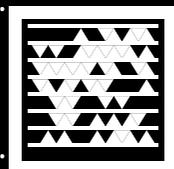
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New coach sales

CONTINUED FROM PAGE 3

figures for the third and fourth quarters of 2012.

Even if the Van Hool numbers had been included in the totals for the final two quarters of last year, combined sales for all of 2012 still would have been considerably south of 2,000.

Van Hool in 2012

Last month, Filip Van Hool, the new chief executive of Van Hool N.V., revealed that just over 430 Van Hool coaches were sold in North America last year. Roughly half of that total were included in the *National Bus Trader* figures for the first six months of last year.

Van Hool announced the company's 2012 numbers at a Florida event — held in conjunction with UMA Motorcoach Expo — marking the 25th anniversary of ABC becoming the North American distributor of Van Hool coaches.

Plachno also noted in his latest report that Prevost had become increasingly reluctant to release conversion shell numbers and “may discontinue doing so in 2013.”

“On the one hand, I am not sure it makes much difference since (Prevost has) almost the entire (conversion shell) market. On the other hand, I am not sure how that would impact our overall numbers comparison,” said Plachno.

North American coach builders and distributors have long been loath to release or reveal company sales figures. It would appear some manufacturers and distribu-

tors are becoming even more circumspect as they battle over the shrunken North American motorcoach pie.

Meanwhile in Europe

Plachno points out that “this situation is very different from Europe, where the manufacturers are proud of their sales and report their numbers and sales so that a very detailed analysis is available.”

While acknowledging his fourth-quarter 2012 report doesn't provide a look at “the total market,” Plachno says “it at least should provide some comparison for looking at trends.”

There was one noteworthy inclusion during the fourth quarter. The first deliveries of the Temsa TS30 came during the final three months of the year.

Deliveries of the new 45-foot TS45 Temsa could begin as early as the second quarter of this year.

Plachno is considering also including sales of Caio coaches in future sales reports.

Private-sector push

During 2012's final quarter, it was private-sector purchases that pushed sales for the period above those of a year earlier.

Plachno noted that when he first began looking at the numbers for the quarter, it “soon became obvious that public-sector sales were down somewhat from the fourth quarter of 2011.” In fact, sales of models normally associated with public-sector purchases were down about 40 units from the previous year.

“Based on these numbers, it



MCI J4500 is again the top-selling coach

appears that the private sector not only made up for the lack of public-sector sales (for the fourth) quarter but also pushed beyond that,” Plachno said.

Ten different motorcoach models either equaled or exceeded their sales in the fourth quarter of 2011. Among seated coaches, the biggest increase was with the J4500, which has been upgraded for model-year 2013.

Other models that helped with the fourth-quarter 2012 sales gain included the Volvo 9700, the MCI D4505 and Temsa's new TS30.

Top sellers in quarter

The three top-selling models — the MCI J4500, the Prevost H3-45 and the MCI D4500 represented 62.8 percent of all seated coaches sold during the fourth quarter. That's up significantly from usual “top-three” figures, which typically hover around 50

percent.

The other top sellers in the final quarter of last year were No. 4, Prevost X3-45; No. 5, MCI D4505; No. 6, Volvo 9700, and No. 7, Temsa TS35.

With Van Hool sales absent, only 51 imported coaches were included in the fourth-quarter report, with 34 of those Temsas. The remainder would have been Setras.

Nearly 89 percent of the coaches, or 420, sold during the fourth quarter were 45 footers, while just under 16 percent were 40-41 footers, and the remainder were the 35- and 30-foot Temsas, or just over 7 percent.

Canadian sales weaken

Sales into Canada dipped to 47 new coaches, or 9.9 percent of the total, during the fourth quarter. That compares to 16 percent in the third quarter.

Interestingly, Canadian pur-

chases in the fourth quarter of last year were limited to just three models; Plachno did not identify the models.

Once as high as 15 percent of total new-coach sales, conversion shell sales have been running at reduced levels for years.

Conversion shell sales in the fourth quarter of 2012 totaled 38 units, or 8 percent of the market. That was up markedly from 24 coaches, or 5.4 percent of the total, in the final quarter of 2011.

In the fourth quarter of last year, auto stick-shift transmissions were installed in 57 coaches, representing 12.1 percent of the total. That is up slightly from 40 coaches, or 9 percent, in the fourth quarter of 2011.

For more information about new coach sales, contact Plachno by phone at (815) 946-2341, or via email at lplachno@busmag.com.

Calendar

FEBRUARY 2013

12-13 California Bus Association Annual Spring Maintenance Seminar — All About Engines, Motor Coach Industries Service Center, Los Alamitos, Calif. Info: www.cbabus.com.

17-19 Virginia Motorcoach Association Annual Operators Retreat, Best Western Charlottesville Airport Inn & Suites, Ruckersville, Va. Info: info@vamotorcoach.org.

18 ADA Motorcoach Training at Virginia Motorcoach Association Annual Operators Retreat, Best Western Charlottesville Airport Inn & Suites, Ruckersville, Va. Info: mmmlinda@embarqmail.com.

21-23 South Central Motorcoach Association Annual Operators Meeting, The Arlington, Hot Springs, Ark. Info: info@southcentralmotorcoach.org.

22 ADA Motorcoach Training at South Central Motorcoach Association Annual Operators Meeting, The Arlington, Hot Springs, Ark. Info: mmmlinda@embarqmail.com.

25-26 Motorcoach Association of South Carolina Annual Coach Rodeo, Myrtle Beach, S.C. Info: info@scmotorcoach.org.

28 Alabama Motorcoach Association Annual Operators Meeting, Thrasher Brothers Trailways, Birmingham, Ala. Info: info@alabamamotorcoach.org.

28 ADA Motorcoach Training at Alabama Motorcoach Association Annual Operators Meeting, Thrasher Brothers Trailways, Birmingham, Ala. Info: Email mmmlinda@embarqmail.com.

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Members propose bill scrapping costly congressional pensions

WASHINGTON — A bipartisan group of U.S. House members has proposed legislation that would end the defined-benefit pension plan that House members receive after five years in Congress.

The bill, from Rep. Mike Coffman, R-Colo., would keep in place any benefits members or ex-members are now eligible to receive.

But it would prevent current members from accruing more benefits, and would shut down the system completely for new members of Congress.

“I continue to believe that dur-

Illinois bill would ease license ban

SPRINGFIELD, ILL. — A bill has been introduced in the Illinois House that would end the practice of suspending or not issuing or renewing driver’s licenses of individuals who fail to pay child support.

The bill, introduced by a long-time state representative from Chicago, Monique D. Davis, would amend and repeal sections of a half-dozen state laws that deal with aspects of suspending or issuing driver’s licenses for people who ignore child support enforcement orders issued by courts, or engage in visitation abuse.

Scores of bus drivers have been placed out of service over the years in states across the country because their driver’s license had been suspended because of non-payment or other issues related to child support mandated when a marriage was legally dissolved.

Other than in New York state, owners generally have no way of knowing if or when a driver’s license has been suspended because of enforcement of child support laws like those currently on the books in Illinois and elsewhere.

The issue is particularly prevalent in the trucking industry where drivers routinely skip from job to job and state to state, trying to stay ahead of garnishments and enforcement orders requiring them to pay child support.

Like many bus drivers, truck drivers generally like their jobs but because of their days and weeks on the road, their personal lives can be a mess, and they often end up marrying and divorcing multiple times, leaving fatherless children in their wake.

So, to have any money, they keep changing companies and states where they have their CDLs.

ing these challenging economic times Congress must be willing to share in the sacrifice required by all Americans and lead by example,” Coffman said.

“Congress needs to set an example for the country, and I be-

lieve that ending our pension plan would be a good start.

“It makes no sense for Congress to continue to reward itself, using taxpayer dollars, with a defined-benefit plan when much of the country has moved to a de-

finer contribution plan like a 401(k).” Under current law, all members can receive a portion of their \$174,000 salary after just five years, and members who are 62 or older with five years on the job receive a full pension.

Younger members need to be in the job longer, but all members can get a full pension after 25 years.

Co-sponsors of the bill include Rep. Jared Polis, D-Colo., who agrees with Coffman that congressional pensions need to go.

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COVERAGE THAT REVOLVES AROUND YOU

More governors look to repeal state income taxes

Washington, D.C. may be a tax-reform wasteland, but out in the states the action is hot and heavy.

Nine states, including such fast-growing places as Florida, Tennessee and Texas, currently have no income tax, and the race is on to see which will be the 10th, and perhaps the 11th and 12th.

Oklahoma and Kansas have lowered their income-tax rates in the past two years with an aim toward eliminating the tax altogether.

North Carolina's newly elected Republican governor, Pat McCrory, has prioritized tax reform this year and wants to reduce the income tax.

Ditto for another newcomer, Mike Pence of Indiana, who has called for a 10 percent income-tax rate cut.

Susana Martinez, New Mexico's Republican governor, has called for slashing the state corporate tax to 4.9 percent from 7.6 percent, and the first Republican-controlled legislature since Reconstruction in Arkansas is considering chopping its tax rates by as much as half.

But those are warm-up acts compared to Nebraska Gov. Dave Heineman's announcement last month that he wants to eliminate the state income tax and replace it with a broader sales tax.

"How many of you have sons and daughters, grandchildren, brothers and sisters and other family members who no longer live in Nebraska because they couldn't find a job here, or they couldn't find the right career here in Nebraska?" he asked.

Heineman believes eliminating the income tax, which currently has a top rate of 6.84 percent, will make the Cornhusker State a new magnet for jobs.

Then there's Louisiana Gov. Bobby Jindal, who wants to zero out his state's income tax (top rate 6 percent) and the 8 percent corporate tax and replace them by raising the state's current 4 percent sales tax.

He would also eliminate some 150 special interest exemptions from the sales tax, including massage parlors, art work and fish-

ing boats.

As an economic matter, this swap makes sense.

Income taxes generally do more economic harm because they are a direct penalty on saving, investment and labor that create new wealth.

Sales taxes, by contrast, hit consumption, which is the result of that wealth creation.

Governors Jindal, McCrory and Heineman cite the growing evidence that states with low or no income taxes have done better economically in recent decades compared to states with income-tax rates of 10 percent or more.

A new analysis by economist Art Laffer for the American Legislative Exchange Council finds that, from 2002 to 2012, 62 percent of the three million net new jobs in America were created in the nine states without an income tax, though these states account for only about 20 percent of the national population.

The no-income-tax states have had more stable revenue growth, while states like New York, New Jersey and California that depend on the top 1 percent of earners for nearly half of their income-tax revenue suffer wide and destabilizing swings in their tax collections.

In the case of North Carolina, a new study by the Civitas Institute concludes that a tax reform that shifts more of the burden to consumption from income would increase average annual personal income growth by 0.38 percent to 0.66 percent. That's enormous over time and would lead to much higher state tax revenues.

North Carolina's top income tax rate is 7.75 percent, which is higher than that of most nearby states that it competes with for in-

vestment. Virginia's top rate is 5.75 percent, while Tennessee has no personal income tax.

The main challenge for these governors will be making the political sale.

Critics will call the income-for-sales-tax swap regressive because everyone pays it.

Jindal is countering by exempting food, medicine and utilities from his sales tax and providing a rebate for low-income families so their tax bills would not rise.

But governors will have to trump the critics by stressing the larger economic benefits for the state.

States with big energy production, like Louisiana and Oklahoma, also have another reform option: replacing the income tax with revenues from oil and gas extraction taxes, drilling leases and royalty payments.

This kind of reform makes everyone in the state a stakeholder in America's energy renaissance from horizontal drilling and hydraulic fracturing. It also helps build a political constituency for

more mining and drilling.

Gov. John Kasich has proposed using revenues from oil and natural gas drilling to reduce Ohio's income tax rate. He plans to introduce his own larger tax reform soon.

North Dakota, which is now the second-largest oil producing state (after Texas), could easily afford to abolish its income tax, much like Alaska did in 1980. Many more states could collect billions of dollars in energy-related revenue if they and the feds allowed more drilling on state and federal lands and offshore.

This state reform trend is a rare bright spot in the current high-tax era, and it will further sharpen the contrast in economic policies between GOP reform governors and the union-dominated, high-tax models of California, Illinois, New York, Massachusetts and now Minnesota, where Gov. Mark Dayton proposed a huge tax hike.

Let the policy competition begin.

Reprinted from *The Wall Street Journal*.

SBA offers five tax-time tips

WASHINGTON — With tax filing time fast approaching, the U.S. Small Business Administration has a handful of tips for business owners.

First, of course, keep good records and understand available deductions.

Tax credits and deductions vary from year to year, notes Calvin Goings, administrator of the SBA's regional office in Seattle.

Also on his list:

- Check out the Small Business Jobs Act, signed into law in 2010. It has several provisions

that decrease the tax burden on small businesses.

- Tax credits available under the Affordable Care Act can be applied to up to 35 percent of health care premium costs.

- Avoid common mistakes that can trigger an audit, such as classifying employees as independent contractors or making a mistake on the home office deduction. Be specific when claiming large-sum miscellaneous deductions.

- Don't mingle business and personal records. Maintain separate bank and credit card accounts.

To the Editor

I just read columnist Dave Millhouser's article in the Jan. 15 issue, regarding snow on the roof.

I gather Dave lives in an area not plagued with more than six months of winter like we are here in Alberta, Canada. You know — snowshoes, igloos and polar bears.

Here's a trick I learned a long time ago with airplanes, flat surfaces and moveable snow.

With airplanes, it's called roping the wings. It also can be used on any surface where it's too dangerous to climb. Like airplanes, roofs of houses and, yes, buses

and truck trailers.

Throw a reasonable-sized rope over the top, tie some rags at intervals if you wish, and then two people pull it back and forth like an old shoe-shiner cloth.

The only thing to watch for is protrusions like antennas or hatch covers. Off comes the snow, slick as a whistle.

Sure beats risking life and limb crawling up there.

Pass it on—but mention my name and company

*Rick Burgess, Vice President
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Small secret to success: Return calls, emails and texts

By Dave Millhouser

It was the most satisfying sale of my career.

A church had asked about buying a motorcoach and in the middle of meeting with its committee, one gentleman asked: "Why should we pay \$10,000 more for your bus than the competitors?"

"Because I return phone calls," I replied.

They had stumbled onto my only strength as a salesman. The members of the group looked at each other, and eventually bought my bus.

The competitor was smart, honest and had a fine product. Sadly, in the industry, he had a reputation for not getting back to people.

I guessed the church had already had difficulty getting in touch with him.

The committee, correctly, figured that if someone won't return a call while soliciting business, it will become geometrically more difficult to reach them after the sale, when help is needed.

Many aspects of business, particularly on the sales side, are un-

controllable. One thing that we CAN control is returning phone calls (and emails).

It's frustrating to need information or help, and not get it. It's downright scary to get no response. In that case, you don't know if the other party is trying to help, or even knows that there's an issue.

We're in the passenger transportation business, so often our communication involves things that involve the safety or comfort of our customers.

With the variety of gizmos currently available, there's no reason not to respond to every legitimate communication quickly.

Lots of things in life are complicated, some difficult to do. Returning calls is not one of those things.

If this sounds edgy, it isn't because I'm impatiently waiting for a call. It's because I'm nervous about going public with my one big business secret. But, since I'm now retired...I finally don't have to worry about being outflanked by competitors.

Over the years, dealing with countless problems (the buses I sold, regrettably, weren't perfect),

my practice was to return every call as quickly as possible. If I had no solution, I said so, and told them exactly when they could expect another call.

I tried to get the ugliest issues out of the way first, but that's a personal preference. Always leave them with something, so they know you're working on things.

This goes for internal communication, too. Imagine how much productivity is lost when workers have to make repeated attempts to get information. Failure to respond is tantamount to saying "your time is not as valuable as mine."

Not only does it waste resources, it leads to strained relationships that can manifest in other ways.

The converse is true, too. In organizations where folks have confidence their calls will get a response, many problems are minimized, or even evaporate.

When you're trying to contact someone, and hear their "voice-mail box is full," what does that make you think about them, and the likelihood you're going to get help in a timely way? How much time is wasted redialing in hopes of sneaking up on them?

A valid response may take the form of "You're driving me nuts, don't call again." Another is a voice-mail left when you know the recipient won't pick up (a sneaky way to impart information without getting involved in a lengthy conversation). Both count as "returned calls."

Emails and text messaging can be OK, too, but unless you've told someone to "buzz off," every phone call merits a timely reply of some sort.

Failure to respond is not something where the "dog-ate-my-homework" defense works.

This needs to be a corporate culture thing, and the hammer needs to drop on anyone who consistently fails. Modern technology offers too many options for there to be any excuses.

When someone uses their energy to make a call (particularly when the email or texting alternative is so easy), it means the topic is important to them. Whether it's meant that way or not, failure to respond sends the message that they, and their needs, are unimportant.

In ye olden days our boss would send us on back-to-back cross country trips with minimal

instructions, a couple of credit cards and the admonition "call if anything breaks." It was nice he trusted us, and the "no-news-is-good-news" approach to operations worked fine, sometimes for weeks at a time.

The key, however, was IF we did have to call him we got an immediate response. Whatever the problem, we knew he and his gang would work with us till it was fixed. Sometimes the fixing would take a while but he always kept us apprised of how things were progressing.

On the other hand, if he left a message for you at a pre-arranged truckstop, and you didn't call him back quickly ... he sometimes had the state police stop you. That only had to happen once before you learned to return calls promptly.

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



Dave Millhouser



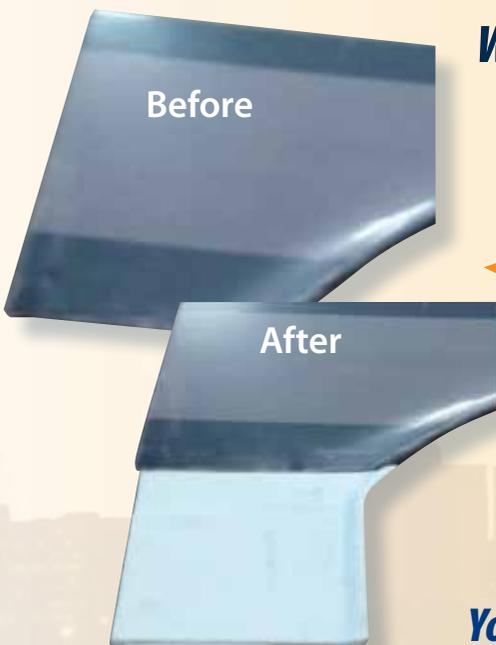
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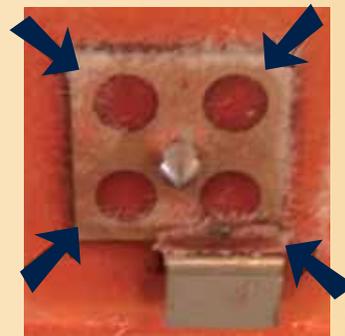
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Vectour comes up winner in transportation management

By Mark L. Szyperski

BIRMINGHAM, Ala. — With President Obama's second inauguration now in the rear-view mirror, with the 113th Congress finding fresh things to bicker about, and with various political cliffs coming and going, memories of the 2012 presidential election seem to be fading fast.

Not so in the offices of Vectour Group here in Birmingham.

For Vectour, five days during campaign 2012 were a high point for the company last year.

That's because Vectour was part of a three-company consortium that provided the bulk of ground transportation for the Democratic National Convention in Charlotte, N.C., in September.

Although the convention lasted only a few days, preparation for the event on the part of the Vectour was almost a year in the making.

"So many people think that this (business) is nothing more than getting a bunch of motorcoaches in one location and moving people," said Reggie Haslam Sr., co-founder and CEO of Vectour.

"However, it's the intensive planning ahead of time that is the key to any successful ground transportation system."

Vectour Group partnered with Event Transportation Management and Charlotte Destination Group to manage transportation for the 30,000 delegates to the Democrats' convention.

Since the company's founding five years ago, it has provided transportation management for a number of major events, including the 2008 Democratic National Convention in Denver, the 2010 Winter Olympics in Vancouver, British Columbia, and the U.S. Open.

During the first years of its existence, Vectour was known as International Trailways and had a direct connection with the Trailways Transportation System.

Over time, "we found that the Trailways system and our ability to bring in large transportation contracts had different visions, and it was decided that it would be best to separate ourselves from being directly involved in that system," said Alan Thrasher, co-founder and chief operating officer of Vectour.

So, the two split, and International Trailways became Vectour Group.

"We still use many of the Trail-



Scores of buses from southern, southeastern and mid-Atlantic states were rounded up by Vectour for the Democrats' convention.

ways Transportation System stockholder companies, but we now have the ability and have been welcomed by the (International Motor Coach Group) of companies, as well," said Thrasher.

This past summer, while planning the DNC convention, members of the Vectour team were in London, providing ground transportation management and execution during the 2012 Summer Olympics.

Making it happen

So, what goes into planning for an event when you're providing the ground transportation for thousands and thousands of participants?

Obviously, securing a good group of motorcoaches owned by various well-run companies has to be first on the list.

Haslam said he put hundreds of miles on his personal vehicle, driving across multiple states personally investigating companies and equipment.

"We had a good relationship with many companies already," said Haslam, "but for those we do

'We are more than happy to be in the background, helping the local company succeed.'

not know personally, I feel it's important to look at the companies that will be working with us. It's what our customers have come to expect."

Beyond bus suppliers, there are many other aspects to setting up a transportation system of the magnitude needed for large events.

Typically, Vectour has to do extensive hiring of all types of personnel, from project managers to operations supervisors, administrative support and lot crew.

It also has to find rooms where drivers can sleep, plus catering companies to provide food for drivers and staff.

"The Vectour Group is a small organization in between events, but during the events we have to grow more than a dozen times larger to cover all of the aspects of any event we are providing the transportation management and

equipment," said Thrasher.

"We have to have, and luckily we do have, contacts with many people all over the world that we can pull on and trust to make these large events a success," added Haslam.

For example, three of the people who worked in London were brought back to the United States for the Democrats' convention. The project manager in Charlotte had worked with Vectour at the Winter Olympics in Vancouver.

"It is the ability to know and have this talent pool to pull in when needed that helps set the Vectour Group apart from a local bus company just running shuttles from the airport to the hotels," said Haslam.

The folks at Vectour Group do not sit around waiting for the next request for a proposal to cross their desk. They already have

made contacts with potential customers for transportation during the 2014 Winter Olympics in Russia, and for business in Brazil.

However, they are always ready to work closer to home.

"Some of our best requests come from a local motorcoach company that wants to show it can provide great transportation management and service, yet understands they don't have the expertise available for such a large event.

"Many companies call us just to help them in the background so they can be successful and get the positive credit for providing the service," said Haslam.

"We are more than happy to be in the background, helping the local company succeed."

Such an attitude should also help assure Vectour keeps succeeding, regardless of who's running for president.

Mark Szyperski is president of On Your Mark Transportation, a consulting company.

Contact him via email at mark@onyourmarktransportation.com.

TMS Logistics bets big on hurricane evacuation game

SANDY SPRING, Md. — In the years following Hurricanes Katrina and Rita in 2005, TMS Logistics invested “millions of dollars” in equipment to prepare for management of bus evacuations during future natural disasters.

TMS was one of the companies that helped coordinate the extensive motorcoach evacuations of victims of the devastating Gulf Coast storms seven years ago.

Then, the 2010 and 2011 hurricane seasons were relatively quiet.

“We bought 800 radios with GPS tracking. We built a big central dispatch area with big monitors where we can track buses and drivers,” explained TMS President Frank Sherman.

“We spent lots of money that sat dormant for two years. You have to maintain readiness and sometimes you question whether it is worth it.”

The busier 2012 Atlantic hurricane season finally put those radios on the road and brought those dispatch monitors to life for Transportation Management Services, which has emergency-response contracts with the U.S. Federal Emergency Management Agency and several southeastern state

governments.

The state contracts cover Louisiana, which was struck by Hurricane Isaac on Aug. 27, and New Jersey, afflicted by “Superstorm Sandy” over the final days of last October.

Isaac made landfall near the mouth of the Mississippi River with 80-mile-per-hour winds and significant rain and flooding.

Hurricane Sandy and a winter storm combined to produce the super storm that affected 24 states, doing the most severe damage in New Jersey and New York.

Winds were recorded at 90 mph when the storm hit Tompkinsville, N.J., and 11.62 inches of rain fell on Wildwood Crest, N.J.

For each of those events, TMS hired close to 300 motorcoaches from operators across the region for deployments of seven days, a company spokesman said.

The motorcoaches evacuated residents from areas expected to flood and, in the case of New Jersey, assisted with transportation needs after the storm severely damaged the state’s transportation infrastructure.

TMS was founded by Sherman in 1995 to handle transportation



services for large, complex events and activities like trade shows, conventions and sporting events.

The company maintains a presence in the Middle East, Africa and Europe and is branching into Russia and South America.

TMS’ growth

Last September, TMS announced its purchase of a substantial chunk of the assets of Coach America Holdings Inc., which were merged into the company’s Horizon Coach Lines.

Horizon now operates more than 1,200 vehicles, including upwards of 750 motorcoaches, and is one of the largest privately-owned charter and tour bus operators in the U.S. It ranks No. 3 on the latest Top 50 Motorcoach fleets compiled by *Metro* magazine.

Sherman said the company decided to establish another operating division, TMS Logistics, after Hurricane Katrina in 2005.

“There was a prime contractor and we were the subcontractor to

the subcontractor. That almost killed us. We had to work very hard to get our money and work hard to get money to our vendors. We worked it out, but it cost TMS a lot of money in the end.”

TMS Logistics has emergency-response contracts with “the majority of East Coast and Gulf states,” said Sherman, adding that the total number “goes up and down.”

How the system works

The logistics arrangement is designed to enable states to rapidly deploy transportation resources without having to maintain their own management personnel or agreements with dozens of providers, Sherman said.

“Instead of 60 bus companies coming into an area uncoordinated, there is one company coordinating the contracting. We underwrite the safety of those companies. A lot of times we have ongoing relationships with them. We do safety reviews of the contractors.”

He said TMS personnel also coordinate the motorcoach operations.

“We go into dispatch mode, trying to move all the equipment

where it needs to be. We are with them in the theater. We oversee them as we are checking into the unfolding events and the weather. Once all that is going on, we need to make sure we put the vehicles and drivers in a safe area where they can weather the storm.”

TMS Logistics provided 293 commercial coaches and other vehicles to the Louisiana Department of Transportation and Development before and after Hurricane Isaac struck southern Louisiana, the Baton Rouge Advocate newspaper reported.

Issues with Isaac

The Advocate also reported that some coach drivers were stranded without services during the deployment.

“I do know they (the drivers) were asking for food and showers at various locations,” Sherri LeBas, state transportation secretary, said in an interview. “We told the contractor that you need to meet the terms of the contract.”

According to the Baton Rouge newspaper, under “the state’s contract with TMS, the firm’s responsibility included food, lodging,

CONTINUED ON PAGE 14 ►

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TMS bets big

CONTINUED FROM PAGE 13

showers and incidentals for vehicle drivers. In addition, the company was supposed to advise drivers in writing that the state of Louisiana was not responsible for providing them fuel, lodging, food, showers or incidentals."

Sherman acknowledges there were problems. The issues arose because of the unique nature of Isaac's landfall, he said.

"Normally we have a longer period to react and set up. We usually have 90 hours. They usually don't start an evacuation plan

until the hurricane reaches a Category 3. Isaac broke all the rules. It was moving so slowly and it didn't hit any of the parameters for Category 3.

"Finally they realized there was going to be a lot of flooding and that threw us a lot to do in very short order. We had less than 30 hours. We are probably the only ones in the country who could have reacted as quickly as we did."

It was difficult to find food for the deployed coach drivers in the wake of the storm, he said. "There was a venue where we weren't used to being and we weren't planning to be there. All of the stores

were closed for 70 to 80 miles away and there was a curfew in place. We had to get help from the state to tell a small diner it was alright to feed our drivers."

Timely payments

TMS learned from its experiences during the Hurricane Katrina deployment and developed systems to pay motorcoach providers more quickly, according to Sherman.

"We have systems in place to make sure it doesn't happen again. They are due payment for a minimum number of days when they are deployed. Once they arrived (to serve the Isaac and Sandy responses) they had their initial checks within three days. They had

their balance well within what we had told the companies we would do," he said.

The ability of motorcoach companies to respond rapidly makes it possible to provide evacuations that may protect thousands of citizens from harm, says Sherman.

"We are always bragging about these companies. We owe responsibility and response time to our clients," he said.

"Sometimes their contracts follow the buses en route to the evacuation. We enjoy our relationships with the operators. We are one of the largest purchasers of charter time from small bus operators in the U.S. We think it is good for TMS and good for the operators."

The 2013 Atlantic hurricane

season forecast will not be released until April by the Tropical Meteorology Project at Colorado State University, but scientists there said in December that strong predisposing conditions are likely to exist.

Based on historical records, four states are given better than one-in-four chances of "being impacted by a hurricane" this year -- North Carolina (28 percent), Louisiana (30 percent), Texas (33 percent) and Florida (51 percent). Mississippi, Alabama, Georgia and South Carolina are listed with chances exceeding 10 percent.

"It just runs in cycles," Sherman said. "There are going to be hundred year storms and then you have quiet periods."



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S.C. school bus

CONTINUED FROM PAGE 3

leveled for us," he said.

This year, he said, if any legislation is proposed, he's hopeful it would contain provisions that would make it possible for operators in the state to get some of the business.

Some recent developments, however, could dampen the enthusiasm of lawmakers.

Garrett said early reports indicate the cost of the school transportation programs in the three counties with private operations has doubled over what was being spent when the state and school districts ran them.

But that, too, he said was a product of the uneven playing field because the state bus operation does not incur normal business expenses of insurance, sales taxes, property taxes, regulatory fees and other costs.

Needed: Newer buses

"South Carolina poses some interesting challenges because the state furnishes the school districts with buses and maintenance," noted Ken Presley, vice president and chief operating officer of the United Motorcoach Association, and an associate representative on the board of the state motorcoach association.

"It is no secret that South Carolina operates the oldest fleet of school buses in the nation."

As a rule, said Presley, when school districts contract with a pri-

vate company to operate all phases of their school bus operations, significant savings are realized.

"However, there is significant pressure to modernize the fleet (in South Carolina) and that pressure will continue when private companies start assuming operations. The savings (that typically occur when a school bus operation is privatized) may be less visible as private companies phase in new and certainly safer equipment. Some of the equipment South Carolina currently operates has not been called 'new' since Ronald Reagan was president," Presley added.

"We have written the governor and asked that she not act in haste and consider South Carolina bus and motorcoach operators, who have never had an opportunity to participate in the state's school bus operations, and not allow large international and national school bus contractors to just waltz in and carve up the state."

Labor dispute hurts

Another factor at play in the state is a labor dispute that developed last month that could sour lawmakers further on the idea of extending privatization statewide.

While school bus drivers employed by the school districts are not allowed to bargain collectively or strike because they are government workers, those hired by Durham belong to the Teamsters Union and have full bargaining and striking rights.

The Durham drivers have been negotiating a new contract for about six months and in January those from Charleston and Dorchester voted to strike if a new agreement is not reached soon. The Charleston drivers have not yet voted, but are expected to do so soon.

"The union is shooting us in the foot," observed Young.

In addition to getting the opportunity to operate some daily school transportation programs, private operators in the state also are eyeing charter jobs that now are being done by the school districts with activity buses.

Young said school districts in the state are allowed to purchase and operate buses that are painted other colors than yellow that can be used for school sports teams and routine class trips around the area, as well as special trips to other parts of the state and to other states that are financed by parents.

"We don't mind them doing regular class trips, but when mom and dad are asked to write a check, then it becomes an issue with private providers because then they are competing with us directly," he said.

He said he would like to see legislation that would open such trips to competitive bidding and include a provision that would give small motorcoach operators extra bidding points that would help compete with larger companies.

"If they are close, then the bid could go to the small business," he said. "We want to make sure the little guy is not forgotten."

TA, Petro stops get diesel exhaust fluid pumps

WESTLAKE, Ohio — TravelCenters of America has completed the installation of bulk diesel exhaust fluid dispensers at 100 of its TA and Petro Stopping Center branded locations.

The 100 locations offer DEF fueling at more than 400 fuel is-

land lanes.

The company said it would have substantially all of its locations outfitted with on-island bulk DEF by the start of this year.

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