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SERVICE DATE – SEPTEMBER 11, 2024

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21121

STUDENT TRANSPORTATION OF AMERICA, INC. ET AL.—
ACQUISITION OF CONTROL—WEST POINT TOURS, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On August 12, 2024, Student Transportation of America, Inc. (STA), a noncarrier, and its parent entities (collectively, Applicants) filed an application under 49 U.S.C. 14303 seeking authority for STA to acquire all voting securities of West Point Tours, Inc. (WPT), a passenger motor carrier that holds operating authority issued by the Federal Motor Carrier Safety Administration (FMCSA). The Board is tentatively approving and authorizing the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments must be filed by October 28, 2024. If any comments are filed, Applicants may file a reply by November 12, 2024. If no opposing comments are filed by October 28, 2024, this notice shall be effective on October 29, 2024.

ADDRESSES: Comments, referring to Docket No. MCF 21121, may be filed with the Board either via e-filing on the Board's website or in writing addressed to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to STA's representative: Mark J. Andrews, Clark Hill PLC, 1001 Pennsylvania Ave., N.W., Suite 1300 South, Washington, DC 20004.

FOR FURTHER INFORMATION CONTACT: Brian O'Boyle at (202) 245-0364. If you require an accommodation under the Americans with Disabilities Act, please call (202) 245-0245.

SUPPLEMENTARY INFORMATION: According to the application, STA is a New Jersey-based noncarrier that controls multiple passenger motor carriers that hold operating authorities issued by the FMCSA.¹ STA is a subsidiary of Student Transportation of America Holdings, Inc. (STA Holdings), a Delaware corporation and noncarrier. STA Holdings, in turn, is a subsidiary

¹ Additional information about the carriers controlled by STA, including U.S. Department of Transportation (USDOT) numbers, motor carrier numbers, and USDOT safety fitness ratings, can be found in Exhibit B of the application.

of Spinner US Acquireco, Inc. (Spinner),² also a Delaware corporation and noncarrier, which will remain under the majority ownership of Caisse de dépôt et placement du Québec, a pension fund based in the Canadian province of Quebec. (Appl. 5.) Applicants state that the carriers STA controls primarily provide school bus transportation under contract with local school districts, a service that they state is covered by broad exemptions from FMCSA regulation. (*Id.* at 2.)³ According to Applicants, STA and its subsidiaries currently have approximately 23,000 employees, utilize an estimated 22,000 vehicles, and transport approximately 1.25 million students per day based on a 180-day school year. (Appl. 4.) Applicants state that while exempt school transportation accounts for approximately 97% of STA's approximately \$1.3 billion in annual revenues, remaining revenues are generated from use of its vehicles for charter and special operations not involving the transportation of students to and from schools. (*Id.* at 2, 4.)

According to the application, WPT is a New York state-based carrier that holds FMCSA operating authority as well as intrastate operating authorities in New York state and Pennsylvania. (*Id.* at 3.) Like STA's carrier subsidiaries, WPT primarily provides school bus transportation under contracts with local school districts. (*Id.* at 2-3.) WPT transports approximately 9,640 students per day during the school year, employs approximately 200 drivers, and has a fleet of 220 vehicles, consisting primarily of school buses but also approximately 15 motor coaches. (*Id.* at 4.) The application states that WPT generates annual revenues of approximately \$21 million, about 75% of which are derived from school-related transportation, with the remainder being derived from charter and special operations centered on the West Point Military Academy and nearby areas of the Hudson River Valley in New York state. (*Id.*) WPT's interstate motorcoach operations carry approximately 24,000 passengers annually. (*Id.*)

Pursuant to an agreement executed on July 17, 2024, STA will acquire all voting securities of WPT. (*Id.* at 2, 4.) Upon closing of the proposed transaction, WPT will become a direct subsidiary of STA. (*Id.* at 5.) STA and WPT expect to close the proposed acquisition in the fourth quarter of 2024. (*Id.* at 4.)

Under 49 U.S.C. 14303(b), the Board must approve and authorize a transaction that it finds consistent with the public interest, taking into consideration at least (1) the effect of the proposed transaction on the adequacy of transportation to the public, (2) the total fixed charges that result from the proposed transaction, and (3) the interest of affected carrier employees. Applicants have submitted the information required by 49 CFR 1182.2, including information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. 14303(b), *see* 49 CFR 1182.2(a)(7), and a jurisdictional statement under 49 U.S.C. 14303(g) that the aggregate gross operating revenues of STA and WPT exceeded \$2 million during the 12-

² Further information about Spinner's corporate structure and ownership can be found in Exhibit A of the application.

³ *See* 49 U.S.C. 13506(a)(1) (exempting from both Department of Transportation *and* Board jurisdiction "a motor vehicle transporting only school children and teachers to or from school").

month period immediately preceding the filing of the application, see 49 CFR 1182.2(a)(5). (See Appl. 6-7.)

Applicants assert that the transaction is consistent with the public interest. Applicants state that STA's operating subsidiaries and WPT have contractual obligations to provide outsourced transportation services and a competitive incentive to maintain and improve existing services because doing so enhances their chances of success when new outsourcing opportunities arise or when existing contracts are re-competed. (Id.) According to Applicants, contract renewals in the school transportation sector often involve highly visible and intense negotiation processes between multiple bidders, governmental bodies, unions, political activists and other interested parties. (Id. at 6.) Thus, Applicants claim that STA will have "strong incentives to maintain high service levels in order to fend off competitive bids" from other bus transportation providers. (Id.) Applicants also note that STA's operating subsidiaries will face competition from school districts and local government entities that can provide bus transportation "in-house." (Id.)

With respect to fixed charges, Applicants state that there are no current plans to finance the proposed acquisition in a manner that would affect fixed charges payable by STA or its affiliates. (Id.) Applicants further note that funding for the transaction "will be drawn from STA's current credit facility, and WPT (like other STA subsidiaries) will become a co-obligor under that facility." (Id.)

Regarding the effect of the acquisition on current employees, Applicants state that it is highly unlikely that any employees of WPT would be adversely affected to any significant degree by the proposed transaction. (Id. at 7.) They again emphasize STA and WPT's contractual obligations and competitive incentives to maintain and improve existing services, and claim that STA and WPT "do not have, and rationally could not have, any intention of significantly reducing employment levels involving drivers, dispatchers or vehicle maintenance personnel" as a result of the acquisition. (Id.) Applicants further state that there is a "longstanding shortage of qualified drivers and maintenance personnel," and assert that STA continues to actively recruit additional employees. (Id.)

Based on Applicants' representations, the Board finds that the acquisition as proposed in the application is consistent with the public interest and should be tentatively approved and authorized. If any opposing comments are timely filed, these findings will be deemed vacated, and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 CFR 1182.6. If no opposing comments are filed by expiration of the comment period, this notice will take effect automatically and will be the final Board action.

This action is categorically excluded from environmental review under 49 CFR 1105.6(c).

Board decisions and notices are available at www.stb.gov.

It is ordered:

1. The proposed transaction is approved and authorized, subject to the filing of opposing comments.
2. If opposing comments are timely filed, the findings made in this notice will be deemed vacated.
3. This notice will be effective October 29, 2024, unless opposing comments are filed by October 28, 2024. If any comments are filed, Applicants may file a reply by November 12, 2024.
4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

Decided: September 5, 2024.

By the Board, Board Members Fuchs, Hedlund, Primus, and Schultz.