



95<sup>TH</sup> ANNUAL CMSA CONVENTION  
MAY 2013

# Exiting the [**Military**] Comfort Zone

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International Association of Movers

## Discussion Topics

- DOD Budget Issues
- Draft TSP Qualification Rules
  - What is SDDC going to do next?
  - Scoping – Scaling
  - Open Season - Implementation Timeline
- SDDC Fuel Surcharge Policy Changes
- Regionalization
- DP3 – Phase III
- NTS Electronic Billing & Payment
- IAM – New Agent Advisory Committee



- DOD - \$500 Billion in cuts over the next 10 years, doubled when Sequestration hit
  - PCS moves exempt from sequestration for uniformed personnel...but not civilians
  - Civilian Furloughs – April 25 – Sept 21. Number of days still TBD. Current estimate 14 days
- DOD - cost cutting in a number of ways:
  - Troop/personnel reductions of 100,000+
  - Longer dwells at a station
  - Another round of BRAC? “Joint Basing”
  - Pivot to the Pacific
    - Guam, Korea, Australia, Philippines and Hawaii

- Currently DOD averages between 500,000 – 550,000 moves per year...  
Includes Domestic HHG, International HHG, UAB (Air), NTS (long term storage), DPM, Local Moves
- May see a short term rise in shipment volumes over next two years, but a significant drop is imminent
- “Leaner” & more Mobile force will eventually equate to a smaller number of HHG moves; thus the need for fewer service providers

- First PAM Draft released in early December, 2012
- Comment Period closed January 18, 2013
- Changes influenced by IAM / AMSA / Industry:
  - ~~Audited vs. Reviewed Financials~~
  - New entrants – Experience... 5 years vs. 3 years
  - ~~Key Personnel – “employee responsible for rates”~~
  - ~~Quick Ratio 1.2:1 changed from 1:1~~
  - ~~Cargo Liability Aggregate - \$150,000 to \$500,000~~
  - ~~Performance Bonds increased 500%~~
    - International \$100,000 to \$500,000....\$150,000
    - ~~Domestic \$50,000 to \$250,000~~

## Draft Qualifications Rules – cont.

- ~~• “Affiliations” – new term for CFAC...but much more encompassing~~
- ~~• Old CFAC rules said...“may but do not always result in CFAC.” New rules no such caveat~~
- ~~• New rule....~~
  - ~~• Family relationships~~
  - ~~• Owning another company~~
  - ~~• Owning stock in another company~~
  - ~~• Making loans to another company~~
  - ~~• Managing another company~~
- ~~• Any of these relationships CANNOT file rates in the same channel and code of service~~

So....What is SDDC going to do now?

- What is this all about? Open Season & Reduction of the Number of TSPs per Channel
- “New”... set of draft rules released on March 29, 2013 and a few more edits on April 12
- What’s New
  - “Outsourcing TSP Responsibilities,” i.e., Move Management – “Outsourcing of all TSP operations is not allowed in DP3.”
  - CFAC....It’s back!
  - Require “Proof” of experience for approval in a Market.



Then There is...SCOPING

- What the heck is SCOPING?
- SDDC plans are to ..... Take a two-phased approach -
  - Phase I – New Entrants “Scoped” by their commercial/GSA experience
  - Phase II – Re-qualify ALL current TSPs
- Scope based on where a TSP can prove they have moved traffic under their own authority
  - Must be documented by BOL/invoices.
- What about companies that move traffic under a Van Line’s authority? NO





## Implementation Timeline

- Implementation timeline...as we now understand it:

- ✓ 10 May 55-4/Scoping comments due to SDDC
- ✓ End of May Finalize PAM 55-4
- ✓ August Notice for Open Season
- ✓ October Open Season – Open for only 1 month
- ✓ Feb 2014 Rate Filing for new & current entrants
- ✓ May 2014 New entrants participate in 2014 rate cycle
- ✓ **Future-** 2015 Re-qualify all TSPs prior to 2015 rate cycle....Under what rules?

## New DOD Fuel Surcharge Policy

- New SDDC Fuels Surcharge Policy (TR-12) will become effective May 15, 2013
- How did we get to this?
- Maintains the current \$2.50 baseline
- Increases the increments for each 1% change from every \$0.10 to every \$0.13
- Example using today's numbers....
  - DOE Fuel Price as of 1 April - \$3.99/gallon
  - FSC for April 15 – May 14 = 15%
  - On May 15 this new policy would equate to – 12%
- Effects TSPs – Linehaul Drivers & Agents – SIT delivery



## Joint Regionalization

OSD initiative originally to be completed by the end of 2016

- But Air Force in “**STRATEGIC PAUSE**” - Now FULLY done in 2017?
- 7 CONUS JPPSOs – JPPSO-MA (VA), JPPSO-NE (MA), JPPSO-SC (TX), JPPSO-NW (WA), JPPSO-NC (CO), JPPSO-SE (FL) & JPPSO-SW (CA)
- OCONUS – Japan (Yokosuka), Korea (Yongsan), Europe (WKAS), JPPSO-HI and a few other smaller more isolated booking offices.
- April 1 – Albany, GA (CFMQ) & Beaufort, SC (CAML) to JPPSO-SE (CNNQ)
- Spangdahlem AFB, GE (WFFL) to CPPSO Kaiserslautern, GE (WKFS)
- Yokosuka Site, Atsugi, Japan (QENL) to JPPSO-Japan (QENQ)
- Fort Lee, VA (BHAQ) to JPPSO Mid Atlantic (BGAC)

## DP3 - Phase III

- Phase of DP3 DIRECTLY affects the local agents
- Includes....NTS, DPM & Local Moves
- Brings Best Value in the procurement process for all of these Markets
- Draft Business Rules are posted on the U.S. Transportation Command website (DTR website)
- ~~Currently brings a new Market into the Domestic Program – Domestic Small Shipment Market (dS2) and eliminates DPM. But this is “under further review”~~
- DPM Phase III Business Rules are out!  
Still well down the road before implementation  
Timeline ...estimated 3 years before implementation begins



- SDDC began moving to electronic billing for NTS shipments in the spring of 2012
- Full rollout completed
- Few glitches - but things seemed to be working well - new problems have surfaced in the last few months with the move to “eTOPS”
- Most invoices were being paid in 5-7 days
- GREAT IMPROVEMENT!
- **What do we do with the old UNPAID invoices?** IAM setting up an “Agent Advisory Committee” to deal with these types of issues.
- DPM may be the next step for electronic billing. Discussions underway. Final product a year away.

## Agent Advisory Committee

- IAM is dedicated to meeting the needs of ALL its members
- One member group in need of a stronger voice... Agents in general and Military Agents in particular
- For that reason IAM has established an **Agent Advisory Committee** (AAC)
- Committee will raise agent issues to our Executive Committee so that IAM can be more proactive in dealing with DOD Agent issues.
- First steps... NTS payments & Phase III of DP3 – DPM in particular



Agent Advisory Committee....

AAC Members:

Lakelan Fennel – Nilson Van & Storage, South Carolina

Greg Calvert – The Kloke Group, Virginia

Henry Hicks – American International Movers, Georgia

Chuck Bailey – Executive Moving Systems, Virginia

**Thomas McCarthy** – McCarthy Transfer & Storage,  
California

Sharon Park – Aloha International Moving Services, Hawaii

**Steve Weitekamp** – CMSA, California

Dave Stauty – Lone Star Relocation Services, Texas

Michael Gonzalez – Denali Group, Alaska

Joel Summer – Pacific Moving & Storage/Klein's Moving &  
Storage, New York



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