Exiting the [Military] Comfort Zone

Terry Head, President
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 Budget Issues

- 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
Charles “Chuck” White
Director, Government & Military Relations
International Association of Movers (IAM)
Alexandria, VA

Charles.White@IAMovers.org
Follow Chuck on Twitter:
Tweet  @IAMmilitaryguy

Terry.Head@IAMovers.org

703-317-9950

www.IAMovers.org