

Date Received: February 19, 1998

Docket No.: TV-971477

Company: Amends WAC 480-12, Relating to Household Goods Movers

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TV- 971477

February 13, 1998

Ms. Pat Dutton  
Program Development, Transportation  
W.U.T.C.  
P.O. Box 47250  
Olympia, WA 98504-7250

Dear Ms. Dutton,

My name is Mike MacDowell, I am the owner and president of City Moving Systems Inc. Our company has served the Greater Northwest since 1906. I purchased this company from the original owners in 1976.

Ms. Dutton, I am sorry, but I was unable to attend your Stakeholder meeting on January 29th, 1998. I have been briefed on all the issues in that meeting as well as reviewing the Household Goods Rulemaking Draft, dated January 23, 1998.

I wanted to take the time to write this letter and share with you information about my company, and more important, my view points on our industry's future direction in the state of Washington.

I have worked in the Moving Business for 27 years, and have owned my own moving company for the past 21 years. I served as President of the Washington Movers Conference in 1992 as well as President of the Washington Truckers Association in 1995. Please understand my comments in this letter are my own personal view points. Some of my fellow competitors may not agree with my thoughts and ideas, but I do believe most will.

We employ 40 full time crew members year round. During the peak season, May 15th through September 15th, we average almost 50 full time crew members. We draw college students during the peak season, who usually come back each summer until they graduate. We also employ another 30 members of our team who are office clerical professionals, sales members, customer service members, dispatch, and accounting staff.

We also have 23 van operators who are owner operators. These are the Long Haul units which travel all over the United States. The van operator owns his own tractor unit and the 53 foot trailers are owned by City Moving Systems. These eighteen wheel units are under contract with United Van Lines, who we are an agent for. City Moving Systems Total Annual Revenue is just under 10 million dollars for 1997. About 25% of this revenue comes from our local and intra-state Household Goods business. City Moving Systems, by design, is very much diversified into different types of business.

Through our affiliation with United Van Lines, we produce business with many corporate clients, relocating their employees all over the world. Our special commodities division provides relocation services for manufacturers of new furniture, laboratory equipment, medical equipment, trade show displays, ect. We also have a sales and marketing effort for the Office and Industrial market, moving companies within the local market as well as inter-state capability. We also have a sales team who focus on the General Public, moving locally, intra-state, or inter-state, paying for their own move.

Ms. Dutton, I think it's also important to share my business philosophy with you. It's simple and to the point. I share this with my entire team. We are in business to create customers, maintain quality relationships with our existing customers, and continue growth. We must also constantly review our support systems, processes, and develop a profitable return on our investment of services.

Let me also share our company service pledge, which each and every team member understands.

"CITY MOVING SYSTEMS SERVICE PLEDGE"

*Our goal is to develop and maintain permanent relationships with our customers by providing outstanding service, move after move, with no exceptions. We pledge to find a way to get the job done to the customer's satisfaction, no matter how great the challenge; to stand behind every service commitment; and to employ friendly, skilled knowledgeable people who, in the event of a problem, will do whatever is necessary to make things right...right away. In short, we are dedicated to proving, through our performance that City is the very best professional mover in the Northwest, in the eyes of our most demanding critics--our customers!*

I would like to reflect, for a moment, the issue of our local crew members. These men and women are the core of our company. They are honest, hard working professionals who execute the services we offer. Our Service Pledge is the platform we all want to build from, but it's even more important, from our crew's view point, because they are dealing directly with the customer on moving day.

With the help of United Van Lines, we have many training modules, video tapes and most important, an entire certification system to train our members on all aspects of packing, crating, protecting the home, proper padding of furniture items, loading, lifting techniques, securing the load, and finally, how to relate to the personal and people issues on moving day. The majority of our crew are also C.D.L qualified van operators. These members also must maintain current knowledge of all Safety, D.O.T, and Driver Log issues.

Ms. Dutton, it's important to note, most outsiders don't really have a clear picture of a professional moving operation. Most people have an image of two large muscle men with a truck who will move their "stuff".

Ms. Dutton, I don't think your staff realize the enormity of the value and trust placed in the contract between any professional, permitted Household Goods Carrier when hired by the customer to relocate their personal belongings. In simple terms, our crews are allowed entry into the customer's home to pack, in some cases, all of their possessions, properly prepare and load them on our moving van, and deliver the load safely to their new location without incident and in a timely manner. It's also important to know, the third most stressful time for any family, after death and divorce, is relocating a family.

Again, Ms. Dutton, my purpose for sharing some of these insights is to help educate the W.U.T.C. Staff. I know my business and I do have a clear vision of our entire industry and if a government agency is seeking changes to our industry, it's important for me to share as much as I can so the proper outcome of change can be accomplished.

Let me now share some economics of our personnel and labor cost. This is another area where people get confused or misleading information.

I gave you, I hope, a clear view of the expectation level we have for our crew members. We pay our crew members hourly wages, based on their ability and certification level. An example: a qualified entry level crew member would start out at \$9.00 per hour. Our top level crew member who is certified in all areas of our business and has a C.D.L. license is paid \$14.60 per hour. Our average with the low end and the high end loaded cost per average member per hour is, \$21.30. The loaded cost includes, F.I.C.A, Holiday Pay, Labor & Industry coverage, Vacation, Major Medical, and Dental coverage, matching funds for 401k contributions, etc. Our Profit Sharing and Christmas Bonus dollars are not calculated into the actual loaded cost. These dollars are paid out to all members based on actual annual, before tax, profits.

Our entire crew is also drug tested when hired. Through the W.T.A., our entire crew is involved with a Random Drug Testing Pool. Our members are selected for random drug testing by a computer module.

The rest of our Support Staff are paid on a salary basis with the exception of our Sales Professionals, who work on commission schedules. These members also take part in our Annual Profit Sharing and Bonus Program.

1997 Was a terrific year for business. Our company had the best bottom line results than we have had for many years. Our before tax and before Profit Sharing distribution profits ended up just over 7% of Gross Revenues. Let me also point out a lot of our success was because our team worked hard to achieve their goals, but the great economy also was a contributing factor. Our average return over the past five years, prior to 1997, has been a 4.3% profit of total revenue.

Ms. Dutton, now I would like to address the issues that the Washington Utilities and Transportation Commission has presented in your "first draft" dated January 23, 1998. First, let me remind you, the Washington Movers Conference started a program over, I

believe, a year ago to rewrite many issues in our current Tariff #15. We recognized the need to up date many of the rules which have outdated themselves over the years. Our company also took part in these rewrite meetings.

I also feel very strong about the issue of regulation, it has served both the public and the moving industry very well over the years. I know for a fact, over the past 40 some years the W.U.T.C. has very few complaints from the public reference service Issues, also the moving industry, here in the state has a very good safety record.

One of my major concerns right now, Ms. Dutton, is the lack on "Enforcement" of the W.U.T.C. rules and regulations which we are governed by. It seems during the past few years, enforcement by the W.U.T.C is almost non-existent. I don't know why this has occurred. It may be funding issues or lack of acknowledgement from other Washington agencies. The reason I mention this is, without strong enforcement support by the W.U.T.C, regulation won't work.

I have received all the data you put in your draft and I have talked with many stakeholders who are involved with this process. With regards to free-entry by non-permitted carriers, Ms. Dutton, if we had full strong enforcement by the W.U.T.C, like we had many years ago, I personally don't have a problem with free-entry. If these non-permitted carriers have to follow all the same rules and regulations as the current legal carriers follow, let free enterprise take over.

Minimum, maximum rates and or binding estimates will not work in a regulated environment. This a form of de-regulation, California developed this concept and it's been a total disaster. I do know the majority of the Moving Industry is working towards total de-regulation in California, due to all the problems involved with a partially regulated environment that is not working.

Again, Ms. Dutton, I think your first goal should be to re-establish a strong enforcement structure. If this is not the goal of the W.U.T.C, I can assure you the majority of the permitted carriers will most likely push for Legislation to totally de-regulate the Household business from the W.U.T.C . This would save the carriers all the fees and annual reports we have to deal with and allow us to directly compete with the non-permitted carriers like your friend, "Mike the Mover".

I am convinced that most, if not all, of the non-permitted operators will fade away if they compete on the same as professional companies.

If total de-regulation takes place, the safety issue can be handled by D.O.T. We should require the present non-permitted carriers, who want to operate in Washington, to apply for an Operating Permit, just like we did when we de-regulated all the Freight Industry here in the state three years ago.

You may ask, what will the Moving Industry look like here in Washington with total de-regulation. From experience from other states, I think it's simple. Many movers will go out of business. Many will find a special niche to grow with. Many good strong companies will grow larger from this potential opportunity. This may take 3 to 5 years to develop. Some people have asked me about Consumer Protection. I feel like any other business, we already have the court systems in place nation wide. I have already joined the Better Business Bureau's program, where they offer Arbitration should we ever reach a point where we can't reach a settlement with a customer, they will step in and use Arbitration. In three years we've never used this service, but it's in place if we need it.

You do have some good ideas in your draft, but I do feel if we are going to keep regulation in place, the first and most important step is to re-establish a strong enforcement activity by the W.U.T.C. If this can not be established then the only next step should be total de-regulation.

I thank you for the opportunity to submit my thoughts, and I hope they are helpful to you and your staff. I have also submitted some sales items for your review. Again, my main purpose of this letter was for education purposes of our industry.

We have some dramatic changes before all of us and it's important for everyone involved to have all the facts so we make the right decisions which will affect thousands of employees in this entire moving public in the state of Washington.

Respectfully Submitted,



Mike Macdowell  
President

cc: Senator Dan McDonald  
Representative Bill Reams  
Representative Steve Van Luven  
James R Tutton Jr. Executive Director  
Washington Movers Conference

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