



# Paulson's Towing Expansion Phase 2



## I. Overview

Established in 1984, Paulson's Towing, Inc is a technology driven transportation and towing company that serves as a vital resource for regional and national clients in automotive and shipping container markets. With a growing fleet of 15 new trucks and a proprietary, cloud-based, business management platform, the

current ownership has grown the business from a 5-truck, locally focused RTTO to a *regional* carrier with a distributed fleet, and multi-state DOT authority in just two years time. This has been accomplished by focusing on the establishment and cultivation of high-level relationships with regional and national companies like Mobile Mini, Willscot, Drybox, United Rentals, Pacific Mobile Structures, Enterprise Rental Car, U-Haul and many more.

Additionally, and importantly, Paulson's has pioneered and grown into the **leading sub-hauler for mid-sized, conex style shipping containers and mobile offices in the pacific northwest**. With 70-100 container moves weekly for >8 of the top national shipping container sales and rental companies, no other towing company even comes close to the reputation, expertise and sales volume that we have established.



*Cliffside Recovery*



*Difficult Extraction of Mobile Office over partially frozen creek*

In spite of a covid related decrease in police work and private towing across the board in 2020, these strategies helped Paulson's to grow sales by 12%.

**In 2021, sales increased by 40% - largely due to the first stage of our expansion plan.**

In Q4 2020, the owners realized that the vast majority of RTTO towing companies are highly *reactive*. They emphasize 24 hour availability and seek to build brand awareness so that stranded motorists call them. They join high volume, low paying motor clubs like AAA who pay barely enough to cover fuel costs. They campaign local businesses and apartment complexes to put impound signs in their lots so they can tow illegally parked vehicles. They register as RTTO's ( Registered Tow Truck Operators ) with local law enforcement agencies and wait for the phone to ring.

While Paulson's maintains a presence in all of these channels ( except motor clubs ), we saw that there were other types of work that were both less reactive and more profitable. These *commercial* customers allow for most of their work to be pre-scheduled - which leads to better asset utilization. Secondly, they operate M-F and largely during business hours. Lastly, the majority of our corporate customers are large, longstanding, well funded entities that operate in multiple cities, states - and even globally.

Paulson's management realized that by focusing on existing and new corporate accounts and cultivating high-level relationships therein we could position ourselves as regional resources to these entities and template our approach in many other cities - almost any major city in fact.

Without the need for a physical office, secure yard or 24 X 7 staffing, we realized we could plant an experienced driver, obtain secure truck parking and begin operating profitably from day 1 virtually anywhere in the US. On floating this Idea to numerous partners, we have tapped a *massive* demand for our services wherein they are literally begging us by phone on a weekly basis to move into new markets.

As of today Q1 2022, we are operating in Greater Seattle, Tacoma, Olympia, Spokane and Portland, OR.

With regard to police work, we have elected to pause rotation in 7 cities and with the WA State Patrol. While we retain our RTTO status and can re-establish that work if we so choose, it was our finding that net profit from police calls did not justify maintaining a 24 X 7 schedule. The upside of this decision is that we have all but eliminated driver turnover and staffing issues. By offering drivers a competitive wage and benefits without the typical burden of 24 hour on-call days, we represent a unique and highly desirable opportunity for drivers with previous towing experience.

## II. Objective

**We are currently seeking to partner with an accredited investor(s) and / or firm who understands the unique growth and income potential that Paulson's Towing is cultivating within the transportation sector, and can bring experience and value to the revision and execution of this next expansion phase - as well as the long term strategic growth of the company.**



*Two of our newest container - optimized, class E rollbacks working in Western Montana*

## III. Expansion Plan

This plan takes us through Q1 2025 and assumes entry into 4 new markets and trades in older trucks when they reach 5 years Old.

Truck	Location	Driver	Timeframe	Equipment Cost
Truck 9	Lynnwood	For Sale	Current	
Truck 11	Lynnwood	Hiring	Current	
Truck 12	Lynnwood	N. Bradley	Current	
Truck 14	Lynnwood	Chris	Current	
Truck 16	Lynnwood	Andrew	Current	
Truck 17	Lynnwood	Greg	Current	
Truck 18	Lynnwood	Meriah	Current	
New Truck	Replacement for 9		Q2 2022	\$65,000.00
Truck 19	Tacoma	Shawn	Current	
Truck 10	Tacoma	Hiring	Current	
Truck 15	Spokane	Levi	Current	
New Truck	Spokane	Hiring	Q4 2022	\$125,000.00
Truck 20	Portland	Nick	Current	\$125,000.00
New Truck	Portland	Hiring	Q1 2023	\$125,000.00
New Truck	Boise	Hiring	Q3 2023	\$125,000.00
New Truck	Boise	Hiring	Q3 2023	\$125,000.00
New Truck	Sacramento	Hiring	Q4 2023	\$65,000.00
New Truck	Sacramento	Hiring	Q4 2023	\$65,000.00

New Truck	Replacement for 10		Q1 2024	\$65,000.00
New Truck	Replacement for 11		Q1 2024	\$65,000.00
New Truck	<i>Las Vegas</i>	Hiring	Q2 2024	\$125,000.00
New Truck	<i>Las Vegas</i>	Hiring	Q2 2024	\$125,000.00
New Truck	<i>Los Angeles</i>	Hiring	Q4 2024	\$125,000.00
New Truck	<i>Los Angeles</i>	Hiring	Q4 2024	\$125,000.00
New Truck	Replacement for 12		Q1 2025	\$65,000.00
<b>Total Capital Acquisition Funds Required</b>				<b>\$1,450,000.00</b>

In addition to vehicle acquisition, we will need to hire a fleet mechanic and one additional office staff person in Lynnwood.

## IV. Keys to Success

### A. Staffing

Shortly after acquiring Paulson's, the owners realized that to be the best in towing and transportation, you have to be the best at hiring and retaining quality drivers. Known as a transient industry, the labor supply has been tightening nationally due to Covid stimulus, minimum wage increases, general inflation and a continuing shortage of laborers for "outdoor work".

Paulson's has been able to deal with these challenges by identifying and optimizing several key, online recruiting channels as well as providing a package that is much more appealing to experienced drivers than the majority of towing jobs. Most towing companies pay some combination of

base salary and commission and require drivers to work 12 hour days and be on call 24 X 7 for up to 6 days per week. At Paulson's drivers work 7am - 5pm M-F with no on-call responsibility. Drivers earn 30% of gross sales for their truck and Managers earn a base salary or 30% ( whichever is greater ). We also provide Medical, Dental, Vision and 401.K. It's a great package that has us flush with applicants virtually on demand.

## **B. Flexibility**

Customer demand can fluctuate seasonally or for reasons that are beyond predicting. Often we have seen that even within the same multi-site entity, one location might be slow for a given day or week, while others are calling us for help. The benefit of a distributed fleet means we can pivot and shift resources to address customer needs and take advantage of one-off opportunities as they present.

## **C. Maintenance**

Entropy is a constant bedfellow in towing garage keeping. Maintaining vigilance with regard to daily DOT safety checks and systematically conducting preventative truck and equipment maintenance is critical to preserving assets, ensuring maximum capacity and preserving a safe environment for employees and customers alike. Paulson's is near to the point where we need a full time fleet manager / mechanic. Our expansion plan will make that a necessity by Q1 2022.

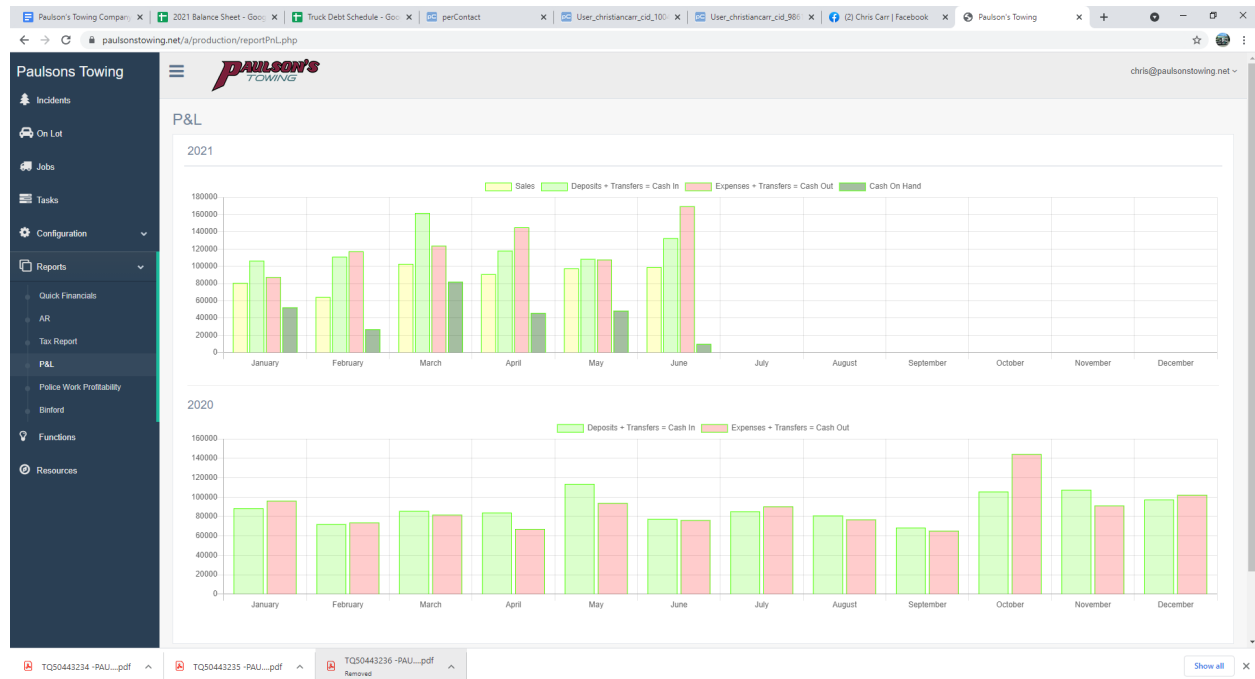


*Bringing two trucks to our Ridge Motorsports Account for a televised race.*

## D. Analytics

Paulson's seeks to be a data driven company where key decisions are guided by quantifiable results, analysis and / or split testing wherever possible. Not finding a business management software platform that accommodated the particular and multifaceted requirements of an RTTO to their satisfaction, the owners developed their own tailor made, cloud based platform. *Towing Advantage* as it is being called is a highly capable, mobile responsive platform for managing incidents, invoices, customer billing, tasks, file archives, jobs, master log and police paperwork as vehicles progress through an auction funnel. Having complete control of and access to the underlying relational database allows for rapid ongoing development, customization and granular

analysis and control over all aspects of company business. Paulson's is also able to leverage this toolset to tailor their back-office to the *specific* preferences of individual customers of scale. The system is open architecture and easily accommodates bi-directional API integration via standard protocols. Towing Advantage is valuable intellectual property that can easily be de-tuned and sold on a subscription basis to an underserved market through 99 Holdings at such time as it makes sense.



Towing Advantage Software

## E. Consultative Sales

Consultative or relationship based sales is a hallmark of the Paulson's approach to business development and has been far more effective in spurring growth than have marketing channels thus far. Building on the fundamental reality that people buy from people that they like and trust, the idea is to cultivate high-level relationships organically, and infuse appropriate sales conversations with added value and esoteric reference points that elevate the dialogue to peer based dynamic - preferably something akin to casual friendship. All of this is best accomplished by conveying *genuine* honesty and empathy in a desire for a mutually beneficial outcome. This approach has and will continue to be central to

the growth of the regional and national customer relationships that will propel Paulson's forward.



## V. Management Team

**C. Chris Carr** has 20+ years of progressive P&L, management and leadership experience with Towing / Transportation, FinTech, Telecom, Medical equipment, SAAS, 501.c.3 and Media companies.

Since purchasing Paulson's Towing, Chris has personally towed and / or recovered over 1,000 cars and shipping containers up to and including swimming 20 yards in 55 degree water to hook and recover a submerged vehicle from a

lake in October. He is now just as comfortable *in the ditch* as he is in the boardroom.



A proven SAAS developer, Chris has superlative written and oral communication skills. With success in numerous Presidential, COO and EVP roles as both an individual contributor and manager of teams, he has shown to be a highly adaptive producer who learns by doing and engenders loyalty and success among direct reports through servant leadership, collaborative goal setting, structured accountability and positive reinforcement.

**Chris Carr CV:**

[https://percontact.com/user\\_file\\_archive/User\\_christiancarr\\_cid\\_5813\\_num\\_20190429181309\\_file\\_190405\\_cv.pdf](https://percontact.com/user_file_archive/User_christiancarr_cid_5813_num_20190429181309_file_190405_cv.pdf)

**Sheri Carr** began her career in higher education where she earned director level positions at a prestigious university immediately after graduate school. For the past 20+ years she has demonstrated a track record of success, promotion and increasing responsibility in a variety of competitive environments including but not limited to higher education, capital equipment sales, event management and senior administration.

Since purchasing Paulson's Towing in 2019, Sheri has taken on the role of CFO, COO, Auctioneer, Driver Manager and general anchor for all aspects of a growing, multi-faceted business.

Sheri is highly organized, charismatic and passionate about achieving objectives in a timely and efficient manner. Throughout her career she has demonstrated excellence as a manager of employees as well as a project manager. Sheri is an experienced and engaging public speaker and a visible leader in business as well as civic and community affairs.

**Sheri Carr CV:**

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## VI. Growth Projections

	2020	2021	2022	2023
<b>Income</b>	<b>\$823,416.20</b>	<b>\$1,355,145.38</b>	<b>\$1,800,000.00</b>	<b>\$3,240,000.00</b>
<b>Total Income</b>	<b>\$823,416.20</b>	<b>\$1,355,145.38</b>	<b>\$1,800,000.00</b>	<b>\$3,240,000.00</b>
<b>Gross Profit</b>	<b>\$823,416.20</b>	<b>\$1,355,145.38</b>	<b>\$1,800,000.00</b>	<b>\$3,240,000.00</b>
<b>Expenses</b>				
Advertising & Marketing	\$4,701.31	\$8,070.34	\$10,000.00	\$11,500.00
Answering Service	\$5,828.65	\$5,706.48	\$0.00	\$0.00
Adjustments	-\$10,517.83	-\$723.00	-\$500.00	-\$500.00
Business Licenses & Permits	\$2,619.05	\$1,651.07	\$2,500.00	\$3,500.00
Car & Truck ( Misc Fuel & Parts )	\$19,987.72	\$11,126.94	\$15,000.00	\$25,000.00
Computer & Internet	\$1,611.13	\$2,071.59	\$2,500.00	\$3,000.00
Contractors	\$1,425.26	\$0.00	\$0.00	\$0.00
Damage Claims	\$1,000.00	\$6,756.33	\$7,000.00	\$8,500.00
Employee Benefits	\$3,201.42	\$19,540.54	\$25,000.00	\$30,000.00
<b>Fuel</b>	<b>\$55,578.17</b>	<b>\$188,442.96</b>	<b>\$252,000.00</b>	<b>\$453,600.00</b>
Insurance	\$43,539.18	\$63,662.12	\$80,000.00	\$90,000.00

# Paulson Towing Expansion Plan

Job Supplies	\$1,213.36	\$181.15	\$500.00	\$500.00
Legal & Professional Services	\$5,845.50	\$7,457.50	\$8,000.00	\$10,000.00
Meals & Entertainment	\$6,803.69	\$12,257.52	\$15,000.00	\$17,000.00
Office Supplies	\$12,207.47	\$13,476.25	\$14,000.00	\$15,000.00
Other Business Expenses	\$19,904.14	\$0.00	\$0.00	\$0.00
Payroll Fees	\$1,628.19	\$0.00	\$0.00	\$0.00
<b>Payroll Gross Wages</b>	<b>\$234,481.99</b>	<b>\$505,667.78</b>	<b>\$720,000.00</b>	<b>\$1,296,000.00</b>
Payroll Taxes	\$107,356.24	\$165,354.32	\$216,000.00	\$388,800.00
Parking / Tolls	\$0.00	\$2,525.97	\$3,500.00	\$4,000.00
Postage	\$2,313.07	\$1,146.10	\$1,500.00	\$1,800.00
Reimbursable Expenses	\$26,895.46	\$68,949.80	\$75,000.00	\$80,000.00
Rent & Lease	\$55,922.42	\$58,717.09	\$61,000.00	\$63,000.00
Repairs & Maintenance	\$51,234.78	\$53,449.01	\$55,000.00	\$60,000.00
Taxes & Licenses	\$25,652.66	\$14,425.89	\$16,000.00	\$18,000.00
Telephone	\$11,693.93	\$6,183.96	\$6,183.96	\$6,183.96
Travel	\$3,814.12	\$18,861.17	\$18,861.17	\$20,000.00
Uniforms	\$837.52	\$420.56	\$1,000.00	\$1,000.00
Utilities	\$2,831.27	\$2,940.57	\$3,500.00	\$3,500.00
<b>Total Expenses</b>	<b>\$699,609.87</b>	<b>\$1,238,320.01</b>	<b>\$1,608,545.13</b>	<b>\$2,609,383.96</b>
<b>Net Operating Income</b>	<b>\$123,806.33</b>	<b>\$116,825.37</b>	<b>\$191,454.87</b>	<b>\$630,616.04</b>
Other Income	\$0.00	\$0.00	\$0.00	\$0.00
Gain / Loss on Equipment Sale	\$1,000.00	\$0.00	\$0.00	\$0.00
Total Other Income	\$1,000.00	\$0.00	\$0.00	\$0.00
Total Other Expenses	\$0.00	\$0.00	\$0.00	\$0.00
Net Other Income	\$1,000.00	\$0.00	\$0.00	\$0.00
<b>EBITDA</b>	<b>\$124,806.33</b>	<b>\$116,825.37</b>	<b>\$191,454.87</b>	<b>\$630,616.04</b>

Notes:

- Gross Profit 2022: Growth will come from High margin, low cost expansion markets in Spokane, Portland and Boise plus the re-introduction of State Patrol and SnoCom Rotation income
- Fuel Cost has increased due to the price of Diesel Fuel, Price of DEF, Increase in Miles Driven ( Longer Runs ) and Increase in the number of trucks running each day.
  - 2022 Forecast <https://www.eia.gov/outlooks/steo/report/prices.php>
  - Calculated by percentage of sales in 2021 that fuel costs represent = .14 \* 2022 sales forecast
- Payroll Fees and Payroll Taxes are rolled into Payroll Gross Wages for future prediction which is calculated as 47% of sales less a 7% correction ( 2022 ) for increase in profitability of work in expansion markets

### Balance Sheet 12/31/2021

#### Assets

Cash on hand	\$3,500.00
Key Business Reward Checking (7301)	\$34,337.60
Merchant Deposit Account KB (7319)	\$21,736.51
<b>Total Current Assets</b>	<b>\$59,574.11</b>

#### Fixed Assets

2016 Freightliner M2 Flatbed Tow Truck ( # 09 )	\$65,000.00
2017 Freightliner M2 Flatbed Tow Truck ( # 10 )	\$80,000.00
2017 Freightliner M2 Flatbed Tow Truck ( # 11 )	\$80,000.00
2019 Freightliner M2 Flatbed Tow Truck ( # 12 )	\$95,000.00
2019 Chevrolet CV 5500 Wrecker ( # 14 )	\$126,657.12
2020 Freightliner M2 Flatbed Tow Truck ( # 15 )	\$115,693.35
2020 Freightliner M2 Flatbed Tow Truck ( # 16 )	\$122,121.26
2021 Peterbilt 337 Flatbed Tow Truck ( # 17 )	\$115,505.00
2021 Freightliner M2 Flatbed Tow Truck ( # 18 )	\$112,367.50
2022 International MV Flatbed Tow Truck ( # 19 )	\$133,123.44
2022 Peterbilt 337 Flatbed Tow Truck ( # 20 )	\$137,273.63
2014 Dodge 3500 Dually ( #21 )	48,000.00
2018 Dodge 3500 Dually ( #22 )	\$42,000.00

2021 Kerrbilt Container Trailer	\$17,000.00
TowAdvantage IP	\$150,000.00
Datsun Forklift	\$3,500.00
20' Conex Shipping Container	\$3,900.00
4 Auto Lifts	\$12,000.00
Tools / Equipment	\$15,000.00
Office / Fixtures	\$10,000.00
<b>Total Fixed Assets</b>	<b>\$1,484,141.30</b>
 <b>Total Assets</b>	 <b>\$1,543,715.41</b>
 <b>Liabilities and Equity</b>	
Key Bank SBA Note	\$459,494.20
Toyota Finance ( #14 )	\$102,259.19
Toyota Finance ( #15 )	\$125,022.98
Toyota Finance ( #16 )	\$118,845.00
Ascentium ( #17 )	\$126,539.73
Ascentium ( #18 )	\$129,991.19
Toyota Finance ( #19 )	\$135,013.34
Ascentium ( #20 )	\$182,644.80
 <b>Total Liabilities</b>	 <b>\$1,379,810.43</b>
<b>Owners Equity</b>	<b>\$163,904.98</b>
<b>Liabilities + Owners Equity</b>	<b>\$1,543,715.41</b>

## **VII. Conclusion**

Paulson's Towing is a dynamic - even disruptive company that is poised to experience double digit growth for at least the next 5 years in a mature and fairly stable industry. We are set to benefit from proven opportunities, kinetic demand and significant momentum in high margin segments of our portfolio that can be scaled quickly and cost effectively in multiple cities, states and regions nationwide. We are confident that with the right partner and economies of scale we can achieve greater profitability and stay ahead of rising fuel, insurance and labor costs so as to become the largest distributed fleet of medium duty towing assets for automotive and conex container movement in the Western US and beyond. We greatly appreciate your consideration.