

Under the Hood, January, 2020

It is January and the start of the 2020 auto auction scene. I know some of you have traveled to attend the Barrett Jackson auctions, or some of the other major auction events. Many of the rest of us, dutifully record the auctions to watch at our leisure and dream about what we could buy when we win the lottery. During the auctions, you will either see (or see advertisements for) Reliable Carriers which appears to be the major transporter to bring cars to the auction and then after the auction they haul the same car to their new owners. I did some research on Reliable. They have over 400 trucks traveling all over the USA and Canada. For instance, at the August Monterey Car Week events, they had between 80 & 100 trucks in and around all the events. About 100 drivers and 12 staff people on the ground directing the various transports. Consider that those enclosed trailers are double decked and probably carry 8-10 cars with a combined potential value of millions of dollars. I have seen their bright orange trucks on the road and will speculate on what might be inside. My research didn't reveal Reliable's insurance cost, but I would think any insurance agent would love to have that account.

I follow Barrett Jackson and as a result often report on their results. However, there are many auto auction houses that deal with collectors with a just a couple of cars or many. Mecum's Kissimmee, Florida auction this month will feature the original 68 Mustang GT driven by Steve McQueen in Bullitt. This car was sold to a private buyer after the movie was produced and has long been considered lost. The Mustang re-surfaced last year for the 50th anniversary of Bullitt. The Bullitt Mustang made the tour of museums and was at the LeMay-America's Car Museum last July. If you viewed the car, you realized it was at best a \$10K candidate for restoration, except that it was the real Bullitt Mustang. You might want to watch or DVR the Mecum program so you can watch the selling price. Frankly, I have no idea what the car will bring, but I suspect that somewhere there are multiple wealthy collectors who just have to own the Bullitt Mustang. Last year the Youngtimer collection was parceled off to several different auctions. This collection was located in Switzerland and totaled more than 200 vehicles of all sorts, although this collection didn't include any of the super-dollar cars. A large contingent of cars were of the 1980-2000 "tuner" variety. Two cars caught my attention. The first was a "Fast and Furious" Toyota turbo Supra that sold for \$174K, and then a Mercedes AMG 560SEC that was bid to \$339K. Both were high water marks for these cars, and we will see if these sales tend to pull up the prices for other similar cars. Sometimes when I see the auction results, I leave shaking my head. In 1995 Ford introduced the latest Cobra R coupe. This differed from the normal Mustang Cobra in that the Cobra R had the larger 5.8 liter engine, specially tuned suspension and was built to go racing. Ford had announced that it would only build 250 examples. It soon became obvious that some of the Cobra R's were being snapped up by collectors, and Ford then announced that the buyer must hold a racing license to buy one of these cars. Regardless, one of the R models was recently presented at auction with only 206 miles and plastic still on the seats, carpets and steering wheel. It sold for \$37,400. When you consider the original MSRP was about \$38,000 and many were sold at higher than MSRP, it becomes obvious that this collector did not make any money on their "investment" over the next 24 years. Of course, we in the Corvette fraternity have the ultimate example of this "Buy it, put it away, and make a fortune" thought process. You probably have read about the 1978 Corvette Indy Pace Car debacle, but the story is sure to remind you that you should take the "instant collector status claims" with a grain of salt. In 1978 the Corvette was the Indy pace car and according to popular lore, the 78 Corvette was the first pace car that was truly in stock, unmodified condition. Chevy announced that they would build just 300 pace car models (that were supposedly exactly like the pace car, except for the flag holders at the

rear), and everyone assumed these were instant classics. The 300 quantity was chosen to honor the 1953 Corvette of which 300 were manufactured. Even the staid Wall Street Journal predicted riches to those that bought a pace car. In 1978 a base model Corvette was priced at \$9,352, and the pace car started at \$13,653, a 46% premium. Between GM's concern about lawsuits from the dealers that couldn't get an allocation for a pace car and perhaps a bit of greed, ultimately GM produced 6,502 pace cars instead of 300. Buyers were known to be spending upwards of \$30,000 to get a copy. How many of these 1978 pace cars are still hiding away in garages waiting for the world to recognize their "real value". I cringe when I think of a car being stored for 41 years and then the thought that someone would actually try start it and to drive it, without some serious work. Even the Cobra R at 24 years is old enough to cause concern. I would like to relate a recent experience. This past summer we were visiting the local Sunbeam Tiger guru who now lives on the Olympic Peninsula. His former boss had bought a Tiger about 35 years ago and when work took priority, he never did get around to driving or restoring the Tiger, so the car sat for 35 years. The Tiger owner recently retired and wanted our friend to freshen up the car so he could drive it. This car had not been started in 35 years. Larry pulled the spark plugs and put Marvel Mystery Oil in each plug hole. Let the oil sit overnight, hand turned over the engine, and then added more Mystery Oil. This was repeated for several days. Larry changed the plugs and the engine oil, reconnected the coil, cranked the engine and when it fired, Larry told me that the exhaust sprayed mouse nest material all over the back of the garage. The next item of business was rebuilding the entire brake system. Last I heard the owner was just planning to drive the Tiger with the old engine and is spending his money on more cosmetic issues. Cars do not like to sit for 30-40 years as things start to rot and otherwise deteriorate.

In electric car news, our Canadian neighbors have announced big plans. Energy company Petro-Canada has announced plans to add 50 high powered electric charging stations along the 4,860 mile Trans-Canada Highway. Work started in the spring and is planned to be complete by 2020. The stations will have two each 200 KW chargers (plus 2 waiting spots) that can add up to 80% of a battery charge in only 30 minutes. Different from Tesla's supercharging stations, the Petro-Canada stations will have various connectors to charge a wide range of electric vehicles. Plus, the intent is for a future upgrade to 350 KW. When the stations are complete an electric vehicle should be able to transverse the entire country. Traversing the United States will still be far more difficult. While in theory one can plot a trip across the country, there are still long stretches where there are no chargers, or only Tesla superstations. Some of the USA existing stations are already out of date with low powered chargers that can take hours; not something that any traveler wants to see. Still in its infancy, GM and Bechtel (one of our construction giants) have announced plans to construct a public vehicle charging system along all major routes (yet to be determined). The plan is that these stations would be available to anyone, regardless of make. The GM spokesperson indicated that the top three reasons inhibiting electric vehicles acceptance are price, range and lack of charging infrastructure. Currently, GM says the first two reasons are in their control, and they hope that this joint venture will solve the third issue. Back in 2017, GM announced with great fanfare that they would introduce 20 new electric vehicles by 2023. I wonder how close they are to that announcement. Closer to home, Judy and I often drive by the owner of an electric vehicle that lives a block from our daughter's home in Ballard. Invariably, we see a 110 volt cord stretched from the house, across the sidewalk to the vehicle. Need I even mention the tripping hazard liability for the homeowner's insurance company. I have also seen 110 volt extension cords snaking out the window of a motel to the car outside. In both cases, the owners know that it will take hours to recharge the battery. I suspect in the motel example the owners know that it might take all night to charge the

battery but anticipate that they are there for the night anyway and, if they aren't caught, it is a free charge. Thinking of electric vehicles, I have followed Puget Sound Energy's report on the source of their electric fuel mix. In November, with our electric bill, we received the 2018 fuel source electric generation. In 2016 a full 50% was from coal and natural gas. The following year the hydrocarbon source reduced to 59%. For 2018, PSE is down to 56% (36% coal & 20% natural gas). The other major sources are hydro (32%) and wind (10%). No question, PSE is reducing their reliance on hydrocarbon fuel, even though this is a slow process. I wonder how this will change if we eliminate more dams.