

instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The annual reporting burden is estimated as follows: Respondents, 7,882; responses per respondent, 100; total annual responses, 788,200; preparation hours per response, .25; and total response burden hours, 197,050.

Dated: March 26, 1996.

Beverly Fayson,
FAR Secretariat.

[FR Doc. 96-7942 Filed 4-2-96; 8:45 am]

BILLING CODE 6820-EP-M

DEPARTMENT OF DEFENSE

Department of the Army

Reengineering the Personal Property Program—Synopsis of Comments Received

AGENCY: Military Traffic Management Command (MTMC), DOD.

ACTION: Notice.

SUMMARY: As part of the reengineering of the Department of Defense (DOD) personal property program on June 30, 1995, MTMC released the draft requirements document over MTMC's EasyLink Bulletin Board. The initial draft of the requirements document outlined the anticipated requirements to participate in the movement of personal property under MTMC's reengineered concept. More importantly, the initial draft of the requirements document was provided with the intent to give industry the opportunity to comment on the feasibility of the proposal. A request for comments from industry concerning the draft requirements document was published in the Federal Register, Thursday, July 13, 1995, Vol 60, No. 134. In conjunction with the draft requirements document, MTMC released on August 1, 1995, the proposed acquisition strategy over the EasyLink Bulletin Board. In the proposed acquisition strategy, MTMC informed industry that we were considering the use of the Federal Acquisition Regulation (FAR) to procure services for the movement of personal property.

An additional request for industry's comments, this time concerning the proposed acquisition strategy, was published in the Federal Register, Thursday, August 10, 1995, Vol 60, No.

154. In this Federal Register notice, we requested industry consider the draft requirement document and proposed acquisition strategy as one package, and that comments be provided to MTMC by September 20, 1995.

ADDRESSES: Headquarters, Military Traffic Management Command, ATTN: MTOP-Q, 5611 Columbia Pike, Falls Church, Virginia 22041-5050.

FOR FURTHER INFORMATION CONTACT: Mr. Lee Strong or Shelly Johnson, MTOP-Q, (703) 681-6393.

SUPPLEMENTARY INFORMATION: As a result of the Federal Register requests for comments, MTMC received 297 letters from industry. The 297 letters included 102 individual letters, 152 National Moving and Storage Association endorsement letters, and 43 Washington Movers Conference endorsement letters. The following provides a summary of many of the questions posed by industry concerning the draft requirements document and proposed acquisition strategy, as well as, MTMC's current position regarding these industry questions.

Summary of Industry Comments Concerning the Draft Requirements Document and Proposed Acquisition Strategy

In response to a request for comments concerning MTMC's reengineering draft requirements document and proposed acquisition strategy, we received 297 letters, including 102 individual letters, 152 National Moving and Storage Association endorsement letters, and 43 Washington Movers Conference endorsement letters. The following summarizes and consolidates the questions posed in those letters and provides a MTMC response.

Comments Regarding the Acquisition Strategy

(1) *Industry:* The use of proposed FAR to award contracts for personal property movements is unacceptable and will adversely impact the DOD Personal Property Program by imposing detailed, complex, and burdensome regulations, including the provisions of the Service Contract Act and Small Business Act. The use of the FAR is more onerous and complex than the current system and fails to achieve the stated goal of simplification.

Response: The Federal Acquisition Regulation (FAR) is an instrument the Federal Government routinely utilizes

to acquire and administer the vast majority of its contracts for goods and services. It may be as simple or as complex as the requirement being procured. It may require minimal to detailed documentation depending upon the requirement and the dollar threshold involved. Currently the FAR is geared toward streamlining the acquisition process as much as possible while maintaining the proper expenditure of public funds. The language in the FAR is to the mutual benefit of private industry and the Federal Government. The Service Contract Act (SCA) requirements are administered and implemented by the Department of Labor (DOL). The FAR simply implements the procedures and regulations published by DOL. While compliance with the SCA provisions may require changes in carrier business practices, these changes are not insurmountable. Likewise, the FAR implementation of the Small Business Act, where applicable, will not necessarily make the acquisition process unduly burdensome. While many members of the industry may not be familiar with these provisions, we are confident that this industry has the capability to learn, adjust and master new procedures just as it has done in the past when we made changes to the current program. MTMC is available to assist industry in understanding these provisions.

(2) *Industry:* The ongoing regulatory requirements of the Service Contract Act (SCA) would impose a significant burden and subject industry to varying interpretations, continuous review of the contract award procedures, and significantly increase costs due to mandatory wage levels. The burden of imposing wage determinations and benefit guidelines on full-service worldwide moves will fall directly upon the small businesses, the agents and owner operators who actually perform the services for the member. The detailed accounting infrastructure does not exist to handle such a complex process.

Response: The Service Contract Act (SCA) does not require a detailed accounting system, nor does it require continuous review of the contract award procedures. MTMC intends to work with the Department of Labor to attempt to lessen the impact on the industry, as

much as possible. Again, while compliance with the SCA provisions may require changes in carrier business practices, carriers will be able to factor into their rates any increased costs in the operations caused by their compliance with the SCA. Once established, the specific burdens/interpretations imposed by the SCA will have to be addressed between the industry and the Department of Labor.

(3) *Industry:* The provisions of the Small Business Act mandate maximum business opportunity for small and small disadvantaged businesses. In addition, large businesses with annual gross receipts of \$18.5 million, or more, must submit a subcontracting plan outlining the minimum goals for subcontracting and specifying how the plan will be executed. These requirements are an administrative burden, and are difficult to understand and enforce. Small businesses have an equal opportunity to compete in the current program and the requirements of the FAR will prevent them from competing in the new program.

Response: The FAR does not prevent small and small disadvantaged business from bidding/proposing on any requirement that has full and open competition. Small businesses will be given an equal opportunity to compete among small businesses and among their larger competitors. The provisions of the Act apply to both the current program and the proposed reengineered program. The broad policies of the Act are to ensure that a fair proportion of acquisitions are placed with small business concerns and small disadvantaged business concerns. The FAR regulations implement this policy. The regulations will not prevent competition by these concerns. Rather, the regulations promote competition by mandating that such concerns have the maximum practicable opportunity to compete. For information on how to submit a subcontracting plan, which is only applicable to large businesses for awards over a certain threshold, it is recommended that companies review the guidance in FAR Subpart 19.7. It is apparent that many of the large firms currently have an operating procedure with many small businesses; therefore, they should review actions that they currently have in place to determine whether they would satisfy the requirement. The FAR approach may be more or less labor intensive depending upon the type of solicitation and the type of contract awarded. Part of its advantage, however, is that it is a competitive process for the award of contracts which allows technical and

price factors to be considered; it is not simply a system for filing rates.

(4) *Industry:* The FAR is a very complex bidding process and requires a very large amount of work for potential contractors who wish to bid on the program. The decision to file rates from each area of responsibility to each rate area will result in 17,425 contract awards. If 50 carriers should file rates for all channels, MTMC would be required to evaluate 871,250 offers. Under the current program, all rates are submitted electronically and require only a few number of personnel to manage the process. The FAR evaluation process is labor intensive and will not reduce the manpower required to administer and manage the program.

Response: MTMC agrees that awarding a best value FAR contract under the Area of Responsibility (AOR) to rate area/channel concept would be labor intensive and difficult to administer because of the large number of potential offers and awards to be evaluated and administered. Although a low cost FAR-exempt concept would provide simplicity in administration, we believe FAR contracts, which are awarded based on price and non price factors and which would allow the contracting officer to exercise business judgment in selecting an awardee, would result in an overall better value to the Government than the present distribution scheme which awards to the carrier with the low rate. Since quality of service is a major goal in the reengineering effort, MTMC has been considering alternatives which allow us to achieve greater value while being administratively manageable.

Consequently, MTMC is considering an approach which encompasses six origin regions which include four CONUS and two OCONUS regions. We anticipate the four CONUS regions being divided into the states within the four Regional Storage Management Offices (RSMO) areas currently in existence. The two OCONUS regions would be divided into countries under the current responsibility of the Military Traffic Management Command, Europe and the Military Traffic Management Command, Pacific. We envision three categories of service out of each origin region and contractors may choose to bid as follows:

CONUS Origin Regions

a. Intra-Region Destination.

Contractor must provide service from all areas of responsibility (AOR) of personal property shipping offices (PPSOs) located within a region to all AORs located within states in that same

region. (Example: The Atlanta Region encompasses North Carolina, South Carolina, Kentucky, Tennessee, Mississippi, Alabama, Georgia, and Florida. The contractor must provide service from North Carolina to any other state within the Atlanta Region.) Locals and intra-state moves will not be included for the pilot acquisition.

b. Inter-CONUS Destination.

Contractor must provide service from all AORs of PPSOs located within a region to all AORs located within states outside that region. (Example: From Atlanta Region to California, Kansas, New Jersey, etc.)

c. OCONUS Destination. Contractor must provide service from all AORs or PPSOs located within a CONUS region to all OCONUS AORs. (Example: From Atlanta Region to Germany, Japan, Italy, etc.)

OCONUS Origin Regions

(Moves originating from these regions will not be included in the pilot acquisition.)

a. Intra-Region Destination.

Contractor must provide service from all AORs of PPSOs located within a region to AORs located within countries in that same region. (Example: From MTMCEUR Region (Germany) to United Kingdom, Italy, Turkey, etc.)

b. Inter-OCONUS Destination.

Contractor must provide service from all AORs of PPSOs located within a region to all AORs located within countries outside that region. (Example: From MTMCEUR Region (Germany) to Japan, Korea, Hawaii, etc.)

CONUS Destination. Contractor must provide service from all AORs of PPSOs located within a CONUS region to all CONUS AORs. (Example: From MTMCEUR Region (Germany) to South Carolina, California, New Jersey, etc.)

We anticipate making multiple awards on DOD's needs and the contractor's capacity set out in responsive proposals. In addition, we envision awarding an indefinite delivery/indefinite quantity (IDIQ) fixed price contract for one (1) year, with four (4) priced one (1) year option periods. The contract will specify the minimum tonnage the contractor is guaranteed for the base period and the maximum tonnage the contractor is obligated to move during each year of performance and for the life of the contract. Further, the contractor will specify his maximum daily tonnage capacity for each installation within the region.

Contractors may be authorized to submit a separate daily maximum for peak season. The maximum daily tonnage capacities will be a negotiable element in determining contract awards.

A contractor may choose to submit a proposal for any or all of the categories of service. Each awardee is obligated to provide service from all areas of responsibility of PPSOs located within a region to all destination AORs encompassed within each category of service.

(5) *Industry*: MTMC's repeated statements indicate the technical area elements of an offeror's proposal will have priority over cost. It is very difficult for those who have been in business with the military for any length of time to believe cost will not be the primary factor. This element of the reengineering proposal is critical to providing premium services for the military customer.

Response: One of the main differences between the current personal property program and the reengineered concept, is that the current program awards traffic to the low rate carrier. The reengineered concept, on the other hand, will emphasize the selection of carriers that provide quality service, even if this results in the payment of commensurably higher rates. Thus, the reengineered source selection process will place weight on the carriers' capability to provide quality service and not just focus on low rates. The relative importance of the technical factors the Government will evaluate during the source selection process will be specifically stated in the solicitation.

(6) *Industry*: Technical issues can only be evaluated subjectively. Awards based on subjective evaluation factors and the offerors writing ability rather than the carriers ability to competitively meet MTMC's established service requirements will result in litigation.

Response: We are aware that changing the present system may result in litigation. However, if we adopt a FAR-based system, we plan to develop a streamlined acquisition process that will help us achieve two main objectives: facilitate the source selection process for both the carriers and MTMC, and minimize the potential for litigation. We plan to develop a source selection process which de-emphasizes proposal writing skills and emphasizes the contractors' capability and past performance. Again, if we adopt the FAR-based approach, we will seek industry assistance with the draft solicitation and the streamlined acquisition method.

(7) *Industry*: Industry is not familiar with the terms, conditions, and requirements of the FAR. This will lead to inconsistent interpretations, appeals and protests.

Response: Industry has indicted repeatedly that it understands the terms

and conditions of the services we want to procure. Additionally, industry has indicated that it can provide most of the required services under the current program. The main difference lies on the source selection methods and standardized clauses which the FAR provides. Thus, whether we procure those services using the FAR, or using FAR-exempt procedures, does not appear to increase the potential for inconsistent service. The statement of work will be essentially the same under either method. With regard to appeals and protests, please note that the right to appeal or protest procurement decisions is based on statute, not the FAR. If the FAR is chosen, MTMC is dedicated to work with industry in facilitating the transition to a FAR-based system and, together, avoid any conditions which may lead to unnecessary appeals or protests.

(8) *Industry*: A FAR based contract has indefinite and various terms and conditions which are subject to legislative change and new interpretations by parties with no knowledge of the moving industry. This will adversely impact the ability of the contractor to comply and provide the services required.

Response: No government contract, be it FAR or FAR-exempt, has "indefinite and variable terms and conditions." The FAR contains rules, terms, and conditions which generally govern the formation and administration of government contracts. The work requirements are established by the requiring activity and are set forth in the contract. While the FAR is often revised to implement new ideas, court decisions and legislative changes, those changes are always prospectively applied. In those unusual cases where a contract needs to be modified to implement a new court decision or statute, the contractor is compensated for any increased cost of performance.

(9) *Industry*: Subcontracting requires discussions prior to bid submission between the parties involved. These discussions will involve the exchange of price information, as well as consideration of whether a potential bidder will agree not to submit its own independent bid. This raises serious anti-trust implications. The moving industry has in the past been subject to Justice Department grand jury investigations and threatened indictments on the basis of alleged joint actions by bidders and agents in connection with the submission of bids on military traffic.

Response: Carriers concerned about whether their discussions regarding potential subcontracting arrangements

with other carriers or contractors might have antitrust implications should consult their legal counsel. Hundreds of contractors in other industries routinely enter into subcontracting arrangements without violating antitrust laws. We are unaware of any statutory provision which would prevent the household goods industry from entering into similar subcontracting or other types of teaming arrangements. Please refer to FAR Subpart 9.6 for the Federal Government's policy on teaming arrangements and joint ventures.

(10) *Industry*: Subcontracting is developed based on business relationships and established on the basis of mutual integrity and reputation for performance and prompt payment. In addition, subcontractors will have no protection against slow payment or nonpayment by the Government selected contractor.

Response: Any acquisition concept we adopt will place significant emphasis on past performance. This will include the contractor's financial performance. Since a carrier's failure to comply with its financial obligations to its subcontractors is likely to negatively impact its performance, we anticipate that the carrier receiving awards under such a reengineered proposal will be motivated to maintain excellent working relationships with its subcontractors. As far as protection against slow payment, or nonpayment by a Government selected contractor, we believe that this responsibility rests with industry. As a general rule, the Government's obligation is to the prime contractor. It is the responsibility of subcontractors to assure that they are involved in a business relationship with a reliable and responsible prime contractor. The same holds true for the prime contractor.

(11) *Industry*: MTMC's concept of contractors and subcontractors will put the agent/van line relationship seriously at risk. No large van line, with appointed and dependent and financially supported agents, will make its resources available to those agents working as subcontractors for a competing van line, on a contract that the carrier itself bid on and lost.

Response: The objectives of the reengineering process include the design of a procurement process that maximizes competition, selects quality carriers, and is administratively manageable for MTMC and the PPSOs. We recognize that any acquisition method we adopt which satisfies these objectives may require some modification of industry's current business practices. We do not wish to dictate what specific changes the carrier industry should make to its business

practices. We trust that the household goods industry has the capability to make those business decisions independently. Hundreds of other government contractors have been able to adjust to changing market conditions. The freight industry, for example, is successfully adjusting to deregulation. We are confident that those household goods carriers that are committed to providing quality transportation services to DOD at competitive rates will find ways to successfully compete for these contracts.

(12) *Industry:* Large van lines have the resources to provide the services required and can satisfy the subcontracting requirements within their own system of agents and owner operators without utilizing the services of other carriers and agents. Capacity will only be an issue during peak period of times. Many smaller carriers or agents will not be able to survive on peak business alone. As a result, the agent infrastructure will be severely damaged. Warehouse and van capacity will be reduced resulting in serious deterioration of service and competition on subsequent bids will be significantly reduced since many unsuccessful bidders, who have been deprived military shipments will go out of business. Service quality will ultimately deteriorate.

Response: If we adopt a FAR-based approach we anticipate making multiple awards. The decision on how many awards we need to make will depend on the minimum transportation needs of DOD shippers and the capacity of the competing carriers. The solicitation will provide data showing DOD's minimum transportation needs for each performance period, including peak periods. It is possible that some carriers will base their capacity on the agent infrastructure they already have in place. Others may choose to expand their capacity by entering into additional subcontracting arrangements. Carriers will retain absolute discretion on how they wish to structure their proposals for these requirements. At this point, it would be speculative to assert with a high degree of certainty the potential impact the reengineered acquisition will have on the agents infrastructure, as well as warehouse and van capacity. We anticipate that the pilot acquisition we plan to conduct will provide factual information about the potential impact of the reengineered concept on the industry's infrastructure.

(13) *Industry:* The FAR contains many stringent reporting requirements. These reports may be required simply because the contract is subject to the terms and conditions of the FAR.

Response: The only known reporting requirement required by the FAR relates to subcontracting and is only required of large businesses. The report reflects the contractor's progress on meeting his/her subcontracting goals as proposed and incorporated into any resultant contracts. Any other required reports will not result from the FAR, but will be generated as a requirement under the particular contract for purposes of providing specific management information to the Government.

(14) *Industry:* The FAR contains strict penalty provisions for contractors that are not able to meet all of the terms of the contract. Given the lack of familiarity with the detailed requirements of the FAR, the number of violations can be expected to be very high and the amount of potential penalties could be crippling to the entire industry. There is no need for these penalties because they only serve to enforce meaningless and unnecessary rules. This requirement is another reason to exempt this contract from the FAR.

Response: The FAR provides guidance to Federal agencies on how to conduct its acquisition. It provides standardized clauses which Federal agencies must use for certain types of acquisition. It does not contain penalties; rather, it outlines remedies available to both contractors and government agencies in place of contract changes or disputes. These remedies are incorporated into the contract through standardized contract clauses. See FAR Subpart 33.2, for guidance on disputes and appeals, and FAR Part 43, for guidance on contract modifications. Contractors are only required to comply with the terms and conditions of the contract. These terms and conditions initially are stated in the request for proposals. Thus, carriers will know, even before they submit a bid in response to the request for proposals (RFP), the terms and conditions of the proposed acquisition. Those carriers that believe they cannot comply with the terms of the RFP has essentially two options. First, they can inform the procuring agency of the fact which in their opinion prevent them from complying with the requirements, and request the agency to amend the RFP. Second, carriers can enter into teaming or joint venture agreements with other companies in order to enhance their capability to perform the requirements. Of course, while we understand this is not a desirable option, a carrier can always choose not to bid. Finally, it should be noted that, like any other private citizen, contractors also have to comply with Federal statutes. Most of

these statutes would apply regardless of whether we are dealing with FAR or FAR-exempt contracts.

(15) *Industry:* The FAR contains provisions regarding default terms and conditions. It also stipulates procedures regarding contractor liability for procurement costs. The clauses pertaining to default are not mandatory and the reasonableness of these terms should be dependent upon the type of contract awarded. Specific information is required regarding default provisions and punitive actions.

Response: The use of contract termination clauses for convenience and default are mandated as specified in FAR Subpart 49.5. The standardized clauses to be used are listed in that subpart. General guidance regarding the policies and procedures for the complete or partial termination of contracts is provided in FAR Part 49. We will be glad to answer any specific questions industry may have about these clauses. The specific clauses applicable to any contract will be included in its appropriate RFP.

(16) *Industry:* All of MTMC's service requirements, with a single exception (full replacement liability), can be achieved by modifying the current program and without incurring the problems resulting from the proposed "winner take all" FAR contract concept. The draft Requirements Package and Acquisition Strategy reveals a program that is far more bureaucratic and complex than the existing program and it contradicts standard commercial business practices in most aspects.

Response: One of the primary reengineering goals it to move away from the current rate driven system, to one that encompasses a quality/greater value approach. MTMC has discovered several factors that argue decisively against merely modifying the current program. First, the existing system itself is a product of the process of making many isolated changes without considering the total impact. It seems inappropriate to fix a program by the same process that brought it to its present form. Additionally, it is often difficult to adjust single elements of the program because of vested interests and the interconnected nature of various provisions. Frequently, good ideas are lost in the negotiation or compromise process. Also, achieving a system that awards traffic on other than low cost cannot be attained by modifying the existing program. The FAR provides an established and proven procurement method to achieve the desired approach. In addition, MTMC is considering a multiple award regional approach in place of the "winner take all" concept.

Thus, there will be adequate opportunities for several contractors to receive contract distribution system and "me-too" bidding, on the other hand, effectively emasculates the benefits that competition can provide.

Comments Regarding the Draft Requirements Document; Industry Comments and MTMC Responses are Keyed to the Paragraph Number of the Requirement Document

1. Requirements

1.1 Channel Concept

(17) *Industry:* Commercial accounts are national, not regional or point-to-point in scope. The moving industry, even at its inception, was concerned about return loads. Trucks must be kept filled and this cannot be done in a point-to-point environment, especially if it is not known who will be awarded the contract from the other end. Not knowing which routes will be awarded to an offeror further complicates the bidding strategy. A traffic lane concept will minimize the opportunity to fully utilize equipment and will increase costs.

Response: MTMC agrees the majority of commercial accounts are national in scope; however, due to significant concerns from industry regarding a national/worldwide approach and the effect it might have on small and medium carriers, local moving and storage companies, and freight forwarders, the approach was changed. MTMC considered awarding traffic on a "winner take all" basis out of an area of responsibility (AOR) to a rate area. It became clear through industry comments and MTMC's analysis that the channel approach created many administrative complexities. Consequently, MTMC is considering use of a regional approach with multiple awards. The proposed regional concept provides an opportunity for all carriers, local agents, and freight forwarders to submit offers. Subcontracting provides an opportunity for carriers to participate in those channels in which they were not awarded contracts.

(18) *Industry:* The proposed traffic channel concept is no different than those in use today. This concept offers no program simplification for MTMC or industry.

Response: MTMC agrees. Analysis of the AOR/channel concept confirmed this approach would not simplify the program for the Government or industry. We feel the regional approach will simplify evaluation, execution and administration.

1.1 Winner Take All

(19) *Industry:* The "winner take all" approach will have a devastating impact on small corporations within the industry. It would create a monopoly of large van lines, thus forcing small carriers, agents, and forwarders out of business.

Response: The regional/multiple award concept should eliminate concerns regarding "winner take all."

(20) *Industry:* No one carrier or any one agent in a military market is able or willing to provide for 100 percent of all traffic in any given channel. Every year during peak season there are problems somewhere in the country acquiring the necessary capacity. It should be abundantly clear from this that no one contractor is capable of handling all of the shipments, whether worldwide, at an installation, or in a single traffic channel. The volume is too large.

Response: Concerns over available capacity during peak season was an important factor for MTMC in deciding upon multiple award options. Multiple awards, in conjunction with contractor stated maximum daily capacity and PPSO discretion in awarding traffic, will ensure sufficient capability for movement requirements.

2.1 Expansion Capability

2.1.1

(21) *Industry:* A carrier and its agent cannot be expected to maintain additional capacity and personnel to cover seasonal surges which may or may not materialize. Steps should be taken to minimize such surges by encouraging movements during the winter months. Additionally, no prudent bidder can provide a viable rate without knowing the parameters of the daily workload requirement. The Government's estimated daily requirements and minimum acceptable daily requirements must be provided for each channel.

Response: One of the ways that a contractor can expand capacity during seasonal surges is through an effective subcontracting plan. The revised concept allows for the contractor to specify their maximum daily capacity. In addition, we are considering separate daily maximums for peak season movement requirements. Multiple awards and subcontracting will ensure the capability is available to support seasonal surges. Contractor established daily maximums and the right of refusal once daily maximums have been met, afford the contractor an opportunity to effectively manage his/her company's operations. Although MTMC and the services would like to see the volume of moves evened out over the entire year,

realistically there is not much that can be done to accomplish this. Often, even when military members with families are ordered to a new duty station during the winter months, the spouse and children will stay behind until the school year is completed. Although the DOD can control when a service member must report for a new duty assignment, we can not mandate when he/she chooses to move household goods and family. Just like the commercial world, a move is a quality of life issue and most people with families prefer to move in the summer to minimize the adverse impact on their children's education.

(22) *Industry:* The Contractor should be compensated overtime labor charges when services are requested and performed during other than normal working hours. It is not realistic to require the contractor to extend work hours without any additional compensation. The provisions of the Service Contract Act would require the contractor to pay its employees overtime wages and the Government should like be willing to pay the contractor.

Response: Since confirmed pack, pickup, and delivery dates are established between the contractor and customer, MTMC does not envision the payment of overtime charges as a separate charge item. We would expect contractors to factor anticipated costs into their rates.

(23) *Industry:* The expansion capability requirement is restrictive on small business. The alternative to the unlimited expansion capability requirements is to use the FAR-exempt tender system of procurement. It has agent and carrier expansion capability built in by using the Me-Too rate filing system. The available capability provided by the Me-Too carriers will not be available under the FAR contract concept.

Response: MTMC wants to move from the current rate driven system, to one that considers the value of services provided. Although price will continue to be one of the factors evaluated, it will not be the driving factor in determining which proposal is awarded the traffic. The Government will make cost-technical tradeoffs, and determine which proposal offers greatest value based on sound business judgment and the evaluation criteria stated in the solicitation. The current Me-Too rate filing system does not lend itself to an approach that evaluates factors other than cost. Although it allows for a carrier to match or Me-Too the rate of the low cost carrier, it does not provide a vehicle for the carrier to match the other factors encompassed in an

evaluated procurement. Therefore, under Me-Toos, the rate becomes the driving factor once again. The alternative for expansion capability, is for the contractor to assemble an effective and efficient subcontracting plan.

2.1.2

(24) *Industry*: The Contractor may be asked to support unforeseen contingencies, but should not be required to do so. The Contractor should be compensated for all additional cost incurred in supporting such an effort.

Response: Because of the potential severity of unforeseen emergencies such as military contingencies, natural disasters, etc., MTMC believes it is imperative that the contractor be required to support these unforeseen events. A provision does exist for HQMTMC and the contractor to negotiate, when applicable, rate adjustments necessitated by such unforeseen conditions that exceed contract requirements. However, if such requirements are within the daily maximum capacity established in the initial contract, they should not entitle the contractor to additional compensation.

2.2 Movement Via Air Mobility Command (AMC)/Military Sealift Command (MSC)

(25) *Industry*: Movement via AMC/ MSC is not a commercial business practice. MTMC is taking away the Contractors traffic management responsibility for through movement. The PPSO's right to direct movement via AMC/ MSC will deny the Contractor the ability to negotiate the most cost effective rates based on volume.

Response: DOD policy mandates use, under certain circumstances, of AMC and MSC lift capability. This policy serves to maintain DOD's transportation assets in operation during peacetime so they are available during contingencies. In addition, there always is not ample American flag service to accommodate the volume of DOD Unaccompanied Baggage moving between CONUS and certain OCONUS destination (i.e., Korea), and there are some OCONUS areas where AMC/ MSC assets provide the only service available. Any directed use will be separately addressed in any ensuing solicitation.

2.3 Compliance With DOD Policies

(26) *Industry*: Compliance with regulations, publications, directives, MTMC advisories, and changes thereto are not commercial business practices. The contract should be all inclusive and the contract should not be revised

without consultation and agreement from the Contractor.

Response: The contract will specify which conditions the contractor must comply with. Once the contract is signed and awarded, any change must be discussed with the contractor. There is no way it can be revised without the knowledge of the contractor.

2.5 Automation Interface

(27) *Industry*: Automation interface systems must be readily available in the commercial marketplace and not out of the technical or financial reach of contractors. Interface capability of the local agents may be cost prohibitive and the requirement may preclude small businesses from participating. MTMC should consider assisting small businesses in acquiring this capability by providing sufficient notice of the details of the electronic capability being requested.

Response: Definitive automation requirements will be included in the Request for Proposal. MTMC envisions many benefits associated with electronic capability such as intransit visibility of shipments, electronic billing, and payments, etc. However, MTMC is also sensitive to demands upon small and medium size businesses that provide quality service. Consequently, MTMC will look to implement electronic capability requirements that are efficient, cost effective and reasonably available to the industry. We will also consider capabilities of DFAS, the PPSOs, the military services, the customers, and MTMC.

3. Key Personnel

3.1/3.2 Contract Manager/Operations Manager

(28) *Industry*: It is not commercial practice to dictate the experience levels of the contractor or subcontractor personnel. Key personnel requirements should not be micromanaged by MTMC. The 10 years experience requirement for the Contract Manager, and the 5 year requirement for the alternate and Site Manager is unreasonable. Recommend reducing or eliminating this requirement since the quality feedback of the market place will drive the parties providing service to employ the best personnel available to ensure high quality rankings.

Response: MTMC partially agrees and has eliminated the requirement for years of experience for all key personnel except the Contract Manager. MTMC believes that a minimum number of years of experience is a necessary requirement to assure that the Contract Manager has the knowledge and

background to be responsible for the performance and operation of the contract. However, as recommended by industry, MTMC will relook the minimum experience requirement for the Contract Manager. The specific requirement will be stated in the RFP.

3.3

(29) *Industry*: The prohibition against a contractor removing key personnel constitutes interference with the internal management of the contractor's company. This requirement should be deleted.

Response: MTMC has eliminated the requirement that the contractor must notify and receive concurrence by HQMTMC of the replacement of key personnel, with the exception of the Contract Manager whose replacement must be with the concurrence of HQMTMC. HQMTMC is only concerned with the replacement's qualifications. It is necessary that the contractor verify to HQMTMC the qualifications of the potential replacement of the Contract Manager to assure that the quality of contract performance is not placed at risk by the employment of an inexperienced contract manager.

4. Personnel

4.3

(30) *Industry*: Imposing requirements for uniforms with company name or logo and Contractor issued identification cards are an excessive regulatory requirement which provides no service quality benefit. These requirements disrupt commercial industry practices and impact subcontractors, small businesses, and carriers employing casual labor. An alternative would be to require employees performing services at the customers residence to dress in appropriate attire and be in presentable clean condition. If identification is sought by the customer, require the driver or lead foreman to present commercial drivers license or possibly a Contractor issued identification card.

Response: MTMC has modified the requirement. All employees performing moving services at the customer's residence shall be in uniform shirt with company name or logo and maintain a professional demeanor. The team leader shall have some type of contractor issued identification. The uniform shirt and team leader's identification card provide a method for the customer to verify who the individuals are before allowing entry to their home. The identification card provides a quick and accurate way for the customer to identify the team leader who is in

charge of the work group and who the customer can go to if a problem arises. MTMC feels that these requirements are simple as well as inexpensive methods to reassure the service members that the individuals handling their personal belongings are professionals. Although these requirements may not have a direct impact on the quality of service being provided, we believe that they are reasonable methods to relieve some of the anxiety associated with moving.

5. Quality Control

5.2 Intransit Visibility Service

(31) *Industry:* MTMC requiring tracing within 2 hours is not realistic and not the prevailing commercial practice.

Response: MTMC realizes that at the time of a tracing request, the shipment may be in route and it may be difficult for a contractor to provide an exact status on that particular shipment. Upon a request of a shipment trace by the customer or the government, an initial response from the contractor that provides the most current status available within 2 hours from the time of the request will be required. Once the initial response is made, a more updated and exact status can then be provided at a later time. Technology available and currently in use by many carriers today allows for the capability to trace, monitor, and report movement progress of any shipment instantaneously. As our members may also be traveling at the time of the request, we feel that a 2 hour response time reasonably meets their needs while placing a reasonable demand on the contractor.

(32) *Industry:* The requirement for the contractor to provide a weekly report to the destination PPSO listing all anticipated late shipments is excessive.

Response: MTMC understands industry's concerns with the volume and frequency of reports currently proposed. Consequently, MTMC is currently reviewing all the report requirements to determine which ones can be streamlined or eliminated.

5.3 Access to Contractor Facilities

(33) *Industry:* Access to contractor's facilities should be limited to normal working hours, by appointment only, and should not include access to personnel files.

Response: Access to contractor records is often required to substantiate compliance with statutory or contractual requirements. When such efforts are necessary, the Government will coordinate with the affected contractor to minimize disruptions as much as feasible.

5.4 Contractor Meeting With PPSO

(34) *Industry:* Contractor meetings with the PPSO should follow the commercial practice that a meeting occur on an as needed basis based upon common sense, problem resolution and the judgment of the manager involved. It is not necessary to hold these meeting on a weekly, biweekly, or monthly basis.

Response: MTMC agrees. The intent of this requirement is to let the PPSO schedule the meetings at his discretion.

5.5 Contractor Operational Problems

(35) *Industry:* Agree that the contractor should keep MTMC/PPSO informed about serious problems that arise, but disagree with being required to advise the PPSO of the loss of a subcontractor. If a subcontractor goes out of business or the relationship to the contractor is terminated for any reason, neither MTMC nor the PPSO should be involved as long as the contractor is still able to fulfill its duties.

Response: MTMC agrees and will modify the requirement accordingly. MTMC has no privity of contract with subcontractors; however, prime contractors will be expected to fulfill their contractual obligations. However, should a subcontracting plan become part of any ensuing contract, any substantial variance from its terms must be reported.

5.6 Customer Survey

(36) *Industry:* Agrees with replacing TQAP with a customer survey form.

Response: MTMC agrees and TQAP will be replaced with the customer survey form.

(37) *Industry:* MTMC should not prescribe the questions on the customer survey to be asked.

Response: MTMC believes that there are some core questions that must be mandatory on the customer survey form to evaluate contractor performance. However, MTMC does not intend to otherwise limit the questions that the carrier believes it needs to retain quality service.

(38) *Industry:* There should be a mandatory return policy on the customer survey form for the military service member, and if after a predetermined time no reply is received then the move should be considered satisfactory with the contractor receiving credit accordingly.

Response: MTMC cannot mandate that the military member return the customer survey form. We would expect carriers to institute reasonable efforts to obtain representational answers. PPSOs will conduct a sufficient number of

random surveys to assure the sample size for each contractor per region/contract provides a minimum 95 percent confidence level. However, PPSO efforts will not remove carrier responsibility to take all reasonable efforts to obtain survey results.

6. Quality Assurance

6.2 Contractor Performance

(39) *Industry:* The required standards of 99% for on-time pickups, 95% for on-time delivery, and 95% for using the contractor again are higher than most corporate accounts and should be lowered.

Response: MTMC does not concur and has retained the requirement for these standards. MTMC has benchmarked this requirement with corporate customers and found numerous examples of standards equal to or higher than these, and believes that the DOD, as this industry's largest single customer, deserves equal service. Consequently, MTMC believes that these standards are appropriate and reasonable.

(40) *Industry:* In addition to measuring loss/damage, claims frequency and loss/damage claims exceeding a certain dollar amount, the contractor's performance should be measured on the basis of claims cost per hundredweight. Furthermore, loss/damage should not count against a carrier as long as the member was made whole and is satisfied with the move.

Response: MTMC disagrees that loss/damage should not count against a carrier as long as the member was made whole and is satisfied with the move. We believe that loss/damage is a critical element of a contractor's overall performance and should be compiled and evaluated. MTMC is considering claims' cost per hundredweight, as well as other alternatives.

7. Specific Tasks

7.1 Customer Service

7.1.1 Toll Free Telephone Numbers

(41) *Industry:* It is simple to provide for toll free numbers in the United States, but toll free numbers are not available all over the world internationally. Also, the toll free number should only be required to be manned during normal business hours which is 5 days a week and 8 hours a day. Recommend that after hours be covered by a mechanical message collection device with follow up during the next official business day.

Response: MTMC recognizes that in some instances toll free numbers may not be available internationally. MTMC

has modified the requirements document to read that if toll free capability is not available, the contractor shall accept collect calls. MTMC has also modified the requirement of the toll free number being manned 24 hours a day, 7 days a week, to it being operational 24 hours a day, 7 days a week. Thus, a type of recorder, beeper, or other electronic device may be used provided someone knowledgeable will promptly respond to the customer's concern. The goal is to allow customer's located in different time zones, to contact the contractor without being restricted by the contractors routine office hours.

(42) *Industry*: It is redundant and unnecessary for the contractor's origin and destination agents to have toll free numbers. The service member should be dealing with the contractor; thus, only one toll free number is necessary.

Response: MTMC agrees and has eliminated the requirement for origin and destination agent toll free numbers. However, the requirement for the contractor to establish and maintain a toll free number for their service areas has been retained in the requirements document. We believe it is necessary that the customer have at least one toll free number where his/hers inquiries/problems can be dealt with in a timely manner.

7.1.2 Movement Counseling

7.1.2.1

(43) *Industry*: Imposing a minimum transit time schedule for the RDD is micro management, and instead MTMC should allow the contractor to work with the customer to reach a mutually agreed upon RDD. MTMC should also allow the use of spread dates for pickup and delivery because it is a commercial practice, allows for the greatest flexibility, and the maximum use of a carrier's capability.

Response: MTMC agrees that the transit time guide should not be a mandatory regulation for determining the RDD, and the contractor and the customer should be allowed to come to a mutually agreed upon delivery date. However, a transit time guide will be made available to be used as a tool to assist in determining the RDD. In those instances when a mutually agreed RDD cannot be reached between the Contractor and the customer, the transit time guide will be used to establish the RDD. MTMC will not require the customer to agree to the use spread dates. However, if the contractor and the customer mutually agree to the use of spread dates for pack, pickup, or delivery, then spread dates may be used.

However, if the customer does not agree to spread dates, then the contractor must agree to a specified date for these services.

(44) *Industry*: MTMC needs to clarify the requirement that the contractor must notify the customer within 2 work days after notification by the PPSO that the contractor has been awarded the traffic.

Response: MTMC has eliminated the 2 work day minimum for notification, and modified the requirement so that upon notification of shipment award, the contractor shall contact the customer to confirm the pack, pickup, and tentative required delivery dates established during the PPSO entitlement counseling or establish mutually agreed upon dates. The contractor shall provide each customer and the PPSO a schedule of all confirmed dates prior to the pickup date. The PPSO will then issue a service order based on these confirmed dates.

(45) *Industry*: Agrees with move counseling being done by the carrier. However, MTMC/PPSO must continue to provide entitlement counseling because of the variation in policy among each of the military services.

Response: MTMC agrees and the PPSOs will continue to provide entitlement counseling to the service members while the contractor will now be responsible for movement counseling.

7.2 Pre-move Survey

(46) *Industry*: It is unnecessary to require an on site pre-move survey on all shipments regardless of weight or type. Telephone surveys should suffice for small shipments and shipments more than a specified number of miles away.

Response: MTMC wants the contractor to perform a pre-move survey on all shipments. However, MTMC agrees that in many instances a pre-move survey conducted by telephone would be effective and appropriate. Consequently, the requirement has been modified so that a residence pre-move survey shall be conducted on all shipments estimated at 3000 pounds or more, at origin points within a 50 mile radius of contractor's nearest agent facility, unless specifically waived by the customer and annotated on the service order. A telephone contact pre-move survey shall be made, as a minimum, for all other shipments.

7.3 Customer Inconvenience Payment

7.3.1

(47) *Industry*: There should exist a minimum weight and miles standard in determining inconvenience claims, as is

the prevailing commercial practice. The contractor should not be responsible to pay 100% of the costs of meals, clothing, or other purchased items that retain a residual value. Inconvenience payments should not be tied to the government per diem rate.

Response: MTMC does not concur and has retained the requirement that the contractor shall pay the customer an inconvenience claim when a missed pickup, missed RDD, or missed confirmed delivery date from SIT causes inconvenience to the customer and the expenditure of personal funds for the reasonable costs for lodging meals, and rental/purchase of household necessities. MTMC has also retained the requirement that the contractor's maximum liability, excluding costs for rental/purchase of reasonable household necessities, shall not exceed the local DOD per diem rate. MTMC believes that the customer should be reimbursed for reasonable out of pocket expenses incurred as a result of these type of situations. MTMC further believes that the DOD per diem rate provides an established and effective tool to determine the cost for lodging and food expenses associated with the various cost of living rates in different areas of the world.

7.3.2

(48) *Response*: The contractor being required to acknowledge receipt of the inconvenience claim is unnecessary. Also, the contractor will require more than 15 work days from the time of the customer's request for reimbursement to make payment of the inconvenience claim.

Response: MTMC partially agrees, and has eliminated the requirement for the contractor to acknowledge receipt of the claim to the customer within 5 days of the date of the customer's request. However, MTMC believes that 15 work days from the time of the customer's request is a reasonable period of time for the contractor to make payment on an inconvenience claim, and has retained this requirement. This requirement is designed to reimburse the customer for unexpected expenses that he/she may not be reasonably able to personally underwrite.

8. Transportation Services at Origin

8.3 Advance Notice of Pack/Pickup Dates

(49) *Industry*: Do not agree with short notice shipments being done at no additional cost to the government. Additional services of this type should be compensated because it goes beyond the level of normal service.

Response: MTMC has retained the requirement that short notice shipments, such as disciplinary actions, compassionate reassignments, movements pertaining to deceased members and their families and short notice assignments, shall be moved at no additional cost to the Government. The contractor should account for these possible type situations up front in the contractor's single factor rate, and exercise sound business practices that permit the him/her to be responsive to the government's needs. On the other hand, unforeseen emergencies such as natural disasters, are subject to negotiation under the expansion capability paragraphs of the draft requirements document.

8.4 Acceptance of Shipments

8.4.1

(50) *Industry:* It makes no sense to force the contractor to take shipments with dates that cannot be met. There must be a minimum daily work load established.

Response: MTMC is considering allowing contractors to establish their maximum daily capacity at each AOR within a region. Each contractor would be required to accept all shipments offered until they reach their established maximum daily capacity. Contractors may refuse shipments once they reach their maximum daily capacity. We will provide specific details in the draft solicitation.

8.4.3

(51) *Industry:* Forcing the contractor to provide the PPSO a daily report of all shipments scheduled for pack and pickup for the next work day is an administrative burden with no clear value added.

Response: MTMC agrees and has eliminated the requirements that the contractor provide this daily report.

8.6 Expedited Service

(52) *Industry:* Currently, the draft requirements document provides that expedited service charges apply only if the RDD is less than 25% of the published transit line. This language must be changed to require an expedited service charge whenever the PPSO requires the RDD to be less than the transit time. The requirement that expedited service be provided without additional cost is unreasonable.

Response: MTMC has modified the requirements document to state that if the required delivery date is less than 50% of the transit time then expedited service charges will apply. MTMC believes that with the contractor and the customer working together to set up a

mutually agreed upon delivery date, this will allow the flexibility and the opportunity for the contractor to meet most expedited deliveries necessitated by member needs. In those cases when the PPSO deems it necessary for the required delivery date to be less than 50% of the published transit time when the expedited service charge will apply. Otherwise, we expect potential contractors to include this requirement in their single factor rate.

11. Shipment Diversion

(53) *Industry:* Diversions of shipments up to 100 miles at no additional cost is an excessive requirement.

Response: MTMC agrees that requiring the contractor to be responsible for shipments diverted to a new destination up to 100 miles at no additional cost is excessive. Consequently, the requirements has been modified to 50 miles. However, when necessary to meet the needs of the Government, the PPSO may order the contractor to divert a shipment to a new destination that is more than 50 miles from the original destination. In such case, a new single factor rate that includes all charges from original origin to new destination will be negotiated between the PPSO, in coordination with MTMC, and the contractor.

14. Transportation Services at Destination

14.8 Destination Shipment Report

14.8.1

(54) *Industry:* Destination shipment reports are excessive and unnecessary micro management by MTMC.

Response: MTMC understands industry's concerns with the volume and frequency of reports currently proposed. Consequently, MTMC is currently reviewing all the reporting requirements to determine which ones can be streamlined and/or eliminated.

14.9 Conversion of Storage in Transit (SIT) to Commercial Storage

(55) *Industry:* There must be a defined end point to government paid SIT, not just an undefined specified date by the PPSO.

Response: SIT is authorized in increments of 90 days with extensions up to 360 days. Consequently, SIT does have a defined end point. In addition, a storage extension forms reflecting the expiration date will be provided to the Contractor.

15. Liability

15.1

(56) *Industry:* The contractor should have the prerogative of repairing a

damaged item or replacing the item whichever they deem more cost effective.

Response: MTMC agrees and has added the option of allowing the contractor to negotiate with the member to repair damaged item(s) are repaired to the same condition as received by the contractor from the member at the time of pickup. If however, the contractor chooses to replace the lost or damaged item(s), then replacement will be determined by current market value without depreciation.

15.2

(57) *Industry:* Need to add statement that any item replaced becomes the property of the contractor.

Response: MTMC agrees and has modified the requirements document to read that all items which are replaced or for which the full current market value has been paid become the property of the contractor. The contractor shall pick up the salvage within 30 calendar days after settling the claim with the customer unless provisions for a later pick up date are made with the customer. Failure to pick up salvaged property within the prescribed time results in forfeiture of the property, loss of any deduction of funds for salvage value, and the customer may then dispose of the property.

15.3

(58) *Industry:* Full value protection of \$100,000 per shipment is excessive and should be modified to apply a released value on a per pound basis. Coverage should be depreciated; however, the member could choose to purchase additional coverage at an additional cost if desired. The contractor should be allowed to use a high-value inventory in which the member must identify articles with a value of greater than \$100.00 per pound.

Response: MTMC partially agrees and has reduced the maximum liability from \$100,000 per shipment to \$75,000 unless the customer purchases additional insurance. MTMC is aware that additional up front costs may be associated with full value protection; however, it is a service that is desirable for our military members. We believe that in the long run, these up front costs will be offset by better service and a reduced claims ratio per move. This notwithstanding use of a high-value inventory being considered.

16. Loss and Damage Claims

16.1

(59) *Industry:* Agrees with service members filing their claims directly with the contractor.

Response: MTMC also agrees with direct claim settlement between the contractor and the customer, and has provided for this option in the draft requirements document.

16.3

(60) *Industry:* Commercial practice requires that exceptions (damage to property) be noted at the time of delivery. At a minimum, the customer should be required to notify the contractor of loss or damage within a minimum number of specified days following delivery.

Response: The contractor will provide the customer a notice document at time of delivery, and the customer will provide the contractor at time of delivery with written notice of discovered lost and damage. MTMC agrees that the service member should notify the contractor in a timely manner of later discovered loss or damage. Consequently, the requirement has been modified to read that the customer will have 90 days to notify the contractor in writing of later discovered lost or damaged items. For lost and damaged items identified by the customer within the 90 day notice period, the notice document overcomes the presumption of the correctness of the delivery receipt.

16.4

(61) *Industry:* The service member should only have up to nine months to file a claim as is the current commercial practice.

Response: MTMC disagrees. Current commercial practice is no less than 9 months. We feel that a 1 year limit for the service member to file their claim directly with the contractor is fair, due to the uniqueness of military constraints.

16.7

(62) *Industry:* Need to add a clause allowing the contractor to inspect the damaged item(s).

Response: MTMC agrees, and has added the statement that the contractor shall have the right to inspect the damaged property within 45 calendar days of delivery or dispatch of the customer's written notice document, whichever is later. The contractor shall notify the customer prior to any inspection to arrange a mutually agreeable time.

16.8

(63) *Industry:* The contractor will need more than 30 days to gather documentation, determine the validity of a claim, make investigation, conduct inspections, arrange for repairs and

make cash settlement to the service member.

Response: MTMC agrees that in certain cases the contractor may require more than 30 days to settle the claims as was required in the original draft requirements document. It has been changed to read that the contractor shall pay, decline, or make a firm compromise settlement offer in writing to the customer within 60 calendar days after receipt of the claim by the contractor. However, if the contractor fails to respond within 60 calendar days of receipt of the claim, or the contractor declines to pay the claim, the customer may file a claim with the appropriate military claim service. Such claim to the military claim service may address all items which are not covered by an agreeable resolution between the contractor and the customer.

16.11

(64) *Industry:* The service member should be precluded from filing a claim directly with the government. Also, the government should not have the power to offset on disputed claims between the contractor and the customer.

Response: We cannot change the member's statutory right to file a claim directly with the government. However, we prefer that the member file directly with the contractor, and we plan to encourage it by not making full replacement coverage available if the member decides to settle directly with the military, without first seeking reimbursement from the carrier. As for the government not having the right to offset on disputed claims, we disagree and believe that the government should have the right to enforce contract requirements and be the service members' advocate. In any event, it is a remedy available under the terms of government contracts. Consequently, as a minimum, the contractor will be subject to set aside by the government on those items that the military pays for and which the contractor improperly denied.

16.13

(65) *Industry:* A monthly claims activity report provided by the contractor to the PPSO is unnecessary and should be reduced to a quarterly basis.

Response: MTMC disagrees. This monthly report is necessary to assist in evaluating carriers' overall performance.

17. Billing and Payment Procedures

17.1

(66) *Industry:* The requirement to have all invoices certified by the PPSO,

that show that all services have been performed, is unnecessary, encourages lost billing, and is counter productive to the prompt payment act. Instead the contractor should bill the finance center directly.

Response: The invoice certification requirement is being reevaluated as part of the effort to implement EDI procedures.

Attachment 3—Single Factor Rate/ Accessorial Information

1. Single Factor Rate (SFR)

(67) *Industry:* Single factor rates reduce the direct compensation to service providers for extra services rendered, which are time and labor intensive. The SFR is too inclusive. Prevailing commercial practice is that accessorial services are separately identified and payable when requested and performed.

Response: MTMC disagrees and will retain the SFR pricing structure. Carriers currently participating in the international through Government bill of lading program submit SFRs for household goods and unaccompanied baggage shipments. Additionally, MTMC feels the SFR should encompass the majority of the accessorial services which may affect a shipment. Service providers should ensure costs for accessorial services are negotiated and agreed upon prior to contract award. MTMC has identified those accessorial services which will be outside the SFR pricing structure. These services are not routinely ordered, are labor intensive, and costly to perform. Separate rates will be submitted by the Contractor for these services. This should ensure the Contractor's service providers are equitably compensated for services rendered.

2. SFR Solicitation/Submission

(68) *Industry:* Single factor rates are not prevailing commercial practice for domestic shipments and are used on a very small percentage of commercial corporate accounts. SFR pricing does not provide the means or the structure needed for fair pricing and payment of moving services. Domestic movements and the majority of commercial accounts use a discount from a common industry baseline tariff and a segmented rate. Corporate accounts which do use single factor pricing predicate rates on a weight and mileage matrix.

Response: MTMC recognizes that SFRs are not the prevailing commercial practice for domestic shipments. However use of SFRs will standardize, simplify, and reduce administrative workload associated with rate

submissions/evaluation, accessorial services, billing and payment, and program management. Major goals for the reengineering effort are program simplification and reduction of administrative processing. The volume associated with the personal property program warrants attaining such goals.

2.1, 2.3.1 Domestic Service

(69) *Industry*: The underlying services and transportation methods for unaccompanied baggage (UB) differ significantly from those for household goods (HHG) shipments. Bundling of HHGs and UB together to move on the same SFR is not supportable. Factors for fixed costs also have a larger impact on smaller shipments and domestic baggage cannot be moved at the same rate as a large HHG shipment. It would be unrealistic for the same rate to apply for UB as it does for HHG shipments regardless of size. UB shipments are more expensive due to initial acquisition costs, inventory control measures, and labor costs for containerization. Pricing shipments at the same rate per hundredweight regardless of size and distance will result in significant over-payment for some shipments and under-payment for others. An alternative procedure for domestic service would be to establish domestic baggage service and have separate baggage rates.

Response: MTMC is reevaluating movement of unaccompanied baggage/personal effects within CONUS to determine if a different pricing structure is appropriate.

(70) *Industry*: By combining domestic UB with HHG rates, the small business set-aside used for the Direct Procurement Method (DPM) pack & crate service is eliminated. This will adversely impact many small businesses who specialize in the service for DOD.

Response: MTMC believes that the multiple contract aspects of its proposed system, along with inherent opportunities to form consortiums and use subcontracts will provide meaningful small business opportunities.

(71) *Industry*: Carriers and forwarders do not typically perform local move services. Local moves are provided by local agents within the AOR and contracts for these services are awarded by the installation contracting offices. Prevailing commercial practice is to bill local moves at an hourly rate. Local moves should be solicited and awarded separately.

Response: Local moves will be excluded from the pilot program. MTMC is currently evaluating how local

moves will be incorporated into the regional concept.

(72) *Industry*: UB needs to be better defined. The types of items which will be included in a typical baggage shipment and whether it must be shipped via air or surface must be known. If UB can be more accurately defined, an SFR could possibly be used since fewer accessorials apply. In addition, some type of mileage factors need to be included.

Response: UB is defined as that portion of the customer's prescribed weight allowance of personal property, including professional books, papers, and equipment, normally shipped separately from the bulk of the personal property. UB is usually shipped via an expedited mode because it is needed immediately, or soon after, the customer's arrival at destination for interim housekeeping pending the arrival of the major portion of the customer's property. The entitlement for a UB shipment normally only exists when a member has a permanent change of station to/from an OCONUS location. The term "UB" will not be used for shipments moving within CONUS under the reengineered program. Small shipments moving with CONUS will be classified as a personal property shipment and normally are not shipped via an expedited method. However, if the PPSO determines the need to expedite a personal property shipment, the expedited service paragraph of the draft requirements document will control carrier compensation.

2.2 International Service

2.3.2

(73) *Industry*: Requiring the contractor to file rates for all four international types of service restricts competition and constitutes bundling. Bundling of HHG and UB in the international program restricts competition and "administrative convenience" is not sufficient justification for bundling. The contractor should be allowed to bid on HHG and UB separately. This alternative would provide all required HHG and UB services for each AOR and will increase competition by permitting more carriers to independently file rates for each channel.

Response: MTMC does not agree. Under the regional concept all potential contractors will be required to submit both HHG and UB rates for every rate area within an origin region to all destination rate areas for a category of service (e.g., a CONUS origin region to all OCONUS destinations, and OCONUS origin region to all CONUS destinations, or an OCONUS origin region to all

OCONUS destinations). MTMC recognizes certain carriers participating in the present program have specialized in UB service; however, we believe that requiring the same contractor to provide HHG and UB services simplifies the acquisition process for DOD, enhances competition, and simplifies accountability by allowing DOD and the customer to deal with one contractor per move. Bench marking surveys with corporate accounts and commercial business practices disclose that commercial customers are not usually required to consult with different carriers to acquire movement services for HHG and UB. This requirement does not constitute improper bundling or restrict competition because the regional/multiple award concept increases business opportunities for industry. In addition, potential contractors may subcontract with any carrier for specialized services.

(74) *Industry*: American carriers who file inter- and intra-theater rates would not normally have operating authority and expertise to transport local and in-country overseas moves. Historically, in-country and local moves have been separated and performed by the local small business movers located with the AOR. Rates for these shipments are procured by overseas Contracting Officers who have the experience with the local conditions and requirements. Combining these types of moves in one channel is not cost efficient and does not simplify the process. The procurement for these moves should remain with the overseas contracting offices.

Response: MTMC is evaluating the unique requirements and factors which may affect these movements to determine how they can be incorporated into the regional concept. OCONUS local and in-country moves will be excluded from the pilot program.

2.4

(75) *Industry*: Separate accessorial service charges are needed for each origin AOR.

Response: MTMC agrees and recognizes costs vary significantly by geographic area. Therefore, Schedule A of the requirements document has been modified to allow contractors to submit separate accessorial charges for SIT services, Flat Service, and special crating for each origin rate area within a region.

2.5

(76) *Industry*: It is unreasonable to have 100 net pounds as the minimum weight for all SFRs. The prevailing commercial practice is generally a

minimum weight of 1,000 pounds for HHG and 100 pounds gross for UB. The use of the net weight in lieu of gross weight for UB will create additional work. Gross weight is used for UB because obtaining the tare weight of small cartons and boxes is costly and labor intensive. Further the ITGBL program has always moved UB on a gross weight basis. Recommend using prevailing commercial practice or a 500 pound minimum.

Response: MTMC agrees and has modified the Requirements Document to state the SFR and all accessorial service charges, computed on weight, are subject to a 500 pound net minimum.

3. Accessorial Service

3.1

(77) *Industry:* An accessorial statement being sent to the PPSO for signature is redundant and unnecessary. The contractor's billing, supported by the member signed accessorial should suffice. Allowing 10 days to return the certified accessorial statement to the contractor will unreasonably delay carrier billings.

Response: MTMC disagrees. The contractor will be required to prepare and submit to the PPSO for certification an accessorial statement authorizing accessorial services. The service member is often unable to verify all accessorial services that are performed. For example, the service member may be unaware of possible charges such as an attempted pickup, waiting time, number of days in SIT, etc. Consequently, it is a necessary requirement for the PPSO to certify the accessorial services.

(78) *Industry:* Auxiliary services are costly, labor intensive, and time consuming. The frequency of this service cannot be determined and therefore should not be part of the SFR.

Response: MTMC agrees and Attachment 3 has been modified to include auxiliary service. The Flat Service charge will be used for computing the cost for auxiliary service. Auxiliary service must be authorized by the PPSO prior to commencement of service.

3.4.1 Storage-in-Transit (SIT) Services

(79) *Industry:* The criteria established for commencement of SIT charges is not acceptable or prevailing commercial practice. This requirement will either force an increase in SIT charges to cover days that are no longer billable or it will have a negative impact on local agent's revenue. MTMC would like to reduce the amount paid for SIT, so it is attempting to limit its application by not

paying for SIT prior to the required delivery date. This application may apply if commercial shipments were involved and commercial practices and commercial rate levels were used. Prevailing commercial practice is to use spread of dates for delivery. If the shipment arrives within the spread, SIT begins on date of arrival. If the shipment arrives ahead of the spread, SIT commences on the first day of the spread.

Position. MTMC does not agree and will retain the requirement that SIT charges at destination will not commence prior to the first work day following the agreed upon RDD or the offered delivery date when later than the RDD. The RDD will be established and mutually agreed to between the contractor and customer during the movement counseling. This direct personal interface between the contractor and customer will encourage open communication and realistic RDDs can be established. This will also allow the contractor to more efficiently utilize his resources. MTMC realizes spread dates are a commercial business practice; however, we believe the use of spread dates should be at the discretion of the customer. MTMC does not object to use of spread dates if agreed to by the customer. If the shipment arrives within the spread and delivery cannot be coordinated, SIT begins from expiration of the time provided for transportation services at destination. If the shipment arrives ahead of the spread, then SIT will start on the first day of the spread. Our desire to limit SIT is not based on considerations associated with the cost of SIT. Rather, we hope to limit unnecessary handling of the HHGs and thereby reduce the incidence of damage.

(80) *Industry:* A single daily SIT charge, based on a 100 pound minimum, which includes warehouse handling, storage, and drayage to/from the SIT facility is not appropriate and not prevailing commercial practice. When a shipment is placed into storage, a large percentage of the charges are incurred from unloading the truck and handling the shipment. That is why the tariff contains a warehouse handling charge and a higher first-day SIT charge. The charges for additional days are lower because the costs involved with actual storage are much lower than the first day. The Government would save money by continuing this practice. Other alternatives include minimum 30-day storage period with separate warehouse handling and delivery charges or separating the SIT charge from the warehouse handling/drayage charge. These alternatives would ensure

sufficient revenue is generated to pay for administrative and operational costs.

Response: MTMC partially agrees and has modified Attachment 3 to read "Charges for this service will be based on the net weight of property stored in transit, subject to a 500# minimum." MTMC recognizes charges associated with warehouse handling and drayage differ from those associated with the actual storage of the property. Accordingly, a modification also has been made which allows the Contractor to submit a SIT charge which applies for each 15-day period of storage or fraction thereof and a warehouse handling/drayage charge. These two charges will be submitted separately and considered in the price area during the source selection evaluation process.

(81) *Industry:* A 100 mile radius for delivery out of SIT at no additional charge is not a commercial practice as well as an excessive requirement.

Response: MTMC agrees and has reduced the requirement. The requirement has been reduced to the contractor being responsible for direct deliveries and deliveries from SIT within a 50 mile radius of the original destination at no additional charge. The contractor will be compensated for direct deliveries and deliveries from SIT within the AOR that are more than 50 miles from the original destination. Attachment 3, of the draft solicitation, will specify these provisions.

3.4.2 Flat Service Charge

(82) *Industry:* The Flat Service Charge is not a commercial business practice. The charge is stated on a per hour basis and the per hour amount includes all labor, mileage, and vehicle use. Accessorial services involving labor are billed in the commercial marketplace on a per man, per hour basis. The number of personnel required to perform a service varies depending on the size of a shipment. Therefore, it is difficult to construct a rate which would compensate the service provider equitably. Recommend changing this service to include billing on a per hour, per man, basis. In addition, a separate flat service charge should be solicited for HHG and UB because the equipment and manpower for each is vastly different.

Response: MTMC does not agree. The per man approach complicates the verification and billing process. MTMC believes industry can construct a rate based on the average number of personnel required to perform the services specified.

3.4.2.3 Extra Pickup and/or Delivery

(83) *Industry:* Extra pickup and/or delivery requirements are not commercial business practices. The contractor should be compensated for any extra pickup or delivery, not just more than one. The 75-mile radius is excessive and should be changed to 50 miles.

Response: MTMC recognizes requiring the contractor to perform the first extra pickup or delivery outside a 75-mile radius from the first pickup point may be excessive. Accordingly, the 75-mile radius has been changed to 50 miles. MTMC believes those accessorial services which are routinely ordered should be included in the SFR. This will ease the program administration and execution.

3.4.2.6 Partial Withdrawal From Sit

(84) *Industry:* Application of the flat service charge is not realistic. The definition of this charge includes the use of trucks and mileage. Removal of a shipment from storage in a warehouse and sorting items is completely different in nature. A charge based on labor per hour, per man should apply to ensure service providers are equitably compensated.

Response: The Flat service charge is a labor charge which includes the sorting of items.

(85) *Industry:* Customer presence in the warehouse during sorting may pose insurance problems.

Response: Should such presence require additional cost to the carrier, MTMC would expect that to be addressed in the carrier's SFR. The option which allows the customer or PPSO to be present at the contractor's facility during sorting and removal of the partial withdrawal from SIT has been retained. The customer or PPSO presence will minimize claims disputes because of the actual observation and should therefore protect the contractor and the customer by eliminating speculation over mishandling.

3.4.2.7 Waiting Time

(86) *Industry:* Free waiting time should be limited to 2 hours for both domestic and international.

Response: MTMC agrees that 4 hours free waiting on domestic shipment is excessive, and has reduced the requirement to 2 hours. However, do not agree on reducing free waiting time on international shipments from the 24 hours initially established in the draft requirements document. The majority of international shipments go into agent facilities first. Consequently, driver time will typically not be lost as a result of

the 24 hours of free waiting time on international shipments because the shipment will most likely already be stationed in an agent's facilities.

3.4.5 Third Party Service

(87) *Industry:* Commercial practice allows the contractor to add a percentage to the cost incurred for the process of handling and funding the transaction. Normal add-ons are in the 10 percent range and this provision should be incorporated into this item.

Response: MTMC disagrees and retains the requirement that the contractor will be reimbursed actual charges. Historically, a third party invoice which sets both the services rendered, charges and basis thereof must accompany the contractor billing. We do not intend to change that practice from the commercial practice in effect throughout the U.S.

Schedule A—Rate Sample

(88) *Industry:* The sample needs to be expanded to include the charges at both origin and destination for all services. Because of the requirement that prevailing wage scales be utilized in all areas, there will be vast differences in the charges.

Response: MTMC agrees and recognizes costs vary significantly by geographic area. Therefore, Schedule A has been modified to allow contractors to submit separate accessorial charges for SIT services, Flat Service, and special crating for each origin rate area within a region.

(89) *Industry:* The proposed rate sample contemplates only one rate for commercial/military air for HHG and UB. The same SFR cannot apply to those shipments moving either commercial or military air.

Response: MTMC did not contemplate the same SFR applying for HHG and UB movement via commercial and military air. The contractor will be asked to submit a separate rate for commercial air—HHG and UB; and military air—HHG and UB. However, the contractor will be required to accept all commodities for movement upon contract award.

Attachment 9—Weight Additives

1.

(90) *Industry:* The only item that the draft requirements document provides additional compensation for are boats. A weight additives charges should apply for other commonly shipped bulky articles such as satellite dishes, hot tubs, etc., as spelled out in the current tariff item.

Response: MTMC does not agree. The costs associated with bulky articles

should be included in the SFR. In the current ITGBL program, costs for this service are included in the SFR.

1.3 Boats and Sailboats

(91) *Industry:* It is unreasonable to expect contractors to transport boats and/or similar items 14 feet and less at no additional cost. Boat charges should follow the commercial tariff. Also, the proposed provisions for boats over 14 feet but less than 25 feet presents serious problems for international shipments. Boats of this size will not fit in lift vans and must go inside the ocean container. The proposed weight additive factor for boats will not provide adequate revenues to cover significant expenses incurred in accommodating boats of this size. If boats are too wide to fit inside a ocean container they must be accommodated on racks. Ocean charges increase significantly if the boat extends beyond the sides of the rack since the boat occupies three ocean container spaces. Recommend boats 14 feet and over in length remain in the OTO program for international shipments.

Response: MTMC has modified the requirements document by adding a weight additive of 700 pounds for boats and sailboats less than 14 feet in length. Boat trailers less than 14 feet will have a weight additive of 1000 pounds. Boats, sailboats, and boat trailers 14 feet and over will be moved under the one time only (OTO) program. Canoes, skiffs, rowboats, dinghies, sculls, and kayaks 14 feet and over in length will have a weight additive of 700 pounds, while those less than 14 feet will be moved under a single factor rate with no weight additive. Other specifics of the requirements concerning boats will be released in the upcoming draft solicitation.

Attachment 10—Weigh/reweigh Procedures

(92) *Industry:* Current commercial practice is that there is no specific charge for a reweigh but the second weight is the billing weight, regardless of whether it is above or below the first weight. Since DOD shipments have a very high reweigh request rate, then the contractor should be compensated for reweighs.

Response: MTMC will require the contractor to incorporate reweighs in their single factor rate. Also, MTMC feels that the DOD as the single largest shipper should benefit from the best commercial practices available. Since the commercial practice is that no specific charge is associated with reweighs, then reweighs ordered by the government should also be conducted at

no additional cost to the Government. Further, MTMC, by requiring the lower of the two weights to be used as the transportation charge, is not modifying the program as it currently operates today. Finally, changing reweigh procedures so that the second weight is also the billing weight may adversely effect the members' entitlement to request reweighs.

7. Observation of Weighing

(93) *Industry*: Unless specifically requested by the PPSO or the customer, the contractor should not have to advise the PPSO or the customer of the time and specific location of every shipment weighing. This is an unnecessary administrative burden on the PPSO, the customer, and the contractor.

Response: MTMC agrees and has changed the language to read that "upon request" the contractor will, prior to weighing, advise the PPSO or the customer of the time and specific location of every shipment weighing. Also the PPSO or the customer will have the right to observe all weighing upon request and will be entitled to notice of the time and location of the weighing with sufficient time to exercise that right.

Gregory D. Showalter,

Army Federal Register, Liaison Officer.

[FR Doc. 96-8093 Filed 4-2-96; 8:45 am]

BILLING CODE 3710-08-M

Tender Filing Instructions for the Movement of Foreign Military Sales (FMS) Materiel

AGENCY: Military Traffic Management Command (MTMC), DOD.

ACTION: Notice.

SUMMARY: The Military Traffic Management Command's (MTMC) guidance to the carrier industry on how to submit unsolicited transportation rates (voluntary tenders) for the movement of FMS materiel is as follows:

Carriers who voluntarily agree to participate in FMS movements must submit a Standard Tender(s) of Freight Services MT Form 364-R numbered in the 300,000 series (300,000 to 399,999 inclusive) to apply to movement of FMS materiel only; numbered in the 400,000 series (400,000 to 499,000 inclusive) to apply to movement of both FMS and Department of Defense (DOD) materiel; and, numbered according to instructions contained in MTMC Standard Tender Instruction Publication No. 364 to apply to movement of DOD materiel only. Tender numbers must be consecutively numbered.

DATES: These instructions are effective April 3, 1996.

ADDRESSES: Headquarters, Military Traffic Management Command, ATTN: MTOP-T-SR, Room 629 5611 Columbia Pike, Falls Church, VA 22041-5050.

FOR FURTHER INFORMATION CONTACT: Ms. Teresa Schoppert, MTOP-T-SR, (703) 681-3440 or e-mail schoppet@baileys-emh5.army.mil.

SUPPLEMENTARY INFORMATION:

Historically, shipments of FMS have moved using public tariff rates only. The Interstate Commerce Commission Termination Act of 1995 (Public Law 104-88) abolished the Interstate Commerce Commission, and the Trucking Industry Regulatory Reform Act of 1994 (Public Law 103-311) repealed the requirement that motor carriers (other than carriers of household goods) publish and file a tariff and access rates contained in that tariff. As a result, tariffs are no longer filed by carriers with a regulatory agency, and there is, accordingly, no legal requirement that carriers apply a tariff rate to FMS traffic. MTMC will now accomplish movement of FMS materiel by the use of tenders (MT Form 364-R). Carriers wishing to voluntarily offer rates for these movements should follow the guidelines published herein. Gregory D. Showalter,

Army Federal Register, Liaison Officer.

[FR Doc. 96-8056 Filed 4-2-96; 8:45 am]

BILLING CODE 3710-08-M

Corps of Engineers

Intent To Prepare a Draft Supplemental Environmental Impact Statement (SEIS), Operation and Maintenance, Arkabutla Lake, Enid Lake, Grenada Lake, and Sardis Lake, MS; Addressing Yalobusha River, Above Grenada Lake

AGENCY: U.S. Army Corps of Engineers, Vicksburg District, DOD.

ACTION: Notice of Intent.

SUMMARY: The purpose of the proposed action is to reduce flood damage potential, sedimentation, and erosion of the Yalobusha River by restoring channel capacity upstream of the Grenada Lake flood control reservoir. The project includes the Yalobusha River within the U.S. Army Corps of Engineers Grenada Lake project boundary, near Calhoun City, Mississippi.

FOR FURTHER INFORMATION CONTACT: Mr. Stuart C. McLean (601) 631-5965, CELMK-PD-Q, 2101 North Frontage Road, Vicksburg, Mississippi 39180-5191.

SUPPLEMENTARY INFORMATION:

1. Authority for the work is contained in the Flood Control Act of 1936, as amended by the Flood Control Act of 1946 and subsequent Acts. Specific authorization for Yalobusha River channel maintenance is contained in the SR 104-120, 29 July 1995.

2. The range of alternatives to be considered include no action, acquisition of lands subject to flooding, and various options for restoring channel capacity.

3. a. Significant issues tentatively identified include bottom-land hardwood/wetlands, waterfowl, fisheries, water quality, cultural resources, and socioeconomic conditions. Additional environmental requirements may be identified during the scoping process.

b. The Environmental Protection Agency; U.S. Fish and Wildlife Service; Mississippi Department of Wildlife, Fisheries and Parks; Mississippi Department of Environmental Quality; and Natural Resource Conservation Service will be invited to participate as cooperating agencies.

c. The scoping process is scheduled to begin in March 1996. Public notices, containing a description of the proposed project, will solicit input as to the scope of issues to be addressed in the Draft SEIS. All affected Federal, state, and local agencies and other interested private organizations and parties will be invited to participate.

4. A Draft SEIS will be available for review by the public during FY 97.

Gregory D. Showalter,

Army Federal Register Liaison Officer.

[FR Doc. 96-8052 Filed 4-2-96; 8:45 am]

BILLING CODE 3710-PU-M

Department of the Navy

Notice of Proposed Information Collection; Naval Sea Systems Command

SUMMARY: In compliance with section 3506(c)(2)(A) of the Paperwork Reduction Act of 1995, the Naval Sea Systems Command announces the proposed reinstatement of a previously approved public information collection and seeks public comment on the provisions thereof. Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed information collection; (c) ways to enhance the quality, utility, and