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REPORT TO THE SUBCOMMITTEE
ON MANPOWER AND CIVIL SERVICE
COMMITTEE ON POST OFFICE
AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES

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Cost Of Using Civil Service Versus
Contract Labor For Loading Containers
At The Military Ocean Terminal,
Bayonne, New Jersey B-171695

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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JAN. 25, 1977



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-171695

R Dear Mr. Chairman:

This is our report on the cost of using civil service versus contract labor for loading containers at the Military Ocean Terminal, Bayonne, New Jersey. The work was done pursuant to your request of December 29, 1970.

C2+R2 Senator Clifford P. Case requested a similar cost study, and today we are sending him a copy of this report.

Several other members of Congress have expressed an interest in this matter, and, with your approval, we will furnish them with copies of this report within the next few days.

Sincerely yours,

Comptroller General
of the United States

CIF
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The Honorable David N. Henderson
Chairman, Subcommittee on
Manpower and Civil Service
Committee on Post Office and Civil Service H 2903
House of Representatives

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ABBREVIATIONS

DOD Department of Defense

GAO General Accounting Office

MOTBY Military Ocean Terminal, Bayonne, New Jersey

MIMTS Military Traffic Management and Terminal Service

COMPTROLLER GENERAL'S REPORT
TO THE SUBCOMMITTEE ON MANPOWER
AND CIVIL SERVICE,
COMMITTEE ON POST OFFICE
AND CIVIL SERVICE,
HOUSE OF REPRESENTATIVES

COST OF USING CIVIL SERVICE VERSUS
CONTRACT LABOR FOR LOADING
CONTAINERS AT THE MILITARY OCEAN
TERMINAL, BAYONNE, NEW JERSEY
B-171695

D I G E S T

WHY THE REVIEW WAS MADE

Responding to complaints received from civil service employees concerning increased use of contract labor to load cargo into containers at the Military Ocean Terminal, Bayonne, New Jersey, the Subcommittee on Manpower and Civil Service, Committee on Post Office and Civil Service, House of Representatives, reviewed the matter with officials of the Military Traffic Management and Terminal Service. These officials furnished the comparative costs of using the two types of labor. (See p. 3.)

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Upon receipt of what was considered contradictory cost information, the Chairman of the Subcommittee asked the General Accounting Office (GAO) to audit the costs of using contract versus civil service labor at Bayonne. (See p. 3.)

FINDINGS AND CONCLUSIONS

The comparative costs furnished to the Subcommittee by the Military Traffic Management and Terminal Service are not accurate. Detailed analysis of the pertinent costs for both work forces showed that the cost of the civil service operation was \$6.12 a ton, significantly less than the \$8.19 reported by the Service. Contractor cost, on the other hand, was \$6.40 a measurement ton, not \$6.05 as computed by the Service. (See p. 6.)

The Service made errors in its computations, not only in the costs but also in the work-load statistics used to determine per-measurement-ton costs. (See p. 6.)

Officials of the Service generally agreed with the results of GAO's comparison, but the Department of Defense (DOD) was not asked to comment on the draft of this report. (See p. 6.)

In addition to requesting cost data, the Subcommittee requested information concerning other aspects of the container-loading activities at Bayonne. (See p. 10.) They were

--a recent change in work load (see p. 10);

--a new stevedoring contract (see p. 10);

- average age of, and usage of sick leave by, civil service employees (see p. 11);
- productivity of civil service versus contract labor (see pp. 11 and 12);
- supervision of contract stevedores (see p. 12);
- equipment usage (see p. 16);
- staffing for peak loads (see p. 16);
- use of cargo handlers for non-cargo-handling tasks (see p. 17); and
- pilferage (see p. 17).

CHAPTER 1

INTRODUCTION

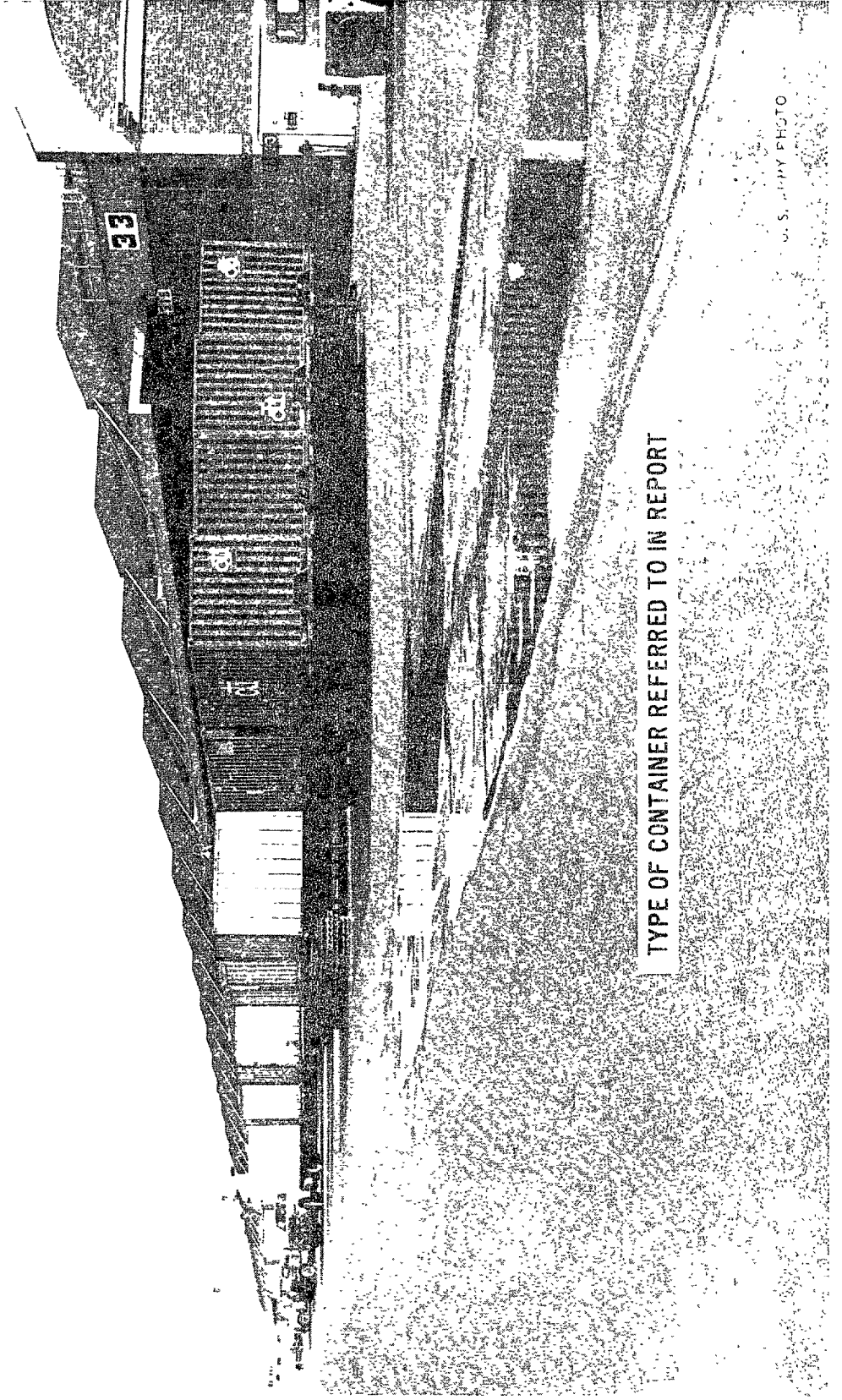
In April 1966 the Department of Defense started shipping military freight to Europe in containers through the Military Ocean Terminal in Brooklyn, New York. At that time the Terminal was handling about 50 containers a week. Operations were moved to the Military Ocean Terminal, Bayonne, New Jersey (MOTBY), in December 1966, and at that time the work load had increased to 100 containers a week. By mid-1968 MOTBY was handling 200 containers a week. The type of container referred to in this report is shown in the picture on page 5.

Between December 1966 and May 1968, the loading of containers was done exclusively by civil service labor. Although the container activities were increasing, MOTBY officials were informed by Headquarters, Military Traffic Management and Terminal Service (MTMTS), that additional civil service positions would not be forthcoming. Consequently in May 1968 MOTBY expanded the then-existing stevedoring contract with the International Terminal Operating Co., Inc., to provide the additional labor required. From January through March 1971, this contractor handled 64 percent of the work load.

Responding to complaints received from civil service employees adversely affected by the conversion from in-house to contractor labor, the Subcommittee on Manpower and Civil Service, Committee on Post Office and Civil Service, House of Representatives, reviewed with officials of MTMTS the cost of loading general cargo into containers at MOTBY. The Subcommittee staff was advised that the cost of loading a measurement ton of general cargo at MOTBY using civil service employees was \$8.19 and that the cost of using contract labor was only \$6.05. The staff was advised also that the cost of contract labor was \$7.33 an hour compared with \$4.95 an hour for civil service employees.

In view of the rather contradictory information obtained from MTMTS, the Chairman of the Subcommittee requested the General Accounting Office to make an audit of comparative costs of using contract labor and civil service labor at MOTBY. (See app. I.)

Our cost comparison was based on an analysis of costs charged to the MOTBY activity cost codes concerned with the container loading operation plus an allocation of certain general terminal expenses identified by MTMTS officials as being appropriate for allocation to the container operation. These were the same cost factors used by MTMTS in the cost comparison it made at the request of the Subcommittee. As agreed to with your staff, we did not attempt to compute and include certain other cost factors that usually are considered when comparing the value of a civil service operation with that of a contractor operation, such as estimated Federal corporate tax revenues foregone and unfunded civil service retirement costs.



U.S. ARMY PHOTO

TYPE OF CONTAINER REFERRED TO IN REPORT

CHAPTER 2

CONTAINER OPERATION COSTS

COMPUTED BY MTMTS INACCURATE

The per-measurement-ton costs computed by MTMTS--\$8.19 for the civil service operation and \$6.05 for the contract labor operation--do not accurately represent the costs for the respective work forces. Our detailed analysis of all pertinent costs for both work forces showed that, during the period July through October 1970, the per-measurement-ton cost using civil service labor was \$6.12 and that the cost using contract labor was \$6.40.

We found that MTMTS, in computing the relative costs, had made errors in its computations. The stated civil service costs were high because inappropriate charges had been included in the computations, while stated costs applicable to the contractor operations were low because certain costs of contractor operations had not been included in the computations. We found also that the productivity or work-load statistics used by MTMTS to determine the per-measurement-ton cost were inaccurate.

The propriety of our recomputation of costs generally was acknowledged by officials of MTMTS, but DOD was not asked to comment on the draft of this report.

CIVIL SERVICE COSTS OVERSTATED BY MTMTS

Our analysis of pertinent cost data showed that MTMTS in its computation had overstated the cost of the civil service operation by \$2.07 a measurement ton. Instead of \$8.19, as reported by MTMTS, we found that the cost was only \$6.12 a measurement ton. Our independent inquiries, computations, and allocations resulted in the following adjustments to the MTMTS computation.

1. Costs of \$258,888, generated by a division primarily responsible for break-bulk (noncontainerized) cargo and improperly included by MTMTS, were eliminated.

2. Equipment Division costs applied to the Container Division at predetermined or estimated rates were increased by \$44,732 to reflect actual costs.
3. Container and Equipment Division labor costs of \$167,949 were applicable to the receiving, rehandling, and transfer of cargo and allocated to those operations by us. These costs originally were charged entirely to the container stuffing operation by MTMTS.
4. Civil service labor and equipment usage costs of \$35,197 incurred in support of contractor operations, improperly charged by MTMTS to the civil service operation, were allocated by us to the contractor operation.
5. Container Division administrative costs in the amount of \$81,172, applicable to contractor stuffing operations, tenant activities, and containers stuffed at commercial piers, were identified and distributed to these operations.
6. Terminal overhead cost allocations for space, maintenance and repair of facilities, and documentation, which were allocated to the container stuffing operations on the basis of measurement tons stuffed, were recomputed using corrected measurement ton figures, and the allocation to the civil service operation was reduced by \$13,341.
7. Costs of \$43,984 for positioning empty and removing full containers were identified and allocated between civil service and contractor operations in the amounts of \$23,425 and \$20,559, respectively, on the basis of the number of containers stuffed by each.
8. Equipment usage costs (maintenance, rental, and supplies) of \$61,642 were allocated to the receiving, rehandling, transfer, and stuffing operations on the basis of Container Division direct labor hours charged to these operations.

The effect of these adjustments is shown in our recomputation of costs in appendix II. The various adjustments in the recomputation are keyed to the narrative above.

In addition to making the cost adjustments, we made several changes in the tonnage figures used by MTMTS in its computation. These changes are also included in appendix II.

CONTRACTOR COSTS UNDERSTATED BY MTMTS

In recomputing the contractor's costs, we found that MTMTS had understated the cost by 35 cents a measurement ton. We determined that the per-measurement-ton contract cost was \$6.40--not \$6.05.

We found certain costs and credits applicable to the contractor operations that had not been considered by MTMTS. Following is a resume of the adjustments which we believe are necessary to make the MTMTS computation accurate.

1. The amounts used in determining the cost for receiving, transferring, and stuffing at the commodity rate (a stipulated rate per measurement ton) did not include all pertinent contractor charges for the period. Further analysis of payment vouchers identified \$78,329 additional in such charges.
2. Payments of \$32,719 made to the contractor for receiving, transferring, and stuffing containers on an extra-labor or hourly-rate basis were added.
3. Reimbursements to the contractor for detention, minimum and travel time, overtime differential, premium meal hour, equipment rental, and other charges, amounting to \$55,093, were added.
4. A portion of the Container Division administrative costs plus civil service labor and equipment usage costs applicable to the contractor's operation, amounting to \$60,639, were added. See adjustments to items 4 and 5 under civil service costs on page 7.
5. We identified costs of \$20,559 for positioning and removing containers for the contractor. Since MTMTS had charged the contractor \$9,530 for this operation, we added \$11,029 to the amount charged the contractor. See adjustment to item 7 under civil service costs on page 7.

6. We recomputed the total cost for space, maintenance and repair of facilities, and documentation, using corrected measurement tons handled, and eliminated the estimated contractor wage increase which was not in effect during the period of our review. This resulted in a reduction of \$23,369.
7. A reduction to the Government of 10.3 percent of the contract price, or \$61,158, which occurred subsequent to the MTMTS computation, was deducted.

The effect of these adjustments is shown in our recomputation of costs which is included as appendix III. The adjustments are keyed to the above narrative.

We also adjusted the productivity figures used by MTMTS to reflect the actual tonnage received, handled, transferred, and stuffed during the period. (See app. III, p.21, items 1 and 2.)

CHAPTER 3

OTHER RELATED MATTERS

In addition to requesting the cost data, the Chairman of the Subcommittee on Manpower and Civil Service requested information on the following matters related to the civil service and contractor container-loading activities at MOTBY.

CHANGE IN WORK LOAD

Effective January 4, 1971, container loading of all Army and Air Force Exchange cargo was consolidated in the civil service warehouse and the contractor handled all other cargo.

As requested, we ascertained the costs by each work force subsequent to this consolidation. We computed the per-measurement-ton cost for the month of February 1971 to be \$5.82 for the civil service labor operation and \$8.84 for the contract labor operation.

Our analysis of cost data showed that the reduction in civil service cost was due, in part, to the use of less overtime and increased productivity because Exchange Service cargo involved fewer consignees and more palletized cargo. The increase in the contract labor cost was due, in part, to the payment of extra-labor (per hour) rates for work performed at one of the two contractor warehouses and to an International Longshoreman Association wage increase.

It is apparent that the type of cargo handled by each work force has a direct bearing on its productivity and cost.

NEW STEVEDORING CONTRACT

Effective April 1, 1971, a new stevedoring contract (DAHC21-71-D-0188) for MOTBY was awarded to International Terminal Operating Co., Inc., the recipient of the prior contract (DAHC21-69-D-0089).

Actual cost data for the new contract was not available at the time of our review. Our computations of the estimated

average per-measurement-ton commodity rates for the container-loading operation under the new contract and under the prior contract were \$4.96 and \$4.88, respectively.

The cost of positioning and moving containers for the contractor-occupied warehouses, a function formerly performed by civil service employees, is included in the per-measurement-ton commodity rate cost of stuffing and is now the responsibility of the contractor.

Also certain costs (such as minimum time and detention time) paid to the contractor under the prior contract, over and above the commodity rate, should be minimal under the terms of the current contract, because such costs will be paid to the contractor infrequently. Work performed at higher extra-labor rates in one of the two contractor-occupied warehouses under the prior contract is being performed at lower commodity rates under the current contract. Therefore under the current contract these costs should be less.

Notwithstanding the slightly higher estimated average per-measurement-ton commodity rate under the new contract, the factors cited should tend to result in a lower per-measurement-ton cost of container loading by the contractor than that under the previous contract.

AGE OF CIVIL SERVICE EMPLOYEES

The average age of the civil service employee engaged in container-loading operations is 51 years, while that of his contractor counterpart is 43 years.

During calendar year 1970 civil service employees used an average 105 hours of sick leave.

PRODUCTIVITY

Our analysis of the number of measurement tons of cargo handled on a man-hour basis indicated that, during the period July through October 1970, the contractor was more productive in the receiving and stuffing activities while the

civil service work force was more productive when engaged in transferring. MOTBY officials attributed the lower productivity of the civil service work force in the two areas to the following reasons:

1. Lack of forklift operators--The civil service work force consistently received fewer forklift trucks than required. Equipment Division officials indicated that, due to retirements and to the termination of temporary employees' jobs, they did not have sufficient forklift operators to dispatch all the forklift trucks needed by the Container Division.
2. Lack of incentive--Unlike contract employees who may be permitted by the contractor to leave after stuffing a predetermined number of containers regardless of the number of hours worked, civil service employees must remain for the full 8-hour workday.
3. Type of cargo handled--In general, the contractor had better balanced or "clean" cargo that was easier to handle during the 4-month period, as well as a higher percentage of cargo secured to pallets by the vendors. Pictures contrasting the loading of loose and palletized cargo follow on pages 14 and 15.

The contractor also handled large volumes of light cargo destined for relatively few consignees, whereas the civil service work force for the most part handled large volumes of heavier cargo for many consignees.

SUPERVISION OF CONTRACT STEVEDORES

Direct supervision of contract employees is done by contract officials, such as foremen, assistant foremen, or supervisors. A daily warehouse labor force may range between 58 and 74 men, including a foreman and an assistant foreman.

The Container Division at MOTBY, both currently and during the 4-month period reviewed, assigned about four civil service employees on a daily basis to each of the contractor-occupied warehouses to monitor the work done and to ensure performance in accordance with Government regulations. The

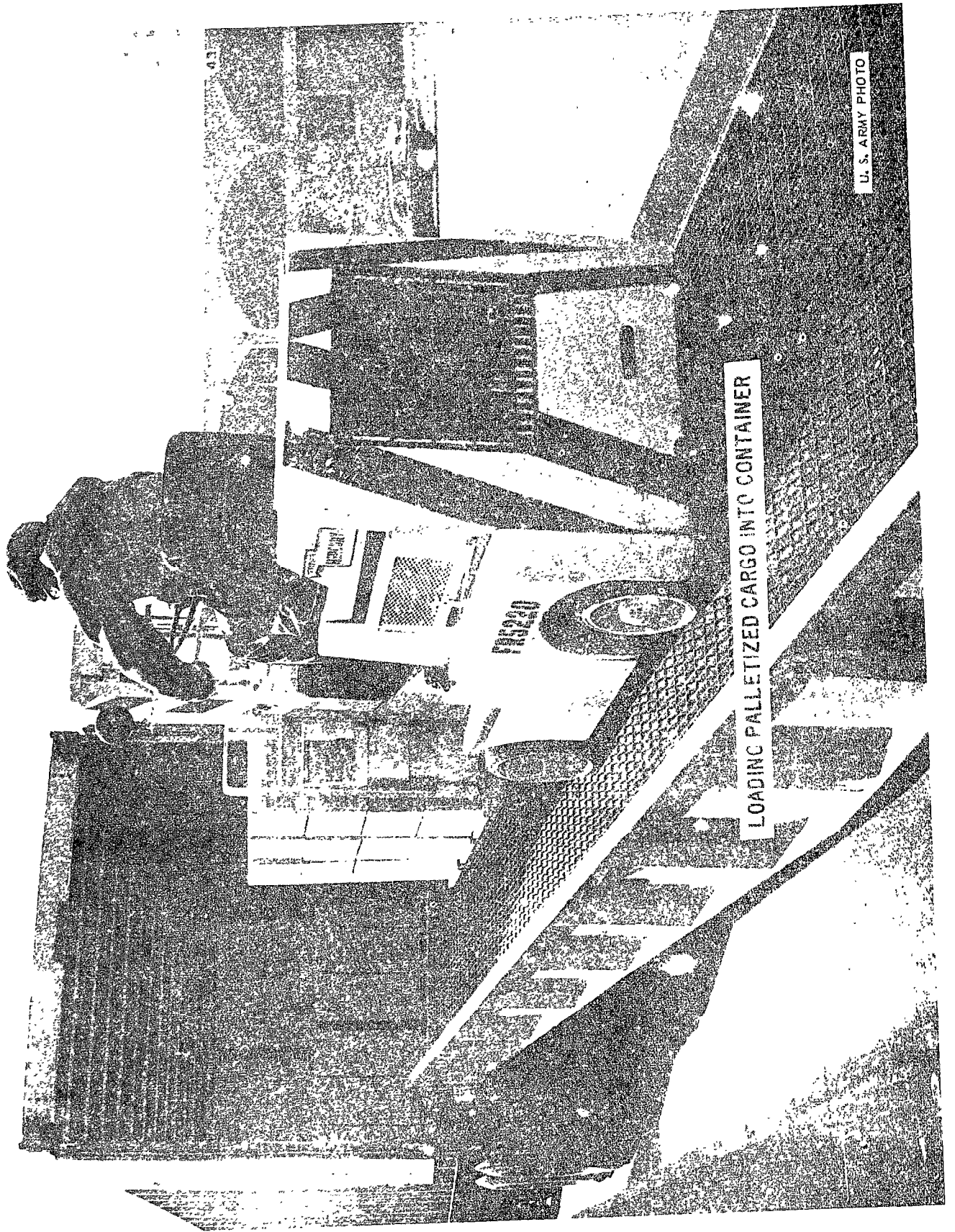
civil service employees, however, do not have direct jurisdiction over contractor employees.

These civil service employees also oversee various aspects of container operations, performing such functions as spot-checking container utilization, reviewing pertinent documentation, and checking loading lists for accuracy. They also participate in determining the daily number of contractor employees required in each of the contractor-occupied warehouses.



U. S. ARMY PHOTO

LOADING LOOSE CARGO INTO CONTAINER



U. S. ARMY PHOTO

EQUIPMENT USAGE

The contractor furnished all forklift trucks necessary for contractor-assigned container-stuffing operations. MOTBY provides space for the maintenance and storage of this equipment. The cost of such contractor-furnished equipment is included in the total per-measurement-ton cost of receiving, transferring, and stuffing containers at the overall commodity rate and therefore is not identifiable as a separate element of cost.

We discussed the type of equipment utilized by each labor force with representatives of both MOTBY and the contractor. In addition, we physically observed the equipment in operation. We have concluded that the equipment currently utilized by both civil service and contractor employees in the container-loading activity is comparable and that it is suitable for loading containers. We noted nothing to indicate that similar conditions did not prevail during the 4-month period reviewed.

It also should be noted that warehouse tractors used for transferring cargo between civil service and contractor-occupied warehouses are Government owned and are operated by civil service employees. The cost to operate these vehicles was charged to the civil service operation by MTMTS in its per-measurement-ton cost computations. The truck tractors used for positioning and removing all containers during the 4-month period were Government owned and civil service operated. The cost to operate these vehicles was charged also to the civil service operation. In our recomputation of respective per-measurement-ton costs, we allocated these costs to both civil service and contractor operations on the basis of utilization.

STAFFING FOR PEAK LOADS

We found that, in instances of heavy cargo volume, civil service employees worked overtime and that the contractor either added employees at straight time or utilized its employees on overtime. The overtime expense incurred by the civil service work force necessarily increased the cost of container-loading operations. Under the provisions of the contract, overtime charges incurred by the contractor are

reimbursed by the Government. Such charges increase container-loading costs.

USE OF CARGO HANDLERS FOR
NON-CARGO-HANDLING TASKS

Although civil service tractor operators, checkers, forklift operators, timekeepers, and supervisory employees do not perform non-cargo-handling duties, civil service laborers may perform such duties. We noted that the man-hours devoted to these duties and to all other nonproductive duties were charged to one of the cargo-handling operations (receiving, transferring, or stuffing) and therefore were included in the per-measurement-ton cost of receiving, transferring, and stuffing general cargo. Data concerning such nonproductive time and the attendant cost incurred during the 4-month period studied were not available at the time of our review. We therefore could not determine the effect of these nonproductive activities on the per-measurement-ton cost of loading cargo.

In accordance with contract terms, the policing of contractor-occupied warehouses is the responsibility of the contractor. We were advised by MOTBY and contractor representatives that the contractor hired janitorial employees to perform housekeeping functions and that cargo-handling employees were not used to perform these duties. The costs for these janitorial services are absorbed by the contractor as an operating expense.

PILFERAGE

Information obtained from MOTBY officials and from available documentation indicated that, during the period covered by our review, cargo losses classified as pilferage and identified with Container Division warehouses amounted to about \$2,176. Further inquiries showed that these losses had not been included in the per-measurement-ton costs for loading containers. We agree that it is appropriate not to include such costs because, although these losses can be identified with warehouses manned by these respective labor forces, the losses have not been related directly to the activities of members of either labor group.

CHAPTER 4

SCOPE OF REVIEW

Our review included an examination of pertinent records and documents; observations of activities; and discussions with responsible transportation officials and representatives of the International Terminal Operating Co., Inc., the American Federation of Government Employees, and the National Federation of Federal Employees.

We did work at the following locations.

- Military Ocean Terminal, Bayonne, New Jersey.
- Headquarters, Military Traffic Management and Terminal Service, Falls Church, Virginia.
- Headquarters, Eastern Area Military Traffic Management and Terminal Service, Brooklyn, New York.

NINETY-FIRST CONGRESS

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U.S. House of Representatives

SUBCOMMITTEE ON MANPOWER AND CIVIL SERVICE

OF THE

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Washington, D.C. 20515

December 29, 1970

Honorable Elmer B. Staats
Comptroller General of the United States
United States General Accounting Office
Washington, D. C. 20548

Dear General:

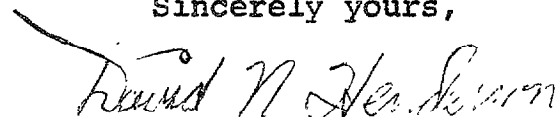
For several months this Subcommittee has been reviewing with officials of the Military Traffic Management and Terminal Service in specific terms the cost of loading general cargo in vans at the agency's Bayonne, New Jersey facility.

Recently our staff was advised that the cost of loading a measurement ton of general cargo at the Bayonne facility, using Civil Service employees was \$8.19; whereas, using contract labor the cost was \$6.05. In turn, we were told by MTMTS officials that the cost of contract labor is \$7.33 an hour as compared to \$4.95 an hour for Civil Service employees.

In view of these rather contradictory statements, I would appreciate your office making an audit of comparative labor costs at Bayonne, contract versus Government labor. Our Subcommittee staff has considerable data which we will gladly furnish your staff.

With continued best wishes, I am

Sincerely yours,



David N. Henderson
Chairman

APPENDIX II

SC EDLLE SUMMARIZING GAO ADJUSTMENTS TO
 MMTS COMBINATION OF THE COST TO STUFF A MEASUREMENT TON
 OF CARGO BY CIVIL SERVICE LABOR AT MOTBY

	Equipment usage	Receiving, rehandling, and transferring	Stuffing	Other	Total
COSTS FURNISHED BY MMTS	\$147,243 ^a	\$199,990 ^b	\$506,284 ^b	\$ 73,602	\$927,119
Adjustments:-					
1. To eliminate costs generated by a division responsible for break-bulk (noncontainerized) cargo and improperly included by MMTS	-58,898	-199,990	-	-	-258,888
2. To adjust Equipment Division costs applied to the Container Division at predetermined rates to actual costs	-8,356	-	-	-	44,732
3. To allocate Container and Equipment Divisions labor to the receiving, rehandling, and transferring operations	-	167,949	-167,949	-	-
4. To eliminate civil service labor and equipment usage costs applicable to contractor operations	-3,956	-	-31,241	-	-35,197
5. To eliminate Container Division administrative costs and to allocate these costs to civil service, contractor operations, and other activities	-	-	-81,172	30,882	-50,290 ^c
6. To adjust other overhead costs	-	-	-	-13,341	-13,341
7. To allocate costs for positioning and removing containers between civil service and contractor operations	-14,391	-	-29,593	23,425	-20,559
8. To reallocate adjusted equipment usage costs (maintenance rental supplies) to the receiving, rehandling, transferring and stuffing operations	-61,642	23,547	38,095	-	-
9. To adjust for costs lost through rounding	-	-	677	-	677
Adjusted costs used by GAO to recompute per-measurement-ton rate	\$ --	\$191,496	\$288,189	\$114,568	\$594,253

GAO ADJUSTMENTS TO PRODUCTIVITY FIGURES USED BY MMTS

	MEASUREMENT TONS USED BY MMTS TO COMPUTE PER-MEASUREMENT-TON COST				
MEASUREMENT TONS USED BY MMTS TO COMPUTE PER-MEASUREMENT-TON COST	113,263	113,263	113,263	113,263	-
Adjustments:					
1. To eliminate measurement tons stuffed during June 1970 improperly included by MMTS	-	-	-24,682	-24,682	-
2. To adjust figure to measurement tons received, rehandled, and transferred during the period	-	7,667	-	-	-
3. To eliminate measurement tons used to compute equipment usage rate, since these costs are now included in receiving, rehandling, transferring, and stuffing costs	-113,263	-	-	-	-
Productivity used by GAO to recompute per-measurement-ton rate	-	120,930	88,581	88,581	-

RECOMPUTATION OF PER-MEASUREMENT-TON COSTS

MMTS COMPUTATION:					
Costs	\$147,243	\$199,990	\$506,284	\$ 73,602	\$927,119
Tonnage	113,263	113,263	113,263	113,263	-
Rate	\$1.30	\$1.77	\$4.47	\$0.65	\$8.19
GAO COMPUTATION:					
Costs	-	\$191,496	\$288,189	\$114,568	\$594,253
Tonnage	-	120,930	88,581	88,581	-
Rate	-	\$1.58	\$3.25	\$1.29	\$6.12

^aIncludes \$12,460 allocated for positioning and removing containers.

^bIncludes premium pay.

^cIncludes \$25,442 Container Division administrative costs allocated to the contractor and \$24,848 allocated to tenant activities and containers stuffed at commercial piers.

SCHEDULE SUMMARIZING GAO ADJUSTMENTS TO
MIMTS COMPUTATION OF THE COST TO STUFF A
MEASUREMENT TON OF CARGO BY CONTRACT LABOR AT MOTBY

	Receiving, rehandling, and transferring	Stuffing	Other	Total
COSTS FURNISHED BY MIMTS	\$168,080	\$259,545	\$ 96,169 ^a	\$523,794
Adjustments:				
1. To adjust costs to reflect all commodity-rate costs incurred for the container-stuffing activity for the period	63,187	15,142	-	-
2. To include costs of contract labor on an extra-labor or hourly-rate basis not included by MIMTS	26,657	6,062	-	32,719
3. To include other contract costs, such as detention, minimum travel time, overtime differential, and other miscellaneous charges not included in MIMTS computation	49,418	5,675	-	55,093
4. To charge contractor operations with applicable civil service labor and equipment usage costs and with the applicable portion of Container Division administrative costs	23,240 ^b	11,957 ^b	25,442	60,639
5. To adjust cost allocated to contractor for positioning and removing containers	-	-	11,029 ^c	11,029
6. To adjust other overhead costs and to eliminate estimated International Longshoreman Association wage increase	-	-	-23,369	-23,369
7. To credit contract revenue by an estimated 10.3-percent reduction in the contract price	-31,656	-29,502	-	-61,158
Costs used by GAO to recompute per-measurement-ton cost	<u>\$298,926</u>	<u>\$268,879</u>	<u>\$109,271</u>	<u>\$677,076</u>

GAO ADJUSTMENTS TO PRODUCTIVITY FIGURES USED BY MIMTS

PRODUCTIVITY USED BY MIMTS TO COMPUTE PER-MEASUREMENT-TON COST	86,639	86,639	86,639	-
Adjustments:				
1. To adjust figures to include all measurement tons received, transferred, and stuffed at the commodity rate	32,696	4,922	4,922	-
2. To include measurement tons received, transferred, and stuffed at extra-labor rates	<u>8,680</u>	<u>1,510</u>	<u>1,510</u>	<u>-</u>
Measurement tons used by GAO to compute the per-measurement-ton cost	<u>128,015</u>	<u>93,071</u>	<u>93,071</u>	<u>-</u>

RECOMPUTATION OF PER-MEASUREMENT-TON COSTS

MIMTS COMPUTATION:				
Costs	\$168,080	\$259,545	\$ 96,169	\$523,794
Tonnage	86,639	86,639	86,639	-
Rate	\$1.94	\$3.00	\$1.11	\$6.05
GAO COMPUTATION:				
Costs	\$298,926	\$268,879	\$109,271	\$677,076
Tonnage	128,015	93,071	93,071	-
Rate	\$2.34	\$2.89	\$1.17	\$6.40

^aIncludes \$9,530 allocated to the contractor for positioning and removing containers and \$30,324 for estimated fiscal year 1971 International Longshoreman Association wage increase.

^b\$35,197 transferred from civil service costs and reallocated to these two functions.

^c\$20,559 less \$9,530 already included in costs furnished by MIMTS.