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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

NATIONAL SECURITY AND
INTERNATIONAL AFFAIRS DIVISION

DEC 20 1985

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Major General Harold I. Small
Commander
Military Traffic Management Command

Dear General Small:

Subject: Routing Small Shipments of Hazardous or Sensitive Cargo (GAO/NSIAD-86-34)

This report reflects our evaluation of actions taken by the Military Traffic Management Command (MTMC) in response to recommendations we made in an earlier report. Several problems remain and we are bringing them to your attention for corrective action.

On May 31, 1983, we reported on the practices followed by MTMC in routing shipments of hazardous and sensitive cargo for the Department of Defense (DOD).[1] The report focused on MTMC's procedures for choosing between motor carriers and air taxi companies to transport shipments of ammunition, explosives, and firearms weighing less than 1,000 pounds.

We questioned why MTMC routed the greater percentage of these shipments via trucks when the air taxis appeared to offer competitive service at a lower cost. We concluded that MTMC did not have all the data it needed to route these shipments properly and did not make the necessary cost comparisons as required by DOD routing policy. We recommended that MTMC obtain and use certain additional military installation and carrier performance data and make all the necessary cost comparisons before selecting a mode and carrier. We also recommended better public disclosure of shipping opportunities and maintenance of certain cargo distribution records.

MTMC agreed to review our recommendations, but did not agree totally with our findings.

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[1] Questionable Practices in the Selection of Transportation Services for Small Lots of Hazardous or Sensitive Cargo (GAO/PLRD-83-70, May 31, 1983).

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Subsequent to the issuance of our report, Senator Howard Baker, Jr., who had requested the earlier work, furnished us some more recent shipping records and asked us to determine whether MTMC was complying with the recommendations in our report. He asked our assistance in reviewing MTMC's carrier selection process and in determining whether MTMC was operating effectively and efficiently. Senator Baker's records covered several months in 1983. We reviewed these and additional records for 1984 and discussed the mode and carrier selection process with various MTMC, service, and DOD officials.

For the most part, MTMC has attempted to comply with our earlier recommendations. It obtained and is issuing additional installation shipping and receiving data. It is making and documenting cost comparisons. Also, it is making more disclosures of shipping requirements and maintaining additional distribution records. A particularly noteworthy improvement is the establishment of standard operating procedures assigning responsibilities and defining procedures for selecting carrier service on small shipments of ammunition, explosives, and weapons.

However, we found that MTMC's instructions, which installation transportation officers use to request routing advice from MTMC, and its guidelines, which the MTMC routing technicians use to make routing decisions, were sometimes incomplete, unclear, or not followed. As a result, some problems persist in the routing of small shipments of hazardous or sensitive cargo. These relate to

--Shippers' unchallenged palletizing of small shipments, which precluded use of the lowest cost air taxi service,

--MTMC's reliance on incomplete and conflicting information on the availability of air taxi landing fields, which eliminated air taxis from consideration,

--MTMC's use of questionable government-determined air taxi pickup and delivery costs, which made air taxi service appear to be the higher cost mode, and

--MTMC's inconsistent consideration of shipment time factors, such as transportation priority and required delivery date, which made air taxi service non-responsive.

To avoid future controversy, we recommend you (1) revise and expand MTMC instructions to shippers for submitting requests

for routing advice, (2) make sure MTMC guidelines call for certain challenge criteria on shippers' requirements, and (3) verify routinely that MTMC's own guidelines are followed. These instruction and guidelines should specifically

--Require shippers to certify the necessity for palletization when it is used on these small shipments,

--Provide for a requirement that information on air taxi landing fields be continuously updated and any discrepencies between the shippers' information and MTMC's information be resolved quickly,

--Require development and use of a MTMC-approved methodology for computing air taxi pickup and delivery costs which would result in a greater degree of consistency in the costs among installations and which would be available to the air taxi industry, and

--Define the term "required delivery date" as it is to be used in requesting routing advice and how it, along with the transportation priority, will be used in making the mode and carrier choice.

Details of our findings are contained in the enclosure.

We would appreciate your comments on the matters discussed in this report and we would like to be advised of any actions taken or planned in response to our recommendations.

We are sending copies of this report to Senator Gore (Senator Baker's successor). Copies are also being sent to the Secretary of Defense and to the Secretary of the Army.

Sincerely yours,

Henry W. Connor
Senior Associate Director

BETTER GUIDELINES NEEDED IN SELECTING CARRIERS FOR SMALL SHIPMENTS OF HAZARDOUS OR SENSITIVE CARGO

The Department of Defense (DOD) makes thousands of cargo shipments each day by commercial transportation companies. The decision of what mode and carrier to use is made by local military installation transportation officers or area commands of the Army's Military Traffic Management Command (MTMC).

Shipments of hazardous or sensitive cargo--generally the more hazardous classes of explosives and ammunition and various firearms and weapons--are routed by MTMC except in emergencies. Shipments from the eastern part of the United States are routed by technicians at MTMC's Eastern Area office at the Military Ocean Terminal, Bayonne, New Jersey. Technicians at MTMC's Western Area office at the Oakland Army Base, Oakland, California, route shipments from the western part of the country.

Small shipments of hazardous or sensitive cargo as referred to in this report are shipments weighing 1,000 pounds or less. Generally, DOD requires that these shipments be afforded certain protective services, such as armed guard service, enroute surveillance, or service requiring signed receipts . A typical shipment weights about 350 pounds and costs about $700. DOD spends from $3 million to $4 million a year for such transportation.

MTMC's routing technicians receive about 20 requests a day from installation transportation offices for routing instructions on small shipments of hazardous or sensitive cargo. The technicians can generally choose from two transportation modes--motor carriers (trucks) and air taxis (aircraft operators providing air freight service on request). Within the truck mode, five companies handle nearly all of DOD's traffic on a nationwide basis. Three air taxis handle the air taxi traffic.

Small shipments of hazardous and sensitive cargo often weigh no more than 50 pounds. The trucks usually handle these shipments in "dromedary" containers fixed on the back of the cab section of tractor-trailer trucks. Air taxis generally use small cargo aircraft having two engines and staffed by two crew members.

Truck charges for these shipments are generally based on a combination of distance and weight. Air taxi charges are based primarily on distance and vary according to the specific type of service requested. For example, "deferred service" is the least costly service and it is available for shipments that can wait up to 3 days for pickup.[1] However, not all shipments qualify

[1]DOD generally requires transportation companies to pick up ammunition and explosive shipments within 2 days from the time they are contacted. Under "deferred" service, an additional day is extended to the air taxi for pickup.

for deferred service, because air taxi operators consider some types of cargo, some weights and sizes, and shipments from some origins and/or to some destinations outside the scope of the "deferred" tender. Generally, however, shipments weighing 630 pounds or less--the maximum weight covered by deferred service tenders--are prime candidates for "deferred service."

Air taxi shipments not meeting "deferred service" criteria can be transported in "regular service." Regular service is more expensive than "deferred service." Shipments of the highest urgency can move in "priority service" or "emergency service." For these services, the shipper pays not only for shipment distances, but also for distances to position and reposition aircraft. A recently developed air taxi service is air/truck which is similar to "deferred service," but is offered at a slightly higher cost. It provides door-to-door service using air taxi-provided trucks to complement the airport-to-airport service. There is also a separate service specifically for firearms and weapons. Charges are comparable to truck charges.

OBJECTIVES, SCOPE, AND METHODOLOGY

Acting on concerns of his constituent, an air taxi operator, Senator Howard Baker, Jr., requested that we follow up on our 1983 report on MTMC's carrier selection process. The 1983 report raised questions about the fairness in MTMC's practices of choosing modes and carriers for the small lot traffic.

Senator Baker had asked MTMC to provide him the latest available shipment logs showing how shipments had been distributed among the carriers. He forwarded these to us for review. The logs covered both Eastern Area and Western Area routings. Eastern Area logs were for the period April 1 through August 10, 1983. Western Area logs were for routings for the period May 5 through August 15, 1983.

Concerned that the 1983 logs might not accurately reflect MTMC's changes since our report, we asked MTMC to provide us more current logs. We obtained April and June 1984 Eastern Area logs and March and June 1984 Western Area logs to complete our review. Altogether we reviewed the logs for over 2,500 shipments--air taxi and truck.

Our objective was to determine what actions DOD had taken in response to recommendations set forth in our earlier report and to ascertain what impact such actions have had on the selection of transportation modes. We visited both the Eastern and Western Area MTMC offices and discussed the logs with management and routing personnel. We researched the files on

the 897 truck shipments in 1983 and reviewed documentation on a selected group of 133 shipments. We then discussed with appropriate officials how they had reached their decisions on mode and carrier selection. We also discussed our work with headquarters MTMC officials and Senator Gore's constituent, an air taxi operator.

Findings described for the years 1981, 1983, and 1984 are based on shipments in the months cited. We made no projections for entire years. Our work was done in accordance with generally accepted government auditing standards.

DOD ACTIONS TAKEN AS A RESULT OF 1983 GAO REPORT

In our 1983 report, we made four specific recommendations. We recommended that MTMC:

--compile, maintain, and use information related to installation shipping and receiving capability and to carrier performance that would ensure equitable consideration of both air taxi and truck carrier services in routing small lots of hazardous or sensitive cargo;

--routinely make cost and other types of comparative analyses of both air taxi and truck service when routing small lots of such cargo;

--enhance competition between air taxi operators and truck carriers by regularly disclosing to them the opportunities to participate in the business; and

--ensure sufficient records were kept to demonstrate to interested parties, such as carriers, that equitable cargo distribution policies were being followed.

In general we found that MTMC has attempted to comply with our earlier recommendations. It had obtained and is issuing additional installation shipping and receiving data. It is making and documenting cost comparisons. Also, it is making more disclosure of shipping requirements. A particularly noteworthy improvement was the establishment of standard operating procedures assigning responsibilities and defining procedures for selecting carrier service on small shipments of ammunition, explosives, and weapons.

These procedures call for maintaining logs to show, on a shipment-by-shipment basis, how each shipment was routed, and requiring that individual route requests and technician worksheets be kept in public files for review by carriers involved in this type of traffic. Also, MTMC personnel are to

review the log periodically so that whenever it shows one or more cost-and service-competitive carriers received more revenue or shipments than another, steps can be taken in subsequent periods to rectify differences. In addition, area commands are required to document the reasons why the air taxi service was not selected.

PERCENTAGE OF SHIPMENTS MOVING BY AIR TAXIS HAS INCREASED

In our 1983 report, we noted that only 16 percent of all small shipments of hazardous or sensitive cargo during a 3-month period were given to the air taxis. Of the ammunition and explosives shipments weighing 630 pounds or less, only 17 percent were moved by air taxi.

In the 1984 sample, 40 percent of all the shipments and 48 percent of the 630 pound shipments were given to air taxis. Table I.1 summarizes the data by mode, year, and routing office.

Table I.1
Percent of Hazardous or Sensitive Cargo Shipments Transported By Truck and Air Taxi During 1981-84

All Shipments Weighing 1,000 Pounds or Less

Calendar year	By truck	By air taxi
	(percent of total)	
1981a total	84	16
(Eastern Area only)	(79)	(21)
(Western Area only)	(97)	(3)
1983b total	71	29
(Eastern Area only)	(70)	(30)
(Western Area only)	(80)	(20)
1984c total	60	40
(Eastern Area only)	(56)	(44)
(Western Area only)	(76)	(24)

The Ammunition and Explosive Shipments Weighing 630 Pounds or Less

Calendar Year	By truck	By air taxi
	(percent of total)	
1981a total	83	17
(Eastern Area only)	(76)	(24)
(Western Area only)	(97)	(3)
1983b total	69	31
(Eastern Area only)	(67)	(33)
(Western Area only)	(78)	(22)
1984c total	52	48
(Eastern Area only)	(45)	(55)
(Western Area only)	(72)	(28)

aBased on actual shipments paid in October, November, and December 1981.

bBased on carriers originally selected from April 1 to August 10, 1983, in the Eastern Area and from May to August 15, 1983, in the Western Area.

cBased on carriers originally selected during April and June 1984 in the Eastern Area and March and June 1984 in the Western Area.

REASONS GIVEN WHY AIR TAXIS
DID NOT RECEIVE MORE DOD TRAFFIC

The 1983 and 1984 shipments were routed under individual Eastern and Western Area MTMC Command procedures that were intended as guidance for the selection of air taxi service for small shipments of ammunition, explosives, and weapons. The procedures called for a comparison of air taxi service with truck dromedary service and maintenance of logs to show how each shipment was routed. When shipments appeared air-eligible but were routed via other than air, the MTMC routing technicians were to show the appropriate reason on the logs. Eastern Area used 11 reasons and Western Area used 13 reasons.

We divided the reasons into three groups:

(1) Carrier would not accept the shipment at deferred charges. Generally air taxis would not carry the following shipments at the lower "deferred" rate

--explosives containing incendiary charges or white phosphorus,

--detonating fuses or blasting caps,

--class A initiating or priming explosives,

--magnetic material or noncompatible items,

--shipments over 630 pounds,

--shipments exceeding 65 inches in length or 30 cubic feet, or requiring a cargo door larger than 43 inches high, 23 inches wide, or 30 inches deep,

--shipments from or to points lying north of the 44th parallel or south of the 28th parallel (excepting Florida points north of the 25th parallel), and

--shipments loaded on pallets.

(2) Service problems, generally related to

--lack of suitable airfields at origin or destination, and

--transportation priorities and required delivery dates.

(3) Cost. In these cases although the carriers' airport-to-airport charges were less, government-determined air taxi surface pickup and delivery were added in order to make mode cost comparisons.

Table I.2 shows that use of the reasons varied considerably between offices. Western Area generally used cost as a reason even where one of the other reasons may have been the underlying basis for the higher cost.

Table I.2
Reasons For Not Using "Deferred" Air Taxi Service

Reason	1983 Eastern Area	1983 Western Area	1984 Eastern Area	1984 Western Area
	(Percent)			
Carrier would not accept at "deferred" charges	45	1	41	1
Service problems	24	3	53	1
Costs	30	94	1	96
Miscellaneous	1	2	5	2

ROUTING GUIDELINES UNCLEAR AND INCOMPLETE

The guidelines which installation transportation officers were expected to use for submitting shipment requirements to MTMC were often unclear. Also, the guidelines by which the MTMC routing technicians were expected to evaluate those requirements were incomplete and, therefore, subject to wide differences in interpretation. Many times, requirements were stated in a manner that limited MTMC's choice of otherwise low-cost modes. Generally, MTMC's guidelines for evaluating these requirements did not specify under what conditions MTMC technicians were to challenge them. Even where the guidelines required a challenge, there was no documentation kept in MTMC's files to show a challenge had been made. Often one routing office reached entirely different conclusions from another.

How route choice was to be made

MTMC's guidelines provided that whenever an installation transportation officer was intending to make a small shipment of hazardous or sensitive cargo, the officer was to submit the shipment requirements to the appropriate MTMC area office for routing instructions. Each request for instructions was to contain such basic information as

--consignor (shipper) and shipping point,

--consignee and receiving point,

--the type of commodity to be shipped,

--pieces, weight, and cubic size,

--protective services required, and

--date shipment was available for loading.

Other important information to be included was the type of packaging, the location of the nearest airfields at origin and destination, any necessary add-on costs to be considered in making total origin-to-destination cost comparisons, and the transportation priority and required delivery date.

The MTMC technicians were then expected to review these requirements; determine what modes and carriers were available to meet them at the lowest cost; and within set response time frames (from a matter of hours to a couple of days), advise the requesting officials of the preferred route.

MTMC's operating instructions specified that in choosing the carrier for a specific shipment, when two or more modes of transportation or individual carriers within a mode of transportation were in a position to compete, the principal factors for consideration, in their order of importance, should be satisfactory service, aggregate delivered cost, least fuel consumptive carrier/mode, and equitable distribution of traffic. They further provided that when considering service, availability and suitability of carrier equipment would be determined and the record of a carrier's past performance would be reviewed. In considering delivered costs, in addition to actual rates and charges, all factors which added work or costs to the shipping or receiving activity were to be included. Examples of additional costs are blocking, bracing, dunnage, loading, unloading, drayage, and labor costs.

Problem factors for which the submission and evaluation guidelines were unclear and incomplete

Four factors were major determinants in the carrier selection process. These related to the type packaging the shippers had planned for their shipments, the identification of airfields suitable for air taxi service on particular shipments, the necessity and propriety of using pickup and delivery costs for comparing air taxi costs with truck costs, and the intent and necessity for shipment required delivery dates.

Type of packaging

The MTMC instructions for requesting routing advice require shippers to specify the planned type of packaging for each

shipment. The choice of packaging is usually determined by the shipper. Often, however, the shipper is not aware that the choice of packaging can restrict MTMC's ability to use certain modes. Air taxis, for example, generally refused to carry palletized shipments at their lowest rates. The next least expensive service was then trucks, at an extra cost which is often $100 to $150 a shipment.

We pointed out the problem with palletized shipments in our 1983 report. MTMC responded that it was not responsible for dictating what cargo was palletized by DOD shippers. It indicated its routing technicians did suggest to shipping activities that palletization can cut down shipping options and that it is standard procedure to ask the shipping activities if pallets are necessary. It cautioned, however, that transportation should not be looked at in a vacuum in that palletization may be required by the requisitioner, by military specification for the commodities being shipped, or by cost trade-offs in the procurement cycle.

About 20 percent of the shipments in our 1983 Eastern Area sample were justified as low cost by truck because of palletization. In no case, however, did we find that the routing technicians had asked the shipping activities whether palletization was necessary. Instead, the technicians simply compared truck charges with the next higher cost air taxi service. The result was almost always selection of truck service, which, although cheaper than the air taxi service used in the comparison, was about $100 to $150 more expensive than air taxi service which could have been used for non-palletized shipments.

Two examples of palletized shipments, where the justification for use of trucks was specifically based on the palletization issue, are shown below.

Increased Cost Due to Palletization

	Example #1	Example #2
Route order number	083636	085083
Date routing requested	May 26, 1983	June 8, 1983
Shipper	McAlester Army Ammunition Plant, Okla.	Iowa Army Ammunition Plant, Middletown, Iowa
Consignee	Fort Stewart, Ga.	Fort Hood, Texas
Type cargo	High explosives, Class A	High explosives, Class A
Shipment weight (pounds)	145	240
Charges by truck(line-haul)	$751.75	$728.25
Charges by deferred air taxi (line-haul)	600.00	581.00
Additional cost	$151.75	$147.25

The Army ammunition plants at McAlester, Oklahoma, and Middletown, Iowa, and the Army depot at Seneca, New York, were the three major shippers using pallets. Typical commodities were Class A High Explosives and Class B Special Fireworks, with average shipment weights (including the pallet) of about 160 pounds.

We recognize that palletization may be necessary on some shipments. However, when it is necessary, the shipper could so indicate on the routing request. Currently, the shipper is instructed to indicate the planned packing and may not be aware of how the packaging can limit mode selection. If the shipper were additionally instructed to certify the necessity for palletization, separate verification and cost comparison by MTMC would seem unnecessary.

Absent such certification, we believe it would be prudent for MTMC to verify that palletization is necessary if excess costs will exceed some reasonable amount, such as $100. At present MTMC has no operating guidelines indicating its technicians should make such a verification and there was no indication on the route order worksheets that such verifications had been attempted.

Suitable air taxi landing fields

In 1984, an often cited justification for not using air taxis was the lack of suitable airfields. There appeared to be

questions in the minds of shippers and MTMC routing technicians whether air taxis could fly into and out of certain airfields.

In our 1983 report, we pointed out that the DOD Terminal Facilities Guides, the guides intended for use by shipping activities to determine the existence of facilities to ship or receive various types of shipments, were often deficient in listing the nearest airfields capable of receiving air taxi-type aircraft and the capability of shipping and receiving activities to handle hazardous or sensitive cargo transported by air taxi. This created uncertainties for all parties involved in routing and handling these shipments.

MTMC agreed the guides were inadequate and asked all the DOD installations for better information. MTMC's instructions to installation officials were clear in requiring that the Terminal Facilities Guides identify the name and location and distance of the installation's nearest military or commercial airport where piston and/or jet aircraft could land when used for charter freight (including class A and B ammunition or explosives transported in air taxi service). Many, but not all, installations have revised their listings to show this information in the guides. For example, the listing for Fort Bragg, North Carolina, provides:

> "Simmons Army Airfield on this activity has facilities for receiving classes A and B ammunition and explosives transported in air taxi service."

But some listings, we have found, are still incomplete. For example, the listing for Pope Air Force Base, North Carolina, which is adjacent to Fort Bragg, provides no specific information on air taxi service. It simply provides that:

> "Fayetteville Municipal Airport, Fayetteville, N.C., is 17 miles distant."

No reference is made to the existence of Simmons Army Airfield adjacent to Fort Bragg.

In addition, the listing for Fort Eustis, Virginia, provides:

> "Air taxi service is available at Felker Army Airfield, Fort Eustis, Virginia.

However, the listing later seems to dismiss the availability of air taxi service for ammunition and explosives by providing:

"Facilities are available to receive shipments of Class A or B ammunition or explosives only by motor."

Still other installations show listings which have information different from what is available at MTMC's routing offices. MTMC's technicians often supplemented the listings with their own information, such as calling the installations directly. For example, the listing for Scott Air Force Base, Illinois, provides:

"Air taxi service is available for shipping/ receiving explosives and hazardous materials."

Data at MTMC's Western Area routing office for Scott Air Force Base, however, provides:

". . . can only receive air shipments by LOGAIR, no air taxi."

The Facilities Guide listing for Nellis Air Force Base, Nevada, states:

"Facilities are available to receive shipment of class A or B ammunition or explosives by rail, motor, charter air, or LOGAIR service."

Data at MTMC Western Area on Nellis Air Force Base, however, showed:

". . . no air taxi."

Good data on air taxi landing fields is important for deciding on modes. It is also important for ensuring that information is widely disseminated on any unsafe airports related to hazardous materials transportation. In our opinion, MTMC needs to do more to insure that all installation data is updated and kept current.

Use of air taxi pickup and delivery costs in making modal cost comparisons

Another question in making modal cost comparisons is how the total cost for air taxi service is to be computed and compared with that for truck service. Because the lowest cost air taxi service is basically airfield-to-airfield service, whereas truck service is usually door-to-door service, comparable services should be used for cost comparisons.

It is DOD policy when comparing modal costs to compare total or aggregate costs. According to MTMC, this means adding

the cost to get air taxi shipments to and from airfields to the air taxi charges for airfield to airfield transportation. We found that in making comparisons there is a wide variance in the methods used to estimate pickup and delivery costs for air taxi service.

The determination of pickup and delivery charges for air taxi service has been a problem for several years. In April 1983, a number of congressmen, concerned about the fairness of the use of these costs, wrote the Secretary of Defense and asked for the costs at the major shipping points. The Secretary provided the costs but cautioned that there was no standard method by which the costs were computed. He indicated that MTMC was going to study the matter.

According to MTMC data, air taxi pickup and delivery costs vary considerably, as shown on table I.3. Some installations which provide pickup and delivery, show no costs. Others, which provide pickup and delivery have costs which vary from $20.02 to $633.00 a shipment. These costs, when used in the cost comparison of modes, increase the cost of air taxis and can eliminate their $100 to $200 a shipment line-haul cost advantage over trucks.

MTMC advised us that local installations develop their own pickup and delivery cost estimates and include whatever cost elements they believe appropriate. The major element is the cost of running a government truck with military or civilian personnel to and from the airfield. Some installations include the use of a fire truck at the airfield as an additional cost element. Many installations use differing accounting systems so that the cost developed, often varies by a hundred dollars. Costs for pickup and delivery where the airfield is on-base is equally as varied. Many installations that do pickup and deliver shipments on-base using their own trucks have advised MTMC that they believe they have no costs at all. Others in the same situation advise that there is a cost.

The air taxis advised us they do not know the pickup and delivery costs MTMC uses in its cost comparisons. These costs are not generally made public and they can vary from shipment to shipment. Consequently, the air taxis are often perplexed as to how MTMC can find their charges higher than those for truck service. In many cases, air taxi operators have instituted a slightly higher cost air/truck service to avoid MTMC's use of pickup and delivery costs.

In our opinion, MTMC needs to develop a standard methodology for computing pickup and delivery costs and make the methodology available to the air taxi companies. In that way, we believe those companies can compete more effectively when quoting rates to DOD.

Table I.3
Air Taxi Pickup And Delivery Costs
Used to Make Modal Cost Comparisons
for Shipments in GAO Review

Military installation	Miles to airfield	Pickup and/or delivery cost per individual shipment
Army		
Fort McClellan (Anniston), Ala.	25	$ 70.00
Anniston Army Depot, Ala.	9	189.76
Redstone Arsenal, Ala.	(Onbase)	157.96
Red River Army Depot, Tex.	24	247.94
Longhorn Army Ammunition Plant, Tex.	18	78.00
Lone Star Army Ammunition Plant, Tex.	15.5	0
Navy		
Naval Weapons Station, Seal Beach, Calif.	27	$633.00
Naval Weapons Station, Yorktown, Va.	10	92.00
Naval Ordnance Station, Indian Head, Md.	8	125.00 to 250.00
Naval Weapons Station, Earle, N.J.	8	32.00
Naval Surface Weapons Center, Dahlgren, Va.	(Onbase)	0
Naval Air Station, Jacksonville, Fla.	(Onbase)	100.00
Air Force		
Dobbins Air Force Base, Ga.	(Onbase)	$ 66.80
Robins Air Force Base, Ga.	(Onbase)	0
Marine Corps		
Marine Corps Base, Camp Lejeune, N.C.	16	$ 70.00
Marine Corps Logistics Base, Albany Ga.	12	0

Transportation priorities and required delivery dates

In our 1983 report we pointed out several instances where time factors--pickup date, delivery date, and carrier transit time performance--were evaluated either inappropriately or not at all. Time factors continue to be cited as justifications for non-use of low cost carriers.

We believe that such justification is often used because instructions and guidelines are either silent or confusing on the significance of priorities or required delivery dates. The issue we believe centers on (1) the definition of such terms as transportation priority, required delivery date, standard delivery date, and desired delivery date, (2) how these terms are determined, and (3) what role they should play in mode and carrier selection.

In general, the shipment requisitioner or requestor initiates DOD's supply and shipping prioritization system by stating, in terms of DOD's Uniform Materiel Movement and Issue Priority System (UMMIPS), the degree of urgency of the requisition or shipment request. The degree of urgency plus the requestor's mission importance, establishes what is called an issue priority designator which effectively determines the transportation priority and anticipated shipment delivery date. The latter date is the date the requestor can reasonably expect delivery. In its priority system, DOD uses three basic transportation priorities. The system provides that a priority one shipment shall be delivered in 8 days; a priority two in 12 days; and a priority three, in 31 days. Transportation is allotted 3, 6, 13 days, depending on the priority, within the overall timeframes.

The priority system also allows requisitioners to specify a required delivery date, which is usually some date different than what the system would normally call for delivery. And, MTMC's routing request guidelines specify that the transportation officer should show both the transportation priority and required delivery date when requesting routing advice.

In our sample of 103 Eastern Area route requests covering 1983 shipments which were eventually given to trucks, most were the higher priorities (33 percent, priority one and 41 percent, priority two) and nearly all showed a required delivery date. The required delivery dates ranged from 3 to 11 days following the date shown as when the shipment was to start. Some requests also contained narrative comments such as "Hot!" "Please Expedite!" "Urgent!"

What significance the priority and required delivery date was to be given by MTMC was often confusing. Eastern Area, for example, had an operating instruction that provided:

"If the technician determines that the lowest cost mode cannot be used due to the transportation priority assignment or the Required Delivery Date (RDD) and the excess cost is $100 or more, they are to advise the requestor (ITO) of the difference in cost and attempt to persuade him to remove or waive the requirement which causes the excess cost. The requestor should be encouraged to contact the consignee, if necessary, for adjustment of requirements. Technicians may contact consignee with approval of the requestor."

Western Area had no such instructions. But, neither Eastern Area or Western Area had any mode or carrier past history transit time data that could have shown whether a mode or carrier could meet a delivery date. Also, we found no instance where either Eastern Area or Western Area's technicians actually contacted the requestor or consignee for verification of the need to meet a required delivery date.

In general practice and without any written instructions covering such practice, Eastern Area for all shipment priorities, compared the lowest cost service via air taxi and truck and selected the least cost carrier regardless of what the priority or required delivery date was. Exceptions were those requests where the requestor made special mention of the need to meet a required delivery date. Western Area, on the other hand, usually dismissed the possibility of using low cost air taxi service (deferred) on high priority shipments. Instead it compared "regular" or "priority" air taxi service with the truck charges and selected the least cost service. Almost always that comparison resulted in selection of truck service, regardless of how far the shipment was intended to move or what the required delivery date was.

Neither Eastern or Western Area offered the route requesting activity a choice of modes and/or carriers. Each offered a single carrier and if that carrier was unacceptable, the requestor had to make another request for routing. We also noted that later, when the requestor advised the carrier when a shipment was supposed to get to destination, the data shown on the bill of lading was generally not the required delivery date previously given to MTMC, but rather a delivery date simply reflecting the transportation officer's estimate of normal travel time needed by that mode.

In our opinion, the terms transportation priority and required delivey date are not adequately defined or considered in the mode and carrier selection process. MTMC should provide guidance for when and how a required delivery date should be shown on the route requests. It should also explain what MTMC will do, given a required delivery date, to meet that date and

how that selection might call for use of high cost transportation service. MTMC also should collect mode and carrier transit time performance and use that data for routing purposes. If such data cannot be collected, routing requestors should be given a set of priced options for all shipments where priorities or requested delivery dates could necessitate high cost service so that the requestors can have the opportunity to choose whichever mode or carrier that can meet their requirements at the least cost.