

DOCUMENT RESUME

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[GSA's Procurement of Household Goods Containers]. PSAD-78-132; B-114807. August 1, 1978. 7 pp. + enclosure (1 pp.).

Report to Sen. Lawton Chiles, Chairman, Senate Committee on Governmental Affairs: Federal Spending Practices and Open Government Subcommittee; by Elmer B. Staats, Comptroller General.

Issue Area: Federal Procurement of Goods and Services (1900).
Contact: Procurement and Systems Acquisition Div.
Budget Function: Financial Management Information Systems:
Review and Approval of Accounting Systems (1007).
Organization Concerned: General Services Administration.
Congressional Relevance: Senate Committee on Governmental Affairs: Federal Spending Practices and Open Government Subcommittee. Sen. Lawton Chiles.
Authority: Military Standard 1489A.

Ten contracts for household goods containers awarded by the General Services Administration (GSA) since October 1975 were reviewed to determine the amount spent on these containers, reasons for continued specification revisions, and the possibility of using a performance or commercial specification. The containers are constructed of plywood, can be readily assembled and disassembled, and are used primarily to ship household furnishings over long distances. From June 1975 to March 1978, GSA modified the quality assurance provisions, the type of fastening system to be used, dimensions of the materials used, and the methods of nailing and stapling. GSA has often revised its detailed design specification to correct deficiencies noted during testing. Performance testing has been inconsistent and should be improved. GSA and the military services are considering using a performance specification to purchase household goods containers. The Air Force submitted the only two complaints in the files about the poor quality of GSA containers. GSA should determine the feasibility of discontinuing the purchase of household goods containers, and if it finds that purchasing the containers is cost-effective, it should promptly develop a performance specification and improve testing. An appropriate testing standard for containers should be established to ensure that testing is performed consistently and in accordance with the standard. (RRS)

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



B-114807

AUGUST 1, 1978

The Honorable Lawton Chiles
Chairman, Subcommittee on Federal
Spending Practices and Open Government
Committee on Governmental Affairs
United States Senate

Dear Mr. Chairman:

Pursuant to your February 15, 1978, request and subsequent discussions with your office, we have reviewed certain aspects of Government purchasing of household goods containers.

Your office requested that we determine

1. the amount spent on these containers,
2. the reasons for continued specification revisions, and
3. the possibilities of using a performance or commercial specification.

Our review was conducted at General Services Administration headquarters; the U.S. Army-Military Traffic Management Command, Washington, D.C.; and a commercial moving and storage company.

We reviewed the 10 contracts for household goods containers General Services has awarded since October 1975. We also reviewed its bid solicitations, specifications, test reports, and complaint files. We interviewed representatives from the General Services Administration, the Army, and the Air Force.

RESULTS

We found that:

- General Services awarded 10 contracts totaling \$3.4 million for household goods containers since October 1975. (See enc. for details.)

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- General Services has often revised its detailed design specifications to correct deficiencies noted during testing.
- General Services' performance testing has been inconsistent and should be improved.
- General Services and the military services are considering using a performance specification to purchase household goods containers.
- The Air Force has complained about the poor quality of General Services containers. The Air Force submitted the only two complaints we found in General Services' file.

Details of our review follow.

SPECIFICATION CHANGES

The containers are constructed of plywood, can be readily assembled and disassembled, and are used primarily to ship household furnishings long distances. In the past General Services has procured containers using detailed specifications developed by the Defense Logistics Agency and the Navy as well as its own specifications. In recent years it has procured containers using a Navy specification which it has modified for each procurement to correct design deficiencies found during testing.

We reviewed bid solicitations and their related specification requirements from June 1975 to March 1978 and found that General Services modified the (1) quality assurance provisions, (2) type of fastening system to be used, (3) dimensions of the materials used, and (4) method of nailing, stapling, and caulking. The more significant modifications were made to the quality assurance provisions and the fastening systems.

Quality assurance provisions

Until October 1975 General Services testing was limited to inspection for correct fit, construction, and quality of materials. At that time General Services increased contract quality provisions by requiring that containers undergo a series of performance tests in accordance with Military Standard 1489A "Performance Testing of Commercially Owned Household Goods Containers."

This requirement established a standard for measuring performance characteristics of household goods containers by requiring that the following tests be performed in sequence:

1. drop test.
2. stacking test.
3. racking test.
4. pendulum impact test.
5. watertightness test.
6. pendulum puncture test.
7. condensation resistance test.
8. temperature test.

We found that General Services has not consistently followed its own requirements. For example, its contracts require that the first box in a production series must be tested before it is accepted. However, General Services did not test the containers produced under one contract, and it is doubtful that containers produced under two other contracts were tested since General Services records did not contain test reports.

We noted that General Services does not require the condensation resistance and temperature tests because it says they are costly to conduct at the contractor's plant and require special equipment.

We also noted that General Services modified the watertightness test by changing the distance of the water nozzle to the box from 5 feet to 18 inches and by modifying the test's duration from 15 minutes to "the time to cover all joints and seams." According to a General Services test report, if the water nozzle is held 5 feet from the container, the water flow will not reach the test container with the required water pressure.

The test standard requires that the container manufacturer have the item tested at an independent and unbiased testing laboratory having no financial interest in the test container or its design. However, General Services permits

testing at the manufacturer's plant provided the plant has adequate facilities and Government representatives are present.

We found that General Services arranged with the Air Force to test four containers manufactured under separate contracts. These tests were conducted at Air Force facilities and were performed in accordance with Military Standard 1489A. General Services representatives said that these tests were conducted solely to get information and not for contract acceptance. In three cases, the containers failed watertightness and puncture tests; the fourth container was in such poor condition that it could not be tested.

The test standard states that tests must be performed in sequence and are intended to be cumulative, so that if a container fails a test, the entire sequence of tests should be rerun. General Services reran only those Air Force tests that had shown the containers to be unacceptable. The first tests in the required sequence were not rerun. General Services eventually accepted the containers and advised that the testing conducted under the contracts we reviewed was adequate to assure that the Government was purchasing a suitable container.

Fastening system

The household goods container is designed for reshipment and reuse. From March 1958 to June 1971, the containers were assembled using a series of bolts to fasten the top, sides, and bottom. In December 1973 the Army developed a container with only one removable side; however, these containers could not be disassembled. Consequently, in June 1975, the Navy prepared a specification which permitted disassembly by using a bolt fastening system.

On November 19, 1975, General Services accepted a change proposal from J. Blakely, Inc., which modified the Navy design by eliminating the bolt fastening system. Instead, a steel plate and spring steel clip fastener was adopted. These plates were designed to be attached to corners and sides of the wooden containers, using the clips for final assembly.

Reasons cited for adopting this new system were that it

1. increased reuse because the bolts tended to dislodge themselves from the wooden framing,

2. required less assembly time because exact alignment of the panels is not required, and
3. weighed less to ship.

On November 30, 1976, General Services prepared a new specification adopting the J. Blakely, Inc., proposal. Each subsequent procurement for household goods containers has been based on this specification.

PERFORMANCE SPECIFICATION

General Services is presently reviewing a proposed Army performance specification for household goods containers. Because it is a performance specification, the type of construction is not specified. The requirements state only that the container shall be readily assembled and disassembled and successfully pass the eight tests specified in Military Standard 1489A.

The proposed specification eliminates many problems of earlier design specifications by leaving it to the manufacturer's discretion to design and build a container that will pass the required performance tests. This should eliminate the need for continued specification revisions, permit flexibility of design, and increase bidder competition. However, General Services representatives said that the proposed Army specification is not entirely satisfactory.

CUSTOMER COMPLAINTS

The Air Force has expressed strong feelings concerning the poor quality of the General Services container and submitted the only two complaints we found in General Services' complaint file for the last 3 fiscal years. Both of the complaints were submitted by Robins Air Force Base, Georgia, during January and February 1977 and involved 160 containers manufactured by J. Blakely, Inc., Bristol, Pennsylvania, under General Services contract number 10064. According to the Air Force, the container lumber did not meet specification quality standards and overall workmanship was substandard.

General Services investigated these complaints and agreed that they were justified. As a result of the complaints, the contractor visited the Air Force facility and offered to make restitution for the substandard containers. The Air Force responded that it did not want replacements and decided to stop

procuring the boxes from General Services immediately. Presently, the Air Force is using containers furnished by local moving and storage companies.

CONCLUSIONS

General Services has been modifying its container design from contract to contract because of deficiencies noted during testing. Specifications must then be modified to incorporate design changes. Furthermore, testing of household goods containers has been inconsistent and is not always conducted in accordance with test requirements.

General Services and the military services are considering a performance specification to replace the current design specification. We believe this is a positive step.

Although we commend the action to develop a performance specification, we believe a more fundamental issue needs to be addressed: Should the Federal Government continue to purchase household goods containers? Although the Federal Government is purchasing containers, they are used primarily by commercial firms to move military personnel. Normally, these moving firms supply their own containers. We question whether it is cost-effective for the Federal Government to continue purchasing these containers.

RECOMMENDATIONS

We recommend that General Services determine the feasibility of stopping the purchase of household goods containers. If General Services finds that purchasing these containers is cost-effective, we recommend that it promptly develop a performance specification and improve testing. General Services should establish an appropriate testing standard for household goods containers and make sure that testing is performed consistently and in accordance with this standard.

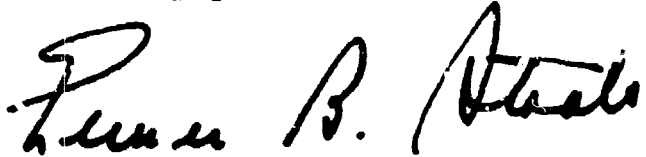
As your office requested, we did not obtain written agency comments. However, we discussed matters covered in this report with General Services officials, and their comments are incorporated where appropriate.

As arranged with your office, we are sending copies of this report to the House Committee on Government Operations; the House and Senate Committees on Appropriations; the House

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and Senate Committees on Small Business; the Office of Procurement Policy; and the Administrator, General Services Administration. Copies will be available to other parties who request them.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Stewart".

Comptroller General
of the United States

Enclosure

HOUSEHOLD GOODS CONTAINER CONTRACTS AWARDEDfrom October 1975 to February 1978

<u>Bid solicitation number</u>	<u>Number of bidders</u>	<u>Successful Offeror</u>	<u>Date of Contract</u>	<u>Quantity procured</u>	<u>Unit price</u>	<u>Total</u>
CHN-FT-75-121	21	J. Blakely Inc. Hurco Industries	10-01-75 10-01-75	9,552 3,480	\$113.61 108.06	\$1,065,202.72 376,048.80
CH-FD-76-131	15	J. Blakely, Inc.	12-28-76	932	97.00	90,404.00
CH-FD-77-024 (N)	0	Small Business Administration Pak-Well, Inc.	2-22-77	1,440	166.79	240,182.64
CH-FD-77-039 (N)	5	ARBI Container Co.	3-16-77	1,000	104.50	104,500.00
CH-FD-77-025	5	Hughes Box & Container	4-13-77	2,528	14.20	364,537.60
CH-FD-77-061	13	J. Blakely, Inc.	11-07-77	1,260	121.00	152,460.00
CH-FD-77-061	-	World Container Inc.	9-30-77	2,852	117.49	335,070.85
CH-FD-77-114	6	World Container Inc.	2-09-78	1,012	112.71	114,062.48
CH-FD-77-114	-	Dayton Industrial Wood, Inc.	2-09-78	4,385	121.16	531,304.90
Total	<u>65</u>			<u>28,441</u>		<u>\$3,393,773.99</u>