

Army Acquisition Reform Newsletter



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“Best Value” Universal Service Contract Supports MTMC and TRANSCOM Mission

The Universal Service Contract (USC02) Award was made to 21 Ocean Carriers to provide an efficient and cost effective means of shipping Defense Transportation System (DTS) cargo on approximately 76 individual routes worldwide. DTS cargo is transported on the awardees' regularly scheduled commercial routes assuring uninterrupted service in global ocean transportation for DOD. In addition, USC-02 provides for the movement of military equipment in support of actual military contingencies and exercises. Operational improvements include: increased trade lane coverage, reduction in transit time on 46% of traffic lanes by 1 to 4 days; and an estimated cost reduction of \$35.0 million from its predecessor, USC01.

The USC02 contracts made extensive use of acquisition streamlining. The solicitation was issued under the guidelines set forth in the Federal Acquisition Regulation (FAR) Part 12 (Commercial Services). Contracts were awarded on the basis of "best value" evaluation criteria rather than the "low cost/technically acceptable" method employed previously under USC01. Award was made without protest.

This complex contracting action, with an estimated value of \$400M over the life of the contracts, supports both DOD's peacetime and wartime transportation missions. Both US flag and foreign flag carriers were awarded contracts under USC02. In accordance with the Cargo Preference Act, US flag carriers received an award preference over foreign flag carriers, in support of US national defense policy.

As part of the best value evaluation process, award preference for these USC02 peacetime contracts was also linked to a carrier's commitment to meeting military requirements during contingency operations via enrollment in the Voluntary Intermodal Sealift Agreement (VISA) and MTMC's VISA Contingency Contracts (VCC). These priced wartime commitments of specific vessel capacity at various stages of activation assure a ready wartime transportation capability. The preference given to VISA participants in the awarding of DOD's peacetime shipping requirements is an incentive to encourage carrier participation and commitment to meeting DOD wartime transportation needs.

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