

Army Acquisition & Logistics

Excellence Newsletter

Volume 6, Issue 34

10 September 2001

Web Site: <http://acqnet.saalt.army.mil/acqref/acqref7.htm> Questions?
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MTMC Streamlines Major Ocean Contract

For the second straight year, the Military Traffic Management Command has improved its universal service contract that provides liner services worldwide. The \$325 million best value contract began September 1, 2001 and includes shipments to over 130 countries worldwide. Last year, MTMC used best value criteria in the evaluation process for its universal service contract. This year the solicitation was written using a performance based statement of work (PBSW).

As a result of utilizing a PBSW and other streamlining efforts, the new contract reflects a 6 percent reduction in last year's contract rates and is smaller, simpler and easier to use. Freight rates were simplified. While last year's contract had 25,000 different rates, the new contract has 10,000. The market research and technical expertise on the part of the evaluation team led to productive negotiations with carriers that resulted in 27 percent of the initial rates offered being reduced by carriers in their final proposals.

The contract also reduced costs by \$17 million from last year's contract and yet has comparable shipments. This is a best value contract. In several instances, carriers were awarded cargo based on their superior service - not lowest cost.

The one-year contract provides for the movement of a forecasted 100,000 containers and 300,000 measurement tons of break bulk cargo on a worldwide basis. The contract awarded volume movements to 14 carriers. It is the largest single contract for commercial liner service for Department of Defense cargoes. The bulk of the contract benefits eight U.S. Flag carriers, since preference is given to U.S. Flag carriers as part of the evaluation criteria.

U.S. Flag carriers participating in the contract include: APL, Maersk Line, Lykes Lines, Farrell Lines (P&O NedLloyd), Central Gulf Lines and American Roll-on Roll-off Carriers. Two other U.S. Flag carriers are listed on the contract, but without minimum volumes: Waterman Steamship Corp. and Matson Navigation Co.

Carriers are guaranteed cargo for major routes and customer service contracts. The contract is used by several hundred Department of Defense shippers to meet their transportation requirements. It requires carriers to provide best quality service on a consistent basis to deliver products on time and without loss and damage.

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