

**This Statement of Work is for use
in conjunction with the
Regional Domestic Contracts (RDC-03)
DAMT01-03-D-0175 through 0182**

Awarded on 3 July 2003

Performance Period

1 August 2003

Through

31 July 2006

or

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1.0 SPECIAL TERMS AND CONDITIONS

1.1. Effective Dates

This contract shall be in effect for all cargo received for sailing on or after 0001 hours local time 1 August 2003 through and including 31 July 2004 for the base yeas and 1 August 2004 through and including 31 July 2005, Option Year 1, providing the option is exercised and 1 August 2005 through and including 31 July 2006 Option Year 2, providing the Option is exercised.

1.2. Justification for Inclusion of Liquidated Damages

Liquidated Damages are provided for in RFP DAMT01-03-R-0023, in accordance with FAR Part 11.502, since both (1) time of delivery or performance are such important factors in the award of the contract that the Government may reasonably expect to suffer damage if the delivery or performance is delinquent. (2) The extent or amount of such damage would be difficult or impossible to ascertain or prove. The Contracting Officer (CO) has considered the probable effect of such matters as pricing, competition, and the costs and difficulties of contract administration. Further, the application of liquidated damages for non-performance of service contract provisions is a recognized regulatory practice for the ocean and intermodal transportation industry (Shipping Act of 1984).

1.3. Contracting Officer

The Contracting Officer (CO) who shall perform contract administration for this contract is located at Military Surface Deployment and Distribution Command, Attn: MTAQ-GI, Room 12S67-64, 200 Stovall Street, Alexandria, VA 22332-0405, (703) 428-3080 or FAX (703) 428-3325.

1.4. Contract Type

This contract is a Firm Fixed Price, Indefinite Delivery/Indefinite Quantity contract as defined in FAR Part 16.5.

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1.5. Option Year Minimums

The Government commits to a minimum guarantee of cargo for each designated outbound route/zone which is sufficient cargo to ensure full compliance with FAR 16.504(a) (2), more than nominal quantities and economically viable revenue based to support any accepted service.

1.6. Minimum Cargo Commitment: Alaska

The Government commits to ship a minimum of 716 forty-foot equivalent units (FEUs) northbound to Alaska from Continental United States (CONUS), (excluding vehicles) and 23 FEU's southbound to (CONUS) (excluding vehicles) under the non-Customer Service Section during the term of this contract. Cargo moved in a container of forty (40) feet or longer will be counted as one (1) FEU and cargo in a container of twenty (20) feet will be counted as one-half (0.5) FEU. The Government also commits to ship a minimum of 2221 measurement tons of non-Customer Service Section breakbulk cargo northbound to Alaska from CONUS and 2318 measurement tons southbound to CONUS from Alaska during the term of this contract. In the case where the Government fails to ship the minimum guaranteed cargo, the Government will pay the Contractor two hundred fifty (250) dollars per FEU shortfall for containers and seven (7) dollars per MT shortfall for breakbulk in place of actual damages.

1.7. Tonnage Minimums: Alaska

The Government commits to ship one (1) measurement ton (MT) or one (1) FEU container as appropriate for awardees of inbound service from Alaska to CONUS. The same commitment applies separately to the option period.

1.8. Minimum Cargo Commitment: Puerto Rico/Virgin Islands

The Government commits to ship a minimum of 724 forty-foot equivalent units (FEUs) southbound to Puerto Rico and US Virgin Islands from Continental United States (CONUS), (excluding vehicles) under the non-Customer Service Section and 227 FEU's northbound from Puerto Rico/US Virgin Islands to (CONUS) (excluding vehicles) during the term of this contract. Cargo moved in a container of forty (40) feet or longer will be counted as one (1) FEU and cargo in a container of twenty (20) feet will be counted as one-half (0.5) FEU. The Government also commits to ship a minimum of 2927 measurement tons of breakbulk cargo southbound to Puerto Rico/US Virgin Islands from CONUS and 782 measurement tons of non-Customer Service Section during the term of this contract. In the case where the Government fails to ship the minimum guaranteed cargo, the Government will pay the Contractor two hundred fifty (250) dollars per FEU shortfall for containers and seven (7) dollars per MT shortfall for breakbulk in place of actual damages.

1.9. Tonnage Minimums: Puerto Rico/Virgin Islands

The Government commits to ship one (1) measurement ton (MT) or one (1) FEU container as appropriate for awardees of inbound service from Puerto Rico/Virgin Islands to CONUS. The same commitment applies separately to the option period.

2.0 GENERAL

2.1. Transportation Services

The Contractor, a vessel-operating ocean Carrier, shall provide all resources necessary to perform the Performance Work Statement (PWS). This performance shall be provided through ocean and intermodal transportation by Jones Act U.S. flagships and/or barge/tug systems. The Contractor shall maintain regularly scheduled liner term service between continental U.S. (CONUS) points and ports to the port of San Juan, Puerto Rico, and the U.S. Virgin Islands and points and ports in Alaska, throughout the period of the contract. The Contractor agrees to offer space in each of its vessels engaged in Contractor's service on the routes under this contract, consistent with its obligations as a common or contract Carrier. The Carrier

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shall provide breakbulk and/or container service, including receiving, terminal handling, loading /discharging and container pools if required.

2.2. Regulatory Compliance

The Carrier agrees to comply with such regulations of Governmental agencies as may be applicable for service to the Government in the carriage of military cargo as set forth in this Agreement. The Carrier ensures that its rates have taken into account the provisions of Old Section 10721 of the Interstate Commerce Act (49 U.S.C. 10721) which are preserved under Sections 10721 (Rail) and 13712 of the Interstate Commerce Commission Termination Act of 1995, P.L. 104-88, 109 Stat. 803, Dec. 29, 1995 (Motor/Water) and that such rates do not exceed the lowest available rates to the general public for comparable service on the date of acceptance of its offer by the Government, and that such rates do not exceed the Carrier's charges for transporting like goods for the private sector. The Carrier is authorized to certify that the service performed under this contract is entirely for the benefit of the Government so as to permit the offer of service at free or reduced rates under the former 49 U.S.C. 10721, now preserved under Sections 10721 and 13712 as above. All Contractors will comply with provisions of the Jones Act (46 USC 883) with the exception of intra-island service between Puerto Rico and the US Virgin Islands, which is governed by 46 USC 877.

2.3. Cargo

Cargo moving in containers may be mixed loads or straight loads. All cargo shall be stowed such that it is protected from damage due to exposure to the elements.

2.4. Carriage of Cargo

Carriage of cargo will be on a liner term basis. Cargo will be loaded and discharged at commercial terminals at the Carrier's ports of call. The Government will require the Carrier to furnish, stuff, and strip containers. Consistent with vessel safety, when on deck stowage is necessary, containers with mail and personal property will, to the maximum extent possible, be loaded below the third tier.

2.5. Delivery Orders

The shipper will prepare a delivery order as mutually acceptable by the parties. The delivery order shall be evidence of ownership and will constitute the contract of carriage issued to the ocean Carrier.

2.6. Normal Government Business Hours/Hours of Operation/Business Day

Normal Government Business Hours are considered to be Monday through Friday, 0800 hours through 1700 hours, with U.S. Federal Holidays excepted. Such days are defined as Business Days. Where U.S. Government offices also observe local holidays, e.g., Puerto Rico or U.S. Virgin Islands, etc., these holidays are also excluded from Normal Government Business Hours. All references in this contract to compliance or observance of Normal Business Hours will use this definition.

In addition, Carriers are expected to be aware of local office hours of operation for each U.S. Government facility with which they will transact business, and will schedule transactions accordingly. Hours of Operation for all Transportation Facilities may be found in the Transportation Facility Guide (TFG). Carriers are expected to monitor the most current copy of the TFG for possible changes, updates or short term notices.

2.7. Electronic Carrier Payment

Carriers will be paid through Automated Fund Transfer (AFT) using the PowerTrack system, a product of US Bank, Inc. Payment will be made after cargo has been lifted. A satisfactory comparison of shipping instructions and Carrier lift reports will be the basis for effecting payment to Carriers. All Carriers a party to this contract must have an agreement with US Bank and be PowerTrack certified for the electronic

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payment of transportation services. See attachment 4 Power Track Rules for details of Sealift Carrier Payment via Powertrack. EXCEPTION: Carriers will be paid for shipments of Privately Owned Vehicles (POVs) in accordance with payment procedures of the Global POV Contract.

2.8. Excepted Category Cargo

Excepted category cargoes are listed below. The CO is not required to ship excepted category cargo with the Carrier under this Contract. At the option of the CO, pursuant to the Changes Clause of FAR 52.212-4, such excepted category cargoes may be shipped with the Carrier at rates negotiated prior to booking. The Carrier shall not accept excepted category cargo for shipment unless a rate for its carriage has been negotiated with the CO. Cargo categories not excepted below and for which specific rates do not appear herein, shall be carried at the applicable General Cargo rate.

- Aircraft (unboxed)
- Bulk Cargo (not Containerizable, in tank cars, trailers or containers)
- Unit movement of military personnel and support equipment
- Explosives other than IMO class 1.4 (small arms ammunition)

2.9. Limitations of Contractor's Obligation

2.9.1. Hazardous Cargo and Rejection of Hazardous Cargo

The Contractor has the right to reject hazardous cargo including explosives; or any cargo deemed to be dangerous or obnoxious in character other than such cargo for which a specific commodity rate is provided herein. The Contractor must refuse to transport hazardous cargo either by land or by ocean, which does not conform in all aspects to applicable U.S. or foreign Governmental regulations.

2.9.2. Contractor Policy Exclusion of Cargo

Contractors will identify to the PCO any cargoes, which are precluded from carriage due to Contractor policy (versus regulatory preclusion) prior to award. Unless Contractors have specifically identified which commodities are precluded from shipment on their vessels, Contractors must accept all commodities when they are packaged, labeled, and documented in compliance with regulatory requirements. Contractors must notify the CO of any changes to the precluded hazardous cargo list during the contract period.

2.10. Commitment of Cargo

2.10.1. Military and Military Sponsored Cargo

During the period of this Contract and subject to provisions set forth below, the Government will ship all military and military sponsored cargo offered for commercial transportation in the Defense Transportation System between points and ports in CONUS and Alaska or CONUS and Puerto Rico and the U.S. Virgin Islands under contracts awarded pursuant to this solicitation.

2.10.2. Recurring Service Failure Resolution

The CO reserves the right to obtain service from another source when: the Contractor is unable to provide the service specified within this contract, or the Contractor fails to complete ordered service within the time and service requirements described in a Performance Objective (including Performance Measure and Performance Standard, where applicable), where a systemic problem exists in the judgment of the CO.

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2.10.3. Government Notice of Service Failure

The CO will provide the Contractor with prompt written or electronic notice of the Contractor's inability to provide the required service before obtaining service from another source. The action by the Government to obtain service from another source is a remedy independent of other remedies provided in this contract, will not necessarily constitute "default" or require remedies in this contract for default, will not preclude the Government's rights in the event of Contractor default, and will not preclude the Government's use of other remedies provided in the contract.

2.11. Cancellation of Minimum Volume Commitment Due to Service Failure

In the event the Government must obtain service from an alternate contractor, the associated volume will be deducted from the Contractor's minimum volume commitment (MVC) and will not be counted towards the alternate Contractor's MVC (if any).

2.12. Evidence of Correction of Systemic Service Failure Problem

The Contractor must provide the Government evidence that it is once again capable of providing service in accordance with the contract requirements and the CO will promptly decide whether that evidence warrants reinstatement of the Contractor's service.

2.13. Additional Service

During the effective period of this contract the Government may obtain additional service not specifically identified in the schedule, but within the general scope of the Carrier's service covered by this contract, including but not limited to Excepted Category Cargo. Such service may be obtained from contract holders, as appropriate, pursuant to the Changes Clause, FAR 52.212-4(c). The effective period of rates so established shall terminate upon the expiration of the contract performance period specified in Deliveries and Performance Clause, herein, unless specified otherwise by the CO.

Presently SDDC is conducting an Integrated Process Team (IPT) chartered to determine the most efficient/effective process to provide Linehaul service from the port in Puerto Rico to the ultimate consignee upon the 832nd Transportation Battalions relocation to Jacksonville, FL. Current options include; (1) a third party logistics (3PL) contract to interface the current Trucking Contracts with the RDC carriers, (2) Appointing the RDC Carriers as authorized Agents of the Government to book the movement, or (3) require the RDC carriers to provide Linehaul rates for onward movement from Port to Point and Point to Port in Puerto Rico. Should either option 2 or 3 be pursued, rates and services shall be requested from all carriers, serving Puerto Rico, and bi-lateral modifications to the contracts shall be executed.

2.14. Maximum Cargo

The maximum cargo to be shipped under this solicitation for trade routes identified herein must not exceed total dead weight capacity with all Contractors during the term of these documents

2.15. Dead Freight

The Government shall not be liable for payment of dead freight.

2.16. Voluntary Intermodal Sealift Agreement (VISA) Program

2.16.1. VISA Enrollment Award Preference Requirement

In compliance with the U.S. Cargo Preference Act of 1904 (10 U.S.C. 2631), U.S. Flag Carriers will be given preference for award of contracts resulting from this solicitation. SDDC recognizes the continuing

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need for a formalized program for the acquisition of sealift augmentation under less than full mobilization. Enrollment of a Carrier's U.S. flag fleet in an authorized sealift readiness program establishes an award preference for participants under this procurement.

The Sealift Readiness Program (SRP), implemented in Fiscal Year (FY) 1970, provided a formal agreement between the U.S. flag ocean Carriers and the Government for the acquisition of ships and related equipment under less than full mobilization. On January 30, 1997, the Secretary of Defense (SECDEF) approved the Voluntary Intermodal Sealift Agreement (VISA) as an alternative to the SRP for the purposes of Section 909 of the Merchant Marine Act of 1936. VISA also satisfied the requirement of Section 653 of the Maritime Security Act (PL 104-239) for an Emergency Preparedness Program approved by the SECDEF.

2.16.2. Stages of Contingency

VISA provides for three, time-phased stages of activation for a contingency. Each stage will be activated, as needed, to support contingency operations. VISA Stages will be activated by United States Transportation Command (USTRANSCOM) with SECDEF approval.

Stage I would be implemented at the beginning of a contingency to meet early DoD surge, sustainment, and ammunition movement requirements that could not be met with organic and voluntary capacity. Stage I activation would potentially cause the most immediate and potentially severe disruption to a Carrier's peacetime service.

Stage II would be activated with an expectation of less impact on peacetime commercial service when contingency requirements exceed the capability of Stage I plus any additional voluntarily committed resources.

Stage III provides for additional capacity to DoD when Stages I and II commitments and volunteered capacity are insufficient to meet contingency requirements, and adequate shipping services from non-Participants are not available through established DoD contracting practices or U.S. Government treaty agreements. Once Stage III is activated, SECDEF will request the Secretary of Transportation (SECTRANS) to allocate sealift capacity based on DoD requirements in accordance with Title I of The Defense Production Act of 1950 and implementing regulations.

2.16.3. Preference for VISA Participants

For contract awards and resultant cargo bookings, VISA participants will receive preference over non-VISA participants, in accordance with the VISA participant categories described below. As a condition of such award preference, each Participant in the VISA program must remain in good standing during the entire period of the contract and maintain its level of commitment as detailed on SDDC Form 4280/9. The volume of peacetime cargo offered to the Contractor is a function of the Contractor's commitment of U.S. flag ocean vessels and intermodal service capacity under the terms and conditions of the VISA which are incorporated herein.

A Carrier unable or unwilling to maintain its VISA commitment in terms of specific vessel capacity as reflected in its SDDC FORM 4280/9, Voluntary Enrollment Contract (VECI), must notify the CO immediately. Upon such notification, the Government reserves the right to negotiate an equitable adjustment or to exercise other contractual remedies as appropriate.

NOTE: The expression "United States Flag Fleet" as U.S. Flag ships and U.S. Flag vessels herein refers only to the dry cargo vessels and tug/barge combinations in the Carrier's United States Fleet.

2.16.4. VISA Booking Priority

In accordance with the Voluntary Intermodal Sealift Agreement (VISA), the following categories of VISA participant status shall be applied in descending order, when booking cargo shipments in the Defense

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Transportation System. The following priority order applies to each individual Route contained in this contract.

- (1) U.S. Flag vessel capacity operated by a VISA "Participant" that has made a current, minimum commitment of its U.S. Flag vessel capacity to Stages I, II and III of VISA OR that has made a current, minimum commitment of its Jones Act capacity (capacity exclusively engaged in the domestic trades) to Stage III of VISA and a current, minimum commitment of the remainder of its U.S. Flag vessel capacity to Stages I, II and III of VISA OR, with regard to an offer for a long-term charter to DoD, that has made a current, minimum commitment of its U.S. Flag vessel capacity to Stage III of VISA. The U.S. Flag Vessel Sharing Agreement (VSA) capacity of such a Participant also is grouped in this category of priority.
- (2) U.S. Flag vessel capacity operated by a VISA "Participant" that has made a current, minimum commitment of its U.S. Flag vessel capacity to Stage III of VISA and the U.S. Flag Vessel Sharing Agreement (VSA) capacity of such a Participant.
- (3) U. S. Flag vessel capacity, operated by a non-Participant.
- (4) Combination U.S./foreign flag vessel capacity operated by the kind of "Participant" described in paragraph 1 above and/or the combination U.S./foreign flag VSA capacity of such a Participant.
- (5) Combination U.S./foreign flag vessel capacity operated by the kind of "Participant" described in paragraph 2 above and/or the combination U.S./foreign flag VSA capacity of such a Participant.
- (6) Combination U.S./foreign flag vessel capacity operated by a non-Participant.
- (7) U.S. owned or operated foreign flag vessel capacity and/or VSA capacity of the kind of "Participant" described in paragraph 1 above.
- (8) U.S. owned or operated foreign flag vessel capacity and/or VSA capacity of the kind of "Participant" described in paragraph 2 above.
- (9) U.S. owned or operated foreign flag vessel capacity and/or VSA capacity of a non-Participant.
- (10) Foreign-owned or operated foreign flag vessel capacity of a non-Participant, if a particular shipment's requirements cannot be met by any of the booking priority categories.

2.17. Shipments By Authorized Agents of The Government

2.17.1. Authorized Agent Shipments

The following provisions apply only for authorized agent shipments that include, but are not limited to, shipments of Military Household Goods (MHHG), International Through Government Bill of Lading (ITGBL) Carriers, and privately owned vehicles (POV) by Global POV Contractors.

2.17.1.1. Booking of Cargo

Shipments booked by authorized agents will be booked in accordance with the instructions provided by SDDC OPS based on best value criteria used to award cargo on all routes, consistent with VISA priorities.

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- (a) **Shipper agrees to offer cargo for booking upon no less than five (5) working days notice prior to a port departure date unless a later time is agreed upon by the parties. The Contractor providing the transportation service must accept an offering of cargo and notify the Shipper of such acceptance (see Paragraph 3.6.4.1).**

- (b) **The shipper will prepare a Delivery Order in a format as mutually acceptable by the parties. The Delivery Order shall be evidence of ownership and will constitute the contract of carriage issued to the Contractor.**

2.17.2. Submission of Status Reports

Contractors must provide reports to the authorized agent who ordered the transportation services as prescribed in paragraph 3.18.3; however, rather than reporting at the Transportation Control Number (TCN) level, the Contractor may report by Delivery Order when mutually agreeable by the parties.

2.17.3. Payment

The authorized agent shall make payment directly to the Contractor providing ocean service thirty days after receipt of an invoice. The Contractor must invoice directly to the Authorized Agent for payment of services rendered to include detention. The Contractor must notify the CO if payment is not received within forty-five (45) days after submission of invoices to the authorized agents.

2.17.4. Detention Invoices

The authorized agent ordering services from the ocean Carrier is responsible for certification and payment of all detention charges applicable under this contract.

2.18. Reserved

2.19. Carrier Protection From Competition

Carriers offering service on a route shall, during the period of this contract, be protected from the competition of carriers who hold contracts for that route or other routes as follows:

2.19.1. Rate Protection

Should a Carrier reduce its ocean, linehaul, or single factor rates on routes during the period of this contract, its competitive position shall be determined on the basis of its initial rates.

2.19.2. Other Carrier Participation

A Carrier who, after the date for responses to the Request for Proposals (RFP) which resulted in this contract, begins common carrier or contract Carrier operations on the routes but did not submit an offer under that RFP, will be considered for a contract at a negotiated rate level, but such Carrier's rates will not be utilized except as necessary when capability from Carriers which already hold a contract is not available to meet the requirement.

2.20. Failure to Sail

The Government is not obligated to utilize a Carrier who receives an award under the RFP and fails to have a sailing within thirty (30) days after the effective date of this contract, or such later date acceptable to the PCO, on any route for which it has offered rates for the effective period of this contract, or who fails thereafter to maintain a regular Carrier service on such route. If a later date than specified above is

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accepted, the Government is not obligated to utilize such a Carrier before such date, nor is the Government so obligated unless the Carrier has a sailing within thirty days of such a date and thereafter maintains a regular Carrier service on such route. However, nothing in this clause restricts the Government from utilizing such Carrier service when the capability of Carriers receiving awards under the RFP (and otherwise meeting the requirements of this paragraph) is not available.

2.21. Multiple Award Task Order Contract and Delivery Order Contract Ombudsman

In accordance with FAR 16.505(b)(5), the following individual has been appointed as ombudsman for multiple award task order and delivery order contracts issued by this organization:

Mr. Francis Giordano
Military Surface Deployment and Distribution
Command
Attn: MTAQ-D, 12S45
200 Stovall Street, Hoffman Building II
Alexandria, Virginia 22332-5000
Telephone: 703-428-3300
Facsimile: 703-428-3364
Email: giordanof@SDDC.army.mil

2.21.1. Reviewing Contractor Complaints

The ombudsman has the authority to review Contractor complaints that they have not been afforded fair opportunity to be considered for award of a particular task order or delivery order under a multiple award contract.

2.21.2. Submitting Contractor Complaints to the Ombudsman

A Contractor who receives an award under a multiple award contract may contact the ombudsman with a complaint concerning the award of a particular task order or delivery order placed under the multiple award contract.

2.21.2.1. Time Limit for Complaint Submission

The Contractor is encouraged to try to resolve the issue with the CO prior to contacting the ombudsman. However, Contractor complaints to the ombudsman must be made within five (5) workdays of the award under complaint.

2.21.2.2. Limit of Ombudsman Authority

The ombudsman's authority is limited to issues pertaining to the awarding of task orders and delivery orders under multiple award contracts. Contractor complaints directed to the ombudsman shall be confined to these issues. All other complaints will be outside the authority of the ombudsman and will be returned to the Contractor without action.

2.21.3. Ombudsman Determination of Findings

Upon review of the facts, the ombudsman will determine whether or not the Contractor was afforded a fair opportunity to be considered consistent with the procedures in the contract and either deny the Contractor's Complaint, or require that the CO take corrective action regarding the complaint.

2.21.4. Final Resolution of Complaints

If the CO does not agree with the ombudsman's decision, the issue shall be referred to the SDDC Principal Assistant Responsible for Contracting for final decision.

or

2.21.5. Ombudsman Process Not Replacing Disputes Clause

These ombudsman procedures are not subject to FAR 52.233-1, Disputes, with or without its Alternate I found elsewhere in this contract.

2.22. Management, Quality Control, Reporting and Records

2.22.1. Management

The Contractor shall establish and maintain a Management Plan to indicate how service will be managed, coordinated and maintained for all customers. The Management Plan shall include a Risk Management paragraph or chapter that will detail all significant risks identified by the Contractor, the likely impact of such risks if not mitigated, and the approach the Contractor will take to minimize or mitigate all identified risks. The government recognizes that minimized time on ocean transit reduces risk to cargo and to meeting objectives, such as Required Delivery Dates. Therefore, the government places high value on minimizing this risk. This is especially true for transit of refrigerated cargo to Puerto Rico, and Carriers may expect that contract awards and awards of delivery orders under Best Value consideration will evaluate this factor highly. The Contractor shall submit a proposed Management Plan as part of its technical proposal. This Plan should include as a minimum how the contractor intends to meet scheduled deliveries, to meet unique customer requirements, and identification of risks and how the Contractor will minimize risks, especially transit risk. Average transit times proposed by the contractor for lanes they are proposing against will be considered.

2.22.2. Quality Control

The Contractor shall establish and maintain a Quality Control Plan (QCP) to ensure quality service is provided throughout the terms of the contract. The Contractor shall submit a proposed QCP as part of its technical proposal. The QCP should include as a minimum how the Contractor intends to meet the performance objectives, and should also identify those areas the Contractor sees as critical to the customers for this contract, how it will monitor quality performance in those areas, and how it will maintain or exceed customer expectations, including identification and correction of problems.

2.22.2.1. Final QCP

The Contractor shall submit a final QCP within thirty (30) days after contract award based on Government feedback at contract award.

2.22.2.2. Problem/Failure

The Contractor shall self-identify any problem or failure that may impact contract performance. In accordance with its QCP, the Contractor shall provide the COR with a succinct written plan of action within ten (10) business days of Contractor self-identification or awareness of a potential or real problem, failure or deficiency. The Contractor shall detail the methodology for correcting the problem or deficiency in the plan of action, and provide an assurance of the specific time required to bring performance back to acceptable quality levels, as applicable.

2.23. Customer Service Assistance

The Contractor must establish/designate a Customer Service activity to be responsive to Government activities that require assistance. Government activities must be able to contact a person representing the Contractor throughout the business day to obtain expert assistance in answering questions, exchanging information and resolving problems. A single focal point for each Government activity is desirable. The Contractor will provide specific points of contact for each Government shipper no later than seven (7) days after contract award.

or

2.23.1. Performance Requirement Summary (PRS)

The Government will monitor the Carrier’s performance through the Government Performance Requirements Summary (PRS), see below Table, to be used in this program, and is provided for the Convenience of the Carrier. Other Performance Objectives not addressed in the PRS will be monitored by exception. This PRS is to be used for administrative purposes only and does not reflect a change in the contract requirements. To the extent any conflict may arise between the use of the PRS and the substantive provisions of this contract, the substantive provisions of this contract shall apply.

| Performance Objective No. | Measures | Performance Standard (AQL) | Surveillance Method | Government Actions |
|----------------------------------|---|---|---|--|
| P.O. # 22 | Orders Accepted | 98% | Contractor Reports and Government data plus spot checks | Random Checks; Evaluate Contractor quarterly |
| P.O. # 24 | Required Delivery Date met | 98% | Contractor Reports and Government data plus spot checks | Random Checks; Evaluate Contractor quarterly |
| P.O. # 27 | Frequency of Service: Late Cancelled | NMT 5% 1 day or more late NMT 1% | Contractor Reports and Government data plus spot checks | Random Checks; Evaluate Contractor quarterly |

Performance Requirement Summary (PRS) Table: Critical Performance Objectives

2.23.2. Performance Measurement Approaches

The CO and the COR will monitor Contractor performance and compliance with the terms and the conditions of the contract using the PRS and such other standard techniques as inspections, Government generated management reports, Carrier reports and customer feedback. The COR, in conjunction with the CO, will conduct periodic meetings (apart from the Quality Council) with the Contractor to discuss operations, and problem areas.

2.23.3. Use of Quality Performance Information

Performance data and contract compliance will be provided to OOs as part of information used in determining best value Contractors. Information from the reports will be compiled cumulatively to provide annual reports of past performance for use in past performance evaluations for future awards.

2.24. Quality Council

Council Meetings will be held in order to identify and resolve potential operational problems and to achieve continuous process improvement. The Government shall establish a Quality Council consisting of members which may include representatives of the Carrier, Ocean Cargo Booking Office (OCBO), Ocean Cargo Clearance Authority (OCCA), Shipper services, as well as the Contract Administrator(s), Technical Representatives, Shipper Representatives, and the CO.

or

The Quality Council shall meet on a semi-annual basis, or as needed, to identify, monitor, and recommend solutions to operational problems arising during the term of the contract. Recommendations for process improvement will be elevated to the Procuring Contracting Officer or his/her designated representative and the designated Carrier representatives for consideration, approval and negotiation of contract modifications as applicable.

2.24.1. Performance Requirements

Performance Requirements in this document are expressed in the following manner and may contain the following three elements. In each case, when taken together, these elements constitute a performance requirement.

2.24.1.1. Performance Objective

A statement of the outcome or results expected of the Contractor (not output).

2.24.1.2. Performance Measures

The critical few characteristics or aspects of achieving the objective that will be monitored by the Government, those things that the Government will analyze. Each objective may have one or more measures.

2.24.1.3. Performance Standards

The targeted level or range of levels of performance for each performance measure also referred to as Acceptable Quality Level (AQL).

2.24.1.3.1. Not every performance objective in this contract has a related performance measure or performance standard. However, every performance objective is a contractual requirement. For those performance objectives that do not specify a measure or standard, the measures and standards are IAW standard commercial practices, i.e., substantial compliance with local customary trade practice. When not stated, Performance Standards are assumed to be one hundred (100) percent, unless standard commercial practices would apply a lower standard.

2.24.1.3.2. Performance measures/standards, where specified, may be used to achieve a variety of goals, including collection of data to test the practicality of a performance standard; identification of a performance standard of less than one hundred (100) percent compliance; emphasis on most critical performance objectives; collection of data to support quality assurance and contractual remedies (including evaluation of past performance, discussion at Quality Council meetings, etc.) and similar goals.

2.24.1.4. Custom of the Trade

Wherever the standard of performance by either party is not provided under the provisions of this contract, the "Custom of the Trade" shall be used as a standard of performance. This phrase shall mean the established practice generally accepted by the trucking, rail and marine shipping industries for cargo transportation service in the geographic area where such services are performed.

or

3.0 PERFORMANCE WORK STATEMENT (PWS) - DESCRIPTION OF SERVICES

3.1. General Basic Common Service Requirements

3.1.1. Basic Service

The Carrier's basic service shall consist of furnishing to the Government clean, empty, odor-free ISO standard containers on fully operable chassis or trailers, at a specific point designated by the OO, such as a warehouse door or loading platform, in a timely manner; moving the stuffed container/trailer between this point and the Carrier's commercial terminal; receiving and handling the stuffed container/trailer at its loading terminal; loading and transporting the container/trailer on the Carrier's vessel; discharging and handling the container/trailer at the Carrier's receiving terminal; and, delivering the container/trailer to a place designated by the customer by the Required Delivery Date (RDD).

3.1.1.1. Spotting/Ordering Empty Containers/Trailers

The OO will give the Carrier at least two working days notice as to where to spot a Carrier furnished empty container/trailer for stuffing by the Government. The notice will include the type and size of container/trailer required by the Government, the name and address of the shipper, the date and approximate time (AM or PM) for spotting the container/trailer. The Carrier shall not furnish a container/trailer of a different dimensions than that ordered without the written consent of the COR. If the OO allows the Carrier to substitute a larger size container/trailer than booked, and the loaded shipment does not exceed the dimensions of the size container/trailer originally ordered, the Government will pay for the size ordered. If the loaded shipment exceeds the dimensions of the size of container/trailer originally ordered, the Government will pay for the size container/trailer actually furnished.

3.1.1.2. Performance Objective 01 - Spotting Containers/Trailers. The Carrier shall spot empty containers/trailers by the designated date and time.

3.1.1.3. Failure to Spot and Remedies

When the Carrier fails to spot an empty container by the designated date and time, and as a result there is not reasonable time to allow stuffing and release of the container in sufficient reasonable time to meet the scheduled sailing date of the vessel to which the container is booked, the Carrier shall be liable either for the payment of liquidated damages or for the reimbursement of expenses incurred by the Government to obtain alternate transportation of the container. The Government shall also be entitled to cancel the booking of such cargo.

3.1.1.4. Liquidated Damages

Liquidated damages shall be equal to the detention charges in Section 3.21 for each twenty-four (24) hour period, or pro-rata for part thereof, from the time of completion of loading of the vessel to which the container was originally booked to the time of commencement of loading of the Carrier's next scheduled vessel to the port of destination to which the container was booked. If the Government cancels the booking, the Carrier's liability for liquidated damages shall be limited to the period ending with cancellation.

3.1.1.5. Alternate Transportation

If the Government elects to employ alternate intermodal surface transportation to move the container to another port, the Carrier shall be liable for any expenses or costs incurred by the Government above the expenses that normally would have been incurred had the container been furnished by the designated time and date.

or

3.1.1.6. Government Responsibility for Failure

Neither liquidated damages nor charges for Government expenses will be assessed if the Carrier can establish: 1) that the inability to spot the container as agreed is the result of the Government's failure to unstuff and release an empty container to the Carrier within a reasonable time to meet the required spot date; 2) that it advised the OO of such inability at least seven (7) calendar days prior to the required spotting date; and 3) that the Carrier only accepted bookings which could reasonably be expected to be fulfilled.

3.1.1.7. Delay in Spotting

When the Carrier fails to spot an empty container by the designated date and time, and as a result the Government must incur overtime expenses to enable stuffing and release of the container by the Government prior to the scheduled sailing date of the vessel, the Carrier shall be liable for payment of liquidated damages equal to the total overtime expense incurred by the Government.

3.1.1.8. Government Liability for Containers Spotted But Not Used

In the event the OO orders and the Carrier delivers an acceptable container which is subsequently released without utilization, the Government shall, nevertheless, pay to the Carrier the applicable drayage/linehaul charge for such container as though it had actually been used between the place of stuffing and the Carrier's loading terminal. If the container is subsequently ordered to be delivered at another place, the Government shall pay the Carrier the applicable stop-off charge as if a stop-off service had been ordered.

3.1.1.9. Container/Trailer Pickup

3.1.1.10. Performance Objective 02 – Pickup Containers/Trailers. The Carrier shall pick-up a stuffed container/trailer from the Government facility within one working day, and shall pick-up/remove an empty container/trailer from the Government facility within three working days, time commencing at 0800 hours on the day following receipt of notification that the container/trailer is ready to be transported.

3.1.1.11. Chassis Requirement

Performance Objective 03 – Container on Chassis The Carrier shall deliver containers to the Government on a chassis, which shall remain with the containers while they are in the custody of the Government, unless the local receiving facility waives this requirement.

3.1.1.12. Refrigerated Service

Performance Objective 04 – Refrigerated Container The Contractor shall provide required refrigerated containers/trailers to the stuffing activity that will maintain temperature within three (3) degrees Fahrenheit of the in-transit temperature specified for controlled atmosphere and straight chill requirements, and within five (5) degrees Fahrenheit for frozen requirements, in accordance with the booking, including pre-cooling, when ordered. The Contractor is responsible to maintain all equipment in working order from pickup from the stuffing activity through to destination, including during the free time allowed under this agreement, to include generator refueling and electrical power. This fuel shall be provided at the Carrier's expense.

3.1.1.13. Performance Objective 05 – Temperature Recording The Contractor shall provide continuous measurement of internal temperature using a Ryan type recorder or equivalent.

or

3.1.1.13.1. Performance Measure - Evidence of thawing, freezing, spoilage or temperature deviation from required limits.

3.1.2. Overweight Containers and Notification by Carrier

At the time of ordering, the Carrier shall notify the OO if the maximum cargo weight which can be loaded into a container that is to be stuffed by the Government is more than the standard legal maximum cargo weight capacity for the container, and the reason therefor. The Contractor will also advise the OO when the combined cargo weight of the loaded container and chassis exceeds the allowed highway axle weight. See also Paragraph 3.3.3.

3.2. Accessorial Services

3.2.1. Definition of Standby Time

Driver stand-by time commences after expiration of driver free time, and ends when the conveyance is Available for Onward Movement (See Definitions). Charges based on time are computed by multiplying the hourly rate by the time involved. When fractions of an hour are used, the charges will be as follows: fifteen (15) minutes or less equals one quarter hour; sixteen (16) to thirty (30) minutes equals one-half hour; thirty-one (31) to forty-five (45) minutes equals three quarters hour; excess of forty-five (45) minutes equals one hour. See Accessorial Tables for rates.

3.2.2. Redelivery of Keep From Freezing (KFF) Service

Redelivery of Keep From Freezing Service is when the consignee is not able to accept all the cargo on the first delivery and the carrier is directed to return the other portion to the carrier's facility until the consignee is available to accept the remainder of cargo.

3.2.2.1. Performance Objective 06 – Redelivery of Keep from Freezing

When Redelivery of KFF is ordered by the OO, after the initial delivery of a container/trailer, the Carrier shall return the partial container load of cargo to its terminal and keep at the proper temperature until ordered to redeliver the remainder of the cargo. This service shall include one (1) hour of driver free time, from the time of driver arrival for the initial delivery and the redelivery. Charges for Redelivery of KFF services are located in the Accessorial Rate Tables.

3.2.3. Re-spot Service

3.2.3.1. Performance Objective 07 – Re-spot of Containers/Trailers

When requested by the OO, the Carrier shall move a container from one point on a facility to another point on that facility. Charges are located in the Accessorial Rate Tables.

3.2.4. Stop-Off Service

Stop-Off Service is defined either when a container/trailer contains cargo that must be delivered to more than one en-route delivery location, or when a container/trailer is to be stuffed at more than one en-route location.

3.2.4.1. Performance Objective 08 – Stop-Off

The Carrier shall spot a container at a place designated by the OO for additional stuffing/un-stuffing prior to final stuffing/un-stuffing being completed. Charges are located in the Accessorial Rate Tables.

or

3.2.5. Transloading Service

Transloading service shall consist of shifting the contents of a full containerload or truckload of cargo directly from one container/trailer to another at its terminal as an accessorial charge per container/trailer.

3.2.5.1. Performance Objective 09 – Transloading

When specifically ordered by the OO, the Carrier shall transload cargo. The integrity of cargo units delivered to the Carrier for transloading shall be maintained throughout the shipment. The Carrier shall not change the integrity of the cargo's configuration, i.e. break palletized loads without prior approval of the OO. In addition, the Carrier shall not commingle commercial cargo with Government cargo under this service. Charges are located in the Accessorial Rate Tables.

3.2.6. Stuffing Service

3.2.6.1. Performance Objective 10 – Container/Trailer Stuffing

When ordered by the OO, the Carrier shall stuff cargo suitable for containerization or loading in a trailer at their terminal, and then consolidate, segregate, tally, and stuff the cargo into containers/trailers and sealing the containers/trailers. The integrity of cargo units delivered to the Carrier for stuffing shall be maintained throughout the shipment, consistent with the stowage capability of the Carrier's containers. The Carrier shall not change the integrity of the cargo's configuration (break palletized loads) without prior approval of the OO. The Carrier may, unless otherwise directed by the OO or restricted by applicable regulations, commingle Government cargo with commercial cargo. Charges are located in the Accessorial Rate Tables (Palletized Rate).

3.2.7. Stripping, Sorting, and Consolidation Service

3.2.7.1. Performance Objective 11 – Stripping, Sorting and Consolidating Cargo

The Carrier shall strip, sort, and/or consolidate cargo while unstuffing a container/trailer, separating cargo by consignee, and grouping cargo lots by Consignee at the destination point. Charges are located in the Accessorial Rate Tables (Hand Stacked Rate).

3.2.8. Terminal Handling Service

When directed by the OO, the Carrier shall receive and handle cargo not incidental to the ocean movement of cargo at origin or destination ports. Charges are located in Accessorial Rate Tables.

3.2.9. Delivery Outside Normal Business Hours

When ordered by the OO, the Carrier shall deliver cargo at the ultimate destination not later than the start of normal business hours, nor before the end of normal business hours. Carriers will be compensated for this service at the rates set forth in the Accessorial Rate Tables.

3.2.10. Container/Trailer Overlength Surcharge

When containers/trailers either exceeding twenty (20) feet and less than forty (40) feet or exceeding forty (40) feet are ordered by the OO, the accessorial surcharge for the applicable container/trailer shall be added to the basic ocean rate. These charges are located in the Accessorial Rate Tables.

or

3.2.11. Flatrack Container Surcharge

Carriers will make flatracks available under the same terms and conditions as the Carriers container service. Cargo shipped in flatrack containers shall move at the general container ocean rate plus a flatrack surcharge set forth in the Accessorial Rate Tables.

3.2.12. Hazardous Cargo Surcharge

This charge applies to the movement of hazardous cargo requiring on deck stowage per Coast Guard regulations. These charges are located in the Accessorial Rate Tables.

3.2.13. Mileage Table

These tables are provided for those few instances where no forecast or known volume of cargo was available or existed. The rates are to be used in conjunction with bi-factor rates. The mileage table rates shall be used for a period not to exceed 60 days for the same specific point. Should a requirement for the same point continue to exist beyond sixty (60) days, a point-to-point, ongoing rate shall be negotiated pursuant to the Changes Clause. Also see paragraph 3.35.3.

3.2.14. Refrigerated Container Differential

A refrigerated container differential will apply to the motor linehaul portion of a bi-factor move. The refrigerated container differential, set forth in the Accessorial Rate Tables, will be added to the applicable mileage rate table located in the accessorial rate section.

3.3. Basic Service – Alaska

3.3.1. Northbound/Southbound Service

In addition to the Basic Service described at Section 3.1, the Carrier's basic service to Alaska shall also include delivering the loaded container/trailer to a place designated by the OO and spotting it at a specific point, such as a warehouse door or loading platform as designated locally by the receiving activity, and by the date and time of arrival specified by the OO (Required Delivery Date (RDD)). Return service of cargo in containers/trailers shall include pick-up of stuffed and/or empty containers at a specific point designated by the OO; moving the container/trailer to be loaded and subsequently transported aboard the Carrier's vessel to the Carrier's terminal in the Puget Sound area; and delivered there or to a point to be designated by the OO.

3.3.1.1. Delivery

3.3.1.2. Performance Objective 12 – Cargo Delivery

The Carrier shall contact the consignee to establish a delivery time. After the container/trailer has been discharged from the vessel, the Carrier shall make delivery of refrigerated cargo within one (1) working day to Anchorage and Kodiak Island and within two (2) working days to all other points. Dry cargo shall be delivered within five (5) working days, except that the Carrier shall be allowed an additional two (2) days to complete delivery of multiple consignee shipments. Unless otherwise directed by consignee, the Carrier shall deliver refrigerated and Keep-From-Freezing (KFF) cargo to military activities no later than two hours prior to the close of business on the day of delivery. Notwithstanding the above requirements, all cargo shall be scheduled and delivered in an expeditious manner.

or

3.3.2. Southbound Service

3.3.2.1. Performance Objective 13 – Alaska to Puget Sound

When the OO orders the containers/trailers delivered to Puget Sound, the Carrier shall make delivery of dry cargo containers/trailers within two (2) working days after the container/trailer has been discharged from the vessel.

3.3.3. Overweight Carriage

3.3.3.1. Performance Objective 14 – Carriage of Overweight Containers

The Contractor shall advise the OO when the combined cargo weight of the loaded container and chassis exceeds the allowed highway axle weight along any portion of the intended delivery route due to seasonal or local restrictions on carriage weight. The Carrier shall not refuse to carry a container Northbound to Alaska that weighs in excess of the local legal maximum weight allowed by U.S. Federal, state, or local governments if the container can be discharged from the vessel and the excess weight of cargo can be removed without violation of the applicable law, regulation, or ruling that established the maximum weight.

3.3.4. Less Than Containerload/Trailerload Service

When ordered by the OO, the Carrier shall receive and handle at its Puget Sound Terminal, Northbound general cargo and refrigerated cargo suitable for containerization and/or loading aboard a trailer.

3.3.4.1. Performance Objective 15 – Less Than Containerload/Trailerload Cargo

The Carrier shall receive, consolidate, segregate, tally and stuff cargo into containers/ trailers; block and brace the cargo for safe ocean and intermodal movement; and, seal the containers/trailers as required. The Carrier shall maintain the integrity of the cargo units delivered to the Carrier for stuffing throughout the shipment, consistent with the stowage capability of the Carrier's containers/trailers. The Carrier shall not change the integrity of the cargo's configuration, i.e. break palletized loads, without prior approval of the OO. The Carrier may, unless otherwise directed by the OO or restricted by applicable regulations, commingle Government cargo with commercial cargo.

Unless otherwise directed by the OO, Northbound cargo delivered to the Carrier's terminal for consolidation will be stuffed and loaded aboard ship within ten calendar days of receipt by the Carrier, if bound for Anchorage, Kodiak Island, Eielson AFB, or Fairbanks. For all remaining destinations, cargo will be stuffed and loaded aboard ship within fourteen (14) calendar days of receipt by the Carrier. The Carrier shall deliver cargo to consignees at specific points.

3.3.5. Modified Atmosphere Service

Modified atmosphere service shall consist of furnishing a system that is designed to reduce spoilage to perishable container contents by introducing preservative gases or otherwise reducing the level of activity of oxygen in the container for the period from the time the container is closed, sealed, and charged with gas after stuffing until the seal is broken at the time of delivery of the container to the first consignee, or at such time as is mutually agreed upon at the time of booking.

3.3.5.1. Performance Objective 16 – Provide Modified Atmosphere Containers/Trailers

The Carrier shall provide modified atmosphere service. Charges are located in the Accessorial Rate Tables.

or

3.3.6. Privately Owned Vehicles (POVs)

3.3.6.1. Performance Objective 17 – POV Receive/Deliver

Ocean Carriers shall receive or deliver POVs from/to the Government from Monday through Friday from 0800 until 1700 hours, except on locally observed holidays. The ocean Carrier and the GPC Contractor will perform a joint inspection of the POVs, using form DD788 or the Contractor equivalent form at receipt and delivery at the ocean Carrier's terminal. The custom of the trade is to deliver the vehicle in the same condition and cleanliness as it was received at both the ocean Carriers' Puget Sound and Anchorage terminals and to the VPC Contractor.

3.3.6.2. POV Processing Service

(POVs Moving Between Kodiak Island and Puget Sound) POVs moving from the ocean Carrier's Puget Sound terminal to Kodiak Island terminal shall be handled in the same manner as described in Paragraph 3.3.6.1. At Kodiak Island the ocean Carrier will issue POVs to service members or their agents at the ocean terminal. This terminal will process POVs according to the following Hours of Operation: Mondays 0800-1200; Tuesdays 0800-1200; Thursdays 1300-1700 hours, except on locally observed holidays. An inspection of the POV will be accomplished with the service member or their representative upon receipt of the POV. POVs will be returned in the same condition of cleanliness as received, to include washing if required, to facilitate efficient joint vehicle inspection.

3.3.6.3. POV Storage and Detention

The Carrier will provide storage for POVs in a secure (generally closed to the public), lighted, fenced, hardstand area pending pick up by the member for up to twenty-one (21) days. Detention charges, as set forth in paragraph 3.21, will be assessed if storage is required beyond twenty-one (21) days. POVs moving from the Carrier's Kodiak Island terminal will be received from service members or their agent at the terminal during the same hours as above and be inspected as above. The ocean Carrier will then load, transport, unload at their Puget Sound terminal, inspect and issue POVs to the VPC drayage Carrier as described in Paragraph 3.3.6.1. Charges are located in the Accessorial Rate Tables.

3.3.7. Railhead Handling/Drayage Service for Military Vehicles

The Carrier shall discharge military from railcars in the Puget Sound Area and transport the vehicles to its Puget Sound ocean terminal. Carriers will be compensated for this service at the rates set forth in the Accessorial Rate Tables.

3.3.8. Surcharge for Carriage of Poles

When ordered by the OO, the Carrier will transport both treated and non-treated poles that are greater than thirty-nine feet in length. The Carrier will be compensated for this service at the per foot rate set forth in the Accessorial Rate Tables, applied to the total length for each bundle of poles shipped.

3.3.9. Supercargo Transportation Service

When ordered by the OO, the Carrier's supercargo transportation service shall consist of transporting, victualling and suitably accommodating in the Carrier's vessel, one or more persons designated by the Government to accompany cargo carried in the vessel. Carriers will be compensated at the rates set forth in the Accessorial Rate Tables.

3.3.10. Keep-From-Freezing Service

When ordered by the OO, Keep-From-Freezing (KFF) Service shall consist of furnishing equipment to the specified stuffing activity that will insure protection of cargo from freezing. It is the responsibility of the Carrier to maintain its KFF equipment in proper working order from the initial stuffing until unstuffing at

or

final destination. For the ocean portion of the movement, KFF Service will be charged at the applicable general cargo rate plus the KFF Service rate set forth in the Accessorial Rate Tables. For the linehaul portion of the movement, the KFF Service Differential, set forth in the Accessorial Rate Tables, will be added to the applicable Mileage Rate Table located in the accessorial rate section. Keep-From-Freezing Service window of operation is from 1 October through 30 April.

3.3.11. Breakbulk Service-Alaska

3.3.11.1. Northbound Service to Alaska

The Carrier's northbound breakbulk service shall consist of loading and transporting breakbulk cargo in its vessel and discharging the cargo at its receiving terminal and transporting to inland delivery points in Alaska, as set forth in the schedule (pier-to-door). Breakbulk service shall be provided in accordance with the terms and conditions for Containerizable service, as applicable.

3.3.11.2. Southbound Service from Alaska

The Carrier's southbound breakbulk service shall, depending on the schedule of service, consist of either, loading and transporting breakbulk cargo from inland shipping points in Alaska through to its receiving terminal in Puget Sound (door to pier) or loading and transporting cargo in its vessel and discharging the cargo at its receiving terminal in the Puget Sound area (pier-to-pier). Breakbulk service shall be provided in accordance with the terms and conditions for Containerizable service, as applicable.

3.3.11.3. Alaska Tie-Down Services

Charges listed in the rate tables include requiring the Carrier to perform tie-down service for flatbeds, flatracks, and lowboys loaded by the Government. Rates also include all materials necessary to perform tie-down service.

3.4. Basic Service – Puerto Rico/U.S. Virgin Islands

3.4.1. CONUS to Puerto Rico (Outbound) Basic Service

In addition to the Basic Service described in Section 3.1, the Carrier's basic Continental United States (CONUS) service to San Juan, Puerto Rico shall also include clearing cargo through all applicable agencies of the local government and making Available for Onward Movement (AOM), (See Definitions), to include: containers on chassis or trailers, and then to release containers/trailers to a motor Carrier designated by the OO or its authorized representative at the port of San Juan. Once the ocean carrier has notified the OO that the container is AOM, the Government will notify the Carrier of the specific date and time the designated Motor Carrier will pick-up the container. If the motor carrier is delayed at the terminal due to fault of the ocean carrier, beyond one hour waiting time for delivery or pickup of a container or designated cargo, then the ocean carrier will be liable for charges of \$35.00 per hour for each hour of delay. The start time will be calculated based on the time the trucker checks in the terminal with the proper documentation from the OO.

3.4.2. Puerto Rico to CONUS (Inbound)

The Carrier will receive and handle stuffed containers/trailers at their San Juan terminal from a motor Carrier designated by the OO or agent; load and transport containers/trailers in the Carrier's vessel; deliver to their CONUS terminal; discharge and handle the containers/trailers at the receiving terminal; and delivered there or to a point to be designated by the OO.

3.4.3. CONUS to U.S. Virgin Islands (St. Thomas/St. Croix)

For cargo to USVI, the Carrier will provide the same services as in paragraph 3.4.1 to the Carrier's terminal at St. Thomas/St. Croix; discharge and handle containers at the receiving terminal, and contact the

or consignee to establish a delivery time. The Carrier will deliver all cargo containers/trailers within one working day after the container/trailer has been discharged from the vessel. Cargo will be delivered as follows: M-Term Service Delivery – St. Thomas/St. Croix. Cargo booked under M-Term Service to St. Thomas/St. Croix shall be delivered to designated points.

3.4.4. Inter-Island Service

The Carrier shall transport breakbulk or containerizable cargo between San Juan and USVI and between St. Thomas and St. Croix, either direction in accordance with the specifications for carriage referenced in Paragraph 3.4.3.

3.4.5. Interchange Agreement

The Carrier shall maintain standardized equipment interchange agreements containing the same terms and conditions as offered to its most preferred commercial customers with the motor Carriers designated by the OO. If the terms and conditions of this contract are different than those contained in the Carrier's standardized equipment interchange agreement, the terms and conditions of this contract will apply.

3.4.6. Accessorial Services

3.4.6.1. Controlled Atmosphere Service

The Carrier's controlled atmosphere service consists of furnishing a self-contained computerized system capable of monitoring and adjusting the atmosphere in a refrigerated container after the Carrier has introduced preservative gases in the container. The system is designed to reduce spoilage and extend shelf life of perishable commodities similar to modified service, but differs by its ability to adjust the air inside the container during transit. Charges are located in the Accessorial Rate Tables.

3.4.7. Break-Bulk Service--From/To/ Between CONUS/Puerto Rico/Virgin Islands

The Carrier's breakbulk service shall consist of receiving cargo at Carrier's commercial terminal; loading; transporting breakbulk cargo in its vessel, and discharging the cargo at its receiving terminal. Breakbulk service shall be provided in accordance with the terms and conditions for Containerizable service, as applicable.

3.4.7.1. Containerization for the Convenience of the Carrier

For breakbulk cargo booked by the Government on a liner term basis, the Contractor may, at its discretion, containerize such cargo for its own operational convenience without any additional cost or expense to the Government. However, this containerizable cargo is still considered breakbulk cargo for the purposes of computing the cargo guarantees for this contract.

3.5. Electronic Commerce/Electronic Data Interchange (EDI)

3.5.1. Performance Objective 18 – Use of EDI

The Contractor shall use Electronic Data Interchange (EDI), as the primary means for interfacing with the Military Surface Deployment and Distribution Command (SDDC). For those Contractors who are not EDI capable, Ocean Carrier Interface (OCI) is acceptable as a secondary means of data submission. In those Government locations where neither EDI nor OCI are available (Integrated Booking System (IBS) is not supported), the Contractor must use hard-copy facsimiles.

or

3.5.2. **Trading Partner Agreement (TPA)**

Carriers electing to participate in the SDDC EDI are required to execute a Trading Partner Agreement (TPA) with SDDC. This is an umbrella document that describes the use of electronic media and electronic signatures; and establishes EDI transactions as legally enforceable in lieu of signed paper documents. The Carrier will be required to either demonstrate that they have a TPA in place, or to submit the TPA as part of their offer. The TPA will be approved upon successful completion of transmission tests for each transaction set.

3.5.3. **Transaction Sets and Concepts of Operation**

3.5.3.1. **Performance Objective 19 – DTEDI EDI**

The Contractor must use the Defense Transportation Electronic Data Interchange (DTEDI) approved Implementation Convention for the ANSI X-12 300, 301, 303, and 315 Transaction Sets in compliance with their approved concepts of operations. Versions 3060, 4010 or later are required. The Contractor will implement changes to business processes contained in revisions to Transaction Set Implementation Conventions and their controlling concepts of operations as may be approved by the Ocean ACI Committee. These changes must be implemented in accordance with schedules approved by the Ocean ACI Committee.

3.6. **Shipment Booking**

Cargo will be offered to awardees to ensure compliance with awarded cargo minimums by route. On all routes with award to multiple Carriers, all cargo will be booked to Contractors at the discretion of OO based on a tradeoff analysis of service, past performance and price, subject to VISA priorities. Awarded contract minimums for the base period or the option period must be satisfied by the expiration date of the base or option period.

3.6.1. **Automated Booking**

Contractors must implement an automated booking capability via Electronic Data Interchange (EDI) or Ocean Carrier Interface (OCI) with the Integrated Booking System (IBS) within thirty (30) days after award of contract. Automated booking capability must be maintained twenty-four (24) hours per day, three hundred sixty-five (365) days a year, throughout the period of the contract.

3.6.1.1. **EDI Transaction Set Compliance**

EDI transaction sets shall comply with approved Military Surface Deployment and Distribution Command (SDDC) standards as described in this contract (Ref Para. 3.5). Contractor must respond to all cargo offerings, including changes to previous offerings, within two (2) hours of the time the cargo offering is released by IBS. Contractors have one business day to counteroffer any automatically processed booking. Contractors must accept bookings via a Carrier provided web site; for shippers that prefer to use Direct Booking procedures (see attachment Direct Booking Requirements (DBR)).

3.6.1.2. **Possible Replacement of IBS and/or OCI**

During the term of the contract, the Government may implement a successor system that will replace IBS and OCI. Contractors will be required to interface with this new system and will be provided at least one hundred twenty (120) days notice with a final set of manuals and file instructions prior to implementation of the new system.

Note: In those Government locations where neither EDI nor OCI are available (IBS is not supported), the Contractor must use hard-copy facsimiles.

or

3.6.2. Changeover at Booking Offices not initially Supported by IBS

3.6.2.1. Performance Objective 20 – Using EDI for Sites with New Capabilities

The Contractor must commence the use of EDI or OCI (or successor system) with booking offices not supported by IBS at the effective date of this contract, subject to the Government providing at least one hundred eighty (180) days advance notice of requirement to begin exchanging electronic information at such sites.

3.6.3. Booking Transaction Sets

3.6.3.1. Performance Objective 21 – Use of EDI for Booking

Where EDI is used, the Contractor must accurately receive or transmit, as appropriate, the following Transaction Sets:

- Contractor receiving order data, 300 (Delivery order, the booking, including increases and decreases)
- Cancellation data from OO/COR, 303 (OO/COR cancellation)
- Contractor ordering confirmation data, 301 (Confirmation of order, Contractor to OO/COR)

3.6.4. Order Acceptance

3.6.4.1. Performance Objective 22 – Accepting Orders

The Contractor must accept orders to book shipments, up to its space commitment, if the Government orders are received no less than three (3) working days prior to a local cutoff for a scheduled sailing. Exception: Empty Government owned or leased containers will be booked on a space available basis. Empty containers will be offered to the Carrier who will propose space for them on the first sailing for which space is available.

| Performance Measures | Performance Standards |
|---------------------------------|------------------------------|
| Provide response within 2 hours | 98% |

3.6.5. Response to Orders

3.6.5.1. Performance Objective 23 – Carrier Response to Orders

The Contractor must respond to all Government orders on the same working day they are received, if the Contractor receives the order prior to 1430 local time. Contractor responses for orders received after 1430 local time must be provided by 1200 local time of the next working day. Response will include either: acceptance of the booking as offered; counteroffer from the Carrier with proposed acceptable terms; or rejection of the booking. Reference also Paragraph 2.9, Limitations of Contractor's Responsibility.

3.6.6. Performance Objective 24 – Space Commitments

Contractors must reserve five (5) percent of vessel capacity for the booking of Government cargo on each vessel sailing from CONUS. In the event the Contractor fails to accept bookings for cargo up to its minimum guarantee for any sailings, the Contractor must pay the Government two hundred fifty (250) dollars for each FEU shortfall or seven (7) dollars per MT shortfall.

or

3.7. Transportation Requirements

3.7.1. Performance Objective 25 – Required Delivery Date

Delivery is required by the RDD specified in the accepted booking.

| Performance Measure | Performance Standard |
|----------------------------|---|
| RDD met | 98%, but in no case more than 4 working days late |

If, for reasons other than force majeure, the Contractor fails to deliver the cargo by the Required Delivery Date (RDD) specified in the accepted booking, the Contractor must, in lieu of actual damages, pay the Government a lump sum of two hundred fifty (250) dollars for each container and for each Breakbulk/RORO, seven (7) dollars per MT, subject to a minimum of one hundred (100) dollars, per shipment Transportation Control Number (TCN) delivered after the RDD.

3.7.1.1. RDD for POV Transport

The booking of POV's with the Contractor is premised on the ability of the Contractor to achieve the RDD associated with each individual POV. The ability of the Contractor to achieve the POV RDD is determined by reference to the Ocean Transit, Inland Delivery and other time periods provided herein concerning the overall movement of cargo from the time it is tendered to the Contractor by the government at origin until it is delivered at the designated destination in the booking/shipping order. In accepting a POV booking/shipping order, the Contractor warrants that it can achieve delivery of the POV by the designated RDD under the terms and conditions of this contract.

3.7.1.2. Failure to Meet POV RDD

If the Contractor fails to deliver a POV on or before the RDD, the CO shall assess thirty (30) dollars damages per diem against the Contractor. Damages shall be assessed for each day that the delivery exceeds the RDD, including the day of delivery, up to a maximum period of seven (7) calendar days, with a maximum Contractor liability of two hundred ten (210) dollars per POV. The Contractor may be exonerated from this liability only under circumstances constituting Force Majeure or an Excusable Delay (FAR 52.212-4(f)).

3.7.1.3. POV Delivery after Force Majeure or Excusable Delay

The Contractor is at all times required to deliver the POV as soon as possible following the conclusion of any Force Majeure or Excusable Delay circumstance. If the failure to achieve delivery by the RDD is partially excused, damages shall be assessed on a pro rata basis. The Contractor bears the burden of establishing exoneration on the basis of any Force Majeure or Excusable Delay circumstance.

3.8. Schedules

3.8.1. Performance Objective 26 – Maintenance of Schedules

The Contractor must maintain continuous commercial vessel schedules within IBS, with the initial input of any voyage being at least forty-five (45) days prior to the earliest sail date of that voyage. The Contractor must provide hardcopy schedules to the booking office, where IBS is not implemented, beginning at least forty-five (45) days prior to the earliest sail date of that voyage.

3.8.2. Performance Objective 27 - Frequency of Service

The Contractor must maintain a regularly scheduled and consistent commercial liner service conforming to the service offered in the Contractor's schedules maintained in IBS.

or

| Performance Measures | Performance Standards |
|-----------------------------|--|
| Late Departures | No more than 5% of scheduled sailings that are 1 day or more late per year |
| Cancelled Departures | No more than 1% of scheduled sailings cancelled per year |

3.8.3. Cost Liabilities

If the Government stuffs a container with cargo weighing in excess of the container's standard maximum weight carrying capacity or in excess of any lesser weight of which it has been given notice under Paragraph 3.1.2, it shall remove, or pay the expenses of the Carrier in removing or handling the excess weight of cargo. All consequences or liabilities that may result from excessive weight of containers stuffed by the Carrier, shall be the responsibility of the Carrier. All fees or other costs incident to weighing container(s) shall be the responsibility of the Carrier.

3.9. Storage Charges

When the Carrier fails to pick-up a container from the Government facility within the time period in Paragraph 3.1.1.7, the Carrier shall be liable for payment of storage charges computed at the detention rates for each twenty-four (24) hour period, or pro-rata for part thereof, from expiration of the time described in Paragraph 3.1.1.7.

3.10. Cargo Lift and Advancement of Cargo

3.10.1. Performance Objective 28 – Lift to Meet Booking

The Contractor must lift cargo onto the vessel identified in the booking. The Contractor is encouraged to advance containers to an earlier vessel to the maximum extent possible without bumping cargo already booked to the vessel and only after no-shows and roll-overs from previous voyages are lifted on the vessel. No prior approval is required from the Government. Within one (1) working day after vessel departure from each POE, the Contractor must provide to the cognizant Contracting Officer Representative (COR) a list of cargo by TCN that were booked, but not loaded, and/or loaded, but not booked, and the reasons why cargo was not lifted as booked.

3.10.2. Government Failure to Release Containers

The Government will provide Contractor at least one (1) working day prior to local vessel cutoff of any cargo that will not be available for the booked sailing. A new vessel will be designated based on the projected availability of cargo. This is considered a "roll over" and no-show charges in accordance with paragraph 3.13.1.2 are not applicable. However, should the "roll over" not show for the designated vessel and the booking is not cancelled in accordance with Paragraph 3.13.1.1, the Contractor may charge the Government in accordance with Paragraph 3.13.1.2 for a no-show.

3.10.2.1. Government Liability for Failure to Release Containers

The Contractor must in no event hold the Government liable for vessel demurrage or dead freight by failing to release a container on time to meet a specified vessel sailing.

3.10.2.2. Performance Objective 29 – Accommodation for Failure to Release.

For containers that miss their booked sailing through no fault of the Carrier, the Contractor must load containers on the next scheduled sailing after receipt of containers from the Government.

or

3.10.3. No Fault Failure To Meet Sailing

If a container stuffed with cargo misses the sailing for which it is scheduled due to no fault of the Government or the Carrier, the Government shall have the remedies set forth below.

3.10.3.1. Load on the Next Vessel

The Government may order the Carrier to load the container on the next vessel scheduled to the same port of debarkation. The Government shall pay only for freight and usual charges.

3.10.3.2. Move to Another Shipping Place

The Government may order the Carrier to move the container to another place, including another Carrier's terminal. The Government shall bear all costs for such movement, and shall return the container to the Carrier at the port of debarkation.

3.10.3.3. Return the Cargo

If the Government elects to order the return of the cargo, the Carrier shall move the container to a place designated by the OO for unstuffing. The Government shall bear all costs of such movement.

3.11. Government Furnished (Government-Owned/Leased) Containers

3.11.1. Performance Objective 30 – Support of Government-Owned/Leased Containers

The Contractor must provide ocean services, including a chassis, for Government-provided containers/equipment. The Contractor must return Government-owned/leased containers in the same condition as received. Intermodal has been deleted.

3.11.2. Performance Objective 31 – Detention of Government Furnished Containers

The carrier shall be liable for loss of or damage to Government containers/trailers and chassis while in the Carrier's custody to the same extent that the Government is liable for loss of or damage to the Carrier's equipment while in the Government's custody. The Government is not obligated to pay detention charges for Government containers/trailers or chassis. The Carrier must not procure war risk insurance coverage on the Government containers and will not be liable for any loss thereof under circumstances covered by the Carrier's war risk insurance on its containers.

3.12. Transloading Of Containerized Cargo

The Carrier shall not transload cargo from one container to another without the authorization of the OO, except when such transload is required to safeguard the cargo during the continuation of the movement. When cargo is transloaded from the original container, the Carrier shall immediately so notify the SDDC activities having cognizance over the loading and discharge ports. Such notice shall contain the serial number and seal number of the original container, and of the container to which cargo was transloaded, the place where the transload occurred and the reason for the transload.

When the container to which the cargo was transloaded differs in internal cubic capacity from the original container, freight shall be based upon the cubic capacity of the original container. This section applies to Government stuffed full container loads. It does not apply to Carrier stuffed less than container loads.

or

3.13. Changes

3.13.1. Canceled Shipments/No Shows

3.13.1.1. Performance Objective 32 – Cancellations of Shipments

The Contractor must accept cancellation of shipments of booked cargo, without penalty to the Government, if cancellation notice is provided by the Government at least one (1) working day prior to the local cutoff for the vessel.

3.13.1.2. No Shows

If the OO/COR fails to cancel a booking or cargo is not available for lift on board the scheduled vessel through no fault of the Contractor, the cargo must be designated as a “no show”. For container cargo, the Government will pay a sum of two hundred fifty (250) dollars for each container no show. For BB/RORO cargo, the Government will pay a sum of seven (7) dollars per MT, subject to a minimum of one hundred (100) dollars, for each no show. Any advances made by the Contractor must reduce the Government’s liability for the number of “no shows” for the vessel voyage.

3.13.2. Change of Destination

The OO may elect, in writing, to change the final destination at any time before the container has commenced final inland movement from the place of discharge. The shipment will be re-priced based on the modified booking.

3.13.2.1. Performance Objective 33 – Movement to Changed Destination

The Contractor must move the container to the new inland destination at the request of the Government at any time before the container has commenced final inland movement from the place of discharge.

3.13.3. Short Stop

The OO may elect, in writing, to take delivery at the Contractor’s port instead of at the original inland destination. Free time provisions will apply at the elected port of the short stop. The shipment will be re-priced based on the modified booking.

3.13.3.1. Performance Objective 34 – Contractor Response to Short Stop

The Contractor must short stop containers at port of discharge when OO elects to take delivery there instead of inland destination.

3.13.4. Permanent Service Changes

If the Contractor notifies the CO of a permanent change in service and if the change meets the requirements for initial award of that service, initial contract rates must apply to the changed service. If the changed service no longer meets the initial award of that service, the PCO has the right to adjust the award minimums.

3.13.4.1. Performance Objective 35 – Notification of Change of Service

The Contractor must notify the CO at least thirty (30) days prior to implementation of permanent changes in the Contractor’s commercial service. All bookings accepted prior to notification of permanent service change must be performed in accordance with the booking and all terms contained herein.

or

3.13.5. Temporary Scheduled Service Change

3.13.5.1. Performance Objective 36 – Temporary Change of Service

The Contractor shall notify the CO in writing of planned changes in service due to scheduled dry-dockings, or other similar reasons, at least four (4) months prior to the date of service impact. The Contractor shall submit with the notification, a plan to show how the service impact will be managed or minimized. The Carrier shall notify the CO or COR promptly in writing upon determination of an emergency dry-dock requirement.

3.14. Cutoffs

The Contractor must provide local cutoffs for origins within CONUS and keep SDDC OPSCTR Fort Eustis, Virginia, apprised of changes. The default local cutoff is close of business one (1) working day before the vessel cutoff at the port, with an additional day for each three hundred (300) miles from the port to the inland origin point, rounded to the nearest whole day.

3.15. Space Available Cargo

The Government may book cargo over and above the guaranteed space requirements provided under this contract. The Carrier shall accept such bookings on a space available basis, and shall guarantee space and an assured ocean transit of service for such cargo on the specified vessel sailing to which the cargo is booked.

3.16. Linehaul for Containerizable Ammunition Shipments

The Contractor will use a Carrier that has been approved by DoD for movement of ammunition. A list of DoD approved Carriers can be obtained from Maureen Carlo, SDDC Operations Center, Fort Eustis, Virginia at 757-878-8408. Dual driver service is required. Carrier will provide satellite monitoring that feeds into the Defense Transportation Tracking System (DTTS), Ref. Chapter 205 of the Defense Transportation Regulation.

3.17. Identification of High Value and/or Classified Items

Government Shippers will advise Carriers of cargo that is high valued or may contain high valued contents such as military vehicles, to enable Carriers to take necessary precautionary measures. Likewise, Shippers must inform Carriers of any cargo that is classified and request the proper protective in-transit security services in accordance with the Defense Transportation Regulation, Ref. Chapter 205 of the Defense Transportation Regulation.

3.18. Tracking, Tracing and Reports

3.18.1. Performance Objective 37 – Submission of Tracing and Tracking data

The Contractor shall provide tracing and tracking information to the DoD, where the Contractor is responsible for providing the underlying service. Tracing is the review of the Contractor's records for the purpose of locating a missing container or shipment.

3.18.2. Tracking Data – Submission of Event Reports

3.18.2.1. Performance Objective 38 – Event Reports

For the transportation and intermodal services provided by Contractors to meet booking requirements, Contractors shall provide accurate shipment status reports using the 315 Transaction Sets in ANSI X-12, EDI standard, or OCI to SDDC, to enable Government to track shipments and support the MRM15

or initiatives. The Contractor shall submit the following event reports within twelve (12) hours of event completion. The Contractor is not required to report events that are outside the scope of the booking.

315 Transaction Sets Events

| Code | Definition | Notes |
|-------------|--------------------------------------|---|
| EE | Empty spotted | Optional. Empty container outage in lieu of actual spot is acceptable for Shippers having container pools |
| W | Pick-up of loaded container | Required only if Contractor provides inland dray/linehaul |
| I | In-gate at Port of Embarkation (POE) | |
| VD | Vessel sails | Required at POE |
| VA | Vessel arrival | Report actual vessel arrival |
| UV | Vessel discharge | Required at Port of Debarkation (POD) |
| OA | Out-gate from POD | |
| XI | Deliver to Consignee | |
| EC | Empty container pick-up | Optional |

3.18.3. Submission of Operational Reports

Until SDDC fully integrates EDI into its business processes, the Contractor must provide the cognizant SDDC activity and the military activity responsible for cargo documentation at each port where Government cargo is lifted and/or discharged with certain information in connection with cargo at that port. The Contractor must submit as much of the data that is available within the timeframe for submission. Submission of reports via e-mail is preferred.

3.18.3.1. Cargo Receipt Information Report

Provide to SDDC and military port cargo documentation activity NLT next working day after container pickup

Cargo Receipt Information Report - Ports of Loading

- Name of ocean Contractor
- Port of loading
- Date cargo received at port
- Transportation Control Number (TCN)
- Seal and/or keyless lock number

3.18.3.2. Cargo Lift Information Report

Provide to SDDC and military port cargo documentation activity NLT next working day after vessel departure from port

Cargo Lift Information Report - Ports of Loading

- Name of vessel and voyage document number
- Transportation Control Number (TCN)
- Port of discharge
- Final destination
- General description of cargo contents; i.e., General cargo, privately-owned vehicles (POVs), other unboxed wheeled or tracked vehicles, refrigerated cargo
- Seal and/or keyless lock number.

or

NOTE: The Contractor must notify the OO/COR if a seal on any unit of cargo has been broken and/or replaced between the time the Contractor accepted the cargo from the Government and the time of arrival at the inland destination or point of Government acceptance from the Contractor with a complete report of the circumstances and the reasons therefore.

3.18.3.3. Cargo Discharge Information Report

Provide to SDDC, as soon as practicable after discharge, but no later than one (1) day following commencement of delivery or next working day after vessel discharge from port, whichever occurs first. The Cargo Discharge Information Report must include the details (listed below) for each shipment/TCN.

Cargo Discharge Information Report

- Name and voyage number of vessel making delivery
- Name and voyage number of original vessel if transshipped
- Date and time the cargo was discharged from the vessel
- Date and time, cargo is available for commencement of drayage or linehaul from discharge port
- Date, time, and mode of commencement of drayage or linehaul from discharge port

3.18.4. DoD Intransit Visibility Requirements

3.18.4.1. Position Reports

When specifically requested by the COR, the Carrier shall furnish Military Surface Deployment and Distribution Command with the daily noon position of any or all of the Carrier's ships operating in the routes covered by this contract.

3.19. Government Liability for Improper Documentation.

If the Government does not provide the Carrier with the correct container documentation at the time and location of Carrier acceptance, the Carrier may refuse to pickup or accept the container. If the Carrier refuses to accept a container because the Government has not provided proper documentation, the Government shall reimburse the Carrier for actual costs incurred if the Carrier has made a futile trip in connection with such circumstance. If the Carrier chooses to pick-up or accept the container, the Carrier shall provide the cognizant SDDC manifesting activity with all the missing receipt or lift data in order that the container can be completely identified for onward movement. This information must be provided within one (1) working day of receipt or lift, or earlier if necessary to meet the scheduled vessel sailing.

3.20. Free Time

Free time is that period allowed for use of Carrier equipment without additional charge. Detention is the charge assessed against the Government for delaying the release of Carrier equipment beyond allowed free time.

3.20.1. Free Time Allowed

For Alaska, the total amount of free time will be three (3) working days. Puerto Rico and the Virgin Islands the total amount of free time will be ten (10) working days for dry cargo, and five (5) working days for refrigerated cargo.

3.20.2. Commencement of Free Time

In Alaska, CONUS and USVI (M-Term Service), free time will commence at 0001 hours on the first working day the container is available for delivery and/or unstuffing. In Puerto Rico time shall begin at 0800 hours local time after the container has been discharged from the vessel, cleared for linehaul/drayage

or
by all applicable agencies of the local government, (including local tax office, customs, the U.S. Department of Agriculture, and the Puerto Rico Department of Agriculture), and the OO has been notified that the container is ready for linehaul/drayage. This notice is not required if previous instructions relative to commencement of linehaul or drayage have been received by the OO.

3.20.3. No Running of Time

Time shall not run when clearance by local government agencies is delayed because the Government is unable to provide documentation due to error or omission on the part of the Carrier to provide receipt, lift, or transshipment information. Time and detention shall not run during the period containers are held at the Carrier's terminal due to local labor disturbances. Time shall cease to run at 2400 hours on the day the Carrier is notified that the container is ready to be released or when the container is returned to the Carrier, whichever is earlier.

3.20.4. Delivery at Carrier's Terminal

For outbound CONUS cargo, when the OO elects to take delivery of containers at the Carrier's terminal at the port of discharge, time shall cease to run when the container with trailer is hooked to the Government tractor.

3.21. Detention

3.21.1. Detention after Free Time expires

When freetime is exceeded, Contractors will be paid at detention rates and for refrigerated maintenance as stated below.

3.21.1.1. Detention Charges

When return of containers or chassis to the Carrier are delayed by the Government beyond the allowable free time and if chassis is (are) being used solely for the carriage of Government owned or leased containers, the Carrier shall assess detention charges as specified below:

**Container Detention Charges
For Each 24-Hour Period or Part Thereof, With or Without Chassis**

| Equipment Type | Size | First Three Days | Thereafter |
|--|------------------|-------------------------|-------------------|
| Dry Cargo Container (Includes closed containers, open top containers, flatracks and car carriers) | 20 feet and over | \$15.00 | \$22.00 |
| | 40 feet and over | \$21.00 | \$35.00 |
| Refrigerated Container | 20 feet and over | \$46.00 | \$63.00 |
| | 40 feet and over | \$63.00 | \$85.00 |
| Chassis (Only applies for use with Government owned or leased containers) | | \$5.00 | \$5.00 |

3.21.1.2. Vehicle Detention Charges

The applicable charges shall be calculated at a per unit per day rate of \$15.00.

or

3.21.1.3. Reefer Maintenance Charges

When the return of refrigerated containers to the Carrier is delayed by the Government beyond the allowable free time, the Carrier may assess a refrigerated maintenance charge in addition to those charges for container detention. This refrigerated maintenance charge shall be added to the per diem detention charge when, due to Government delay, the Carrier incurs additional expenses in maintaining operation of those refrigerated containers so delayed. The Carrier will certify such charges to the CO. The application of such additional charges contained in Columns A and B below is as follows:

Column A - per diem or part thereof charge when refrigerated containers are delayed at those facilities where electrical power is available for direct connection to the Carrier's container.

Column B - per diem or part thereof charge when refrigerated containers are delayed at those facilities where the Carrier is required to maintain operation of refrigerated containers without the use of electrical power. When a Carrier bills in accordance with Column B, it must certify that electrical power was unavailable at that facility.

**Refrigerated Maintenance Rates
For Each 24-Hour Period or Part Thereof**

| Container Size | Column A | Column B |
|-----------------------|-----------------|-----------------|
| 20 feet and over | \$7.76 | \$29.00 |
| 40 feet and over | \$11.21 | \$43.70 |

3.21.2. Detention Invoices.

Detention invoices with proper documentation must be submitted to the Paying Office no later than six (6) months from the date the empty container is returned to the Carrier. Detention invoices received after that time will not be certified for payment and the Carrier waives any right to payment thereafter. Invoices will be date stamped by the Payment certification or accounting office upon receipt in accordance with the Prompt Payment Act. Detention invoices received after that time and those invoices for which the Carrier may not validate by proper documentation will not be certified for payment and the Carrier waives any right to payment thereafter.

3.22. Government Use Of Carrier Equipment (Leasing)

3.22.1. General

Upon twenty-four (24) hour advance notice by the OO, the Carrier shall furnish containers, trailers, flatcars, and chassis, and in the case of non self-sustaining refrigerated containers, also a generator set, for use in connection with land and ocean transportation of Government cargo arranged under this agreement. The Carrier shall be paid at the equipment leasing rates set forth in the table below for equipment leased under this provision. Equipment so leased may be transported aboard any vessel designated by the Government and may be transported inland by any means available to the Government. Unless otherwise agreed, Carrier equipment leased by the Government shall be returned by the Government to the place where such equipment was originally received from the Carrier.

3.22.1.1. Shipping Order as Leasing Document

A Shipping Order (Attachment 6) shall be issued to reflect each lease of equipment. The Shipping Order shall set forth the number, size, and appropriate identification information of such Carrier equipment, the estimated duration of lease, and place of return. The Carrier shall be paid for each twenty-four (24) hour period or part thereof, Saturdays, Sundays, and holidays included, for the period between the time the equipment is received or ordered from the Carrier, whichever is later, until the time the equipment is returned to the Carrier. The Government shall not lease equipment for storage or other purposes unrelated

or
to the furnishing of transportation pursuant to this contract, unless otherwise mutually agreed between the Government and the Carrier.

3.22.2. Leasing Rates

Leasing Rates

| Equipment Type | Size | Per Day Rate |
|--------------------------------|------------------|---------------------|
| Dry Cargo | 20 feet and over | \$10.00 |
| | 40 feet and over | \$12.00 |
| Refrigerated | 20 feet and over | \$30.00 |
| | 40 feet and over | \$35.00 |
| Chassis | 20 feet and over | \$10.00 |
| | 40 feet and over | \$12.00 |
| Flatrack/Flatcar/Flatbed Truck | 20 feet and over | \$10.00 |
| | 40 feet and over | \$12.00 |
| Trailer | 40 feet and over | \$24.00 |
| Refrigerated Trailer | 40 feet and over | \$47.00 |

3.23. Application of COGSA

3.23.1. Incorporation

The United States Carriage of Goods by Sea Act (COGSA) 46 U.S.C. 1300 et seq. is incorporated into this contract and shall apply to the ocean transportation of all goods (including goods in containers stowed on deck, which shall be considered as goods stowed under deck) under any Shipping Order with the same force and effect as if the Act applied to such carriage by express provision therein; provided, however, in case of loss, damage or shrinkage in transit, the rules and conditions governing commercial shipments shall not apply as to the period within which notice thereof shall be given the Carrier or as to the period within which claim therefore shall be made or suit instituted. However, to improve the chances for successful claims resolution, the Government will both notify the Carrier, preferably within ten (10) working days, and file claims as early as practicable after the detection of loss, damage, shrinkage, etc of cargo.

3.23.2. Limits of Liability

For the purpose of interpreting Section 4 of COGSA "Limitation of Liability," neither a barge, container, nor, railcar will be construed as a package or customary freight unit. For liability purposes, unless the Government declares a higher valuation per the Changes Clause of the contract, all cargo other than bulk liquids will be valued at five hundred (500) dollars per measurement ton, whether Containerizable or breakbulk. Bulk liquids moving in bulk containers or railcars i.e. Petroleum, oil, lubricants, deicing fluid, etc, will be valued at the existing price per gallon at the time of cargo loss, damage, or contamination. In cases where cargo is valued on a shipping order over five hundred (500) dollars per measurement ton, the Carrier will be entitled to an equitable adjustment in their rate to compensate for the increased risk of shipment.

The carriage of cargo under any Shipping Order issued pursuant to this contract shall not be deemed or construed to be the carriage of cargo pursuant to special terms and conditions as provided for in Section 6 of COGSA; and nothing in this contract is intended to relieve the Carrier or the vessel from liability for loss or damage to or in connection with the goods arising from negligence, fault or failure in the duties and obligations provided by COGSA or to lessen such liability otherwise than as provided therein. The Carrier shall be liable as a common carrier by land for any loss of or damage to cargo while being transported under this contract between any inland origin and the vessel's side and between the vessel's side and any inland destination.

or

3.23.3. Barge Service

If the Carrier provides common Carrier service via a barge system, the following additional provisions apply.

3.23.3.1. Application of COGSA.

3.23.3.1.1. Period of Liability.

The Carrier will be liable for cargo claims in accordance with the Carriage of Goods by Sea Act, 46 USC 1300 et seq. from the time the cargo is loaded on a barge to the time the cargo is discharged from the barge.

3.23.3.1.2. Limitation of Shipowner's Liability

On any voyage, the Carrier will not invoke limitation of shipowner's liability under 46 USC 183 for aggregate losses or damages to cargo in barges to a value less than the limitation value of the tug(s) and barges at time completion of the voyage.

3.23.3.2. Barge Not a Package

A barge will not be deemed to be a package within the meaning of the five hundred (500) dollar package limitation in Section 1304 of Title 46 of the United States Code (See also Paragraph 3.23.2).

3.23.3.3. Government Liability

The Government will not be liable for any damage sustained by a barge or tug while alongside a loading or discharging facility, except to the extent that it would be liable for such damage to an oceangoing vessel alongside such facility under the law and other terms of this contract.

3.23.3.4. Containerized Cargo

All containerized cargo in or on barges will be considered to be stowed underdeck.

3.23.3.5. Mooring Lights

All barges will be equipped with sufficient battery -operated mooring lights, when required.

3.24. Agreed Cost Responsibility

3.24.1. General

As a means of facilitating the administration of this contract, the parties have agreed that certain specific items of cost anticipated as likely to arise in the performance of their respective duties under this contract shall be listed. Determinations of responsibility for specific items of cost agreed to by the parties under this section are to be consistent with the substantive clauses of this Contract; provided however, in the event of conflict, the substantive clauses of the contract shall prevail.

3.24.2. Responsibility of the Carrier

The Carrier is responsible for the cost of the following services:

(1) Tie-Down and Lashing Materials

Furnishing and maintaining containers and chassis, and furnishing tie-down and lashing materials for loading to flatracks, flatcars, flatbed trucks, or other open top containers.

or

(2) Drayage

Drayage of containers including: furnishing and maintaining tractors; furnishing drivers; CONUS delivery costs of movement of containers, including tractors and driver; highway, ferry, tunnel and bridge tolls; and user taxes.

(3) Vessel Operating Costs, Port Charges, etc.

All costs of vessel operation and all port charges and other expenses charged to the Carrier's vessel.

(4) Stevedoring Costs

All stevedoring costs and all costs of loading and discharging and preparation therefor.

(5) Container Terminal Costs

All container terminal costs including receipt of containers; marshaling of containers; and cleaning containers before stuffing and after unstuffing.

(6) Breakbulk Terminal Costs

All breakbulk terminal costs including loading and discharging operations.

(7) Taxes, Dues, Fees, etc.

Taxes, dues, fees and other charges (including storage charges levied by governments, ports authorities, or wharfingers) on breakbulk cargo, on the containers, and on their contents, if any, except those charges which are payable by the Government.

3.24.3. Responsibility of the Government

The Government is responsible for the cost of the following services:

(1) Container Stuffing and Unstuffing

Container stuffing and unstuffing, except when ordered from the Carrier, including: labor employed; packing material and/or dunnage employed; preparing documentation; sealing the container; removal of packing material, dunnage and cover or removal of placards; and sweeping.

(2) Fees for Services Ordered

Miscellaneous dues, fees and charges including: cargo surveyor fees when services are ordered by the Government or when resulting from dispute between the Government and the Carrier resolved in favor of the Carrier; drayage or linehaul charges listed under Paragraph 3.24.2.(2) above when performed by the Government.

(3) Palletizing, Drayage, Storage and Warehousing

Palletizing, drayage, storage and warehousing; handling charges including terminal tariff handling charges according to the custom of the port; agency fees in connection with port clearance of cargo; customs and other fees, dues and/or taxes charged to the cargo; harbor and quay dues charged to cargo based on local tariffs.

or

(4) Landing and Wharfage Charges

Landing and wharfage charges including: landing charges against cargo in accordance with the regulations of the port, including those billed by port authorities to the ship; wharfage charged to military cargo.

(5) Personnel Ordered by the Government

Additional personnel ordered by the Government including: transportation and travel time of stevedore personnel when ordered from the local hiring by the Government for its account; documentation of cargo; overtime for customs, agriculture or public health officers provided for the convenience of the cargo, when requested by the Government; special cargo fire or security watch required by port regulations due to loading and discharging operations.

(6) Contaminated Cargo Costs

Contaminated cargo costs including: fumigation required solely because of contaminated Government cargo, including related costs and detention; crew overtime in connection with standby security watch when required by the CO during loading and discharging; crew wages, fringe benefits and related payroll tax when ship's crew are performing longshore work in cargo operations at the request of the terminal or by custom of the port including members of the steward's department required to prepare additional meals.

(7) Delivery Costs for Non-Containerizable Cargo

All costs of delivery of non-Containerizable cargo to the Carrier's terminal where the Carrier performs receipt and stuffing operations and receiving cargo at tailgate when the Carrier performs unstuffing operations.

(8) Charges for Movement of Unusual Size Cargo

When ordered by the OO or their designated representative, fees and charges including: cost of pilot cars, escorts, required permits, and other charges assessed by state or local governments for permission to move unusual size cargo.

3.24.4. Damage To or Loss Of Equipment

3.24.4.1. Damage to Carrier Equipment

Should a container, chassis, tractor, or any other piece of Contractor equipment, excluding the vessel, be damaged or lost by act, neglect or failure of equipment of the Government, its agents, employees or Contractors (other than the prime Contractor) while such Contractor equipment is in the custody of the Government, its agents, employees or Contractors (other than the prime Contractor), the Government shall repair or reimburse the Contractor the least of the following: the reasonable costs of repairs or the fair market value of the container immediately prior to the loss or damage.

The Contractor will assign to the Government any rights, causes of action, or other claims which the Contractor may have against third parties with respect to such damage. The Government shall not be liable for the repair of any damage under this section unless written notice specifying such damage shall have been given to and acknowledged by the Government or its authorized representative at the time custody of the container or other equipment is returned by the Government to the Contractor.

3.24.4.2. Loss/Theft of Carrier Equipment

Carrier equipment shall be considered lost when theft or disappearance is certified as such by the OO/COR or its representative and upon concurrence by the CO. In addition, OO/COR may certify as lost those

or
containers whose return to Carrier is impracticable or impossible due to conditions existing at destination,
again subject to CO concurrence.

No pre-determined time frame shall govern when equipment must be declared lost under this Contract. Once a piece of Contractor equipment is certified as being lost, any per diem or detention or liquidated damage charges accruing for account of either the Contractor or the Government shall cease, effective with the date specified in the certification. Accrued charges after the date of certification shall be canceled and not considered part of the reimbursement to the Contractor.

3.24.4.3. Damage to Carrier Vessel or Vessel Equipment

Should the vessel or its equipment be damaged by act, neglect or failure of equipment of the Government, its agents, employees, or Contractors in loading or discharging the vessel, the Government shall reimburse the Carrier the reasonable costs of repairs and the Carrier will assign to the Government any rights, causes of action, or other claims which the Carrier may have against third parties with respect to such repairs.

In the event that any damage should occur to the vessel or its equipment as a result of the joint fault of the Carrier and the Government, payment for such damage shall be apportioned pro-rata in accordance with the respective degrees of fault. The Government shall not be liable for the repair of any damage under this section unless notice specifying such damage and the name(s) of the party or parties causing such damage shall have been given to and acknowledged by the Government or its authorized representative as soon as possible after the occurrence of such damage, or in any event before the vessel leaves the berth or anchorage where the damage occurred, and provided, further, that the Government shall not be liable for the repair of any damage under this Section if such damage is caused by a Contractor by the Carrier and payment therefore has been refused.

3.24.4.4. Damage to Government Equipment

The Carrier shall be liable for loss of or damage to Government containers and chassis while in the Carrier's custody to the same extent that the Government is liable for loss or damage to the Carrier equipment while in the Government's custody. The Carrier will not procure insurance coverage on Government containers and will not be liable for any loss thereof under circumstances covered by the Carrier's war risk insurance on its own containers.

3.25. Force Majeure

The act of God, enemies, fire, restraint of princes, rulers of people, and all dangers and accidents of the seas, rivers, machinery, boilers and steam navigation, and errors of navigation throughout this Contract are mutually excepted. The vessel shall have the liberty to deviate for the purpose of saving life and property, to tow or to be towed, to sail with or without pilots, or to go into dry dock or into ways with or without cargo on board. However, in no case shall the Contractor be entitled to extra compensation for such a deviation and the Contractor shall not be relieved of responsibility for delivery of cargo to the destination named in the Shipping Order.

3.26. War Risk

3.26.1. Reimbursement.

Compensation. In the event it is necessary for the Carrier to pay additional premiums to extend the coverage of crew, hull and machinery, protection and indemnity insurance and insurance covering the loss and damage of cargo while aboard the vessel to include war risks, or to pay crew war risk bonuses as a result of the vessel entering the war risk area, the Government shall reimburse the Contractor at the appropriate rate filed on Carrier's commercial tariff. For Carriers that do not have filed commercial tariffs for such War Risk charges, the Government shall reimburse the Contractor for a percentage of such extra premium and bonus payments based on the ratio existing between the cargo carried for the account of SDDC and the total cargo aboard the vessel which is loaded or discharged at ports within the war risk area.

or

3.26.1.1. Government as Additional Insured

The Contractor agrees to add the United States Government as an additional insured on its War Risk Policy with waiver of subrogation noted, for which the Government has agreed to reimburse the extra premium under this section.

3.26.2. Government Provided Insurance

If Commercial Marine, War Risk, and Liability Insurance is not available or if Marine, War Risk, and Liability Insurance through the Secretary of Transportation under Sections 1202-1205 of the Merchant Marine Act of 1936, 46 App. U.S.C. 1282-1285, is available at a lesser rate, the Procuring CO (PCO) reserves the right to require Contractors to obtain the necessary Marine, War Risk, and Liability Insurance from the Secretary of Transportation. Further, in the event that the Secretary of Defense, or his/her authorized designee, is authorized to provide and does provide indemnification to the Secretary of Transportation under Section 1205 of the Merchant Marine Act, 1936, 46 App. U.S.C. 1285, for Marine, War Risk, and Liability coverage without premium, the CO reserves the right to require the Contractor to obtain such insurance from the Department of Transportation and no premiums as set forth in Paragraph 3.26.1 above will be paid to the Contractor by the Government.

3.26.3. Limitation of Government Liability

Limitation of Government Liability. No payments shall be due from the Government under this section unless and until the Contractor shall also assess such charges against commercial cargo loaded or discharged in the war risk area.

3.27. Security – Crew as Risk

If the Government notifies the Carrier that the employment or the continued employment of the “Master” or any member of the crew is prejudicial to the interests or endangers the security of the United States of America, the Carrier shall make any changes necessary in the appointment(s). Any costs to the Carrier occasioned by such changes shall be reimbursed by the Government.

3.28. References to Master, Crew, Container, etc.

All references in this contract to “Master” or “Crew” or other ship's personnel shall be deemed to be references to “Carrier's Representative” except when the context precludes such reading.

All references to “container” shall be deemed to include trailers and railcars unless the specific language precludes such a reading. All references to not otherwise specified (ANY) shall be deemed to be references to “General Cargo” except when the context precludes such a reading.

3.29. Scope Of Voyage (Liberties)

In any situation, whatsoever or wheresoever occurring and whether existing or anticipated before commencement of or during the voyage, which in the judgment of the Contractor or Master of the vessel is likely to give rise to capture, seizure, detention, damage, delay or disadvantage to or loss of the vessel or any part of her cargo, or to make it unsafe, imprudent, or unlawful for any reason to begin or continue the voyage or to enter or discharge the goods at the port of discharge, or to give rise to delay or difficulty in arriving, discharging at or leaving the port of discharge or the usual place of discharge in such port, the Master, whether or not proceeding toward or entering or attempting to enter the port of discharge or reaching or attempting to reach the usual place of discharge therein or attempting to discharge the Government's goods may, upon notification to and with the consent of the CO, discharge the goods into another port, depot, lazarette, craft, or other place, or retain the goods on board until the return trip or until such other time as is deemed mutually advisable.

or

This notice shall include, but not be limited to, the planned port of discharge of the cargo and any measures planned to protect the cargo. If the CO determines that the planned disposition of the cargo is not in the Government's best interest, the Contractor shall comply with the PCO's direction to the Contractor to divert the cargo to a port of the Government's choice and to make any other arrangements for the cargo the PCO deems necessary to protect the Government's interest. The Contractor may be entitled to an equitable adjustment to the Contract for actions taken pursuant to the PCO's direction. However, for any services rendered without prior notice to and consent of the CO, the Contractor shall not be entitled to an equitable adjustment. In no such case shall freights be payable until the goods are delivered to the named destination on the Shipping Order. In any event, the Contractor shall at all times be responsible to assure the security and protection of the cargo until relieved of such responsibility by the Government or its designated agent.

The Contractor, the Master and the vessel shall have liberty to comply with any orders or directions as to loading, departure, arrival, routes, ports of call, stoppages, discharge, destination, delivery or otherwise howsoever given by the Government of any nation or department thereof or any person acting or purporting to act with the authority of such Government or of any department thereof, (or by any committee or person having, under the terms of the War Risk Insurance on the vessel, the right to give such orders or directions). Delivery or other disposition of the goods in accordance with such orders or directions shall be a fulfillment of the contract voyage. The vessel may carry seized contraband, explosives, munitions, warlike stores, hazardous cargo, and may sail armed or unarmed and with or without convoy.

3.30. Exception

An act of God (force majeure), enemies, fire, restraint of princes, rulers of people, and all dangers and accidents of the seas, rivers, machinery, boilers and steam navigation, and errors of navigation throughout this contract are mutually excepted. The vessel shall have the liberty to deviate for the purpose saving life and property, to tow or to be towed, to sail with or without pilots, or to go into dry dock or into ways with or without cargo on board. However, in no case shall the Carrier be entitled to compensation for such deviation and the Carrier shall not be relieved of responsibility for delivery of the cargo to the destination named in the Shipping Order.

3.31. Strikes

3.31.1. Loading Port

In the event the vessel or the loading of the vessel is delayed by reason of strikes or stoppage of work, the Contractor may, at the loading port dispatch the vessel with such portion of the cargo as may then be on board.

3.31.2. Discharge Port

In the event the vessel or discharge of the vessel is delayed by reason of strikes or stoppage of work, the Contractor at the discharge port may discharge the cargo still on board or with the approval of the Government dispose of the cargo or any part of it at the Government's risk and expense.

3.32. Amended Jason Clause

In the event of accident, danger, damage, or disaster, before or after commencement of the voyage resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequence of which, the Contractor is not responsible, by statute, contract, or otherwise, the goods, Shippers, Consignees, or owners of the goods shall contribute with the Contractor in general average to the payment of any sacrifices, losses or expenses of a general average nature that may be made or incurred, and shall pay salvage and special charges incurred in respect of the goods. If a salvaging vessel is owned or operated by the Contractor, salvage shall be paid for as fully as if such salvaging vessel or vessels belonged to strangers.

or

3.33. General Average

General average shall be adjusted, stated and settled, according to York-Antwerp Rules 1974 as amended 1990, at such port or place in the United States as may be selected by the Contractor, and as to matters not provided for by those Rules, according to the laws and usages at the Port of New York. In such adjustment, disbursements in foreign currencies shall be exchanged into United States currency at the rate prevailing on the dates made and allowances for damage to cargo claimed in foreign currency shall be converted at the rate prevailing on the last day of discharge at the port or place of final discharge of such damaged cargo from the ship.

3.34. Liens

3.34.1. Seizure of Cargo

The Contractor agrees that it will not assert any type of lien, including a maritime lien, on any cargo shipped by the Government under this Contract. The Contractor further agrees that it will not take any action to seize, arrest, hold, or otherwise detain such cargo through any judicial process in the U.S. or any foreign country. The Contractor agrees to insert this clause in all subcontracts at any level and to expend any resources necessary to expeditiously enforce the provisions of this clause against such subcontractors.

3.34.2. Freight

There shall be no liens, including maritime liens, asserted on any freights payable by the Government under this contract. The Contractor agrees to insert this clause in all subcontracts at any level and to expend any resources necessary to expeditiously enforce the provisions of this clause against such subcontractors.

3.35. Rate Rules

3.35.1. Expression of Rates

All rates appearing in this contract are stated in U.S dollars and cents per applicable unit of measure and apply to all cargo moving under this contract.

3.35.2. Single Factor Rates

Single factor rates include all segments of a transportation move from point of origin to destination. Mileage tables may not be used in conjunction with a single factor rate (see paragraph 3.2.13).

3.35.3. Bi-Factor Rates

Bi-factor rates consist of two parts of a point-to-point move, i.e., one inland point and the ocean portion (point to port or port to point). While Bi-factor rates can be used as an ocean/port rate individually, their primary purpose is to be combined with mileage linehaul rates to create a complete through point-to-point rate. These combination rates (Bi-factor plus mileage) are intended for those occasional instances where requirements arise from a new origin or destination not previously identified, i.e., a new vendor, depot, etc. Should the new origin or destination points generate recurring movement of cargo for a period exceeding sixty (60) days, a single factor ongoing rate shall be negotiated. Bi-factor rates will not be used when established single factor rates are in effect for the same point or port move.

Note: In the case of Puerto Rico, Bi-factor rates apply only between East/Gulf Coast ports and the port of San Juan, Puerto Rico. A CONUS mileage rate would be added to these rates to obtain a complete Bi-factor point-to-point rate.

or

3.35.4. Container Internal Cubic Capacities and Rates

The average internal measurement tonnage capacities as listed in Attachment 4 are to be used for informational purposes by the Shipper to determine the size or combination of sizes of containers/trailers required for Shipment. Shippers are given a variety of optional lengths of containers/trailers to utilize. See paragraph 3.2.10 for computation of the rates applicable to the particular container/trailer.

3.35.5. Containers Stuffed by the Government

Containers stuffed by the Government shall be freighted by applying the applicable rates set forth in this contract per container type/size ordered by the OO.

3.35.6. Containers Stuffed by the Carrier

Except for transloading service, containers stuffed by the Carrier shall be freighted on the manifest measure of cargo actually shipped. Cargo stuffed by the Carrier that weighs out (reaches the allowable weight limit of the container) shall be carried at the applicable rate as set forth in this contract per manifested type/size container.

Cargo shipped in flatrack containers shall be freighted at the General Cargo container rate. In addition, the Carrier's lump sum flatrack surcharge will be added to the total freight for this cargo. This provision is not applicable to excepted commodities.

3.35.7. Movement of Empty Government Owned or Leased Containers

The basic rate for empty Government furnished containers will be fifty (50) percent of the applicable general cargo container rate, except for empty Government flatrack containers, car carriers, or other specialized types of containers/trailers.

The Carrier's charges for inland movement of empty Government containers/trailers will be the same as the Carrier rates contained in the Schedule of Rates.

When the Carrier provides any of the services for Accessorial Rates, in connection with service provided to Government containers, the appropriate Carrier rates contained in the Schedule of Rates will be applicable.

3.35.8. Hazardous Cargo Surcharge

The lump sum surcharge will only apply, per container, to hazardous cargo requiring Coast Guard Regulations. The surcharge will be in addition to the general cargo container rate. This charge does not apply to excepted commodities.

3.35.9. Small Arms Ammunition

Small Arms Ammunition (International Marine Organization (IMO) Class 1.4) is moved at the same rate as general cargo.

3.35.10. Inland Rate Application CONUS

Mileage rates are stated as one-way mile rates by container size and are only used where no specific rate exists. The DTOD is the official source for calculating distances when applying mileage rates. A commercial product that is DTOD-compliant is "PC*Miler" that will produce distance calculations identical to DTOD. Contractors who have PC*Miler will be provided a file of the official mileages to be used for all point to port and port to point combinations using mileage based rates. Contractors who elect to use another source for computing mileages cannot be provided this file. Should there be any differences in the mileages computed by DTOD and the mileage invoiced by the contractor, the Contractor will be paid based on the DTOD mileages.

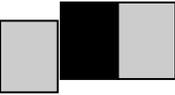
or

3.36. Over-Dimensional Cargo

Selection of the equipment used for ocean transportation shall not result in over length dimensions when the cargo is loaded on the container/trailer, unless the Carrier and the Government mutually agree to this at the time of cargo booking. For example, cargo twenty-four (24) feet in length shall be loaded on a forty (40) foot flatrack, not a twenty (20) foot flatrack.

3.36.1. Over-Dimensional Cargo Charges

Charges for over dimensional cargo stowed on a vessel in containers/trailers shall equal the additional ocean rate for equivalent displaced standard dry container(s) by size, in accordance with the following formula (which includes use of a flatrack container):

| | | |
|---------------------------|--|---|
| Ingauged: | $\frac{\text{BOF (Basic ocean freight)} + \text{FRS (Flatrack surcharge)}}{\text{TP (Total price)}}$ |  |
| Overheight: | $\frac{\text{BOF} + (\text{BOF} \times 65\%) + \text{FRS}}{\text{TP}}$ |  |
| Overwidth: | $\frac{\text{BOF} + ((\text{BOF} \times 2) \times 65\%) + \text{FRS}}{\text{TP}}$ |  |
| Overheight and overwidth: | $\frac{\text{BOF} + ((\text{BOF} \times 5) \times 65\%) + \text{FRS}}{\text{TP}}$ |  |

NOTE: The blocks in the above examples depict the displaced cells based on shipments being over height, over width, or both over height and over width. The black block is the loaded flatrack and the gray blocks are the displaced cells.

- A thirty-five (35) percent discount off the basic ocean freight rate shall be applied for displaced slots in any configuration.
- If other than flatracks are used to ship over dimensional cargo, the flatrack surcharge shall not be applied to the formula.
- Flatrack surcharges shall not apply to Government owned flatracks in the rate computation for over dimensional cargo.
- Displaced slots for which charges are assessed will be counted toward the minimum cargo guarantee.
- Cargo that cannot be loaded on or in an intermodal container (closed, open top, flatrack) prior to stevedoring is not covered by this formula.
- The overdimensional formula is limited to port-to-port terms only. Basic ocean freight (BOF) is the General Cargo Ocean Container Rate from the Table of Rates of the General Contract Section (GCS).
- This formula can be applied to cargo exceeding either the weight and/or the dimensions defining overdimensional cargo when the Government and the Carrier mutually agree to do so at the time of cargo booking.

3.37. Inoperable Light and Heavy Vehicles

In accordance with booking terms, when the Government requests the Carrier to provide loading and/or discharging service for self-propelled wheeled or tracked vehicles, and the vehicle(s) are delivered in an undriveable condition or become inoperable prior to loading or discharge, the Government will be liable for

or

the extra handling incurred by the Contractor at a rate of seventy five (75) dollars per vehicle at origin, if applicable, and/or seventy five (75) dollars at destination, if applicable, maximum not to exceed one hundred fifty (150) dollars per vehicle. The Contractor shall certify that the vehicle is inoperable, stating the TCN and/or vehicle serial number, vessel name and voyage number, sailing date and port of loading/destination.

3.38. Carrier Imposed Weight Restrictions

When a container is precluded from being utilized to its maximum capacity because the Carrier imposed restrictions which limit the weight carrying capacity below the maximum weight carrying capacity of the container, the cargo shall be freighted at the applicable measurement ton basic rate applied to the manifest measure of the cargo and the container shall not be subject to a minimum charge regardless of whether stuffed by the Government or the Carrier. Containers on which such restrictions are imposed shall not be utilized under this contract if acceptable containers are available for the required service from any other Carrier who does not impose a restriction. The Carrier shall give notification of exceptions to weight carrying capacity in accordance with paragraphs 3.1.2 and 3.3.3.

3.39. Maximum Charge

The maximum charge for a closed container/trailer shall not exceed the basic single factor of the container/trailer, converted in accordance with the factors set forth in Attachment 1, regardless of the measurement tonnage shown on the manifest.

3.40. Government Furnished Containers

The Carrier's charges for through transportation of commercially acceptable dry or refrigerated Government containers will be ninety-five (95) percent of the appropriate rate for that cargo commodity.

3.41. Discount for Tandem Trailers

If tandem trailers are line hauled, the total freight for that line haul shall be one hundred seventy (170) percent of the cost of line-hauling one trailer/container.

or

4.0 CUSTOMER SERVICE SECTIONS CONTRACT ANNEXES FOR (CSSCA) ARMY AND AIR FORCE EXCHANGE SERVICE (AAFES) ALASKA

4.1. Contracting Parties.

The parties to this CSSCA are, on the first part, The United States Government and the Carrier (to whom the cargo will be awarded). The entitled Government affiliate, AAFES (the shipper) will receive all services for cargo booked under this CSSCA.

4.2. Term of CSSCA.

The terms and conditions of this CSSCA is effective beginning 0001 hours local time 1 August 2003 through and including 31 July 2004 for the base period, and from 1 August 2004 through and including 31 July 2005 if option period 1 is exercised and from 1 August 2005 through and including 31 July 2006 if option period 2 is exercised, after which the CSSCA shall expire unless extended under FAR PART 52.217-8, Option to Extend Services.

Provisions and performance standards of Regional Domestic Contract 03 (RDC-03) are incorporated herein by reference. To the extent that any provisions of the RDC are inconsistent with the terms and conditions of this CSSCA, this CSSCA shall take precedence.

4.3. Origin and Destination Points and Commodities Covered by the CSSCA.

This CSSCA covers the transportation of commodities identified in Attachment B, from San Joaquin Group (Door City Group) to Anchorage commercial zone, Eielson AFB, Fairbanks, and Ft. Greely.

4.4. Shipper (Government) Minimum Cargo Commitment (MCC).

The shipper undertakes to ship a minimum quantity of 354 dry forty-foot equivalent units (FEUs), during the term of this Customer Service Section. If the shipper meets its cargo commitment prior to the expiration of this contract, the shipper may ship up to an additional 1062 FEU's, for a maximum of 1416 FEUs, under the same rates, terms and conditions. For purposes of this contract, a shipment of cargo in a container of forty (40) foot length or longer shall be counted as one (1) FEU and a shipment of cargo in a container less than forty (40) foot length shall be counted as one-half (.5)FEU. In the event the carrier selected for this section is unable to transport the minimum volume guaranteed, the Contracting Officer reserves the right to make other arrangements to meet such requirements.

4.5. Sailing Frequency.

The Carrier shall provide regular weekly U.S. Flag Jones Act sailing, not to exceed 5 working days from Puget Sound to points in Alaska.

4.6. Carrier Rate Schedule and Service Commitments.

4.6.1. The Carrier undertakes to guarantee the liner term port/port and through service rates set forth in the Schedule of rates for all cargo shipped pursuant thereto during the term of this CSSCA. The Carrier's total transit time from Puget Sound to points in Alaska shall not exceed five (5) working days (excluding Saturday, Sunday, and holidays).

4.6.2. The Carrier shall provide space for 9 FEUs of dry containers per week, and space to accommodate up to an additional 6 FEUs of dry containers for the same week when an 8 day advance notice is received from the Shipper.

or

4.6.3. The Ordering Activity retains the right to cancel the shipment of any booked containers provided that subject containers are canceled no less than five calendar days prior to vessel sailing from load port.

4.6.4. The Government may book container(s) over and above the guaranteed space requirements from any CONUS port within 7 days of the vessel sailing. Such bookings will be lifted on a "space available basis" and the container(s) will be counted towards the cargo commitment.

4.6.5. The Carrier shall provide the Shipper with sufficient and suitable containers and chassis, at origin locations, that will permit the Shipper to meet the volume commitment at least 6 days prior to the Carrier's scheduled sailing.

4.6.6. The Carrier shall provide equipment in compliance with ISO standards, and guarantee that such equipment, will be deemed safe and satisfactory by the Ordering Officer (OO), for the transport of the shipment. The Carrier shall bear any and all costs incurred from rejection and/or repositioning of equipment that the OO determines to be unacceptable.

4.6.7. The total amount of free time in Alaska allowed for each dry container will be seven (7) working days. Saturday, Sunday or holidays are excluded.

4.6.8. The Government will book containers with no less than a 7 day notice prior to scheduled sailing.

4.6.9. The Government will deliver containers in time to meet the locally advertised vessel cut-offs at each origin. The Carrier shall provide the Shipper (OO) all local advertised vessel cut-offs within 7 days after contract award.

4.6.10. The Carrier shall notify the Contracting Officer Representative (COR) in no less than 24 hours when it is determined by the Carrier that container(s) will not be lifted IAW the scheduled booked sailing. The COR will notify the consignee upon such notice to allow consignee time to redirect priority of cargo lift. Container(s) "shut out" from scheduled sailing shall be lifted for the next subsequent weekly sailing and shall receive priority on carriage from port of discharge (POD) to consignee to ensure RDD integrity.

4.6.11. Lift data on the Government manifest and/or data provided by the Electronically Transmitted Container Data process will be used to compute the number of containers lifted. In the event there is a conflict between the electronic data and the Government's manifest, then the Government's manifest controls.

4.6.12. The Carrier shall notify the Shipper immediately upon determination by the Carrier that container(s) will not be able to be lifted or were not lifted in accordance with the scheduled booked sailing. The Shipper shall redirect priority of cargo lift as appropriate, including requiring the Carrier to arrange movement on the next available U.S. flag vessel, in order to ensure the integrity of the cargo's originally prescribed transit time (as defined in 4.6.1).

4.6.13. Should the Shipper elect to have the Carrier move the container(s) on the next available U.S. flag vessel, the Carrier is not relieved of its contractual responsibilities for delivery of such container(s) including the required transit time as originally booked. The Carrier shall employ whatever means is operationally within its control, at no additional cost to the Government, to accomplish meeting the requirements of such cargo. Such container(s) will be counted toward the minimum cargo commitment of this CSSCA.

4.6.14. If the Shipper elects to roll or advance a container, transit time of the affected container shall be calculated on the basis of the vessel to which the container is rolled or advanced.

4.6.15. During the term of this CSSCA the Carrier may be required to transport hazardous materials as provided for in Attachment B. The OO shall provide the Carrier appropriate hazardous cargo information (i.e. class, flashpoint, UN number) prior to loading of container on the vessel.

or

4.6.16. The carrier shall establish and maintain a pool of 20 – 40 foot empty dry containers at AAFES West Coast Distribution Center within (7) days after contract award. In the event the carrier does not maintain the container pool in accordance with the provision of this section, the carrier shall be assessed container detention charges as set forth in 3.21.1.1 for each container per day until the proper pool level is obtained.

4.6.17. The carrier shall provide SDDC and AAFES automated ANSI X 12 standard, electronically transmitted container data. Transmissions shall be in the format described at paragraph 3.18 and sent to AAFES Headquarters, 3911 S. Walton Walker Blvd, Dallas, TX 75236-1598 and the SDDC Booking Office at the Deployment Support Command, Fort Eustis, VA. Liquidated damages will be assessed in the amount of \$50 per calendar day for failure to provide the necessary data.

4.7. Carrier Payment- See paragraph 2.7

4.8. Carrier Submission of Vessel Schedules- See paragraph 3.8

4.9. Required Delivery Date- See paragraph 3.7.

4.10. Government Non-Performance

4.10.1. Should the Shipper for any cause other than Force Majeure not meet the minimum cargo commitment stated in paragraph 4 for any stipulated contract period, or any reduced level thereof occasioned by operation of any provision of this CSSCA, it shall be liable to the Carrier for liquidated damages. The parties expressly agree and stipulate that the measure of such liquidated damages shall be, for each container (FEU) of default, the sum of two hundred fifty (250)dollars and that no further liability shall be incurred by the Shipper for such cause.

4.10.2. If the shipper fails to cancel a booking or the container(s) is not available for lift on board the scheduled vessel sailing through no fault of the carrier, it shall be designated as a container “no show.” The shipper shall be liable to the carrier for liquidated damages for no shows. Any advances authorized by the shipper or inadvertently made by the carrier shall be used to reduce the shipper liability for the number of “no shows” for that vessel voyage. Any container(s) advanced without authority from the shipper/COR must be held at the carrier’s expense at the port of discharge until the arrival of the scheduled vessel for which the container(s) was booked, unless earlier delivery is authorized by the shipper. The parties expressly agree and stipulate that the measure of liquidated damage for each “no show” (except as offset by cargo advances as described above) will be the sum of two hundred and fifty dollars (\$250) for each container, and that no further liability shall be incurred by the shipper for such cause.

or

**5.0 CUSTOMER SERVICE SECTIONS CONTRACT ANNEX (CSSCA) ARMY
AND AIR FORCE EXCHANGE SERVICE (AAFES) PUERTO RICO**

5.1 Contracting Parties.

The parties to this CSSCA are, on the first part, The United States Government and the Carrier (to whom the cargo will be awarded). The entitled Government affiliate, AAFES (the shipper) will receive all services for cargo booked under this CSSCA.

5.2 Term of CSSCA

5.2.1 The terms and conditions of this CSSCA is effective beginning 0001 hours local time 1 August 2003 through and including 31 July 2004 for the base period, and from 1 August 2004 through and including 31 July 2005 if option period 1 is exercised and from 1 August 2005 through and including 31 July 2006 if option period 2 is exercised, after which the CSSCA shall expire unless extended under FAR PART 52.217-8, Option to Extend Services.

5.2.2 Provisions and performance standards of Regional Domestic Contract 03 (RDC-03)(Puerto Rico) are incorporated herein by reference. To the extent that any provisions of the RDC are inconsistent with the terms and conditions of this CSSCA, this CSSCA shall take precedence.

5.3 Origin and Destination Points and Commodities Covered by this CSSCA.

This CSSCA covers the transportation of commodities identified in Attachment B, from United States origin points identified in Attachment A, to San Juan, Puerto Rico.

5.4 Shipper (Government) Minimum Cargo Commitment (MCC).

The shipper undertakes to ship a minimum quantity of 266 dry forty-foot equivalent units (FEUs), during the term of this Customer Service Section. If the shipper meets its cargo commitment prior to the expiration of this contract, the shipper may ship up to an additional 798 FEUs, for a maximum of 1064 FEUs, under the same rates, terms and conditions. For purposes of this contract, a shipment of cargo in a container of forty (40) foot length or longer shall be counted as one (1) FEU and a shipment of cargo in a container of twenty (20) foot length shall be counted as one-half (.5) FEU. In the event the carrier selected for this section is unable to transport the minimum volume guaranteed, the Administrative Contracting Officer reserves the right to make other arrangements to meet such requirements.

5.5 Sailing Frequency.

The Carrier shall provide regular weekly U.S. Flag Jones Act service from CONUS ports to San Juan, Puerto Rico.

5.6 Carrier Rate Schedule and Service Commitments.

5.6.1 The Carrier undertakes to guarantee the liner term port/port and through service rates set forth in the Schedule of rates for all cargo shipped pursuant thereto during the term of this CSSCA. The Carrier's total transit time between U.S. origin points and San Juan, Puerto Rico shall not exceed 6 days.

5.6.2 The Carrier shall provide space for nine (9) FEUs of dry containers per week, and space to accommodate up to an additional six (6) FEUs of dry containers for the same week when an 8 day advance notice is received from the Shipper.

5.6.3 The Ordering Activity retains the right to cancel the shipment of any booked containers provided that subject containers are canceled no less than five calendar days prior to vessel sailing from load port. The Government may book container(s) over and above the guaranteed space requirements from any

or

CONUS port within 7 days of the vessel sailing. Such bookings will be lifted on a "space available basis" and the container(s) will be counted towards the cargo commitment.

5.6.4. The Carrier shall provide the Shipper with sufficient and suitable containers and chassis, at origin locations, that will permit the Shipper to meet the volume commitment at least 6 days prior to the Carrier's scheduled sailing.

5.6.5. The Carrier shall provide equipment in compliance with ISO standards, and guarantee that such equipment will be deemed safe and satisfactory by the Ordering Officer (OO) for the transport of the shipment. The Carrier shall bear any and all costs incurred from rejection and/or repositioning of equipment that the OO determines to be unacceptable.

5.6.6. The total amount of free time in Puerto Rico allowed for each dry container will be ten (10) working days. Saturday, Sunday or holidays excluded. .

5.6.7. The Government will book containers with no less than a 7 day notice prior to scheduled sailing.

5.6.8. The Government will deliver containers in time to meet the locally advertised vessel cut-offs at each origin. The Carrier shall provide the Shipper (OO) all local advertised vessel cut-offs within 7 days after contract award.

5.6.9. The Carrier shall notify the Contracting Officer Representative (COR) in no less than 24 hours when it is determined by the Carrier that container(s) will not be lifted IAW the scheduled booked sailing. The COR will notify the consignee upon such notice to allow consignee time to redirect priority of cargo lift. Container(s) "shut out" from scheduled sailings shall be lifted for the next subsequent weekly sailing and shall receive priority on carriage from port of discharge (POD) to consignee to ensure RDD integrity.

5.6.10. Lift data on the Government manifest and/or data provided by the Electronically Transmitted Container Data process will be used to compute the number of containers lifted. In the event there is a conflict between the electronic data and the Government's manifest, then the Government's manifest controls.

5.6.11. The Carrier shall notify the Shipper immediately upon determination by the Carrier that container(s) will not be able to be lifted or were not lifted in accordance with the scheduled booked sailing. The Shipper shall redirect priority of cargo lift as appropriate, including requiring the Carrier to arrange movement on the next available U.S. flag vessel, in order to ensure the integrity of the cargo's originally prescribed transit time (as defined in 5.6.1).

5.6.12. Should the Shipper elect to have the Carrier move the container(s) on the next available U.S. flag vessel, the Carrier is not relieved of its contractual responsibilities for delivery of such container(s) including the required transit time as originally booked. The Carrier shall employ whatever means is operationally within its control, at no additional cost to the Government, to accomplish meeting the requirements of such cargo. Such container(s) will be counted toward the minimum cargo commitment of this CSSCA.

5.6.13. If the Shipper elects to roll or advance a container, transit time of the affected container shall be calculated on the basis of the vessel to which the container is rolled or advanced.

5.6.14. During the term of this CSSCA the Carrier may be required to transport hazardous materials as provided for in Attachment B. The OO shall provide the Carrier appropriate hazardous cargo information (i.e. class, flashpoint, UN number) prior to loading of container on the vessel.

5.6.15. The Carrier shall establish and maintain a weekly pool of 15- 40 foot and 5 - 20 foot empty dry containers at AAFES Atlanta Distribution Center within seven (7) days of contract award. In the event the carrier does not maintain the container pool in accordance with the provision of this section, the carrier

or

shall be assessed container detention charges as set forth in 3.21.1.1 for each container per day until the proper pool level is obtained.

5.6.16. The carrier shall provide SDDC and AAFES automated ANSI X 12 standard, electronically transmitted container data. Transmissions shall be in the format described at paragraphs 3.18 and sent to AAFES Headquarters, 3911 S. Walton Walker Blvd, Dallas, TX 75236-1598 and the SDDC Booking Office at the Deployment Support Command, Fort Eustis, VA. Liquidated damages will be assessed in the amount of \$50 per calendar day for failure to provide the necessary data.

5.7. Carrier Payment- See Paragraph 2.7

5.8. Carrier Submission of Vessel Schedules- See Paragraph 3.8

5.9. Required Delivery Date- See paragraph 3.7.1.1

5.10. Government Non-Performance

5.10.1. Should the Shipper for any cause other than Force Majeure not meet the minimum cargo commitment stated in paragraph 4.1 for any stipulated contract period, or any reduced level thereof occasioned by operation of any provision of this CSSCA, it shall be liable to the Carrier for liquidated damages. The parties expressly agree and stipulate that the measure of such liquidated damages shall be, for each container (FEU) of default, the sum of two hundred fifty (\$250) dollars and that no further liability shall be incurred by the Shipper for such cause.

5.10.2. If the shipper fails to cancel a booking or the container(s) is not available vessel sailing through no fault of the carrier, it shall be designated as a container "no show." The shipper shall be liable to the carrier for liquidated damages for no shows. Any advances authorized by the shipper or inadvertently made by the carrier shall be used to reduce the shipper liability for the number of "no shows" for that vessel voyage. Any container(s) advanced without authority from the shipper/COR must be held at the carrier's expense at the port of discharge until the arrival of the scheduled vessel for which the container(s) was booked, unless earlier delivery is authorized by the shipper. The parties expressly agree and stipulate that the measure of liquidated damage for each "no show" (except as offset by cargo advances as described above) will be the sum of two hundred and fifty dollars (\$250) for each container, and that no further liability shall be incurred by the shipper for such cause.

or

ATTACHMENT A

CONUS ORIGIN POINTS COVERED BY THIS CSSCA for Puerto Rico

Albany, Ga.
Blue Ridge, Ga.
Calhoun City, Ms
Ellenwood, Ga
Forest Park, Ga
Houston, Tx
Memphis, Tn

or

ATTACHMENT B

1. Commodity: "General Department Store Merchandise", in straight or mixed loads, including but not limited to the following for Puerto Rico and Alaska:

CARGO - CATEGORY 1 (DRY)

Following commodities in straight or mix loads are designated "CATEGORY 1":

| | |
|--|--------------------------------|
| Anti-Freeze | Insecticides |
| Appliances | Jewelry |
| Auto Parts | Lawn Equipment; power tools |
| Beer | Leather goods |
| Bicycles | Luggage |
| Books and Publications | Mattresses/Bedding |
| Cleaning Supplies | Non-Alcoholic Beverages |
| Clothing and Accessories | Office Machines |
| Computer Hardware/ Software Electronics | Oil, Grease |
| Detergents | Paper towels, napkins |
| Dry Foodstuffs | Paper products |
| Electronics | N.O.S. Pet supplies |
| Flour | Photographic/ Optical goods |
| Food and Snack items | Plastic bags |
| Footwear | Records/tapes/CDs |
| Furniture | School supplies |
| Garments and Undergarments | Seasonal decorations (Packed) |
| General Dept Store Items N.O.S. | Seasonal supplies |
| Glass items | Sodas |
| Greeting Cards | Sporting Goods |
| Hair Care/Personal Care Products | Stationary Supplies |
| Handbags and Fashion Accessories | Stereo Equipment |
| Hand Tools | Tobacco |
| Hardware | Toys/Games/Hobbies |
| Health and Beauty Aids | Watches/Clocks |
| House wares | Wines Spirits |

CSSCA CARGO - CATEGORY 2 (REEFER)

Following commodities in straight or mixed loads are designated "CATEGORY 2":

Bakery Products
Beef Products
Beverages in Bags(Fountain Drink Mix)
Butter/Margarine
Candy/Confectionery
Cheese
Chill Freeze
Condiments
Dairy Products(Sour Cream)
Fish Products
Frozen Bakery Products
Frozen Dinners
Frozen Potatoes
Frozen Vegetables
Ice Cream
Juice Concentrate
Juice Products

or
Milk
Pork Products
Poultry Products
Soda in Plastic Bottles

2. **Hazardous Cargo; Also known as (Dangerous Goods in Limited Quantities):** Merchandise classified as Dangerous Goods in limited quantities as defined in Volume I, The International Maritime Dangerous Goods Code (IMDG w/amendments 25-89) as specified in paragraph 18.6-18.9, page 135 and containerized for shipment under this contract will not require additional special labeling, documentation or other restrictions unless specified in future amendments to the IMDG. Cargo moving under this commodity category shall not be entitled to a hazardous cargo surcharge. This cargo may include but is not limited to items in (Dangerous Goods in Limited Quantities as specified below):

ORM-D CARGO (70DZ9)
CHARCOAL,
CIGARETTE LIGHTERS
CLEANING COMPOUNDS
COSMETICS
DISINFECTANTS
HYPOCHLORITE SOLUTION (BLEACH)
INSECTICIDES.
POLISHING COMPOUNDS

1. Upon an order for services to transport hazardous material (not the hazardous cargo dangerous goods in limited quantities covered in Paragraph 2 above) under this contract, that requires on deck stowage based upon coast guard regulations, the ordering Officer shall provide to the carrier, the class flashpoint and UN number of the cargo, including any placards/labeling and special handling instructions of such cargo. Cargo moving under this category shall be entitled to the applicable lumpsum hazardous cargo surcharge set forth in the schedule.

End of Statement of Work