

INTERNATIONAL PERSONAL PROPERTY RATE SOLICITATION I-14

CHAPTER XVI - CODE 3

Item 1600

Purpose

This chapter contains information on the terms, conditions, and procedures for Code 3 HHG shipments.

Item 1601

Application and Scope

a. Code 3 service applies to international HHG shipments moving between CONUS and Japan (JA01, JA02, and JA03), Okinawa (JA96), and Korea (KS).

b. The administrative requirements, terms, conditions, rules, and service requirements contained in this solicitation apply to Code 3 shipments. The accessorial requirements and schedules of rates and charges contained in Chapter V apply. In addition to the above information, Code 3 movements are subject to the operational procedures outlined in this Chapter.

Item 1602

Administrative Requirements

a. Code 3 Approval. MTMC-approved carriers having Code 4 approval to transport HHG shipments to/from Japan, Okinawa, and Korea are approved for Code 3 movements. These carriers are automatically granted ordering authorization to book containers/shipments under the **MTMC Operations Center** Universal Service Shipping Contract (USC).

b. Letters of Intent (LOI). To participate in Code 3 traffic, a carrier must have an accepted HHG LOI on file at every PPSO to cover the entire rate area for which rates are filed. LOI requirements contained in Item 300b apply. LOIs filed with, and accepted by, PPSOs for Code 4 service are valid for Code 3 service to the extent the agent list is current.

c. Participation. Carrier participation and/or rate submission for Code 3 service is optional.

Item 1603

Definition

Code 3 service is defined as the through movement of HHG in Type II -approved containers whereby a carrier provides origin services, linehaul service from origin residence to a commercial ocean terminal, ocean transportation (using **MTMC Operations Center**-negotiated rates to a commercial port of discharge), linehaul to destination residence, and destination services.

Item 1604

Application of Transportation SFR

a. The transportation SFR for Code 3 shipments will include all services as stated in Item 432 of Chapter IV, except over-ocean transportation charges. **MTMC Operations Center** over-ocean rates between CONUS ports and designated overseas ports, as published in the **MTMC Operations Center** USC Contract, will be used for the ocean segment. The carrier is responsible for through movement and all services associated with origin services, linehaul, consolidation, port handling, and delivery.

b. Carrier submitting Code 3 SFRs agree to adhere to the administrative instructions associated with the ordering authorization for the purpose of using the ocean rates under the **MTMC Operations Center** USC Contract.

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Item 1605

Ordering Authority

a. General. Carriers approved to participate in Code 4 service between the rate areas identified in Item 1601a and filing Code 3 rates between these rate areas are authorized to use the **MTMC Operations Center** ocean rates. This authority is limited to the scope specified herein and subject to Government oversight.

b. Ordering Authorization.

(1) Carriers with accepted Code 3 rates are authorized to use the **MTMC Operations Center** USC Contract to book ocean containers/shipments for over-ocean movement. Ordering authority is limited to the booking of DOD-sponsored household goods shipments on a port-to-port basis.

(2) Carriers are responsible for complying with the procedures prescribed herein.

(3) MTMC will provide ocean carriers with notice of the ITGBL carriers authorized to book ocean containers/shipments and issue shipping orders against the **MTMC Operations Center** USC Contract.

(4) Carriers failing to comply with the administrative instructions herein will be subject to disqualification pursuant to Item 313.

Item 1606

Administrative Instructions for Ocean Container/Shipment Bookings

a. General. Only carriers with MTMC-accepted Code 3 rates may offer bookings under the **MTMC Operations Center** USC Contract.

b. Ocean Container/Shipment Booking.

(1) Code 3 container/shipment bookings will be offered to the ocean carrier in the following sequence unless instructed otherwise by MTMC:

(a) To the low cost carrier.

(b) If the container/shipment booking is not accepted by the low cost ocean carrier it will then be offered to the next low cost ocean carrier.

(2) If an ocean carrier does not accept the container/shipment booking, it shall be documented in accordance with Item 1606d.

c. Delivery Order.

(1) The ITGBL carrier ordering ocean transportation services will issue a delivery order in a format as mutually acceptable by the parties (**DAMT01-03-D-XXXX, page 9, para 6.2.3**) for each container/shipment offered and/or booked. The delivery order shall be evidence of ownership and will constitute the contract of carriage issued to the contractor.

(2) The ITGBL carrier ordering ocean transportation services will provide a completed **delivery order**, to the ocean carrier and any ITGBL coloaded carriers for each container booked, along with any standard customs documentation not later than the time of vessel sailing to which the cargo is loaded or later if agreed upon in writing by the ocean carrier. The ITGBL carrier accepts full responsibility for any frustration of cargo as a result of failure to provide appropriate documentation.

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d. Ocean Carrier Refusals.

(1) Code 3 container/shipment booking refusals by any or all ocean carrier(s) shall be documented by signature of the ocean carrier in the block designated "OTHER PARTICULARS" of the delivery order, as illustrated in Appendix 16C. The completed delivery order shall be faxed to the declining ocean carrier for certification/signature. The ocean carrier will certify/sign and return the form to the ITGBL carrier within 24 hours. If the signed form is not returned by the declining ocean carrier within 24 hours, the ITGBL carrier shall self-certify as to the refusal of cargo, indicating the ocean carrier failed to return an executed copy within 24 hours. The self-certification shall include the signature of the ITGBL carrier's representative and a statement that the 24-hour time period has expired and the ocean carrier has failed to return the delivery order. A copy of the documented refusal shall be faxed to MTMC, ATTN: **MTPP-PP-R**, within 48 hours of the ocean carrier's refusal or failure to certify the form.

(2) The **delivery order**, completed in accordance with Appendix 16C, must be submitted with the carrier's billing in order to support compensation of ocean charges for use of other than the low cost ocean carrier.

(3) If the container/shipment booking is not accepted by any ocean carrier, the ITGBL carrier will report the failure of the ocean carriers to provide service to MTMC, ATTN: MTPP-PP-R.

e. Use of Foreign Flag Shipping. The provisions contained in Item 431 apply if Code 3 shipments are declined by all U.S. flag ocean carriers.

f. Ocean Container Detention Charges. The carrier ordering services from the ocean carrier is responsible for payment of container detention charges, without reimbursement from the Government, in the amount set forth in the **MTMC Operations Center** USC Contract.

Item 1607

Ocean Container Utilization

a. **MTMC Operations Center** ocean rates are based on rates per measurement ton utilizing 100 percent of the inside cubic capacity of the ocean container. Carriers shall maximize the net weight of HHGs loaded in the ocean container.

b. Compensation of ocean charges are predicated on a density factor.. The ocean charges reimbursable to the carrier are predicated on maximum container utilization in accordance with Item 1610.

Item 1608

Port Information

a. General. Ocean rates are predicated on use of the CONUS and overseas ports specified in Item 1608b and Appendix 13E. Code 3 shipments must transit the applicable ports of embarkation/debarkation. Port selection is at the discretion of the ITGBL carrier.

b. Port Designation. The ocean charges reflected in Item 1610d apply to use of the following designated ports between CONUS and the applicable rate areas:

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BETWEEN CONUS AND JAPAN

CONUS West Coast Ports

Long Beach, CA (3H3)
Los Angeles, CA (3H1)
Oakland, CA (3D2)
Seattle, WA (4D3)
Tacoma, WA (4E1)

Overseas Ports

Kobe, Japan (UL3)
Nagoya, Japan (UM6)
Osaka, Japan (UL2)
Tokyo, Japan (UM3)
Yokohama, Japan (UME)
Hakata, Japan

BETWEEN CONUS AND OKINAWA

CONUS West Coast Ports

Long Beach, CA (3H3)
Los Angeles, CA (3H1)
Oakland, CA (3D2)
Seattle, WA (4D3)
Tacoma, WA (4E1)

Overseas Port

Naha, Okinawa, Japan (UBD)

BETWEEN CONUS AND KOREA

CONUS West Coast Ports

Long Beach, CA (3H3)
Los Angeles, CA (3H1)
Oakland, CA (3D2)
Seattle, WA (4D3)
Tacoma, WA (4E1)

Overseas Port

Pusan, Korea (UDC)

c. Use of Alternate Ports. MTMC will issue instructions regarding use of alternate ports in the event ports reflected in Item 1608b and Appendix 13E cannot be used due to strikes, natural disasters, or other emergencies. If such instructions are received to route through an alternate port, the provisions contained in Item 528 apply.

Item 1609

Coloading

Coloading is the loading of an ocean container with personal property shipments which have been tendered to two or more ITGBL carriers. The following procedures regarding coload of Code 3 shipments apply:

- a. Code 3 shipments may only be coloaded in ocean containers with Code 3 shipments.
- b. Only ITGBL carriers with ordering authority may coload Code 3 shipments.
- c. If it is determined that Code 3 and non-Code 3 shipments are coloaded, ITGBL carriers will be subject to disqualification pursuant to Item 313.

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Item 1610

Ocean Compensation Factor

a. Payment of Ocean Charges to Ocean Carriers.

(1) The ITGBL carrier ordering services from the ocean carrier is responsible for payment of ocean charges to the ocean carrier.

(2) Ocean services are considered complete 48 hours after the ocean carrier notification to the ITGBL carrier of availability of the container/shipment at the discharge point identified on the delivery order.

(3) Payment of ocean charges by the ITGBL carrier shall be made within 30 days after receipt of an invoice from the ocean carrier or evidence of completion of services as identified in Item 1610a(2) above, whichever occurs later. Failure to pay the ocean carrier within the required time may lead to disqualification from the Code 3 program.

(4) Carriers will be compensated for over-ocean costs based on low cost ocean carrier rates or rates charged by the next higher cost ocean carrier when a delivery order is properly completed in accordance with Item 1606d.

b. Nonpayment of Ocean Charges.

(1) ITGBL carriers failing to pay ocean charges in accordance with Item 1610a above will be subject to disqualification pursuant to Item 313.

(2) Set-off action against the carrier for ocean charges, applicable interest, and any other costs incurred for nonpayment of ocean charges will be initiated.

c. Compensation of Ocean Charges to ITGBL Carriers. The carrier will be compensated ocean charges based on the net hundredweight of the Code 3 shipment.

d. Ocean Compensation Factors.

(1) Ocean compensation factors are stated in U.S. dollars and cents per net hundredweight.

(2) Ocean compensation factors are predicated on the use of the ports reflected in Item 1608b and Appendix 13E. The ocean costs reflected herein are in effect from **1 March 2003 through 29 February 2004**.

(3) Carriers will be compensated for ocean costs based on the minimum density factors by movement channel indicated below.

(4) The ocean compensation factors below are predicated on the following formula:

(a) The cubic foot per forty-foot equivalent unit (FEU) (1701 cu. ft.) multiplied by the density factor identified below equals the net weight per FEU.

(b) The net weight per FEU divided by 100 to determine the number of hundredweights.

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(c) The applicable container rate shown below divided by the number of hundredweights to determine the ocean compensation rate.

CONUS West Coast Ports to Specified Rate Areas

<u>Destination</u>	<u>Low Carrier</u>	<u>Low Rate</u>	<u>Minimum 40-ft. Container Cost</u>	<u>Second Carrier</u>	<u>Second Rate</u>	<u>Minimum 40-ft. Container Cost</u>
Japan						
Okinawa						
Korea						

NOTE: The use of above rates are predicated on meeting the minimum density of 5.4 for Japan, 5.2 for Okinawa, and 5.4 for Korea. The 40-foot standard container cost reflected above is predicated on 59 measurement tons and is the minimum cost per container.

Specified Rate Areas to CONUS West Coast Ports

<u>Origin</u>	<u>Low Carrier</u>	<u>Low Rate</u>	<u>Minimum 40-ft. Container Cost</u>	<u>Second Carrier</u>	<u>Second Rate</u>	<u>Minimum 40-ft. Container Cost</u>
Japan						
Okinawa						
Korea						

NOTE: The use of above rates are predicated on meeting the minimum density of 5.5 for Japan, 6.1 for Okinawa, and 6.5 for Korea. The 40-foot standard container cost reflected above is predicated on 59 measurement tons and is the minimum cost per container.

Legend:

Item 1611 ***Bunker Adjustment Factor***

- a. Payment to Ocean Carriers. Ocean carrier invoices submitted to the ITGBL carrier will reflect the applicable Bunker Adjustment Factor separately. The ITGBL carrier shall make payments or deductions, as applicable, for each ocean carrier invoice submitted.
- b. Reimbursement to ITGBL Carriers. ITGBL carriers will be reimbursed for the actual amount paid to the ocean carrier. The Bunker Adjustment Factor will be identified as a separate line item charge on the Public Voucher for Transportation Charges, SF-1113, and supported by the ocean carrier invoice for the actual amount.

Item 1612 ***Currency Adjustment Factor***

- a. Payment to Ocean Carriers. Ocean carrier invoices submitted to the ITGBL carrier will reflect the applicable Currency Adjustment Factor separately. The ITGBL carrier shall make payments or deductions, as applicable, for each ocean carrier invoice submitted.
- b. Reimbursement to ITGBL Carriers. The ITGBL carriers will be reimbursed for the actual amount paid to the ocean carrier. The Currency Adjustment Factor will be identified as a separate line item charge on the Public Voucher for Transportation Charges, SF-1113, and supported by the ocean carrier invoice for the actual amount.

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Item 1613

Billing Procedures

a. General. The ITGBL carrier will bill the appropriate Defense finance & accounting office responsible for payment of the transportation charges in accordance with current procedures and the instructions contained in this item.

b. Billing Instructions and Supporting Documentation.

(1) Ocean charges will be identified as a separate line item charge on the Public Voucher for Transportation Charges, SF-1113. Item 1610d must be entered on the SF-1113 with the appropriate ocean dollar and cents rates, as shown in Item 1610d. These rates are based on a per net hundredweight basis.

(2) Code 3 billings must be supported by the appropriate documents identified in the Tender of Service, Figure A-8, of the Defense Transportation Regulation (DTR), DOD 4500.9R, with the following exceptions:

(a) The delivery order is required in lieu of billing document number 8, commercial ocean bill of lading.

(b) A copy of a delivery order, documented and completed in accordance with Item 1606d must be submitted in order to justify payment for those instances where the low ocean carrier refuses a shipment or use of foreign flag shipping is granted.

Item 1614

Destination Changes

a. Termination and Onward Movement. When a Code 3 shipment has arrived at the POE, at the POD, the final destination, or is in SIT, and the destination will require further over-ocean transportation, the shipment shall be terminated and reshipped in accordance with the procedures and charges set forth in Items 522 and 524.

b. Delivery from SIT. When a Code 3 shipment is in SIT and movement to the newly established destination will not require further over-ocean transportation, the destination will be considered a delivery from SIT. The distance between the SIT location and the new destination shall determine rate application.

c. Diversions. When the final destination of a Code 3 shipment not in SIT is changed to a new destination that does not require a further over-ocean transportation and the new destination is more than 30 miles from the original destination, the shipment shall be diverted. The provisions and rate applications in Item 526 apply.

Item 1615

SFR Submissions

a. Requirements. The rate filing instructions contained in Chapter 19 of the solicitation apply and Code 3 rates submissions are subject to the following:

- (1) Procedures governing Class 2 rate submissions apply.
- (2) The Code 3 position numbers on the record specification formats apply for Code 3 rate submissions.
- (3) The I/F administrative high for Code 3 is \$275.
- (4) The minimum rate submission for Code 3 is \$25 per hundredweight.

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(5) The M/T maximum filing criteria for Code 3 is the low rate plus \$75.

b. Code 3 Rate Certifications. Carriers certifying Code 3 rates are authorized to book ocean containers/shipments at rate applicable in the **MTMC Operations Center** USC Contract. This authorization is limited to the channels for which Code 3 rates have been submitted and accepted.

Item 1616

Traffic Distribution

Code 3 shipments will be distributed in accordance with procedures set forth for Class 2 rate channels as specified in Chapter 17. The designated percentage of traffic offered to the low rate setter on any given channel will be based on the percentages reflected in the applicable HHG tonnage estimates.

Item 1617

Transit Times

The Code 4 transit times published in the DOD 4500.9R will apply for Code 3 shipments. Carrier appeals for missed RDDs will be evaluated in accordance with TQAP procedures for delays in the Defense Transportation System.

Item 1618

Liability

a. General. Carrier liability for Code 3 shipments is \$1.25 times the net shipment weight. The terms, conditions, and rules contained in Item 410 apply. The military claims services will assert demands against the carrier for loss and/or damage based on claims filed against Government by the service member. Ocean carrier liability is outlined in the **MTMC Operations Center** USC Contract at **DAMT01-03-D-XXXX, page 7**, paragraph 3.0 Maritime Clause. ITGBL carriers need to consider any differences in their liability of \$1.25 times the net shipment weight and the ocean carrier liability. Claims costs should be included in Code 3 rate submissions.

b. Resolution of Loss and/or Damage Claims.

(1) The ITGBL carrier will act as the Government's claims agent against the ocean carrier in those cases where the forwarder can prove the ocean carrier was at fault.

(2) In the absence of a resolution of a claim, the carrier and the **MTMC Operations Center** ocean carrier shall have the right of recourse to the **MTMC Operations Center** procurement contracting officer (CO), under the Contracts Dispute Clause. In the event of a disputed claim by an ITGBL carrier against the ocean carrier, the ITGBL carrier shall provide all necessary documentation to support the Government's claim against the ocean carrier to **MTMC Operations Center**. The procurement contracting officer will issue a CO's final decision determining the extent to which a valid claim has been established. If the CO's final decision determines the Government has an affirmative claim against the ocean carrier, **MTMC Operations Center** will assign its rights to assert an action against the ocean carrier for loss and/or damage, under the Container Agreements, to the ITGBL carrier, subject to the right of the Attorney General to supervise and control litigation directly involving the United States.

Item 1619

Total Quality Assurance Program (TQAP)

a. The standards of service and procedures contained in TQAP, or latest changes thereto, apply to Code 3 shipments.

b. The applicable semiannual international HHG score will apply to Code 3 shipments.