

Item I - Scope

SCOPE: The Household Goods (HHG) Channeling Concept Pilot Program – Awarding HHG shipments to the Number One Best Value Score (BVS) Transportation Service Provider (TSP) (up to their identified maximum daily capability) from one origin city (including a 75 mile radius) to one destination city (including a 75 mile radius) and return (both ways) utilizing the 400NG Volume Move (VM) rules and requirements with exceptions/additions identified in this Concept of Operations (CONOPS). This concept involves the expectation that the TSP will properly plan capacity (e.g., assets/resources, etc.) to successfully execute the two-way movement of HHG (initial line-haul and associated back-haul). The goal of the HHG Channeling Concept is to improve customer service and to reduce TSP overall operating cost, (resulting in lower costs to move shipments, e.g., savings to the Government). In addition, the rates submitted by each eligible TSP should reflect the expected efficiencies gained by shipment frequency and volume aggregation at both origin and destination.

Item II - Purpose

All portions of this CONOPS apply to HHG shipments moving via the HHG Channeling Concept Pilot Program, referred to throughout as “the pilot”, to test the HHG Channeling Concept. This CONOPS provides the procedures and information required for TSPs to file voluntary individual rate tenders (IRTs) to transport Department of Defense (DOD) and U.S. Coast Guard-sponsored HHG shipments via the pilot on the following two-way CONUS traffic lanes: Washington DC to/from San Antonio, TX and Norfolk, VA to/from San Diego, CA (including locations within a 75 mile radius at origin and destination). These instructions are separate from all previously published procedures, formats, and other information for IRT filings applicable to VM shipments. Unless otherwise stated in this CONOPS, shipments moving in the pilot will be tendered and executed following the transportation guidelines outlined in the Defense Transportation Regulations (DTR), 400NG, and all other Defense Personal Property Program (DP3) requirements.

Item III – Criteria for Movement via HHG Channeling Concept Pilot Program

Pilot procedures will apply under the following conditions:

1. Estimated tonnage consisting of household goods totaling 3,700,000 lbs. on Norfolk, VA to/from San Diego, CA and 4,300,000 lbs. on Washington DC to/from San Antonio, TX.
2. HHG shipments with a pickup date occurring between the start date and the end date (March CY 2016 – August CY2016) of the scheduled pilot will move via traffic lanes participating in the pilot.
3. Movement is two-way from one origin city (including locations within 75 mile radius) to one destination city (including locations within 75 mile radius) regardless of the rate area or GBLOC.
4. SDDC will initiate the Channeling Concept VM requests at least 90 days prior to the requested start date.

NOTE: USTC reserves the right to postpone the start date of the pilot, or to suspend the pilot and return to normal operations on participating traffic lanes if circumstances warrant.

Item IV – HHG Channeling Concept Pilot Program TSP Procedures

The following procedures are applicable to the pilot:

1. TSPs must be capable of handling at least the minimum daily tonnage requirement of 135,000 lbs. TSPs must also submit an estimated maximum daily tonnage capability for which they agreed to service throughout the duration of the pilot.
2. This pilot consists of four volume moves – two volume moves between (to/from) Washington DC and San Antonio, TX; two volume moves between (to/from) Norfolk, VA and San Diego, CA. TSPs are required to submit the same discounts (both-ways) for the corresponding VMs representing the pilot. The Number One BVS TSP will receive shipment allocations under corresponding VMs to support the channeling two-way traffic lane methodology of the pilot.
3. Once a VM request is initiated by SDDC, Defense Personal Property System (DPS) will send out an email to all eligible TSPs with rates on file for the Channel-Code of Service combination selected and who are eligible to move HHG throughout the duration of the pilot (as of the Solicitation Date). Note – a TSP must be eligible (not in a suspended or non-use status at any point during the pilot) for both two-way lanes to participate in

this pilot.

4. To participate in the pilot, TSPs must log into DPS and submit a discount that is lower (for both LH/SIT) than their current discount on file for the same Channel-Code of Service combination for both bid solicitations that make up the pilot. TSPs must determine their best rates and all rates submitted (LH/SIT) must be exactly the same for corresponding pilot bid solicitations in order for the TSP to be considered for this pilot. TSPs failing to meet these requirements will be rejected from participating in the pilot.
5. The deadline date for receipt of the rate tender number and bid information will be specified in the pilot bid solicitation and can be viewed by logging into DPS. TSPs must submit complete information to be considered for participation in the pilot.
6. Bidding TSPs are ranked in DPS by BVS. The TSP ranked as the number one provider will receive and be responsible for moving all shipment volume on one of the two pilot lanes represented by the TSP minimum daily tonnage requirement as set by SDDC. Alternate TSPs will consist of two who will rank below the Number One BVS TSP and will only be utilized if the number one TSP exceeds their identified maximum daily tonnage capacity or is replaced in the pilot.
7. TSPs accepted in the pilot are NOT allowed to blackout any portion of the VMs and will be subject to removal from the pilot (see Item XIX).
8. TSP will receive shipment awards with the expectation that they are able to plan capacity and other assets/resources to successfully execute the two-way moves (initial line-haul and associated back-haul).
9. TSPs selected for award of HHG shipments included in the pilot are not authorized to refuse shipments. Failure to accept the required tonnage is grounds for punitive action, up to and including removal from the pilot.

Item V – Use of Alternate TSPs

In the event that the number one (1) BVS TSP reaches their maximum daily capacity (or becomes ineligible), the first alternate (2) TSP will handle shipment tonnage that exceeds the maximum capacity of the number one BVS TSP on the participating pilot lane for the impacted duration of time, which may comprise as little as one day or as long as the entire duration of the pilot. The next ranked TSP (3) will then become the first alternate (2) TSP. When a TSP becomes the first alternate TSP, they must initiate all actions required in preparation of handling shipments that exceed the maximum daily capacity of the number one BVS TSP. SDDC will make every effort to provide advance notice of this redistribution of shipment responsibility.

Item VI – Submission of Procedures, Rates, and Charges

1. The submission of voluntary bids into DPS is the only way to participate in the movement of DOD/USCG-sponsored HHG included in the pilot. Rates and charges offered in bid submissions must be independently determined and expressed as indicated in Item IV (3). Competitive rate tenders submitted in response to these filing procedures must be submitted by the exact deadline and under the exact terms, conditions, and procedures specified. This solicitation is subject to modification by SDDC Personal Property prior to the bid solicitation deadline.
2. TSPs will submit their rates for traffic lanes participating in the pilot by utilizing the Volume Move functionality in DPS – Volume Move tab of Rates module. The below procedures and lists of assets must be emailed to the SDDC domestic rates team at usarmy.scott.sddc.mbx.pp-rates-dom@mail.mil, prior to the end of rate filing deadline. For details on VM rate filing see “DPS Rate Filing User Guide TSP Edition” located on the SDDC website. TSPs can enter only one bid per one-way traffic lane included in the pilot (one bid for each directional movement). TSPs’ discount should reflect roundtrip tonnage – submit the same discount for both directional movements on the participating traffic lanes (e.g. 60% LH discount and 55% SIT discount both directions for any shipments moving Washington DC to/from San Antonio, TX and Norfolk, VA to/from San Diego, CA. Simultaneous bid solicitation will be released for the initial line-haul and back-haul portions of the two-way traffic lanes. TSPs must submit the same rate for each portion of the participating traffic lanes (line-haul and back-haul). The TSP may edit, change, correct, or delete any of their entered information during the bid window. After the pilot rate filing (Bid) End Date/Time, no changes, withdrawals, or cancellations are allowed. **Rates are not allowed to be entered after the pilot Bid End Date/Time.** The

pilot is not restricted by the Rate Cycle Dates, or Performance Periods.

- a. The rate will be expressed as a discount off the Domestic 400NG Tariff. For example, if a TSP wishes to offer a 10% line-haul discount, the rate submitted would be 10%. One (1) percentage will be shown to cover a reduction in total cost for line-haul and one (1) percentage will be shown to cover SIT. HHG shipments moving on traffic lanes participating in the pilot will utilize the pilot rates in place of the standard program rates on file. The rates entered (either LH/SIT discounts) must be lower (higher discount for LH/SIT) than the bidding TSP's current rate on file for the same Channel-Code of Service combination. Each TSP's LH/SIT discounts will apply for each shipment moved on traffic lanes participating in the pilot within the designated time period until final delivery to the customer.
- b. In addition to rates (discounts), the TSP must provide the following information to be eligible to participate in the pilot:
 - (1) Procedures and plan outlining a TSP's ability to manage and support the pilot, which must include
 - i. A plan describing what assets (trucks/trailers) will be available to support the pilot
 - ii. A plan describing what facilities will be available to support the pilot
 - iii. An explanation of agency agreements in place to support the pilot, including the nature of the agreement(s)
 - (2) The maximum amount of tonnage expressed in pounds per day that can be picked up. The TSP entered maximum amount cannot be below the minimum daily tonnage established by SDDC.
 - (3) Tender Number.
 - (4) TSP POC information (Name, Telephone #, and Email Address).
 - (5) Agreement in DPS to move the minimum daily tonnage required by the pilot bid solicitation.
- c. The TSP must agree to the following information to be eligible to participate in the pilot
 - (1) Move at least the minimum pounds per day identified in the pilot bid solicitation.
 - (2) Move the maximum amount of pounds per day that the TSP identified as being capable of handling.
 - (3) Not refuse any shipments within this time period on a lane participating in the pilot.
 - (4) Not blackout within this time period on a lane participating in the pilot."
- d. SDDC will evaluate all competitive rate offers received from TSPs. Acceptance of rates does not guarantee any offer of shipments or tonnage. The pilot bid solicitations are only estimates.
 - (1) Although no guarantee is expressed or implied, SDDC will make every effort to protect the confidentiality of rates submitted in response to a bid solicitation for the pilot.
 - (2) SDDC reserves the right to remove/reject any TSP rates for this pilot program.

Item VII – Terms and Conditions for Individual Rate Bid Submission

TSPs that are in a suspended, non-use or disqualified status during any portion of the pilot will not be considered. The DTR/400NG rules and regulations contained in the pilot procedures include all terms and conditions and shall not be altered in any manner. These procedures must be retained by participating TSPs.

Item VIII – Preparation of Individual Rate Submission

Each TSP is responsible for the proper preparation and submission of its bid(s) via DPS, in accordance with the procedures prescribed herein.

Item IX – Effective Period for Accepted Bid Submission

The pilot bid start and end date/time will be identified in the initial email sent to all eligible TSPs (see Item III above) via DPS. SDDC reserves the right to adjust the pilot Bid End Date/Time or re-solicit bids as determined necessary.

Item X – Receipt of Submission

All bid submissions must be received in DPS on or before the deadline date and time indicated on the bid solicitation. For this pilot, SDDC is not responsible for rates not submitted via DPS prior to the deadline. TSPs should enter their bid into DPS as soon as possible to meet rate submission deadlines. Bids will not be accepted after the pilot Bid End Date/Time.

NOTE: If TSPs have issues or discrepancies during the solicitation and bid process it is recommended they contact the SDDC System Response Center (DPS Help Desk).

Item XI – Quality Assurance

1. Any TSP who willingly submits a rate proposal that misrepresents a material fact shall be grounds for the removal from the pilot.
2. TSP performance shall be monitored by both the origin and destination transportation offices with SDDC's oversight. TSPs understand that transportation offices may give consideration to Customer Satisfaction Survey (CSS) comments, customer feedback, QA inspection findings, and other performance factors to determine when quality assurance actions are appropriate.
3. TSPs whose overall performance clearly indicates a failure to comply with service standards detailed in the Tender of Service shall be subject to punitive action. Whenever punitive actions are issued against a TSP, the resulting action (i.e. suspension, non-use, or disqualification) will apply to both standard shipments and shipments included in the pilot.
4. Refusals of HHG shipments included in the pilot are not authorized. Exceptions may exist during any transition to an alternate TSP due to the preparation and advance notice. See Item V.
5. USTC reserves the right to revert to normal operations (standard shipments) as required for any portion of the pilot when SDDC determines it is in the best interest of the program. This includes the ability to exit the pilot in its entirety.

NOTE: PPSOs/JPPSOs should work closely with SDDC when considering punitive action for shipments moving under this pilot. Both PPSOs/JPPSOs and SDDC may initiate punitive action against a TSP for not fulfilling their obligations to execute HHG shipments according to the procedures outlined above. PPSOs will not take action before coordinating with SDDC. In this event, shipment volume would be awarded to an alternate TSP under item IV above.

Item XII – HHG Channeling Concept Pilot Program Customer Satisfaction Survey Scores (CSSs)

All shipment CSSs from the pilot count toward the TSP overall Performance Score (PS) in the applicable market (dHHG). All pilot CSSs will be tracked separately to ensure that the necessary levels of customer satisfaction are maintained throughout the pilot. A separate CSS analysis for HHG shipments included in the pilot will be conducted upon completion of the pilot to assess the overall impact of the Channeling Concept on customer service.

Item XIII – Correction to HHG Channeling Concept Pilot Program Individual Rate Tenders

Corrections or changes to rates after the specified pilot bid end date/time will not be permitted. It is an offeror's responsibility, when transmitting its proposal electronically, to ensure the proposal's timely delivery by transmitting the proposal sufficiently in advance of the time set for receipt of proposals to allow for timely

receipt by the agency. Rate submissions received in DPS after the exact time specified are late, and will not be considered for award. The Deputy Chief of Staff for Personal Property will not be responsible for late or misdirected rate bid submissions which do not arrive in DPS prior to the bid end date/time when caused by any party or parties not assigned to the Government. SDDC reserves the right to reject any or all offers, waive minor informalities and irregularities in offers received, to reject any rate, and re-solicit rates prior to or during the pilot effective dates.

Item XIV – Acceptance/Rejection of Individual Rate Submission

1. SDDC will review each rate submission prior to acceptance, rejection, or distribution. TSPs must use the utmost care in bid preparation, since rates cannot be withdrawn after the Bid End Date/Time expires.
2. DPS will notify TSPs via email when bids have been accepted or rejected.
 - a. Notification of Acceptance: Accepted TSPs will receive an email (to the TSP Master and TSP Operations user roles). Inquiries about this solicitation relative to TSP ranking and participation should be satisfied by reference to DPS and viewing the TSPs VM screens. However, each TSP tendering rates will be furnished information relative to the acceptance of its tender via email.
 - b. Notification of Rejection: Any TSP failing to enter a Tender Number, POC information, or other mandatory information will not be allowed to continue until all information is entered in DPS. Rejected TSPs will receive an email (to the TSP Master and TSP Operations user roles) detailing the reason for rejection (e.g. failure to enter a Tender Number, POC information, or other mandatory information). Email questions concerning rate filing to SDDC-PP at usarmy.scott.sddc.mbx.pp-rates-dom@mail.mil.
3. TSPs in Common Financial and/or Administrative Control (CFAC) will only be permitted to bid on the pilot with a single SCAC. SDDC reserves the right to remove bids to prevent award of the pilot to a primary and either alternate TSP under CFAC, as determined by SDDC, independent of such declarations in the DPS.

Common Financial and/or Administrative Control: This means the power, actual as well as legal, to influence the management, direction, or functioning of any other TSPs or Freight Forwarders. Circumstances surrounding organization or operation, which may, but do not always result in a common financial and/or administrative control relationship, include the following:

- a. Majority or Minority Ownership
- b. Familial Relationships
- c. Voting Securities
- d. Common Director, Officers, and/or Stockholders
- e. Voting or Holding Trusts
- f. Associated Companies
- g. Contract or Debt Relationships

Item XV – HHG Channeling Concept Pilot Program Rates – Public File

All accepted Tender Numbers are contained electronically in DPS, and TSPs can only view their SCAC's rate information.

Item XVI – Selecting Number One TSP for HHG Channeling Concept Pilot Program

TSPs that meet the requirements in Item VI can place a bid. Subsequent selection of the number one (1) and two alternate TSPs will be accomplished using the BVS computation matrix. TSPs can view their SCAC's relative ranking (e.g. 2nd of 3) by logging into DPS and will also be notified by advisory using electronic email.

Item XVII – Additional Guidance

When a TSP is offered and accepts a HHG shipment as part of the pilot and later negotiates a pickup date change outside the pilot effective dates, the shipment will move under the rate and tables that were effective on the original requested pickup date at the time the shipment was offered to and accepted by the TSP.

Item XVIII – HHG Channeling Concept Pilot Program Shipment Distribution

1. DPS ranks TSPs from highest to lowest based on their BVS. The number one ranked TSP is displayed as the “Next TSP To Receive Shipment” and the next lower ranked TSP is shown as the “Alternate TSP”. TSPs who have met their maximum daily tonnage requirement will not be displayed and the next two sequentially ranked TSPs will appear as the “Next TSP To Receive Shipment” and “Alternate TSP”. This process is system generated and the process repeats daily.
2. PPSOs shall distribute shipment tonnage as follows:
 - a. All shipments on participating traffic lanes shall be offered to the number one (1) ranked TSP until that TSP has reached the minimum daily tonnage but should continue to be awarded until the maximum daily limit is reached (if higher than the pilot minimum daily tonnage requirement).
 - b. If the number one (1) ranked TSP maximum daily tonnage is higher than the pilot minimum daily tonnage and that TSP reaches the maximum daily amount, DPS will identify the remaining shipment tonnage for award to the number two (2) ranked TSP for the specified day until they reach their minimum daily tonnage (and continue to award until their maximum).
 - c. Short fuse shipments will be awarded on a “first come, first serve” basis to the three eligible pilot TSPs (no change from standard DP3 rules). SDDC retains the option to change short fuse parameters on the pilot (expand or contract short fuse days as needed during peak season).

Item XIX – HHG Channeling Concept Pilot Program Blackout Status

1. TSPs are NOT allowed to blackout any portion of the participating lane and will be subject to removal from the pilot.

NOTE: VM blackouts are independent of any other blackout type in the system (e.g. standard dHHG blackout will not blackout a TSP for the pilot under which they are accepted).