

Attachment J
Military Traffic
Management Command

Families First

Personal Property Program

Best Value Distribution
Methodology

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<u>A. Background</u>	3
<u>B. Concept</u>	3
<u>C. Program Objectives</u>	3
<u>D. Program Characteristics</u>	4
<u>E. Best Value Methodology</u>	4
<u>1. Best Value Scores</u>	4
<u>1.1. Performance Score</u>	5
<u>1.1.1 Customer Satisfaction Survey Score (CSSS)</u>	5
<u>1.1.1a Survey Objectives</u>	5
<u>1.1.1b Survey Methods</u>	5
<u>1.1.1c Survey Categories</u>	6
<u>1.1.1d Survey Parameters</u>	6
<u>1.1.1e Statistical Validity and Scoring of Surveys</u>	6
<u>1.1.1f Customer Satisfaction Survey</u>	8
<u>1.1.1g Calculating Performance Scores</u>	9
<u>1.1.1h Survey Data Visibility and Retention</u>	10
<u>1.1.2 Claims Score (CS)</u>	10
<u>1.1.2a Number of Days the Transportation Provider needed to “Dispose” of Claim</u>	12
<u>1.1.2b Late Payment</u>	15
<u>1.1.2c Percentage of Over-Aged Claims</u>	16
<u>1.1.2d Success in Diverting Claims from Military Claims Office</u>	19
<u>1.1.2e Customer Satisfaction with Claims Process</u>	20
<u>1.1.2f Claims Score</u>	22
<u>1.2. Rate Score</u>	22
<u>1.2.1 Scoring Methods</u>	22
<u>1.2.1a Domestic</u>	22
<u>1.2.1b International</u>	23
<u>1.3. Best Value Score Computation</u>	24
<u>1.4. Evaluation of Transportation Provider Rates</u>	24
<u>1.4.1 Domestic</u>	25
<u>1.4.2 International</u>	25
<u>1.5. Minimum Best Value Score</u>	25
<u>2 Initial Ranking at Program Startup</u>	25
<u>2.1 Domestic (dHHG)</u>	26
<u>2.2 International Household Goods (iHHG)</u>	26
<u>2.3 International Unaccompanied Baggage (iUB)</u>	26
<u>3 New Transportation Provider Entry</u>	26
<u>F. Traffic Distribution</u>	26
<u>1 Distribution Lists</u>	26
<u>2 Shipment Allocation</u>	27
<u>3 Blackout Requirements</u>	28
<u>4 Refusals/Turnbacks</u>	28
<u>5 Short-Fuse Shipments</u>	28
<u>G. Summary</u>	28
<u>Appendix A</u>	29
<u>Appendix B</u>	33
<u>Appendix C</u>	34

Best Value Traffic Distribution

A. Background

The “Families First” significantly changes the way the Department of Defense purchases personal property movement services. The program embraces “Best Value” based on a defined ratio of Transportation Provider performance and cost, rather than the old method of using the currently available lowest cost provider. This concept requires a paradigm shift for both the government and industry in order to be successful. For the government, measuring customer satisfaction through customer surveys will be the basis for traffic distribution. Industry will be required to provide government customers with service levels that equal or exceed those provided to their commercial accounts. Both government and industry will experience new business processes intended to place a quality Transportation Provider in every customer’s home. These new business processes are also intended to streamline operations, allow responsive service, and achieve benefits for both the government and industry.

B. Concept

The Families First Best Value traffic distribution methodology consists of separate but consistent mathematical calculations to measure performance and rates in domestic and international traffic. All calculations use quantifiable data obtained from Transportation Provider input, extracts from government systems, and customer surveys. The methodology will include the ability to modify the best value performance and rate score weightings without the need to change the mathematics associated with sub-processes.

The Best Value traffic distribution methodology assumes that Transportation Provider screening and qualification are part of a separate process. The results of the screening and qualification process will provide Transportation Providers that have met the regulatory requirements, are financially healthy, and are qualified to move shipments in the Families First program. This means that qualification requirements will identify the transportation providers eligible to receive traffic distribution.

The intent of this Traffic Distribution Methodology is to designate “quality transportation providers” to move DoD personal property. These providers will be ranked based on their demonstrated performance and rates. While all transportation providers that meet DoD entry criteria may be eligible to move traffic, DoD intends to allocate traffic to only the highest quality transportation providers. In the current program, on average, only 48 percent of domestic transportation providers that submit rates for a given origin installation are awarded traffic during peak season. This drops to about 38 percent during non-peak season.

The Families First program’s use of origin state to destination region channels will allow transportation providers to submit competitive discounts to the commercial tariff for domestic shipments and single factor rates for international shipments. Quality service and reasonable pricing will allow providers to achieve and maintain predictable service levels. All of this capability will be included in a new Web-based Defense Personal Property System (DPS). DPS will be a COTS/GOTS automated information system that will at a minimum replace the current Transportation Operational Personal Property Standard System (TOPS). DPS functionality will include entitlement counseling, transportation provider scoring, data warehousing, and report generation.

C. Program Objectives

DoD recognizes that quality service minimizes expense and increases the effectiveness of Service members and government employees. Consequently, the Families First program intends to

- ◆ Identify and use the best transportation providers
- ◆ Improve the quality of service
- ◆ Place a quality transportation provider in every home

- ◆ Enhance communication among transportation providers, Service members, and government transportation offices

While identification of those best value providers is important, of equal importance are improvements in service levels and the winnowing out of providers that cannot or will not meet defined standards.

D. Program Characteristics

The Best Value Distribution process strives to achieve the following characteristics:

- ◆ *Simple to administer*, avoid the use of complex hardware, software, and procedures.
- ◆ *Easy to understand*, employ self-explanatory measures and reports.
- ◆ *Automated*, build upon existing automation capabilities to capture and process data.
- ◆ *Based on available information*, use data that are routinely collected on transportation provider performance.
- ◆ *Timely analysis*, use recent data, process them promptly, and provide timely feedback to transportation providers.
- ◆ *Oriented towards decisions*, integrate data into day-to-day operations rather than serving as separate, off-line information sources.
- ◆ *Designed to foster continuing improvement*, identify and share performance trends with transportation providers to stimulate improved performance.
- ◆ *Credible and legally defensible*, employ documented and supportable data.

E. Best Value Methodology

The best value methodology will distribute shipments rather than tonnage using the Best Value Score (BVS), which includes a Performance Score (PS), worth 70% of the BVS; and a Rate Score (RS), worth 30% of the BVS. Each transportation provider will have a PS within each shipment category it serves. Shipment categories are domestic household goods (dHHG), international household goods (iHHG), and international unaccompanied baggage (iUB). Ultimately, shipment categories will extend to embrace other categories of the personal property program such as Non Temporary Storage (NTS), the Direct Procurement Method (DPM), Personally Procured Moves (PPM), and Privately Owned Vehicle (POV) moves.

1. Best Value Scores

The heart of the Families First program is the use of best value to distribute traffic to transportation providers. The factors of performance and rate will use a base of a possible 100 points each. The 70/30 weighting scheme will be applied against those 100 points bases. The benefit of this methodology is the ability to modify the weighting without having to adjust the calculations associated with the underlying performance or rate data. The Best Value methodology includes a Rate Score, based on the Transportation Provider's rates, which are worth 30% of the Best Value Score; a Performance Score, based on the results of a Customer Satisfaction Survey - - worth 50% of the Best Value Score, and a Claims Score - - worth 20% of the Best Value Score. The proposed Best Value Score would consist of:

Best Value Score (BVS) = 70% Performance (50% Customer Satisfaction Score + 20% Claims Score) + 30% Rate Score

1.1. Performance Score

The Performance Score is comprised of:

1. Customer Satisfaction Survey Score and
2. Claims Score

1.1.1 Customer Satisfaction Survey Score (CSSS)

The Customer Satisfaction Survey (CSS) is the primary source of data that will be used in determining the performance portion of each Transportation Provider's Best Value Score. Each customer moving under the DOD program will be counseled on the importance of completing the CSS on the web upon delivery of each shipment moved.

1.1.1a Survey Objectives

- Obtain customer input on Transportation Provider performance.
- Use the most economical method of obtaining customer input to lessen the budget impact on the Services while maintaining statistically valid results.
- DoD targets all customers moving shipments to complete the survey.

1.1.1b Survey Methods

A web-based survey will be the primary method in which customers provide feedback on each of their shipments. Customers will be counseled at origin on the importance of completing a customer survey for each shipment moved. All customers will be counseled on various locations where computers can be used to complete the web-survey in the event they do not have ready access to a computer (such as base library, local PPPO/PPSO, cell phone with web-access, etc.) Customers will be provided the customer survey website, and asked to complete a survey for each shipment within 7 calendar days of delivery to residence. Customers will be provided secure access to complete a survey on each shipment delivered. Each shipment in DPS must be flagged to indicate the completed delivery of the shipment to residence. DPS must be programmed to allow the PPSO, the Customer or the Transportation Provider to input this flag to indicate that shipment has completed delivery. Once the shipment is flagged as delivered in DPS, DPS will automatically send a survey notification to the customer, including a link to the survey web page.

The survey will contain a validation message to ensure customers have reviewed their responses, knows what the Transportation Provider's survey score will be based on their responses, and notify the customer that they will not be able to change their survey responses once the survey is submitted.

The secondary method used to encourage customer survey completion is an email reminder. Any customer that has a shipment flagged as "delivered" in DPS that does not have a survey completed within 7 calendar days, will be emailed a reminder. DPS will use the email address obtained during counseling at origin, or the most recent email address provided by the customer (i.e., while in transit or at destination). For military customers, if no other email address is provided, DPS will use their permanent email account established by their parent Service as applicable. The email to the customer will contain a HOTLINK to the web-survey. The customer will be reminded of the importance of completing the survey and asked to take a couple of minutes to complete the survey for the shipment indicated. DPS will automatically indicate the shipment on which the survey is to be completed by identifying shipment unique indicators. These indicators include but are not limited to: the shipment origin/destination, date of pack/pickup/delivery, Transportation Provider name, weight and type of shipment. Additional email reminders will be sent on the 14th and 21st calendar day after shipment delivery if the customer has not completed the web survey.

The third method that will be used to obtain customer feedback is a telephonic survey. A third party will conduct telephonic surveys when a statistically valid sample has not been achieved via the web or by email. DPS will be programmed to ensure that each Transportation Provider has a statistically valid sample of surveys by shipment category. Every Transportation Provider that does not have a valid sample of surveys in any

shipment category 30 days prior to the end of any performance period; DPS will generate a list of customers for the 3rd party to contact that have not completed a survey on their delivered shipment for the applicable Transportation Providers. The list will include customers that do not have an email account listed in DPS, and customers that have not responded via the web or email. The list will also indicate the customers that have been emailed a request to complete the web survey, but have not done so. The 3rd party will attempt to contact each of these customers and complete the surveys on the web by asking the questions and entering the customers' responses.

1.1.1c Survey Categories

Table 1

Applicable Shipment Survey Categories	Applicable Codes of Service
Domestic Household Goods (dHHG)	Any Interstate or Intrastate Shipment
International Household Goods (iHHG)	3, 4, 5, 6, and T
International Unaccompanied Baggage (iUB)	7, 8, and J
Non-applicable Shipment Categories	
Personally Procured Moves (PPM)	Reserved for Future Use
Privately Owned Vehicle (POV)	Reserved for Future Use
Direct Procurement Method (DPM)	Reserved for Future Use
Non-Temporary Storage (NTS)	Reserved for Future Use

1.1.1d Survey Parameters

- Surveys will only be completed on shipments that have been delivered to customers. This includes deliveries to the customer's residence/office, to a customer-designated storage location, and to commercial storage where the customer inspects the shipment.
- Surveys will typically not be completed for partial deliveries until the final portion has been delivered to the customer. The system will provide the customer with flexibility in determining when a shipment is complete and a survey is warranted (*e.g.*, customer leaves washing machine in storage and completes survey). Customers may only complete one survey per shipment regardless of the number of partial deliveries.
- Surveys will be completed for shipments moved via the Defense Transportation System (DTS) and those surveys will count in determining performance scores.
- Surveys will be completed for shipments from non-temporary storage (NTS), but those surveys will not be used to determine performance scores.
- Surveys will be completed for reshipments, but those surveys will only be used to determine performance scores if the transportation provider did not change. If the transportation provider changed as a result of the reshipment, that survey will not be used to calculate a performance score.
- Surveys will only be used to calculate performance scores on shipments that were picked up from origin within the preceding 24 months, and that were delivered within the preceding 12 months. (*i.e.*, delivered greater than 24 months after pickup, survey not eligible for scoring; delivered greater than 12 months before attempt to complete survey, not eligible for scoring)

1.1.1e Statistical Validity and Scoring of Surveys

A statistically valid number of surveys are required to determine each Transportation Provider's performance score. If a statistically valid number of surveys are achieved, all surveys completed via the web, email, or by telephone interview will be used by DPS in computing each Transportation Provider's performance score. A random sampling of completed surveys will not be used; rather each and every completed survey will be used in calculating each Transportation Provider's performance score.

At the end of each performance period DPS will calculate a PS for each Transportation Provider based on each of the survey categories (dHHG, iUB, iHHG) using a rolling 12-months of data. First DPS will calculate the total number of shipments delivered to residence by each Transportation Provider over the past 12 months in each shipment survey category. DPS will then calculate the number of surveys completed over the past 12 months based on data in DPS at the end of each performance period.

DPS will calculate the statistically valid number of surveys required for each Transportation Provider in each shipment category, and determine if a valid number was achieved. Table 2 outlines the *minimum* number of surveys needed to achieve statistically valid results, based on the number of shipments delivered to residence. When DPS determines the minimum number of surveys required to calculate a PS, it will use the “Required Number of Surveys” number indicated in Table 2, or 10% of the total “Number of Shipments Delivered” for the past 12 months, whichever is greater. This increases the confidence level in the number of surveys needed for Transportation Providers that move a large number of shipments, thus mitigating possible naysayer bias. If a statistically valid number is achieved, DPS will calculate a new PS based on the past 12 months of data. If a statistically valid number was not obtained, DPS will calculate the performance score in accordance with the section below titled *Calculating Performance Scores*.

The following table lists the minimum number of surveys that are required for the “Number of Shipments Delivered” using a 90% Confidence Level, with a 5% Expected Error Rate, and 4% Precision. This table was developed using software available from the U.S. Army Audit Agency.

Table 2
Minimum Survey Requirements

Number of Shipments Delivered	Required Number of Surveys	Number of Shipments Delivered	Required Number of Surveys	Number of Shipments Delivered	Required Number of Surveys
1	1	37-38	26	133-139	51
2	2	39-40	27	140-147	52
3	3	41-42	28	148-155	53
4	4	43-45	29	156-165	54
5	5	46-47	30	166-175	55
6	6	48-50	31	176-184	56
7	7	51-53	32	185-196	57
8	8	54-56	33	197-208	58
9-10	9	57-58	34	209-222	59
11	10	59-62	35	223-237	60
12	11	63-65	36	238-253	61
13-14	12	66-68	37	254-271	62
15	13	69-72	38	272-292	63
16	14	73-75	39	293-314	64
17-18	15	76-79	40	315-340	65
19	16	80-83	41	341-370	66
20-21	17	84-88	42	371-403	67
22-23	18	89-92	43	404-443	68
24	19	93-97	44	444-489	69
25-26	20	98-102	45	490-544	70
27-28	21	103-107	46	545-611	71
29-30	22	108-113	47	612-694	72
31-32	23	114-119	48	695-734	73
33-34	24	120-125	49	> 735	10% of shipments
35-36	25	126-132	50		

1.1.1f Customer Satisfaction Survey

The Customer Satisfaction Survey provides the DoD with direct feedback about the move experience. The survey consists of six questions designed to measure objectives of the Families First program. The table below reflects the specific questions about Transportation Providers, and their weighting as part of the performance element of the Best Value Score. The survey also contains questions designed to garner feedback about the services provided by the local Traffic Management Offices (TMO) or Personal Property Shipping Offices (PPSO). Feedback regarding TMO/PPSO service satisfaction is not included in the Transportation Provider performance score. Complete details on the Customer Satisfaction Survey may be found in the survey requirement document.

Table 3

Customer Satisfaction Survey Response Weighting	Percent of Total Score
Evaluate services provided at origin such as the quality of packing, labeling and organizing:	12%

(E = 12, G = 9, S = 6, P =3, U = 0)	
Evaluate origin services such the care, courtesy and attitude of the loading crew: (E = 12, G = 9, S = 6, P =3, U = 0)	12%
How satisfied were you with the timeliness of the pickup of your personal property by the Transportation Provider (mover)? (E = 12, G = 9, S = 6, P =3, U = 0)	12%
Evaluate services provided at destination such as the care, courtesy, attitude of the crew, unloading, and unpacking (E = 12, G = 9, S = 6, P =3, U = 0)	12%
How satisfied were you with the timeliness of the delivery of your personal property by the Transportation Provider (mover)? (E = 12, G = 9, S = 6, P =3, U = 0)	12%
How would you rate your overall satisfaction with the moving company's timeliness, courtesy, professionalism, and responsiveness in all phases of your move from first contact through delivery, to include any follow up? (E = 40, G = 30, S = 20, P =10, U = 0)	40%
Total	100%

1.1.1g Calculating Performance Scores

a) Statistically Valid Number of Surveys

For Transportation Providers and shipment categories with statistically valid survey results, DPS will calculate the raw performance score by determining the average survey score for each shipment. This includes first determining if there are a required number of surveys for each Transportation Provider in each applicable category. If yes, DPS will calculate raw performance score by summing the survey scores for each Transportation Provider in each category and dividing by the number of surveys in each category. The resultant average survey score is the raw performance score. DPS will then determine the weighted performance score by multiplying the raw performance score by 0.5. Table 4 below provides an example:

Table 4

Transportation Provider SCAC	dHHG		iHHG		iUB	
	Interstate		Code 3		Code 7	
	Survey	Score	Survey	Score	Survey	Score
AAAA	Cust 1	60	Cust 1	80	Cust 1	65
	Cust 2	75	Cust 2	75	Cust 2	75
	Cust 3	80	Cust 3	80	Cust 3	90
	Cust 4	75			Cust 4	80
	Cust 5	70	Code 4		Cust 5	85
			Cust 1	75		
	Intrastate		Cust 2	60	Code 8	
	Cust 1	75	Cust 3	65	Cust 1	75

	Cust 2	80			Cust 2	75
			Code 5		Cust 3	70
				0	Cust 4	80
			Code 6		Cust 5	75
			Cust 1	75		
			Cust 2	70	Code J	
			Cust 3	80	Cust 1	75
					Cust 2	70
			Code T			
				0		
Survey Totals	7	515	9	660	12	915
Raw Performance Score	= 435/7	73.57 pts	= 660/9	73.33 pts	= 915/12	76.25 pts
Weighted Performance Score	=73.57*0.5	36.79	=73.33*0.5	36.67	=76.25*0.5	38.13

b) Lack of Statistically Valid Survey Results

Transportation Provider Moved Shipments

If a Transportation Provider moved shipments during the evaluation period but does not have a statistically valid number of surveys completed, the previous performance score will carry over. Lack of valid survey results is considered a system problem, for which the Transportation Provider will not be penalized.

Transportation Provider Did Not Move Shipments

If a Transportation Provider was not offered any shipments during the evaluation period, the previous performance score will carry over.

1.1.1h Survey Data Visibility and Retention

DPS will provide Transportation Providers with secure access to view their survey data, including their raw performance scores. Transportation Providers will not be able to see information, including scores, on other Transportation Providers, nor will they be able to see information on customers who have/have not completed surveys. DPS will provide the Services and PPSOs with secure access to view survey data. This access will be limited to applicable surveys and data elements.

Survey data will be collected and maintained in DPS. DPS must maintain at least 13 months of survey data. Survey data maintained by DPS will be archived as described in the technical requirements for DPS. DoD will provide Transportation Providers limited access to survey data in order to identify areas of weakness or superior service. Transportation Providers will use this data to improve their business processes.

1.1.2 Claims Score (CS)

Background

The Claims Scores (CS) is the second source of data that will be used in determining the performance portion of each Transportation Provider's Best Value Score, recognizing that claims service is an important area for both Service Members and the Military. Customers moving under the DOD program will be counseled on the importance of completing their claim in DPS, should the need to file a claim arise as a result of any personal property shipment. SDDC envisions traffic distribution under the Families First program as a Best Value distribution process based on a balanced measure of the characteristics required by the Service Members, the military Services, and the Military Claims Offices.

Claims Score Overview

The Claims Score is calculated on a 100-point scale, and makes up 20% of the Best Value Score. The table below describes the measures and metrics that determine the Claims Score:

Section	Measure	Definition	Metric	Value	<u>% of BVS</u>
A	Average Days to Dispose of Claim	Days from Filing to Disposal of the Claim	Average Days	15 points	<u>3 %</u>
B	Late Payment	Percent reporting payment not received within 30 days	% Late	15 points	<u>3 %</u>
C	Percentage of Over-Aged Claims	Percent of claims “Not Disposed” within 60 Days	% Over-aged	15 points	<u>3 %</u>
D	Success in Diverting Claims from Services	Percent of Total Claims Submitted to Military Claims Office	% Not Diverted	15 points	<u>3 %</u>
E	Customer Satisfaction with Transportation Provider’s handling of the Claims Process Prior to Payment	Measure of “how satisfied” customers are with each TP’s handling of claims prior to payment.	Average Satisfaction Score	40 points	<u>8 %</u>
		Total Claims Score		100 points	<u>20%</u>

To calculate the Claims Score at the end of each evaluation period, the performance of a Transportation Provider in each of the above areas will be measured after the first program year and when one year of data has been acquired. Points are awarded based on how well a Transportation Provider performed in each area. The “Customer Satisfaction with the Transportation Provider’s handling of the Claims Process Prior to Payment” award is based on the average score of the Customer Satisfaction Surveys completed. “Days to Dispose of a claim” is different from the other measures as it considers in large part the performance of peers. The awards for the remaining measures are based on the Transportation Provider’s performance as compared to standards. DPS will provide the data for all five measures. Each measure as well as the associated award calculation is described in detail below.

Quick claims are not included in the claims score and will not be tracked in DPS.

The details of calculating the claims score have been outlined in the following section.

1.1.2a Number of Days the Transportation Provider needed to “Dispose” of Claim

Purpose: To record the time required by the Transportation Provider to settle a claim.

Definition: The number of days from claim filing in DPS to disposal of the claim. The Date of Disposal will vary depending on the method used to dispose of the claim. There are only four ways to dispose of a claim or “stop the clock” within this metric. Two are actions that may be taken only by the TP and two by the claimant. Offers may be sent back and forth between the TP and the claimant and particular items may be designated as “agreed to” during the negotiating process, but a claim is not disposed of until one of the below actions is taken.

TP Actions:

- **Denial:** The TP may, at any time prior to settlement or transfer, deny a claim in full. Once the TP sends a Denial it may not be modified or withdrawn. In such cases, the disposal date will be the date the Denial is sent in DPS.
- **Final Offer:** The TP may, at any time prior to settlement or transfer, designate an offer to the claimant as final. Once the TP sends a Final Offer it may not be modified or withdrawn. In such cases, the disposal date will be the date the Final Offer is sent in DPS.

Claimant Actions:

- **Settle in Full:** A claimant may elect to accept the latest offer of a TP as full and final settlement of all items claimed. When this occurs all items in the claim are considered settled for the amount specified, even if that amount is \$0 or the item is otherwise denied.

- **Transfer to the Services:** At any time, a claimant may elect to transfer a claim to the Services. In this case, the disposal date is the date claimant sends the transfer in DPS. There are two types of Transfers.
 - **Transfer of the entire claim:** At any time the claimant may choose to transfer the entire claim to their respective Service. In such cases, the entire claim will be forwarded, including those items where agreement between the claimant and the TP was annotated.
 - **Transfer of impasse items:** At any time the claimant may choose to accept the TP's offer on particular items (where agreement was annotated) and transfer the remaining items to their service. In such cases, the agreed to items will be paid, repaired, or replaced by the TP as agreed and the impasse items will be addressed by the Services.

There can be only one disposition date for any claim. In the case where two actions noted above occur, the disposition date shall be the date of the first event. For example, if a TP sends a Final Offer to the claimant and the claimant later accepts the offer as settlement in full, it is the first event (dispatch of the final offer) that stops the clock.

Universe: All claims disposed within the previous twelve months by market (dHHG, iUB, iHHG). The claims score will be calculated using a rolling 12-months of data, which is the same time period used in calculating the Performance Scores.

Data Source: Date Filed by the customer and Date Disposed fields from DPS as indicated by the appropriate scenario above.

Calculation: For each Transportation Provider determine average days to dispose of claim by the following steps:

1. Subtract Date Filed from Date Disposed to determine Days to Disposal for all claims disposed during the previous twelve months.
2. Determine the average of the values calculated in step 1 above. This value is the metric for Time to Dispose of Claim for that Transportation Provider.
3. If a claim is settled on the same day it is filed, the time to dispose shall be computed as 1 day.
4. A Transportation Provider with zero claims disposed will receive the full 15 points.

The example below shows the metric calculation process for a nominal Transportation Provider. This Transportation Provider disposed of 20 claims during the previous twelve months.

1. Subtract Date Filed from Date Disposed to determine Days to Disposal for all claims disposed during the previous twelve months:

Date Filed	Date Disposed	Days to Disposal
15-May	1-Jul	47
17-May	1-Jul	45
19-May	1-Jul	43
15-Jun	5-Jul	20
23-May	5-Jul	43
25-May	5-Jul	41
27-May	5-Jul	39
29-May	5-Jul	37
17-Jun	22-Jul	35

2-Jun	5-Jul	33
25-Jun	16-Jul	21
6-Jun	16-Jul	40
20-Feb	16-Jul	146
10-Jun	22-Jul	42
12-Jun	22-Jul	40
14-Jun	23-Jul	39
15-Apr	24-Jul	100
18-Jun	2-Jul	14
20-Jun	30-Jul	40
22-Jun	10-Jul	18

1. Determine the average of the values calculated in step 1 above. This value is the metric for Time to Dispose of Claim for that Transportation Provider:

Sum = 883

Average = $883/20 = 44.15$ days

The metric value for this Transportation Provider is 44.15 days.

Points Assignment: The Time to Disposal (TtD) measure is worth 15 possible points and calculated using the following equation:

$$TtD = \left[1 - \left(\frac{TPAvg - BestAvg}{Std - BestAvg} \right) \right] * 15$$

TPAvg = Average Days to Disposal for a given Transportation Provider

BestAvg = The Transportation Provider with the Lowest Average Days to Disposal. Only those TPs who have claims settled would be considered when determining the TP that has the “Best Avg.”.

Std = Minimum acceptable performance level, 60 days for Claims Disposal

Assume a market with any number of Transportation Providers with the top performer taking on average 20 days to dispose of a claim and the lowest-ranked performer taking on average 45 days to dispose of a claim.

For the top-ranked performer the TtD score will be:

$$TtD = \left[1 - \left(\frac{20 - 20}{60 - 20} \right) \right] * 15 = \left[1 - \left(\frac{0}{40} \right) \right] * 15 = [1 - 0] * 15 = 1 * 15 = 15 \text{ points}$$

For the lowest-ranked performer:

$$TtD = \left[1 - \left(\frac{45 - 20}{60 - 20} \right) \right] * 15 = \left[1 - \left(\frac{25}{40} \right) \right] * 15 = [1 - 0.625] * 15 = 0.375 * 15 = 5.63 \text{ points}$$

For our nominal Transportation Provider with an average value of 44.15 days, the award is:

$$TtD = \left[1 - \left(\frac{44.15 - 20}{60 - 20} \right) \right] * 15 = \left[1 - \left(\frac{24.15}{40} \right) \right] * 15 = [1 - 0.60375] * 15 = 0.39625 * 15 = 5.94 \text{ points}$$

A Transportation Provider meeting the minimum standard (the requirement to settle claims within 60 days) earns zero points:

$$TtD = \left[1 - \left(\frac{60 - 20}{60 - 20} \right) \right] * 15 = \left[1 - \left(\frac{40}{40} \right) \right] * 15 = [1 - 1] * 15 = 0 * 15 = 0 \text{ points}$$

A Transportation Provider not meeting the minimum standard, i.e., an average in excess of 60 days, will earn a zero point score.

1.1.2b Late Payment

Purpose: To count any late payments from the Transportation Provider to the Customer.

Definition: After the Customer and Transportation Provider agree on the claim settlement amount, the percentage of members responding negatively via a web survey to an e-mail asking them if they received a claims settlement check within thirty days from the date when the Transportation Provider and Customer agreed on a dollar amount. This metric tracks payments only (i.e. issued checks). Repairs or replacements are not tracked in this metric.

Universe: All claims settled during the previous twelve months except for those settled within the last 30 days by market (dHHG, iUB, iHHG).

Data Source: Number of “No” responses to e-mail question on claims settlement check receipt of payment for total number of claims settled during the previous twelve months. Data will come from DPS. [Non-responses or customers without e-mail addresses will be treated as positive responses (i.e., check received within thirty days)]. DPS will automatically send the question thirty days after the date the service member/customer and Transportation Provider agreed upon a dollar amount. The email will indicate the date payment should have been received by the service member/customer.

Calculation: For each Transportation Provider determine percent of respondents reporting late or non-receipt of claims settlement check by the following steps:

1. Determine the number of customers answering “No” to a question asking if they received a claims settlement check within thirty days of claims settlement.
2. Determine the total number of claims settled within the previous twelve months where the date is greater than 30 days prior to last date of the performance period.
3. Divide the results of step 1 above by the results of step 2 above and multiply by 100 to determine the reported percent of claim settlement checks not received within thirty days.

This metric measures the number of settled claims not paid within thirty days. The example below shows the calculation process for a nominal Transportation Provider.

1. Determine the number of customers answering “No” to a question asking if they received a claims settlement check within thirty days of claims settlement.

This Transportation Provider had 4 customers report that they had not received a check within thirty days of settlement. (Non-responses are treated as positive responses.)

2. Determine the total number of claims settled within the previous twelve months (data from DPS) where the settlement date is greater than 30 days prior to last date of the performance period.

This Transportation Provider settled 100 claims meeting the above criteria.

3. Divide the results of step 1 above by the results of step 2 above and multiply by 100 to determine the reported percent of claim settlement checks not received within thirty days.

$$\frac{4}{100} * 100 = 4\%$$

The metric value for this Transportation Provider for Late Payment is 4%.

Points Assignment: The Late Payment measure is worth 15 possible points and awarded based on the Transportation Provider's performance against the standard of zero percent late payments. Award points are based on the following table:

% Late Payments	Award
0	15
> 0 - < 0.5	12.86
> = 0.5 - < 1.0	10.71
> = 1.0 - < 1.5	8.57
> = 1.5 - < 2.0	6.43
> = 2.0 - < 2.5	4.29
> = 2.5 - < 3.0	2.14
> 3.0	0

A Transportation Provider with zero percent reported late payments earns the full award points. A Transportation Provider with greater than 3% reported late payments earns no points. The example Transportation Provider with 1.5 % late payments earns 6.43 points.

1.1.2c Percentage of Over-Aged Claims

Purpose: To count any over-aged (over 60 days) claims.

Definition: The Percentage of claims not disposed within 60 days.

Universe: All claims by market (dHHG, iUB, iHHG), disposed during the previous twelve months, and all open claims that have been open longer than 60 days. "Disposal" is derived from the following criteria: Two are actions that may be taken only by the TP and two by the claimant. Offers may be sent back and forth between the TP and the claimant and particular items may be designated as "agreed to" during the negotiating process, but a claim is not disposed of until one of the below actions is taken.

TP Actions:

- **Denial:** The TP may, at any time prior to settlement or transfer, deny a claim in full. Once the TP sends a Denial it may not be modified or withdrawn. In such cases, the disposal date will be the date the Denial is sent in DPS.
- **Final Offer:** The TP may, at any time prior to settlement or transfer, designate an offer to the claimant as final. Once the TP sends a Final Offer it may not be modified or withdrawn. In such cases, the disposal date will be the date the Final Offer is sent in DPS.

Claimant Actions:

- **Settle in Full:** A claimant may elect to accept the latest offer of a TP as full and final settlement of all items claimed. When this occurs all items in the claim are considered settled for the amount specified, even if that amount is \$0 or the item is otherwise denied.
- **Transfer to the Services:** At any time, a claimant may elect to transfer a claim to the Services. In this case, the disposal date is the date claimant sends the transfer in DPS. There are two types of Transfers.
 - **Transfer of the entire claim:** At any time the claimant may choose to transfer the entire claim to their respective service. In such cases, the entire claim will be forwarded, including those items where agreement between the claimant and the TP was annotated.
 - **Transfer of impasse items:** At any time the claimant may choose to accept the TP's offer on particular items (where agreement was annotated) and transfer the remaining items to their service. In such cases, the agreed to items will be paid, repaired, or replaced by the TP as agreed and the impasse items will be addressed by the Services.

There can be only one disposition date for any claim. In the case where two actions noted above occur, the disposition date shall be the date of the first event. For example if a TP sends a Final Offer to the claimant and the claimant later accepts the offer as settlement in full, it is the first event (dispatch of the final offer) that stops the clock.

Data Source: Date Filed and Date Disposed fields for all claims disposed during previous twelve months as well as Date Filed and Performance Period End Date for all open claims. All data is derived from DPS. The term disposal does not include actual completed repairs or actual payment.

Calculation: For each Transportation Provider determine percent of claims not disposed within 60 days by the following steps:

1. For claims disposed during the previous twelve months, subtract Date Filed from Date Disposed and identify those claims with Days to Dispose greater than 60.
2. For all claims that were open at the end of the performance period, subtract Date Filed from the last day of the performance period and identify those claims open greater than 60 days.
3. Determine the total number of claims disposed of during the previous twelve months and the total number of claims open at the end of the performance period.
4. Add the results of steps 1 and 2 above and divide that amount by the results of step 3 above.
5. Multiply the results of step 4 above by 100 to determine the percent of claims not disposed of within 60 days.

This metric measures the percent of claims not meeting disposal standards. The example below shows the calculation process for a nominal transportation provider:

1. For claims disposed during the previous twelve months, subtract Date Filed from Date Disposed and identify those claims with Days to Dispose greater than 60.

This Transportation Provider had two claims that required more than 60 days to dispose:

Date Filed	Date Disposed	Days to Disposal
15-Apr	24-Jul	100
20-Feb	16-Jul	146

2. For all claims that were open at the end of the performance period, subtract Date Filed from the last day of the performance period and identify those claims open greater than 60 days.

This Transportation Provider had one claim that was open at the end of the performance period and had been open for greater than 60 days:

Date Filed	Performance Period End	Days to Disposal
25-May	31-Jul	67

- Determine the total number of claims disposed of during the previous twelve months and the total number of claims open at the end of the performance period.

This Transportation Provider disposed of 20 claims during the previous twelve months, and had 15 claims open at the end of the performance period for a total of 35 claims.

- Add the results of steps 1 and 2 above and divide that amount by the results of step 3 above:

$$\frac{(2 + 1)}{35} = 0.0857$$

- Multiply the results of step 4 above by 100 to determine the percent of claims not disposed within 60 days:

$$0.0857 * 100 = 8.57\%$$

The metric value for this Transportation Provider for Percent of Over-Aged Claims is 8.57%.

Points Assignment: The Percent of Overage Claims measure is worth 15 possible points and awarded based on the Transportation Provider's performance against the standard of zero percent over-aged claims. Award points are based on the following table:

% Over-Aged Claims	Award
0 %	15
>0% or = 1 %	13.64
>1% or = 2 %	12.27
> 2 % or = 3 %	10.91
> 3 % or = 4 %	9.55
> 4 % or = 5 %	8.18
> 5 % or = 6 %	6.82
> 6 % or = 7 %	5.45
> 7 % or = 8 %	4.09
> 8 % or = 9 %	2.73
> 9 % or = 10	1.36
>10%	0

A Transportation Provider with zero percent over-aged claims earns the full award points. A Transportation Provider with greater than 10% over-aged claims earns no points. The example Transportation Provider with 8.5% late payments earns 2.73 points.

1.1.2d Success in Diverting Claims from Military Claims Office

Purpose: To count the number of claims not processed/settled by Transportation Providers and therefore subsequently transferred to the Military Claims Office for processing/settlement. All claims are to be input into DPS and will be processed first by the Transportation Provider. Claims may be subsequently transferred to a Military Claims Office.

Definition: The number of claims (when all or a portion of the claim has been) transferred to a Military Claims Office.

Universe: All claims submitted in DPS during the previous twelve months by market (dHHG, iUB, iHHG).

Data Source: DPS will track all claims that were transferred to the Military Claims Office.

Calculation: Determine percent of claims submitted to Military Claims Office by the following steps:

1. Determine the number of claims transferred to Military Claims Office in DPS over the previous twelve months.
2. Determine the total number of claims submitted over the previous twelve months.
3. Divide the results of step 1 above by the results of step 2 above and multiply by 100. The result is the percent of claims submitted to Military Claims Office.

The example below shows the calculation process for a nominal Transportation Provider:

1. Determine the number of all claims sent to Military Claims Office in DPS over the previous twelve months.

This Transportation Provider had 5 claims sent to Military Claims Office.

2. Determine the total number of claims submitted over the previous twelve months. This TP had 100 claims submitted in the last twelve months.
3. Divide the results of step 1 above by the results of step 2 above and multiply by 100. The result is the percent of claims submitted to Military Claims Office.

$$(5/100)*100 = 5\%$$

This Transportation Provider had 5% of claims submitted to Military Claims Office. The metric value for Success in Diverting Claims from Services for this Transportation Provider is 5%.

Points Assignment: The Success in Diverting Claims from the Military Claims Services measure is worth 15 possible points and awarded based on the Transportation Provider's performance against the standard of zero claims diverted.

Award points are based on the following table:

% Claims to Services	Award
0 %	15
>0 % or = 2.5 %	13.64
> 2.5 % or = 5 %	12.27
> 5 % or = 7.5 %	10.91
> 7.5 % or = 10 %	9.55
>10 % or = 12.5 %	8.18
>12.5 % or = 15 %	6.82
>15 % or = 17.5 %	5.45
> 17.5 % or = 20 %	4.09
>20 % or = 22.5 %	2.73
> 22.5 % or = 25%	1.36
>25%	0

A Transportation Provider with zero percent claims to Military Claims Office earns the full award points. A Transportation Provider with greater than 25% claims to Military Claims Office earns no points. The example Transportation Provider with 5% claims to Military Claims Office earns 12.27 points.

1.1.2e Customer Satisfaction with Claims Process

Purpose: To capture and incorporate in the Claims Score portion of the Best Value Score, customer satisfaction results with the Transportation Provider's handling of the claims process prior to payment.

Definition: The measurement of "how satisfied" customers are with each TP's handling of claims prior to payment. Each customer that either completes a claims settlement form or claims transfer form must respond to the following question before that claim can be submitted for payment or before the claim can be transferred to the military claims service: "How satisfied were you with the performance of the Transportation Provider during the claims process?"

To resolve any TP angst over whether customers will blame them for poor performance regarding the online claims process, DoD recommends including an introductory paragraph that will clarify that customers are only responding to the TP's performance and not the performance of the online system.

"Prior to answering a question regarding the Transportation Provider's (Moving Company's) performance during the claims process, we would like each customer to understand that the TP has no control over the DoD owned software used to file claims online, except as a user like yourself. With this in mind, please respond to the following question regarding the TPs handling of your claim." "How satisfied were you with the performance of the Transportation Provider during the claims process?"

Universe: All claims settled or transferred during the previous twelve months by market (dHHG, iUB, iHHG)..

Data Source: All data comes from DPS. (Customers completing the claims settlement form or transferring a claim to the Military Claims Office will be required to answer this question in order to complete the settlement/transfer process).

Calculation: This metric measures overall customer satisfaction with the claims process. For each Transportation Provider determine the following: each individual survey score, each TP's average survey score (raw score), and each TP's weighted survey score. The point value for each possible survey response is outlined in Table 5 below.

Table 5

Excellent	Good	Satisfactory	Poor	Unsatisfactory
100 points	75 points	50 points	25 points	Zero points

For each TP sum all survey scores, divide by the total number of applicable surveys, and then multiply by the weighted value of this metric. An example for a nominal TP is provided in Table 6.

Points Assignment: DPS will calculate the score for each survey completed for each Transportation Provider. Then DPS will calculate a raw survey score by summing the survey scores for each Transportation Provider and then dividing that sum by the total number of applicable surveys. The resultant average survey score is the raw score. DPS will then determine the weighted survey score by multiplying the raw score by 0.4, as this metric is valued at 40% of the total Claims Score. The example in Table 6 below shows the calculation process for a nominal Transportation Provider.

Table 6

Transportation Provider SCAC	Applicable Surveys = those that were transferred or disposed	
	Domestic	
	Survey	Score
AAAA	Cust 1	75
	Cust 2	100
	Cust 3	50
	Cust 4	25
	Cust 5	100
	International HHG	
	Cust 1	75
	Cust 2	75
	International UB	
	Cust 1	50
	Cust 2	75
Survey Totals	9	625
Raw Score	= 625/9	69.44
Weighted Survey Score	=69.44*0.4	27.78

1.1.2f Claims Score

The Claims Score is the sum of the values awarded for each of the five metrics. The table below shows the calculation for the nominal Transportation Provider covered above:

Measure	Points
Time to Dispose of Claim	5.94
Time to Payment	5.00
Percentage of Over-Aged Claims	2.73
Customer Satisfaction with Claims Process	28.00
Success in Diverting Claims from Services	12.27
Raw Claims Score	53.94
Claims Score contribution to BVS (53.94 x 20%)	10.79

As the Claims Score is 20% of the Best Value Score, this Claims Score will contribute 10.79 points towards that Transportation Provider's Best Value Score.

A Transportation Provider with zero claims would earn a Claims Score of 100.

1.2. Rate Score

The Rate Score (RS) is 30 percent of the total Best Value Score (BVS). While the performance score (PS) is calculated based on the shipment category, the Transportation Provider's rate score is calculated for each and every rate filed, based on channel and code of service. The domestic program rates are based on the commercial tariff for both Interstate and Intrastate moves. The international program has iHHG rates for shipment codes 3, 4, 5, 6, and T, and iUB rates for shipment codes 7, 8, and J.

1.2.1 Scoring Methods

The methods for determining the Rate Score for the domestic and international programs are different. In the domestic program a Transportation Provider's rate is determined by the discounts provided off of the commercial tariff rate. In the international program the Single Factor Rate (SFR) filed determines a Transportation Provider's rate. The rate scoring methods are explained below.

1.2.1a Domestic

The domestic rate scores provided by Transportation Providers will be based on two discounts off the commercial tariff rates. Transportation Providers will submit their domestic discount rates annually, by channel (state to region). One discount shall be submitted for transportation services that include line haul transportation charges, and accessorial services, except third party service. This will be termed domestic Transportation Related Charges (dTRC). The second discount shall be submitted for Storage in Transit (SIT) and SIT related services. This will be termed domestic SIT Related Charges (dSRC). The discount for *dTRC* is *weighted at 80 percent of the total Rate Score*. The discount for all *dSRC* is *weighted at 20% of the total Rate Score*. These discounts are compared to all other Transportation Providers discounts, and then combined to establish a Rate Score for each Transportation Provider by channel. Peak and non-peak seasonal adjustments are incorporated into the 400N tariff. As a result, it is not necessary to submit separate peak and non-peak discounts for the future program. The 400N identifies the peak timeframe between 15 May – 30 Sep.

The following is the logical description of the Rate Score construction process for the domestic program:

All Transportation Providers submit discounted bids by channels in the form of a percentage (xxx.xx%) for the domestic transportation related charges (dTRC) and the domestic SIT related charges (dSRC). DPS finds the

largest discount among the dTRC bids; this is termed (TL) in the computations below. DPS also finds the largest discount among the dSRC bids; this is termed (SL) in the computations below. DPS will apply the following equation to each acceptable bid to determine the Rate Score portion of the Best Value Score. The domestic transportation related scores is termed (dR1) in the computations below. The domestic SIT related score is termed (dR2) in the computations below.

(1) Computing Domestic Rate Scores

Domestic Transportation Related Charges (Eq 1)

$$dR1 = 100 \times \left[\left(\frac{\text{domestic Transportation Related Charges (dTRC)}_{\text{transportation provider}}}{\text{Largest dTRC Discount (TL)}_{\text{all transportation providers}}} \right) \times 0.8 \right].$$

Domestic SIT Related Charges (Eq 2)

$$dR2 = 100 \times \left[\left(\frac{\text{domestic SIT Related Charges (dSRC)}_{\text{transportation provider}}}{\text{Largest dSRC Discount (SL)}_{\text{all transportation providers}}} \right) \times 0.2 \right].$$

Domestic Rate Score (Eq 3)

$$dRS = (dR1 + dR2)$$

1.2.1b International

The international rate scores for Transportation Providers are based on two Single Factor Rates (SFRs) provided by the Transportation Providers once annually, by channel, by code of service. The first SFR is for peak season, and will apply for the period of 15 May to 30 September. The second SFR is for non-peak season, and will apply for the period of 1 October to 14 May. The SFRs provided by each Transportation Provider will be compared to all the other SFRs submitted by channel by code of service to establish the rate score for each Transportation Provider.

The SFRs for peak and non-peak season will not be combined to establish the Transportation Provider's rate score. Each peak and non-peak rate will be compared to all other SFRs filed for the same rate period, this will ensure a truer rate is provided and disincentivize rate manipulation.

Accessorial rates will not be considered in determining a Transportation Provider's rate score in the international program. All Transportation Providers will bill accessorials based on the rates provided in the most recent international rate solicitation published by SDDC, Alexandria, Virginia.

The following is the logical description of the Rate Score construction process for the international program

All Transportation Providers submit SFRs bid by code of service and channel combination in the format of \$xxx.xx/cwt for all international Related Transportation Charges (iTRC). DPS finds the lowest SFR (LR), and the highest SFR (HR) in each code of service and channel combination. DPS applies the following equation to each acceptable bid to determine the Rate Score portion of the Best Value Score.

(1) Computing International Rate Scores (Eq 4)

$$iR1 = 100 - \left[100 \times \left(\frac{iTRC_{\text{transportation provider}} - LR_{\text{all transportation providers}}}{HR_{\text{all transportation providers}} - LR_{\text{all transportation providers}}} \right) \right]$$

International Rate Score = iR1 (Eq 5)

1.3. Best Value Score Computation

The Best Value Score is the weighted total of the Performance Score (PS) and Rate Score (RS). It is the means to rank individual transportation providers. The BVS places qualified transportation providers into traffic distribution groupings called Traffic Distribution Lists (TDLs). This in turn can provide Transportation Providers with an indication of the level of traffic by channel that a transportation provider can potentially receive throughout the year.

The BVS brings together the transportation provider's service category Performance Scores and Claims Scores with its channel specific Rate Score to arrive at the Best Value Score for the given channel. The methodology ensures that all transportation providers will have a BVS between zero and one hundred.

The following is the logical description of the best value score construction process

DoD has determined that performance will have a relative weight of 0.7 (which includes customer satisfaction weighted at 0.5, and claims weighted at 0.2), and rate will have a relative score of 0.3. The BVS is the result of the weighted performance score (CSS and CS), plus the weighted rate score. Since the scores are scaled from zero to one hundred, the resultant BVS will result in a score that is between zero and one hundred.

$$BVS = PS + RS$$

PS = Customer Satisfaction Survey Score (CSSS) weighted at 0.5 + Claims Score (CS) weighted at 0.2

RS = Rate Score weighted at 0.3

For example, perfect price and perfect quality would result in a score of 100 as follows:

$$\begin{aligned} BVS &= [CSSS = (100) \times 0.5 + CS = (100) \times 0.2] + [RS = (100) \times 0.3] \\ &= [50 + 20] + 30 \\ &= 70 + 30 = 100 \end{aligned}$$

Similarly, a CSS Score of 70, a Claims Score of 66, and a Rate Score of 80, would equal a BVS of 72.2.

$$PS = (70) \times 0.5 + (66) \times 0.2 = 35 + 13.2 = 48.2$$

$$RS = (80) \times 0.3 = 24$$

$$BVS = 48.2 + 24 = 72.2$$

1.4. Evaluation of Transportation Provider Rates

DOD must have reasonable rates to ensure that future program costs will not exceed the Services budgets. The commercial tariff will be used to obtain rates in the future program for domestic shipments. Since the increase in costs to the DOD was a major factor in the demise of one of the personal property pilot programs, SDDC will internally establish formulas or targets in both the domestic and international programs. DOD will use the formulas or targets to determine a price reasonableness range prior to the submission of rates/discounts by Transportation Providers. These ranges will not be made public. SDDC will evaluate all the rates/discounts submitted. Rates/discounts that are outside of the pre-established range will be considered non-responsive. Transportation Providers with non-responsive rates will be advised that they were either above or below the acceptable range. These Transportation Providers will be given an opportunity to submit a new rate. If this new rate is still outside the reasonable range, the Transportation Provider will be notified and will not be authorized to submit a new rate until the next annual rate filing period. Transportation

Providers that submit acceptable rates will not be authorized to change the rate submitted until the next annual rate filing period. Any Transportation Provider that submits an acceptable rate and advises SDDC that they made a mistake in rate filing may withdraw that particular rate, but will NOT be authorized to submit a new rate until the next annual rate filing period. After the rate evaluation process has been completed, DPS will calculate the Rate Scores for each Transportation Provider by channel as described above.

1.4.1 Domestic

Transportation Provider rates in the domestic program are based on discounts off the commercial tariff. Transportation Providers provide two discounts off the commercial tariff by channel. One discount applies to transportation services that include line-haul transportation charges, and accessorial services, except third party service. The second discount applies to Storage in Transit (SIT) and SIT related services. Any Transportation Provider that does not file the minimum discount rate in either category, will not be eligible to receive shipments, and will not be eligible to file new rates until the next submission cycle. DPS excludes all bids less than the minimum discount rate [xx.xx%]), or greater than 100.00%. For example, if the minimum discount rate is 60%, and a Transportation Provider bids a discount of 59% or less, or greater than 100%, that Transportation Providers' bids will be excluded.

1.4.2 International

Transportation Providers submit Single Factor Rates (SFRs) in the international program. These rates are submitted for every channel and code of service wherein the Transportation Provider desires to compete. DPS excludes all bids greater than \$zzz.zz/cwt or less than \$0.00. SDDC will establish a maximum acceptable SFR for every channel.

1.5. Minimum Best Value Score

The main focus of Best Value in the personal property program is to provide a quality Transportation Provider in every customer's home. Each Transportation Provider will be committed to the DOD in providing quality service. This quality service will be rewarded with volume of business.

SDDC will establish a Minimum Best Value Score at the onset of each annual rate-filing period. DOD approved Transportation Providers with Best Value Scores above the Minimum Best Value Score will be placed on the "Active" Transportation Provider list. DOD approved Transportation Providers with Best Value Scores below the Minimum Best Value Score will be placed on the "Inactive" Transportation Provider list. Transportation Providers on the Active list will be allocated shipments as described in the section on shipment allocation. DOD approved Transportation Providers on the inactive list will NOT be allocated shipments, but may be used by active Transportation Providers as sub-contractors.

At the onset of each new performance period, if an active Transportation Providers' BVS falls below the minimum, that Transportation Provider will be placed on the "Inactive" Transportation Provider list. These Transportation Providers will not be eligible for shipment allocation by DOD until their BVS rises above the Minimum Best Value Score and the performance scores are recalculated. DPS will calculate performance scores at the end of each performance period.

Transportation Providers that have never applied for DOD approval may be used as sub-contractors by Transportation Providers on the Active list. Transportation Providers that have applied for DOD approval and were disapproved are not authorized to move DOD shipments. Transportation Providers that were DOD approved and that have had their approval revoked (i.e., been disqualified, disbarred, etc.) are not authorized to move DOD shipments. Transportation Providers that use disqualified or ineligible Transportation Providers will be removed from the program.

2 Initial Ranking at Program Startup

At the start of the program Transportation Providers will be ranked from highest Best Value Score (BVS) to lowest BVS using survey scores from the prior twelve months and the most recent rate submissions. The initial ranking that occurs at program start up will remain in effect for 6 months, then re-ranking will occur quarterly/monthly as required. The re-

rankings will be performed by DPS using the applicable 12-months of performance data (i.e., most recent Performance Score) and the most current rate data (Rate Score).

2.1 Domestic (dHHG)

The initial ranking for the domestic program will occur on the program start date, nominally 1 April. DPS will use the new performance scores and new rates filed by Transportation Providers. This timing will allow DPS to establish each PPSOs Traffic Distribution Lists so the PPSOs may begin to allocate shipments for pickup effective 15 May using the new rates filed by each Transportation Provider.

2.2 International Household Goods (iHHG)

There will be two initial rankings applicable to the international program based on peak and non-peak rates that are filed annually. Mirroring the domestic program the first initial ranking will be effective on 1 April, which is 45 days prior to the beginning of the new peak season. This will allow DPS to run two Traffic Distribution lists: one that will be effective using the old non-peak rates which are valid through 14 May; the second using the new peak rates for shipments picking up on or after 15 May. This allows the PPSOs a 45-day window to book shipments during April and May that must be picked up on or after 15 May. The second initial ranking is effective on 1 October to coincide with the beginning of the non-peak season. However, the non-peak ranking will be calculated by DPS at the end of the August performance period. This will allow DPS to run two Traffic Distribution Lists: one that will be effective using the summer rates through 30 September; the second using the new non-peak rates for shipments picking up on or after 1 October. This allows PPSOs a 30-day window to book shipments during September that must be picked up on or after 1 October. Again all rankings will be based on the rates submitted and the applicable 12-months of performance data.

2.3 International Unaccompanied Baggage (iUB)

Since many iUB shipments in the current program are allocated to Transportation Providers based on channel classes (1, 2, or 3); many Transportation Providers may not have performance scores even though they may have filed a rate. This is because the majority of the tonnage is moved by a limited number of Transportation Providers. Therefore initial ranking of Transportation Providers in this market will be based solely on their initial rate score, as determined by the most recent rate submissions. After six months, Best Value Scores using Performance Scores and Rate Scores will be calculated, and the Transportation Providers ranked based on Best Value Score.

3 New Transportation Provider Entry

In addition to meeting qualification requirements, Transportation Providers seeking initial entry into the program must provide performance data that is certified by an independent third party. The independent third party must submit the data directly to SDDC Alexandria, Virginia for evaluation. DoD will use a 3rd party to evaluate/validate performance data provided by potential TPs. Customer surveys conducted by the independent third party must use the questions and responses available on the current Customer Satisfaction Survey. DoD will use the data to establish a Performance Score (PS) that will be combined with the Rate Score (RS) to establish the Transportation Provider's initial Best Value Score. New Entrants will be placed on the Active or Inactive List based on their BVS, and New Entrants above the appropriate Minimum Best Value Score will be placed in a quality band as determined by their BVS as compared to other Transportation Providers in that Market

F. Traffic Distribution

1 Distribution Lists

Traffic Distribution Lists (TDLs) will be created for every code of service under every channel combination. Channels are described in the table below. The number of Transportation Providers in any given channel will vary based on the number of DOD approved Transportation Providers with an acceptable BVS. Transportation Providers will be ranked from highest Best Value Score (BVS) to lowest BVS in each of these lists.

List of Channel Types

There are four broad channel possibilities as follows. Each broad channel contains many specific origin/destination combinations.

- ◆ CONUS to CONUS - Origin state¹ to destination region²
- ◆ CONUS to OCONUS - Origin CONUS state to OCONUS destination region/country
- ◆ OCONUS to CONUS - OCONUS origin region/country to CONUS destination state
- ◆ OCONUS to OCONUS - OCONUS origin region/country to OCONUS destination region/country

Current DoD practice assigns a rate area to a given state, country, or geographic portion of each. That practice continues in the Families First program. Domestically, there will be approximately 912 channels (57 origin rate areas to 16 domestic regions). Internationally, rate areas are in place from every origin region/country to every destination region/country or state. This should total about 4,187 channels. There will be nearly 5,107 channels in the Families First program. For every international channel, there will be a separate TDL for each code of service (3, 4, 5, 6, 7, 8, T, and J).

2 Shipment Allocation

The Families First program will distribute shipments to qualified transportation providers in a cascading rotation based on Best Value Scores. Under this program, transportation providers in each quality band will receive a set number of shipments, with transportation providers in the higher quality bands receiving more shipments. Assignments will cascade through each quality band, with each Transportation Provider in a band receiving their full complement of shipments before an assignment is made to a Transportation Provider in the next lower quality band. DPS will determine the Transportation Provider that should be selected for each shipment based on customer-unique shipment indicators, including type of shipment, required pickup and delivery times, transit time, and the origin to destination combination (channel).

At the beginning of each evaluation period, SDDC will assign a Minimum Best Value Score for each market, as discussed above. Transportation Providers with scores above the Minimum Best Value Score will be divided into 4 Quality Bands in order of highest to lowest BVS, with more transportation providers assigned to the first quality band if the number of Transportation Providers in a market is not divisible by four. Shipments will be assigned to each Transportation Provider in accordance with the scheme listed in Table 7 below:

Table 7

Quality Band	Number of Shipments
1	5
2	3
3	2
4	1

For example, in a market with ten Transportation Providers in each quality band, all ten Transportation Providers in the first band will be assigned a shipment in round-robin fashion until each Transportation Provider has been assigned 5 shipments. The next available shipment is assigned to the first Transportation Provider in the second quality band. When all Transportation Providers above the Minimum Best Value Score have been assigned their allotted number of

¹ There are four states that are split into separate rate areas for originating shipments. These are California, Florida, Texas, and Alaska

² Destination regions are combinations of states or countries. There are 13 destination regions in CONUS, plus intrastate, Alaska, and Canada. Internationally, regions are single countries that contain single or multiple rate areas.

shipments, the allocation process starts again with the top Transportation Provider in the first quality band. If a customer requests a specific transportation provider, and that Transportation Provider is on the active list for that market, the PPSO will assign the shipment to that Transportation Provider in DPS. This manual assignment will be counted as an assigned shipment in the rotation.

Shipments in the iUB market will use the same Quality Band and distribution framework discussed above, except that the volume of shipments per assignment in that market will be higher. The higher volume assignments will enable consolidation of shipments in high volume lanes. Table 6 below lists the quality band assignments in iUB:

Quality Band	Number of Shipments
1	50
2	30
3	20
4	10

3 Blackout Requirements

Transportation Providers will have the opportunity to modify blackout dates for specific origin PPSO and destination region combinations by shipment category in DPS on a daily basis. This will provide transportation providers with the flexibility required to manage workloads, while maintaining a pool of available Transportation Providers for expected DoD shipments. DPS will allow real-time updates of blackout dates to prevent shipment assignment conflicts.

If a Transportation Provider misses a shipment assignment due to having the date blacked out, that Transportation Provider will be assigned administrative shipment and will not be offered another shipment until the next scheduled assignment within that quality band.

4 Refusals/Turnbacks

Shipment refusals are not allowed in the Families First program (except for short-fused shipments) and are not expected with the ability to perform daily updates of blackout dates. If a Transportation Provider refuses a shipment, that Transportation Provider will not be eligible to receive shipments in that category for 30 calendar days.

5 Short-Fuse Shipments

The process for assigning short-fuse shipments, those requiring pickup in five business days or less, will provide flexibility for the PPSO to select a transportation provider quickly (e.g., shotgun offering via DPS to multiple transportation providers in the quality band, PPSO calling next scheduled transportation providers), as well as ensuring oversight of the process to ensure equitable distribution. The short-fuse shipment will not count as an assignment in the scheduled traffic distribution. Transportation providers may refuse short fuse shipments. There is no penalty for refusing short fuse shipments.

G. Summary

The Families First Best Value distribution methodology combines the use of transportation providers performance based on customer satisfaction and their rates into a consistent, simple, and executable package. It incorporates lessons learned from other DOD pilots such as distribution by best value, customer surveys to measure transportation provider performance, and establishing internal government cost guidelines that ensure reasonable costs. Finally, the methodology standardizes calculations so that modification of the current 70 / 30 apportionment between performance and price is possible without having to completely overhaul underlying automation. Based on this methodology and access to existing source codes for existing business rules, modeling can fine-tune the methodology.

Note: This Best Value Distribution Methodology is subject to revision based on future refinements.

Appendix A

Origin and Destination States and Regions

Domestic

The Families First program intends to streamline and simplify the rate solicitation process. This effort involves the use of the contemporary commercial tariff in effect when the program is implemented. Table A-1 lists the states associated with each CONUS destination region. Alaska and Canada are included pending final decision.

Table A-1. CONUS Destination Regions

Region	States
Region 1	Idaho, Oregon, Washington
Region 2	California, Nevada
Region 3	Arizona, New Mexico, Utah
Region 4	Montana, North Dakota, South Dakota, Wyoming
Region 5	Colorado, Kansas, Missouri, Nebraska
Region 6	Arkansas, Louisiana, Oklahoma, Texas
Region 7	Iowa, Michigan, Minnesota, Wisconsin
Region 8	Illinois, Indiana, Ohio
Region 9	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont
Region 10	Delaware, District of Columbia, Maryland, Virginia, West Virginia
Region 11	Alabama, Kentucky, Mississippi, Tennessee
Region 12	Georgia, North Carolina, South Carolina
Region 13	Florida
Region 14	Alaska
Region 15	Intrastate
Region 16	Canada (May be added in the Future as a domestic Region)

Unlike the current program where transportation providers provide rates based on origin post, camp, station, or installation to the destination state (which accounted for more than 16,000 combinations), rate discounts apply from origin states (or portions thereof) to the 16 regions in Table A-1. This reduces the number of combinations to 912.

Table A-2 provides the 57 CONUS origin states (or portion thereof), their rate areas, and abbreviated title.

Table A-2. CONUS Origin States

Rate area name	Rate area code	Abbreviated name
Alaska (Zone) I	US8101000	AK1
Alaska (Zone) II	US8190100	AK2
Alaska (Zone) III	US8050500	AK3
Alaska (Zone) IV	US8142800	AK4
Alaska (Zone) V	US8040400	AK5
Alabama	US47	AL
Arizona	US79	AZ
Arkansas	US60	AR
California-North	US87	CAn
California-South	US88	CAs
Colorado	US74	CO
Connecticut	US16	CT
Delaware	US22	DE
District Of Columbia	US24	DC
Florida-North	US49	FLn
Florida-South	US4964400	FLs
Georgia	US45	GA
Idaho	US83	ID
Illinois	US38	IL
Indiana	US36	IN
Iowa	US53	IA
Kansas	US58	KS
Kentucky	US28	KY
Louisiana	US64	LA
Maine	US11	ME
Maryland	US23	MD
Massachusetts	US14	MA
Michigan	US30	MI
Minnesota	US50	MN
Mississippi	US48	MS
Missouri	US56	MO
Montana	US70	MT

Table A-2. CONUS Origin States (continued)

Rate area name	Rate area code	Abbreviated name
Nebraska	US55	NE
Nevada	US86	NV
New Hampshire	US12	NH
New Jersey	US19	NJ
New Mexico	US77	NM
New York	US17	NY
North Carolina	US40	NC
North Dakota	US51	ND
Ohio	US34	OH
Oklahoma	US62	OK
Oregon	US85	OR
Pennsylvania	US20	PA
Rhode Island	US15	RI
South Carolina	US44	SC
South Dakota	US52	SD
Tennessee	US42	TN
Texas-North	US66	TXn
Texas-South	US68	TXs
Utah	US76	UT
Vermont	US13	VT
Virginia	US25	VA
Washington	US84	WA
West Virginia	US27	WV
Wisconsin	US32	WI
Wyoming	US72	WY

International

International origin and destinations consist of regions, individual countries, and parts of countries. For rate purposes, there are 31 OCONUS regions (Alaska is considered domestic for some purposes and international for other purposes). This means there are 4,185 international origin state/region to destination state/region/country combinations.

Table A-3 reflects the OCONUS regions, their location code and abbreviated name.

Table A-3. OCONUS Regions and Location Codes

Rate area name	Rate area code	Abbreviated name
Alaska (Zone) I	US8101000	AL01

Alaska (Zone) II	US8190100	AL02
Alaska (Zone) III	US8050500	AL03
Alaska (Zone) IV	US8142800	AL04
Alaska (Zone) V	US8040400	AL05
Australia	AS11	AU11
Australia	AS21	AU21
Azores	PO01	AZOR
Bahrain	BAH	BAHR
Belgium	BE	BELG
Crete	GR29	GREE
Germany	GE	GERM
Greece	GR	GREE
Guam	GQ	GUAM
Hawaii	US89	HAWI
Iceland	IC	ICEL
Italy	IT	ITAL
Japan—Central	JA01	JA01
Japan—South (Excludes Hokkaido)	JA02	JA02
Japan—North	JA03	JA03
Korea	KS	KORE
Kuwait	KWT	KUWA
Netherlands, The	NL	NETH
Okinawa	JA96	OKIN
Portugal	PO	PORT
Puerto Rico	RQ	PUER
Sardinia	IT20	SARD
Sicily	IT10	SICI
Spain	SP	SPAI
Turkey	TU	TURK
United Kingdom (England and Wales)	UK	ENGL

Appendix B

Abbreviations

BVS	Best Value Score
CSS	Customer Satisfaction Surveys
dHHG	Domestic Household Goods
DoD	Department of Defense
DPM	Direct Procurement Method
DPS	Defense Personal Property System
iHHG	International Household Goods
iUB	International Unaccompanied Baggage
NTS	Non Temporary Storage
PS	Performance Score
PPSO	Personal Property Shipping Office
RS	Rate Score
SFR	Single Factor Rate
SIT	Storage In Transit
TDL	Traffic Distribution List
TO	Transportation Office
TOPS	Transportation Operational Personal Property Standard System
TP	Transportation Provider

Appendix C

Definitions

Best Value Score

The Best Value Score (BVS) is the sum of the weighted value of performance and rate. A transportation provider receives a BVS for each code of service in each channel in which it provides rates. The BVS is computed using the relative value of a TP's performance and rate as compared with other TPs' performance and rate.

Channel

A personal property channel consists of an origin state/region/country to a destination state/region/country. Each channel equates to a rate area for pricing. The major channel types include:

- ◆ CONUS to CONUS—Origin state to destination region,
- ◆ CONUS to OCONUS—Origin state to destination country/region
- ◆ OCONUS to CONUS—Origin country/region to destination state
- ◆ OCONUS to OCONUS—Origin country/region to destination country/region.

Codes of Service

Code 1 - Domestic Motor Van – Movement of household goods in a motor van from origin residence in CONUS to destination residence in CONUS. Automated systems will use Code 1A for interstate movements and Code 1B for intrastate movements.

Code 2 – Domestic Container – Movement of household goods in containers from origin residence in CONUS to destination residence in CONUS. Automated systems will use Code 2A for interstate movements and Code 2B for intrastate movements.

Code 3 – International Door-to-Door Container – Movement of household goods in containers using MSC negotiated rates to commercial port of discharge.

Code 4 – International Door-to-Door Container – Movement of household goods in SDDC-approved door-to-door shipping containers (wooden boxes) whereby a transportation provider provides line haul service from origin residence to ocean terminal, ocean transportation to port of discharge, and line haul service to destination residence, all without re-handling of container contents.

Code 5 – International Door-to-Door Container Government Ocean Transportation – Movement of household goods in SDDC-approved door-to-door shipping containers (wooden boxes) whereby a transportation provider provides line haul service from origin residence to military ocean terminal, the government provides ocean (MSC) transportation to designated port of discharge, and the TP provides line haul service to destination residence, all without re-handling of container contents.

Code 6 – International Door-to-Door Air Container – Movement of household goods whereby the transportation provider provides containerization at the origin residence, surface transportation to the airport nearest origin that can provide required services, air transportation to the airport nearest destination that can provide required services, and transportation to the destination residence.

Code 7 – International Land-Water-Land Baggage – Movement of unaccompanied baggage whereby the transportation provider provides packing and pickup at origin, surface transportation to

destination, and cutting of the banding and opening of the boxes at the destination residence.

Code 8 – International Land-Air-Land Baggage – Movement of unaccompanied baggage whereby the transportation provider provides packing and pickup at origin, transportation to the origin airport, air transportation to the destination airport, surface transportation to destination, and cutting of the banding and opening of the boxes at the destination residence.

Code T – International Door-to-Door Container - AMC - Movement of household goods whereby the transportation provider provides containerization at the origin residence and transportation to the designated AMC terminal. AMC provides terminal services at both origin and destination and air transportation to the designated AMC destination terminal. The TP provides transportation to the destination residence.

Code J – International Land-Air (AMC)-Land Baggage – Movement of unaccompanied baggage whereby the transportation provider provides packing and pickup at the origin and transportation to the designated AMC terminal. AMC provides terminal services at both origin and destination and air transportation to the designated AMC destination terminal. The TP provides transportation to destination from AMC terminal and cutting of the banding and opening of the boxes at the destination residence.

Contemporary Commercial Tariff

The contemporary commercial tariff is the Household Goods Carriers' Bureau commercial tariff for the movement of personal property. This tariff reflects the baseline rates for transportation and transportation related charges. The contemporary commercial household goods tariff in effect during a given rate cycle as mitigated by DoD exceptions to the tariff.

CONUS

Literally defined as the continental United States. For the Families First program CONUS includes the 48 contiguous states and some shipments to/from Alaska.

Customer

Any person authorized to move under the Families First DOD personal property program.

Customer Satisfaction Survey

A survey designed to measure Service member or DoD employee satisfaction with a personal property move. The survey measures factors associated with a TP's service and the service provided by the Military Service Personal Property Shipping Offices (PPSO). Only TP survey results are used in calculating each Transportation Providers Best Value Score.

Discount

Discounts are applied to the domestic household goods contemporary commercial tariff. The discounts are unique for each origin state to destination region and applies to transportation related services and Storage In Transit (SIT) and SIT-related items. The Discount is a percentage off the commercial tariff.

Domestic HHG

Household goods transported (interstate or intrastate) within CONUS and Alaska.

Domestic Region

A specified grouping of designated destination states.

International HHG

Household good transported internationally between OCONUS and either a CONUS or another OCONUS location.

International Unaccompanied Baggage

Unaccompanied baggage transported internationally between OCONUS and either a CONUS or another OCONUS location.

International Region

A specified grouping of designated international destination areas.

Non-Temporary Storage (NTS) (JFTR Def dtd 1 Nov 02)

NTS is long-term HHG storage in lieu of transportation. NTS includes necessary packing, crating, unpacking, uncrating, transportation to and from the storage location(s), storage, and other directly related necessary services. Also referred to as Extended Storage.

OCONUS

Literally defined as Outside the Continental United States. For the Families First program OCONUS applies to any shipment outside the 48 contiguous states and some shipments to/from Alaska.

Performance Period

The period over which transportation providers will be evaluated. These are:

- | | |
|-------------------------|-------------------------------|
| ┘ 1 April to 30 June | ┘ 1 September to 30 September |
| ┘ 1 July to 31 July | ┘ 1 October to 31 December |
| ┘ 1 August to 31 August | ┘ 1 January to 31 March |

Personal Property Shipping Office (PPSO)

An office designated by appropriate authority to perform personal property traffic management functions for an area of responsibility.

Performance Score

The Performance Score (PS) measures the performance associated with a transportation provider based on customer satisfaction. The PS is 70 percent of the Best Value Score.

Minimum Best Value Score

The Minimum Best Value Score is a universal score that applies to the dHHG, iHHG, and iUB programs and is established annually by SDDC. It separates Transportation Providers on the Active and Inactive Lists in DPS. Transportation Providers above the Minimum Best Value Score are placed on the TP Active List. Transportation Providers below the Minimum Best Value Score are placed on the TP Inactive List.

Rate Area

A rate area is generally defined as a state and the District of Columbia in CONUS, a country/U.S. possession, or other such description in the overseas area. However, individual states and countries may be subdivided into two or more rate areas or combined into a single larger rate area to facilitate service and rate computations.

Rate Cycle

12-month periods of time when rates filed by transportation providers are effective. The annual rate cycle will be 15 May to 14 May each year. Rates must be filed with SDDC no later than 1 April each year.

Rate Score

The Rate Score (RS) measures the rate provided by a transportation provider. The RS is 30 percent of the Best Value Score. The domestic rate score (dRS) contains two factors: dTRC, which is the discount that TPs provide for transportation related services; and dSRC, which is the discount that TPs provide for SIT and SIT related services. The international rate score (iRS) contains one factor, which is the SFR.

Shipment Categories

- a. Domestic Household Goods – dHHG

- b. International Household Goods – iHHG
- c. International Unaccompanied Baggage – iUB

Single-Factor Rates

A single-factor rate (SFR) combines separate price elements into a single factor to simplify rate filing for international household goods movement.

SIT and SIT-Related Services

The term used to describe SIT and SIT related charges (e.g. such as warehouse handling, (in/out), delivery out and other fees).

Storage in Transit (SIT) (JFTR Def dtd 1 Nov 02)

SIT is short-term storage that is part of HHG transportation. May be at any combination of the origin, destination, and en route locations. Usually for 90 or fewer days, but may be extended. (See JFTR par. U5375.) Also referred to as temporary storage.

Transportation Provider Active List

The list of DoD approved transportation providers maintained by DPS that are *above* the minimum best value score established at the beginning of the annual rate cycle. These TPs are systematically allocated shipments by DPS.

Transportation Provider Inactive List

The list of DoD approved transportation providers maintained by DPS that fall *below* the minimum best value score established at the beginning of the annual rate cycle. TPs on the Inactive List are not eligible to receive shipments directly from the DoD. Although these TPs are not allocated shipments directly from the DoD, they may be used as sub-contractors by other DoD approved TPs *above* the minimum best value score.

Transportation Related Services

The term used to describe line haul transportation charges and accessorial service charges. It does not include valuation and third party service charges.