THE UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

JUL 23 2003

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Acquisition Policy on Facilitating Vendor Shipments in the DoD Organic Distribution System

One of the Department's Future Logistics Enterprise (FLE) goals is to facilitate the flow of materiel to the warfighter outside of the continental United States. One way to achieve this goal is to reduce the number of "frustrated" shipments within the Department of Defense (DoD) organic distribution system. Many vendor contracts require vendors to distribute materiel using door-to-door commercial transportation. However, during certain circumstances such as crisis situations and contingency operations, door-to-door commercial delivery may not be possible. If this occurs, materiel enters the DoD organic distribution system for delivery to the ultimate customer. Such materiel is often insufficiently marked and labeled, and subsequently it becomes "frustrated." "Frustrated" materiel can also occur under contracts and under purchases made with the Government Purchase Card (GPC). "Frustrated" materiel from vendors and GPC purchases has hindered consolidation and containerization point and aerial port operations in all recent contingency operations.

To reduce the amount of "frustrated" materiel, all shipments that enter the Department's organic distribution system shall comply with the attached business rules. The DoD organic distribution system includes: the organic Defense transportation system managed by the United States Transportation Command; military department-operated ocean and aerial ports and facilities; defense consolidation and containerization facilities; and defense distribution centers.

When it is known prior to award that shipments under the contract will enter the DoD organic distribution system, the contract and/or delivery order shall require the contractor to comply with the attached business rules. All solicitations issued after the date of this policy that will require that deliveries be made using door-to-door commercial transportation shall include a provision that requires vendors to notify the contracting officer or the contracting officer's designee when they are unable to use door-to-door commercial transportation and to request alternate shipping instructions. The contracting officer or contracting officer's designee shall expeditiously provide alternate

shipping instructions and make the appropriate contract price adjustments. Contracting officers shall take this same action if they become informed from someone other than the vendor that the vendor will be unable to complete deliveries using door-to-door commercial transportation. For existing contracts and delivery orders, military departments and defense agencies have the discretion, based on the Government's best interest and warfighter needs, to determine whether it is appropriate to modify existing vendor contracts consistent with this policy.

For purchases made with the GPC, when it is determined that door-to-door commercial transportation is not possible, cardholders shall provide vendors proper shipping instructions that will enable the shipment to enter the DoD organic distribution system. The cardholder's requiring activity will advise the cardholder responsible for making the purchase that the "ship to" point for the item is in an area in which commercial deliveries will not be possible. The requiring activity also will provide the cardholder with alternate shipping instructions conforming to the business rules (numbers 1 - 5) attached. Military departments and defense agencies must ensure that acquisition training for Government Purchase Cardholders includes the importance of providing shipping information and transportation considerations to vendors when items are to be shipped using the DoD organic distribution system rather than the preferred door-to-door commercial method of delivery.

This policy will be incorporated into the appropriate acquisition regulations and / or guidelines. Point of contact is Ms. Lisa Roberts, (703) 601-4461, extension 105.

Michael W. Wynne
Acting

Attachment:
As stated

cc:
Chairman of the Joint Chiefs of Staff
Under Secretaries of Defense
Assistant Secretaries of Defense
General Counsel of the Department of Defense
Inspector General of the Department of Defense
Deputy Commander, United States Transportation Command
Deputy Commissioner, General Services Administration Federal Supply Service
Department of Veterans Affairs Office of Management

Acquisition Policy on
Facilitating Vendor Shipments in the DoD Organic Distribution System

Business Rules

For vendor shipments entering the DoD organic distribution system, which includes organic transportation provided by the United States Transportation Command; military department-operated ocean and aerial ports and facilities; defense consolidation and containerization facilities; and Defense distribution centers, vendors must:

1. Adhere to military standard documentation and marking in accordance with MIL-STD-129, *Department of Defense Standard Practice Military Marking for Shipment and Storage*, to include but not limited to Military Shipping Label and bar-coding requirements. MIL-STD-129 may be accessed by clicking "quick search" at http://assist.daps.dla.mil/online.
2. In addition to the "ship to" address, include a "mark for" in-the-clear delivery address which includes ultimate consignee's name, organization, unit/departmental name, office symbol, building number, room number, street address, city, state, country code designation, and consignee's DoD Activity Address Code (DODAAC). For shipments moving to overseas locations and for mobile deployable units, the in-the-clear address must also include the host country geographic address (if available) and APO/FPO address
3. Include Transportation Control Number (TCN), Transportation Account Code (TAC), transportation priority, piece count (i.e. number of outer boxes), and required delivery date when available
4. Ensure that packages include a packing slip located in plastic pouch on the outside of the package to eliminate need to open boxes for shipment content identification
5. Appropriately package items to arrive safely in good condition at specified destination
6. During contingency operations, ensure that packages include hard copies of Material Safety Data Sheets for all hazardous materiel secured inside the packing slip
7. Appropriately package hazardous materials to comply with applicable modal requirements and arrive safely in good condition at specified destination
8. Provide in-transit visibility at the time the shipment is initiated (this is required whether or not the shipment is known to be entering the DoD organic distribution system). To simplify vendor compliance with this requirement, Military Departments and Defense Agencies are encouraged to implement automated tools such as the Navy's SMART Transportation Solution (STS) or the DLA's Distribution Planning and Management System (DPMS)

Attachment

Acquisition Policy on
Facilitating Vendor Shipments in the DoD Organic Distribution System

Business Rules (Continued)

9. Provide advanced shipping notice to the first point in the DoD organic transportation system. To simplify vendor compliance with this requirement, Military Departments and Defense Agencies are encouraged to implement automated tools such as the Navy's SMART Transportation Solution (STS) or the DLA's Distribution Planning and Management System (DPMS)

Attachment