Subpart 47.3 - Transportation in Supply Contracts

Parent topic: Part 47 - Transportation

47.300 Scope of subpart.

(a) This subpart prescribes policies and procedures for the application of transportation and traffic management considerations in the *acquisition* of *supplies*. The terms and conditions contained in this subpart are applicable to fixed-price contracts.

(b) If a special requirement exists for application of any of these terms and conditions to other types of contracts; *e.g.,* cost-reimbursement contracts, for which transportation arrangements are normally the responsibility of the contractor and transportation costs are allowable, the *contracting officer shall* use the terms and conditions prescribed in this subpart as a guide for-

(1) Contract coverage of transportation; and

(2) Instructions to the contractor to minimize the ultimate transportation costs to the Government.

47.301 General.

(a) Transportation and traffic management factors are important in awarding and administering contracts to ensure that (1) *acquisitions* are made on the basis most advantageous to the Government and (2) *supplies* arrive in good order and condition and on time at the required place. (See 47.104 for possible reduced transportation rates for Government *shipments*.)

(b) The requiring activity *shall*-

(1) Consider all transportation factors including present and future requirements, positioning of *supplies*, and subsequent distribution to the extent known or ascertainable; and

(2) Provide the *contracting office* with information and instructions reflecting transportation factors applicable to the particular *acquisition*.

47.301-1 Responsibilities of contracting officers.

(a) *Contracting officers shall* obtain from traffic management offices transportation factors required for-

(1) *Solicitations* and awards; and

(2) Contract administration, modification, and termination, including the movement of property by the Government to and from contractors' plants.

(b) *Contracting officers shall* request transportation office participation especially before making an

initial *acquisition* of *supplies* that are unusually large, heavy, high, wide, or long; have sensitive or dangerous characteristics; or lend themselves to containerized movements from the source. In determining total transportation charges, *contracting officers shall* also consider additional costs arising from factors such as the use of special equipment, excess blocking and bracing material, or circuitous routing.

47.301-2 Participation of transportation officers.

Agencies' transportation officers *shall* participate in the *solicitation* and evaluation of *offers* to ensure that all necessary transportation factors, such as transportation costs, transit arrangements, time in transit, and port capabilities, are considered and result in *solicitations* and contracts advantageous to the Government. Transportation officers *shall* provide traffic management assistance throughout the *acquisition* cycle (see 47.105, Transportation assistance).

47.301-3 Using the Defense Transportation System (DTS).

(a) All military and civilian agencies shipping, or arranging for the *acquisition* and *shipment* by Government contractors, through the use of military-controlled transport or through military transshipment facilities *shall* follow Department of Defense (DoD) Regulation DoD 4500.9-R, Defense Transportation Regulation Part II. This establishes uniform procedures and documents for the generation, documentation, communication, and use of transportation information, thus providing the capability for control of *shipments* moving in the DTS. DoD 4500.9-R, Defense Transportation Regulation Part II has been implemented on a world-wide basis.

(b) *Contracting activities* are responsible for (1) ensuring that the requirements of the DoD 4500.9-R, Defense Transportation Regulation Part II regulation are included in appropriate contracts for all applicable *shipments* and (2) enforcing these requirements with regard to *shipments* under their control. This includes requirements relating to documentation, marking, advance notification of *shipment* dates, and terminal clearances.

(c) Contractual documents *shall* designate a *contract administration office* (see 42.202(a)) as the contact point to which the contractor will provide necessary information to-

(1) Effect DoD 4500.9-R, Defense Transportation Regulation Part II documentation and movement control, including air or water terminal *shipment* clearances; and

(2) Obtain data necessary for *shipment* marking and *freight* routing. Contractual documents *shall* specify that the contractor *shall* not ship directly to a military air or water port terminal without authorization from the designated *contract administration office* (see 47.305-6(f)).

47.302 Place of delivery-f.o.b. point.

(a) The policies and procedures in 47.304-1, -2, and -3 govern the transportation of *supplies* from sources in the *Contiguous United States* (CONUS), except when identifiable costs, nature of the *supplies* (security, safety, or value), delivery requirements (premium modes of transport, escorts, transit arrangements, and tentative conditions), or other advantages, limitations, or requirements dictate otherwise. The policies and procedures in 47.304-4 govern the transportation of *supplies*

from sources outside CONUS.

(b) Generally, the *contracting officer shall* solicit *offers*, and award contracts, with delivery terms on the basis prescribed in 47.304. The *contracting officer shall* document the contract file (see 4.801) with justifications for *solicitations* that do not specify delivery on the basis prescribed in 47.304.

(c)

(1) The place of performance of Government *acquisition* quality assurance actions and the place of acceptance *shall* not control the delivery term, except that if acceptance is at destination, transportation *shall* be *f.o.b. destination* (see 47.304-1(f)).

(2) The fact that transportation is *f.o.b. destination* does not alone necessitate changing the place of acceptance from origin to destination; and the fact that acceptance is at origin does not necessitate an *f.o.b. origin* delivery term. Providing for *inspection* and acceptance at origin (if appropriate under 46.402), in conjunction with an *f.o.b. destination* term, *may* be advantageous to both the Government and the contractor. Acceptance of title at origin by the Government permits payment of the contractor, provided the *invoice* is supported either by a copy of the signed commercial *bill of lading* (indicating the *carrier*'s receipt of the *supplies* covered by the *invoice* for transportation to the particular destination specified in the contract) or by other appropriate evidence of *shipment* to the particular destination for the contractor's account.

47.303 Standard delivery terms and contract clauses.

Standard delivery terms are listed in 47.303-1 through 47.303-16 (but see 47.300 regarding applicability to cost reimbursement contracts).

47.303-1 F.o.b. origin.

(a) *Explanation of delivery term.*"*F.o.b. origin*" means free of expense to the Government delivered-

(1) On board the indicated type of conveyance of the *carrier* (or of the Government, if specified) at a designated point in the city, county, and State from which the *shipment* will be made and from which line-haul transportation service (as distinguished from switching, local drayage, or other terminal service) will begin;

(2) To, and placed on, the *carrier*'s wharf (at shipside, within reach of the ship's loading tackle, when the shipping point is within a port area having water transportation service) or the *carrier*'s *freight* station;

(3) To a U.S. Postal Service facility; or

(4) If stated in the *solicitation*, to any Government-designated point located within the same city or commercial zone as the *f.o.b. origin* point specified in the contract (the Federal Motor *Carrier* Safety Administration prescribes commercial zones at Subpart B of 49 CFR part 372).

(b) *Contractor responsibilities.* The contractor *shall*-

(1)

(i) Pack and mark the *shipment* to comply with contract specifications; or

(ii) In the absence of specifications, prepare the *shipment* in conformance with *carrier* requirements to protect the goods and to ensure assessment of the lowest applicable transportation charge;

(2)

(i) Order specified *carrier* equipment requested by the Government; or

(ii) If not specified, order appropriate *carrier* equipment not in excess of capacity to accommodate *shipment*;

(3) Deliver the *shipment* in good order and condition to the *carrier*, and load, stow, trim, block, and/or brace carload or truckload *shipment* (when loaded by the contractor) on or in the *carrier*'s conveyance as required by *carrier* rules and regulations;

(4) Be responsible for any loss of and/or damage to the goods-

(i) Occurring before delivery to the *carrier*;

(ii) Resulting from improper packing and marking; or

(iii) Resulting from improper loading, stowing, trimming, blocking, and/or bracing of the *shipment*, if loaded by the contractor on or in the *carrier*'s conveyance;

(5) Complete the Government *bill of lading* supplied by the ordering agency or, when a Government *bill of lading* is not supplied, prepare a commercial *bill of lading* or other transportation receipt. The *bill of lading shall* show-

(i) A description of the *shipment* in terms of the governing *freight* classification or tariff (or *Government rate tender*) under which lowest *freight* rates are applicable;

(ii) The seals affixed to the conveyance with their serial numbers or other identification;

(iii) Lengths and capacities of cars or trucks ordered and furnished;

(iv) Other pertinent information required to effect prompt delivery to the consignee, including name, delivery address, postal address and ZIP code of consignee, routing, etc.;

(v) Special instructions or annotations requested by the ordering agency for commercial bills of lading; e.g., "This *shipment* is the property of, and the *freight* charges paid to the *carrier*(s) will be reimbursed by, the Government" ; and

(vi) The *signature* of the *carrier*'s agent and the date the *shipment* is received by the *carrier*; and

(6) Distribute the copies of the *bill of lading*, or other transportation receipts, as directed by the ordering agency.

(c) *Contract clause.* The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-29, *F.o.b. Origin*, when the delivery term is *f.o.b. origin*.

47.303-2 F.o.b. origin, contractor’s facility.

(a) *Explanation of delivery term.*"*F.o.b. origin*, contractor’s facility" means free of expense to the Government delivered on board the indicated type of conveyance of the *carrier* (or of the Government if specified) at the designated facility, on the named street or highway, in the city, county, and State from which the *shipment* will be made.

(b) *Contractor responsibilities.* The contractor’s responsibilities are the same as those listed in 47.303-1(b).

(c) *Contract clause.* The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-30, *F.o.b. Origin*, Contractor’s Facility, when the delivery term is *f.o.b. origin*, contractor’s facility.

47.303-3 F.o.b. origin, freight allowed.

(a) *Explanation of delivery term.*"*F.o.b. origin*, *freight* allowed" means-

(1) Free of expense to the Government delivered-

(i) On board the indicated type or conveyance of the *carrier* (or of the Government, if specified) at a designated point in the city, county, and State from which the *shipments* will be made and from which line-haul transportation service (as distinguished from switching, local drayage, or other terminal service) will begin;

(ii) To, and placed on, the *carrier*’s wharf (at shipside, within reach of the ship’s loading tackle, when the shipping point is within a port area having water transportation service) or the *carrier*’s *freight* station;

(iii) To a U.S. Postal Service facility; or

(iv) If stated in the *solicitation*, to any Government-designated point located within the same city or commercial zone as the *f.o.b. origin* point specified in the contract (the Federal Motor *Carrier* Safety Administration prescribes commercial zones at Subpart B of 49 CFR part 372); and

(2) An allowance for *freight*, based on applicable published tariff rates (or *Government rate tenders*) between the points specified in the contract, is deducted from the contract price.

(b) *Contractor responsibilities.* The contractor’s responsibilities are the same as those listed in 47.303-1(b).

(c) *Contract clause.* The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-31, *F.o.b. Origin*, *Freight* Allowed, when the delivery term is *f.o.b. origin*, *freight* allowed.

47.303-4 F.o.b. origin, freight prepaid.

(a) *Explanation of delivery term.*"*F.o.b. origin*, *freight* prepaid" means-

(1) Free of expense to the Government delivered-

(i) On board the indicated type of conveyance of the *carrier* (or of the Government, if specified) at a designated point in the city, county, and State from which the *shipments* will be made and from which line-haul transportation service (as distinguished from switching, local drayage, or other terminal service) will begin;

(ii) To, and placed on, the *carrier*'s wharf (at shipside, within reach of the ship's loading tackle, when the shipping point is within a port area having water transportation service) or the *carrier*'s *freight* station;

(iii) To a U.S. Postal Service facility; or

(iv) If stated in the *solicitation*, to any Government-designated point located within the same city or commercial zone as the *f.o.b. origin* point specified in the contract (the Federal Motor *Carrier* Safety Administration prescribes commercial zones at Subpart B of 49 CFR part 372); and

(2) The cost of transportation, ultimately the Government's obligation, is prepaid by the contractor to the point specified in the contract.

(b) *Contractor responsibilities.* The contractor's responsibilities are the same as those listed in 47.303-1(b), except that the contractor *shall* prepare commercial bills of lading or other transportation receipts and *shall* prepay all *freight* charges to the extent specified in the contract.

(c) *Contract clause.* The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-32, *F.o.b. Origin*, *Freight* Prepaid, when the delivery term is *f.o.b. origin*, *freight* prepaid.

47.303-5 F.o.b. origin, with differentials.

(a) *Explanation of delivery term.*"*F.o.b. origin*, with differentials" means-

(1) Free of expense to the Government delivered-

(i) On board the indicated type of conveyance of the *carrier* (or of the Government, if specified) at a designated point in the city, county, and State from which the *shipments* will be made and from which line-haul transportation service (as distinguished from switching, local drayage, or other terminal service) will begin;

(ii) To, and placed on, the *carrier*'s wharf (at shipside, within reach of the ship's loading tackle, when the shipping point is within a port area having water transportation service) or the *carrier*'s *freight* station;

(iii) To a U.S. Postal Service facility; or

(iv) If stated in the *solicitation*, to any Government-designated point located within the same city or commercial zone as the *f.o.b. origin* point specified in the contract (the Federal Motor *Carrier* Safety Administration prescribes commercial zones at Subpart B of 49 CFR part 372); and

(2) Differentials for mode of transportation, type of vehicle, or place of delivery as indicated in contractor's *offer may* be added to the contract price.

(b) *Contractor responsibilities.* The contractor's responsibilities are the same as those listed in 47.303-1(b).

(c) *Contract clause*. Insert in *solicitations* and contracts the clause at 52.247-33, *F.o.b. Origin*, with Differentials, when it is likely that *offerors may* include in *f.o.b. origin offers* a contingency to compensate for unfavorable routing conditions by the Government at the time of *shipment*.

47.303-6 F.o.b. destination.

(a) *Explanation of delivery term*."*F.o.b. destination*"- means-

(1) Free of expense to the Government delivered, on board the *carrier*'s conveyance, at a specified delivery point where the consignee's facility (plant, warehouse, store, lot, or other location to which *shipment* can be made) is located; and

(2) *Supplies shall* be delivered to the destination consignee's wharf (if destination is a port city and *supplies* are for export), warehouse unloading platform, or receiving dock, at the expense of the contractor. The Government *shall* not be liable for any delivery, storage, demurrage, accessorial, or other charges involved before the actual delivery (or "constructive placement" as defined in *carrier* tariffs) of the *supplies* to the destination, unless such charges are caused by an act or order of the Government acting in its contractual capacity. If rail *carrier* is used, *supplies shall* be delivered to the specified unloading platform of the consignee. If motor *carrier* (including "piggyback") is used, *supplies shall* be delivered to truck tailgate at the unloading platform of the consignee, except when the *supplies* delivered meet the requirements of Item568 of the National Motor *Freight* Classification for "heavy or bulky *freight*." When *supplies* meeting the requirements of the referenced Item568 are delivered, unloading (including movement to the tailgate) *shall* be performed by the consignee, with assistance from the truck driver, if requested. If the contractor uses rail *carrier* or *freight* forwarder for less than carload *shipments*, the contractor *shall* ensure that the *carrier* will furnish tailgate delivery when required, if transfer to truck is required to complete delivery to consignee.

(b) *Contractor responsibilities.* The contractor *shall*-

(1)

(i) Pack and mark the *shipment* to comply with contract specifications; or

(ii) In the absence of specifications, prepare the *shipment* in conformance with *carrier* requirements;

(2) Prepare and distribute commercial bills of lading;

(3) Deliver the *shipment* in good order and condition to the point of delivery specified in the contract;

(4) Be responsible for any loss of and/or damage to the goods occurring before receipt of the *shipment* by the consignee at the delivery point specified in the contract;

(5) Furnish a delivery schedule and designate the mode of delivering *carrier*; and

(6) Pay and bear all charges to the specified point of delivery.

(c) *Contract clause*. The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-34, *F.o.b. Destination*, when the delivery term is *f.o.b. destination*.

47.303-7 F.o.b. destination, within consignee’s premises.

(a) *Explanation of delivery term.*"*F.o.b. destination*, within consignee’s premises" means free of expense to the Government delivered and laid down within the doors of the consignee’s premises, including delivery to specific rooms within a building if so specified.

(b) *Contractor responsibilities.* The contractor’s responsibilities are the same as those listed in 47.303-6(b).

(c) *Contract clause.* The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-35, *F.o.b. Destination*, within Consignee’s Premises, when the delivery term is *f.o.b. destination*, within consignee’s premises.

47.303-8 F.a.s. vessel, port of shipment.

(a) *Explanation of delivery term.*"F.a.s. vessel, port of *shipment*" means free of expense to the Government delivered alongside the ocean vessel and within reach of its loading tackle at the specified port of *shipment*.

(b) *Contractor responsibilities.* The contractor *shall*-

(1)

(i) Pack and mark the *shipment* to comply with contract specifications; or

(ii) In the absence of specifications, prepare the *shipment* for ocean transportation in conformance with *carrier* requirements to protect the goods and to ensure assessment of the lowest applicable transportation charge;

(2)

(i) Deliver the *shipment* in good order and condition alongside the ocean vessel and within reach of its loading tackle, at the point of delivery and on the date or within the period specified in the contract; and

(ii) Pay and bear all applicable charges, including transportation costs, wharfage, handling, and heavy lift charges, if necessary, up to this point;

(3) Provide a clean dock or ship’s receipt;

(4) Be responsible for any loss of and/or damage to the goods occurring before delivery of the *shipment* to the point specified in the contract; and

(5) At the Government’s request and expense, assist in obtaining the documents required for-

(i) Exportation; or

(ii) Importation at destination.

(c) *Contract clause.* The *contracting officer shall* insert in *solicitations* and contracts the clause at

52.247-36, F.a.s. Vessel, Port of *Shipment*, when the delivery term is f.a.s. vessel, port of *shipment*.

47.303-9 F.o.b. vessel, port of shipment.

(a) *Explanation of delivery term.*"F.o.b. vessel, port *shipment*" means free of expense to the Government loaded, stowed, and trimmed on board the ocean vessel at the specified port of *shipment*.

(b) *Contractor responsibilities*. The contractor *shall-*

(1)

(i) Pack and mark the *shipment* to comply with contract specifications; or

(ii) In the absence of specifications, prepare the *shipment* for ocean transportation in conformance with *carrier* requirements to protect the goods and to ensure assessment of the lowest applicable transportation charge;

(2)

(i) Deliver the *shipment* on board the ocean vessel in good order and condition on the date or within the period fixed; and

(ii) Pay and bear all charges incurred in placing the *shipment* actually on board;

(3) Provide a clean ship’s receipt or on-board ocean *bill of lading*;

(4) Be responsible for any loss of and/or damage to the goods occurring before delivery of the *shipment* on board the ocean vessel; and

(5) At the Government’s request and expense, assist in obtaining the documents required for-

(i) Exportation; or

(ii) Importation at destination.

(c) *Contract clause*. The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-37, F.o.b. Vessel, Port of *Shipment*, when the delivery term is f.o.b. vessel, port of *shipment*.

47.303-10 F.o.b. inland carrier, point of exportation.

(a) *Explanation of delivery term.*"F.o.b. inland *carrier*, point of exportation" means free of expense to the Government, on board the conveyance of the inland *carrier*, delivered to the specified point of exportation.

(b) *Contractor responsibilities.* The contractor *shall-*

(1)

(i) Pack and mark the *shipment* to comply with contract specifications; or

(ii) In the absence of specifications, prepare the *shipment* for ocean transportation in conformance with *carrier* requirements to protect the goods and to ensure assessment of the lowest applicable transportation charge;

(2) Prepare and distribute commercial bills of lading;

(3)

(i) Deliver the *shipment* in good order and condition in or on the conveyance of the *carrier* on the date or within the period specified; and

(ii) Pay and bear all applicable charges, including transportation costs, to the point of delivery specified in the contract;

(4) Be responsible for any loss of and/or damage to the goods occurring before delivery of the *shipment* to the point of delivery specified in the contract; and

(5) At the Government's request and expense, assist in obtaining the documents required for-

(i) Exportation; or

(ii) Importation at destination.

(c) *Contract clause.* The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-38, F.o.b. Inland *Carrier*, Point of Exportation, when the delivery term is f.o.b. inland *carrier*, point of exportation.

47.303-11 F.o.b. inland point, country of importation.

(a) *Explanation of delivery term.*"F.o.b. inland point, country of importation" means free of expense to the Government, on board the indicated type of conveyance of the *carrier*, delivered to the specified inland point where the consignee's facility is located.

(b) *Contractor responsibilities.* The contractor *shall-*

(1)

(i) Pack and mark the *shipment* to comply with contract specifications; or

(ii) In the absence of specifications, prepare the *shipment* for ocean transportation in conformance with *carrier* requirements to protect the goods;

(2)

(i) Deliver, in or on the inland *carrier*'s conveyance, the *shipment* in good order and condition to the specified inland point where the consignee's facility is located;

(ii) Pay and bear all applicable charges incurred up to the point of delivery, including transportation

costs; export, import, or other fees or taxes; costs of landing; wharfage costs; customs duties and costs of certificates of origin; consular *invoices*; and other documents that *may* be required for importation; and

(3) Be responsible for any loss of and/or damage to the goods until their arrival on or in the *carrier*'s conveyance at the specified inland point.

(c) *Contract clause.* The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-39, F.o.b. Inland Point, Country of Importation, when the delivery term is f.o.b. inland point, country of importation.

47.303-12 Ex dock, pier, or warehouse, port of importation.

(a) *Explanation of delivery term.*"Ex dock, pier, or warehouse, port of importation" means free of expense to the Government delivered on the designated dock or pier or in the warehouse at the specified port of importation.

(b) *Contractor responsibilities.* The contractor *shall-*

(1)

(i) Pack and mark the *shipment* to comply with contract specifications; or

(ii) In the absence of specifications, prepare the *shipment* for ocean transportation in conformance with *carrier* requirements to protect the goods;

(2)

(i) Deliver *shipment* in good order and condition; and

(ii) Pay and bear all charges up to the point of delivery specified in the contract, including transportation costs; export, import, or other fees or taxes; costs of wharfage and landing, if any; customs duties; and costs of certificates of origin, consular *invoices*, or other documents that *may* be required for exportation or importation; and

(3) Be responsible for any loss of and/or damage to the goods occurring before delivery of the *shipment* to the point of delivery specified in the contract.

(c) *Contract clause.* The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-40, Ex Dock, Pier, or Warehouse, Port of Importation, when the delivery term is ex dock, pier, or warehouse, port of importation.

47.303-13 C. & f. destination.

(a) *Explanation of delivery term.*"C.&f. (cost & *freight*) destination" means free of expense to the Government delivered on board the ocean vessel to the specified point of destination, with the cost of transportation paid by the contractor.

(b) *Contractor responsibilities.* The contractor *shall-*

(1)

(i) Pack and mark the *shipment* to comply with contract specifications; or

(ii) In the absence of specifications, prepare the *shipment* for ocean transportation in conformance with *carrier* requirements;

(2)

(i) Deliver the *shipment* in good order and condition; and

(ii) Pay and bear all applicable charges to the point of destination specified in the contract, including transportation costs and export taxes or other fees or charges levied because of exportation;

(3) Obtain and dispatch promptly to the Government clean on-board ocean bills of lading to the specified point of destination.

(4) Be responsible for any loss of and/or damage to the goods occurring before delivery; and

(5) At the Government's request and expense, provide certificates of origin, consular *invoices*, or any other documents issued in the country of origin or of *shipment*, or both, that *may* be required for importation into the country of destination.

(c) *Contract clause.* The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-41, C.&f. Destination, when the delivery term is c.&f. (Cost & *freight*) destination.

47.303-14 C.i.f. destination.

(a) *Explanation of delivery term.*"C.i.f. (Cost, *insurance*, *freight*) destination" means free of expense to the Government delivered on board the ocean vessel to the specified point of destination, with the cost of transportation and marine *insurance* paid by the contractor.

(b) *Contractor responsibilities.* The contractor's responsibilities are the same as those listed in 47.303-13(b), except that, in addition, the contractor *shall* obtain and dispatch to the Government an *insurance* policy or certificate providing the amount and extent of marine *insurance* coverage specified in the contract or agreed upon by the Government *contracting officer*.

(c) *Contract clause.* The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-42, C.i.f. (Cost, *insurance*, *freight*) Destination, when the delivery term is c.i.f. destination.

47.303-15 F.o.b. designated air carrier's terminal, point of exportation.

(a) *Explanation of delivery term.*"F.o.b. designated air *carrier*'s terminal, point of exportation" means free of expense to the Government loaded aboard the aircraft, or delivered to the custody of the air *carrier* (if only the air *carrier* performs the loading), at the air *carrier*'s terminal specified in the contract.

(b) *Contractor responsibilities.* The contractor *shall-*

(1)

(i) Pack and mark the *shipment* to comply with contract specifications; or

(ii) In the absence of specifications, prepare the *shipment* for air transportation in conformance with *carrier* requirements to protect the goods and to ensure assessment of the lowest applicable transportation charge;

(2)

(i) Deliver the *shipment* in good order and condition into the conveyance of the *carrier*, or to the custody of the *carrier* (if only the *carrier* performs the loading), at the point of delivery and on the date or within the period specified in the contract; and

(ii) Pay and bear all applicable charges up to this point;

(3) Provide a clean *bill of lading* and/or air waybill;

(4) Be responsible for any loss of and/or damage to the goods occurring before delivery of the goods to the point specified in the contract; and

(5) At the Government's request and expense, assist in obtaining the documents required for the purpose of exportation.

(c) *Contract clause.* The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-43. F.o.b. Designated Air *Carrier*'s Terminal, Point of Exportation, when the delivery term is f.o.b. designated air *carrier*'s terminal, point of exportation.

47.303-16 F.o.b. designated air carrier's terminal, point of importation.

(a) *Explanation of delivery term.*"F.o.b. designated air *carrier*'s terminal, point of importation" means free of expense to the Government delivered to the air *carrier*'s terminal at the point of importation specified in the contract.

(b) *Contractor responsibilities.* The contractor *shall-*

(1)

(i) Pack and mark the *shipment* to comply with contract specifications; or

(ii) In the absence of specifications, prepare the *shipment* for air transportation in conformance with *carrier* requirements to protect the goods;

(2) Prepare and distribute bills of lading or air waybills;

(3)

(i) Deliver the *shipment* in good order and condition to the point of delivery specified in the contract; and

(ii) Pay and bear all charges incurred up to the point of delivery specified in the contract, including transportation costs; export, import, or other fees or taxes; cost of landing, if any; customs duties; and costs of certificates of origin, consular *invoices*, or other documents that *may* be required for exportation or importation; and

(4) Be responsible for any loss of and/or damage to the goods until delivery of the goods to the Government at the designated air *carrier*'s terminal.

(c) *Contract clause*. The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-44, F.o.b. Designated Air *Carrier*'s Terminal, Point of Importation, when the delivery term is f.o.b. designated air *carrier*'s terminal, point of importation.

47.303-17 Contractor-prepaid commercial bills of lading, small package shipments.

(a) If it is advantageous to the Government, the *contracting officer may* authorize the contractor to ship *supplies*, which have been acquired *f.o.b. origin*, to domestic destinations, including DoD air and water terminals by *common carriers* on commercial bills of lading. Such *shipments shall* not exceed 150 pounds by commercial air or 1,000 pounds by other commercial *carriers* and *shall* not have a security classification.

(b) The *contracting officer may* authorize the *shipments* under paragraph (a) of this subsection to be consolidated with the contractor's own prepaid *shipments* for delivery to one or more destinations, if all appropriate *f.o.b. origin shipments* under one or more Government contracts have been consolidated initially. The contractor *may* be authorized to consolidate less-than-carload or less-than-truckload Government *shipments* with its own *shipments* so that the Government can take advantage of lower carload or truckload *freight* costs. The Government *shall* assume its pro rata share of the combined *shipment* cost. Agency transportation personnel *shall* evaluate overall transportation costs before authorizing any movement to ensure savings to the Government consistent with other contract and traffic management considerations. When consolidation is authorized, a copy of the commercial *bill of lading shall* be mailed promptly to each consignee.

(c) *Shipments* under prepaid commercial bills of lading, as authorized in paragraph (a) of this subsection, do not require a *contract modification*. Unless otherwise provided in the contract, the *supplies* move for the account of, and at the risk of, the Government. The *supplies* become Government property when loaded on the *carrier*'s equipment and the contractor has obtained the *carrier*'s receipt. The contractor pays the transportation charges and is reimbursed by the Government. Loss or damage *claims shall* be processed in accordance with agency regulations.

(d) The contractor's *invoice* for reimbursement by the Government *shall* show the prepaid transportation charges as agreed (see paragraph (b) of this subsection), as a separate item for each individual *shipment*. The contractor *shall* support the transportation charges with a copy of the *carrier*'s receipted *freight* bill or other evidence of receipt, except as follows:

(1) A Government agency *may* determine that receipted *freight* bills or other evidence of receipt are not required for transportation charges of $100 or less.

(2) A Government agency *may* pay an invoiced but unsupported transportation charge of $250 or

less per transaction (*i.e.,* purchase, *invoice*, or aggregate billing or payment for multiple purchases), if-

(i) The contractor cannot reasonably provide a receipted *freight* bill; and

(ii) The agency has determined that the charges are reasonable. Determination of reasonableness *may* be based on-

(A) Past experience (authenticated transportation charges for similar *shipments*);

(B) Rate checks;

(C) Copies of previous *freight* bills submitted by the contractor; or

(D) Other information submitted by the contractor to substantiate the amount claimed.

(3) Receipted *freight* bills in support of invoiced transportation charges of $100 or less are not required for reimbursement by the Government, if-

(i) The underlying contract specifies retention by the contractor of all records for at least 3 years after final payment under the contract; and

(ii) The contractor agrees to furnish evidence of payment when requested by the Government.

(e) *Shipments* and *invoices shall* not be split to reduce transportation charges to $100 or less per transaction as a means of avoiding the required documented support for the charges. See paragraph (d)(2) of this subsection for unsupported transportation charges of $250 or less.

(f) The *contracting officer shall* insert the clause at 52.247-65, *F.o.b. Origin*, Prepaid *Freight*-Small Package *Shipments*, in *solicitations* and contracts when *f.o.b. origin shipments* are to be made.

47.304 Determination of delivery terms.

47.304-1 General.

(a) The *contracting officer shall* determine f.o.b. terms generally on the basis of overall costs, giving due consideration to the criteria given in 47.304.

(b) *Solicitations shall* specify whether *offerors must* submit *offers f.o.b. origin*, *f.o.b. destination*, or both; or whether *offerors may* choose the basis on which they make an *offer*. The *contracting officer shall* consider the most advantageous delivery point, such as-

(1) *F.o.b. origin*, *carrier*'s equipment, wharf, or specified *freight* station near contractor's plant; or

(2) *F.o.b. destination*.

(c) In determining whether *f.o.b. origin* or *f.o.b. destination* is more advantageous to the Government, the *contracting officer shall* consider the availability of lower *freight* rates (*Government rate tenders*) to the Government for *f.o.b. origin acquisitions*. *F.o.b. origin* contracts also present other desirable traffic management features, in that they-

(1) Permit use of transit privileges (see 47.305-13);

(2) Permit diversions to new destinations without price adjustment for transportation (see 47.305-11);

(3) Facilitate use of special routings or types of equipment (*e.g.,* circuitous routing or oversize *shipments*) (see 47.305-14);

(4) Facilitate, if necessary, use of premium cost transportation and permit Government-controlled transportation;

(5) Permit negotiations for reduced *freight* rates (see 47.104-1(b)); and

(6) Permit use of small *shipment* consolidation stations.

(d) When destinations are tentative or unknown, the *solicitation shall* be *f.o.b. origin* only (see 47.305-5).

(e) When the size or quantity of *supplies* with confidential or higher security classification requires commercial transportation services, the *contracting officer shall* generally specify *f.o.b. origin acquisitions*.

(f) When acceptance *must* be at destination, *solicitation shall* be on an *f.o.b. destination* only basis.

(g) Following are examples of situations when *solicitations shall* normally be on an *f.o.b. destination* only basis because it is advantageous to the Government (see 47.305-4):

(1) Bulk *supplies*, such as coal, that require other than Government-owned or operated handling, storage, and loading facilities, are destined for *shipment* outside CONUS.

(2) Steel or other bulk *construction products* are destined for *shipment* outside CONUS.

(3) *Supplies* consist of forest *products* such as lumber.

(4) Perishable or medical *supplies* are subject to in-transit deterioration.

(5) Evaluation of *f.o.b. origin offers* is anticipated to result in increased administrative lead time or administrative cost that would outweigh the potential advantages of an *f.o.b. origin* determination.

47.304-2 Shipments within CONUS.

(a) *Solicitations shall* provide that *offers may* be submitted on the basis of either or both f.o.b origin and *f.o.b. destination* and that they will be evaluated on the basis of the lowest overall cost to the Government.

(b) When sufficient reasons exist not to follow this policy, the contract file *shall* be documented to include the reasons.

47.304-3 Shipments from CONUS for overseas delivery.

(a) When Government *acquisitions* involve *shipments* from CONUS to overseas destinations, delivery

f.o.b. origin may afford not only the economies of lower *freight* rates available to the Government within CONUS, but also flexibility for selection of-

(1) The port of export; and

(2) The ocean transportation providing the lowest overall cost to the Government.

(b)

(1) Unless there are valid reasons to the contrary (see 47.304-5), *acquisition* of *supplies* originating within CONUS for ultimate delivery to destinations outside CONUS *shall* be made on the basis of *f.o.b. origin*. This policy applies to *supplies* and equipment to be shipped either directly to a port area for export or to a storage or holding area for subsequent forwarding to a port area for export.

(2) Justification for the *solicitation* of *offers* on other than an *f.o.b. origin* basis *shall* be recorded and the contract file documented accordingly.

(c) Export cargo involves considerations of operational and cost factors from the point of origin within CONUS to the overseas port destination. The lowest cost of shipping can be determined only by evaluating and comparing the various prospective landed costs (including inland, terminal, and ocean costs). Also, agencies *may* have export licensing privileges for *shipments* to foreign destinations. The *contracting officer shall* obtain advice from the transportation officer to ensure full use of these privileges.

47.304-4 Shipments originating outside CONUS.

(a) Unless there are valid reasons to the contrary (see 47.304-5), *acquisition* of *supplies* originating outside CONUS for ultimate delivery to destinations within CONUS or elsewhere, regardless of the quantity of the *shipments*, *shall* be on the basis of *f.o.b. origin* or *f.o.b. destination*, whichever is more advantageous to the Government.

(b) The *contracting officer shall* request the advice of the transportation officer to determine the most appropriate place of delivery to be specified in *acquisition* documents, giving full consideration to the possible use of Government transportation facilities, reduced rates available, special licensing or custom requirements, and availability of U.S. flag shipping services between the points involved (see subpart 47.5).

47.304-5 Exceptions.

(a) Unusual conditions or circumstances *may* require the use of terms other than *f.o.b. origin* or *f.o.b. destination*. Such conditions or circumstances include, but are not limited to-

(1) Transportation disabilities at origin or destination;

(2) Mode of transportation required;

(3) Availability of Government or commercial loading, unloading, or transshipment facilities;

(4) Characteristics of the *supplies*;

(5) Trade customs related to certain *supplies*;

(6) Origins or destinations in Alaska and Hawaii; and

(7) Program requirements.

(b) *Contracting officers shall* obtain assistance from transportation officers before issuing *solicitations* when unusual conditions or circumstances exist that relate to f.o.b. terms.

47.305 Solicitation provisions, contract clauses, and transportation factors.

(a) The *contracting officer shall* coordinate transportation factors with the transportation office during the planning, *solicitation*, and award phases of the *acquisition* process (see 47.105).

(b) To the extent feasible, activities *shall* schedule deliveries to effect savings in transportation costs, and concomitant reductions in energy consumption by *carriers* (see 47.305-7 and 47.305-8 for specific possibilities).

47.305-1 Solicitation requirements.

When the *acquisition* of *supplies* is on *f.o.b. origin* or *f.o.b. destination* delivery terms, the *contracting officer shall* include in *solicitations* a requirement that the *offeror* furnish the Government as much of the following data as is applicable to the particular *acquisition*:

(a) Modes of transportation and, if rail transportation is used, names of rail *carriers* serving the *offeror*'s facility.

(b) The number of railroad cars, motor trucks, or other conveyances that can be loaded per *day*.

(c) Type of packaging; *e.g.,* box, carton, crate, drum, bundle, skids, and when applicable, package number from the governing *freight* classification.

(d) Number of units packed in one container.

(e) Guaranteed maximum shipping weight; cubic measurement; and length, width, and height of each container.

(f) Minimum size of each *shipment*.

(g) Number of containers or units that can be loaded in a car, truck, or other conveyance of the size normally used (specify type and size) for the commodity.

(h) Description of material in terms of the governing *freight* classification or tariff (or *Government rate tender*) under which lowest *freight* rates are applicable.

(i) Benefits available to the Government under transit arrangements made by the *offeror*.

(j) Other requirements as stated under specific section headings.

47.305-2 Solicitations f.o.b. origin and f.o.b. destination-lowest overall cost.

(a) *Solicitations*, when appropriate, *shall* specify that *offers may* be *f.o.b. origin*, *f.o.b. destination*, or both; and that they will be evaluated on the basis of the lowest overall cost to the Government.

(b) When *offers* are solicited on the basis of both *f.o.b. origin* and *f.o.b. destination*, the *contracting officer shall* insert in *solicitations* the provision at 52.247-45, *F.o.b. Origin* and/or *F.o.b. Destination* Evaluation.

47.305-3 F.o.b. origin solicitations.

When preparing *f.o.b. origin solicitations*, the *contracting officer shall* refer to 47.303, where *f.o.b. origin* clauses relating to standard delivery terms are prescribed. Supply *solicitations* that will or *may* result in *f.o.b. origin* contracts *shall* also contain requirements, information, provisions, and clauses concerning the following items:

(a) Delivery in carload or truckload lots f.o.b. *carrier*'s equipment, wharf, or *freight* station.

(b) The requirement that the *offeror* furnish the following information with the *offer*:

(1) Location of the *offeror*'s actual shipping point(s) (street address, city, State, and ZIP code) from which *supplies* will be delivered to the Government.

(2) Whether the *offeror*'s shipping point has a private railroad siding, and the name of the rail *carrier* serving it.

(3) When the *offeror*'s shipping point does not have a private siding, the names and addresses of the nearest public rail siding and of the *carrier* serving it. (This will enable transportation officers, when issuing routing instructions, to select the mode of transportation that will provide the required service at the lowest possible overall cost.)

(4)

(i) The quantity of *supplies* to be shipped from each shipping point.

(ii) The *contracting officer shall* insert in *f.o.b. origin solicitations* the provision at 52.247-46, Shipping Point(s) Used in Evaluation of *F.o.b. Origin Offers*, when price evaluation for *shipments* from various shipping points is contemplated.

(c) When delivery is "*f.o.b. origin*, contractor's facility," and the designated facility is not covered by the line-haul transportation rate, the charges required to deliver the *shipment* to the point where the line-haul rate is applicable.

(d) When delivery is "*f.o.b. origin*, *freight* allowed," the basis on which transportation charges will be allowed, including the origin and destination from and to which transportation charges will be allowed.

(e) If *f.o.b. origin offers* only are desired, a statement that *offers* submitted on any other basis will be rejected as nonresponsive.

(f)

(1) *The methods of transportation used in evaluating offers.* The Government normally uses land transportation by regulated *common carriers* between points in the 48 *contiguous United States* and the District of Columbia.

(2) The *contracting officer shall* insert the provision at 52.247-47, Evaluation-*F.o.b. Origin*, in *solicitations* that require prices *f.o.b. origin* for the purpose of establishing the basis on which *offers* will be evaluated.

(g)

(1) When it is believed that prospective contractors are likely to include in *f.o.b. origin offers* a contingency to compensate for what *may* be an unfavorable routing condition by the Government at the time of *shipment*, the *contracting officer may* permit prospective contractors to state in *offers* a reimbursable differential that represents the cost of bringing the *supplies* to any *f.o.b. origin* place of delivery specified by the Government at the time of *shipment* (see the clause at 52.247-33, *F.o.b. Origin*, with Differentials).

(2) Following are situations that might impose on the contractor a substantial cost above "at plant" or "commercial shipping point" prices because of Government-required routings:

(i) The loading nature of the *supplies*; *e.g.,* wheeled vehicles.

(ii) The different methods of *shipment* specified by the Government; *e.g.,* towaway, driveaway, tri-level vehicle, or rail car, that *may* increase the contractor's cost in varying amounts for bringing the *supplies* to, or loading and bracing the *supplies* at, the specified place of delivery.

(iii) The contractor's *f.o.b. origin* shipping point is a port city served by *United States* inland, coastwise, or intercoastal water transportation, and the contractor would incur additional costs to make delivery f.o.b. a wharf in that city to accommodate water routing specified by the Government.

(iv) The contractor's plant does not have a private rail siding and in order to ship by Government-specified rail routing, the contractor would be required to deliver the *supplies* to a public siding or *freight* terminal and to load, brace, and install dunnage in rail cars.

47.305-4 F.o.b. destination solicitations.

(a) When preparing f.o.b destination *solicitations*, the *contracting officer shall* refer to 47.303 for the prescription of *f.o.b. destination* clauses relating to standard delivery terms.

(b) If *f.o.b. destination* only *offers* are desired, the *solicitation shall* state that *offers* submitted on a basis other than *f.o.b. destination* will be rejected as nonresponsive.

(c) When *supplies* will or *may* be purchased *f.o.b. destination* but *inspection* and acceptance will be at origin, the *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-48, *F.o.b. Destination*-Evidence of *Shipment*.

47.305-5 Destination unknown.

(a)

(1) When destinations are unknown, *solicitations shall* be *f.o.b. origin* only.

(2) The *contracting officer shall* include in the contract file justifications for such *solicitations*.

(b)

(1) When the exact destination of the *supplies* to be acquired is not known, but the general location of the users can be reasonably established, the acquiring activity *shall* designate tentative destinations for the purpose of computing transportation costs, showing estimated quantities for each tentative destination.

(2) The *contracting officer shall* insert in *solicitations* the provision at 52.247-49, Destination Unknown, when destinations are tentative and only for the purpose of evaluating *offers*.

(3) If it is necessary to control subsequent shipping weights, the *solicitation shall* state that subsequent *shipments shall* be made in carloads or truckloads (see the clause at 52.247-59, *F.o.b. Origin*-Carload and Truckload *Shipments*).

(c)

(1) When exact destinations are not known and it is impracticable to establish tentative or general delivery places for the purpose of evaluating transportation costs, the *contracting officer shall* insert in *solicitations* the provision at 52.247-50, No Evaluation of Transportation Costs.

(2) The *solicitation shall* also state that the transportation costs of subsequent *shipments must* be controlled (see, for example, the clause at 52.247-61, *F.o.b. Origin*-Minimum Size of *Shipments*).

47.305-6 Shipments to ports and air terminals.

(a) When *supplies* are acquired on the basis of the delivery terms in 47.303-8 through 47.303-16, the *solicitation shall* include a requirement that the *offeror* furnish the Government the following information:

(1) When the delivery term is "f.a.s. vessel, port of *shipment*," "f.o.b. vessel, port of *shipment*," or "f.o.b. inland *carrier*, point of exportation," the required data *shall* include-

(i) A delivery schedule in number of units and/or long or short tons;

(ii) Maximum quantities available per *shipment*;

(iii) The quantity that can be made available for loading to vessel per running *day* of 24 hours (if *acquisition* involves a commodity to be shipped in bulk);

(iv) The minimum leadtime required to make *supplies* available for loading to vessel; and

(v) The port and pier or other designation and, when applicable, the maximum draft of vessel (in feet) that can be accommodated.

(2) When the delivery term is: f.o.b. inland point, country of importation" or "f.o.b. designated air *carrier*'s terminal, point of importation," the required data *shall* include-

(i) A delivery schedule in number of units and/or long or short tons;

(ii) Maximum quantities available per *shipment*; and

(iii) Other data appropriate to *shipment* by air *carrier*.

(3) When the delivery term is "ex dock, pier or warehouse, port of importation" or "c.&f. (cost & *freight*) destination," the required data *shall* include-

(i) A delivery schedule in number of units and/or long or short tons;

(ii) Maximum quantities available per *shipment*; and

(iii) The number of containers or units that can be loaded in a car, truck, or other conveyance of the size normally used (specify type and size) for the commodity.

(4) When the delivery term is "c.i.f. (cost, *insurance*, *freight*) destination," the required data *shall* include-

(i) The same as specified in 47.305-6(a)(3); and

(ii) The amount and type of marine *insurance* coverage; *e.g.,* whether the coverage is "With Average" or "Free of Particular Average" and whether it covers any special risks or excludes any of the usual risks associated with the specific commodity involved.

(5) When the delivery term is "f.o.b. designated air *carrier*'s terminal, point of exportation," the required data *shall* include-

(i) A delivery schedule number of units, type of package, and individual weight and dimensions of each package;

(ii) Minimum leadtime required to make *supplies* available for loading into aircraft;

(iii) Name of airport and location to which *shipment* will be delivered; and

(iv) Other data appropriate to *shipment* by air *carrier*.

(b) When *supplies* are acquired for known destinations outside CONUS and originate within CONUS, the *contracting officer shall*, for transportation evaluation purposes, note in the *solicitation* the CONUS port of loading or point of exit (aerial or water) and the water port of debarkation that serves the overseas destination.

(c) The *contracting officer may* also, for evaluation purposes, list in the *solicitation* other CONUS ports that meet the eligibility criteria compatible with the nature and quantity of the *supplies*, their destination, type of *carrier* required, and specified overseas delivery dates. This permits *offerors* that are geographically remote from the port that normally serves the overseas destination to be competitive as far as transportation costs are concerned.

(d) Unless logistics requirements limit the ports of loading to the ports listed in the *solicitation*, the *solicitation shall* state that-

(1) *Offerors may* nominate additional ports (including ports in Alaska and Hawaii) more favorably located to their shipping points; and

(2) These ports will be considered in the evaluation of *offers* if they possess all requisite capabilities of the listed ports in relation to the *supplies* being acquired.

(e) When *supplies* are to be exported through CONUS ports and *offers* are solicited on an *f.o.b. origin* or *f.o.b. destination* basis, the *contracting officer shall* insert in *solicitations* the provision at 52.247-51, Evaluation of Export *Offers*. The *contracting officer shall* use the provision with its-

(1) AlternateI, when the CONUS ports of export are DoD water terminals;

(2) AlternateII, when *offers* are solicited on an f.o. b. origin only basis; or

(3) AlternateIII, when *offers* are solicited on an *f.o.b. destination* only basis.

(f)

(1) When the *supplies* are to move in the Defense Transportation System (DTS) (see 47.301-3), the contract *shall* specify that-

(i) A Transportation Control Movement Document (TCMD) *must* be dispatched to the appropriate DoD air or water clearance authority in accordance with DoD 4500.9-R, Defense Transportation Regulation, Part II, procedures for all *shipments* consigned to DoD air or water terminal transshipment points; and

(ii) An Export Release *must* be obtained for *supplies* to be transshipped via a water port of loading to overseas destinations, except for *shipments* for which an Export Release is not required, generally *shipments* of less than 10,000 pounds, (see DoD 4500.9-R, Defense Transportation Regulation, Part II).

(2) When *shipments* will be consigned to DoD air or water terminal transshipment points, the *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-52, Clearance and Documentation Requirements-*Shipments* to DoD Air or Water Terminal Transshipment Points.

(g) When a contract will not generate any *shipments* that require an Export Release, only the DoD CONUS ports that serve the overseas destination *shall* be listed in the *solicitation*, except that the responsible *contracting officer may* limit the water ports listed when such limitation is considered necessary to meet delivery or other requirements.

(h) The award *shall* specify the *United States* ports of loading that afford the lowest overall cost to the overseas destination.

(i) When *supplies* will be from origins outside CONUS to destinations either within or outside CONUS, the *contracting officer shall* use the appropriate f.o.b. term and include evaluation-of-*offers* information.

(j) In furtherance of the Cargo Preference Act of1954 (46 U.S.C. 1241(b)), to encourage and foster the American Merchant Marine, the port of delivery of *supplies* originating outside the *United States*

and shipped by ocean vessel *shall* be based on the availability of *United States*-flag vessels between the ports involved, unless the acquiring activity has given other specific instructions. (See subpart 47.5-Ocean Transportation by U.S.-Flag Vessels.)

(k) For application of the Fly America Act to the transportation of *supplies* and personnel when the Government is responsible for the transportation costs, see subpart 47.4-Air Transportation by U.S.-Flag *Carriers*.

(l) Military and civilian agencies *shall* obtain assistance from transportation offices in connection with all export *shipments* (see 47.105).

47.305-7 Quantity analysis, direct delivery, and reduction of crosshauling and backhauling.

(a) Quantity analysis.

(1) The requiring activity *shall* consider the *acquisition* of carload or truckload quantities.

(2) When additional quantities of the *supplies* being acquired can be transported at lower unit transportation costs or with a relatively small increase in total transportation costs, with no impairment to the program schedule, the *contracting officer shall* ascertain from the requiring activity whether there is a known requirement for additional quantities. This *may* be the case, for example, when the additional quantity could profitably be stored by the activity for future use, or could be distributed advantageously to several using activities on the same transportation route or in the same geographical area.

(b) *Direct delivery.* When it is the usual practice of a requiring activity to acquire *supplies* in large quantities for *shipment* to a central point and subsequent distribution to using activities, as needed, consideration *shall* be given, if sufficient quantities are involved to warrant scheduling direct delivery, to the feasibility of providing for direct delivery from the contractor to the using activity, thereby reducing the cost of transportation and handling.

(c) *Crosshauling and backhauling.* The *contracting officer shall* select distribution and transshipment facilities intermediate to origins and ultimate destinations to reduce crosshauling and backhauling; *i.e.,* to the transportation of *personal property* of the same kind in opposite directions or the return of the property to or through areas previously traversed in *shipment*.

47.305-8 Consolidation of small shipments and the use of stopoff privileges.

(a) *Consolidation of small shipments.* Consolidation of small *shipments* into larger lots frequently results in lower transportation costs. Therefore, the *contracting officer*, after consultation with the transportation office and the activity requiring the *supplies*, *may* revise the delivery schedules to provide for deliveries in larger quantities.

(b) *Stopping for partial unloading.* When feasible, schedules for delivery of *supplies* to multiple destinations *shall* be consolidated and the stopoff privileges permitted under *carrier* tariffs *shall* be used for partial unloading at one or more points directly en route between the point of origin and the last destination.

47.305-9 Commodity description and freight classification.

(a) Generally, the *freight* rate for *supplies* is based on the rating applicable to the *freight* classification description published in the National Motor *Freight* Classification (NMFC) (for *carriers*) and the Uniform *Freight* Classification (UFC) (for rail) filed with Federal and State regulatory bodies. Therefore, the *contracting officer shall* show in the *solicitation* a complete description of the commodity to be acquired and of packing requirements to determine proper transportation charges for the evaluation of *offers*. If *supplies* cannot be properly classified through reference to *freight* classification tariffs or if doubt exists, the *contracting officer shall* obtain the applicable *freight* classification from the transportation office. In some situations prospective contractors have established an official *freight* classification description that can be applied.

(b)

(1) When the *supplies* being acquired are new to the supply system, nonstandard, or modifications of previously shipped items, and different *freight* classifications *may* apply, the *contracting officer shall* insert in *solicitations* the provision at 52.247-53, *Freight* Classification Description.

(2) The *contracting officer shall* alert the transportation officer to the possibility of negotiations for appropriate *freight* classification ratings and reasonable transportation rates.

(c) The *solicitation shall* contain adequate descriptions of explosives and other dangerous *supplies* according to-

(1) The regular *freight* classification; and

(2) The hazardous material description and hazard class as shown in 49 CFR172.101.

(d) The *contracting officer shall* furnish the *freight* classification information developed in 47.305-9(a), (b), and (c) of this section to the *contract administration office*.

47.305-10 Packing, marking, and consignment instructions.

(a) *Acquisition* documents *shall* include packing and marking requirements necessary to prevent deterioration of *supplies* and damages due to the hazards of shipping, handling, and storage, and, when appropriate, marking in accordance with the requirements of 49 CFR 172.300.

(b) Contracts *shall* include complete consignment and marking instructions at the time the contract is awarded to ensure that *supplies* are delivered to proper destinations without delay. If complete consignment information is not initially known, the *contracting officer shall* issue amended delivery instructions under the Changes clause of the contract (see 43.205) as soon as the information becomes known.

(c) If necessary to meet required delivery schedules, the *contracting officer may* issue instructions by telephone or electronic means. The *contracting officer shall* confirm telephonic instructions *in writing*, and confirm electronic instructions if the *contracting officer* did not receive confirmation of receipt.

(d) Marking and consignment instructions for military *shipments shall* conform to the current issue of MIL-STD-129 (Military Standard Marking for *Shipment* and Storage) and other applicable DoD

regulations. *Shipments* for civilian agencies *shall* be marked as specified in Federal Standard 123, Marking for Domestic *Shipment* (Civil Agencies).

47.305-11 Options in shipment and delivery.

Although the clauses prescribed in subpart 43.2 allow certain changes to be made in regard to *shipment* and delivery, it *may* be desirable to provide specifically for certain *options* in the *solicitation*. The Government *may* reserve the right to-

(a) Direct deliveries of all or part of the contract quantity to destinations or to consignees other than those specified in the *solicitation* and in the contract;

(b) Direct *shipments* in quantities that *may* require transportation rates different from those on which the contract price is based; and

(c) Direct *shipments* by a mode of transportation other than that stipulated in the *solicitation* and in the contract.

47.305-12 Delivery of Government-furnished property.

(a)

(1) When Government property is furnished to a contractor and transportation costs to the Government are a factor in the evaluation of *offers*, the *contracting officer shall* include in the *solicitation* a clear description of the property, its location, and other information necessary for the preparation of cost estimates.

(2) The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-55, F.o.b. Point for Delivery of Government-Furnished Property, when Government property is to be furnished under a contract and the Government will be responsible for transportation arrangements and costs.

(b) The *contracting officer shall* describe explosive and dangerous material according to-

(1) The regular *freight* classification and

(2) The hazardous material description and hazard class as shown in 49 CFR172.101.

47.305-13 Transit arrangements.

(a) Transit privileges.

(1) Transit arrangements permit the stopping of a carload or truckload *shipment* at a specific intermediate point en route to the final destination for storage, processing, or other purposes, as specified in *carrier* tariffs or rate tenders. A single through rate is charged from origin to final destination plus a transit or other related charge, rather than a more expensive combination of rates to and from the transit point.

(2) The *contracting officer shall* consider possible benefits available to the Government through the use of existing transit arrangements or through efforts to obtain additional transit privileges from the *carriers*. *Solicitations* incorporating transit arrangements *shall* be restricted to *f.o.b. origin offers*, as *f.o.b. destination offers* can only quote fixed overall delivered prices at first destination.

(3)

(i) Traffic management personnel *shall* furnish information and analyses of situations in which transit arrangements *may* be beneficial. The quantity to be awarded *must* be of sufficient tonnage to ensure that carload/truckload *shipments* can be made by the contractor, and there *should* be reasonable certainty that *shipments* out of the transit point will be requested in carload/truckload quantities.

(ii) The *contracting officer shall* insert in *solicitations* the provision at 52.247-56, Transit Arrangements, when benefits *may* accrue to the Government because transit arrangements *may* apply.

(b) Transit credits.

(1) In evaluations of *f.o.b. origin offers* for large quantities of *supplies* that contractors normally have in process or storage at intermediate points, *contracting officers shall* make use of contractors' earned commercial transit credits, which are recorded with the *carriers*. A transit credit represents the transportation costs for a recorded tonnage from the initial point to an intermediate point. The remaining transportation charges from the intermediate point to the Government destination, because they are based on through rates, are frequently lower than the transportation charges that would apply for the same tonnage if the intermediate point were the initial origin point.

(2) If transit credits apply, the contract *shall* state that the contractor *shall* ship the goods on prepaid commercial bills of lading, subject to reimbursement by the Government. The *contracting officer shall* ensure that this does not preclude a proper change in delivery terms under the Changes clause. The *shipments* move for the account and at the risk of the Government, as they become Government property at origin.

(3) The contractor *shall* show the transportation and transit charges as separate amounts on the *invoice* for each individual *shipment*. The amount to be reimbursed by the Government *shall* not exceed the amount quoted in the *offer*.

(4) The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-57, Transportation Transit Privilege Credits, when *supplies* are of such a nature, or when it is the custom of the trade, that *offerors may* have potential transit credits available and the Government *may* reduce transportation costs through the use of transit credits.

47.305-14 Mode of transportation.

Generally, *solicitations shall* not specify a particular mode of transportation or a particular *carrier*. If the use of particular types of *carriers* is necessary to meet program requirements, the *solicitation shall* provide that only *offers* involving the specified types of *carriers* will be considered. The *contracting officer shall* obtain all specifications for mode, route, delivery, etc., from the transportation office.

47.305-15 Loading responsibilities of contractors.

(a)

(1) Contractors are responsible for loading, blocking, and bracing carload *shipments* as specified in standards published by the Association of American Railroads.

(2) The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-58, Loading, Blocking, and Bracing of *Freight* Car *Shipments*, when *supplies may* be shipped in carload lots by rail.

(b) If the nature of the *supplies* or safety, environmental, or transportability factors require special methods for securing the *supplies* on the *carrier*'s equipment, or if only a special mode of transportation or type vehicle is appropriate, the *contracting officer shall* include in *solicitations* detailed specifications that have been coordinated with the transportation office.

47.305-16 Shipping characteristics.

(a) *Required shipping weights.* The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-59, *F.o.b. Origin*-Carload and Truckload *Shipments*, when it is contemplated that they *may* result in *f.o.b. origin* contracts with *shipments* in carloads or truckloads. This will facilitate realistic *freight* cost evaluations of *offers* and ensure that contractors produce economical *shipments* of agreed size.

(b) Guaranteed shipping characteristics.

(1) The *contracting officer shall* insert in *solicitations* and contracts, excluding those at or below the *simplified acquisition threshold*, the clause at 52.247-60, Guaranteed Shipping Characteristics, when shipping and other characteristics are required to evaluate *offers* as to transportation costs. When all of the shipping characteristics listed in paragraph (a) of the clause at 52.247-60 are not required to evaluate *offers* as to transportation costs, the *contracting officer shall* delete the characteristics not required from the clause.

(2) The award document *shall* show the shipping characteristics used in the evaluation.

(c) *Minimum size of shipments.* When volume rates *may* apply, the *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-61, *F.o.b. Origin*-Minimum Size of *Shipments*.

(d) Specific quantities unknown.

(1) When total requirements and destinations to which *shipments* will be made are known, but the specific quantity to be shipped to each destination cannot be predetermined, *solicitations shall* state that *offers* are to be submitted on the basis of delivery "*f.o.b. origin*" and/or "*f.o.b. destination*" and that *offers* will be evaluated on both bases.

(2) The *contracting officer shall* insert in *solicitations* and contracts the clause at 52.247-62, Specific Quantities Unknown, when total requirements and destinations to which *shipments* will be made are known, but the specific quantity to be shipped to each destination cannot be predetermined. This

clause protects the interests of both the Government and the contractor during the course of the performance of the contract.

47.305-17 Returnable cylinders.

The *contracting officer shall* insert the clause at 52.247-66, Returnable Cylinders, in a *solicitation* and contract whenever the contract involves the purchase of gas in contractor-furnished returnable cylinders and the contractor retains title to the cylinders.

47.306 Transportation factors in the evaluation of offers.

When evaluating *offers*, *contracting officers shall* consider transportation and transportation-related costs as well as the *offerors*' shipping and receiving facilities.

47.306-1 Transportation cost determinations.

When requesting the transportation officer to assist in evaluating *offers*, the *contracting officer shall* give the transportation officer all pertinent data, including the following information:

(a) A complete description of the commodity being acquired including packaging instructions.

(b) Planned date of award.

(c) Date of initial *shipment*.

(d) Total quantity to be shipped (including weight and cubic content, when appropriate).

(e) Delivery schedule.

(f) Contract period.

(g) Possible use of transit privileges, including stopoffs for partial loading or unloading, or both.

47.306-2 Lowest overall transportation costs.

(a) For the evaluation of *offers*, the transportation officer *shall* give to the *contracting officer*, and the *contracting officer shall* use, the lowest available *freight* rates and related accessorial and incidental charges that-

(1) Are in effect on, or become effective before, the expected date of the initial *shipment*; and

(2) Are on file or published on the date of the bid opening.

(b) If rates or related charges become available after the bid opening or the due date of *offers*, they *shall* not be used in the evaluation unless they cover transportation for which no applicable rates or accessorial or incidental costs were in existence at the time of bid opening or due date of the *offers*.

47.306-3 Adequacy of loading and unloading facilities.

(a) When determining the transportation capabilities of an *offeror*, the *contracting officer shall* consider the type and adequacy of the *offeror*'s shipping facilities, including the ability to consolidate and ship in carload or truckload lots.

(b) The *contracting officer shall* consider the type and adequacy of the consignee's receiving facilities to avoid shipping schedules that cannot be properly accommodated.