

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.

Parent topic: 47.305 Solicitation provisions, contract clauses, and transportation factors.