



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVE SE
WASHINGTON NAVY YARD DC 20376-0001

IN REPLY TO

NAVSEAINST 4600.1B
Ser 04L43/049
6 Sep 06

NAVSEA INSTRUCTION 4600.1B

From: Commander, Naval Sea Systems Command

Subj: MATERIAL TRANSPORTATION PROGRAM

Ref: (a) Federal Acquisition Regulations (FAR)
(b) Defense Federal Acquisition Regulations Supplement (DFARS)
(c) DOD 4500.9-R, Defense Transportation Regulations (DTR), Part II, Cargo Movement
(d) NAVSEA SW020-AG-SAF-010, Navy Transportation Safety Handbook for Ammunition, Explosives and Related Hazardous Materials
(e) NAVSEAINST 4600.2, Transportation Financial Procedures
(f) OPNAVINST 4614.1F, Uniform Materiel Movement and Issue Priority System (UMMIPS)

Encl: (1) Coordination Requirements for NAVSEA Headquarters
(2) Transportation Requirements for Solicitations and Contracts
(3) Procedures for Volume Movement Reporting and Air Shipment Requests
(4) Transportation Accident/Incident Reporting Procedures Involving Shipments of Non-Explosive Material

1. Purpose. To promulgate policies and procedures governing the material transportation program for NAVSEA Headquarters and shore activities and to provide procedures for reporting accidents/incidents involving shipments of non-explosive material. Enclosure (1) establishes specific requirements for Headquarters staff coordination with the NAVSEA Transportation Officer (TO). Enclosure (2) supplements the FAR and DFAR requirements with respect to the selection of transportation clauses that are to be used in the preparation of solicitations for the acquisition of NAVSEA materials and in the awarding of contracts that include transportation services. Enclosure (3) provides procedures on volume movement reporting and air transportation requests. Enclosure (4) contains reporting procedures to be utilized when NAVSEA Headquarters or a shore

activity is notified of an incident or accident involving shipment of NAVSEA non-explosive material.

2. Cancellation. This instruction cancels and supersedes NAVSEAINST 4600.1A of 6 July 1981.

3. Scope.

a. This instruction applies to all Headquarters elements and shore activities generating shipments of NAVSEA material. In the context of this instruction, NAVSEA material includes all Navy owned physical assets, except NAVSEA Code 08 cognizant materials, that are transported via NAVSEA field activities within the scope of the Defense Transportation System (DTS).

b. The Director, Naval Nuclear Propulsion, CNO (NOON) has authority over and is responsible for all matters pertaining to naval nuclear propulsion, including transportation. This authority is established by Executive Order 12344 dated 1 February 1982, which was made statutory by Public Law 98-525 and Public Law 106-65. The Director, Naval Nuclear Propulsion is also Deputy Commander for Nuclear Propulsion (NAVSEA 08). NOON/SEA 08 is a joint Department of Energy and Navy organization. Nothing in this instruction supersedes or changes these responsibilities and authorities. Accordingly, activities will operate in accordance with existing manuals, instructions and requirements for shipments of Naval Nuclear Propulsion Program equipment and material unless changes are specifically approved by the Nuclear Propulsion Directorate. Further, the Nuclear Propulsion Directorate shall be kept informed of and consulted on all matters pertaining to or affecting shipment of Naval Nuclear Propulsion Program equipment and material.

4. Discussion

a. Reference (a), FAR Part 47, and reference (b), DFARS Part 242 and Part 247, establish uniform policies and procedures relating to the acquisition of transportation supplies and services on behalf of the Department of Defense (DoD). Reference (c) is a joint regulation publishing policy and procedures applicable to the performance of traffic management functions by the military services and other Department components. Reference (d) sets forth regulations governing transportation, handling and marking of ammunition, explosives and related hazardous materials. Reference (e) contains information for use by NAVSEA Directorates, Program Managers, Program Executive Offices, and field activities engaged in the

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assignment of transportation documentation, the validation of transportation bills, and the preparation of transportation budgets. Reference (f) provides instructions for use within the Navy of the DOD Uniform Materiel Movement and Issue Priority System (UMMIPS).

b. Since transportation costs are based on many individual factors, persons obligating transportation funds must be vigilant to ensure that their decisions are cost-effective. Consequently, movement of material must always be considered in light of its financial impact.

c. The policies and procedures contained herein are applicable to the transportation and financial management of NAVSEA material movements within the DTS. Transportation is an essential and integral part of logistics. It is the vital link that controls the movement of material between the supply source and the ultimate user.

5. Background

a. Budgeted transportation costs generally fund expenditures related to the following circumstances:

(1) Responding to requisitions for material required by a ship or shore activity.

(2) Responding to contracts requiring shipment of material to an installation, activity or storage point.

(3) Responding to the need to induct material into an overhaul, repair, rehabilitation or disposal cycle.

b. Unbudgeted expenses may arise as a result of unnecessary or unplanned movement of material. Higher costs of premium transportation may often be avoided by allowing sufficient time to permit selection of a less costly mode. Rising fuel costs emphasize the need for a vigorous program to maximize use of the least fuel-consumptive carriers affording the lowest possible rates consistent with urgency of need.

c. Shipping instructions originated by program managers have contained instructions to ship via commercial air, special airlift, dedicated truck, or other similar provision. The Transportation Officer (TO) who receives such instructions is confronted with conflicting requirements, in that:

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(1) Mode of shipment has been designated by the requesting activity.

(2) Regulations require selection of the best value cost transportation mode.

(3) Incurring excessive transportation costs often involves review by higher authority; specifically, audits conducted by the Military Surface Deployment and Distribution Command (SDDC), the Naval Operational Logistics Support Center (NOLSC) and the Government Accountability Office (GAO).

d. Although cost is a major factor in selecting a mode of transportation, it is not necessarily the overriding factor. The method of transportation employed will depend upon the priority designator and the required delivery date, and will normally employ the most economical mode consistent with urgency of need. Requirements of Uniform Material Movement and Issue Priority System (UMMIPS) are found in DOD 4140.1-R, DOD Supply Chain Material Management Regulation. Reference (f) provides implementing UMMIPS instructions for Navy activities. UMMIPS abuses generally occur in the improper selection of priority designators and required delivery dates for the sole purpose of speeding up delivery of the material ordered, rather than on the basis of true mission impairment.

6. Policy

a. Material transportation decisions shall be based on sound business practices and reliable alternative costing methods to include acquisition or replacement value of the material to be shipped, impact on Fleet readiness, UMMIPS criteria, and in-transit safety and security.

b. Movement of material shall be limited to the quantity required at the destinations unless other considerations govern. For example, when the need exists to ship larger than required quantities, such as during shore establishment realignment or for system back up, the shipping activity's transportation records shall document justification for the movement.

c. Cannibalization shall be performed at the point of origin wherever possible to eliminate the cost of shipping a useless carcass.

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d. Where practicable, inductions for repair or rework shall be planned with adequate lead-time to permit utilization of best value modes of transportation.

e. Per NAVSUPINST 4630.22D, Navy funded commercial and/or military air shipments of Navy owned materials must be cleared through the appropriate Navy air clearance authority (ACA). Detailed ACA instruction is provided in enclosure (3).

7. Responsibility

a. Deputy Commander, Logistics, Maintenance and Industrial Operations Directorate (SEA 04) is responsible for Command matters involving transportability, traffic management and transportation safety. This responsibility is further delegated to the Assistant Deputy Commander, Fleet Logistics Support (SEA 04L). The NAVSEA TO is located within the Material Management Branch (SEA 04L43). SEA 04L43 performs the following services as required:

(1) Provides transportation assistance and guidance to NAVSEA Headquarters elements such as Financial, Project, Planning, Acquisition and Inventory Managers.

(2) Provides technical guidance to NAVSEA Headquarters and shore activities involved in the movement of all materials including the movement of non-explosive hazardous materials.

(3) Conducts special transportation studies and analyses, as required, in support of NAVSEA's management of material transportation.

(4) Initiates recommendations for, coordinates the development of, and reviews instructions or procedures originating within the Command, when such instructions or procedures significantly affect or influence transportation.

(5) Conducts reviews and analyses of NAVSEA distribution patterns to assure that consideration is given to appropriate transportation factors in order that transportation cost control is effective without impairing operational requirements.

(6) Provides assistance to NAVSEA personnel, program executive officers, and program managers on transportation matters involving costs, operations, terms, rules and regulations, delivery transit time, and other transportation matters as requested.

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b. NAVSEA Program Managers and Program Executive Officers shall comply with the implementing policy and procedures iterated in this instruction to include the following:

(1) Coordinate procurement requests, integrated logistics support plans, and shipment tracing actions with SEA 04L43 as required.

(2) Ensure that transportation requirements for material supply solicitations and contracts comply with FAR and DFAR requirements. Consult NAVSEA 04L43 for guidance and assistance as required.

(3) Ensure that volume movements of Navy owned materials transported within the scope of the DTS are processed through SDDC channels in accordance with reference (c); and ensure that shipments of Navy owned materials via military and/or commercial air are cleared through Navy channels in accordance with NAVSUPINST 4630.22D. Consult NAVSEA 04L43 for guidance and assistance as required.

(4) Report accidents and incidents involving the transport of NAVSEA controlled non-explosive materials in accordance with the requirements provided in enclosure (4).



P. E. SULLIVAN

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COORDINATION REQUIREMENTS FOR NAVSEA HEADQUARTERS

1. Procurement Requests (PRs). The PR originator shall, concurrently with release of the PR to SEA 02, provide a copy to SEA 04L43 whenever:

- a. A single unit weighs in excess of 10,000 lbs., or
- b. Such unit is outsize (exceeds L 40 ft. or W 8 ft. or H 11 ft., 6 in.), or
- c. Any of the material is hazardous as defined in Department of Transportation (DOT) Hazardous Materials Regulations.

2. Bids, Proposals and Quotations. When transportation costs will be a significant factor likely to influence the award, the program manager may refer the PR to SEA 04L43 for computation of estimated shipping costs prior to forwarding to SEA 02. The SEA 02 contracting officer will then use these estimates during the evaluation of bids and proposals when transportation costs are an evaluation factor for award.

3. Contract Modifications Containing Shipping Instructions. If the modification action is by Standard Form 30, letter or message, the originator shall provide SEA 04L43 with a copy.

4. Material Acquisition Meetings. When significant transportation support requirements will be a subject of discussion or planning in integrated logistics support (ILS) or other material acquisition related meetings, attendance of the NAVSEA TO is recommended.

5. Procedures for Tracing Shipments

a. The shipping activity is responsible for conducting follow-up tracings action on overdue deliveries. The following information is required to initiate tracing action:

- (1) Date of shipment, carrier and mode.
- (2) Shipper/ Consignee and Origin/Destination, POC's name (full name) and phone number.
- (3) Commodity with National Stock Number (NSN), if available.

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(4) Originating carrier, including waybill or freight bill numbers, if available.

(5) Bill of Lading or document number.

(6) Number of pieces, weight and cube.

b. Personnel unsuccessful in tracing overdue shipments should contact SEA 04L43 for assistance.

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TRANSPORTATION REQUIREMENTS FOR SOLICITATIONS AND CONTRACTS

1. Purpose. To supplement FAR and DFARS requirements in the selection of transportation clauses when developing NAVSEA solicitations and contracts.

2. Authority. FAR Part 47, DFARS Part 242, (Subpart 242.14), DFARS Part 247, (Subparts 247.1, 247.2, 247.3 and 247.5).

3. Determining Free on Board (FOB) Delivery Requirements. Transportation requirement and their related costs are major considerations in the determination of FOB delivery terminology to be used in solicitations. Of equal importance are the peculiar features associated with both FOB origin and destination procurements.

a. FOB Origin offers the following advantages:

(1) The solicitation may omit destinations, thus enabling more timely procurement action to be taken.

(2) A change in the destination may be made after contract award without a price revision.

(3) Use may be made of special routings, handling methods, and specialized Department of Defense Freight Railway Interchange Fleet (DFRIF) equipment required for moving bulky and odd-configured material.

(4) The use, when necessary, of premium transportation (airlift) is facilitated and government control is retained. Such control is mandatory for classified materials and essential for hazardous shipments.

(5) Reduction in freight rates is made possible when volume movements occur.

(6) General Services Administration (GSA) audits of carriers' freight bill vouchers assure billing accuracy.

(7) Simplified OCONUS customs clearance due to a US Government origin/shipping location and knowledge of proper documentation and preparation.

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(8) Availability of existing government contracts with highly competitive rates.

b. FOB destination is required when the Government must accept material at destination and normally affords the following advantages:

(1) When the supplies are uniformly priced throughout the United States (national pricing), regardless of the point at which the Government accepts delivery.

(2) When established freight rates available to the public are lower than Section 22 schedules available to Government agencies.

(3) When, by reason of the small volume of the procurement, savings in transportation costs would be offset by increases in administrative effort and lead-time.

c. It is important to note that solicitations and awards cannot be made on an FOB destination basis unless firm destinations are included.

4. FAR and DFARS Clause Requirements. The particular clauses required depend upon whether destinations (firm or tentative) are included, whether an evaluation of freight transportation costs is or will be required and whether a number of other special situation requirements exist. The contracting officer is responsible for selection of appropriate transportation clauses to be included in solicitations, proposals and contracts. Contracting officers shall determine the appropriate FAR and DFARS delivery requirements after consideration of the enumerated advantages associated with the two methods provided in paragraphs 3a and 3b. SEA 04L43 may be contacted for assistance.

5. Permits and Responsibilities. When solicitations or awards specify FOB destination and require items with transportation characteristics exceeding those allowed by state highway officials, the following phrase shall be included:

"PERMITS AND RESPONSIBILITIES:

The contractor shall, without additional expense to the government, be responsible for obtaining any necessary licenses and for complying with any applicable Federal, State

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and municipal laws, codes and regulations in connection with the movement over the public highways of overweight and/or overdimensional materials."

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PROCEDURES FOR VOLUME MOVEMENT REPORTING AND AIR SHIPMENT REQUESTS1. Volume Movement Report (VMR)

a. Shore activities under NAVSEA cognizance shall submit a VMR for all anticipated volume movements aggregating 25 carloads, 25 truckloads or weighing a minimum of 500,000 pounds to the Military Surface Deployment and Distribution Command (SDDC) with a copy to SEA 04L43 at least 30 days prior to the date of movement or up to 60 days when the time frame permits in accordance with provisions of Chapter 201, paragraph L.13.d(1), of DOD 4500.9-R, Defense Transportation Regulation, reference (c). The VMR serves to notify the SDDC Operations Center of cargo movements having sufficient volume and/or characteristics for potential negotiations with the carrier industry for special rates and services. If the movement develops within a shorter time frame, the information shall be submitted as soon as possible. VMRs apply equally to first and second destination transportation shipments. DD Form 1085, Domestic Transportation Release Request (DTRR), may be used as a VMR.

b. Headquarters personnel can request SEA 04L43 for any necessary assistance in filing the volume movement report.

2. Air Shipment Requests

a. The activity requesting air transportation must submit written justification to the cognizant TO citing applicable Force Activity Designator (FAD), Issue Priority Designator (IPD), Required Delivery Date (RDD) and impact on the receiving activity if air transportation is rejected. Determination of transportation mode is the responsibility of the cognizant TO. Requesting activities will not specify transportation mode.

b. All Special Assignment Airlift Mission (SAAM) requests must be signed at the Director, Project/Program Manager or higher level, certifying that no other mode of transportation will suffice.

c. NAVSEA does not have unilateral authority to approve air shipments. NAVSUP, the Navy Single Manager for Transportation, delegates that authority to the Naval Operational Logistics Support Center (NOLSC).

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d. Refer to NAVSUPINST 4630.22D regarding procedures for the use of commercial air and AMC channel airlift.

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TRANSPORTATION ACCIDENT/INCIDENT REPORT PROCEDURES INVOLVING
SHIPMENT OF NAVSEA CONTROLLED NON-EXPLOSIVE MATERIAL

1. General instructions for reporting accident and incidents involving DOD owned hazardous materials (HAZMAT) moving in the DTS are provided in DOD 4500.9-R, reference (c), Chapter 204. NAVSEA SW020-AG-SAF-010, reference (d), Chapter 2, provides detailed instructions for reporting accident and incidents involving Navy and Marine Corps owned A&E. The paragraph below provides instructions for reporting accidents and incidents involving Navy owned HAZMAT other than A&E.

2. During normal working hours, when a NAVSEA Headquarters or Shore Activity is notified of an incident or accident involving a shipment of non-explosive material being transported by motor vehicle, rail, or air, a report of the incident or accident shall be forwarded by the most expeditious means to the Commander, Naval Sea Systems Command (SEA 04L43: DSN 326-1665, comm 202-781-1665). After-hour notification of accidents or incidents involving a shipment of non-explosive material shall be reported to the NAVSEA Duty Officer -- 202-781-3889. Receipt of reports submitted via E-MAIL is subject to immediate confirmation. If the report is made by telephone, a follow-up written report is required. The following information shall be included in the report:

- a. Reporting activity.
- b. Full name of carrier.
- c. Type commodity, weight and number of packages.
- d. Origin and destination of shipment.
- e. Requisition number and Bill of Lading number.
- f. Vehicle or railcar initials and numbers.
- g. New vehicle or railcar number if load was transferred while in-transit.
- h. Transfer supervised by.
- i. Original seal number(s).

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- j. New seal number(s).
- k. Transportation Control Number (TCN).
- l. Date, time and place of accident.
- m. Personnel injuries or fatalities.
- n. Nature of accident and how it occurred.
- o. Estimate of damage to cargo or loss of property.
- p. Estimate of damage to carrier's equipment.
- q. Action taken by reporting activity.
- r. Signature of reporting official.
- s. Origin/Destination POC names and phone numbers.