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On behalf of the International Association of Movers (IAM), I am writing to convey our concerns with the recent decision made by the Surface Deployment and Distribution Command's (SDDC) Personal Property Directorate to no longer allow shipment refusals during the peak household goods moving season.

MEMBERS AT LARGE

John Burrows

Tamuning, Guam

Approximately 50-60 percent of all the Department of Defense's (DOD) personal property moves occur during the months of May through August. This has been traditionally referred to as the "Peak Season." During this time of the year the demand for moving services far exceeds the supply. The Transportation Service Providers (TSPs) that service the DOD moving requirements always become saturated during this high-demand period and at some point they reach their maximum capacity. But this is a very fluid situation - shipments cancel, shipments go smaller than anticipated, uncommitted units enter the van line systems, etc. - and openings in a TSP's capacity appear and disappear quickly.

Brandon Day

Norfolk, Nebraska

After a disastrous moving season in 2010, which was the first full year of what is now known as the Defense Personal Property Program (DP3), SDDC made the decision to allow the use of shipment refusals by TSPs. This was done in order to help carriers control their shipment volumes and to assist them in finding the underutilized "holes" in their capacity to better maximize their ability to service DOD shipments.

Stephan Geurts Jr.

Deurne, Belgium

Michael Richardson

Orange Park, Florida

The procedure, which provided TSPs the ability to refuse shipments in order to manage capacity during Peak Season, has been in place for the last four years and has been deemed a success by most DP3 stakeholders, including both government and industry. Last year there were even discussions between industry, SDDC and the Services examining the feasibility of expanding the concept to allow for year-round refusals.

Jackie Agner

Core Members

Representative

Fife, Washington

IAM has participated in numerous meetings with SDDC over the past six months (SDDC's Personal Property Forum in November 2014, IAM Leadership face-to-face meeting at SDDC in late January 2015, and the "Military Summit" at the American Moving & Storage Association conference in February 2015) and at no point was there any mention of not allowing shipment refusals in 2015.

Boris Populoh

Core Members

Representative at Large

Fairfax, Virginia

Catherine Stier

IAM-YP Members

Representative

Barcelona, Spain

On Friday, March 13, the day that the 2015 DP3 rate filing was scheduled to end, SDDC announced that there would be no refusals allowed this year. TSPs had no opportunity to consider what this change could mean in their rate determination process. TSPs were not able to consider what effect this change would have on their planned operations, risks and costs. Many TSPs feel they have been forced to file rates under false pretenses. A four-year pattern of having the ability to use shipment refusals had been established. A precedent had been set and the game was changed at the eleventh hour.

Alan F. Wohlstetter

General Counsel Emeritus

Gwynedd, Pennsylvania

Resources will need to be committed to managing shipment volumes solely through the use of the "Blackout" capability found in the Defense Personal Property System (DPS). We strongly believe this will significantly diminish the industry capacity made available to DOD this summer. With the rules calling for the suspension of a TSP from the DP3 program for a minimum of 30 days if they refuse or turn back a shipment, TSPs will be forced to protect themselves from being overwhelmed with traffic by proactively using Blackouts to control the distribution of shipment awards. We believe that a large increase in the number and frequency of Blackouts will also negatively affect service members and their families as they wait for a mover to be assigned to their Permanent Change of Station (PCS) move.

We acknowledge the fact that the reasoning behind SDDC's decision to take away refusals is not unfounded. The workload on the Personal Property Shipping Offices (PPSOs) has increased significantly since the advent of the ability for TSPs to refuse shipments. Each time a refusal is made PPSO personnel must manually re-award that shipment to the next TSP in line. This added administrative burden is why almost three years ago all of the stakeholders, including SDDC and the Services, requested an automated solution to this problem, and why Software Change Request (SCR) 6975 was initiated.

This software change to DPS would have allowed the refused shipments to automatically move to the next TSP in the Quality Band without PPSO intervention, resulting in a dramatic reduction in workload and the expedited assignment of a shipment to the TSP next in line under the best-value criteria. The system upgrade has been scheduled for release into DPS for the last two Peak Seasons but we were advised recently that, once again, it will not be introduced in time for the 2015 Peak Season. It is this lack of system development progress that is at the root of the issue. The system is driving the DP3 Business Rules rather than the Business Rules driving the system development.

We have been told by SDDC to use the DPS Blackout capability, which was enhanced two years ago, to manage our shipment volumes. This capability was enhanced but it is still severely lacking as a tool to manage shipment awards/volumes. For Domestic shipments the Blackout functionality is available at origin only. No such capability exists to control destination capacity. In the overseas International Market the use of Blackout at the "Zip-3" level does not exist at all. The lack of refusals in the International Market could be catastrophic to capacity in those OCONUS areas.

IAM believes that the removal of the ability to refuse shipments is ill-timed and will have negative consequences. This decision may severely reduce the needed capacity available to DOD; and, instead of reducing the PPSO workload, it may in fact do the opposite. With a reduction in available capacity many shipments will go un-booked. It will become the PPSO responsibility to manually assist members in order to help them find alternative ways to move their personal property to their new duty stations and/or force service members to conduct a greater number of personally procured moves, which we all know have their own negative circumstances.

We feel it is the Association's obligation to forewarn the Command that if refusals are not permitted we may be looking at a repeat of the disastrous 2010 Peak Season.

Time is still available to reassess this change and re-institute the refusal policy, thus recognizing hard lessons learned and avoiding the mistakes of the past.

Sincerely,



Charles L White, CAE. M.Ed.
Senior Vice President
International Association of Movers