



REPORT TO THE CONGRESS

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Savings Available To The Army By Tightening Controls Over Its Tractor-Trailer Fleet In Europe B-162771

Department of the Army

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

JAN. 30, 1968

770218



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-162771

To the President of the Senate and the
Speaker of the House of Representatives

The General Accounting Office has reviewed the Army's procedures for management and use of its tractor-trailer fleet in Europe and has made suggestions for improvements to achieve substantial savings for the Government and benefits for our balance of payments.

Day-to-day operations of this truck fleet--under the command of the 37th Transportation Group--resemble those of any large trucking company. It must make maximum use of its tractors and trailers and staff of experienced drivers and mechanics to move personnel, materiel, and supplies swiftly to meet military requirements. To do so the 37th Transportation Group must know precisely at all times the location, status, and condition of its equipment.

We found the Army's management procedures inadequate for the 37th Transportation Group to maintain positive control over the fleet.

- Daily inventory reports were insufficient to monitor the status and location of its trailers at all times.
- Control units were not making the required analysis of equipment use so that, for example, excess refrigerator trailers could not be identified and made available as required.
- Failure to ensure full use of available equipment necessitated the hiring of commercial carriers in many instances at substantial increase in costs.
- There were indications also that costs were increased unnecessarily because Army European commands failed to promptly unload trailers and report them as available for further use.

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Although not wholly in agreement with these findings, the Department of the Army has taken corrective action in accordance with all but one of our proposals. We believe that action is needed on this proposal and, we are recommending that available refrigerator equipment be transferred and utilized to the maximum extent possible for the transportation of frozen food products.

We are reporting this matter to the Congress to point out the corrective actions that have been taken to improve highway cargo transportation in Europe and the need for further action with respect to the use of Army refrigerator trailers.

Copies of this report are being sent to the Director, Bureau of the Budget; the Secretary of Defense; and the Secretary of the Army.

A handwritten signature in cursive script, reading "James B. Adams".

Comptroller General
of the United States

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REPORT ON
SAVINGS AVAILABLE TO THE ARMY
BY TIGHTENING CONTROLS OVER
ITS TRACTOR-TRAILER FLEET IN EUROPE
DEPARTMENT OF THE ARMY

INTRODUCTION

The General Accounting Office has examined into the Army's management and utilization of highway transportation equipment in Europe. Our review covering the period July 1965 through August 1966 was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

The purpose of our examination was to evaluate the policies and procedures for the management of the Army highway transportation fleet. Our review included tests of the practices and reporting controls used in the daily operations of the fleet, including maintenance and parts supply as they contributed to equipment availability. In making our tests we selected for examination those classes of highway equipment providing the greatest cargo-carrying capability.

We found no significant deficiencies in the maintenance and supply support of the equipment. The truck tractors had been newly procured during fiscal year 1965. Our tests of the maintenance reports, physical condition of the tractors, and the parts support revealed no significant problems. The stake and platform semitrailers were being completely rehabilitated in a special program. This program was contributing to improved trailer condition and availability by the end of our audit.

BACKGROUND

The Transportation Command (TRANSCOM) is a functional command of the United States Army Communications Zone, Europe (USACOMZEUR), which in turn is under the command of the United States Army, Europe (USAREUR). With regard to land transportation service in central Europe, USAREUR is the component command under the United States European Command (USEUCOM) responsible for implementing USEUCOM's policy of developing and managing transportation activities to ensure effective and economical transportation services.

The Movements Control Center (MCC), under TRANSCOM, programs and controls movements of personnel, materiel, and supplies within the Communications Zone of the European theater and furnishes information on highway compatible cargo (cargo which can be shipped by trucks) shipping requirements to the 37th Transportation Group (37th TG) for movement. The primary mission of the 37th TG, under TRANSCOM, is the operation of a highway transport service in central Europe, provided on a nonreimbursable basis as a common service in support of other military activities.

The 37th TG has three military battalions and a German Civilian Labor Group battalion, each having subordinate truck companies operating in designated areas in Germany and, at the time of our review, in France. These battalions operate approximately 4,100 mission vehicles of which there are about 2,500 stake and platform semitrailers, 121 refrigerator semitrailers, and 1,116 related truck tractors in the geographical areas serviced. The rest of the equipment comprises light trucks, lowbed semitrailers, and semitrailer vans.

In March 1966 the 37th TG was given operational control of 50 additional refrigerator semitrailers assigned to the 85th and 522d Quartermaster Refrigerator Platoons and the 3973d Refrigerator Section, Kaiserslautern General Depot. The refrigerated equipment is used to support cold stores activities in Munich and Kaiserslautern, Germany.

The 37th TG Headquarters, Operations Section, is responsible for highway transport operations including coordination of the daily movement of traffic. It is required to

conduct studies of equipment utilization and to maintain liaison with MCC and TRANSCOM. This section is also required to prepare and submit reports on past performance to TRANSCOM and to maintain current information on the disposition of the trailer fleet.

During fiscal year 1966, USAREUR programmed Operation and Maintenance funds of about \$10.6 million for commercial transportation, including rail, truck, and barge; and about \$3.6 million for military truck transportation.

A listing of the principal officials of the Department of Defense and the Department of the Army responsible for the administration of the activities discussed in this report is shown as appendix I.

FINDINGS AND RECOMMENDATION

IMPROVED MANAGEMENT OF ARMY TRANSPORTATION EQUIPMENT COULD HAVE REDUCED TRANSPORTATION COSTS IN EUROPE

Available Army transportation equipment was not being fully utilized to transport highway compatible cargo in Europe because the 37th TG did not have adequate procedures for promptly identifying idle trailers located at its installations or in the custody of using organizations. Utilization of available Army equipment, rather than commercial carriers, would have resulted in substantial reductions in transportation costs together with corresponding benefits to our balance-of-payments situation in Europe. We also found indications that additional savings could have been achieved if customers and using organizations had promptly unloaded trailers and reported them as available.

The United States European Command has taken action both during and subsequent to our review to improve the conditions that we found. Also, the Department of the Army has advised us of actions taken or to be taken on specific proposals presented by us to the Secretary of Defense which should significantly increase the effective utilization of transportation equipment assigned to the 37th TG. However, one of the actions is not, in our opinion, sufficiently comprehensive and is the subject of our recommendation.

We found that the 37th TG had not established a procedure for maintaining positive control over its fleet of stake and platform (S&P) semitrailers. Instead, it was relying solely on daily inventory reports from its units and using organizations to determine the status and location of its trailers. The status and location of a significant number of trailers were not being reported daily. As such, many trailers which were empty and available for use were not assigned to meet highway cargo movement requirements.

Also, we found indications that customers and using organizations were taking an unreasonable amount of time to

unload and report these S&P trailers as available for reuse. Further, we found that the 37th TG was not making required analyses of equipment utilization and therefore did not respond to a request to reposition refrigerator trailers required in the Bremerhaven area although such trailers were available in the Kaiserslautern area. These findings are discussed in more detail in the following sections of this report.

Management and utilization of stake and platform semitrailers

The Operations Section of the 37th TG was responsible for highway transport operations, including the assignment of available equipment to meet the highway cargo movement requirements received from the Movements Control Center of the Transportation Command. The Operations Section maintained control of S&P equipment by having (1) its drivers submit daily reports on trailer movements, (2) its truck terminals perform daily yard checks and report the status and location of trailers, and (3) the using organizations submit Daily Installation Situation Reports (DISR) showing the status and location of trailers.

We found that the Operations Section used the daily terminal yard checks and DISRs to determine which trailers were available to meet transportation requirements. We found also that these daily reports did not account for all the trailers and that many trailers reported as empty and available one day were not reported on succeeding days and therefore were not considered for meeting requirements on these days. For example, the daily trailer reports for the 6-month period January 1 to June 30, 1966, did not account for a daily average of 373 S&P trailers of a fleet of approximately 2,500 trailers.

Further, by analyzing other reports available at the Operations Section, we found that, for the period April through June 1966, a daily average of about 49 empty S&P trailers had not been reported on the daily inventory reports for over 7 days. These 49 unused S&P trailers were in the high-density cargo movement areas in Germany and eastern France.

During the period January through June 1966, the 37th TG refused requests for 2,922 S&P trailers in the high-density cargo movement area. Since records of the 37th TG showed that the availability of truck tractors with drivers was not a major factor for the refusals, it appears that more accurate knowledge of the S&P trailers actually available at any time would have permitted the 37th TG to fill many of these requests.

We visited two of the 37th TG's eight largest customers in the area to determine if highway compatible cargo was being shipped by the more costly commercial modes because of the lack of knowledge of available S&P trailers. We found that, during the months of June and July 1966, the Rhine River Terminal had utilized 130 commercial rail cars and 19 commercial trucks at a cost of about \$9,200 because the 37th TG had been unable to provide 246 S&P trailers when requested. At the Nahbollenbach General Depot (NGD), a total of 155 commercial rail cars and six commercial trucks were used for shipments of highway compatible cargo during July 1966 because requests for 233 S&P trailers had been refused.

More specifically, we found that, on one of the days tested at NGD, a total of 16 S&P trailers were requested from the 37th TG to transport cargo on July 12, 1966, but were not made available, and, as a result, commercial rail cars had to be used at a cost of about \$750. We found that five S&P trailers had been reported on July 7, 1966, as being empty and available at Heilbronn, Germany. These trailers remained available until July 21 and could have been pulled to NGD for use on July 12, 1966. However, they were not included in the daily trailer reports during the period July 8 through 28. The use of these five S&P trailers at NGD to partially fill its transportation requirements would have reduced shipping costs by about \$300.

We found that a required daily accountability report, which consolidated information from the various daily reports received from units and using organizations of the 37th TG and showed the last reported status and location of all S&P trailers in the 37th TG fleet, was being prepared only intermittently because of the lack of ADP machine time.

The Commanding Officer of the 37th TG informed us that, because of the lack of available automatic data processing (ADP) machine time at the Kaiserslautern General Depot, he had requested TRANSCOM to provide equipment for 37th TG's use. He informed us also that action was being taken to obtain the necessary equipment. However, at the completion of our review, the equipment had not been procured.

We found also that at various locations in the high density area there were additional S&P trailers which were shown on selected trailer accountability reports for the period April to August 1966 as either loaded outbound or loaded inbound for extended periods of time. Considering that it takes no more than 2 days to pull a trailer to any location in this area and a maximum of 2 workdays to unload the cargo, these trailers either were empty or should have been empty and available for use 4 days after the last reported status of the trailer. Had these S&P trailers been unloaded promptly and drivers been available, and had the 37th TG been aware of their status, they could have been utilized to transport cargo which otherwise had to be shipped by commercial mode. We estimate this would have resulted in the availability of about 49 additional S&P trailers daily, the use of which would have further reduced transportation costs.

In regard to the using activities' failure to comply with required trailer unloading and reporting requirements, we found numerous instances where the Commanding Officer of the 37th TG informed responsible higher commands, such as TRANSCOM, USACOMZEUR, and user commands, of trailer accountability and availability problems caused by ineffective trailer location and status reporting. Command actions included a Headquarters, USACOMZEUR, letter dated July 13, 1965, to the major commands urging adherence to the trailer regulations and procedures. The letter resulted from a study evaluating the procedures for the utilization and reporting of military semitrailers, which showed certain trailer reporting and control deficiencies. In addition, at MCC we noted several messages in January and March 1966 from headquarters command instructing its subordinate units to comply with USAREUR Regulation 55-355, concerning activities' unloading and reporting on the use

of 37th TG S&P trailers. However, we found that current information on S&P trailer location and status was still a significant problem during the time of our review.

Subsequent to our exit conference in June 1966, the 37th TG, during July and August 1966, conducted a comprehensive study of the accountability for S&P trailers. The study revealed that the daily accountability reports were only 71 percent accurate, with 300 to 350 trailers a day being unaccounted for. The cause of this situation was identified as the lack of a uniform system of trailer control by the using activities and the failure by drivers of the 37th TG to promptly report trailer movements. The study recommended improvements primarily by the using units; however, we believe that substantial additional improvements, as reflected in our proposals to the Secretary of Defense, are also necessary.

Management and utilization
of refrigerator semitrailers

During our review, we found no evidence that the 37th TG had been performing required analyses of equipment utilization to determine whether it had unneeded equipment assigned to any particular area. We found also that the reports furnished TRANSCOM were primarily a statistical summary of tonnage moved and miles driven and did not permit responsible management officials to review equipment utilization to determine if equipment was available to satisfy other transportation requirements. As a result, available refrigerator semitrailers in the Kaiserslautern area were not repositioned to meet requirements in the Bremerhaven area.

The Bremerhaven Cold Stores (BCS), in the absence of military highway support, expended approximately \$405,000 on commercial highway transportation during the first 9 months of fiscal year 1966 to deliver refrigerated food products to installations and commissaries in Germany. Approximately \$221,000 of this amount was expended to transport 1,042 short tons of frozen beef to installations. The remainder of the funds, or \$184,000, was used to transport 10,900 short tons of chilled and frozen food products to commissaries in Germany.

We believe that sufficient Army refrigerator trailers could have been repositioned to Bremerhaven to transport all the precut frozen beef delivered to installations in Germany and a significant portion of the refrigerated shipments delivered to commissaries by commercial carrier during this period.

The 37th TG, for example, had assigned to the 83d Truck Company, during fiscal year 1966, about 120 refrigerator semitrailers to transport refrigerated food products from the Kaiserslautern Cold Stores (KCS) to commissaries in eastern France and West Germany. Our review revealed that, depending on fluctuations for unserviceable equipment, the truck company required approximately 80 to 92 refrigerator semitrailers to support this mission. The remaining equipment was excess to the needs of the KCS and could have been

used to deliver beef to installations in Germany and to reduce the cost of transporting other refrigerated subsistence from the BCS to the commissaries.

The following tabulation shows the number of unneeded refrigerator semitrailers assigned to the KCS during the period:

Fiscal year <u>1966</u>	<u>Assigned equipment</u>	<u>Required to support KCS</u>	<u>Unneeded at KCS</u>
1st quarter	117	92	25
2d "	120	92	28
3d "	122	80	42

Army officials agreed that sufficient drivers and tractors were available to pull the refrigerator semitrailers and that adequate maintenance support could have been arranged for the refrigerated equipment. The 106th Transportation Battalion of the 37th TG located in Bremerhaven, Germany, generally had about 51 uncommitted tractors with drivers daily which could have been used to transport refrigerated subsistence from the BCS. The Commanding Officer of the 37th TG stated that uncommitted tractors with drivers were available and that attempts had been made to relocate some of the truck companies to other areas for better utilization.

Also, we found that the Army, because of the savings to be realized through using military equipment, could have augmented the maintenance facilities at the 106th Transportation Battalion of the 37th TG by assigning refrigerator mechanics or by providing additional training for existing maintenance personnel. The Army could have arranged for appropriate activities to furnish emergency maintenance service to refrigerator semitrailers encountering operational difficulties en route to destinations.

Army officials, as early as August 1965, became concerned about the costs of delivering limited quantities of beef by commercial truck and suggested that military refrigerated equipment be used to support the BCS. However, Army officials apparently believed that all refrigerated

highway equipment was being effectively utilized in the Kaiserslautern area. For example, a request by the Chief of the BCS for refrigerated equipment was denied by transportation officials in November 1965 because all refrigerator semitrailers had been committed in the Kaiserslautern area. We found, however, that equipment was available to fill the request.

In February 1966, TRANSCOM, as a result of a study of refrigerator trailer requirements, recommended in part to USACOMZEUR that the 37th TG be assigned the task of transporting beef to installations. However, no effective action was taken to implement this recommendation. In compliance with a second recommendation of the study, two refrigerator platoons and a refrigerator section were attached to the 37th TG in March 1966 to improve equipment utilization and maintenance and, by so doing, increased to 53 the refrigerator semitrailers in Kaiserslautern which were not being utilized.

After our discussion of the progress of our review on May 12, 1966, the Commanding Officer, 37th TG, at our request, informed the Movements Control Center that the 37th TG could provide 50 refrigerator semitrailers for the transport of beef from Bremerhaven to various using activities. On June 3, 1966, USACOMZEUR requested the suspension of commercial deliveries on two of the six routes effective July 1966 and the use, on a test basis, of military equipment. Army officials reported that the test showed that military equipment could be used to deliver frozen beef to installations in Germany, and the commercial service for this portion of the BCS shipments was canceled on December 1, 1966.

Our analysis of beef shipments to installations in Germany showed that 13 of the refrigerator semitrailers, unneeded to support the KCS, would have been sufficient to make these deliveries. We found that one refrigerator semitrailer was needed for approximately 1 week on each of the six routes. An additional seven refrigerator semitrailers were necessary for equipment turnaround and maintenance backup. The remaining unneeded equipment could have been used to transport refrigerated food products to commissaries located in areas served by the 37th TG's 106th Transportation

Battalion. Although some commercial highway transportation would have been required to support these commissaries, we estimate that the Army had sufficient highway capability to transport about 3,200 short tons during fiscal year 1966. We recognize that the actual amount of savings which will result from transporting cargo to commissaries with military equipment instead of commercial carriers will depend on the rates which can be negotiated with commercial carriers for the remaining lower tonnage of cargo to be transported.

Agency action

We brought our findings to the attention of the Secretary of Defense in a draft report dated June 14, 1967.

We proposed that USEUCOM take the necessary actions (1) to obtain for the 37th TG the data processing capability necessary to establish a system for timely determination of equipment location, status, and condition, (2) to ensure that utilization reports on highway transportation equipment are prepared and used by all responsible levels of management, and (3) to establish time standards for the unloading and release of trailers by using organizations and a system for comparing standard with actual.

We proposed also that available refrigerated equipment be transferred to the Bremerhaven area and utilized to the maximum extent practicable for transporting refrigerated food products.

In a letter dated August 11, 1967 (app. II), the Acting Deputy Assistant Secretary of the Army (I&L) commented on our findings on behalf of the Secretary of Defense. The Department of the Army concurred, in general, with our conclusions and proposals and recognized the need for improvement in the use of transportation equipment assigned to the 37th Transportation Group. The Army did not agree that all our findings were completely factual or that the room for improvement was as vast as implied in our report. A point-by-point discussion of each of these areas of disagreement is attached as appendix III.

The Department of the Army advised us of the following actions taken with respect to our specific proposals:

1. The Department of the Army has approved USACOMZEUR's request for ADP equipment which was pending at the conclusion of our review and which in USEUCOM's opinion would give the 37th TG the required capability for timely analysis of trailer reports.
2. USEUCOM has developed and issued the necessary directives on the preparation of utilization reports

on highway transportation equipment and on the use of these reports by all responsible levels of management.

3. USEUCOM is currently developing time standards for the loading and release of trailers by using organizations and will improve policing and enforcing such standards.
4. After operational readiness and feasibility tests gave assurance that support of the Bremerhaven Cold Stores by military transport was reliable and cost favorable and could be sustained, the commercial contract was canceled on December 15, 1966.

Conclusions

The day-to-day operations of the 37th TG closely parallel those of any large trucking company. As such, one of its paramount guiding principles is, as it should be, to seek maximum utilization of its fleet of tractors and trailers and its staff of experienced drivers and mechanics. To attain maximum utilization of these assets, the 37th TG must know at all times the exact location, status, and condition of its equipment. Without this knowledge, equipment will inevitably become idle for extended periods and the service to customers will either suffer or have to be furnished by substitute means.

We believe that the actions taken or initiated by the Department of the Army will result in a significant increase in control over the transportation equipment assigned to the 37th TG with a corresponding increase in effective utilization of such equipment. The Army's maximum use of its military transportation equipment in Europe, in our opinion, will substantially reduce transportation costs as well as United States dollars paid to foreign carriers and, as a result, may reduce any future deficit in the balance of payments between West Germany and the Government. We will evaluate the adequacy of these actions in our continuing reviews of equipment utilization in the Department of Defense.

We also believe, however, that further action should be taken with respect to our proposal that available refrigerated equipment be transferred to the Bremerhaven area and utilized to the maximum extent practicable for transporting refrigerated food products.

The Army's action on this proposal, which they considered complete, was applicable only to the hauling of frozen beef. The effective date for cancellation of the commercial service for this portion of BCS shipments was December 1, 1966, rather than December 15, 1966, as stated in the Army's reply. (See p. 11 of this report.) As pointed out on page 9 of this report, the BCS also expended about \$184,000 during the first 9 months of fiscal year 1966 for the commercial delivery of chilled and frozen food products to commissaries in Germany. We believe that sufficient Army refrigerator trailers could have been repositioned to Bremerhaven to transport a significant portion of these shipments during this period.

Recommendation

We therefore recommend that available refrigerated equipment be transferred to the Bremerhaven area and utilized to the maximum extent practicable for transporting chilled and frozen food products to commissaries in Germany.

APPENDIXES

PRINCIPAL OFFICIALS OF
THE DEPARTMENT OF DEFENSE AND THE DEPARTMENT OF THE ARMY
RESPONSIBLE FOR ADMINISTRATION OF THE ACTIVITIES
DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
<u>DEPARTMENT OF DEFENSE</u>		
SECRETARY OF DEFENSE:		
Robert S. McNamara	Jan. 1961	Present
ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND LOGISTICS):		
Thomas D. Morris	Sept. 1967	Present
Paul R. Ignatius	Dec. 1964	June 1967
<u>DEPARTMENT OF THE ARMY</u>		
SECRETARY OF THE ARMY:		
Stanley R. Resor	July 1965	Present
Stephen Ailes	Jan. 1964	July 1965
ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND LOGISTICS):		
Dr. Robert A. Brooks	Oct. 1965	Present
Daniel M. Luevano	July 1964	Oct. 1965



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D.C.

11 AUG 1967

Mr. C. M. Bailey
Acting Director
Defense Division
United States General Accounting Office
Washington, D. C. 20548

Dear Mr. Bailey:

This is in response to your letter of 14 June 1967, to the Secretary of Defense requesting comments on your draft report titled: "Need For Improvement In The Management of Transportation Equipment - Department of the Army". (OSD Case #2618).

The inclosed statement provides the Department of the Army position on your report.

This reply is made on behalf of the Secretary of Defense.

Sincerely,

A handwritten signature in cursive script that reads "Vincent P. Huggard".

Vincent P. Huggard

1 Incl Acting Deputy Assistant Secretary of the Army (I&L)
Army Position Statement (Materiel Systems)

DEPARTMENT OF THE ARMY POSITION

on

GAO DRAFT REPORT, DATED 14 JUNE 1967
"Need For Improvement In The Management
of Transportation Equipment in Europe, DA"

(OSD Case #2618)

I Position Summaries

a. GAO Position Summary

Available transportation equipment was not being fully used to transport highway cargo in Europe because the 37th Transportation Group (37th TG) did not have adequate procedures for promptly identifying idle trailers located at its installations or in the custody of using organizations. The 37th TG was relying solely on daily inventory reports from its units and using organizations to determine the status and location of its trailers but a significant number were not being reported. Customers and using organizations were taking an unreasonable amount of time to unload and report trailers as available for reuse. Further, the 37th TG was not making requested analyses of equipment used and therefore did not respond to a request to reposition refrigerator trailers required in the Bremerhaven area although such trailers were available in the Kaiserslautern area.

Examples of the results of these deficiencies were: (1) during the first six months of 1966, an average of 373 trailers of a fleet of more than 2,500 were not accounted for; (2) during the period April thru June 1966, a daily average of 49 empty trailers that could have been used to meet authorized transportation requirements in the high-density cargo movement areas in Germany and Eastern France had not been reported on the daily inventory reports for over seven days; (3) during the period January thru June 1966, the 37th TG refused requests for 2,922 trailers in the high-density cargo movement area, although it appears that more accurate knowledge of those trailers actually available at any time would have permitted filling many of these requests. During the months of June and July 1966, the Rhine River Terminal had used 130 commercial rail cars and 19 commercial trucks at a cost of \$9,200 because the 37th TG had been unable to provide 246 trailers when requested. At the Nahbollenback General Depot (NGD) a total of 155 commercial rail cars and 6 commercial trucks were used for shipping cargo during July 1966 because requests for 233 trailers had been refused. The Bremerhaven Cold Stores (BCS), in the absence of military highway support, expended approximately \$405,000 on commercial highway transportation during the first nine months of FY 1966 to deliver refrigerated food products to installations and commissaries in Germany. It appears that sufficient Army refrigerator trailers could have been repositioned to Bremerhaven to transport all of the frozen beef delivered to installations in Germany and a significant portion of the refrigerated shipments delivered to commissaries by commercial carrier during this period.

The GAO concludes that the day-to-day operations of the 37th TG closely paralleled those of one large trucking company and as such it needs to know at all times the exact location, status and condition of its equipment. While the framework of the 37th TG management system is intended to provide such information, it is not working well for several reasons. Of particular significance is the absence of adequate high speed data processing equipment with which to handle a very substantial volume of individual daily transactions. Another major underlying cause seems to be that customers outside the organizational chain of the 37th TG may retain equipment for long periods with no incentive to release it.

Correcting these deficiencies to provide for maximum use of available Army equipment, rather than using commercial carriers, should result in substantial reduction in transportation costs together with corresponding benefits to the U. S. balance of payments situation in Europe. While the European Command has taken action to improve the conditions found, it is believed that further actions are necessary.

The GAO recommended that:

(1) The European Command take the necessary actions to (a) obtain for the 37th TG the automatic data processing capability necessary to establish a system for timely determination of equipment location, status and condition, (b) insure that use of reports on highway transportation equipment are prepared and used by all responsible levels of management, and (c) establish time standards for the unloading and release of trailers by using organizations and system for comparing standards with actual.

(2) Available refrigeration equipment be transferred to the Bremerhaven area and used to the maximum extent practicable for transporting refrigerated food products.

b. Army Position Summary

The Department of the Army concurs in part with the GAO findings contained in the report and concurs generally with the conclusions and recommendations. Army does not agree that all the findings are completely factual or that the room for improvement is as vast as implied in the report. Army views in this regard are discussed in Sections II, III and IV following.

II Background For Army Position

The highway resources of the military transport units assigned to the United States Army Communications Zone, Europe (USACOMZEUR) are normally rated as capable of satisfying 26% of the total movement requirements in Central Europe, but actually moved 29.7% of the total military requirement during the period January - June 1966. In fact, units of the 37th TG moved 87,884 or 10% more tons in this period than were moved during the same period of the previous year. The GAO findings that a daily average of 49 trailers were available but had not been reported or used to meet authorized transportation requirements ignores such factors as location of the cargo to be moved versus location of the empty trailer and other equal considerations. For

example, the report (pages 6 and 7) states that on a certain date, five trailers, available in Heilbronn, could have been pulled to Nahbollenback for use on 12 July 1966. An analysis of this particular situation revealed that the five trailers were used for a local commitment rather than an empty and costly movement over an extended distance. The local moves were completed on 11 July 1966; therefore, movement of the trailers to Nahbollenback for the 12 July requirement was not practicable or feasible. Aside from the above cited factors and considerations it should be pointed out that the allegation that 49 trailers were available but not used actually constitutes 1.9% of the trailer fleet and is indicative of the existing level of vehicle use. Better use is seldom met by the more efficient commercial transportation concerns.

The GAO report does not give consideration to several factors that adversely affected operations of the 37th TG during the review period. In summary these factors were:

(a) The assigned strength of the 37th TG was reduced by about 500 personnel as a result of project DRAWDOWN during FY 1966.

(b) During the review period, numerous classified requirements precluded use of a significant portion of the trailer fleet. One of these requirements involved the identification, pick up and transportation of all Roll-on/Roll-off vans dispersed throughout Western Germany and France. These vans had to be taken to Bremerhaven for rehabilitation and shipment to CONUS and Southeast Asia. This required a significant number of tractors and drivers which disrupted normal operations.

(c) The relocation of stocks and facilities in France (FRELOC) within the allowed time frame required maximum use of military transport and in the interest of Gold Flow, was a high priority commitment that demanded use of trailers at a faster than normal rate.

(d) The capability of the Operations Section of the 37th TG was reduced due to the lower grades and limited experience of personnel assigned to the Section prior and during the GAO review. For example, the need for the use of military reefers to support Bremerhaven Cold Stores was recognized by the command sometime prior to the GAO review, but action had to be delayed until necessary studies and justification could be developed for consideration by higher authority.

The various statements throughout the report, e.g. An average of 49 trailers were available daily lack definition with respect to time periods, geographical location, status of movement requirements in priority sequence, security movements, weather-route conditions and other line-haul requirements. Proper analyses of military highway capability requires full and detailed consideration of all these factors if findings as to inadequate use are to be considered valid.

III Army Position on GAO Findings

While the Army concurs with most of the GAO findings, the following comments are submitted with respect to specific findings contained in the report:

(a) The statement that the 37th TG was relying solely on daily inventory reports from its units and using organizations to determine the status and location of its trailers is not entirely true. In addition to these reports members of the 37th TG Operations Section make routine visits, telephone calls and perform daily physical checks of depots, and other major users in a continuing effort to improve trailer reporting and turn around. Also, the 37th TG Headquarters and its battalions closely monitor commitments of reefer units, including daily availability and maintenance performance and their capability of performing emergency missions.

(b) In four of its findings the GAO cites refusal of requests for numerous trailers and states that specific dollar costs could have been avoided by more accurate knowledge of the availability of Army trailers. While Army cannot refute these data it is pointed out that the term "refusal" does not prove conclusively that the cargo was moved commercially or that the cost data are necessarily valid. The term "refused" merely means that the cargo was not accepted at the time of request. Some movements are deferred because of: (1) higher priority requirements, (2) consolidation of cargo into sizeable loads, (3) inability of destination to offload, and (4) delays incurred in attempting to use trailers inbound to a particular depot with a requirement for subsequent outbound movement. Based on these and other factors such as weather conditions, thaw barriers, and empty hauls it would appear that the computations of cost avoidance potential is highly questionable.

IV Army Positions on Conclusions and Recommendations

The Army concurs generally with the conclusions and recommendations cited by the GAO and recognizes the need for improvement in the use of the transportation equipment assigned to the 37th TG.

The Army position on each recommendation and the corrective measures initiated and taken are as follows:

- (GAO) (a) That USEUCOM take the necessary action to obtain for the 37th Transportation Group the automatic data processing capability necessary to establish a system for timely determination of equipment location, status and condition.
- (Army) After considerable study this problem was established as a project of special interest to the Commanding General, USACOMZEUR in January 1966. The overriding commitment to the task of relocating USACOMZEUR and the very substantial weight of command stocks from France has delayed the refinement of systems requirements and the development of the justification required by regulations. A request for ADP equipment was ultimately forwarded to USAREUR on 22 November 1966, and on 13 March 1967 ADPE request was approved by HQ DA.
- (GAO) (b) That USEUCOM take the necessary action to insure that use of reports on highway transportation equipment are prepared and used by all responsible levels of management.
- (Army) USEUCOM has developed and issued the necessary directives.
- (GAO) (c) That USEUCOM take necessary action to establish time standards for the loading and release of trailers by using organizations and a system for comparing standards with actual.
- (Army) HQ, USEUCOM is currently developing these standards and will improve policing and enforcing same.
- (GAO) (d) That available refrigerated equipment be transferred to Bremerhaven area and used to the maximum extent practicable for transporting refrigerated food products.
- (Army) Action on this problem has been completed. After operational readiness and feasibility tests made during the latter part of calendar year 1966 gave assurance that support of the Bremerhaven Cold Stores by military transport was reliable, cost favorable, and could be sustained, the commercial contract was cancelled on 15 December 1966.

DETAILED DISCUSSION OF AREAS OF DISAGREEMENT

RAISED BY THE DEPARTMENT OF THE ARMY

IN COMMENTING ON OUR FINDINGS

The Department of the Army concurred, in part, with our findings contained in this report and concurred, in general, with the conclusions and proposals. The Army did not agree that all the findings were completely factual or that the room for improvement was as vast as implied in the report. A discussion of the areas of disagreement follows.

The Army stated that the GAO findings that a daily average of 49 trailers were available but had not been reported or used to meet authorized transportation requirements ignore such factors as location of the cargo to be moved versus location of the empty trailer and other equal considerations. For example, the report (p. 6) states that, on a certain date, five trailers, available in Heilbronn, could have been pulled to Nahbollenback for use on 12 July 1966. An analysis of this particular situation revealed that the five trailers were used for a local commitment rather than an empty and costly movement over an extended distance. The local moves were completed on 11 July 1966; therefore, movement of the trailers to Nahbollenback for the 12 July requirement was not practicable or feasible.

Follow-up on this statement revealed that the five trailers which the Army stated had been used for local commitments were different trailers than those used in our example. The Army was talking about trailers numbered BB95, W64, AA23, FF12, and L68. The trailers used in our example were numbered A48, B60, DD74, DD84, and P14. These trailers were empty and available at Heilbronn from July 7 until sometime after July 21 when all were moved in an empty status, 1 to Nahbollenback, 1 to Nancy, and 3 to Kaiserslautern.

Furthermore we do not agree with the Army's statement that we ignored such factors as location of the cargo to be

moved versus location of the empty trailer and other considerations. The daily average of 49 empty trailers, the daily average of 49 trailers that were probably empty, the available tractors and drivers, and the cargo shipped by commercial carriers--which we discuss in this report--were all located in a specified high-density area the most distant points of which are within 2 days' travel time for an empty tractor-trailer rig. This is within the criteria for repositioning empty trailers to meet commitments as established by the Movements Control Center, USACOMZEUR.

The Army pointed out that the allegation that 49 trailers were available but not used actually constitutes 1.9 percent of the trailer fleet and is indicative of the existing level of vehicle use. Better use is seldom met by the more efficient commercial transportation concerns.

We would like to point out that these 49 trailers represent only those that the record clearly indicates should have been available for use because they were last reported as empty and had not been reported again for at least 7 days. We also cite another 49 trailers that were last reported as loaded but had not been reported again for over 7 days and therefore were probably empty and available for some of those days. More important, however, is that we found an average of 373 trailers each day that were not accounted for as to location or status in the daily trailer reports. This represents about 15 percent of the fleet which was not considered for use because their status was unknown.

The Army stated that the various statements throughout the report, e.g., "An average of 49 trailers were available daily," lack definition with respect to time sequence, security movements, weather-route conditions, and other line-haul requirements. Proper analyses of military highway capability require full and detailed consideration of all these factors if findings as to inadequate use are to be considered valid.

We refer to our statements above and again point out that, with respect to the possible utilization of trailers that we identified as being empty but unreported, we

did consider time and distance factors to the extent possible. The loss of trailer movement due to weather, thaw barriers, etc., does not appear to be a material factor since only 33 driver days were lost because of these conditions in the entire fiscal year 1966. Also, we were informed that the loss was substantially less in 1967.

The Army commented that our statement--that the 37th TG was relying solely on daily inventory reports from its units and using organizations to determine the status and location of its trailers--is not entirely true. In addition to making these reports, members of the 37th TG Operations Section make routine visits, telephone calls, and perform daily physical checks of depots, and other major users in a continuing effort to improve trailer reporting and turnaround. Also, the 37th TG Headquarters and its battalions closely monitor commitments of reefer units, including daily availability and maintenance performance and their capability of performing emergency missions.

We found that daily physical checks of depots and other major users were being performed by only one of the four battalions of the 37th TG. This requirement was established during FRELOC. We found also that weekly physical checks were being performed by companies of the 37th TG but that these, as well as the routine visits and telephone calls, were, as the Army states, primarily for the purpose of improving the daily inventory reports rather than of making daily commitments of trailers. The daily inventory reports from the 37th TG units and using organizations were being used by the Operations Section for this purpose.

With respect to the monitoring of refrigerator semi-trailers by the 37th TG Headquarters and its battalions, the only report that these units were receiving from the operating company that we could find showed only the daily refrigerated commitments. It did not show the number of trailers used for each commitment, nor did it show the number of refrigerator trailers not being used.

The Army also stated that in four of its findings the GAO cites refusal of requests for numerous

trailers and states that specific dollar costs could have been avoided by more accurate knowledge of the availability of Army trailers. While Army cannot refute these data, it is pointed out that the term "refusal" does not prove conclusively that the cargo was moved commercially or that the cost data are necessarily valid. The term "refused" merely means that the cargo was not accepted at the time of request. Some movements are deferred because of: (1) higher priority requirements, (2) consolidation of cargo into sizeable loads, (3) inability of destination to off-load, and (4) delays incurred in attempting to use trailers inbound to a particular depot with a requirement for subsequent outbound movement. Based on these and other factors such as weather conditions, thaw barriers, and empty hauls it would appear that the computations of cost avoidance potential is highly questionable.

We have shown by specific example on page 6 that refusal to assign a trailer to a cargo movement requirement has resulted in the use of commercial modes at additional costs. Also, during the period when the 37th TG refused requests for 2,922 S&P trailers in the high-density cargo movement area, an average of 56 trailer loads a day were being shipped by commercial means. Furthermore, the various reasons for deferral of shipments cited by the Army are mostly conditions that are considered by the Movements Control Center and its suboffices prior to submitting the movement requirements to the 37th TG for commitment of trailers and therefore should not be a cause for refusals. We have been informed on several occasions by the battalions operations sections that the primary cause for refusal is the nonavailability of trailers.

We recognize that, in some cases, empty and available trailers, even if reported, could not have been used in lieu of commercial means to move cargo. However, we believe that in most cases they could have been used and at considerable savings. For example, the Transportation Command, in endorsing the 37th TG's request for data processing equipment, estimated a cost avoidance potential as high as \$446,000 annually resulting from increased availability of

about 50 trailers a day. This projection was based on a net savings from the use of its own trailers of \$36 a trailer day over the use of commercial trailers.

Finally, the Army states that our report did not give consideration to several factors that adversely affected operations of the 37th TG during our review period. Each of these factors were brought to our attention by an official of USEUCOM at the conclusion of our review. We considered all of these factors and, in fact, did some follow-up work in connection with some of them. For example, we discussed the classified requirements of the 37th TG's fleet with the Commanding Officer, TRANSCOM. Although he would not identify the classified requirements, he estimated that these required a daily commitment of 50 to 60 S&P trailers. He stated that these commitments were disguised in the trailer accountability reports in various ways. Since our finding is concerned with S&P trailers which were unaccounted for in the daily reports, we do not believe this factor had any effect on our finding. Similarly we do not believe that any of the factors cited by the Army had a significant effect on the opportunities we found for better utilization of equipment by the 37th TG.

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