



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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LOGISTICS AND COMMUNICATIONS
DIVISION

MAR 7 1974

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The Honorable James R. Schlesinger
The Secretary of Defense

Attention: Assistant Secretary of Defense
(Comptroller)

Dear Mr. Secretary:

We have completed our survey of the contract air cargo system operated by the Air Force (LOGAIR) and the similar system operated by the Navy (QUICKTRANS). We had intended to do a detailed review of these systems, but since the Department of Defense (DOD) is considering consolidating the systems, we do not plan any further work on the matter at this time. We do, however, have several observations we would like to call to your attention.

Air Force and Navy shipping records showed that, in many instances, LOGAIR and QUICKTRANS flights carried much less cargo than the capacity of the aircraft. ~~DOD could reduce contract costs and conserve fuel by combining selected portions of LOGAIR and QUICKTRANS routes and by consolidating certain LOGAIR flights.~~ Further, savings could be achieved by combining existing LOGAIR and QUICKTRANS terminal operations and by reducing LOGAIR scheduled landings. Also, Navy policies on transporting non-Navy cargo may inhibit other DOD activities' use of QUICKTRANS.

We believe the foregoing indicate a need for a unified system to serve the needs of all DOD activities. Our observations are based on fiscal year 1973 route structures, flight schedules, and utilization data for the 3-month period ended March 1973. Although a number of changes were made in the fiscal year 1974 route structure to achieve some economies, there are opportunities for additional improvements.

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BACKGROUND

Within DOD, the Air Force and Navy separately contract with commercial air carriers for transporting high priority material between designated air terminals within the continental United States. The Air Force uses military personnel to provide terminal services for LOGAIR while the Navy contracts for terminal services. The following table shows the cost of the airlift systems, including terminal operations, for fiscal years 1972 and 1973.

	<u>Airlift</u> (Millions)	<u>Terminal</u> <u>Operations</u> (Millions)
<u>Air Force</u>		
1972	\$33.4	\$(Note a)
1973	<u>31.9</u>	(Note a)
	\$65.3	
<u>Navy</u>		
1972	\$12.4	\$3.3
1973	<u>11.6</u>	<u>4.7</u>
	<u>\$24.0</u>	<u>\$8.0</u>
Total	<u>\$89.3</u>	<u>(Note a)</u>

^a Air Force cost data were not readily available for its terminal operations.

The Army does not operate its own air system. Rather, it must rely on LOGAIR and QUICKTRANS, military aircraft, or commercial air freight carriers to move its air-eligible cargo. We had planned, as a part of our detailed review, to evaluate the cost and effectiveness of the various air services provided to the Army. However, because of DOD's decision to consider establishing a unified system for all services, we terminated our work before such an evaluation could be made.

SAVINGS BY COMBINING LOGAIR
AND QUICKTRANS SYSTEMS

LOGAIR and QUICKTRANS serve adjacent and overlapping areas. Cost and fuel savings are possible by combining or rerouting portions of certain flights.

To illustrate, in the 3-month period we examined, QUICKTRANS flights from North Island, California, to Dallas, Texas, had sufficient unused space to deliver and pickup LOGAIR cargo at Luke and Davis-Monthan Air Force Bases in Arizona on 75 days. On 10 additional days, there were no QUICKTRANS flights, but flights on days following 9 of the 10 days had sufficient available space to meet delivery requirements. About \$150,000 in air cargo costs could have been saved in the 3-month period by having QUICKTRANS service Luke and Davis-Monthan.

A unified system would also result in savings in terminal operations. In many instances the terminals are located less than 100 miles apart and in at least two instances the same terminal locations are used. By combining the LOGAIR and QUICKTRANS systems, separate terminal operations in the same area could be eliminated.

Separate LOGAIR and QUICKTRANS terminals less than 100 miles apart include Langley AFB, Hampton, Virginia, and Norfolk Naval Air Station (NAS), Norfolk, Virginia. Norfolk NAS is a major QUICKTRANS terminal, while Langley, only about 20 miles away, is a small LOGAIR terminal which could be served by surface transportation from Norfolk. Dallas Naval Air Station is about 30 miles from Carswell AFB, Texas, both have air cargo terminals. By combining terminal operations, either Dallas NAS or Carswell AFB could be served by truck.

QUICKTRANS aircraft at Charleston and Patrick Air Force Bases are serviced through the LOGAIR terminal by Air Force personnel. However, QUICKTRANS has contract supervisory personnel at these terminals to process documentation and check Navy cargo. The cost for these QUICKTRANS supervisors for fiscal year 1974 is about \$154,000. If DOD had a unified air cargo system, the duplicate supervisory systems would not be necessary at these terminals.

ECONOMIES POSSIBLE WITHIN LOGAIR SYSTEM

LOGAIR provided duplicate flight segments¹ daily carrying substantially less than the aircraft's capacity between various terminals. In fiscal year 1973, there were 25 duplicate flight segments. In 1974, there are 23. Substantial costs and fuel could be saved by combining segment loads where possible.

For example, by consolidating cargo on the three duplicated segments of Flight 44, about \$340,000 could have been saved in the 3-month period we reviewed. Flight 44's route is from Hill to Tinker to Wright-Patterson to Robins Air Force Bases. For 57 days of the 3-month period, Flight 44 was not needed because duplicate flight segments could absorb Flight 44's cargo between each terminal.

Daily duplicate flight segments between McClellan and Hill Air Force Bases had unused cargo space equivalent to more than the capacity of one aircraft on 81 days of the 3-month period we examined. We noted that LOGAIR reduced the number of duplicate segments between McClellan and Hill Air Force Bases in its 1974 route structure.

A schedule showing some duplicate segments and the number of days on which consolidation was possible in the 3-month period we reviewed follows.

<u>Flight segment</u>	<u>Days on which consolidation possible</u>	<u>Daily segment distance (miles)</u>
Wright-Patterson to Tinker	57	808
Tinker to Hill	85	928
Travis to McClellan	55	39
McClellan to Hill	81	546
Hill to Tinker	73	928
Tinker to Wright-Patterson	80	808

Other economies could be achieved in LOGAIR by changing route structures. For example, LOGAIR Flight 48 serves air force bases in New England and New York daily. The flight originates at

¹Segments of routes on which more than one flight is scheduled.

Wright-Patterson AFB, serves Griffiss, Plattsburg, Loring, Pease, Hanscom, and Westover Air Force Bases, then returns to Wright-Patterson.

By changing the origin of Flight 48 from Wright-Patterson, Ohio, to McGuire AFB, New Jersey, about \$35,000 could have been saved in the 3-month period we reviewed. To permit the change, New England and New York cargo would have to be positioned at McGuire. For 61 days of the 3 months we examined, sufficient unused cargo space was available on other existing LOGAIR flights between Wright-Patterson and McGuire AFB to position the New England and New York cargo. For the 28 days on which space was not available, it would have been necessary to route Flight 48 to Wright-Patterson to pick up the cargo.

There is also a potential for savings by reducing the number of LOGAIR terminals. Several LOGAIR terminals are less than 150 miles apart and probably could be served by connecting surface transportation. These terminals are shown in the following table.

<u>Terminals (AFBs)</u>	<u>Air miles apart</u>
Castle and Travis	122
Travis and McClellan	45
Charleston and Shaw	111
Luke and Davis-Monthan	120
Forbes and McConnell	139
Pease and L. G. Hanscom	58
Tyndall and Eglin	69
Hanscom and Westover	89
Barksdale and England	125
Altus and Tinker	146

REDUCING LANDINGS WOULD
RESULT IN SAVINGS

LOGAIR and QUICKTRANS procedures require landings whenever cargo is to be picked up or delivered, even though the weight of cargo may be extremely small. No minimum weight criterion is used for determining the economical feasibility of making the pick-up or delivery.

Many aircraft landings in the 3-month period we tested did not appear necessary. For example, we identified 40 instances in which less than 100 pounds of cargo were picked up or delivered at LOGAIR terminals although the cargo could have been flown on the following day. Under LOGAIR and QUICKTRANS contracts, the contractor is paid \$150 for each of these landings. Military time standards allow 3 days delivery for Priority 1 material. Since LOGAIR is designed to give next day delivery, the delivery date could be met even if the cargo were held at a terminal for one day. Within the LOGAIR system, if one landing could be eliminated daily, \$54,750 in landing fees alone could be saved in a year.

On some routes, cost savings related to reduced air mileage could be more significant than landing fees if a minimum weight criterion were established. For example, we noted several instances when a small amount of cargo was flown from Plattsburg to Loring AFB on Flight 48. If a minimum criterion had been used and the Loring cargo delayed until the following day, about 514 air miles could have been saved by rerouting the flight from Plattsburg directly to Pease AFB, the scheduled stop following Loring. For each such flight rerouted, about \$840 in air mileage cost and \$150 in landing fees could be saved.

NAVY POLICIES MAY INHIBIT
USE OF QUICKTRANS

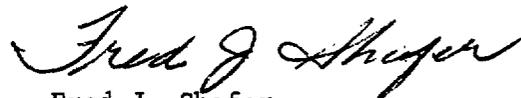
Navy policies on transporting non-Navy cargo may inhibit other DOD activities' use of QUICKTRANS. Navy guidelines provide for the use of QUICKTRANS by other Government activities on a space-available basis. In other words, cargo of non-Navy users will be moved after Navy cargo of the same priority. Also, all shipments by non-Navy activities must be cleared and routed by the Navy Materiel Transportation Office Air Clearance Authority, Oakland, California, prior to being tendered to a QUICKTRANS terminal. With few exceptions, Navy shippers are authorized automatic clearance to forward shipments of up to 1,000 pounds directly to the QUICKTRANS terminal for forwarding. The latter authority is not extended to other than Navy users.

We discussed the foregoing matters with the Director for Transportation and Warehousing Policy, Office of Assistant Secretary of Defense (Installations and Logistics). He told us that the information would be useful in evaluating the potential for a unified DOD air cargo system. Naturally, he was unable to inform us of the final actions that might be taken on the basis of our observations or other matters considered in his ad hoc committee's deliberations on a unified system.

Because of the high cost of transporting domestic cargo by air, we expect to do future work in this area. However, we are advising you of our observations at this time so you can give these matters attention during the ad hoc committee's deliberations on the feasibility of a unified charter system for domestic military air cargo. As indicated on page 1, we believe our findings during the survey suggest that a unified system could more economically and effectively support the domestic airlift needs of all services than the separate systems now being operated. We shall appreciate receiving your comments regarding these matters and we will consider your views in planning our future work.

We are sending copies of this report to the Secretaries of the Army, Navy, and Air Force.

Sincerely yours,



Fred J. Shafer
Director