

Section 2.34

Shipping - Outbound

Introduction

This section provides a set of suggested, minimal shipping procedures for state agencies. Each agency has unique needs and should adjust these procedures to conform to its particular situation.

Outbound Shipments

TPASS Term Contracts for Courier and Shipping

The TPASS offers the following Courier and Shipping Contracts for pickup and delivery of packages within designated areas:

[962-M1 Overnight, Second Day and Ground Delivery Services](#)

[962-M2 Courier/Delivery Service – Austin and El Paso Area Only](#)

[962-M5 Ltl and Tl Statewide Freight Contract](#)

Check these [contracts](#) occasionally, as other areas may be added in the future.

Low-Volume Outbound Shipping

If your agency does low-volume outbound shipping that is not covered by a TPASS Term Contract, attempt to get the best price for this service by using the informal bid process. Price reductions can often be secured by considering optional packaging, palletizing, etc. Simply selecting the correct carrier for the item being shipped often reduces the cost of shipping significantly. For example, some local package delivery services accept shipments up to 100 pounds for a single package. In many cases, smaller carriers offer a rate considerably less than a common carrier's minimum charge for the same shipment. The savings can often equal hundreds of dollars for a single transaction. You may wish to consult a freight broker to help reduce your agency's freight expenses.

High-Volume Outbound Shipping

If your agency does high-volume outbound shipping and no TPASS Term Contract meets its needs, solicit a formal bid for an annual contract.

Carrier Shipping Terminology

“Free on Board” specifies when the title for shipped merchandise transfers to the buyer. “F.O.B.” is often followed by text that specifies which party is responsible for freight charges and damages or losses while in transit. **See Table 1 - Carrier Shipping Methods** for more information.

F.O.B. Destination

Under these terms, the risk of loss of goods does not pass to your agency until the goods are delivered and your agency has accepted the shipment. If the shipment is refused or never reaches its destination, the vendor is responsible for re-shipping new goods at its expense. **TPASS** recommends that all orders be placed as "F.O.B. Destination."

F.O.B. Origin

Under these terms, the risk of loss passes to your agency when the carrier picks up the shipment from the vendor. The ordering entity is responsible for the merchandise at that point. If the merchandise is damaged or lost in shipment, the ordering entity owes the vendor full payment regardless. If there are damages or shortages,

the ordering entity is responsible for filing any needed freight claims to attempt to recover the damages. If goods must be replaced, a new order must be placed with the vendor. TPASS does not normally recommend using "F.O.B. Origin."

Table 1 - Carrier Shipping Methods

Shipping Method	Carrier Paid By	Freight Listed on PO	Title Held in Transit By	Claims Filed By
F.O.B Origin Freight Collect	Agency	Yes	Agency	Purchasing
F.O.B Origin Freight Allowed	Vendor	No	Agency	Purchasing
F.O.B Origin Freight Prepaid & Charged Back	Vendor	Yes	Agency	Purchasing
F.O.B Destination Freight Collect	Agency	No	Vendor	Vendor
F.O.B Destination Freight Prepaid & Allowed	Vendor	No	Vendor	Vendor
F.O.B Destination Freight Collect & Allowed	Agency	No*	Vendor	Vendor
* Freight charged to vendor by deducting freight charges from invoice				

Texas Business & Commerce Code § 2.601