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# A branch-cut-and-price approach for the Single-Trip and Multi-Trip Two-Echelon Vehicle Routing Problem with Time Windows

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## Abstract

The paper studies the two-echelon capacitated vehicle routing problem with time windows, in which delivery of freight from depots to customers is performed using intermediate facilities called satellites. We consider the variant of the problem with precedence constraints for unloading and loading freight at satellites. In this variant allows for storage and consolidation of freight at satellites. Thus, the total transportation cost may decrease in comparison with the alternative variant with exact freight synchronization at satellites. We suggest a mixed integer programming formulation for the problem with an exponential number of route variables and an exponential number of precedence constraints which link first-echelon and second-echelon routes. Routes at the second echelon connecting satellites and clients may consist of multiple trips and visit several satellites. A branch-cut-and-price algorithm is proposed to solve efficiently the problem. This is the first exact algorithm in the literature for the multi-trip variant of the problem. We also present a post-processing procedure to check whether the solution can be transformed to avoid freight consolidation and storage without increasing its transportation cost. It is shown that all single-trip literature instances solved to optimality admit optimal solutions of the same cost for both variants of the problem either with precedence constraints or with exact synchronization constraints. Experimental results reveal that our algorithm can be used to solve these instances significantly faster than another recent approach proposed in the literature.

## 1 Introduction

The strong growth of home delivery services and e-commerce leads to a massive flow of goods to the city centers. This tends to bring trucks within cities, while the latter restrict or ban the use of polluting and large freight vehicles in city centers. In order to find alternative solutions to direct deliveries from distribution centers to customers, multi-echelon distribution networks were

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proposed by Crainic et al. (2009). The two-echelon distribution systems is the simplest structure of these distribution networks. The trucks circulates in the first level outside the city center while small and clean vehicles are used in the second level for last-mile delivery. Light electric freight vehicles or cargo bikes are commonly used at this level since they are agile, quiet, emission-free, and takes up less space than vans or trucks. The connection between the two levels is ensured by intermediate warehouses such as Urban Consolidation Centers (UCC) (Allen et al., 2012), which provide temporary storage and consolidate the parcels flow in the last mile (McDermott, 1975). As the costs of these UCCs are high (Holguín-Veras et al., 2018), an alternative is to use intermediate warehouses with limited storage space or no storage at all. These warehouses called satellites are commonly based on existing infrastructures such as car parks, bus depots, or some street sidewalks. In this context, synchronization of flows at intermediate warehouses is therefore an important feature in urban freight transport: exact synchronization constraints are often encountered in satellites, and precedence constraints are encountered in UCCs. Time windows at customer sites are also commonly used in practice.

In this paper, we study the two-echelon vehicle routing problem with time windows (2E-VRPTW). It consists in determining the number of goods to be shipped from the distribution centers to the satellites and from satellites to customers, together with the optimal routes connecting entities in each level, such that vehicle capacities are not exceeded, customer demands are satisfied, customers are delivered within their time windows, and first-level routes precede second-level routes to do transfers at satellites. The goal is to minimize operational and transportation costs.

Two-echelon vehicle routing with time windows has received little attention in the literature so far. Usually in the variants of the problem considered in the literature, exact synchronization is required, and one forbids freight consolidation, i.e. the loading to a city freighter from several urban trucks. Such constraints are imposed, for example, in the papers by Grangier et al. (2016) and Dellaert et al. (2019). In contrast to these papers, our problem variant allows for consolidation and does not require exact synchronization for transfers because we use precedence constraints at satellites. Our case is thus suited for the practical situations with UCCs, i.e. satellites with relatively large storage capacities. It is therefore useful to briefly discuss real initiatives based on UCCs to reveal the relevance of these two assumptions (i.e. consolidation and non exact synchronization) for logistics practitioners. Indeed several initiatives have been developed in recent years for the routing of freight transport in city centers. These initiatives frequently rely on the implementation of UCCs to facilitate last-mile deliveries and reduce greenhouse gas emissions. The success and profitability of UCCs is discussed by Holguín-Veras et al. (2018). Bjorklund and Johansson (2018) mentioned that the publications of such initiatives are quite rare in academic journals. However, the following initiatives can be quoted. The Gnewt Cargo initiative in London (Clarke and Leonardi, 2017) aimed at replacing diesel vehicles making deliveries in high density city center areas with electric vehicles. The project used micro-consolidation centers outside the delivery areas and reduced the distance travelled per parcel by about 20 percent while reducing CO2 emissions. In the city of Nijmegen in the Netherlands, the Binnenstadservice project (van Rooijen and Quak, 2010) aimed to implement a consolidation service that allows carriers to deliver their parcels to a UCC instead of direct deliveries to the city center shops. The final delivery from the UCC is achieved by electric bi/tri cycles and CNG trucks that are emission free. Additional temporary storage services for the shops and return logistics services (waste) are also provided. This model was later extended to 15 cities in the Netherlands. The Stadsleveransen project (Katsela and Browne, 2019) is an urban logistics initiative in the city of Gothenburg, Sweden. The project was initiated in 2012 to deliver some city center shops from a consolidation center located one kilometer from the city center. It has been expanded to all the shops in the city center by extending the services offered, and now reaches about 800 parcels per day. It should be noted that this last-mile delivery service is partly financed by the carriers themselves. Other European initiatives can be found in (Simon Bohne and Leonardi, 2015).

In this work, we propose the first exact algorithm for this variant of the problem. The algorithm is based on the branch-cut-and-price (BCP) approach.

We would like to underline that our algorithm is useful both for the case with precedence constraints and for the case with exact synchronization. Indeed, exact algorithms are generally used in practice to obtain valid lower bounds on the value of an optimum solution of the problem. These bounds are then used to estimate the quality of heuristic algorithms. As the variant of the 2E-VRPTW with precedence constraints and consolidation is a relaxation of the variant with exact synchronization, the lower bounds obtained by our algorithm are valid for both cases. Moreover, we provide a post-processing procedure which allows one to minimize the usage of storage in a given solution without increasing its transportation cost.

We now summarize the main contributions of our work.

- We introduce a new mixed-integer programming (MIP) formulation for the 2E-VRPTW with precedence constraints and freight consolidation. This formulation involves an exponential number of route variables and an exponential number of precedence constraints. Our formulation does not involve variables which explicitly model freight transfer at satellites. This fact greatly simplifies the following approach to solve the formulation.
- To solve the introduced formulation to optimality, we propose a branch-cut-and-price algorithm, which combines column and cut generation with strong branching and an enumeration procedure for elementary routes (Baldacci et al., 2008). Our algorithm incorporates many advanced techniques proposed recently for tackling classic vehicle routing problems. It includes an original separation algorithm which generates violated precedence constraints. We also show how precedence constraints can be taken into account when solving the pricing problem in column generation.
- We show how to adapt our BCP algorithm for a more practically relevant variant of the problem, in which city freighters can perform multiple trips.
- We perform extensive computational evaluation of our algorithm using literature instances introduced by Grangier et al. (2016) and Dellaert et al. (2019). Experiments reveal that it can solve to optimality single-trip instances with up to 6 distribution centers, 5 satellites and 100 customers, and multi-trip instances with up to 8 satellites and 100 customers. Moreover, we show that: (i) virtually all instances proposed by Dellaert et al. (2019) have optimum solutions with the same transportation cost for the both variants of the problem with precedence constraints and with exact synchronization; (ii) our algorithm solves to optimality 56 open instances of the single-trip 2E-VRPTW; (iii) it obtains optimal solutions for these instances much faster than the algorithm by Dellaert et al. (2019).

The remaining of the paper is organized as follows. Section 2 reviews the literature. MIP formulations of the problem are introduced in Section 3. In Section 4, we describe the proposed branch-cut-and-price algorithm. In Section 5, we present and discuss the computational results. Section 6 concludes the paper and presents future research directions. In the online appendix, we give the detailed results of the BCP algorithm for each tested instance of the problem.

## 2 Literature review

The 2E-VRPTW is a generalization of the quite well-studied two-echelon capacitated vehicle routing problem (2E-CVRP). Several exact approaches have been proposed for the 2E-CVRP. Branch-and-cut algorithms were suggested by Gonzalez-Feliu et al. (2007); Perboli et al. (2011); Jepsen et al. (2013); and Contardo et al. (2012). An exact method based on the enumeration of first-level solutions was proposed by Baldacci et al. (2013). The first branch-cut-and-price algorithm was developed by Santos et al. (2015). Recently, Marques et al. (2020) published an improved branch-cut-and-price algorithm which outperforms other exact methods in the literature. Optimum solutions can now be consistently obtained for instances with up to 200 customers and 10 satellites.

Several heuristic approaches for the 2E-CVRP have been proposed in the literature. A large neighbourhood search based method has been suggested by Hemmelmayr et al. (2012) and by Breunig et al. (2016). Zeng et al. (2014) proposed a hybrid heuristic that combines greedy randomized adaptive search procedure and a variable neighborhood descent. Metaheuristics that combine local search to build routes and a route-based MIP to derive complete solutions were employed by Wang et al. (2017) and Amarouche et al. (2018). The latter two algorithms are the best heuristics for the problem available in the literature until today. More details on the 2E-CVRP can be found in the survey paper by Cuda et al. (2015).

The 2E-VRPTW and its variants are less studied than the 2E-CVRP, although the former is more relevant in practice. Grangier et al. (2016) suggested a mathematical formulation of the variant of the 2E-VRPTW with multiple trips and exact synchronization (MT-2E-VRPTW-ES), in which freight consolidation is forbidden. A city freighter thus receives products from only one urban truck. The authors proposed an adaptive large neighbourhood search heuristic which embeds customized destroy and repair procedures. Their objective function successively minimizes the number of urban trucks used, the number of city freighters used, and the total distance travelled. They experimented with instances involving 8 satellites and 100 customers and searched for feasible solutions within two hours.

Dellaert et al. (2019) suggested three MIP formulations for the single-trip 2E-VRPTW with exact synchronization (ST-2E-VRPTW-ES), in which freight consolidation is also forbidden. First, they introduced an arc-based formulation optimized using a commercial MIP solver. This approach could only solve instances with 15 customers within one hour. Secondly, they proposed a “tour-tree” based formulation, in which a tour-tree is a combination of a first-level route and the second-level routes loaded by this first-level route. A branch-and-price algorithm was devised to tackle this formulation. Again, only instances with up to 15 customers could be solved. Finally, the authors proposed a route based formulation and an enumeration-based algorithm similar to the one by Baldacci et al. (2013) to solve the ST-2E-VRPTW-ES. The method generates collections of first-level routes, then iteratively fixes the first-level routes by choosing the most promising collection according to a lower bound, and finally optimizes the second-level problem as a multi-depot vehicle routing problem with time windows using a branch-and-price algorithm. This method could solve most instances with up to 50 customers and some instances with 100 customers. Recently, Dellaert et al. (2021) considered a generalization of the 2E-VRPTW to the case with multiple commodities. They extended the approach of Dellaert et al. (2019) in order to exactly solve this multi-commodity case. Instances with up to 100 customers and 5 satellites with small customer demands were solved to (near-)optimality.

Li et al. (2016) considered a variant of the 2E-VRPTW for linehaul delivery systems with exact synchronization. They suggested a MIP formulation and tackled the problem with combination of an initial Clarke-and-Wright savings heuristic and a local search. Li et al. (2020b) studied another variant of the 2E-VRPTW with mobile satellites. The first echelon involves vans and the second echelon involves unmanned aerial vehicles (UAV). The vans parked at some customer locations are used as mobile satellites from which drones deliver other customers. They proposed a vehicle-flow formulation which involves non-exact synchronization constraints at mobile satellites and time windows at customer locations. Given the specific nature of the distribution with UAVs at the second level, their model is not dedicated to achieve freight consolidation at satellites. An adaptive large neighborhood search (ALNS) heuristic has also been proposed, which was tested on instances with up to 100 customers derived from the standard VRPTW benchmark. Li et al. (2020a) considered a city logistics distribution system with on-street satellites and time windows at customer locations, which has some similarities with the 2E-VRPTW. Synchronization is performed at satellites where freight consolidation takes place. The problem is formulated as a MIP, and it is optimized with a variable neighbourhood search (VNS) heuristic. The latter was tested on instances with up to 30 on-street-satellites and 900 customers. Nolz et al. (2020) considered two-echelon urban distribution systems with a single capacitated city hub and exact synchronization between echelons. For this setting, they proposed a three-phase heuristic method which uses population-based meta-heuristics and integer programs.

Related works include models developed for certain specific application areas. Wang and Wen (2020) focused on a variant of the 2E-VRPTW with soft time windows and an heterogeneous fleet of vehicles for the cold chain logistics. They proposed an adaptive genetic algorithm, and optimized small instances with 2 distribution centers, 15 customers and 3 satellites. He and Li (2019) proposed a memetic algorithm for a multi-trip variant of the 2E-VRPTW arising in agriculture, where second-level harvesting machines have to visit many farmlands and unload the crop at one or many of them (i.e. satellites) into first-level trucks. In this problem, the satellite location is changed continuously during the working day and a non-exact synchronization between the two levels is defined by a time windows at satellite. There is no consolidation in this model. The authors used a set of instances with up to 250 customers.

To conclude, several variants of the 2E-VRPTW have been studied in the literature in recent years. Nevertheless, to our knowledge, only one exact method has been proposed so far by Dellaert et al. (2019) for the 2E-VRPTW. In this work, we address the lack of exact methods by proposing an algorithm which has a broader applicability than the existing one.

### 3 Problem definition and formulation

We now formally define the problem. In the first level, a fleet  $\mathcal{U}$  of homogeneous urban trucks ships goods from a set  $\mathcal{D}$  of distribution centers to a set  $\mathcal{S}$  of satellites. The capacity of an urban truck is  $Q_1$  items. The tour of an urban truck starts at a distribution center, delivers freight to some satellites, and ends at the same distribution center. The second level involves a set  $\mathcal{F}$  of homogeneous city freighters that ship freight from satellites to a set  $\mathcal{C}$  of customers. The capacity of a city freighter is  $Q_2$  items. Each customer  $c \in \mathcal{C}$  has an integer demand  $d_c$  and must be visited by one city freighter. The latter must arrive at the location of customer  $c \in \mathcal{C}$  within a time window starting at time  $l_c$  and ending at time  $u_c$  (waiting is possible for an early arrival). Once arrived, the city freighter needs  $\sigma_c$  time units to serve the customer. In the single-trip variant, a city freighter starts its tour from a satellite, visits some customers, and ends at the same satellite. In the multi-trip variant, a city freighter starts from an unique depot, goes to a satellite, delivers some customers, and goes empty to a satellite to start another trip or ends at the depot.

Transfers of freight from urban trucks to city freighters take place at satellites. Vehicles can arrive at satellite  $s \in \mathcal{S}$  within a time window  $[l_s, u_s]$ . In our variant, the freight consolidation is allowed. This means that a city freighter can receive freight from several urban trucks. Moreover, exact synchronization of an urban truck and a city freighter at a satellite is not required. A transfer at satellite  $s \in \mathcal{S}$  consists of the following steps. An urban truck arrives at the satellite, possibly waits until the beginning of time window  $l_s$ , stays during service time  $\sigma_s$ , and then leaves. A city freighter arrives at the satellite, possibly waits until the start of service time of an urban truck from which the city freighter gets its freight, stays during service time  $\sigma_s$ , and then leaves. Figure 1 depicts examples of feasible transfers.

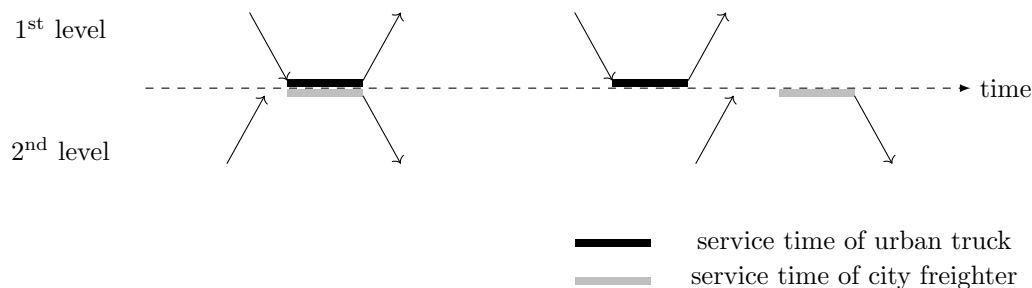


Figure 1: Examples of transfers at satellite

For the sake of clarity, we now focus on the single-trip variant of the problem. Specificities of the multi-trip variant are discussed in Section 3.4.

The first-level problem is similar to the split-delivery CVRP because several urban trucks can supply a satellite. However, the amount of freight delivered to each satellite is not fixed. The second level problem is similar to the multi-depot CVRP with time windows, in which satellites take the role of depots.

The distribution system is represented by two graphs. Directed graph  $G_1 = (V_1, A_1)$  with  $V_1 = \mathcal{D} \cup \mathcal{S}$  and  $A_1 = \mathcal{D} \times \mathcal{S} \cup \{(s, s') \in \mathcal{S}^2 : s \neq s'\} \cup \mathcal{S} \times \mathcal{D}$  represents the first level of the distribution system. Directed graph  $G_2 = (V_2, A_2)$  with  $V_2 = \mathcal{S} \cup \mathcal{C}$  and  $A_2 = \mathcal{S} \times \mathcal{C} \cup \{(c, c') \in \mathcal{C}^2 : c \neq c'\} \cup \mathcal{C} \times \mathcal{S}$  represents the second level of the distribution system. For each arc  $a \in A_1 \cup A_2$ , travelling cost  $f_a$  and travel time  $t_a$  are given.

We denote as  $P$  the set of feasible first-level routes. A route  $p \in P$  is an elementary cycle  $(v_0^p, v_1^p, \dots, v_{n(p)}^p)$  in  $G_1$ , in which  $v_0^p = v_{n(p)}^p \in \mathcal{D}$ , and  $v_k^p \in \mathcal{S}$ ,  $1 \leq k < n(p)$ . We denote as  $S_p$  the set of satellites visited by route  $p \in P$ :  $S_p = \{v_1^p, \dots, v_{n(p)-1}^p\} \subseteq \mathcal{S}$ . Since our variant allows for storage of items at satellites, there exists an optimal solution in which each first-level route visits each satellite at most once and departs from each node as early as possible. Let  $\tilde{f}^p$  denote the cost of route  $p \in P$ , which includes the total travel cost and the fixed cost of using an urban truck. Also let  $\tilde{t}_k^p$  denote the departure time of route  $p \in P$  from node  $v_k^p$ ,  $0 \leq k \leq n(p)$ . Without loss of generality, each value  $\tilde{t}_k^p$  can be fixed to the earliest departure time:

$$\tilde{t}_k^p = \begin{cases} \sigma_{v_k^p}, & k = 0, \\ \max \left\{ \tilde{t}_{k-1}^p + t_{(v_{k-1}^p, v_k^p)}, l_{v_k^p} \right\} + \sigma_{v_k^p}, & 1 \leq k \leq n(p). \end{cases}$$

A first-level route  $p$  is feasible if  $\tilde{t}_k^p \leq u_{v_k^p} + \sigma_{v_k^p}$ ,  $1 \leq k \leq n(p)$ . For a pair  $(s, t)$ , where  $s \in \mathcal{S}$  and  $0 \leq t \leq u_s$ , we denote as  $P_{st}$ , the set of first-level routes which visit satellite  $s$  and depart from it strictly before time moment  $t$ :  $P_{st} = \{p \in P : \exists k, 1 \leq k < n(p), v_k^p = s, \tilde{t}_k^p < t\}$ .

We denote as  $R_s$  the set of feasible second-level routes starting from satellite  $s$ . Let also  $R = \bigcup_{s \in \mathcal{S}} R_s$ . A route  $r \in R_s$  is an elementary cycle  $(v_0^r, v_1^r, \dots, v_{n(r)}^r)$  in  $G_2$ , in which  $v_0^r = v_{n(r)}^r = s$ , and  $v_k^r \in \mathcal{C}$ ,  $1 \leq k < n(r)$ . Again, since our variant allows for storage of items at satellites, there exists an optimal solution in which each second-level route departs from each node as late as possible. Let  $\tilde{z}_c^r$  be equal to 1 if route  $r \in R$  serves customer  $c \in \mathcal{C}$ , and 0 otherwise. Let  $\tilde{d}^r = \sum_{c \in \mathcal{C}} d_c \tilde{z}_c^r \leq Q_2$ . Let  $\tilde{f}^r$  denote the cost of route  $r \in R$ , which includes the total travel cost and the fixed cost of using a city freighter. Also let  $\tilde{t}_k^r$  denote the departure time of route  $r \in R$  from node  $v_k^r$ ,  $0 \leq k \leq n(r)$ . Without loss of generality, each value  $\tilde{t}_k^r$  can be fixed to the latest departure time:

$$\tilde{t}_k^r = \begin{cases} u_{v_k^r}, & k = n(r), \\ \min \left\{ \tilde{t}_{k+1}^r - \sigma_{v_{k+1}^r} - t_{(v_k^r, v_{k+1}^r)}, u_{v_k^r} + \sigma_{v_k^r} \right\}, & 0 \leq k < n(r). \end{cases}$$

A second-level route  $r$  is feasible if  $\tilde{t}_k^r \geq l_{v_k^r} + \sigma_{v_k^r}$ ,  $0 \leq k < n(r)$ . For a pair  $(s, t)$ , where  $s \in \mathcal{S}$  and  $0 \leq t \leq u_s$ , we denote as  $R_{st}$  the set of second-level routes in  $R_s$  which depart from satellite  $s$  strictly before time moment  $t$ :  $R_{st} = \{r \in R_s : \tilde{t}_0^r < t\}$ .

A feasible solution to the problem consists of a set of feasible first-level and second-level routes. Several urban trucks may follow the same first-level route in a solution. The following partitioning, precedence, and capacity constraints should be satisfied:

- (C1) each customer is visited by exactly one second-level route,
- (C2) for each satellite  $s \in \mathcal{S}$  and each time moment  $0 \leq t \leq u_s$ , the total amount of freight, delivered to  $s$  by first-level routes in  $P_{st}$ , is not smaller than the total amount of freight delivered by second-level routes in  $R_{st}$ ,
- (C3) the total amount of freight delivered by every urban truck does not exceed  $Q_1$ .

The objective function is the same as the one used by Dellaert et al. (2019): we minimize the sum of the total travelling cost and the total fixed cost of vehicles usage, i.e. the total routes cost.

### 3.1 Standard formulation

Let integer variable  $\lambda_p$ ,  $p \in P$ , be equal to the number of urban trucks which follow first-level route  $p$ . Let binary variable  $\mu_r$ ,  $r \in R$ , takes value 1 if a city freighter follows second-level route  $r$ , and 0 otherwise. Let continuous variable  $w_{ps}$ ,  $p \in P$ ,  $s \in S_p$ , be equal to the amount of freight that first-level route  $p$  delivers to satellite  $s$ . Then our problem can be formulated as follows.

$$(F1) \quad \min \quad \sum_{p \in P} \tilde{f}^p \lambda_p + \sum_{r \in R} \tilde{f}^r \mu_r \quad (1)$$

$$\text{s.t.} \quad \sum_{r \in R} \tilde{z}_c^r \mu_r = 1 \quad c \in \mathcal{C} \quad (2)$$

$$\sum_{p \in P_{st}} w_{ps} - \sum_{r \in R_{st}} \tilde{d}^r \mu_r \geq 0 \quad s \in \mathcal{S}, l_s < t \leq u_s, \quad (3)$$

$$\sum_{s \in S_p} w_{ps} \leq Q_1 \lambda_p \quad p \in P \quad (4)$$

$$\lambda_p \in \mathbb{Z}_+ \quad p \in P \quad (5)$$

$$\mu_r \in \{0, 1\} \quad r \in R \quad (6)$$

$$w_{ps} \geq 0 \quad p \in P, s \in S_p \quad (7)$$

The objective function (1) minimizes the total routes cost. Partitioning constraints (2), precedence constraints (3), and capacity constraints (4) correspond to constraints (C1), (C2), and (C3) respectively. Constraints (5), (6) and (7) define the domains of variables. The number of precedence constraints (3) can be reduced to a finite number while keeping the formulation valid. We define as  $T_s$  the set of all time moments at which first-level routes leave satellite  $s$ :  $T_s = \{\tilde{t}_k^p : p \in P, 1 \leq k < n(p), v_k^p = s\}$ . Then it suffices to keep only constraints (3) for pairs  $(s, t)$  such that  $s \in \mathcal{S}$  and  $t \in T_s$ .

Formulation (F1) cannot be solved directly in practice as the number of variables and constraints is very large. Even the standard column and cut generation approach is not suited to solve its linear programming (LP) relaxation. This is because for every newly generated variable  $\lambda_p$ ,  $p \in P$ , one should also generate variables  $w_{ps}$ ,  $s \in S_p$ , and the corresponding constraint (4). There exist several approaches in the literature which allow one to simultaneously generate columns and problem constraints they participate in. For example, approaches in (Sadykov and Vanderbeck, 2013; Muñoz et al., 2018) can be used only in the case when the pricing problem can be formulated as a large-scale linear program. Our problem does not fall into the latter class. The applicability of the approach by Muter et al. (2018) for our problem remains to be shown.

### 3.2 Modified formulation

In this section, we modify formulation (F1) so that dynamic generation of route variables does not require simultaneous generation of constraints. For the modified formulation, we are able to compute the current reduced cost of route variables. The standard column generation procedure then can be used once the restricted set of precedence constraints is fixed. Therefore, precedence constraints separation procedure may alternate with the column generation procedure. The overall columns and cut generation procedure stops when no negative reduced columns are found and no precedence constraints are violated.

The main idea of the modified formulation is to merge constraints (3) and (4) to remove variables  $w$ . First we need to introduce some notation. Given a time vector  $\tau = (\tau_s)_{s \in \mathcal{S}}$ , a first-level route  $p$  belongs to set  $P(\tau)$  if there exists a satellite  $s \in \mathcal{S}$  such that  $p$  departs from  $s$  before time  $\tau_s$ :  $P(\tau) = \{p \in P : \exists k, 1 \leq k < n(p), \tilde{t}_k^p < \tau_{v_k^p}\}$ . A second-level route  $r \in R_s$  with  $s \in \mathcal{S}$  belongs to set  $R(\tau)$  if it departs from satellite  $s$  before time  $\tau_s$ :  $R(\tau) = \{r \in R : \tilde{t}_0^r < \tau_{v_0^r}\}$ . Also, let  $\mathcal{T}$  be the cartesian product of all sets  $T_s$ ,  $s \in \mathcal{S}$ , extended by value 0, i.e.  $\mathcal{T} = \times_{s \in \mathcal{S}} (T_s \cup \{0\})$ .



The modified formulation is then the following.

$$(F2) \quad \min \quad \sum_{p \in P} \tilde{f}^p \lambda_p + \sum_{r \in R} \tilde{f}^r \mu_r \quad (8)$$

$$\text{s.t.} \quad \sum_{r \in R} \tilde{z}_c^r \mu_r = 1 \quad c \in \mathcal{C} \quad (9)$$

$$\sum_{p \in P(\tau)} Q_1 \lambda_p - \sum_{r \in R(\tau)} \tilde{d}^r \mu_r \geq 0 \quad \tau \in \mathcal{T} \quad (10)$$

$$\lambda_p \in \mathbb{Z}_+ \quad p \in P \quad (11)$$

$$\mu_r \in \{0, 1\} \quad r \in R \quad (12)$$

We call constraints (10) two-level precedence constraints (TLPC). They replace constraints (3) and (4). Before showing that formulation (F2) is equivalent to (F1), we give an example of a violated TLPC.

**Example 1.** Consider an instance of 2E-VRPTW with one distribution center, three satellites  $\mathcal{S} = \{s_1, s_2, s_3\}$ , and a set of customers that has a total demand of 55 items. Capacities of vehicles are  $Q_1 = 20$  and  $Q_2 = 13$ . Suppose we are given the solution depicted by Figure 2. Urban truck following route  $p_1$  takes 20 units of freight from the distribution center and delivers them to satellite  $s_2$  at time 5 and satellite  $s_1$  at time 15. Urban truck taking route  $p_2$  delivers 20 items to  $s_2$  at time 55. Urban truck taking route  $p_3$  delivers 15 items to  $s_1$  at time 75. City freighters taking routes  $r_1$  and  $r_5$  start from satellite  $s_1$  at time moments 27 and 105 with loads of 10 and 13 items respectively. City freighters taking routes  $r_2, r_3$ , and  $r_4$  start from  $s_2$  at time moments 40, 63, and 85 with loads of 12, 7, 13 items respectively.

We now consider the TLPC characterized by time vector  $\tau = (70, 50, 0)$ . This TLPC involves routes  $p_1, r_1$ , and  $r_2$  arriving and leaving satellites in the gray area in Figure 2. Since  $p_1$  delivers 20 items and  $r_1$ , and  $r_2$  cover 22 items of demand, the solution violates this TLPC.

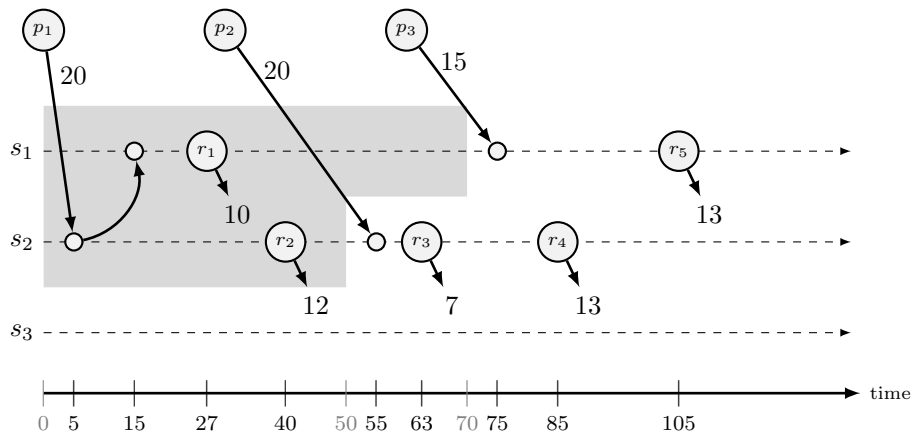


Figure 2: Example of a solution and a violated TLPC characterized by vector  $\tau = (70, 50, 0)$

We now prove that (F2) is a projection of (F1). The proof is illustrated in Figure 3.

**Proposition 1.** A solution  $(\bar{\lambda}, \bar{\mu})$  is feasible to the LP relaxation (LF2) of formulation (F2) if and only if there exists a feasible solution  $(\bar{\lambda}, \bar{\mu}, \bar{w})$  to the LP relaxation (LF1) of formulation (F1).

*Proof.* To prove sufficiency (“if” part), we need to show that constraints (10) are valid for (LF1). Let fix a feasible solution  $(\bar{\lambda}, \bar{\mu}, \bar{w})$  to (LF1). For an arbitrary time vector  $\tau \in \mathcal{T}$ , we have

$$\sum_{r \in R(\tau)} \tilde{d}^r \bar{\mu}_r = \sum_{s \in \mathcal{S}} \sum_{r \in R_{s, \tau_s}} \tilde{d}^r \bar{\mu}_r \stackrel{(3)}{\leq} \sum_{s \in \mathcal{S}} \sum_{p \in P_{s, \tau_s}} \bar{w}_{ps} \leq \sum_{p \in P(\tau)} \sum_{s \in S_p} \bar{w}_{ps} \stackrel{(4)}{\leq} \sum_{p \in P(\tau)} Q_1 \bar{\lambda}_p$$

Thus,  $(\bar{\lambda}, \bar{\mu})$  is feasible to (LF2).

We now prove necessity, i.e. “only if” part. Consider a feasible solution  $(\bar{\lambda}, \bar{\mu})$  to (LF2). We denote as  $\bar{P}$  and  $\bar{R}$  the sets of first-level and second-level routes participating in the solution:  $\bar{P} = \{p \in P : \bar{\lambda}_p > 0\}$  and  $\bar{R} = \{r \in R : \bar{\mu}_r > 0\}$ .

We build the directed graph  $\bar{G} = (\bar{V}, \bar{A})$ . The set of nodes is  $\bar{V} = \{\bar{s}, \bar{t}\} \cup \bar{P} \cup \bar{R}$ , where  $\bar{s}$  is the source, and  $\bar{t}$  is the sink. Set  $\bar{A}$  of arcs consists of three subsets. Subset  $\bar{A}_1$  contains, for each  $p \in \bar{P}$ , arc  $(\bar{s}, p)$  with capacity  $Q_1 \bar{\lambda}_p$ . Subset  $\bar{A}_2$  contains arc  $(p, r) \in \bar{P} \times \bar{R}$  if and only if first-level route  $p$  leaves satellite  $s = v_0^r$  before or at the same time as second-level route  $r$ . Every arc in  $\bar{A}_2$  has infinite capacity. Subset  $\bar{A}_3$  contains, for each  $r \in \bar{R}$ , arc  $(r, \bar{t})$  with capacity  $\tilde{d}^r \bar{\mu}_r$ .

Let us now prove by contradiction that the maximum flow value from  $\bar{s}$  to  $\bar{t}$  in  $\bar{G}$  is equal to  $\sum_{c \in \mathcal{C}} d_c = d(\mathcal{C})$ . Assume that the maximum flow value is strictly less than  $d(\mathcal{C})$ . Let  $\bar{V}'$  be the subset of  $\bar{V}$  obtained from a minimum  $\bar{s}$ - $\bar{t}$  cut in  $\bar{G}$ , where  $\bar{s} \in \bar{V}'$ . Let  $\bar{P}' = \bar{P} \setminus \bar{V}'$  and  $\bar{R}' = \bar{R} \setminus \bar{V}'$ . Let  $\bar{A}'$  be the set of arcs that cross the cut:  $\bar{A}' = \{(i, j) \in \bar{A} : i \in \bar{V}', j \notin \bar{V}'\}$ . From the assumption and the max-flow-min-cut theorem, it follows that the total capacity of arcs in  $\bar{A}'$  is less than  $d(\mathcal{C})$ . Thus  $\bar{A}'$  does not contain all arcs in  $\bar{A}_3$  and  $\bar{A}'$  contains at least one arc in  $\bar{A}_1$ . Therefore, the total capacity of arcs in  $\bar{A}_1 \cap \bar{A}'$  is strictly less than the total capacity of arcs in  $\bar{A}_3 \setminus \bar{A}'$ :

$$\sum_{p \in \bar{P}'} Q_1 \bar{\lambda}_p < \sum_{r \in \bar{R}'} \tilde{d}^r \bar{\mu}_r. \quad (13)$$

Consider now time vector  $\bar{\tau}$  such that

$$\bar{\tau}_s = \begin{cases} \epsilon + \max_{r \in \bar{R}' \cap R_s} \{\tilde{t}_0^r\}, & \bar{R}' \cap R_s \neq \emptyset, \\ 0, & \text{otherwise,} \end{cases} \quad \forall s \in \mathcal{S}. \quad (14)$$

Here  $\epsilon$  is a very small positive value. No first-level route  $\bar{P} \setminus \bar{P}'$  can serve second-level route in  $\bar{R}'$ , as otherwise the minimum  $\bar{s}$ - $\bar{t}$  cut would have infinite value. Thus, set  $P(\bar{\tau})$  does not contain any route in  $\bar{P} \setminus \bar{P}'$ , and

$$\sum_{p \in P(\bar{\tau})} Q_1 \bar{\lambda}_p = \sum_{p \in \bar{P}'} Q_1 \bar{\lambda}_p \stackrel{(13)}{<} \sum_{r \in \bar{R}'} \tilde{d}^r \bar{\mu}_r \leq \sum_{r \in R(\bar{\tau})} \tilde{d}^r \bar{\mu}_r.$$

Thus, solution  $(\bar{\lambda}, \bar{\mu})$  violates the precedence constraint (10) characterized by time vector  $\bar{\tau}$  and that contradicts the fact that this solution is feasible to (LF2). Then, our assumption about the maximum flow value is wrong, and this value is equal to  $d(\mathcal{C})$ . We now set each value  $\bar{w}_{ps}$ ,  $p \in P$ ,  $s \in \mathcal{S}$ , equal to the total flow value along all arcs  $(p, r)$  in  $\bar{A}_2$  such that  $r \in R_s$ , and to 0 if there are no such arcs. By construction of graph  $\bar{G}$ , constraints (3) and (4) are satisfied by solution  $(\bar{\lambda}, \bar{\mu}, \bar{w})$ , and the latter is feasible to (LF1).  $\square$

The linear relaxation (LF2) is solved by the column and cut generation procedure described in Section 4. To improve the lower bound for the 2E-VRPTW obtained by this procedure, we use four families of valid inequalities, described in the next section.

### 3.3 Valid inequalities

To simplify presentation, we use additional auxiliary variables. Let  $\tilde{x}_a^p$  be equal to 1 if route  $p \in P$  uses arc  $a \in A_1$ , and 0 otherwise. Let also integer variable  $x_a$ ,  $a \in A_1$ , be equal to the number of times urban trucks use arc  $a$ :  $x_a = \sum_{p \in P} \tilde{x}_a^p \lambda_p$ . Let  $\tilde{y}_a^r$  be equal to 1 if route  $r \in R$  uses arc  $a \in A_2$ , and 0 otherwise. Let also binary variable  $y_a$ ,  $a \in A_2$ , be equal to 1 if a city freighter uses arc  $a$ :  $y_a = \sum_{r \in R} \tilde{y}_a^r \mu_r$ . Finally, let integer variable  $\nu_S$ ,  $S \subseteq \mathcal{S}$ , be equal to the number of urban trucks visiting at least one satellite in  $S$ :  $\nu_S = \sum_{p \in P: S_p \cap S \neq \emptyset} \lambda_p$ .

Rounded capacity cuts were introduced by Laporte and Nobert (1983) for the CVRP. Given a subset  $C \subseteq \mathcal{C}$  of customers, value  $\lceil \sum_{c \in C} d_c / Q_2 \rceil$  is a lower bound on the number of city freighters

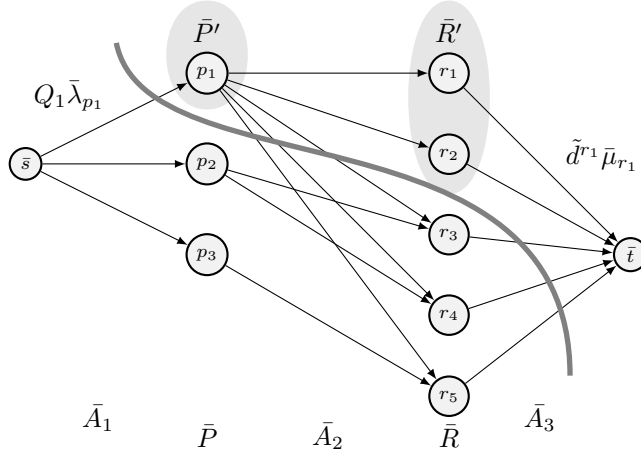


Figure 3: Minimum cut in graph  $\tilde{G}$  based on the solution in Example 1.

required to visit at least one customer in  $C$ . Therefore, the rounded capacity cuts (RCC)

$$\sum_{s \in \mathcal{S}} \sum_{a \in \delta_2^-(C)} y_a \geq \left\lceil \frac{\sum_{c \in C} d_c}{Q_2} \right\rceil, \quad C \subseteq \mathcal{C}, \quad (15)$$

are valid for the 2E-VRPTW. Here  $\delta_2^-(C)$  is the set of arcs in  $A_2$  incoming to  $C$ , i.e.  $\delta_2^-(C) = \{(i, j) \in A_2 : i \notin C, j \in C\}$ . Constraints (15) are separated using the CVRPSEP package (Lysgaard, 2018) which implements a heuristic by Lysgaard et al. (2004). At most 100 RCCs are added in each cut separation round.

The next family of cuts is obtained by the Chvátal-Gomory rounding of set-partitioning constraints (9), relaxed to  $\leq$  inequalities. For a non-negative vector  $\alpha \in \mathbb{Q}_+^{|\mathcal{C}|}$  of multipliers, the following rank-1 cut (R1C) is valid:

$$\sum_{r \in R} \left\lfloor \sum_{c \in \mathcal{C}} \alpha_c \tilde{z}_c^r \right\rfloor \mu_r \leq \left\lfloor \sum_{c \in \mathcal{C}} \alpha_c \right\rfloor. \quad (16)$$

An inequality (16) obtained using a vector of multipliers with  $k$  positive components is called a  $k$ -row rank-1 cut. If all positive components of  $\alpha$  are the same, the corresponding inequality is called a subset-row cut. Jepsen et al. (2008) first introduced 3-row subset-row cuts. Pecin et al. (2017a) used  $k$ -row subset-row cuts with  $k \leq 5$ . General  $k$ -row rank-1 cuts with  $k \leq 5$  were considered by Pecin et al. (2017b). They determined all dominant vectors of multipliers for such cuts: if a  $k$ -row rank-1 cut with  $k \leq 5$  is violated, at least one rank-1 cut obtained using a dominant vector of multipliers is violated.

Similarly to Sadykov et al. (2021), separation of  $k$ -row rank-1 cuts with  $k \leq 5$  is performed using a local search heuristic independently for every dominant vector of multipliers. At most 450 R1Cs are added in each cut separation round. We employ the limited memory technique by Pecin et al. (2017a) to reduce the impact of rank-1 cuts on the solution time of the pricing problem.

Let binary variable  $y_{sa}$ ,  $s \in \mathcal{S}$ ,  $a \in A_2$ , be equal to 1 if a city freighter starting from satellite  $s$  uses arc  $a$ :  $y_{sa} = \sum_{r \in R_s} \tilde{y}_a^r \mu_r$ . The idea of satellite supply inequalities (SSI) introduced by Marques et al. (2020) is to bound from below the number of city freighters started from a satellite outside a subset  $S \subseteq \mathcal{S}$  which should visit a subset  $C \subseteq \mathcal{C}$  of clients. The right-hand-side of inequality

$$\sum_{s \in \mathcal{S} \setminus S} \sum_{a \in \delta_2^-(C)} y_{sa} \geq \left\lceil \frac{\sum_{c \in C} d_c - Q_1 \lfloor \nu_S \rfloor}{Q_2} \right\rceil \quad (17)$$

is equal to such a lower bound. Constraints (17) are clearly non-linear. Marques et al. (2020) showed how to replace one non-linear SSI by a set of linear constraints. We separate SSI using the heuristic described in this paper. At most 150 SSIs are added in each cut separation round.

Given a satellite  $s \in \mathcal{S}$  and a customer  $c \in \mathcal{C}$ , the visited satellite inequality (VSI) states that there is at least one urban truck visiting satellite  $s$  if customer  $c$  is delivered by a city freighter coming from  $s$ :

$$\sum_{a \in \delta_2^-(\{c\})} y_{sa} \leq \nu_{\{s\}}, \quad s \in \mathcal{S}, \quad c \in \mathcal{C}. \quad (18)$$

These inequalities are first used for the 2ECVRP by Marques et al. (2020). They can be separated by enumerating all pairs  $(s, c) \in \mathcal{S} \times \mathcal{C}$ . At most 50 VCIs are added in each cut separation round.

According to definition of Pessoa et al. (2008), RCCs and VSIs are robust cuts, R1Cs are non-robust cuts. SSIs are robust cuts for the pricing problem which generates second-level routes, but they are non-robust cuts for the pricing problem generating first-level routes. TLPCs are non-robust cuts for the first-level pricing problem, but robust for the second-level one, if the latter is formulated in a special way explained below in Sections 4.1.2 and 4.1.3.

### 3.4 Multi-trip variant

In the multi-trip variant, the first level of the distribution system stays the same but the second level changes because city freighters can perform several trips and can visit more than one satellite. The second level problem becomes the multi-depot multi-trip CVRP with time windows and it is similar to the multi-depot VRP with interdepot routes considered by (Muter et al., 2014). We consider two graph representations of the second level. In representation (R1) below, we do not keep track of the satellite from which the current trip started. In representation (R2), we keep track of the latest visited satellite. In the former, the second-level graph is smaller, but some valid inequalities described in Section 3.3 cannot be used.

(R1) The second level of the distribution system is represented by directed graph  $G'_2 = (V'_2, A'_2)$  where  $V'_2 = \{0\} \cup \mathcal{S} \cup \mathcal{C}$ ,  $A'_2 = A_2 \cup \{0\} \times \mathcal{S} \cup \mathcal{C} \times \{0\}$ , and node 0 is the depot of city freighters. A trip in graph  $G'_2$  starts in a satellite  $s \in \mathcal{S}$ , visits some customers in  $\mathcal{C}$ , and goes empty to a satellite  $s' \in \mathcal{S}$  (possibly  $s = s'$ ) or to depot 0. For each arc  $a \in \{0\} \times \mathcal{S} \cup \mathcal{C} \times \{0\}$ , its travelling cost  $f_a$  and travel time  $t_a$  are given.

(R2) In this representation, each customer  $c \in \mathcal{C}$  is represented by  $|\mathcal{S}|$  nodes, one per satellite, instead of only one node. Let  $\mathcal{C}_s$  be the set of customer nodes for satellite  $s \in \mathcal{S}$ , and let  $\hat{\mathcal{C}} = \bigcup_{s \in \mathcal{S}} \mathcal{C}_s$ . The second level is thus represented by directed graph  $G''_2 = (V''_2, A''_2)$ , where  $V''_2 = \{0\} \cup \mathcal{S} \cup \hat{\mathcal{C}}$ ,  $A''_2 = (\bigcup_{s \in \mathcal{S}} A''_{2s}) \cup \{0\} \times \mathcal{S}$ , and  $A''_{2s} = \{s\} \times \mathcal{C}_s \cup \{(c, c') \in \mathcal{C}_s^2 : c \neq c'\} \cup \mathcal{C}_s \times \mathcal{S} \cup \mathcal{C}_s \times \{0\}$ . We say that an arc  $a'' \in A''_2$  projects to an arc  $a' \in A'_2$  if their tails and heads correspond to the same satellite or customer. For an arc  $a' \in A'_2$ , let  $A''(a')$  be the set of arcs in  $A''_2$  projecting to arc  $a'$ . A trip in graph  $G''_2$  starts in a satellite  $s \in \mathcal{S}$ , visits some customers in  $\mathcal{C}_s$ , and goes empty to a satellite  $s' \in \mathcal{S}$  (possibly  $s = s'$ ) or to depot 0.

Let  $R'$  be the set of feasible multi-trip second-level routes. Each route consists of the first arc going from depot 0 to a satellite  $s \in \mathcal{S}$ , and one or several consecutive trips such that the first trip starts at  $s$ , each other trip starts at the satellite at which the previous trip has ended, and the last trip finishes at node 0. Let  $I_r$ ,  $r \in R'$ , be the set of trips of a multi-trip route. As in the single-trip case, there exists an optimal solution in which each second-level route departs from each node as late as possible. We use the same notation  $R'$  for both graph representations (R1) and (R2), as there is a bijection between feasible routes in graphs  $G'_2$  and  $G''_2$ .

Let  $\tilde{z}_c^i$  be equal to 1 if trip  $i \in I_r$ ,  $r \in R'$ , serves customer  $c \in \mathcal{C}$ , and 0 otherwise. We have  $\tilde{z}_c^r = \sum_{i \in I_r} \tilde{z}_c^i$  for a route  $r \in R'$ . Let  $\tilde{y}_{a'}^r$  be equal to 1 if route  $r \in R'$  uses arc  $a' \in A'_2$ , if

representation (R1) is used, or uses an arc in  $A''(a')$  if representation (R2) is used. Let  $\tilde{d}^i$  be the total amount of freight delivered by trip  $i \in I_r$ ,  $r \in R'$ :  $\tilde{d}^i = \sum_{c \in \mathcal{C}} d_c \tilde{z}_c^i \leq Q_2$ . Let  $\tilde{t}^i$  and  $\tilde{s}^i$  be the departure time of trip  $i \in I_r$ , and the satellite from which this trip departs.

We denote  $I_{rs}(t)$  as the set of trips of route  $r \in R'$  starting from satellite  $s$  before time  $t$ :  $I_{rs}(t) = \{i \in I_r : \tilde{s}^i = s, \tilde{t}^i < t\}$ . Given a time vector  $\tau = (\tau_s)_{s \in \mathcal{S}}$  and a route  $r \in R'$ , let  $I_r(\tau) = \cup_{s \in \mathcal{S}} I_{rs}(\tau_s)$ . Then, two-level precedence constraints (10) can be rewritten for the multi-depot variant of the problem:

$$\sum_{p \in P(\tau)} Q_1 \lambda_p - \sum_{r \in R'} \sum_{i \in I_r(\tau)} \tilde{d}^i \mu_r \geq 0, \quad \tau \in \mathcal{T}. \quad (19)$$

As values  $\tilde{z}_c^r$ ,  $c \in \mathcal{C}$ , and  $\tilde{y}_a^r$ ,  $a \in A_2$ , are defined for all multi-trip second-level routes, valid inequalities (15) and (16) can directly be used in the multi-trip case.

The branch-cut-and-price algorithm presented in the next section has two variants for the multi-trip case, depending on the graph representation used. If representation (R2) is used, for a given triple  $(r, s, a)$ ,  $r \in R'$ ,  $s \in \mathcal{S}$ ,  $a \in A_2$ , we are able to determine value  $\tilde{y}_{sa}^r$ , which is equal to 1 if an arc  $a'' \in A''_{2s}$  projecting to  $a$  is used by route  $r$ . Then, variables  $y_{sa} = \sum_{r \in R'} \tilde{y}_{sa}^r \mu_r$  are available, and we can use valid inequalities (17) and (18).

## 4 Branch-Cut-and-Price algorithm

The LP relaxation (LF2) of formulation (F2) together with valid inequalities (15), (16), (17), and (18) is solved by a column and cut generation approach. The first-level and second-level route variables are generated by solving the pricing problems which we describe in Section 4.1. We also show how two-level precedence constraints (10) affect the structure of the pricing problems. In Section 4.2, we introduce a separation algorithm for TLPC (10). We give a brief description of the remaining components of the branch-cut-and-price algorithm in Section 4.3. Finally, in Section 4.4, we present the post-processing procedure that tries to exactly synchronize urban trucks and city freighters.

### 4.1 Pricing problems

Consider formulation (LF2) with a restricted number of variables and constraints. We denote it as (RLF2). Let  $(\bar{\pi}, \bar{\zeta}, \bar{\rho}, \bar{\xi}, \bar{\eta}, \bar{\theta})$  be an optimal dual solution of (RLF2), corresponding to constraints (9), (10), (15), (16), (17), and (18) respectively. We say that a constraint is active if its value is non-zero in the dual solution. Let  $E$  be the set of active TLPC, and  $\tau^e$  defines cut  $e \in E$  with dual value  $\bar{\zeta}_e$ . Let  $N$  be the set of active RCC, and  $C^n$  defines cut  $n \in N$  with dual value  $\bar{\rho}_n$ . Let  $M$  be the set of active RIC, and  $\alpha^m$  defines cut  $m \in M$  with dual value  $\bar{\xi}_m$ . Let  $H$  be the set of active SSI, and  $(S^h, C^h, \beta^h)$  defines cut  $h \in H$  with dual value  $\bar{\eta}_h$ , where  $\beta^h$  is the coefficient of variable  $\nu_S$  in this SSI.

#### 4.1.1 First-level pricing problem

The first-level pricing problem is to find a route  $p \in P$  with the smallest reduced cost

$$\sum_{a \in A_1} f_a \tilde{x}_a^p - \sum_{e \in E: p \in P(\tau^e)} Q_1 \bar{\zeta}_e + \sum_{h \in H: S_p \cap S^h \neq \emptyset} \beta^h \bar{\eta}_h + \sum_{s \in S_p} \sum_{c \in \mathcal{C}} \bar{\theta}_{sc}. \quad (20)$$

This problem can be decomposed into subproblems. Each subproblem for a distribution center  $v \in \mathcal{D}$  is a modification of the elementary resource constrained shortest path problem (ERCSP) on graph. The ERCSP consists in finding an elementary cycle from  $v$  to  $v$  in graph  $G_1$  in which nodes corresponding to all distribution centers except  $v$  are deleted. Time is the only resource. The time consumption of arc  $a \in A_1$  is equal to the sum of the travel time  $t_a$  and the service

time of satellite corresponding to the tail of arc  $a$  (the service time of distribution center  $v$  is zero). Bounds on the accumulated time consumption for node  $v' \in V_1$  are equal to  $[l_{v'}, u_{v'}]$ . The reduced cost of arc  $a = (v', v'') \in A_1$  is equal to  $f_a + \sum_{c \in C} \theta_{v''c}$ . The reduced cost of a route  $p \in P$ , which is an elementary cycle in  $G_1$ , is equal to the sum of reduced costs of its arcs and the contribution of active SSIs and TLPCs. Each active SSI  $h \in H$  contributes to the reduced cost of path  $p$  value  $\beta^h \bar{\eta}_h$  if and only if  $p$  visits at least one satellite in  $S^h$ . Each active TLPC  $e \in E$  contributes to the reduced cost of path  $p$  value  $-Q_1 \bar{\zeta}_e$  if and only if  $p$  departs from a satellite  $s \in \mathcal{S}$  before time  $\tau_s^e$ . In the labeling algorithm to solve the modified ERCSPP, each label  $L$  corresponds to a partial path starting in node  $v$ . Label  $L$  is defined by the set of visited satellites, the current time, the latest visited node, the current reduced cost, and the vector of boolean values. Each boolean value is associated with an active SSI or TLPC. When a label is extended to a node, contribution of a SSI or a TLPC is added to the reduced cost of the label if the corresponding condition is satisfied and the associated boolean value in the label is equal to false (in this case this value is set to true). Dominance check between two labels should take into account the possible contribution to the reduced cost of SSIs and TLPCs associated to false values in labels. Thus it is expected that the dominance between labels occurs rarely making the labeling algorithm not scalable.

It is reasonable to assume that in practice the number of satellites is a small fraction of the number of customers. Indeed, in all literature instances the set of satellites is not large. Therefore, instead of solving the first-level pricing problem by the labeling algorithm, it is possible to enumerate all feasible first-level routes before starting the column and cut generation. However, we cannot include all corresponding first-level route variables  $\lambda$  to (LF2), as their number can exceed 100,000. Instead, as proposed by Contardo and Martinelli (2014), we solve the first-level pricing problem by inspection of enumerated routes. The reduced cost of every enumerated route is updated based on the current dual solution, and routes with the smallest reduced costs are selected.

#### 4.1.2 Second-level single-trip pricing problem

This problem can be decomposed in  $|\mathcal{S}|$  independent subproblems, one per satellite. Given a satellite  $s \in \mathcal{S}$ , the reduced cost of a second-level single-trip route  $r \in R_s$  is calculated as

$$\begin{aligned} & \sum_{a \in A_2} f_a \tilde{y}_a^r - \sum_{c \in C} \sum_{a \in \delta_2^-(\{c\})} \bar{\pi}_c \tilde{y}_a^r - \sum_{n \in N} \sum_{a \in \delta_2^-(C^n)} \bar{\rho}_n \tilde{y}_a^r + \sum_{c \in C} \sum_{a \in \delta_2^-(\{c\})} \bar{\theta}_{sc} \tilde{y}_a^r \\ & - \sum_{h \in H: s \notin S^h} \sum_{a \in \delta_2^-(C^h)} \bar{\eta}_h \tilde{y}_a^r + \sum_{e \in E: r \in R(\tau^e)} \bar{\zeta}_e \tilde{d}^r + \sum_{m \in M} \left[ \sum_{c \in C} \alpha_c^m \tilde{z}_c^r \right] \bar{\xi}_m. \end{aligned} \quad (21)$$

Consider first the case without active R1Cs, i.e.  $M = \emptyset$ . Reduced cost (21) cannot be expressed as a linear combination of reduced costs on arcs in  $A_2$  because of the term coming from active TLPCs. Indeed, for each  $e \in E$ , the reduced cost of path  $r \in R_s$  is increased by  $\bar{\zeta}_e \tilde{d}^r$  if  $r$  departs from satellite  $s$  strictly before time moment  $\tau_s^e$ . Therefore, we define a graph  $\mathcal{G}^s$ , which is extended from graph  $G_2$ , to express the contribution of TLPC to (21) as a linear combination of reduced costs on arcs in  $\mathcal{G}^s$ . Then, the second-level pricing subproblem corresponding to satellite  $s$  can be formulated as a standard RCSPP in extended graph  $\mathcal{G}^s$ .

Let  $\bar{T}^s = (\bar{t}_0^s, \bar{t}_1^s, \dots, \bar{t}_{\bar{n}(s)}^s)$ ,  $\bar{t}_0^s = l_s + \sigma_s$ , be the ordered set of different time moments  $\tau_s^e$  for all  $e \in E$ , augmented by value  $l_s + \sigma_s$  if necessary. All values  $\tau_s^e$  which are less than  $l_s + \sigma_s$  are ignored. Set of nodes in  $\mathcal{G}^s$  is defined as  $\mathcal{V}^s \cup \mathcal{V}^C \cup \{v_{\text{source}}, v_{\text{sink}}\}$ , where node  $v_k^s \in \mathcal{V}^s$ ,  $0 \leq k \leq \bar{n}(s)$ , corresponds to the situation in which city freighter is available at time  $\bar{t}_k^s$  at satellite  $s$ , and node  $v_{cq}^C \in \mathcal{V}^C$ ,  $c \in C$ ,  $d_c \leq q \leq Q_2$ , corresponds to the situation in which vehicle is coming to customer  $c$  with load  $q$ . Set of arcs in  $\mathcal{G}^s$  is defined as  $\{(v_{\text{source}}, v_0^s)\} \cup \mathcal{A}^s \cup \mathcal{A}^{s \rightarrow C} \cup \mathcal{A}^C \cup \mathcal{A}^{\text{sink}}$ . Arcs in  $\mathcal{A}^s = \{(v_{k-1}^s, v_k^s)\}_{1 \leq k \leq \bar{n}(s)}$  connect consecutive nodes in  $\mathcal{V}^s$ . Arcs in  $\mathcal{A}^{s \rightarrow C} = \{(v, v')\}_{v \in \mathcal{V}^s, v' \in \mathcal{V}^C}$  connect all satellite nodes to all customer nodes. Arcs in  $\mathcal{A}^C = \{(v_{c,q}^C, v_{c',q-d_c}^C)\}_{c,c' \in C, c \neq c', d_c + d_{c'} \leq q \leq Q_2}$  interconnect customer nodes. Finally, arcs in

$\mathcal{A}^{\text{sink}} = \{(v_{c,d_c}^C, v_{\text{sink}})\}_{c \in \mathcal{C}}$  connect customer nodes to the sink. Each arc in  $\mathcal{A}^{s \rightarrow \mathcal{C}}$  project into the corresponding arc in  $A_2$  between satellite  $s$  and a customer. Each arc in  $\mathcal{A}^{\mathcal{C}}$  projects into the corresponding arc in  $A_2$  between two customers. Each arc in  $\mathcal{A}^{\text{sink}}$  projects into the corresponding arc in  $A_2$  between a customer and satellite  $s$ .

We now formulate the pricing problem as a RCSPP in graph  $\mathcal{G}^s$ . Time is the only resource. The time consumption of arc  $a$  in graph  $\mathcal{G}^s$  is equal to the sum of travel time  $t_{a'}$  and the service time of the satellite or customer corresponding to the tail of arc  $a' \in A_2$  to which  $a$  projects. If  $a$  does not project to an arc in  $A_2$ , the time consumption is zero. Bounds on the accumulated time consumption are given on nodes. These bounds are  $[0, 0]$  for  $v_{\text{source}}$ ,  $[\bar{t}_k^s, u_s]$  for  $v_k^s \in \mathcal{V}^s$ ,  $[l_c, u_c]$  for nodes  $v_{c,q}^C \in \mathcal{V}^{\mathcal{C}}$ , and  $[l_s + \sigma_s, u_s]$  for  $v_{\text{sink}}$ . The time resource is disposable, as defined by Pessoa et al. (2020): accumulated time consumption of a path in  $\mathcal{G}^s$  at a node  $v$  is adjusted to the lower bound on the accumulated time consumption at  $v$ , if the former is smaller than the latter. Figure 4 depicts an example of an extended graph  $\mathcal{G}^s$ . The reduced cost of each arc  $a$  in graph  $\mathcal{G}^s$  is equal to the sum of the travelling cost  $f_{a'}$  of arc  $a' \in A_2$  to which  $a$  projects, the total coefficient of  $\tilde{y}_a^r$  in (21), and the contribution of TLPCs. The reduced cost of an arc  $a$  is zero if  $a$  does not project to an arc in  $A_2$ . Contribution of active TLPCs to the reduced cost of each arc  $(v_k^s, v_{c,q}^C) \in \mathcal{A}^{s \rightarrow \mathcal{C}}$ ,  $0 \leq k \leq \bar{n}(s)$ ,  $c \in \mathcal{C}$ ,  $d_c \leq q \leq Q_2$ , is equal to  $q \cdot \sum_{e \in E: \tau_s^e > \bar{t}_k^s} \bar{\zeta}_e$ . Contribution of active TLPC to arcs which are not in  $\mathcal{A}^{s \rightarrow \mathcal{C}}$  is zero.

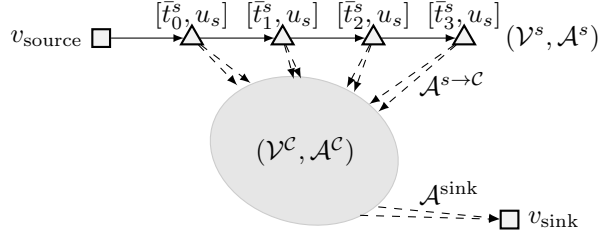


Figure 4: Example of extended graph  $\mathcal{G}^s$  for pricing second-level single-trip routes

The RCSPP just formulated is solved by the bucket graph based labeling algorithm proposed by Sadykov et al. (2021). The modification of this algorithm for the case with active limited-memory rank-1 cuts is also described in the latter paper by following ideas from (Jepsen et al., 2008; Pecin et al., 2017a).

#### 4.1.3 Second-level multi-trip pricing problem

This problem cannot be decomposed in subproblems. It is thus solved in one run. The reduced cost of a second-level multi-trip route  $r \in R'$  is calculated as

$$\begin{aligned} & \sum_{a \in A_2'} f_a \tilde{y}_a^r - \sum_{c \in \mathcal{C}} \sum_{a \in \delta_2^-(\{c\})} \bar{\pi}_c \tilde{y}_a^r - \sum_{n \in N} \sum_{a \in \delta_2^-(C^n)} \bar{\rho}_n \tilde{y}_a^r + \sum_{c \in \mathcal{C}} \sum_{s \in \mathcal{S}} \sum_{a \in \delta_2^-(\{c\})} \bar{\theta}_{sc} \tilde{y}_{sa}^r \\ & - \sum_{h \in H} \sum_{s \in \mathcal{S} \setminus S^h} \sum_{a \in \delta_2^-(C^h)} \bar{\eta}_h \tilde{y}_{sa}^r + \sum_{e \in E} \sum_{i \in I_r(\tau^e)} \bar{\zeta}_e \tilde{d}^i + \sum_{m \in M} \left[ \sum_{c \in \mathcal{C}} \alpha_c^m z_c^r \right] \bar{\xi}_m, \end{aligned} \quad (22)$$

If the problem is solved using graph representation (R1), values  $\tilde{y}_{sa}^r$  are not available. Thus, SSIs and VSIs cannot be used and the corresponding terms in (22) are skipped.

Similarly to the single-trip case and depending on the representation used, we extend graph  $G_2'$  or graph  $G_2''$  to  $\mathcal{G}'$  or  $\mathcal{G}''$  respectively. We first describe graph  $\mathcal{G}'$  extended from representation (R1). Set of nodes in  $\mathcal{G}'$  is defined as  $\bigcup_{s \in \mathcal{S}} \mathcal{V}^s \cup \mathcal{V}^{\mathcal{C}} \cup \{v_{\text{source}}, v_{\text{sink}}\}$ , where  $\mathcal{V}^s$ ,  $s \in \mathcal{S}$ , and  $\mathcal{V}^{\mathcal{C}}$  are defined as in the single-trip case. Set of arcs in  $\mathcal{G}'$  is defined as

$$\bigcup_{s \in \mathcal{S}} (\mathcal{A}^s \cup \mathcal{A}^{s \rightarrow \mathcal{C}} \cup \mathcal{A}^{\mathcal{C} \rightarrow s}) \cup \mathcal{A}^{\mathcal{C}} \cup \mathcal{A}^{\text{source}} \cup \mathcal{A}^{\text{sink}},$$

where  $\mathcal{A}^s$ ,  $\mathcal{A}^{s \rightarrow \mathcal{C}}$ ,  $s \in \mathcal{S}$ ,  $\mathcal{A}^{\mathcal{C}}$ , and  $\mathcal{A}^{\text{sink}}$  are defined as in the single-trip case. Given satellite  $s \in \mathcal{S}$ , arcs in  $\mathcal{A}^{\mathcal{C} \rightarrow s} = \{(v_{c,d_c}^{\mathcal{C}}, v_0^s)\}_{c \in \mathcal{C}}$  connect **some** customer nodes to the initial satellite  $s$  node. Arcs in  $\mathcal{A}^{\text{source}} = \{(v_{\text{source}}, v_0^s)\}_{s \in \mathcal{S}}$  connect the source to the initial satellite nodes. Projection of arcs in  $\mathcal{A}^{s \rightarrow \mathcal{C}}$  and in  $\mathcal{A}^{\mathcal{C}}$  is the same as in the single-trip case. Each arc in  $\mathcal{A}^{\text{source}}$  projects into the corresponding arc in  $A_2'$  between the depot and a satellite. Each arc in  $\mathcal{A}^{\text{sink}}$  projects into the corresponding arc in  $A_2'$  between a customer and the depot. Figure 5a depicts the structure of graph  $\mathcal{G}'$ .

The formulation of the RCSPP in graph  $\mathcal{G}'$  is similar as the one in graph  $\mathcal{G}^s$ . Bounds on the accumulated time consumption are the same for nodes in  $\bigcup_{s \in \mathcal{S}} \mathcal{V}^s \cup \mathcal{V}^{\mathcal{C}}$ . Bounds for nodes  $\{v_{\text{source}}, v_{\text{sink}}\}$  correspond to time window when the depot is open. The resource consumption of arc  $a$  in graph  $\mathcal{G}'$  is equal to the sum of travel time  $t_{a'}$  and the service time of the satellite or customer corresponding to the tail of arc  $a' \in A_2'$  to which  $a$  projects. The reduced cost of each arc  $a$  in graph  $\mathcal{G}'$  is equal to the sum of the travelling cost  $f_{a'}$  of arc  $a' \in A_2'$  to which  $a$  projects, the total coefficient of  $\tilde{y}_a^r$  in (22), and the contribution of TLPCs. Contribution of active TLPCs to arcs in  $\mathcal{A}^{s \rightarrow \mathcal{C}}$  is the same as in the single-trip case. Contribution of active TLPCs to other arcs is zero.

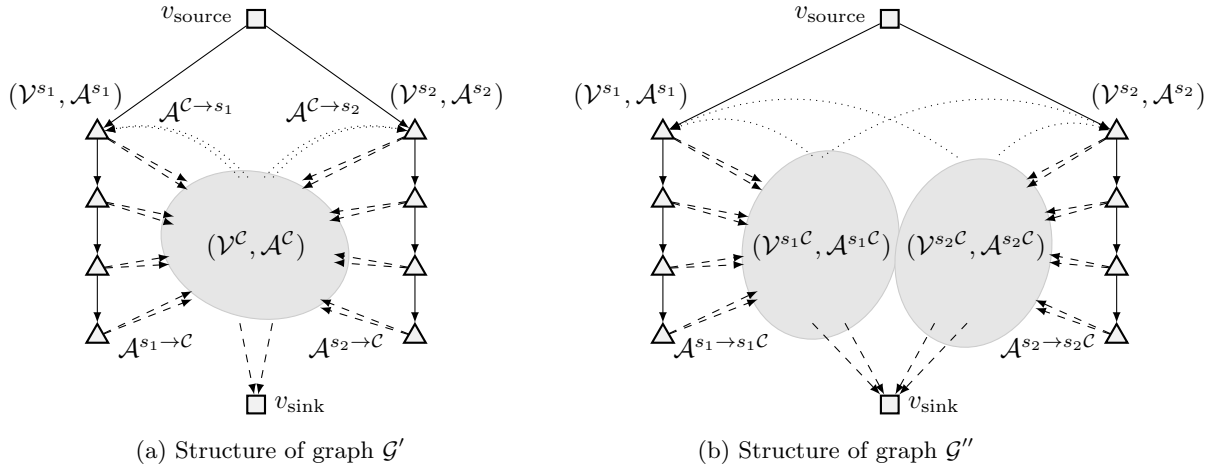


Figure 5: Examples of extended graphs for pricing second-level multi-trip routes

We now describe graph  $\mathcal{G}''$  extended from representation (R2). The set of nodes in  $\mathcal{G}''$  is the same as in  $\mathcal{G}'$ , except that customer nodes are duplicated for each satellite:  $\bigcup_{s \in \mathcal{S}} (\mathcal{V}^s \cup \mathcal{V}^{s\mathcal{C}}) \cup \{v_{\text{source}}, v_{\text{sink}}\}$ . Each node  $v_{c,q}^{s\mathcal{C}} \in \mathcal{V}^{s\mathcal{C}}$ ,  $s \in \mathcal{S}$ ,  $c \in \mathcal{C}$ ,  $d_c \leq q \leq Q_2$ , corresponds to the situation in which a city freighter is coming to customer  $c$  with load  $q$ , and the last visited satellite is  $s$ . Set of arcs in  $\mathcal{G}''$  is defined as

$$\bigcup_{s \in \mathcal{S}} \left( \bigcup_{s' \in \mathcal{S}} \mathcal{A}^{s\mathcal{C} \rightarrow s'} \cup \mathcal{A}^s \cup \mathcal{A}^{s \rightarrow s\mathcal{C}} \cup \mathcal{A}^{s\mathcal{C}} \cup \mathcal{A}^{s \rightarrow \text{sink}} \right) \cup \mathcal{A}^{\text{source}},$$

where  $\mathcal{A}^s$ ,  $s \in \mathcal{S}$ , and  $\mathcal{A}^{\text{source}}$  are defined as for graph  $\mathcal{G}'$ . Given satellites  $s, s' \in \mathcal{S}$ , arcs in  $\mathcal{A}^{s\mathcal{C} \rightarrow s'} = \{(v_{c,d_c}^{s\mathcal{C}}, v_0^{s'})\}_{c \in \mathcal{C}}$  connect some customer nodes associated to satellite  $s$  to the initial satellite  $s'$  nodes. Arcs in  $\mathcal{A}^{s \rightarrow s\mathcal{C}} = \{(v, v')\}_{v \in \mathcal{V}^s, v' \in \mathcal{V}^{s\mathcal{C}}}$ ,  $s \in \mathcal{S}$ , connect all nodes of satellite  $s$  to all customer nodes associated to  $s$ . Arcs in  $\mathcal{A}^{s\mathcal{C}} = \{(v_{c,q}^{s\mathcal{C}}, v_{c',q-d_c}^{s\mathcal{C}})\}_{c,c' \in \mathcal{C}, c \neq c', d_c + d_{c'} \leq q \leq Q_2}$ ,  $s \in \mathcal{S}$ , interconnect customer nodes associated to the same satellite  $s$ . Finally, arcs in  $\mathcal{A}^{s \rightarrow \text{sink}} = \{(v_{c,d_c}^{s\mathcal{C}}, v_{\text{sink}})\}_{c \in \mathcal{C}, s \in \mathcal{S}}$ , connect customer nodes associated to  $s$  to the sink. Projection of arcs in graph  $\mathcal{G}''$  to arcs in  $A_2'$  is similar to the projection of arcs in graph  $\mathcal{G}'$ . Figure 5b depicts the structure of graph  $\mathcal{G}'$ .

The formulation of the RCSPP in graph  $\mathcal{G}'$  is similar to the one in graph  $\mathcal{G}''$ . Bounds on the accumulated time consumption are the same for nodes in  $\bigcup_{s \in \mathcal{S}} \mathcal{V}^s \cup \{v_{\text{source}}, v_{\text{sink}}\}$ . Bounds for each customer node in  $\mathcal{V}^{s\mathcal{C}}$ ,  $s \in \mathcal{S}$ , are equal to the start and the end of time window of



the corresponding customer. The time consumption of arc  $a$  in graph  $\mathcal{G}''$  is equal to the sum of travel time  $t_a$  and the service time of the satellite or customer corresponding to the tail of arc  $a' \in A'_2$  to which  $a$  projects. The reduced cost of each arc  $a$  in graph  $\mathcal{G}''$  is equal to the sum of the travelling cost  $f_{a'}$  of arc  $a' \in A'_2$  to which  $a$  projects plus the total coefficient of  $\tilde{y}_{a'}$  in (22), the contribution of TLPC, and the contribution of SSI and VSI. Contribution of active TLPC to arcs in  $\mathcal{A}^{s \rightarrow s^C}$ ,  $s \in \mathcal{S}$ , is the same as in the single-trip case. Contribution of active TLPC to other arcs is zero. Contribution of active SSI and VSI to arc  $a \in \mathcal{A}^{s^C}$ ,  $s \in \mathcal{S}$ , is equal to the total coefficient of  $\tilde{y}_{a',s}^r$ , where  $a'$  is the arc in  $A'_2$  to which  $a$  projects.

## 4.2 TLPC separation algorithm

Given a solution to formulation (RLF2), the TLPC separation algorithm searches for violated TLPCs. These constraints are essential to the formulation. Thus, the separation algorithm should find a violated constraint when it exists. Our algorithm first finds the most violated constraint, and then it tries heuristically to obtain other violated constraints. We now present the algorithm for the single-trip case. Extension to the multi-trip case is obvious after replacing second-level routes by second-level trips.

Our separation algorithm is based on the proof of Proposition 1. Given fractional or integer solution  $(\bar{\lambda}, \bar{\mu})$ , we construct graph  $\bar{G}$ , as described in the proof. We then find a minimum cut in this graph. If the value of this cut is equal to  $d(\mathcal{C})$ , then no TLPC violated by  $(\bar{\lambda}, \bar{\mu})$  exists, and the algorithm stops. If the value of the cut is strictly smaller than  $d(\mathcal{C})$ , we obtain set  $\bar{P}'$  of first-level routes and set  $\bar{R}'$  of second-level routes as defined in the proof. Vector  $\bar{\tau}$  characterising the most violated constraint is then calculated according to formula (14).

If a violated TLPC is found, we try to obtain other violated constraints. For this, we define the directed graph  $\vec{G} = (\vec{V}, \vec{A})$  that represents precedence relations between first-level routes. Remember that  $\bar{P} = \{p \in P : \bar{\lambda}_p > 0\}$  and  $\bar{R} = \{r \in R : \bar{\mu}_r > 0\}$  are the sets of first-level and second-level routes participating in the solution. Let also  $\vec{T}^s = (\vec{t}_1^s, \vec{t}_2^s, \dots, \vec{t}_{\vec{n}(s)}^s)$  be the ordered set of different time moments at which first-level routes in  $\bar{P}$  depart from satellite  $s \in \mathcal{S}$ . We have  $\vec{V} = \vec{V}^P \cup \left(\bigcup_{s \in \mathcal{S}} \vec{V}^s\right)$ , where node  $\vec{v}_p^P \in \vec{V}^P$ ,  $p \in \bar{P}$ , corresponds to a first-level route participating in the solution, and node  $\vec{v}_k^s$ ,  $1 \leq k \leq \vec{n}(s)$ , corresponds to a visit of a first-level route in the solution to satellite  $s$ . Set of arcs  $\vec{A}$  is defined as  $\left(\bigcup_{p \in \bar{P}} \vec{A}^p\right) \cup \left(\bigcup_{s \in \mathcal{S}} \vec{A}^s\right)$ . Subset  $\vec{A}^p$  of arcs connects node  $\vec{v}_p^P$  with the corresponding visits or route  $p$  to satellites:  $\vec{A}^p = \left\{(\vec{v}_p^P, \vec{v}_{k(p,s)}^s), (\vec{v}_{k(p,s)}^s, \vec{v}_p^P)\right\}_{s \in \mathcal{S}_p}$ , where  $k(p, s)$  is the index in  $\vec{T}^s$  of the time moment when route  $p$  departs from satellite  $s$ . Subset  $\vec{A}^s$  of arcs connects consecutive nodes corresponding to visits of routes to satellite  $s$  in the reverse chronological order:  $\vec{A}^s = \{\vec{v}_{k+1}^s, \vec{v}_k^s\}_{1 \leq k < \vec{n}(s)}$ . As an example, graph  $\vec{G}$  corresponding to Example 1 is depicted in Figure 6.

Using graph  $\vec{G}$ , for each first-level route  $p \in \bar{P}'$ , we find set  $\vec{P}^p$  of first-level routes in  $\bar{P}$  which “precede”  $p$ . Set  $\vec{P}^p$  corresponds to all nodes in  $\vec{v}_p^P$  which are reachable from node  $\vec{v}_p^P$ . In the example in Figure 6, we have  $\vec{P}^{p_1} = \{p_1\}$ ,  $\vec{P}^{p_2} = \{p_1, p_2\}$ ,  $\vec{P}^{p_3} = \{p_1, p_3\}$ , and  $\vec{P}^{p_4} = \{p_1, p_2, p_4\}$ . For each set  $\vec{P}^p$ ,  $p \in \bar{P}'$ , we then find the vector  $\tau^p$  such that  $\bar{P} \cap P(\tau^p) = \vec{P}^p$  and set  $\bar{R} \cap R(\tau^p)$  is as large as possible so that the violation of the corresponding TLPC is maximized. Component  $\tau_s^p$ ,  $s \in \mathcal{S}$ , of such vector  $\tau^p$ ,  $p \in \bar{P}'$ , is calculated as  $\tau_s^p = \min \left\{u_s, \min_{p \in \bar{P} \setminus \bar{P}': s \in \mathcal{S}_p} \{t_{k(p,s)}^s\}\right\}$ . For each  $p \in \bar{P}'$  we verify whether constraint (10) characterized by  $\tau^p$  is violated. All violated TLPCs are then added to formulation (RLF2).

## 4.3 The overall algorithm

The structure of the overall branch-cut-and-price (BCP) algorithm we use is similar to the one of the BCP algorithm described in (Sadykov et al., 2021). Thus, we only present the main components used. We give more details only on branching strategies, which are problem-specific.

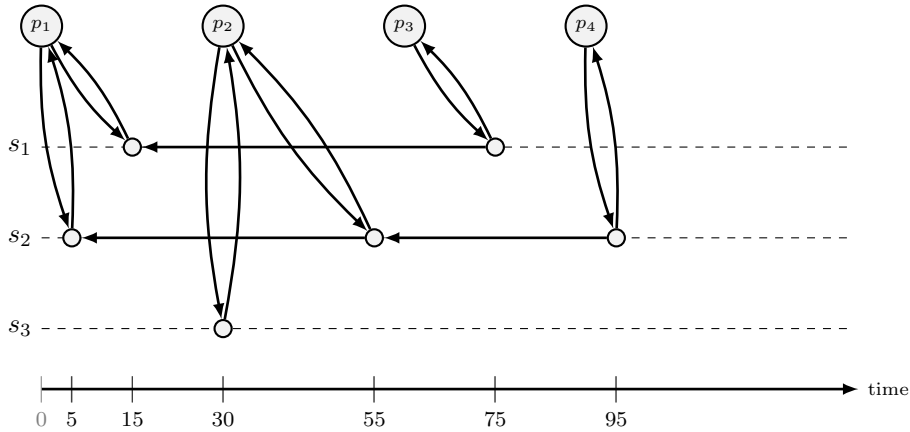


Figure 6: Graph  $\vec{G}$  corresponding to Example 1

As it was mentioned before, the pricing problems, which are RCSPPs, are solved by the bucket graph based labeling algorithm, proposed by Sadykov et al. (2021). We also use the same heuristic variants of this algorithm. Automatic dual pricing smoothing stabilization, proposed by Pessoa et al. (2018), improves the convergence of column generation. The bucket arc elimination procedure, proposed by Sadykov et al. (2021), decreases the size of graphs for RCSP pricing problems using the current primal-dual gap. For each pricing problem, the elementary route enumeration technique, proposed by Baldacci et al. (2008), tries to enumerate all elementary routes with reduced cost smaller than the current primal-dual gap. If the enumeration succeeds, the pricing subproblem is solved by inspection in future column generation iterations, similarly to Contardo and Martinelli (2014). If the total number of enumerated first-level and second-level routes becomes small, all the routes are added to formulation (F2) and the latter is solved by the MIP solver. The parameterisation of the BCP algorithm is the same as described in (Sadykov et al., 2021).

We now describe how the branching is performed. Suppose that the solution  $(\bar{\lambda}, \bar{\mu})$  obtained by column and cut generation at a node of the branch-and-bound tree is fractional. As described in Section 3.3, values  $\bar{x}$ ,  $\bar{y}$ , and  $\bar{v}$  are computed based on  $\bar{\lambda}$  and  $\bar{\mu}$ . We branch on (i) the number of urban trucks  $\sum_{p \in P} \bar{\lambda}_p$ ; (ii) the number of city freighters  $\sum_{r \in R} \bar{\mu}_r$  or  $\sum_{r \in R'} \bar{\mu}_r$ ; (iii) the number of urban trucks visiting a subset of satellites  $\nu_S$ ,  $S \subseteq \mathcal{S}$ ; (iv) the use of first-level arcs  $\bar{x}_a$ ,  $a \in A_1$ , by urban trucks; and (v) the use of second-level arcs  $\bar{y}_a$ ,  $a \in A_2$  or  $a \in A'_2$ , by city freighters. In the single-trip case, we also branch on the number of city freighters starting from a satellite  $\sum_{r \in R: \bar{s}_r = s} \bar{\mu}_r$ ,  $s \in \mathcal{S}$ . The multi-phase strong branching procedure, described in Sadykov et al. (2021), selects the branching candidate.

At each node in the branch-and-bound tree, an heuristic based on an artificial primal bound and the elementary route enumeration, similar to the one used by Pessoa et al. (2009) and Marques et al. (2020), looks for an integer solution. In an iterative procedure, it decreases the artificial primal bound in order to divide the primal-dual gap by two in each iteration. Then, it performs elementary route enumeration for each pricing subproblem. The iterative procedure stops when the enumeration succeeds for all pricing subproblems. Afterward, it picks 5'000 elementary routes with the smallest reduced cost and add them to the master problem. Finally, it calls the IBM CPLEX MIP solver to tackle the resulting problem with the time limit of 10 seconds. The polishing heuristic (Rothberg, 2007) implemented in CPLEX is activated.

#### 4.4 Post-processing

The post-processing phase seeks to synchronize the arrival of urban trucks and city freighters at satellites, if possible. In other words, given an optimal solution  $(\lambda^*, \mu^*)$  to (F2), it modifies the arrival and departure times of routes such that the storage usage while transferring the

freight from urban trucks to city freighters is minimized. For the sake of brevity, we focus on the multi-trip variant. Adjustments for the single-trip variant are straightforward.

Let  $P^* = \{p \in P : \lambda_p^* \geq 1\}$  and  $R^* = \{r \in R' : \mu_r^* = 1\}$ . Let also  $P_i^*$  be the set of routes in  $P^*$  which can serve trip  $i \in I_r$ ,  $r \in R^*$ :  $P_i^* = \{p \in P^* : \exists k, 1 \leq k < n(p), v_k^p = \tilde{s}^i, \tilde{t}_k^p \leq \tilde{t}^i\}$ . We denote as  $k^1(p, i)$  the index number of visit to satellite  $\tilde{s}^i$ ,  $i \in I_r$ ,  $r \in R^*$ , in route  $p \in P_i^*$ . We also denote as  $k^2(r, i)$  the index number of visit to satellite  $\tilde{s}^i$ ,  $i \in I_r$ , in route  $r \in R^*$  when starting trip  $i$ .

Let binary variable  $\chi_{pji}$ ,  $i \in I_r$ ,  $r \in R^*$ ,  $p \in P_i^*$ ,  $1 \leq j \leq \lambda_p^*$ , be equal to one if trip  $i$  is served by the  $j$ -th vehicle following first-level route  $p$ . Let variable  $\gamma_{pji}$ ,  $i \in I_r$ ,  $r \in R^*$ ,  $p \in P_i^*$ ,  $1 \leq j \leq \lambda_p^*$ , be equal to the fraction of the load of trip  $i$  served by the  $j$ -th vehicle following first-level route  $p$ . Let variable  $\Delta_{pji}$ ,  $i \in I_r$ ,  $r \in R^*$ ,  $p \in P_i^*$ ,  $1 \leq j \leq \lambda_p^*$ , be equal to the time elapsed between the departure of the  $j$ -th vehicle on route  $p$  and the departure of trip  $i$  in satellite  $\tilde{s}^i$ , if trip  $i$  is served by this vehicle. If route  $r$  leaves satellite  $\tilde{s}^i$  before departure of the  $j$ -th vehicle on route  $p$  or trip  $i$  is not served by this vehicle, then  $\Delta_{pji} = 0$ . Let variables  $\phi_{pj}^{1-}$  and  $\phi_{pj}^{1+}$  be equal to the arrival and departure times of the  $j$ -th first-level vehicle on route  $p \in P^*$  at node  $v_k^p \in \{0\} \cup \mathcal{S}$ ,  $0 \leq k \leq n(p)$ . Let variable  $\phi_{rk}^{2+}$  be the departure time of second-level route  $r \in R^*$  at node  $v_k^r \in \mathcal{S} \cup \mathcal{C}$ ,  $0 \leq k \leq n(r)$ . The following mixed integer linear program minimizes the total time during which satellites store freight.

$$(PP) \equiv \min \sum_{r \in R^*} \sum_{i \in I_r} \sum_{p \in P_i^*} \sum_{j=1}^{\lambda_p^*} \Delta_{pji} \quad (23)$$

$$\text{s.t. } \gamma_{pji} \leq \chi_{pji} \quad r \in R^*, i \in I_r, p \in P_i^*, 1 \leq j \leq \lambda_p^* \quad (24)$$

$$\sum_{r \in R^*} \sum_{i \in I_r: p \in P_i^*} \tilde{d}^i \gamma_{pji} \leq Q_1 \quad p \in P^*, 1 \leq j \leq \lambda_p^* \quad (25)$$

$$\sum_{p \in P_i^*} \sum_{j=1}^{\lambda_p^*} \gamma_{pji} = 1 \quad r \in R^*, i \in I_r \quad (26)$$

$$\Delta_{pji} - \phi_{r, k^2(r, i)}^{2+} + \phi_{p, j, k^1(p, i)}^{1+} + (u_{\tilde{s}^i} - l_{\tilde{s}^i}) \cdot (1 - \chi_{pji}) \geq 0 \quad r \in R^*, i \in I_r, p \in P_i^*, 1 \leq j \leq \lambda_p^* \quad (27)$$

$$\phi_{r, k^2(r, i)}^{2+} - \phi_{p, j, k^1(p, i)}^{1-} - \sigma_{\tilde{s}^i} + (u_{\tilde{s}^i} - l_{\tilde{s}^i}) \cdot (1 - \chi_{pji}) \geq 0 \quad r \in R^*, i \in I_r, p \in P_i^*, 1 \leq j \leq \lambda_p^* \quad (28)$$

$$\phi_{p, j, k-1}^{1+} + t_{(v_{k-1}^p, v_k^p)} \leq \phi_{p, j, k}^{1-} \quad p \in P^*, 1 \leq k \leq n(p), 1 \leq j \leq \lambda_p^* \quad (29)$$

$$\phi_{p, j, k}^{1-} + \sigma_{v_k^p} \leq \phi_{p, j, k}^{1+} \quad p \in P^*, 1 \leq k < n(p), 1 \leq j \leq \lambda_p^* \quad (30)$$

$$\phi_{r, k-1}^{2+} + t_{(v_{k-1}^r, v_k^r)} + \sigma_{v_k^r} \leq \phi_{r, k}^{2+} \quad r \in R^*, 1 \leq k \leq n(r) \quad (31)$$

$$l_{v_k^p} \leq \phi_{p, j, k}^{1-} \leq u_{v_k^p} \quad p \in P^*, 0 \leq k \leq n(p), 1 \leq j \leq \lambda_p^* \quad (32)$$

$$l_{v_k^r} \leq \phi_{p, k}^{2+} - \sigma_{v_k^r} \leq u_{v_k^r} \quad r \in R^*, 0 \leq k \leq n(r) \quad (33)$$

$$\chi_{pji} \in \{0, 1\} \quad r \in R^*, i \in I_r, p \in P_i^*, 1 \leq j \leq \lambda_p^* \quad (34)$$

$$0 \leq \gamma_{pji} \leq 1 \quad r \in R^*, i \in I_r, p \in P_i^*, 1 \leq j \leq \lambda_p^* \quad (35)$$

$$\Delta_{pji} \geq 0 \quad r \in R^*, i \in I_r, p \in P_i^*, 1 \leq j \leq \lambda_p^* \quad (36)$$

The objective function (23) minimises the total number of time units during which freight is stored at satellites. Constraints (24) link variables  $\chi$  and  $\gamma$ . Constraints (25) ensure that the capacity of the first-level vehicles is satisfied. Constraints (26) ensures that each trip of city freighters receives the desired amount of freight. Constraints (27) compute the values of variables  $\Delta$ : if a trip  $i$  is served by the  $j$ -th first-level vehicle on path  $p$ , then  $\Delta_{pji}$  is not smaller than the difference between departure times of trip  $i$  and the vehicle from satellite  $\tilde{s}^i$ . In these and in the next constraints, expression  $(u_{\tilde{s}^i} - l_{\tilde{s}^i})$  acts as a big-M value. Constraints (28) ensures that each first-level route  $p$  arrives and completes its service time before all departures of the second-level trip it serves. Constraints (29)–(31) guarantee that arrival and departure times of first-level and second-level vehicles are compatible with visited order of nodes. Constraints (32) and (33) ensure that all time windows are satisfied. If the optimal solution value is zero, then we can synchronize urban trucks and city freighters, and solution  $(\lambda^*, \mu^*)$  is feasible and optimal for the case in which satellites do not have storage. Otherwise, the value of solution  $(\lambda^*, \mu^*)$  provides a lower bound for the case without storage.

If storage is not needed, then we can further check if freight consolidation can be avoided, i.e. if each second-level trip can be served by only one first-level vehicle. To do it, we should verify if there exists a feasible solution to formulation (25)–(34), in which variables  $\Delta$  are fixed to 0 in constraints (27), and variables  $\gamma_{pji}$  are replaced by variables  $\chi_{pji}$  in constraints (25)–(26).

## 5 Computational results

The implementation of the proposed algorithm was done in C++ language. We used the following third-party libraries and codes:

- BaPCod C++ library (Sadykov and Vanderbeck, 2021) which implements the BCP framework;
- C++ code, developed by Sadykov et al. (2021), which implements the bucket graph based labeling algorithm, bucket arc elimination procedure, elementary route enumeration, and the separation algorithm for R1Cs;
- CVRPSEP C++ library (Lysgaard, 2018) which implements heuristic separation of RCCs;
- IBM CPLEX Optimizer version 12.10 as the LP solver in column generation, as the solver for the enumerated MIPs, and as the solver for the MIP post-processing.

Experiments were run on a 2\*18-core Cascade Lake Intel Xeon Skylake Gold 6240 servers at 2.6 GHz with 192 Go of RAM. Each instance is solved on a single thread. Parallel runs for several different instances were performed on the same machine to speed up the experiments, effectively reducing the amount of memory allocated to each thread.

### 5.1 Literature Instances

In this paper, we experiment our algorithm on single-trip instances proposed by Dellaert et al. (2019) and multi-trip instances proposed by Grangier et al. (2016). Three main characteristics allow us to estimate the difficulty of an instance: the size (number of customers, satellites and depots), the capacity of city freighters, and the size of time windows relative to the time horizon. Indeed, a large second-level vehicle capacity results in large extended graphs  $\mathcal{G}^s$ ,  $\mathcal{G}'$ , and  $\mathcal{G}''$ , used in the pricing problems. Also, wide time windows lead to a larger number of labels in the labelling algorithm.

Instances by Dellaert et al. (2019) are divided into four classes Ca, Cb, Cc, and Cd. They have narrow time windows: the widest time window is from 7% to 20% of the time horizon, depending on the instance class. Instances in classes Ca, Cb, and Cd have customers with demands 10 or 20 with city freighter capacity equal to 50. Thus, capacity can be divided by

10. Instances in class Cc has customers with integer demands from 5 to 25, and city freighter capacity equal to 50. We put all instances by Dellaert et al. (2019) in set D.

Instances by Grangier et al. (2016) were adapted from famous Solomon instances for the VRPTW. We split these instances into three sets depending on their difficulty. Set G contains 9 difficult instances in class c1, c102, . . . , c109, which have small city freighter capacity (the original capacity can also be divided by 10) and tight time windows. Set H contains very difficult instances in classes c2, r1, and rc1, which have either wide time windows or large city freighter capacity. Set I contains “intractable” instances in classes r2 and rc2 with wide time windows and large city freighter capacity.

Table 1: Sets of instances from the literature used for experiments

Set	#	$ \mathcal{D} $	$ \mathcal{S} $	$ \mathcal{C} $	Difficulty	Authors
D	237	2,3,6	3,4,5	15,30,50,100	easy-difficult	Dellaert et al. (2019)
G	9	1	8	100	difficult	Grangier et al. (2016)
H	28	1	8	100	very difficult	Grangier et al. (2016)
I	19	1	8	100	intractable	Grangier et al. (2016)

Table 1 gives an overview of these instances. It contains, for each set, the number of instances, the number of distribution centers, the number of satellites, the number of customers, difficulty estimation, and the authors. The number of feasible first-level routes starting from a distribution center is bounded from above by  $\sum_{k=1}^{|\mathcal{S}|} \binom{|\mathcal{S}|}{k} k!$ , where  $|\mathcal{S}|$  is the number of satellites. Thus instances in set D have at most 1950 feasible first-level routes. Instances in other sets G, H, and I may have up to 109,600 feasible first-level routes. It is important to notice that in all literature instances, the capacity of an urban truck is a multiple of the capacity of a city freighter.

## 5.2 Results for literature instances

We first experiment our algorithm on literature instances. We use two variants of our BCP algorithm :

- $\text{BCP}_{\text{base}}$  — the variant without separation of valid inequalities SSI and VCI (thus, smaller graph  $\mathcal{G}'$  is used when solving pricing problems for multi-trip instances)
- $\text{BCP}_{\text{complete}}$  — the variant with separation of all families of valid inequalities

### 5.2.1 Results for single-trip instances

We run our BCP algorithm on instances of set D with the time limit of 10 hours. On each server, we optimize in parallel 18 instances that share 196 Go of RAM. Table 2 compares two variants of our algorithm with the one proposed by Dellaert et al. (2019). Processor speeds of computers used by us and by Dellaert et al. (2019) are roughly equivalent. In the table, we give average values for instances with the same number of distribution centers, satellites and customers: the average root gap (RG), the geometric mean of the number of branch-and-bound nodes (Nds), the geometric mean of total solution time in seconds (ST), and the number of instances solved to optimality within 3 hours. For unsolved instances, the solution time is set to three hours.

We first discuss the comparison between two variants of our BCP algorithm. It is clear that separation of SSIs and VCIs makes the algorithm more efficient. Indeed, these cuts improve dramatically the root gap and significantly decrease the number of nodes in the branch-and-bound tree. Two more instances could be solved to optimality in three hours, and the average solution time is about two times smaller for instances with 50 customers and less. The complete variant of our BCP algorithm solves all but three instances within three hours. Two additional instances are solved in 10 hours, and one instance remains open. Detailed results of  $\text{BCP}_{\text{complete}}$  for single-trip literature instances are given in the online appendix.

Table 2: Comparison with the algorithm by Dellaert et al. (2019)

Instance			BCP <sub>base</sub>				BCP <sub>complete</sub>				Literature	
$ \mathcal{D} $	$ \mathcal{S} $	$ \mathcal{C} $	RG(%)	Nds	ST(s)	Solved	RG(%)	Nds	ST(s)	Solved	ST(s)	Solved
2	3	15	0.49	1.1	0	20/20	0.00	1.0	0	20/20	0	20/20
2	3	30	2.31	3.1	4	20/20	0.12	1.6	2	20/20	14	20/20
2	3	50	0.88	3.2	13	20/20	0.27	2.7	12	20/20	715	14/20
2	3	100	0.43	14.5	185	18/20	0.32	10.7	151	19/20	7780	6/20
3	5	15	3.10	1.7	4	20/20	0.05	1.1	3	20/20	2	20/20
3	5	30	3.92	4.1	25	20/20	0.22	1.6	12	20/20	50	20/20
3	5	50	2.35	7.9	109	20/20	0.40	2.9	49	20/20	862	19/20
3	5	100	0.64	16.2	456	18/20	0.35	12.4	409	19/20	10152	3/20
6	4	15	1.19	1.1	2	17/17	0.00	1.0	2	17/17	0	17/17
6	4	30	3.15	3.6	17	20/20	0.18	1.6	7	20/20	17	20/20
6	4	50	0.90	4.5	42	20/20	0.29	2.6	26	20/20	586	18/20
6	4	100	0.39	8.9	227	19/20	0.27	6.1	206	19/20	10715	2/20

Both variants of our BCP algorithm outperform significantly the algorithm by Dellaert et al. (2019). Even though we solve a relaxation of the problem solved by Dellaert et al. (2019), our post-processing procedure shows that all our best found solutions except two can be transformed to satisfy the exact synchronization and avoid freight consolidation without increasing the transportation cost. All our proven optimal solutions except one are also optimal for the variant of the problem considered by Dellaert et al. (2019). We solve 56 open instances to optimality for the first time.

### 5.2.2 Multi-trip variant

We run our BCP algorithm on multi-trip instances with the time limit of 10 hours. On each server, we optimize three instances of set G that share 192 Go using BCP<sub>complete</sub>, and only two instances of set H using BCP<sub>base</sub>. Variant BCP<sub>complete</sub> is not suitable for instances in set H, because graph  $\mathcal{G}''$  in the pricing problem becomes very large, and the pricing problem becomes intractable. The same happens for instances in set I: even graph  $\mathcal{G}'$  used in variant BCP<sub>base</sub> becomes too large. We fix the sizes of the fleets of urban trucks and city freighters to sizes in the best solutions found by Grangier et al. (2016).

Table 3 gives an overview of our results. For each set, it contains the number of instances solved to optimality, the number of instances for which the algorithm finds a feasible solution without proving optimality, the number of instances for which the algorithm does not find any solution, and the number of instances on which the algorithm fails, i.e. the column generation does not finish when solving formulation (LF2) and a lower bound cannot be obtained.

Table 3: Overview of results for multi-trip instances

Set	Algorithm	Optimal	Feasible	No solution	Failure	Total
G	BCP <sub>complete</sub>	6	1	2	0	9
H	BCP <sub>base</sub>	3	5	17	3	28
I	BCP <sub>base</sub>	0	0	0	19	19

Since our algorithm finds optimal solutions to two thirds of the instances of set G, it can handle multi-trip instances with small city freighter capacity and tight time windows. Other instances are much more difficult for our algorithm. Indeed, BCP<sub>base</sub> finds only three optimal solutions for instances in set H and fails to optimize the root node for three of them. For the instances in set I, the model does not fit in the server memory.

Table 4 lists the multi-trip instances solved to optimality by our BCP algorithm. In this table, we give the name of the instance, the set to which belongs the instance, the objective

Table 4: Overview of experiments on multi-trip instances

Instance	Set	$\Delta$	Consolidation	BCP val	Grangier et al. (2016)	Gap(%)
c101	G	1877	false	1964.6	2022.4	2.94
c102	G	2447	false	1887.5	1947.6	3.18
c105	G	941	false	1874.5	1934.0	3.17
c106	G	603	false	1904.1	1945.0	2.15
c107	G	1010	false	1846.9	1888.9	2.27
c108	G	796	false	1826.4	1875.3	2.68
c201	H	5579	false	1278.6	1389.3	8.66
r101	H	0	false	<b>2300.1</b>	2333.5	1.45
r102	H	0	false	<b>2110.8</b>	2136.8	1.23

value of the post-processing MIP, the necessity of consolidation, the optimal value found by our algorithm, the best solution value found by Grangier et al. (2016), and the relative gap between these two values. Only for instances **r101** and **r102**, the optimal solutions do not require any storage. Thus, these solutions are also optimal for the variant, considered by Grangier et al. (2016). Detailed results are given in the online appendix.

Table 4 shows that the heuristic from Grangier et al. (2016) seems to be of a good quality. Indeed, the total distance travelled in the optimal solutions after relaxation of exact synchronization is generally 2–3% lower than the one in the heuristic solutions. However, further progress in exact solution of the 2E-VRPTW is needed to be able to estimate the quality of this heuristic on a larger set of instances. We also note that for instance **c201**, the gap between solutions with and without synchronisation is sufficiently large to consider the possibility to have storage at satellites, i.e. to replace satellites by UCCs in practice.

### 5.3 Results for new single-trip instances

As all but one single-trip literature instances were solved to optimality, here we generate more difficult instances. These instances are based on the multi-trip instances in sets G and H. The fleet size is unlimited, but the cost of using an urban truck is set to 50 and the cost of using a city freighter is set to 25, as in the instances in set D. The city freighters start and finish from a satellite, as in set D instances.

We run our algorithm with the time limit of 10 hours. On one server, two instances in set G on one instance in set H are optimized in parallel.

Table 5: Overview of experiments on new single-trip instances

Status	Set G		Set H	
	Multi-trip	Single-trip	Multi-trip	Single-trip
	BCP <sub>complete</sub>	BCP <sub>complete</sub>	BCP <sub>base</sub>	BCP <sub>complete</sub>
Optimal	6	9	3	13
Feasible	1	0	5	14
No solution	2	0	17	1
Failure	0	0	3	0

In Table 5, we report the overview of results for new single-trip instances. For comparison purposes, results for multi-trip instances are also recalled. This experiment shows that the multi-trip variant is more difficult than the single-trip one. Moreover, new single-trip instances are more difficult than instances in set D, as our algorithm solved to optimality only half of instances in set H. Detailed results are available in the online appendix.

## 5.4 Results for smaller multi-trip instances

We derive new multi-trip instances from ones in sets G, H, and I, originally based on Solomon instances for the VRPTW. Positions of the distribution center and the satellites follow the procedure described by Grangier et al. (2016) that we recall now. They introduce an X/Y/M/N notation, where X and Y give the position of the distribution center expressed as a percentage of the size map, M and N are the number of rows and columns of a grid cutting the map in rectangles of equal sizes. Satellites are positioned at each intersection in the grid. In our new instances, we keep the distribution center in the same location but we change the number of customers and the number of satellites. We have :

- 25 customers with a 50/150/2/2 configuration (4 satellites)
- 50 customers with a 50/150/2/2 configuration (4 satellites)
- 75 customers with a 50/150/2/3 configuration (6 satellites)

The size of the vehicle fleet is unlimited. We set the cost of using an urban truck to 50 and the cost of using a city freighter to 25.

We run the variant  $BCP_{\text{complete}}$  of our algorithm with the time limit of 10 hours. On each server, we simultaneously optimize at most nine instances with 25 customers on a server, four instances with 50 customers, and two instances with 75 customers.

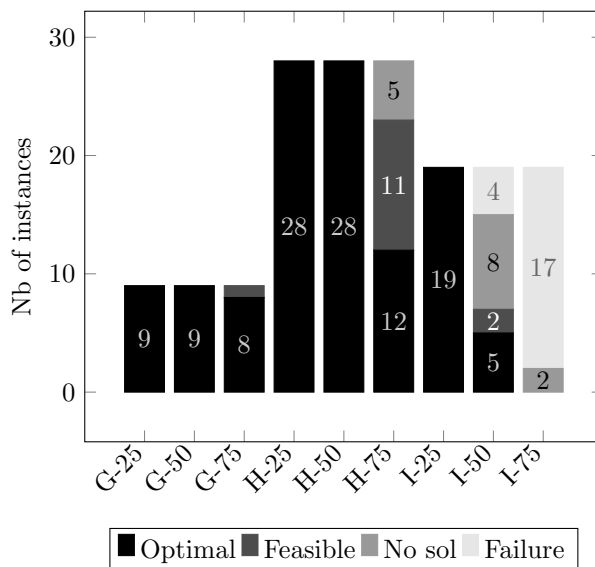


Figure 7: Overview of the results for multi-trip instances with 25, 50, and 75 customers

Figure 7 presents an overview of the results. The columns give the results for different instance classes denoted by the instance set and the number of customers. Our algorithm can solve the absolute majority of multi-trip instances with up to 50 customers. Beyond that size, the efficiency of the algorithm degrades significantly. Unsurprisingly, instances in set I become quickly intractable, even lower bounds for some instances in this set with 50 customers cannot be found. Detailed results are given in the online appendix.

## 5.5 Results for instances with modified vehicle capacity

In all instances considered above, the capacity of an urban truck is a multiple of the city freighter capacity. In this special case, freight consolidation at satellites is not likely to happen, as confirmed by our experiments.



In this experiment, we verify whether change of vehicle capacity increases freight consolidation. We consider modified instances based on ones in sets D, G-75, and H-75. For instances in set D, the capacity of urban trucks is reduced from 200 to 180, and the capacity of city freighters remains 50. Thus an urban truck has 3.6 times more capacity than a city freighter. For instances in sets G and H, we change the ratios for urban truck capacity / city freighter capacity, defined by Grangier et al. (2016). The ratio become 3.75/0.5 for instances in classes **r1**, **c1**, and **rc1** (i.e. an urban truck has 7.5 times more capacity than a city freighter). The ratio becomes 2/0.35 for instances in classes **r2**, **c2**, and **rc2** (i.e. an urban truck has 5.7 times more capacity than a city freighter). These new instances are run in the same way as the original instances. We report an overview of results in Tables 6 and 7.

Table 6: Overview of results for instances with original vehicle capacity

Variant	Synchronization	No consolidation	Total Optimal
Single-trip	237	236	237
Multi-Trip	3	20	21

Table 7: Overview of results for instances with modified vehicle capacity

Variant	Synchronization	No consolidation	Total Optimal
Single-trip	212	149	212
Multi-Trip	3	15	17

The first result is that about 11% of single trip instances are not solved to optimality. Thus, new instances are more difficult. Moreover, 30% of optimal single-trip solutions involve freight consolidation. This consolidation happens for all instances with 100 customers and half of instances with 50 customers. For multi-trip instances, it is difficult to draw any conclusions. Consolidation is required for two optimal solutions instead of one, but this consolidation increase is small. Detailed results are given in the online appendix.

## 6 Conclusions

In this paper, we proposed an exact approach for the two-echelon capacitated vehicle routing problem with time windows, in which freight storage and consolidation are allowed at satellites. Our approach can tackle two variants of the problem: when city freighters do a single trip from a single satellite; and when city freighters can do multiple trips visiting several satellites. Our problem variant is a relaxation of the variant considered in the literature with exact synchronization of first-level and second-level vehicles. Our solution approach is a branch-cut-and-price algorithm that is based upon recent techniques for classic vehicle routing problems including the two-echelon capacitated vehicle routing problem without time consideration. The main contributions of the paper are: (i) the introduction of a MIP formulation with an exponential number of variables and constraints for both single- and multi-trip variants; (ii) an efficient dynamic programming labeling algorithm that prices routes for the city freighters in the second-level routing problem; (iii) and efficient separation algorithms to find violated two-level precedence constraints (TLPC), which are the constraints that link the two levels in the MIP formulation. We showed that our algorithm is efficient for the single-trip literature instances and some multi-trip literature instances with 100 customers. It outperforms significantly the only existing exact algorithm for the single-trip variant of the problem. It is also the first exact algorithm for the multi-trip variant of the problem.

We experimentally showed that our “precedence” relaxation of the exact synchronization variant is very tight: it is exact for all single-trip literature instances solved to optimality, and it has generally only few percentage relative gap for multi-trip literature instances solved to optimality.

We have generated new single-trip instances which are more difficult than the literature ones. We have also experimentally showed that the vehicle capacity has a large impact on the freight consolidation in the single-trip case.

The first perspective research direction is to improve efficiency of our algorithm. Currently, its applicability is limited by the fact that we use discretisation of vehicle capacity in the pricing problem in order to take into account constraints linking two distribution levels. Thus, instances with large city freighter capacity cannot be solved efficiently or sometimes even cannot be fit into memory. In order to get rid of the discretisation approach, we need to modify the labelling algorithm to solve the pricing problem. This algorithm should be able to work with arcs, for which the resource consumption is variable and the reduced cost depends on this consumption. An approach by Ioachim et al. (1998) can be useful here.

One could also think of extending our approach for the variant of the problem with exact synchronization of two distribution levels. This would require a considerable work, as the timing (times of vehicle arrival and departure at nodes of the network) cannot be fixed anymore for a fixed route. One could think of an approach which dynamically generates constraints, which are necessary to ensure such exact synchronization. Another approach is to improve efficiency of the algorithm by Dellaert et al. (2019). However, the variant with exact synchronization seems to be significantly more difficult to treat. Thus, our approach to focus on exactly solving a relaxation can be seen as good trade-off between the quality of the valid bound obtained and the computational effort.

In this work, our effort is mainly to obtain tight valid lower bounds for the problem, and not to obtain feasible solutions. Thus, another research direction is to focus on the latter. The most efficient heuristics for the two-echelon capacitated vehicle routing problem are matheuristics (Wang et al., 2017; Amarouche et al., 2018). Therefore, it seems to be promising to develop matheuristics for our problem, which are based on column generation or on branch-cut-and-price, both for the exact synchronization variant and for the variant with storage and freight consolidation. Our results showed that although the current state-of-art-heuristics like the one by Grangier et al. (2016) are of a good quality, there is still a room for improvement.

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