A GRASP + ILP-based metaheuristic for the capacitated location-routing problem

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Abstract In this paper we present a three-phase heuristic for the Capacitated Location-Routing Problem. In the first stage, we apply a GRASP followed by local search procedures to construct a bundle of solutions. In the second stage, an integer-linear program (ILP) is solved taking as input the different routes belonging to the solutions of the bundle, with the objective of constructing a new solution as a combination of these routes. In the third and final stage, the same ILP is iteratively solved by column generation to improve the solutions found during the first two stages. The last two

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stages are based on a new model, the location-reallocation model, which generalizes the capacitated facility location problem and the reallocation model by simultaneously locating facilities and reallocating customers to routes assigned to these facilities. Extensive computational experiments show that our method is competitive with the other heuristics found in the literature, yielding the tightest average gaps on several sets of instances and being able to improve the best known feasible solutions for some of them.

Keywords Location-routing · Column generation · Metaheuristic

1 Introduction

In the capacitated location-routing problem (CLRP) we are given a set of potential facilities *I* and a set of customers *J*. To each facility $i \in I$ we associate a fixed setup cost f_i and a capacity b_i . To each customer $j \in J$ we associate a demand d_j . An unlimited, homogeneous fleet must be routed from the open facilities to serve the demand of the customers in *J* . To each vehicle is associated a capacity *Q*, and to every pair of nodes *i* and *j* is associated a traveling cost *ci j* . The goal is to select a subset of facilities and to design vehicle routes around these facilities in order to (1) visit each customer once, (2) respect both vehicle and facility capacities and (3) minimize the total cost.

The CLRP is an $\mathcal N \mathcal P$ -hard combinatorial optimization problem since it generalizes two well known \mathcal{NP} -hard problems: the capacitated facility location problem (CFLP) and the capacitated vehicle routing problem (CVRP). Exact methods for this problem include branch-and-cut [\(Belenguer et al. 2011;](#page-36-0) [Contardo et al. 2011\)](#page-36-1) and column generation [\(Baldacci et al. 2011](#page-36-2);[Contardo et al. 2013](#page-36-3)). These methods are able to solve instances with up to 200 customers. However, some instances with 100 customers rema[in](#page-37-1) [unsolved.](#page-37-1) [To](#page-37-1) [handle](#page-37-1) [large](#page-37-1) [size](#page-37-1) [instances,](#page-37-1) [Prins et al.](#page-37-0) [\(2007](#page-37-0)), Prodhon and Prins [\(2008\)](#page-37-1), [Prodhon](#page-37-2) [\(2009](#page-37-2)), [Prodhon](#page-37-3) [\(2011](#page-37-3)) and [Duhamel et al.](#page-37-4) [\(2010](#page-37-4)) proposed several metaheuristics. Among these, the method based on Lagrangean relaxation with cooperative granular tabu search is the most effective for handling large instances of the CLRP. This method combines the solution of an integer-linear program (ILP) (a CFLP) solved by Lagrangean relaxation (for location decisions) followed by a granular tabu search (for routing decisions). [Pirkwieser and Raidl](#page-37-5) [\(2010](#page-37-5)) have introduced a variable neighborhood search (VNS) algorithm for the periodic CLRP (PLRP) and the CLRP based on the combination of a pure VNS with the solution of several ILPs. The ILPs they consider include a location model (a two-index CFLP) and a reallocation model (a set partitioning model). [Hemmelmayr et al.](#page-37-6) [\(2012](#page-37-6)) have developed an adaptive large neighborhood search (ALNS) heuristic for the CLRP. In an ALNS method, several different neighborhoods are applied and ranked on the run according to their success in improving solutions. In subsequent iterations, the highest ranked neighborhoods have a larger probability of being chosen. Their algorithm is capable of improving the best known solutions on several instances. Finally, [Yu et al.](#page-37-7) [\(2010\)](#page-37-7) proposed a simulated annealing heuristic for the problem in which diversification is controlled by means of a temperature parameter to allow the deterioration of the solution in the hope of escaping from local optima.

The main contributions of this paper are:

- i. to introduce a new greedy randomized adaptive search procedure (GRASP) for the CLRP that is competitive with the GRASP proposed by [Prins et al.](#page-37-8) [\(2006](#page-37-8)) and [Duhamel et al.](#page-37-4) [\(2010\)](#page-37-4) and which provides better average gaps on several sets of instances.
- ii. to introduce a novel location-reallocation model that takes into account the location and the routing decisions simultaneously. The proposed model is based on a setpartitioning formulation that generalizes both the CFLP and the reallocation model of [Franceschi et al.](#page-36-4) [\(2006](#page-36-4)), the first by adding the possibility of inserting customers in the middle of the routes, and the second by adding the possibility of reallocating whole routes to different facilities.

The location-reallocation model introduced here can also be seen as a restricted CLRP in which some routing decisions are fixed, and thus also inherits all of the cuts valid for the CLRP [\(Belenguer et al. 2011;](#page-36-0) [Contardo et al. 2011](#page-36-1)). The addition of these extra cuts plays an important role in the proposed heuristic. Indeed, the strength of the model relies on the quality of the root relaxation lower bound. As a pure branch-and-cut-and-price algorithm is computationally too demanding, column generation is applied only at the root node, and even there by relying on some simple pricing heuristics. The resulting ILP is then solved by means of a general-purpose solver. Therefore, the strength of the linear relaxation lower bound is crucial for the performance of the algorithm.

The rest of the paper is organized as follows. In Sect. [2](#page-2-0) we give a general description of our solution approach. In Sect. [3](#page-3-0) we present two of the metaheuristics that are used in our algorithm, namely a GRASP and a local search procedure used to improve solutions. In Sect. [4](#page-7-0) we introduce the location-reallocation model (LRM). We strengthen it with valid inequalities and describe the pricing algorithm used to derive columns of negative reduced cost. In Sect. [5](#page-11-0) we introduce the two hybrid metaheuristics, namely a solution blender heuristic and a local improvement heuristic, both of which are based on the solution of the LRM. This is followed by computational results in Sect. [6](#page-14-0) and by conclusions in Sect. [7.](#page-21-0)

2 An overview of the complete algorithm

In this section we give a general description of the different parts of our algorithm, and describe it by means of a pseudo-code. Our algorithm consists of four main procedures: a GRASP, a Local Search heuristic (LS), a Solution Blender (SB) and a Local Improvement Heuristic (LIH).

The first part of our algorithm is a new **GRASP** [\(Feo and Resende 1989](#page-37-9)) based on the randomization of the so-called Extended Clarke and Wright Savings Algorithm (ECWSA) introduced by [Prins et al.](#page-37-8) [\(2006\)](#page-37-8), a greedy insertion heuristic originally introduced for multiple-depot vehicle routing problems. In the GRASP paradigm, the greedy insertion heuristic is applied several times. Diversification is applied by allowing sub-optimal movements (randomly chosen) during the insertion algorithm. At the end of each run, the constructed feasible solution is inserted into a pool of solutions *P*. The details of our procedure will be given in Sect. [3.1.](#page-4-0)

The second part of our algorithm is **Local Search (LS)**. A LS procedure is an iterative algorithm that takes as input a feasible solution of the problem. At any iteration, it inspects the feasible solutions lying inside a neighborhood of the current solution and, if it finds a solution of lower cost, it replaces the current solution by the new one before starting the next iteration. Otherwise, it stops and returns the best solution found. In this article, we consider several types of neighborhoods, including neighborhoods involving customers and facilities. This will be discussed in more detail in Sect. [3.2.](#page-6-0)

The third part of our algorithm is what we call the **Solution Blender (SB)**, a method based on the solution of an integer-linear program, the location-reallocation model. The LRM is a set-partitioning model in which three types of variables are considered: location variables, assignment variables and routing variables. The first two are polynomial in number while there is an exponential number of the latter. Normally, such models are solved by column generation. However, in the SB heuristic the set of routing variables is restricted to contain a fixed number of columns defined in advance, and therefore no column generation is applied. The key of the SB is to combine two procedures into one. On the one hand, it solves the problem of re-assigning routes to facilities. This type of neighborhood was introduced by [Prins et al.](#page-37-0) [\(2007\)](#page-37-0) for the CLRP and later used by [Pirkwieser and Raidl](#page-37-5) [\(2010](#page-37-5)). On the other hand, it solves the problem of combining routes from different solutions, which was introduced by [Pirkwieser and Raidl](#page-37-5) [\(2010\)](#page-37-5) for the CLRP. In the SB heuristic, these two neighborhoods are inspected at once, thus solving the reassignment problem of routes to facilities and the combination problem of routes belonging to different solutions, all at once. The details of the procedure are given in Sect. [5.1.](#page-11-1)

The fourth component of our method is what we call the **Local Improvement Heuristic (LIH)**, a *destroy-and-repair* method inspired from the ALNS metaheuristic [\(Røpke and Pisinger 2006](#page-37-10)). In this method, a destroy operator is applied to remove customers from the current solution. The LRM is then solved by column generation, with the aim of constructing a new feasible solution of better quality. The LIH uses a parameter $\Gamma \leq |J|$ in the destroy operators to remove a target number Γ of customers from the solution, which we denote by $LIH(\Gamma)$. The details of the LIH will be discussed in Sect. [5.2.](#page-12-0)

We now describe by means of a pseudo-code the complete algorithm. For a given solution *T* of the CLRP, let $v(T)$ denote the cost of *T*. Also, let Γ_0 be a parameter representing a (usually small) number of customers.

3 Pure heuristics

In this section we describe the two pure heuristic procedures used in our algorithm, namely the GRASP and the LS methods. We refer to these as pure heuristics to distinguish them from the ILP-based heuristics that will be introduced later.

Algorithm 1 GRASP + ILP

1: Use GRASP + LS and build solution pool *P*. 2: Use SB and add the newly found solutions to *P*. 3: $\mathcal{T} \leftarrow \arg \min \{ v(\mathcal{S}) : \mathcal{S} \in \mathcal{P} \}.$ 4: $\Gamma \leftarrow \Gamma_0$. 5: **repeat** 6: Apply $LIH(\Gamma)$ to $\mathcal T$ and let $\mathcal T'$ be the solution obtained. 7: **if** $T' \notin P$ then
8: $P \leftarrow P \cup T'$ 8: $\mathcal{P} \leftarrow \mathcal{P} \cup \mathcal{T}'$. 9: **if** $v(T') < v(T)$ then 10: $T \leftarrow T'$ and **go to** 1.
11: **end if** end if 12: **end if** 13: Use SB and add the newly found solutions to \mathcal{P} .
14: **if** a new solution \mathcal{T}' was found with $v(\mathcal{T}') < v$ 14: **if** a new solution T' was found with $v(T') < v(T)$ then 15: $T \leftarrow T'$ and **go to** 1.
16: **end if** end if 17: Increase Γ by some positive value. 18: **until** some stopping criterion is met

3.1 GRASP

GRASP is a popular metaheuristic which, based on some simple greedy deterministic criterion, includes some randomization to diversify the search of the solution space. This randomized greedy algorithm is applied several times, thus increasing the likelihood of identifying a good quality solution. The randomization is usually subject to what is called a restricted candidate list (RCL), for which a given greedy criterion of the form " $pick x' = \arg min_x \{ f(x) : x \in X \}$ " is replaced by "Let *L contain the* κ *elements* $x \in X$ *with smallest value of* $f(x)$ *. Pick* x' *randomly in L*". For the CLRP, [Prins et al.](#page-37-8) [\(2006\)](#page-37-8) proposed a GRASP that they complemented with path relinking. Their method is based on the so-called Extended Clarke and Wright Savings Algorithm (ECWSA). In this paper we propose a variant of that method, and explain how we apply randomization at three different levels of the algorithm. Our method differs from that of [Prins et al.](#page-37-8) [\(2006](#page-37-8)) mainly in the way the initial assignments of customers to facilities are performed. Our method penalizes the opening of a new facility by considering its opening cost in the evaluation of the assignment, which is not taken into account in the original version of the ECWSA. Our computational results show that the merging phase of the algorithm can take advantage of this new evaluation rule to find solutions of higher quality than the original GRASP introduced by [Prins et al.](#page-37-8) [\(2006\)](#page-37-8). We now describe, by means of a pseudo-code (Algorithm [2\)](#page-5-0), the deterministic algorithm on which is based the proposed GRASP.

First, let us introduce some notation. A route *R* is represented by a sequence of nodes $(u_0, u_1, \ldots, u_n, u_{n+1} = u_0)$, with $u_0 = u_{n+1} \in I$ and $u_1, \ldots, u_n \in J$. For any two routes R, S and for any facility $i \in I$, $s(R, S, i)$ represents the saving produced when routes R and S are merged to create a new route T which is assigned to facility *i*, and such that capacities are respected. Note that if *R* and *S* contain two or more customers, four different mergings are possible, and so the definition

of $s(R, S, i)$ implicitly assumes that the resulting route T is the one with the lowest cost. For details on the merging procedure, the reader is referred to [Clarke and Wright](#page-36-5) [\(1964\)](#page-36-5) and to [Prins et al.](#page-37-8) [\(2006](#page-37-8)). Also, for a Boolean statement p , we define δ_p to be equal to 1 if *p* is *true*, and 0 otherwise. Finally, *F* denotes the set of currently open facilities, $\gamma(\cdot)$ represent the facilities to which customers are assigned (unassigned customers are such that $\gamma(j) = -1$), and $l(\cdot)$ represent the current loads of facilities.

Algorithm 2 ECWSA

1: $F \leftarrow \emptyset$, $\gamma(j) \leftarrow -1$ for all $j \in J$, $l(i) \leftarrow 0$ for all $i \in I$. 2: **while** $\exists j \in J$ such that $\gamma(j) = -1$ **do** 3: $j' \leftarrow \arg \min \{ \sum_{i \in F} c_{ij} + 0.1 \sum_{i \notin F} c_{ij} : j \in J, \gamma(j) = -1 \}.$ 4: $i' \leftarrow \arg \min \{ 2c_{ij'} + f_i \delta_{i \notin F} : i \in I, l(i) + d_{i'} \le b_i \}.$ 5: $F \leftarrow F \cup \{i'\}, \gamma(j') \leftarrow i', l(i') \leftarrow l(i') + d_{j'}.$ 6: **end while** 7: $\mathcal{R} \leftarrow \{ (\gamma(j), j, \gamma(j)) : j \in J \}.$ 8: **repeat** 9: $(R', S', i') \leftarrow \arg \max \{s(R, S, i) : R, S \in \mathcal{R}, i \in I, \text{ and merging respects capacities}\}.$ 10: *s* ← *s*(*R'*, *S'*, *i'*). 11: **if** *s* > 0 **then** 12: Merge R' , S' into a new route T' and assign it to facility i' . 13: Update $\mathcal R$ by replacing R' and S' by the merged route T' . 14: Update *F*, γ and *l* accordingly. 15: **end if** 16: **until** $s \leq 0$

In our GRASP, we replace the three optimization problems appearing in the pseudocode with some randomized variants.

The deterministic statement $j' \leftarrow \arg \min \{ \sum_{i \in F} c_{ij} + 0.1 \sum_{i \notin F} c_{ij} : \gamma(j) = -1 \}$ is changed to randomly picking a customer j' with among the five customers satisfying $\gamma(j) = -1$ with minimum value of $\sum_{i \in F} c_{ij} + 0.1 \sum_{i \notin F} c_{ij}$. The second term of this sum is particularly useful at the beginning of the algorithm for picking a customer close to most facilities.

The statement $i' \leftarrow \arg \min \{ 2c_{ij'} + f_i \delta_{i \notin F} : i \in I, l(i) + d_{j'} \le b_i \}$ is decomposed into two random stages. For the set of closed facilities F^c (if any), we compute the quantity $v(F^c) = \left(\sum_{i \notin F} 2c_{ij'} + f_i\right) / |F^c|$ and assign to this quantity a dummy node i_{Fc} , and for each facility $i \in F$ we compute separately the quantity $v(i) = 2c_{ii'}$ and assign to it the node *i*. Now, we put in a list the $|F| + 1$ quantities defined before (only $|F|$ in case $|F^c| = 0$) and randomly pick a node *i'* among the three which minimize it. If $i' \text{ ∈ } F$, then we assign customer j' to this facility. Otherwise, if $i' = i_F c$ we randomly pick a facility $i'' \notin F$ among the $k = \lfloor |I|/3 \rfloor$ that minimize $2c_{i''j'} + f_{i''}.$ Facility i'' is then opened and customer j' is assigned to it.

Finally, the statement $(R', S', i') \leftarrow \arg \max \{s(R, S, i) : R, S \in \mathcal{R}, i \in \mathcal{R} \}$ *I*, and merging respects capacities} is modified to randomly pick a merging among the five possible mergings with maximum saving.

We call this algorithm the Randomized ECWSA (RECWSA). The RECWSA is repeated for 300 times, and the solutions are stored in a solution pool *P*. For each of the solutions in the pool, we apply LS (detailed in the next section) to improve its quality. After that, we clean the pool by keeping the 100 best solutions. These solutions will be the input of the SB heuristic which will be described in Sect. [5.1.](#page-11-1)

3.2 Local Search

Local search procedures are simple greedy algorithms applied to a feasible solution to further improve its quality. They are usually based on simple greedy criteria, which are fast to compute. In our case, we have implemented seven different LS procedures:

Each of these procedures is performed repeatedly until no further improvements are detected. Also, the order in which each of the procedures is performed is as described above, and they are cyclically performed until no further improvements are found. This order is motivated by the following two observations. The first four procedures are sorted according to the potential impact of a successful move. This impact is in general larger for the first four methods and that is why they are performed first. Next, the last three movements involving the swapping of customers are sorted according to their computational complexity (with the fastest ones first).

4 A location-reallocation model

In this section we introduce the Location-Reallocation Model (LRM), a new ILP model that generalizes the CFLP and the reallocation model of [Franceschi et al.](#page-36-4) [\(2006\)](#page-36-4), the first by adding the routing decisions to the problem, and the second the location decisions. This model is the core of the ILP-based heuristics introduced in this paper, namely the SB and the LIH. We present a mathematical formulation of the model, some valid inequalities, and the pricing algorithm used in the column generation.

4.1 Mathematical formulation

Let us consider a feasible solution $\mathcal T$ of the CLRP. For a given customer subset $T \subseteq J$ let $\mathcal{T}(T)$ be the truncated solution of the CLRP obtained from $\mathcal T$ after

- i. removing the customers of set *T* ,
- ii. removing the customers that are isolated (because they belonged to a route where all other customers are in T) and inserting them into T ,
- iii. short-cutting the remaining consecutive nodes in the routes,
- iv. deleting the edges linking facilities to customers,
- v. and relinking the two remaining endpoints of every route.

As a result, what we obtain is a set of closed subtours, each of which consisting of at least two customers. [F1](#page-8-0) illustrates this procedure. On the left side, circular dots represent customer locations, whereas square nodes represent facility locations. The nodes surrounded by dotted circles are the nodes in set *T* . The right side represents the subtours resulting from the removal of the customers in set *T* . Let us denote by *R* the set of these subtours and for each $r \in \mathcal{R}$ and $i \in I$ let $h(i, r)$ and $t(i, r)$ be the two consecutive nodes in *r* which, after linking *r* to *i* using these two nodes as endpoints, produce the route with the least possible cost. To avoid symmetries, we arbitrarily take $h(i, r)$, $t(i, r)$ satisfying $h(i, r) < t(i, r)$. Customers in *T* must be reinserted back into $\mathcal{T}(T)$ and subtours $r \in \mathcal{R}$ must be assigned to facilities to construct a (eventually new) feasible solution of the CLRP. For every subtour r we let $E(r)$, $V(r)$ be the sets of edges and customers in that subtour. We also let $c(r)$ be the routing cost of the subtour, and $q(r)$ be its load. For every $i \in I$ and subtour $r \in \mathcal{R}$ we define $E(i, r) = E(r) \setminus \{\{h(i, r), t(i, r)\}\}\.$ Let us denote, for a given facility *i* and subtour *r* the set of insertion points associated, $\mathcal{I}(i, r) = E(i, r) \cup \{\{i, h(i, r)\}, \{i, t(i, r)\}\}\.$ For each facility $i \in I$ we also consider an additional insertion point $\{i, i\}$ for full routes that are not extended from any subtour. We let $\mathcal I$ be the set of all possible insertion points.

Every insertion point $p \in \mathcal{I}$ is uniquely assigned to a facility $i(p)$ and to an edge $e(p)$. Also, every insertion point is either assigned to an unique subtour $r \in \mathcal{R}$ (in which case we denote $r(p) = r$) or to none (if $p = \{i, i\}$, in which case we denote $r(p) = -1$). For every insertion point *p*, we denote by S_p the set of sequences or partial paths that can be inserted in *p*, and we denote by $S = \bigcup \{S_p : p \in \mathcal{I}\}\$ the set of all possible sequences. Note that a sequence that results in a violation of the capacities can be safely removed from *S*. For every $s \in S_p$ we let $E(s)$

Fig. 1 (a) Complete solution. Set *T* surrounded by dotted circles (b) Incomplete solution after the removal of nodes in *T* Example of node removal from a CLRP solution

be the set of edges defining *s*, *q*(*s*) be the load of *s* (without considering the two endpoints) and $c(s)$ be the cost associated to that partial route, computed as follows:

$$
c(s) = \begin{cases} \sum_{e \in E(s)} c_e - c_{e(p)} & \text{if } p \in \bigcup_{i,r} E(i,r), s \in S_p \\ \sum_{e \in E(s)} c_e & \text{otherwise.} \end{cases}
$$
(1)

Let us define the following notation. Let z_i be a binary variable equal to 1 iff facility *i* is selected for opening. For every pair $\{i, j\}$, $i \in I$, $j \in T$ let y_{ij} be a binary variable equal to 1 iff customer *j* is served by a single-customer route from facility *i*. For every subtour $r \in \mathcal{R}$ and for every facility $i \in I$ let u_{ir}^{R} be a binary variable equal to 1 iff subtour *r* is assigned to facility *i*. For every facility $i \in I$ and customer $j \in T$ let u_{ij}^T be a binary variable equal to 1 iff customer *j* is served from facility $i \in I$. For every $s \in S$ we let w_s be a binary variable equal to 1 iff sequence *s* (associated to a certain insertion point) is selected. The LRM is as follows:

$$
\sum_{r \in \mathcal{R}} c(r) + \min \sum_{i \in I, j \in J} f_i z_i - \sum_{i \in I, r \in \mathcal{R}} c_{h(i,r)t(i,r)} u_{ir}^{\mathcal{R}}
$$

+2
$$
\sum_{i \in I, j \in J} c_{ij} y_{ij} + \sum_{s \in \mathcal{S}} c(s) w_s
$$
 (2)

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subject to

$$
\sum_{i \in I} u_{ij}^T = 1 \qquad j \in T \qquad (3)
$$

$$
\sum_{i \in I} u_{ir}^{\mathcal{R}} = 1 \qquad \qquad r \in \mathcal{R} \qquad (4)
$$

$$
y_{ij} + \sum_{p \in \mathcal{I}, i(p) = i} \sum_{s \in \mathcal{S}_p, j \in V(s)} w_s = u_{ij}^T \qquad i \in I, j \in T \qquad (5)
$$

$$
\sum_{s \in \mathcal{S}_{\{i,h(i,r)\}}} w_s = u_{ir}^{\mathcal{R}} \qquad \qquad i \in I, r \in \mathcal{R} \qquad (6)
$$

$$
\sum_{s \in \mathcal{S}_{\{i,h(i,r)\}}} w_s - \sum_{s \in \mathcal{S}_{\{i,t(i,r)\}}} w_s = 0 \qquad i \in I, r \in \mathcal{R} \tag{7}
$$

$$
\sum_{s \in \mathcal{S}_p} w_s \le u_{ir}^{\mathcal{R}} \qquad i \in I, r \in \mathcal{R}, p \in \mathcal{I}(i, r) \qquad (8)
$$

$$
\sum_{i \in I} \sum_{p \in \mathcal{I}(i,r)} \sum_{s \in \mathcal{S}_p} q(s) w_s \le Q - q(r) \qquad \qquad r \in \mathcal{R} \tag{9}
$$

$$
\sum_{j \in T} d_j u_{ij}^T + \sum_{r \in \mathcal{R}} q(r) u_{ir}^{\mathcal{R}} \le b_i z_i \qquad i \in I \quad (10)
$$

z, *y*, *u*, w binary. (11)

The objective function [\(2\)](#page-8-1) contains two parts: a constant term given by the expres- $\sum_{r \in \mathcal{R}} c(r)$, which takes into account the cost of the subtours remaining in the solution after the removal of the nodes in set T ; and a linear term, combining setup costs with routing costs. Constraints (3) – (4) are the assignment constraints of customers to facilities. Constraints [\(5\)](#page-9-2) are the degree constraints which ensure that customers in *T* will be reinserted. Constraints [\(6\)](#page-9-3)–[\(7\)](#page-9-4) ensure that partial routes $r \in \mathcal{R}$ will be linked to a facility. Constraints [\(8\)](#page-9-5) ensure that for every insertion point $p \in \mathcal{I}(i, r)$ at most one column will be assigned. Moreover, if a route *r* is not assigned to a certain facility *i*, then all of the sequences $s \in S_p$ with $i(p) = i$ and $r(p) = r$ are automatically set to 0. Constraints [\(9\)](#page-9-6) are the vehicle capacity inequalities. They make sure that the final routes will not exceed vehicle capacities. Constraints [\(10\)](#page-9-7) are the facility capacity inequalities. They make sure that the total demand assigned to every facility will not exceed its capacity, while at the same time no load will be assigned to closed facilities.

Note that the minimum sizes of the sequences *s* may vary. Indeed, a sequence *s* participates in the construction of multiple-customer routes, so every time we have to make sure that only routes containing two or more customers are generated. Thus, for $p \in \bigcup_{i,r} E(i, r)$, the minimum size of $s \in S_p$ (defined as the number of nodes visited other than those of $e(p)$) is 1. If $p = \{i, i\}$ then the minimum size is 2. Finally, if $p \in \bigcup_{i,r} \{\{i, h(i, r)\}, \{i, t(i, r)\}\}\)$, then the minimum size is 0.

4.2 Valid inequalities

The location-reallocation problem described above includes a polynomial number of constraints and can be solved by means of branch-and-price. However, it is possible

to include all the valid inequalities from the three-index formulation [\(Contardo et al.](#page-36-1) [2011\)](#page-36-1) after the inclusion of the following flow and assignment variables.

For every facility $i \in I$ and edge $e \in E$, let us define a flow variable x_e^i as follows:

$$
x_e^i = \begin{cases} u_{ir}^{\mathcal{R}} - \sum_{s \in \mathcal{S}_e} w_s & \text{if } e \in E(i, r) \text{ for some } r \in \mathcal{R} \\ 1 - u_{ir}^{\mathcal{R}} & \text{if } e = \{h(i, r), t(i, r)\} \text{ for some } r \in \mathcal{R} \\ \sum_{p \in \mathcal{I}, i(p) = i} \sum_{s \in \mathcal{S}_p, e \in E(s)} w_s & \text{otherwise.} \end{cases}
$$
(12)

Also, for every facility $i \in I$ and customer $j \in J$ let us define the following assignment variables:

$$
u_{ij} = \begin{cases} u_{ir}^{\mathcal{R}} & \text{if } j \in V(r), r \in \mathcal{R} \\ u_{ij}^{T} & \text{if } j \in T. \end{cases}
$$
 (13)

Finally, in adition to variables y_{ij} for $i \in I$, $j \in T$, we define $y_{ij} = 0$ for all $i \in I, j \notin T$.

It suffices to use variables (x_e^i) , (u_{ij}) and (y_{ij}) to include the valid inequalities from the three-index vehicle-flow formulation presented in [Contardo et al.](#page-36-1) [\(2011](#page-36-1)). In particular, we found useful to include the following four families of inequalities: *y*-capacity cuts (*y*-CC), *y*-strengthened effective facility capacity inequalities (*y*-SEFCI), *y*-location-routing generalized large multistar inequalities (*y*-LRGLM), and disaggregated co-circuit constraints (DCoCC). For details on the inequalities, we refer to [Belenguer et al.](#page-36-0) [\(2011](#page-36-0)) and [Contardo et al.](#page-36-1) [\(2011\)](#page-36-1). Moreover, it is possible to strengthen the *y*-CC and the *y*-ESFCI to hybrid forms of the *y*-strengthened capacity cuts (*y*-SCC) and *y*-set-partitioning strengthened effective facility capacity inequalities (*y*-SP-SEFCI), which have been developed by [Contardo et al.](#page-36-3) [\(2013\)](#page-36-3) for solving the CLRP by branch-and-cut-and-price.

4.3 Column generation

For each column w_s , its reduced cost will be computed differently depending on its insertion point *p*. Let $T(s) \subseteq T$ be the set of customers in *T* that are served by column *s*. Suppose that no additional inequalities have been added to the problem, and let α, β , σ , γ , θ be the dual variables associated with constraints [\(5\)](#page-9-2)–[\(9\)](#page-9-6). The reduced cost associated to a column *s* with an insertion point $p \in \mathcal{I}$ is given by

$$
\overline{c}(s) = \begin{cases}\nc(s) - \sum_{j \in T(s)} \alpha_j - \sum_{j \in T(s)} d_j \theta_{r(p)} - \gamma_p & \text{if } p \in \bigcup_{i,r} E(i,r) \\
c(s) - \sum_{j \in T(s)} \alpha_j - \beta_{ir(p)} - \sigma_{ir(p)} & \text{if } p \in \bigcup_{i,r} \{\{i, h(i,r)\}\} \\
c(s) - \sum_{j \in T(s)} \alpha_j + \sigma_{ir(p)} & \text{if } p \in \bigcup_{i,r} \{\{i, t(i,r)\}\} \\
c(s) - \sum_{j \in T(s)} \alpha_j & \text{if } p \in \bigcup_{i} \{i, i\}.\n\end{cases} (14)
$$

If valid inequalities have been added during the solution of the problem, the reduced costs are modified accordingly using the dual variables associated to these inequalities. Our pricing algorithms take into account the different expressions in [\(14\)](#page-10-0) (modified

by the dual information associated to valid inequalities) but they work along the exact same principle. The expressions in [\(14\)](#page-10-0) also imply the following: A different pricing algorithm must be performed for each possible insertion point *p*. In our implementation, the insertion points are sequentially considered without giving any particular preference to any of them. For each insertion point *p*, the pricing is performed in two stages.

First, we use a simple tabu search heuristic starting from a column containing a single customer. That customer is chosen in such a way that the reduced cost of the resulting column is as small as possible. We consider four neigborhoods to inspect the solution space around a given sequence. An ADD neighborhood picks a customer not in the sequence and inserts it into the sequence. A DROP neighborhood is used to perform the opposite move. A SWAP neighborhood picks a customer inside the current sequence and one outside, and swaps them. Finally, a SWITCH neighborhood takes two customers inside the sequence and swaps them. We combine neighborhoods ADD, DROP, SWAP and SWITCH using the customers in set *T* . The neighborhoods are sorted and applied in the following order: ADD-DROP-ADD-SWAP-ADD-SWITCH. Indeed, preliminary experiments showed that the ADD neighborhhod is often the most useful, and thus it is the one that is performed the most. The movements use a bestimprovement criterion, and a tabu list forbids movements to positions previously visited during the last three iterations. The algorithm stops whenever a column of negative reduced cost has been detected or when a maximum number of iterations has been reached. The maximum number of iterations at the beginning is set to 100. In order to accelerate the pricing algorithms, after seven rounds of cut generation, we lower this threshold to 20.

When the tabu search procedure finishes with success (i.e., after having identified a column with negative reduced cost), starting from that column we apply a greedy insertion algorithm, similar to the one presented by [Franceschi et al.](#page-36-4) [\(2006](#page-36-4)). We evaluate the insertion of every single customer in a list $\mathcal L$ initially containing the customers in *T* not yet inserted into the column at every possible position. If the resulting column has negative reduced cost, then it is added to a pool and the same algorithm is recursively applied to it. This dynamic programming algorithm is applied until it reaches a depth of 5 from the starting column (the one obtained by the tabu search procedure).

5 ILP-based metaheuristics

In this section we describe two hybrid metaheuristics based on the solution of the LRM described earlier. We first describe the SB heuristic, a method based on the existence of a pool of reasonably good solutions. We then describe the LIH based on the iterative solution of the LRM and solved by column and cut generation.

5.1 Solution blender

We use a heuristic procedure based on the solution of a particular case of the LRM to combine routes belonging to different solutions. Given a pool of solutions *P*, we apply the following procedure to every solution $S \in \mathcal{P}$. Let $\mathcal{R}(S)$ be the set of routes

describing solution *S*. For every route $R \in \mathcal{R}(\mathcal{S})$ we first consider the subtour produced by disconnecting *R* from its facility and then reconnecting its two endpoints. This tour is then reconnected to every facility *i* using as endpoints the pair of consecutive nodes in the subtour that produces the route with minimum cost. This procedure creates, for every route $R \in \mathcal{R}(\mathcal{S})$, |*I*| routes, each connected to a different facility. We refer to this procedure as the *replication step*.

At the end of the replication step, we will potentially have $\sum_{\mathcal{S}\in\mathcal{P}}|\mathcal{R}(\mathcal{S})|\times|I|$ routes (some repeated routes might be discarded). The LRM is then solved using $T = J$ and by restricting the set of columns to contain those constructed during the replication step, without applying any column generation. The optimal solution of this restricted problem is then likely to combine routes from different solutions. Indeed, in many cases in which the GRASP procedure was not able to find a near optimal solution, the blending phase performed substantially better. In our case, the input for the SB is the solution pool P containing the 100 best solutions found by the GRASP combined with LS. Every new solution found is also subject to LS. Note that the SB may fail to find a feasible solution to the problem (even though all solutions in *P* are feasible for the SB), in which case the best solution in P is returned.

O[ur](#page-37-5) [SB](#page-37-5) [heuristic](#page-37-5) [is](#page-37-5) [an](#page-37-5) [implementation](#page-37-5) [of](#page-37-5) [the](#page-37-5) [one](#page-37-5) [proposed](#page-37-5) [by](#page-37-5) Pirkwieser and Raidl [\(2010\)](#page-37-5) for the Periodic LRP (PLRP), which is inspired from a similar procedure introduced by [Rochat and Taillard](#page-37-15) [\(1995\)](#page-37-15) and recently used in other heuristic methods for vehicle routing problems [\(Subramanian et al. 2013](#page-37-16)). The main difference of our procedure with respect to that of [Pirkwieser and Raidl](#page-37-5) [\(2010\)](#page-37-5) is the use of valid inequalities to 1) speed-up the solution of the problem, and 2) guide the local branching (to be described in the next paragraph) towards fixing the right subset of location variables. Moreover, the SB generalizes the reallocation heuristic used in [Prins et al.](#page-37-0) [\(2007\)](#page-37-0) and [Pirkwieser and Raidl](#page-37-5) [\(2010](#page-37-5)) based on the solution of a CFLP, and aimed to decide the optimal assignments to facilities of the routes belonging to a single solution.

At the end of the root node relaxation, we perform a local branching heuristic to guide the search towards promising directions during the branch-and-bound search. We fix to 1 the location variables whose values are greater than or equal to 0.9. For the location variables taking values smaller than or equal to 0.1, we pick the two variables z_{i_1}, z_{i_2} with the smallest reduced costs. If two or more variables have the same reduced cost, priority is given to those with the largest values of z_i . For these two location variables we impose the following constraint:

$$
z_{i_1} + z_{i_2} \le 1. \tag{15}
$$

The remaining location variables satisfying $z_i \leq 0.1$ are all fixed to zero.

5.2 Local improvement heuristic

Let T be the solution with minimum cost resulting from the previous heuristic procedures. Let $\rho = [0.1|J|]$ be a parameter. For different values of $k > 0$, we let $\Gamma = k\rho$ be the target size of customer set *T* to be removed from and reinserted back in $\mathcal{T}(T)$. The local improvement phase starts with \mathcal{T} and $k = 1$, and successively solves the LRM using sets *T* of target size *k*ρ. Each time a better solution is found, the algorithm is restarted with the same value of *k*. When no more improvement can be detected, *k* is increased by one unit and the algorithm is restarted. The value of *k* is increased at most twice, and each update of this value corresponds to a *major iteration* of the LIH. Note that every newly found solution is subject to LS. Also, at the end of a *major iteration* the SB heuristic is run using a restricted set of solutions stored in the pool (the best 50, eventually including the new found solutions). Indeed, we have found that after the several heuristics applied beforehand and the new solutions found, the SB takes no significant advantage in considering the initial pool size of 100.

Note that because of the heuristic column generation and the local branching heuristic, the resulting integer problem may be infeasible or the solver may be unable to find a feasible solution. In this case, the current feasible solution is stored and used in the following iterations.

In what follows we describe the different parts of this procedure, namely the choice of the customer set *T* , the inclusion of an initial pool of columns as well as some local branching rules.

5.2.1 Choice of set T

The set T of customers to be erased from T is selected by following similar rules to those explained in [Franceschi et al.](#page-36-4) [\(2006\)](#page-36-4) and [Pirkwieser and Raidl](#page-37-5) [\(2010](#page-37-5)). We first define the following notion of relatedness between two customers. Let $u, v \in J$ be two customer nodes. Let $c_{max} = \max\{c_{hi}: h, j \in J\}$ be the maximum distance between any two customers. We define the relatedness between u and v as $r(u, v) = 1 - c_{uv}/c_{max}$. If *u* and *v* belong to the same route then $r(u, v)$ is multiplied by 0.75, and if they belong to the same facility then $r(u, v)$ is multiplied by 0.85. The idea is to penalize the choice of customers belonging to the same route or being served by the same facility, as the LS makes it unlikely that these customers will switch places. The two rules that we have implemented can be summarized as follows:

NEIGHBORHOOD rule Given a pivot customer \overline{u} , we make $T = {\overline{u}}$ and iter- $\sum_{v \in T} r(u, v)$ is maximal. atively insert into *T* the customer $u \notin T$ such that

RANDOM rule We randomly pick a subset of customers and insert it into *T* .

We first apply the NEIGHBORHOOD rule five times. The first time that it is performed, we choose as pivot the customer \overline{u} that maximizes $\sum_{v \in J \setminus {\{\overline{u}\}}} r(\overline{u}, v)$. We save in a list N_T the customers that have participated in T in the previous iterations. For the next iteration, we use as pivot node the customer $u \notin N_T$ such that $\sum_{v \neq u, v \notin N_T} r(u, v)$ is maximal. When the NEIGHBORHOOD rule has been used five times without improving the current solution, we use the RANDOM rule five more times. If using any of the two rules the current solution is improved, the counters are reset to zero and the LIH is restarted.

5.2.2 Initial set of columns

We have found it is beneficial to start the column generation algorithm with a small, but likely useful set of initial columns. For every insertion point *p*, we let $V(p) \subseteq T$ be the subset of customers of size min $\{5, |T|\}$ containing the closest nodes to $e(p)$, in terms of the sum of the distances to the two endpoints of $e(p)$. Then, we add to the master problem all the sequences obtained as combinations of the nodes in $V(p)$.

5.2.3 Local Branching

Let I^o , I^c the subsets of facilities that are open or closed in solution $\mathcal T$. From the beginning of the optimization we let

$$
\sum_{i\in I^o} z_i - \sum_{i\in I^c} z_i \geq |I^o| - \eta.
$$

Depending on the value of Γ , the parameter η is set either to 2 (if $\Gamma = \rho$) or 0 (if $\Gamma \geq 2\rho$). In the first case, we let at most two location variables change their values, while in the second case the location variables are actually fixed to their current values in $\mathcal T$. When the root node relaxation has been solved with success and no more columns with negative reduced cost or violated inequalities are detected, we also consider the same local branching constraint as for the SB (see constraints [\(15\)](#page-12-1)).

6 Computational experiments

We have run our method on an Intel Xeon E5462, 3.0 Ghz processor with 16GB of memory. The code was compiled with the Intel C++ compiler v11.0 and executed on Linux, kernel 2.6. Linear and integer programs were solved with CPLEX 12.5. The algorithm has been tested on four sets of instances from the literature, containing a total [of](#page-36-0) [89](#page-36-0) [instances.](#page-36-0) [The](#page-36-0) [first](#page-36-0) [set](#page-36-0) of [instances](#page-36-0) (\mathcal{F}_1) (\mathcal{F}_1) has been developed by Belenguer et al. [\(2011](#page-36-0)) and contains 30 instances with capacitated vehicles and facilities. The second set of instances (\mathcal{F}_2) has been introduced by [Tuzun and Burke](#page-37-17) [\(1999\)](#page-37-17) and contains 36 instances with capacitated vehicles and uncapacitated facilities. The third set of instances (\mathcal{F}_3) has been adapted from other vehicle routing problems by [Barreto](#page-36-7) [\(2004\)](#page-36-7) and contains 19 instances with capacitated vehicles, mixing some instances with capacitated and uncapacitated facilities. The fourth and last set of instances (\mathcal{F}_4) has been introduced by [Baldacci et al.](#page-36-2) [\(2011\)](#page-36-2) and contains four instances with limited vehicle capacities and uncapacitated facilities. The dimensions of the instances vary from very small instances with 12 customers and two facilities up to very large instances with 200 customers and 20 facilities.

For the parameter setting, several runs have been performed on the four sets of instances. At the end, however, we use the same parameters for all instances and the average values reported correspond to those obtained on a total of 10 runs for each instance. The calibrated parameters are reported in Table [1.](#page-15-0)

In Tables [2,](#page-16-0) [3,](#page-17-0) [4](#page-18-0) and [5](#page-18-1) we report the results obtained by our algorithm on all sets of instances. In these tables, z_{BKS}^* corresponds to the best known solution as reported

by previous authors, z_{avg}^* is the average cost obtained by our solution method, *stdev* is the standard deviation (in $\%$) of the cost over the 10 runs, gap_{avg} is the average relative gap (in %), computed as $100 \times (z_{avg}^* - z_{BKS}^*)/z_{BKS}^*$, T_{avg} is the average CPU time, in seconds, over the 10 runs, and z_{best}^{*} is the best solution found in these 10 runs. This value does not necessarily correspond to the best known solution found by our method during the parameter setting phase, which is reported later in Table [12.](#page-20-0) Finally, *gapbest* is the relative gap (in %) of the best solution found, computed as $100 \times (z_{best}^* - z_{BKS}^*)/z_{BKS}^*$. When the best found solution is strictly better than the

Instance	z^*_{BKS}	z^*_{avg}	stdev	gap _{avg}	T_{avg}	z_{best}^*	gapbest
$ppw-20x5-1a$	54,793	54,793	0.00	0.00	1.7	54,793	0.00
$ppw-20x5-1b$	39,104	39,104	0.00	0.00	2.6	39,104	0.00
$ppw-20x5-2a$	48,908	48,908	0.00	0.00	1.5	48,908	0.00
$ppw-20x5-2b$	37,542	37,542	0.00	0.00	2.8	37,542	0.00
$ppw-50x5-1a$	90,111	90,111	0.00	0.00	15.0	90,111	0.00
$ppw-50x5-1b$	63,242	63,281	0.19	0.06	18.4	63,242	0.00
$ppw-50x5-2a$	88,298	88,333	0.12	0.04	17.5	88,298	0.00
$ppw-50x5-2b$	67,308	67,436	0.13	0.19	22.0	67,373	0.10
$ppw-50x5-2bis$	84,055	84,055	0.00	0.00	21.0	84,055	0.00
$ppw-50x5-2bbis$	51,822	51,898	0.02	0.15	27.3	51,883	0.12
$ppw-50x5-3a$	86,203	86,203	0.00	0.00	16.6	86,203	0.00
$ppw-50x5-3b$	61,830	61,853	0.09	0.04	22.9	61,830	0.00
$ppw-100x5-1a$	274,814	275,628	0.05	0.30	220.4	275,457	0.23
ppw-100x5-1b	213,615	214,785	0.16	0.55	230.2	214,056	0.21
ppw-100x5-2a	193,671	194,054	0.12	0.20	121.9	193,708	0.02
$ppw-100x5-2b$	157,095	157,311	0.13	0.14	100.0	157,178	0.05
$ppw-100x5-3a$	200,079	200,394	0.03	0.16	97.3	200,339	0.13
$ppw-100x5-3b$	152,441	152,814	0.38	0.24	100.1	152,466	0.02
ppw-100x10-1a	287,983	292,657	3.02	1.62	2,621.8	287,892	-0.03
$ppw-100x10-1b$	231,763	236,026	0.55	1.84	1,067.2	234,080	1.00
ppw-100x10-2a	243,590	243,851	0.11	0.11	236.1	243,695	0.04
ppw-100x10-2b	203,988	204,253	0.15	0.13	258.5	203,988	0.00
$ppw-100x10-3a$	250,882	253,610	0.17	1.09	723.3	252,927	0.82
ppw-100x10-3b	204,317	205,110	0.18	0.39	584.4	204,664	0.17
ppw-200x10-1a	477,248	477,656	0.26	0.09	3,960.4	475,327	-0.40
ppw-200x10-1b	378,065	378,656	0.21	0.16	4,006.0	377,327	-0.20
ppw-200x10-2a	449,571	449,797	0.07	0.05	4,943.0	449,291	-0.06
ppw-200x10-2b	374,330	374,996	0.08	0.18	3,486.0	374,575	0.07
ppw-200x10-3a	469,433	471,272	0.19	0.39	4, 075.1	469,870	0.09
ppw-200x10-3b	362,817	363,581	0.12	0.21	7,887.6	363,103	0.08
Average			0.22	0.28	1, 162.9		0.08

Table 2 Results on instances of set \mathcal{F}_1

Bold values indicate that a new best solution has been found

best known solution, its value is marked in bold characters. As the results show, our solutions are 0.28% above the best known solutions on average for the instances of set \mathcal{F}_1 , 0.45% for the instances of set \mathcal{F}_2 , 0.62% for the instances of set \mathcal{F}_3 and 0.33% for the instances of set \mathcal{F}_4 . Moreover, we are able to improve these values in 12 out of the 89 instances considered in our study. Regarding the CPU times, they lie around 45 min on average, and usually stay below 3 h.

In Tables [6,](#page-19-0) [7](#page-19-1) , [8](#page-19-2) and [9](#page-19-3) we report the evolution of our algorithm during the different stages. In these tables, instances are grouped according to their size. The headers

Instance	\boldsymbol{z}_{BKS}^*	z^*_{avg}	stdev	gapavg	T_{avg}	z_{best}^*	gapbest
P111112	1,467.7	1,475.5	0.34	0.53	198.5	1,469.4	0.12
P111122	1,449.2	1,452.0	0.15	0.20	579.8	1,449.2	0.00
P111212	1,394.8	1,405.8	0.38	0.79	219.6	1,394.9	0.01
P111222	1,432.3	1,440.6	0.48	0.58	754.7	1,432.3	0.00
P112112	1, 167.2	1, 176.2	0.33	0.77	278.0	1, 169.1	0.16
P112122	1, 102.2	1, 103.6	0.11	0.13	633.6	1, 102.4	0.01
P112212	791.7	795.8	0.49	0.53	226.5	791.7	0.01
P112222	728.3	728.5	0.02	0.02	550.4	728.3	0.00
P113112	1,238.5	1,239.6	0.04	0.09	285.7	1,238.5	0.00
P113122	1, 245.3	1,246.3	0.08	0.08	645.6	1, 245.3	0.00
P113212	902.3	902.8	0.13	0.06	230.6	902.3	0.00
P113222	1,018.3	1,018.3	0.00	0.00	748.9	1,018.3	0.00
P131112	1,866.8	1,924.1	0.83	3.07	1,639.9	1,899.9	1.78
P131122	1,823.5	1,831.0	0.24	0.41	3,611.7	1,825.3	0.10
P131212	1,965.1	1,969.3	0.16	0.21	1, 274.5	1,964.3	-0.04
P131222	1,796.5	1,800.3	0.24	0.21	3,099.4	1,792.8	-0.20
P132112	1,443.3	1,450.4	0.27	0.49	871.3	1,446.8	0.24
P132122	1,434.6	1,447.2	0.25	0.88	2,738.3	1,443.9	0.65
P132212	1,204.4	1,205.9	0.05	0.12	2,081.6	1, 204.8	0.03
P132222	931.0	931.9	0.05	0.10	3,734.0	931.3	0.03
P133112	1,694.2	1,703.8	0.52	0.57	937.8	1,695.9	0.10
P133122	1,392.0	1,401.5	0.16	0.68	2,751.2	1,398.0	0.43
P133212	1, 198.3	1, 199.6	0.06	0.11	1,009.8	1, 198.6	0.03
P133222	1, 151.8	1,158.7	0.08	0.60	3,559.6	1, 157.3	0.48
P121112	2, 251.9	2, 251.3	0.27	-0.03	2,805.5	2, 243.4	-0.38
P121122	2, 159.9	2, 154.9	0.52	-0.23	5,679.9	2, 138.4	-0.99
P121212	2, 220.0	2, 226.1	0.37	0.27	3,004.6	2, 209.3	-0.48
P121222	2, 230.9	2, 241.7	0.34	0.48	6, 143.1	2, 225.1	-0.26
P122112	2,073.7	2,093.8	0.55	0.97	3,462.4	2,077.8	0.20
P122122	1,692.2	1,704.4	0.36	0.72	8,546.8	1,694.8	0.16
P122212	1,453.2	1,467.8	0.14	1.01	3,470.9	1,465.4	0.84
P122222	1,082.7	1,086.0	0.15	0.30	5,292.0	1,082.9	0.01
P123112	1,960.3	1,968.7	0.37	0.43	3,865.3	1, 954.7	-0.29
P123122	1,918.9	1,936.2	0.18	0.90	9,366.7	1,931.1	0.63
P123212	1,762.0	1,766.2	0.18	0.24	3,766.3	1,763.1	0.06
P123222	1,391.7	1,392.7	0.03	0.07	5, 156.8	1,392.0	0.03
Average			0.25	0.45	2,589.5		0.10

Table 3 Results on instances of set \mathcal{F}_2

Bold values indicate that a new best solution has been found

Instance	\boldsymbol{z}_{BKS}^*	z^*_{avg}	stdev	gapavg	T_{avg}	\boldsymbol{z}_{best}^*	gapbest
Perl- $12x2$	203.98	203.98	0.00	0.00	0.3	203.98	0.00
Gas- $21x5^a$	424.90	424.90	0.00	0.00	1.7	424.90	0.00
Gas- $22x5^a$	585.11	585.11	0.00	0.00	2.9	585.11	0.00
Min- $27x5^a$	3,062.02	3,062.02	0.00	0.00	3.5	3,062.02	0.00
Gas-29 x 5 ^a	512.10	512.10	0.00	0.00	5.4	512.10	0.00
Gas- $32x5^a$	562.22	562.26	0.00	0.01	6.2	562.22	0.00
Gas- $32x5b^a$	504.33	504.33	0.00	0.00	7.9	504.33	0.00
Gas- $36x5^a$	460.37	460.64	0.18	0.06	8.6	460.37	0.00
$Chr-50x5ba$	565.62	577.41	0.42	2.08	17.1	574.66	1.60
$Chr-50x5be^a$	565.60	584.87	1.19	3.41	17.7	569.49	0.69
Perl- $55x15$	1, 112.06	1, 112.40	0.06	0.03	47.4	1, 112.06	0.00
$Chr-75x10ba$	844.40	847.06	0.33	0.31	87.9	844.58	0.02
$Chr-75x10be$	848.85	850.56	0.20	0.20	97.8	848.85	0.00
$Chr-75x10bmw$	802.08	809.55	0.55	0.93	100.0	802.08	0.00
Perl- $85x7$	1,622.50	1,627.31	0.08	0.30	81.8	1,625.84	0.21
$Das-88x8a$	355.78	356.10	0.12	0.09	209.6	355.78	0.00
$Chr-100x10a$	833.43	849.99	0.85	1.99	492.0	840.67	0.87
Min-134 $x8^a$	5,709.00	5,801.92	0.68	1.63	750.2	5,719.25	0.18
Das- $150x10^a$	43, 963.60	44, 263.49	0.35	0.68	1,842.1	43, 952.30	-0.03
Average			0.26	0.62	199.0		0.19

Table 4 Results on instances of set \mathcal{F}_3

Bold values indicate that a new best solution has been found

^a Aggregate results reported in Table [11](#page-20-1) are based on these instances

Instance	z_{BKS}^*	z^*_{avg}	stdev	gapavg	T_{ave}	z_{best}^*	gap _{best}
$M-n150x14a$	1.352.93	1.354.45	0.09	0.11	1.546.2	1.353.46	0.04
$M-n150x14b$	1.212.46	1.218.45	0.17	0.49	1.486.9	1.213.78	0.11
M-n199x14a	1.644.35	1.646.49	0.12	0.13	3.807.8	1.644.35	0.00
$M-n199x14b$	1.480.43	1.489.02	0.24	0.58	3.762.9	1.483.22	0.19
Average			0.15	0.33	2,650.9		0.08

Table 5 Results on instances of set *F*⁴

GRASP, SB, LIH 1, 2, 3 stand for the different parts of our algorithm, including the three major iterations of the LIH. The sub-headers gap_{avg} and T_{avg} stand for the average relative gap (in %, computed as before) and the average CPU time spent in seconds. In general, the SB is a very effective method for reducing the gap with respect to the solutions found during the GRASP. However, the GRASP should not be underestimated, since the behaviour of the SB depends on the good quality of the routes found by the GRASP. For the LIH, it is worth observing that for instances of set \mathcal{F}_1 the first improvement alone is able to reduce the gap by one half. Subsequent iterations of the improvement stage are able to reduce the gap by smaller margins. Depending

GRASP Instances		SB.		LIH ₁		LIH ₂		LIH 3		
	gap_{avg}	T_{avg}	gap_{avg} T_{avg}		gapavg	T_{avg}	gap_{avg}	T_{avg}	gap_{avg}	T_{ave}
$ppw-20x5$	0.00		$0.4 \quad 0.00$		$0.6 \quad 0.00$		$0.8\quad 0.00$		1.2 0.00	2.1
$ppw-50x5$	0.64		7.5 0.12		8.5 0.10		10.6 0.07	14.1	0.06	20.1
$ppw-100x5$	1.49		64.0 0.41		86.7 0.35		96.8 0.30	111.2 0.26		145.0
$ppw-100x10$ 3.16			76.0 2.59	132.2 1.48		290.8	1.03	517.7 0.86		915.2
$ppw-200x10$	1.46	968.2 0.71		1.629.9	0.39	2.315.1	0.25	3, 111.6 0.18		4,726.3
Average	1.39	223.7	0.77	372.1	0.47	543.5 0.33		752.0	0.28	1, 162.9

Table 6 Algorithm evolution for instances of set \mathcal{F}_1

Table 7 Algorithm evolution for instances of set \mathcal{F}_2

GRASP Instances		SB.			LIH1			LIH 3		
	gapavg	T_{avg}	gapavg	T_{avg}	gapavg	T_{avg}	gap _{avg}	T_{ave}	gap _{ave}	T_{avg}
100x10	2.21	115.5 0.67		123.1	0.55	141.7	0.48	174.0	0.46	239.8
100x20	1.76	179.9	0.37	201.5	0.28	267.5	0.24	392.1	0.17	652.2
150x10	3.10	653.2	1.17	715.0	1.00	780.7	0.83	913.1	0.76	1,302.5
150x20	2.97	916.1	0.71	1.038.0	0.60	1.304.5	0.52	2.031.8	0.48	3, 249.1
200x10	3.28	1.856.2	1.17	2.232.1	0.80	2.441.4 0.65		2, 755.5	0.48	3, 395.8
200x20	3.48	2.706.2	0.80	3.050.6	0.61	3.484.5	0.47	4, 459.6	0.37	6, 697.6
Average	2.80	1.071.2	0.82	1.226.7	0.64	1,403.4	0.53	1.787.7	0.45	2,589.5

Table 8 Algorithm evolution for instances of set \mathcal{F}_3

GRASP Instances		SB			LIH 1		LIH ₂		LIH ₃	
									gapavg Tavg gapavg Tavg gapavg Tavg gapavg Tavg gapavg Tavg	
\leq 50 custs 1.29			2.5 0.79	2.7 0.70			3.3 0.60		4.8 0.56	7.1
> 50 custs 2.87		135.3 1.24		142.7 0.97		235.2 0.82		310.9 0.68		412.1
Average 2.04			65.4 1.00		69.0 0.83	113.2 0.71		149.8 0.62		199.0

Table 9 Algorithm evolution for instances of set *F*⁴

on the needs of the decision maker, the improvement phase can be extended to more iterations or reduced to fewer, compensating the time saved or added with the quality of the solutions obtained.

Method	\mathcal{F}_1		\mathcal{F}_2		\mathcal{F}_3^a		
	gap	τ	gap	\overline{T}	gap	\overline{T}	
GRASP+PR ^b	3.60	96.5	3.42	159.56	1.49	21.15	
$MA PM^b$	1.38	76.7	1.78	203.13	2.01	37.8	
LRGTS ^b	0.74	17.5	1.76	21.24	1.64	18.21	
GRASP+ELS ^c	1.07	65.2	1.22	606.6	0.02	187.7	
$VNS+ILPd$	0.86	6.7	—				
SALRP ^b	0.41	422.4	1.41	826.4	0.27	140.46	
ALNS	0.70	451.0	0.81	830.0	0.15	174.75	
GRASP	1.39	223.7	2.80	1,071.2	1.98	86.2	
GRASP+SB	0.77	372.1	0.82	1, 226.7	1.13	89.9	
GRASP+ILP	0.28	1, 162.9	0.45	2,589.5	0.65	279.0	

Table 11 Comparison against other heuristics

^aRestricted to instances marked with Superscript 'a' in Table [4](#page-18-0)

bResults reported on a single run

cBest results after 5 runs

^dInstances in \mathcal{F}_2 and \mathcal{F}_3 not tested

Instance	z_{BKS}^*	z_{NEW}^*	Instance	z_{BKS}^*	\boldsymbol{z}_{NEW}^*
$ppw-100x10-1a$	287,983	287,695	P131122	1,823.5	1,823.2
$ppw-100x10-1b$	231,763	230,989	P131212	1.965.1	1.964.3
$ppw-200x10-1a$	477,248	475,294	P131222	1,796.5	1,792.8
$ppw-200x10-1b$	378,065	377,043	P133212	1, 198.3	1.198.2
$ppw-200x10-2a$	449,571	449,115	P ₁₂₁₁₁₂	2, 251.9	2, 243.4
$ppw-200x10-2b$	374,330	374,280	P ₁₂₁₁₂₂	2, 159.9	2, 138.4
$ppw-200x10-3b$	362,817	362,653	P121212	2, 220.0	2, 209.3
Das- $150x10$	43,963.6	43,952.3	P121222	2, 230.9	2, 222.9
			P ₁₂₃₁₁₂	1,960.3	1.954.7

Table 12 New best known solutions

Bold values indicate that a new best solution has been found

In Table [10](#page-20-2) we report the performance of the sub-method GRASP+SB (i.e., without including LIH) for different settings of GRASP and SB. The objective of this experiment is to assess the sensitivity of GRASP+SB to the addition or limitation of time

and memory resources. In addition to the calibrated GRASP performed during 300 iterations, we also run it for 150 and 450 iterations. Also, method SB is not only run by taking the 100 best solutions of the GRASP, but also considering 50 and 150 solutions. We have run method GRASP+SB for each possible setting (nine in total), on the instances of family \mathcal{F}_1 . Each instance is solved 10 times, and the average gaps (in %) and CPU times (in seconds) are computed and reported. As one can see, the method is sensitive to the number of iterations performed by GRASP and the number of solutions considered in method SB. The simplest setting (GRASP for 150 iterations and SB using 50 solutions) provides the worst gaps but is also the fastest, while the more complex setting (GRASP for 450 iterations and SB using 150 solutions) seems to take advantage of the additional time and memory resources to obtain better solutions on average.

In Table [11](#page-20-1) we compare our algorithm against several of the most recent heuristics developed for the CLRP. The algorithms considered are: GRASP+PR [\(Prins et al.](#page-37-8) [2006\)](#page-37-8), MA|PM [\(Prodhon and Prins 2008\)](#page-37-1), LRGTS [\(Prins et al. 2007](#page-37-0)), GRASP+ELS [\(Duhamel et al. 2010](#page-37-4)), VNS+ILP [\(Pirkwieser and Raidl 2010\)](#page-37-5), SALRP [\(Yu et al. 2010\)](#page-37-7) and ALNS [\(Hemmelmayr et al. 2012\)](#page-37-6). Note that average results are not available for all these methods, some of them reporting results on single runs or the best results after several runs. Therefore, direct comparisons may be in many cases biased. In the last three rows of this table we report average results obtained by our method. Row GRASP corresponds to our GRASP, GRASP+SB to the addition of the SB and GRASP+ILP to the whole method, including the three major iterations of the LIH. The set of instances \mathcal{F}_4 has not been considered by any of the previous heuristics and is therefore not included in this table. As shown in the table, our algorithm is able to obtain the tightest average gaps for sets \mathcal{F}_1 and \mathcal{F}_2 , and competitive average gaps on instances of set \mathcal{F}_3 , getting better average results than GRASP+PR, MA|PM and LRGTS but outperformed by SALRP and ALNS. On the other hand, algorithms LRGTS and VNS+ILP take much less CPU time, but they seem to be less robust than our method in terms of solution quality. Additionally, our GRASP is able to obtain better solutions than that developed by [Prins et al.](#page-37-8) [\(2006\)](#page-37-8) for instances of families \mathcal{F}_1 and \mathcal{F}_2 . Finally, note that by only applying our GRASP algorithm and the SB, we already obtain very competitive gaps, usually better than the previous approaches except for SALRP on instances of set \mathcal{F}_1 and for SALRP and ALNS on instances of set \mathcal{F}_3 . [In](#page-37-4) [this](#page-37-4) [discussion](#page-37-4) [we](#page-37-4) [have](#page-37-4) [omitted](#page-37-4) [comparisons](#page-37-4) [against](#page-37-4) [GRASP+ELS](#page-37-4) [\(](#page-37-4)Duhamel et al. [2010\)](#page-37-4) since they only report best results after 5 runs, therefore any comparison to their method would be biased.

Finally, in Table [12](#page-20-0) we report (in bold characters) the new best known feasible solutions found by our algorithm. Note that these solutions were not necessarily found during the 10 runs of our method, but rather during the calibration of several parameters. In total, our algorithm was able to improve the solutions on 17 out of the 89 instances considered in this study.

7 Concluding remarks

In this paper we have introduced a new heuristic method for the CLRP based on a GRASP followed by the iterative solution of a new ILP model, the location-reallocation model (LRM). The GRASP introduced in this paper provides better solutions than the previous approach of [Prins et al.](#page-37-8) [\(2006\)](#page-37-8) for most of the instances considered in this study. We have introduced the location-reallocation model that generalizes the CFLP and the RM of [Franceschi et al.](#page-36-4) [\(2006](#page-36-4)) by simultaneously determining the locations of facilities as well as the reallocation of customers and routes to those facilities. We use a IP-based method, the solution blender (SB), that takes as input a set of solutions for the CLRP and solves the LRM to find near optimal solutions. Indeed, by only applying our GRASP followed by the SB we obtain gaps that are competitive with the methods found in the literature. We complement this by applying a local improvement heuristic (LIH) based on the iterative solution of the LRM solved by column and cut generation. This LIH was found to be very effective in tightening the optimality gap. Finally, we were able to improve the best known feasible solutions on 17 out of the 89 instances considered in this study. As an avenue of future research, we believe that this heuristic can be adapted to solve some generalizations of the CLRP, such as the two-echelon CLRP (2E-CLRP) or the two-echelon CVRP (2E-CVRP), important problems arising in the operation of city-logistics systems.

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Appendix

Detailed results for different seetings of GRASP+SB

In this appendix we provide a detailed comparison of the performance of method GRASP+SB (i.e., without considering the LIH) for different settings of GRASP and SB on the instances of set \mathcal{F}_1 . Table [10](#page-20-2) is based on the average values reported in Table [13.](#page-23-0) Each gap and CPU time reported corresponds to the average on 10 runs of method GRASP+SB.

New best solutions found

In this appendix we provide the best solutions found by our algorithm (including the calibration phase) as reported in Table [12.](#page-20-0) In each table, the first lines report the loads (*q*) and fixed costs (*cost*) of the open facilities (*f*). The following lines report the loads (*q*), costs (*cost*), facilities (*f*) and customers (*customers*) associated with each route. The customers are listed in their order of visit (See Tables [14,](#page-25-0) [15,](#page-25-1) [16,](#page-26-0) [17,](#page-27-0) [18,](#page-28-0) [19,](#page-29-0) [20,](#page-30-0) [21,](#page-30-1) [22,](#page-31-0) [23,](#page-31-1) [24,](#page-32-0) [25,](#page-32-1) [26,](#page-33-0) [27,](#page-34-0) [28,](#page-34-1) [29,](#page-35-0) and [30\)](#page-36-8).

Table 15 New solution for instance ppw-100x10-1b with cost 230989

Table

Table 16 continued

Table 19 New solution for instance ppw-200x10-2b with cost 374280

Table 18 continued

Table 20 New solution for instance $ppw-200x10-3b$ with	q	cost	\mathcal{f}	customers
cost 362653	1,114	82,534	204	
	977	79,185	206	
	986	72,941	210	
	150	7,157	204	1 59 22 36 41 4 51 46 21
	148	6,932	204	115 97 178 131 188 182 195 169 81
	141	5,530	204	85 74 148 143 157 167 173 199
	150	9,071	204	155 193 192 137 154 160 152 135 190 186
	148	9,366	204	187 170 168 174 200 144 172 191 158 194
	150	11,043	204	197 150 136 156 139 145 159 185 142 133 151
	146	6,219	204	198 184 166 163 141 176 161 181 165 132
	81	2,125	204	84 108 95 78 113
	93	3,661	206	47 13 23 49 48 63
	150	5,369	206	31 38 53 57 42 37 65 10 34 62
	147	6,198	206	7 61 35 16 25 8 14 44 29 27
	150	6,991	206	2 20 58 30 52 24 60 45 56 33
	143	6,292	206	3 177 175 180 153 171 149 140 179
	146	6,132	206	147 146 189 196 164 138 162 183 134
	148	4,298	206	19 18 15 26 17 12 64 11 55 9
	146	5,096	210	123 79 82 105 126 103 101 88 70
	145	3,931	210	91 129 125 75 83 100 66 93 114 67
	149	5,366	210	69 111 76 68 92 89 77 110 121 94
	145	3,729	210	71 80 124 116 128 127 109 112 130
	149	4,689	210	98 86 99 119 104 87 102 117 107 73
	146	6,274	210	6 28 32 5 39 54 43 50 40
	106	2,524	210	90 118 96 120 106 72 122

Table 21 New solution for instance Das-150x10 with cost 43952.3

q	cost		customers
7,354,925	2,307.61	159	9 18 45 110 53 126 8 105 63 19 65 27
6,778,743	2.267.29	159	142 94 123 83 121 113 7 11 97 42 33 74 82 85 129 66
7,573,312	3.852.61	159	57 14 67 127 52 21 146 92 64 25 4 58

Table 21 continued

Table 22 New solution for instance P131122 with cost 1823.2

Table 23 New solution for instance P131212 with cost 1964.3

Table 24 New solution for instance P131222 with cost 1792.8

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Table 26 New solution for instance P121112 with cost 2243.4

cost	f	<i>customers</i>
100	204	
100	206	
100	209	
88.0	204	45 92 17 160 47 147 126 136 87 159
59.9	204	95 117 9 185 99 194 161 198
139.8	204	30 143 80 119 49 184 63 171 1 39
88.1	204	23 22 67 200 90 178 120 57 64 191
100.6	204	12 182 24 54 174 28 170 141 122 199
88.9	204	105 111 128 175 18 177 13 96 44 173
84.8	204	34 72 62 7 61 156 100 157 145 74
59.2	206	75 163 77 29 35 150 46 195 19 102 88
98.8	206	60 110 48 139 187 176 116 121 53 56 158
70.3	206	98 155 25 167 59 68 135 26 33
83.1	206	188 41 149 93 91 11 109 113 154 21

Table 28 New solution for instance P121212 with cost 2209.3

q	cost	f	customers
91	44.9	206	69 15 144 114 151 40
146	93.4	206	169 2 82 168 186 123 162 5 43 32
146	89.2	206	73 134 165 10 38 37 115 192 103
145	86.9	206	142 148 58 124 16 36 132 180
146	161.0	206	140 125 14 4 153 70 71 127 106 107
150	113.7	206	65 108 129 183 94 89 189 193 172 51
132	57.6	209	3 196 66 197 181 146 6 84 76
124	66.1	209	42 52 133 138 85 97 55 20 104
145	109.0	209	164 131 78 27 118 86 137 190 130
150	126.0	209	81 79 152 166 179 83 101 50 31 8 112

q cost f customers 724 100 201 969 100 203 588 100 205 706 100 208 149 96.7 201 59 117 4 95 197 36 142 180 104 142 87.0 201 56 16 13 92 45 85 133 113 146 111.4 201 25 177 86 49 128 87 70 136 83 145 83.8 201 123 176 81 46 125 80 73 12 174 142 47.1 201 44 58 114 38 102 189 17 43 22 111 53.9 203 47 137 61 124 172 39 3 98 148 106.0 203 50 132 191 165 33 159 26 187 127 135 86.8 203 194 20 110 82 121 57 9 195 34 119 145 63.6 203 152 51 144 84 27 93 116 100 41 147 86.0 203 131 198 175 66 65 164 68 29 67 23 147 107.2 203 74 192 182 148 101 155 42 53 96 72 167 136 98.7 203 10 186 97 145 107 108 138 163 139 11 142 96.3 205 5 153 140 126 14 120 106 89 147 171 146 70.4 205 122 79 94 77 2 178 30 150 6 146 150 102.6 205 154 156 199 143 88 60 105 103 115 169 150 74.8 205 18 19 78 21 173 135 99 32 151 185 143 71.2 208 200 52 196 168 71 7 157 193 109 149 99.9 208 48 111 130 161 8 55 40 28 184 37 112 137 89.8 208 15 24 129 62 162 188 118 90 31 54 1 141 117.1 208 166 160 35 75 149 63 190 69 170 136 72.5 208 76 134 183 181 158 64 141 91 179

Table 28 continued

Table 29 New solution for		
instance P121222 with cost		

2222.9

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