

DESILVA GATES CONSTRUCTION

11555 Dublin Boulevard
P.O. Box 2909
Dublin, California 94568-2909
925/829-9220
www.desilvagates.com

CONTRACTORS LICENSE NO. 704195 A

December 20, 2013

VIA FACSIMILE (916) 227-6282

California Department of Transportation
John McMillan
Deputy Division Chief
Division of Engineering Services
Office Engineer, MS 43
1727 30th Street
P.O. Box 168041
Sacramento, CA 95816-8041

Re: Contract No. 04-0A5344, 04-Sol-80, 12-Var
Bids Opened: Bids Opened 11/20/13, 2013
Response to Ghilotti Construction

Dear Mr. McMillan:

This letter is in response to Ghilotti Construction Company's (GCC) email dated December 12, 2013 to Earl Séaberg Jr of Caltrans regarding the above referenced Contract. GCC's analysis of the quantity required for Bid Item No. 79 Imported Borrow is wrong. GCC conveniently only uses the information from one page of the Contract Plans and fails to utilize all of the information and requirements from the Contract Documents.

GCC wants the State to believe that there is an error in the bid quantity for Bid Item No. 79 by doing an erroneous calculation to prove its position. The pay quantity for Imported Borrow will be in excess of 440,000 cubic yards, if one uses GCC's analysis with a 10% grading factor for the onsite excavation. The following shows the correct Imported Borrow quantity using GCC's analysis assuming a 10% grading factor.

	Excavation	Embankment
Bid Item No. 68 Roadway Excavation	110,016	480,576
Bid Item No. 71 Rock Excavation	25,411	
Subsidence (Per Special Provisions)		42,160
Sub-total	135,427	522,736
10% Shrink	-13,543	
Sub-total	121,884	522,736
Borrow Required (522,736-121,884) (with 10% grading factor)		400,852

Contract #04-0A5344 Response Letter to Ghilotti Construction

December 20, 2013

Page 2 of 2

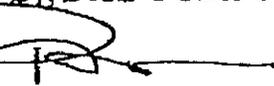
Since Imported Borrow is measured in the Imported Borrow pit(s) per the Contract Documents, using a grading factor of 10% will result in the Imported Borrow pay quantity being 400,852 cubic yards divided by 0.90 equals 445,391 cubic yards. With an Imported Borrow quantity of 440,000 cubic yards, DeSilva Gates- Viking JV's (DGC-V) bid is still substantially lower than all of the other bidders since the Imported Borrow pay quantity for Bid Item No. 79 would be 24,000 cubic yards lower.

DGC-V	\$45,812,551.00
Teichert/RNR JV	\$46,248,791.60
	<u>-\$72,000.00</u> (24,000 cubic yards x \$3.00/cy) Bid Item No. 79
	\$46,176,791.60
OC Jones/Flatiron JV	\$46,994,623.00
	<u>-\$72,000.00</u> (24,000 cubic yards x \$3.00/cy) Bid Item No. 79
	\$46,922,623.00

When compared to the second bidder above (with a 440,000 cubic yard quantity for Bid Item No. 79), DGC-V's bid has a cost to the State that is less than the second bidder by \$364,240.60 and DGC-V's bid has a cost to the State that is less than the third bidder by \$1,110,072.00.

Therefore, GCC's claim has no merit and should be rejected by the State. DGC-V is still the lowest responsive and responsible bidder and the Contract should be awarded to DGC-V.

Sincerely
 DESILVA GATES-VIKING, a Joint Venture
 By, DeSilva Gates Construction



Richard B. Gates
 President