



May 28, 2015

Via U.S. Mail & Facsimile (916) 227-6282

Department of Transportation
Division of Engineering Services
P.O. Box 168041, MS-43
Sacramento, CA 95816-8041

ATTN: John McMillan, Deputy Division Chief
REF: Caltrans Contract No. 10-0W1404
SUBJECT: Bay Cities Paving & Grading DBE Commitment Calculation Errors

Mr. McMillan:

Granite Construction Company (Granite) has reviewed the DBE Commitment Form submitted by Bay Cities Paving and Grading, Inc. (Bay Cities) for the above referenced project. Bay Cities' DBE Commitment Form overstates their DBE participation. Bay Cities has overstated the participation for A.C. Dike Company (A.C. Dike) and Dragon Material Transport, Inc. (Dragon).

A.C. Dike's Participation is Overstated

Bay Cities' has claimed participation of \$44,400 for A.C. Dike based on 10 shifts of night work and one mobilization as shown in their calculations on A.C. Dike's quote. Bay Cities calculated A.C. Dike's participation using the night shift rate of \$4,350 per shift. However, the project documents do not allow for night work. As stated in Section 12-4.05F of the Special Provisions, hours for lane closures on the project are only between 5 am and 7 pm which does require night time rates. The correct daily rate for A.C. Dike Company is \$4,150 per shift as shown on their quote. Using 10 shifts of the daily rate and one mobilization equates to \$42,400 of participation. Bay Cities' claimed DBE participation for A.C. Dike is overstated by \$2,000.

Dragon's Participation is Overstated

Bay Cities has claimed participation of \$135,408 for Dragon based on 500 tons of liquid asphalt which includes tax as shown in their calculations on Dragon's quote. However, the sale of the liquid asphalt is not subject to California sales tax. As noted in Bay Cities' DBE Commitment Form, Dragon would supply liquid asphalt to Triangle Rock, not directly to Bay Cities. Liquid asphalt is just one of several components in Hot Mix Asphalt (HMA). Triangle Rock would use the liquid asphalt along with other raw materials to manufacture and then sell to Bay Cities the finished HMA product. In accordance with guidelines established by the California State Board of Equalization, Dragon's sale of liquid asphalt is not subject to sales tax and Dragon will not collect sales tax from Triangle Rock. Sales tax is only collected with the finished product sold to the end user, which in this case is when Triangle Rock sells the HMA to Bay Cities. Therefore, no tax should be included when calculating Dragon's participation. The correct amount of participation for Dragon based on 500 tons of liquid asphalt is \$124,800 (500 tons x \$416/ton x 60%). Bay Cities' claimed participation for Dragon is overstated by \$10,608.

John McMillan, Deputy Division Chief

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In summary, Bay Cities overstated their DBE participation by \$12,608, or 0.5%. Bay Cities did not achieve the DBE goal of 9%. We request that Caltrans revise Bay Cities' DBE participation to 8.5% and then evaluate the merits of Bay Cities' DBE Commitment Form and Good Faith Effort compared to other bidders who did achieve the DBE Goal.

Please do not hesitate to contact me at (559) 441-5715 if you have any questions or require additional information.

Sincerely,
GRANITE CONSTRUCTION COMPANY



Jeff Grimm
Chief Estimator

Encl.: Special Provision Section 12-4.05F
Bay Cities quote from A.C. Dike
Bay Cities quote from Dragon

Replace "Reserved" in section 12-4.05F with:

| Chart no. 1 of 2 Conventional Highway Lane Requirements 7:10 Hours / 8 HR - Fri | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----|---|---|---|--------------------------------|---|---|---|---|---|----|----|----|----|----------------------------|----|----|----|----|----|----|----|----|----|----|
| County: Santa Clara & Merced | | | | | Route/Direction: 152/Eastbound | | | | | | | | | | PM: R35.0/R35.2, R0.0/R2.4 | | | | | | | | | | |
| Closure limits: Between 0.1 mile east of Fifield Road in Santa Clara County and 0.1 mile west of Vista Point in Merced County | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hour | 24 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| Mon-Thu | | | | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | | | | | | | | | | |
| Fri | | | | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | | | | | | | | | | | |
| Sat | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sun | | | | | | | | | | | | | | | | | | | | | | | | | |

Legend:
 1 Provide at least 1 through traffic lane open in direction of travel
 Work allowed within the highway where shoulder or lane closure is not required

REMARKS:
 1. Closures of local roads will require City/County concurrence.

Replace "Reserved" in section 12-4.05F with:

| Chart no. 2 of 2 Conventional Highway Lane Requirements 1:15 Hours / 9 HR - Fri | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----|---|---|---|--------------------------------|---|---|---|---|---|----|----|----|----|----------------------------|----|----|----|----|----|----|----|----|----|----|
| County: Santa Clara & Merced | | | | | Route/Direction: 152/Westbound | | | | | | | | | | PM: R35.0/R35.2, R0.0/R2.4 | | | | | | | | | | |
| Closure limits: Between 0.1 mile east of Fifield Road in Santa Clara County and 0.1 mile west of Vista Point in Merced County | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hour | 24 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| Mon-Thu | | | | | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | | | | | |
| Fri | | | | | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | | | | | | | | | |
| Sat | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sun | | | | | | | | | | | | | | | | | | | | | | | | | |

Legend:
 1 Provide at least 1 through traffic lane open in direction of travel
 Work allowed within the highway where shoulder or lane closure is not required

REMARKS:
 1. Closures of local roads will require City/County concurrence.

A. C. DIKE CO.
Specialty Paving Inc.
SPECIALTY PAVING CONTRACTOR

QUOTATION: CALTRANS CONTRACT# 10-OW1404

BIDS : 5/14/15

39

CREW & EQUIPMENT TO PLACE GUTTER @ \$4150.00 PER 8 HR SHIFT

**PRICE INCLUDES PLACING AND SCREEDING OF MISC. ASPHALT
CONCRETE IN GUTTER AREAS.**

EXCLUDES FINISH AND COMPACTION.

FOR NIGHT WORK, \$ 4350.00 PER 8 HR SHIFT.

WORK WILL REQUIRE 7-10 SHIFTS

MOBILIZATION \$900.00 PER WEEK.

TRAFFIC CONTROL BY PRIME CONTRACTOR.

Light
10 shifts = 4350. = 43,500.-
900.-
44,400.-

QUALIFIED MINORITY CONTRACTOR, DBE/WBE/UDBE # CT 000219

CAL. LIC.# 407417 NEV. LIC.#24188

2788 VENTURE DR. LINCOLN, CA. 95648

(916) 652-0159 FAX (916) 645-9618

WWW.ACDIKE.COM

DIR# 1000005929

DRAGON MATERIAL TRANSPORT, INC.

P.O. Box 27800, Fresno, CA 93729-7800
Office (559)351-8822 Fax (559) 276-0818
CA No. 0366649

DBE/WBE/UDBE Firm No. 37444
SBE 52655

---QUOTE

Vulcan Materials Company
Attn. Marcos Galaviz
Date: 5/14/15

Project: Caltrans 10-0W1404, HWY 152

Material: +/-500 - Ton - PG 64-16

Delivered Price: \$416.00 Per U.S. Ton + Any applicable taxes + tax

| | | | |
|----------|----|----------|------------------------|
| | | | \$00. ^{tax} |
| | | = | 451.36 / ^{tn} |
| Supplier | \$ | 225,680. | |
| | | 60% | |
| | \$ | 135,408. | |

ORIGIN: SJR

DESTINATION: Vulcan - Los Banos

*5% Crude Index

*Standby after 1 hour from scheduled delivery time at \$100.00 per hour

*Pricing based on full loads - 26.00 ton

*Fuel surcharge - rate increase - add \$1.00 for every \$.10 increase if California On-Highway reaches \$4.20 per gallon. www.cia.gov \$3.250 on bid day.



FAX

2716 Granite Court
Fresno, CA 93706
Phone: 559-441-5715
Fax: 559-441-5791
BID FAX 559-263-9601

| | |
|--|--|
| To: <u>John McMillan</u> | From: <u>Jeff Grimm</u> |
| Company: <u>Caltrans</u> | Date: <u>5/28/2015</u> |
| Fax: <u>(916) 277-6282</u> | Total Pages (including cover page): <u>6</u> |
| Phone: _____ | Sender's Reference Number: _____ |
| RE: <u>Caltrans Contract No. 10-QW1404</u> | Your Reference Number: _____ |

- Urgent
 For Review
 Please Comment
 Confirm Receipt

Notes and Comments: