

DEPARTMENT OF TRANSPORTATION
DIVISION OF ENGINEERING SERVICES
OFFICE ENGINEER
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PHONE (916) 227-6299
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*Serious drought.
Help save water!*

May 21, 2015

Facsimile: (209) 523-4927

Stacy Case, Chief Estimator
George Reed Construction
P.O. Box 4760.
Modesto, CA 95352

10-0Y9104
01-Mer-59-23.3/33.7
B.O. 3/18/2015

Dear Mr. Case:

The Department of Transportation (Caltrans) The Department received a letter dated April 03, 2015, from George Reed Inc. (GRI), protesting the bid submitted by Teichert Construction (Teichert). The protest alleges that Teichert mathematically unbalanced its bid, by bidding \$1.00 per ton for Bid Item 20 (Tack Coat), and this item cannot be acquired for this price. Furthermore, GRI alleges that this item of work is set to underrun by a very large percentage, since Tack Coat is not an adjustable item (i.e. does not have the underrun/overrun rules that allow for an adjustment to the unit price), the significant underrun of quantity is calculated using the unit price (\$1.00 per ton) which makes the total price paid by the State for the overall project higher, than if the project were awarded to the next lowest bidder, GRI.

First, in determining the responsiveness of a bid, Caltrans must make that determination based on the bidding documents and instructions, including the Special Provision, Plans and Specifications, and any Addenda to the bidding documents. Caltrans cannot make a determination on a bid based on quantities that are not part of the bid. For this project, the bid form specifically set forth a quantity for Bid Item 20, Tack Coat, of 120 tons, which is what Teichert was required to and did bid on. Furthermore, a bid inquiry was received by Caltrans asking whether Bid Items 18 and 20 were overstated and Caltrans' response was to bid the contract as is. Caltrans' determination of whether the bid is mathematically and materially unbalanced must be made based on the quantity set forth in the bid.

The Federal Highway Administration (FHWA) defines a materially unbalanced bid as a bid which generates a reasonable doubt that award to the bidder submitting a mathematically unbalanced bid will result in the lowest cost. In addition, the FHWA further defines a mathematically unbalanced bid as a bid containing lump sum or unit bid items which do not reflect reasonable actual costs plus a reasonable proportionate share of the bidder's anticipated profit, overhead costs, and other indirect costs. (23 CFR 635.102)

Mr. S. Case
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Caltrans conducted a thorough review of Teichert's bid documents, as well as the protests and responses. As a result of that review, Caltrans believes that Teichert's bid may be mathematically unbalanced, but not materially unbalanced as we do not find that there is reasonable doubt that the award to Teichert would result in the lowest cost to the State.

Based on the above, the Department has determined that Teichert's bid is responsive and will proceed to award this contract to the lowest responsible and responsive bidder.

If you have any questions, please contact Mulissa Smith, Contract Awards Branch Chief of Contract Awards, at (916) 227-6228.

Sincerely,



JOHN C. McMILLAN
Deputy Division Chief
Office Engineer
Division of Engineering Services

**** Transmit Conf. Report ****

P.1
CALTRANS CONTR AWARDS Fax 916-227-6282

May 21 2015 02:51pm

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STATE OF CALIFORNIA—CALIFORNIA STATE TRANSPORTATION AGENCY

EDMUND G. BROWN Jr., Governor

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