

GENERAL ENGINEERING LIC. NO. 698013

Via Fax: (619) 688-3122  
Original by Federal Express: 7987 0161 6514

Via Fax: (916) 227-6262  
Original by Federal Express: 7987 0162 3538

April 29, 2014

Laurie Berman  
District Director  
District 11  
Department of Transportation (Caltrans)  
4050 Taylor Street, MS 120  
San Diego CA 92110

John C. McMillan  
Deputy Division Chief  
Office Engineer  
Division of Engineering Services  
Department of Transportation (Caltrans)  
1727 30<sup>th</sup> Street, Bidder Exchange, MS-43  
Sacramento CA 95816-8041

RE: Response to VSS International's Letter dated April 22, 2014 regarding  
Caltrans Contract No. 11-2M5104, Location 11-IMP-86-11.3/20.6

Dear Mrs. Berman and Mr. McMillan:

This letter will serve as our response to VSS International's letter dated April 22, 2014 submitted to your department.

Both VSS International (VSS) and Chester Bross Construction Company (Bross) acknowledge and admit in VSS's April 22, 2014 letter that VSS's bid was mathematically unbalanced. VSS/Bross state:

"Moreover, the bid item prices for bid items 23 and 27, though appearing mathematically unbalanced, are in no way materially unbalanced and carry with them no additional risk to Caltrans."

What VSS fails to point out is their mathematically unbalanced bid denies cost savings to Caltrans that it otherwise would have realized if not for the unbalanced bid items on Items 23 and 27, thus VSS's bid should be considered a materially unbalanced bid.

Quoting directly from the RTL Guide:

"A bid is materially unbalanced if there is reasonable doubt that award to the bidder submitting the mathematically unbalanced bid will result in the lowest ultimate cost to the Government."

VSS's bid for Items 23 and 27 had such significant and extreme reductions in reasonable unit cost pricing for these items of work that the net result will be an increased cost for this work to Caltrans. Caltrans will be denied the true credit attributed to reductions in bid quantities for these items of work.

Bross correctly states that these bid items will reduce by approximately 50 percent from the contract bid item quantity. What Bross fails to illustrate is that by unbalancing these two bid items to the extreme limits that they have done, Caltrans

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will be denied the appropriate reduction in total contract value which it should have been entitled to if not for VSS's unbalancing of these items.

For purposes of example, utilizing quantity under-runs acknowledged by Bross in the VSS April 22, 2014 letter of 50 percent, the following is the calculation comparing VSS's unbalanced bid, to a bid utilizing District 11 average pricing for these items of work at the reduced units.

	VSS's Bid	District 11 Average Pricing
Item 23 Asphaltic Emulsion Membrane	40 ton at \$1.05 = \$42.00	40 ton at \$729.75 = \$29,190.00
Item 27 Tack Coat	5.50 ton at \$1.05 = \$5.78	5.50 ton at \$1,146.76 = \$6,307.18
Totals:	\$47.78	\$35,497.18

What otherwise would have resulted as a cost savings on the contract of \$35,497.18 now becomes a cost savings to Caltrans of \$47.78. If under-runs are greater than 50 percent, then Caltrans will be denied even a larger dollar amount reduction.

As VSS appropriately points out in their letter acknowledging their unbalancing of these bid items, whatever mechanism VSS utilized to unbalance their bid, resulted in a denial of savings to Caltrans by reduction of these bid items, and possibly resulted in this prospective savings shifted to VSS.

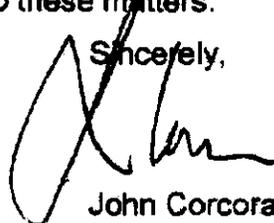
A narrow focus should be applied for any determination by Caltrans as to if the pricing for these items in VSS's bid resulted in the lowest ultimate cost of the work. The answer is a definitive no. VSS's bid is both mathematically and materially unbalanced as defined by the RTL guide.

VSS purposefully and knowingly unbalanced these two bid items with the specific intent of denying Caltrans a reasonable reduction in the contract value that will inevitably result from the reduction in estimated quantities to actual quantities.

For the reasons stated above, VSS's bid should be rejected as non-responsive.

Thank you again for your consideration to these matters.

Sincerely,



John Corcoran  
President

JC/adm.

**AGGREGATE PRODUCTS INC.**

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**FACSIMILE TRANSMITTAL SHEET**

TO: John C. McMillan		FROM: JOHN CORCORAN	
COMPANY OR AGENCY: DEPARTMENT OF TRANSPORTATION (CALTRANS)		DATE: 4/29/2014	TIME: 5:25:46 PM
FAX NUMBER: (916) 227-6282	PHONE NUMBER: (916) 227-6300	NUMBER OF PAGES INCLUDING COVER: <b>3</b>	
SUBJECT: Response to VSS International's Letter dated April 22, 2014 regarding Caltrans Contract No. 11-2M5104, Location 11-IMP-86-11.3/20.6			
<input type="checkbox"/> As Requested	<input type="checkbox"/> For Your Use	<input type="checkbox"/> For Your Information	
<input type="checkbox"/> For Discussion	<input type="checkbox"/> Please Call	<input type="checkbox"/> For Your Comments	
<input type="checkbox"/> Per Telephone Conversation	<input checked="" type="checkbox"/> Other		

**MESSAGE:**

Please find enclosed a letter to Laurie Berman of Caltrans and John C. McMillan of Caltrans regarding Response to VSS International's letter dated April 22, 2014 regarding Caltrans Contract No. 11-2M5104, location 11-IMP-86-11.3/20.6..

Thank you.

Original of this Fax:

 WILL FOLLOW BY FEDERAL EXPRESS

 WILL NOT FOLLOW

Fax sent by:

Alejandra D. Mattoni

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