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March 21, 2013

VIA FACSIMILE (916) 227-6282

Mulissa Smith
Office of the Engineer, MS 43
California Department of Transportation
1727 30th Street
Sacramento, CA 95816
(916) 227-6280
(916) 227-6282 fax

RE: Contract No. 03-1F6204 Hwy 49 near North San Juan
Bids Opened: January 29, 2013
Bid Protest

Dear Ms. Smith:

Please consider this to be a formal bid protest of any award by the Department to any contractor other than Knife River Construction (KRC) for the project noted above.

Although KRC has not received any formal notice that its bid is non-responsive, it has come to our attention that another bidder is being considered for award on this project even though KRC is the low bidder by comparison.

After a telephone conversation with a representative from the Office of the Engineer, KRC was informed that its bid is non-responsive because the DVBE goal of 5% was not attained. KRC was informed by the Department that our listed DVBE (Dependable Petroleum Products) is not performing a "commercially useful function" and therefore cannot be counted towards DVBE goal attainment.

Dependable Petroleum Products (DPP) was a certified DVBE at the time of bid and to the best knowledge of KRC, DPP met all the criteria required in Section 999 of the Military and Veterans Code to perform a "commercially useful function" in the supply and transportation of liquid asphalt for this project at the time of bid. It should be noted that while DPP was under CUF review at the time of bid, no determination was made by the Department until after the bid. DPP was a valid, certified DVBE at the time of bid, and that is the requirement for DVBE goal attainment.

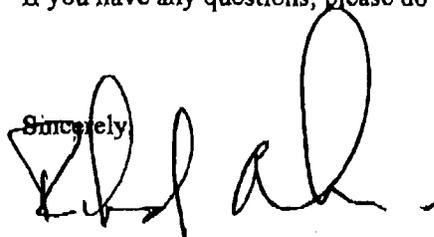


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KRC hereby requests that the Department of Transportation notifies it in writing that its bid is non-responsive, and also requests that the Department explains in writing why Dependable Petroleum Products is not performing a commercially useful function as outlined in Section 999 of the Military and Veterans Code.

If you have any questions, please do not hesitate to call Andy Lanier at (530) 891-6555.

Sincerely,


Knife River Construction
 Richard A. Lanier
 Estimating manager