



P.O. Box 994248 • REDDING, CA 96099-4248
(530) 241-1086 • FAX (530) 243-0787

June 18, 2014

VIA OnTRAC OVERNIGHT and
EMAIL: mcmillan.johnc@dot.ca.gov

John C. McMillan, Deputy Division Chief
Division of Engineering Services - Office Engineer
California Department of Transportation
1727 30th Street, MS-43
Sacramento, California 95816

RE: 06-0R2404

Dear Mr. McMillan:

Jaxon Enterprises dba W. Jaxon Baker, Inc. ("Jaxon") submits this supplemental information in response to the finding by Caltrans/CBE that its supplier DCP Logistics does not perform a commercially useful function.

DCP is responsible for the execution of a distinct element of the work of the contract (in this case, the Purchase Order identified below). DCP recently received its DVBE Certificate and is just getting started. DCP is trying to expand their business operations to search out asphalt materials and make them available for construction needs. DCP submitted a quote to Jaxon for the PG64-16 material required for the project (see Quotation attached as Exhibit A to the Declaration of Daniel C. Palmer). To perform under the quotation, DCP made tentative arrangements to purchase liquid asphalt from Ponderosa Petroleum that is refined at the Suncor refinery near Denver, CO. Jaxon found the quotation acceptable, used its price in Jaxon's bid to Caltrans and listed DCP as both a DVBE and SB.

Jaxon will be purchasing the liquid asphalt from DCP FOB Chowchilla (see Purchase Order attached as Exhibit A to the Declaration of Bob Towne). Jaxon is providing an opportunity to DCP to perform its first contract, but Jaxon is not providing any economic assistance of any type. For purposes of this evaluation, it is important for Caltrans to understand that when we refer to "Jaxon" not providing any economic assistance, we also mean that no related company, business entity or individual is providing any sort of economic assistance to DCP.

John C. McMillan
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Although some of the liquid asphalt oil consumed in California is produced here in California at local refineries, the remaining liquid asphalt consumed in California is brought in from other states, often by railroad cars.

DCP will carry out its obligations under the Purchase Order by actually performing, managing, or supervising the work involved. After being identified as its supplier by Jaxon, DCP began finalizing the arrangements to purchase liquid asphalt from Ponderosa. Of course, Jaxon's purchase from DCP and DCP's purchase from Ponderosa are conditioned upon award of the prime contract to Jaxon.

Under DCP's arrangements with Ponderosa, Suncor will load the material into insulated rail cars owned by Ponderosa and have it hauled by rail to Chowchilla. Upon arrival, DCP will be responsible for heating the oil so it can be off loaded and stored until it is required by the project. DCP will purchase the liquid asphalt in Colorado with its own money. It will be solely responsible for the quantity and quality of asphalt it purchases and provides to the project. If the material is non-compliant, DCP will be exclusively responsible for replacement with compliant material and for the damages/delays incurred under that event.

DCP will be solely responsible for scheduling the deliveries, seeing that the material is actually shipped and delivered and for paying the transportation costs to Ponderosa. Jaxon does not pay for any of the material in advance or contribute any monies to either the purchase price or the transportation costs. Jaxon does not guarantee any of the obligations undertaken by DCP.

DCP performs work that is normal for its business services and functions. Material suppliers routinely deliver material to a stockpile/storage facility in advance of it being needed for actual construction. That allows the contractor the flexibility to use the material at the times and in the quantities dictated by the project. This avoids the need to store project specific liquid asphalt at the limited storage capacity at the asphalt concrete plant.

DCP is not further subcontracting a portion of the work that is greater than that expected to be subcontracted by normal industry practices. DCP has previously provided some transportation services to the construction industry and may provide some of the hauling for this project but there is no agreement in place between the parties. Any such services would be at an increased price to Jaxon and would increase the DVBE percentage achieved on the project. DCP is not currently listed as performing any trucking on the above referenced project.

If Caltrans/CBE does not find this information sufficient to demonstrate the bona fide nature of DCP'S status as both DVBE and performing a CUF, Jaxon and DCP request a specific explanation of the basis for the decision. The initial rejection is conclusory in nature with no details whatsoever. DCP wishes to qualify under the program; one of the program's primary goals is to assist qualified veterans in doing so. Without guidance it will be impossible for DCP to make whatever changes Caltrans/CBE believe necessary to establish its business as a qualifying DVBE/CUF in full compliance with both the law and applicable regulations.

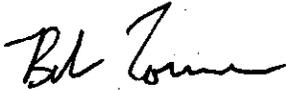
John C. McMillan

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The documentation provided establishes that DCP Logistics is a DVBE SBE supplier who is clearly and legitimately providing a commercial useful function and meets the spirit and intent of the Military & Veterans Code. DCP's participation in the project should qualify for 100 percent of its Purchase Order total, well beyond the project goal. We again request that Caltrans accept DCP as a qualified DVBE that performs a CUF and award the project to Jaxon.

Sincerely,



Bob Towne
Vice President

BT:kms

Enclosures

cc: Earl Seaberg, Chief, w/Enclosures, via email only: Earl.Seaberg@dot.ca.gov
DCP Logistics, w/Enclosures, via email only: dcpalmer@gmail.com

DECLARATION OF DANIEL C. PALMER

I, Daniel C. Palmer, declare as follows:

1. I am president of Daniel C. Palmer, Inc. dba DCP Logistics (hereinafter "DCP"). The following statements are made by me based upon my own personal, firsthand knowledge and if called as a witness would so testify.
2. As president of DCP, my duties include management and administration of contracts to which DCP is a party. As a small business, I perform virtually all tasks necessary to complete our obligations to our customers.
3. DCP recently received its DVBE Certificate and is just getting started. DCP is trying to expand our business operations to search out asphalt materials and make them available for construction needs. DCP submitted a quote to Jaxon for the PG64-16 material required for the project (see Quotation attached as Exhibit A).
4. To perform under the quotation, DCP made tentative arrangements to purchase liquid asphalt from Ponderosa Petroleum that is refined at the Suncor refinery near Denver, CO.
5. DCP will be selling the liquid asphalt to Jaxon FOB Chowchilla (see Purchase Order attached as Exhibit A to the Declaration of Bob Towne).
6. Jaxon is providing an opportunity to DCP to perform its first contract but Jaxon is not providing any economic assistance of any type. For purposes of this evaluation, it is important for Caltrans to understand that when I refer to "Jaxon" not providing any economic assistance, I also mean that no related company, business entity or individual is providing any sort of economic assistance to DCP.
7. Although some of the liquid asphalt oil consumed in California is produced here in California at local refineries, the remaining liquid asphalt consumed in California is bought in from other states, often by railroad cars.
8. DCP will carry out its obligations under the Purchase Order by actually performing, managing, or supervision the work involved. After being identified as its supplier by Jaxon, DCP began finalizing the arrangements to purchase liquid asphalt from Ponderosa (see Credit Application attached as Exhibit B). Of course, Jaxon's purchase from DCP and DCP's purchase from Ponderosa are conditioned upon award of the prime contract to Jaxon.
9. Under DCP's arrangements with Ponderosa, Suncor will load the material into insulated rail cars owned by Ponderosa and it will be hauled by rail to Chowchilla. Upon arrival, DCP will be responsible for heating the oil so it can be off loaded and stored until it is required by the project. DCP will purchase the liquid asphalt in Colorado with its own money. It will be solely responsible for the quantity and quality of

asphalt it purchases and provides to the project. If the material is non-compliant, DCP will be exclusively responsible for replacement with compliant material and for the damages/delays incurred under that event. DCP will be solely responsible for scheduling the deliveries, seeing that the material is actually shipped and delivered and for paying the transportation costs to Ponderosa. Jaxon does not pay for any of the material in advance or contribute any monies to either the purchase price or the transportation costs. Jaxon does not guarantee any of the obligations undertaken by DCP.

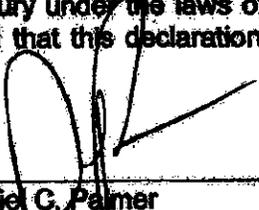
10. Material suppliers routinely deliver material to a stockpile/storage facility in advance of it being needed for actual construction. That allows the contractor the flexibility to use the material at the times and in the quantities dictated by the project. This avoids the need to store project specific liquid asphalt in the limited storage capacity at the asphalt concrete plant.

11. DCP is not further subcontracting a portion of the work that is greater than that expected to be subcontracted by normal industry practices. DCP has previously provided some transportation services to the construction industry and may provide some of the hauling for this project but there is no agreement in place between the parties. Any such services would be at an increased price to Jaxon and would increase the DVBE percentage achieved on the project. DCP is not currently listed as performing any trucking on the above referenced project.

12. If Caltrans/CEB does not find the information provided to be sufficient to establish the bona fide nature of DCP'S status as both DVBE and performing a CUF, I request a specific explanation of the basis for the decision. The initial rejection is conclusory in nature with no details whatsoever. I wish for DCP to qualify under the program; one of the program's primary goals is to assist qualified veterans like myself in doing so. Without guidance it will be impossible for me to make whatever changes Caltrans/CEB believe necessary to establish my business as a qualifying DVBE/CUF in full compliance with both the law and applicable regulations.

13. I request that Caltrans accept DCP as a qualified DVBE that performs a CUF and award the project to Jaxon.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on June 16th 2014 at Redondo Beach, California.



Daniel G. Palmer

DANIEL C. PALMER INC.

DBA: DCP Logistics | 8877 Midview Dr. Palo Cedro CA 96073 | 530-510-3835

JOB # | CALTRANS # 06-0R2404 4/23/2014

CERTIFICATIONS | Supplier # 1789973
Certified Small Business
Certified DVBE

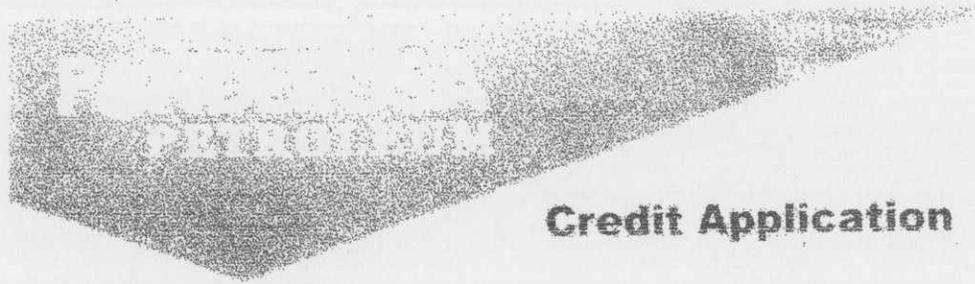
HAUL POINTS | NO HAUL

PRICES | ASPHALT OIL 64-16 130TNS. @ \$542.50/TN

QUOTE FOR | Atrn: BOB @ W. Jaxon

QUOTE FROM | DAN PALMER, PRESIDENT
DCP LOGISTICS
If anything else is needed please let me know
(C)530-510-3835 (H)530-547-8040 (F)530-365-6337

EXHIBIT A



Credit Application

Date 6/13/14

Daniel C Palmer Inc / DCP Logistics
Company Name / DBA

Dan Palmer
Contact Name

8877 Midview Dr.
Physical Address

530-510-3835
Contact Telephone / Fax

Palo Cedro, Ca. 916073
City / State / Zip

DCPalmerInc@gmail.com
Contact Email

Po Box 1504 Anderson, Ca. 916007
Company Billing Address (if different from above)

CA 02/2014
State Incorporated Date of Incorporation

Corporation LLC Partnership
Type of Ownership

442-505-2051 \$ 65,000.00
Fax # Credit Amount Requested

Daniel C Palmer 530-510-3835 563-81-2317
Owner #1 Name Contact Number Owners Social Security #

8877 Midview Dr Palo Cedro, Ca. 916073
Owner #1 Address

Owner #2 Name Contact Number Owners Social Security #

Owner #2 Address

North Valley Bank 02607700
Bank Name Bank Account #

2686 Gateway Anderson, Ca. 916007
Bank Address

530-226-2950 530-365-3194
Bank Telephone # Bank Fax #

Bank Contact Name Contact Email Address

Dan Palmer Trucking
Trade Reference #1

4710 Locust Rd Anderson, Ca 96007
Address

Dan Palmer Sr.
Contact Name

Emergency Water Services
Trade Reference #2

5340 Westside Rd
Address

Case Blankan
Contact Name

Black Butte Towing
Trade Reference #3

800 Hwy 97 Weed, Ca 96094
Address

Brian Palmer
Contact Name

Account #

530-3105-6355
Contact Telephone #

Dan@DanPalmerTrucking.com
Contact Email Address

Account #

530-209-1224
Contact Telephone #

Contact Email Address

Account #

530-938-1110
Contact Telephone #

Contact Email Address

All Invoices to be paid Net 10 from date of invoice via ACH

Daniel Palmer
Accounts Payable Contact Name

530-510-3835
Contact Phone #

DCPalmerInc@gmail.com
Contact Email Address

Please return signed application with most recent audited company financial statements. Also submit personal financial statements of owners if partnership. Unaudited company and personal statements must be signed and dated by an authorized officer or owner.

Signature of Officer or Owner

Dan Palmer
Printed Name of Officer or Owner

President
Title

6/13/14
Date

If you have any questions regarding this credit application, please contact Tori Gibbs via voice 720.851.5758 or email tgibbs@ponderosapetroleum.com.

Thank you for your business!

DECLARATION OF BOB TOWNE

I, Bob Towne, declare as follows:

1. I am vice-president of Jaxon Enterprises, a California corporation dba W. Jaxon Baker, Inc. ("Jaxon"). The following statements are made by me based upon my own personal, firsthand knowledge and if called as a witness would so testify.
2. As vice-president of Jaxon, my duties include management and administration of the bid and performance of Contract 06-0R2402.
3. Daniel C. Palmer, Inc. dba DCP Logistics ("DCP") quoted liquid asphalt for this project to Jaxon. Jaxon found the quotation acceptable, used its price in Jaxon's bid to Caltrans and listed DCP as both a DVBE and SB.
4. Jaxon will be purchasing the liquid asphalt from DCP FOB Chowchilla (see Purchase Order attached as Exhibit A). Of course, Jaxon's purchase from DCP is conditioned upon award of the prime contract to Jaxon. Jaxon is providing an opportunity to DCP to perform its first contract but Jaxon is not providing any economic assistance of any type. For purposes of this evaluation, it is important for Caltrans to understand that when I refer to "Jaxon" not providing any economic assistance, I also mean that no related company, business entity or individual is providing any sort of economic assistance to DCP.
5. Although some of the liquid asphalt oil consumed in California is produced here in California at local refineries, the remaining liquid asphalt consumed in California is bought in from other states, often by railroad cars.
6. DCP is solely responsible for the quantity and quality of asphalt it purchases and provides to the project. If the material is non-compliant, DCP is exclusively responsible for replacement with compliant material and for the damages/delays incurred under that event. DCP is responsible to provide transportation of the liquid asphalt from Colorado to a location in Chowchilla where it will be offloaded. DCP is solely responsible for scheduling the deliveries, seeing that the material is actually shipped and delivered and for paying the transportation costs. Jaxon does not pay for any of the material in advance or contribute any monies to either the purchase price or the transportation costs. Jaxon does not guarantee any of the obligations undertaken by DCP.
7. Material suppliers routinely deliver material to a stockpile/storage facility in advance of it being needed for actual construction. That allows us the flexibility to use the material at the times and in the quantities dictated by the project. This avoids the need to store project specific liquid asphalt at the limited storage capacity at the asphalt concrete plant.
8. DCP may provide some of the hauling for this project but there is no agreement in place between the parties. Any such services would be at an increased price to

Jaxon and would increase the DVBE percentage achieved on the project. DCP is are not currently listed as performing any trucking on the above referenced project.

9. If Caltrans/CEB does not find the information provided to be sufficient to establish the bona fide nature of DCP'S status as both DVBE and performing a CUF, Jaxon requests a specific explanation of the basis for the decision. The initial rejection is conclusory in nature with no details whatsoever. DCP wishes to qualify under the program and Jaxon wishes to provide it an opportunity to do so. One of the program's primary goals is to assist qualified veterans in doing so. Without guidance it will be impossible for DCP to make whatever changes Caltrans/CEB believe necessary to establish its business as a qualifying DVBE/CUF in full compliance with both the law and applicable regulations.

14. I request that Caltrans accept DCP as a qualified DVBE that performs a CUF and award the project to Jaxon.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on June 17, 2014 at Redding, California.



Bob Towne



Madera Office: 23349 Ave 181/2, Madera, Ca 93638
(559) 221-9246 Fax: (559) 221-8047

Purchase Order #06-0R2404 DCP Logistics.

June 16, 2014

Daniel C Palmer, Inc.
dba: DCP Logistics
8877 Midview Dr.
Palo Cedro, Ca. 96073
Fax (530) 365-6337 Phone (530) 510-3835

Attention: Dan Palmer

Referenced: Caltrans #06-0R2404, 06-Fre-5-37.1/41.7, 44.9/46.5

Purchaser and Seller agree to enter into this agreement for the purchase of Asphalt Oil PG64-16 for Caltrans Contract No. 06-0R2404. Bid Date 4/23/14

Purchaser agrees to purchase and seller agrees to provide the following materials in the quantities required to adequately service the above referenced project.

Provide PG64-16 Asphalt Oil F.O.B. Chowchilla Asphalt, Inc.

<u>DESCRIPTION</u>	<u>QUANTITY</u>	<u>UNIT PRICE:</u>
PG64-16	130 tons+/-	\$542.50 – RESALE INDEXED

ADDITIONAL CONDITIONS:

1. Purchaser will hold no retention from DCP Logistics.
2. Payment for material will be based upon scaled weights at the Refinery weigh station facility.
3. Seller & Purchaser shall coordinate pick-up of material.
4. Seller will provide same materials as provided for mix design.
5. This constitutes the parties' entire agreement.
6. This Purchase Order is conditioned upon Caltrans' award of the Contract to Purchaser

SELLER: DCP Logistics

PURCHASER: W. Jaxon Baker, Inc.

Accepted by: _____
(Signature)

Accepted by: _____
(Signature)

Name: _____

Name: _____

Date: _____

Date: _____

EXHIBIT A

DEPARTMENT OF TRANSPORTATION
DIVISION OF ENGINEERING SERVICES
OFFICE ENGINEER
P.O. BOX 168041, MS-43
SACRAMENTO, CA 95816-8041
PHONE (916) 227-6299
FAX (916) 227-6282
TTY 711
www.dot.ca.gov



*Serious drought.
Help save water!*

June 3, 2014

Facsimile: (530) 243-0787

Mr. Bob Towne
W. Jaxon Baker, Inc.
1643 Tahoe Court
Redding, CA 96003

06-0R2404
06-Fre-5/37.1/41.7,44.9/46.5
B.O. 4/23/14

Dear Mr. Towne:

The Department of Transportation (Caltrans) received a bid submitted by W. Jaxon Baker, Inc. for Contract No. 06-0R2404 on April 23, 2014. By this letter, Caltrans notifies W. Jaxon Baker, Inc. that its bid is nonresponsive since W. Jaxon Baker, Inc. did not comply with Contract Special Provision Section 2-1.03, DISABLED VETERAN BUSINESS ENTERPRISES, which states in part:

“... Meet the goal shown on the Notice to Bidders.”

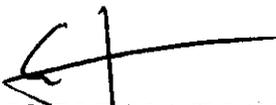
The DVBE contract goal is 5 percent. W. Jaxon Baker, Inc. claimed 10.69 percent participation. The Office of Business and Economic Opportunity, Contract Evaluation Branch evaluated the DVBE submittal and found that DCP Logistics does not perform a Commercially Useful Function. As a result, the claimed participation has been disallowed and therefore, W. Jaxon Baker, Inc., does not meet the goal and is no longer eligible for award of this contract.

Caltrans will award the contract to the lowest responsive bidder.

Your attention is directed to Section 3-1.04 of the 2010 Standard Specifications. Caltrans is not obligated to offer an extension of the award period for a nonresponsive bid. Should you wish to extend your bid while resolving a nonresponsive finding, you must send your request to the Office Engineer no later than 4:00 pm, two business days prior to the expiration of your bid.

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

Sincerely,


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

Attachment