



FKA: CARLSON CONSTRUCTION, INC.
gerry@qualcongec.com
nancy@qualcongec.com

Fax

John McMillan
 To: Office Engineer From: Gerry Jensen
 Fax: 916-227-6232 Date: 2-10-15
 Attn: _____ Pages: 4 (includes cover page)
 Re: 10-DY3904 CC: _____

Urgent For Review Please Comment Please Reply Please Recycle

Bid protest attached



VIA FACSIMILE (916) 227-6282 AND US MAIL

February 11, 2015

Mr. John C. McMillan
Caltrans
Office Engineer
1727 30th Street
Sacramento, CA 95816

RE: Caltrans contract 10-0Y8904 Award Protest

Dear Mr. McMillan:

Qualcon Contractors Inc. is the second lowest bidder, after the Small Business Preference is applied, for the above referenced project. We hereby protest the bid of George Reed Inc. (Reed), the lowest monetary bidder with the small business preference. As explained in more detailed below, Reed's bid fails to comply with both State and Federal contract approval processes. Therefore, Reed's bid must be rejected as nonresponsive, and Qualcon awarded the contract as the lowest responsive and responsible bidder.

As part of the bid review process, the Department must examine submitted bids to determine whether each bid is responsive. A bid is not responsive if the bid is unbalanced to the detriment of the State. There is no doubt that Reed has unbalanced its bid to gain a competitive advantage for bid comparison purposes, and that their unbalanced bid will cause the State to pay a higher overall price for execution of the work if the Contract is awarded to Reed. Reed's bid is materially unbalanced as follows:

1. George Reed unbalanced its unit cost bid with respect to Item 14, Shoulder backing

Item	Item Description	Reed's bid	Average of other bids	% CBC unbalanced its bid
12	Shoulder Backing	\$79,900.00	\$234,373	293%

Based upon the information in the table above, it is clear that Reed unbalanced its bid. Reed's price for this item was \$10 per ton which does not reflect the cost to purchase, truck or place the shoulder backing.

2. George Reed unbalanced its unit cost bid with respect to Item 3, Traffic Control

Item	Item Description	Reed's bid	Average of other bids	% CBC unbalanced its bid
3	Traffic Control System	\$680,000.00	\$354,349	192%

George Reed listed Sambrano Traffic Control to perform their traffic control in the amount of \$74,625.00. With the high bid price on traffic control, it is clear that they have unbalanced their bid on this item and put costs from other items into this item.

3. The State will inevitably pay more as a result of Reed's unbalanced bid, if Reed is awarded contract 10-0Y8904.

A bid is materially unbalanced if there is a reasonable doubt the bid will result in the lowest overall cost to the State even though it may initially be the low evaluated bid. As previously noted, Reed significantly underbid Item 12. Thus, it is reasonable to assume Reed put a great portion of the cost for Item 12 in other bid items. Reed's unbalance bid would effectively avoid sharing cost savings with the State that may result from actual quantities installed for the work. Reed's unbalanced bid attempts to take advantage of the conservative quantity calculation for the shoulder backing. The total quantity for this item is 7,990 tons. Using the typical cross sections for the job, the total for this Item actually calculates to 2,900 tons, which means the item will likely be adjusted. The following is the calculation for shoulder backing:

$$14 \text{ miles} \times 5280 \text{ ft/mile} \times 2 \text{ shoulders} \times 3' \text{ width} \times .1' \text{ depth} \times 130 \text{ \#/ft}^3 / 2000 = 2,883 \text{ tons}$$

We have analyzed two scenarios to account for the anticipated underrun in shoulder backing. The first scenario compares Reed's bid to Qualcon's using the 2,900 tons. Since it is likely that the shoulder backing item will be subject to adjustment, the second scenario analyzes the adjustment. With the quantity underrun, it is likely that the State will end up paying Reed 75% of the bid price for this work which will amount to \$59,925 which equates to a revised unit price of \$20.00 per ton. Conversely, with Qualcon's bid of \$25 per ton, the State will pay \$72,500.00 for this work.

Revised Contract amount using Reed's original shoulder backing price for the revised quantity:

Item Description	Reed's Bid	Qualcon's Bid
All items except Item 12	\$3,012,742.00	\$2,874,585.00
Item 12 with 2,900 ton quantity	\$29,000.00	\$72,500.00
Revised Contract Amount	\$3,041,742.00	\$2,947,085.00
Small Business Credit	-\$50,000.00	
Bid Comparison Amount	\$2,991,742.00	\$2,947,085.00

Revised Contract amount using Reed's adjusted shoulder backing price for the revised quantity:

Item Description	Reed's Bid	Qualcon's Bid
All items except Item 12	\$3,012,742.00	\$2,874,585.00
Adjusted Shoulder Backing Price For Item 12	\$59,925.00	\$72,500.00
Revised Contract Amount	\$3,072,667.00	\$2,947,085.00
Small Business Credit	-\$50,000.00	
Bid Comparison Amount	\$3,022,667.00	\$2,947,085.00

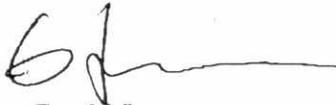
It is evident in both scenarios listed above that Reed's unbalanced bid is not the true overall low bid. By accepting Reed's bid, Caltrans will eventually pay more to Reed than if awarded to Qualcon.

Caltrans has strictly interpreted and enforced its bid balancing requirements. Awarding this contract to George Reed would be unfair to the other bidders who developed their bids based upon realistic material and labor costs, as required by the contract documents.

Based upon the information presented herein, governing regulations and specifications, the bid of George Reed must be rejected as nonresponsive, along with its bid being materially imbalanced. Accordingly, the contract should be awarded to Qualcon Contractors as the lowest responsible bidder.

Should you have any questions I can be reached at 775-782-2006.

Sincerely,



Gerald Jensen
President