



Main Office

P.O. BOX 620 / 6413 32nd Street / North Highlands / CA 95660
(916) 334-1221 Estimating / Engineering FAX (916) 334-0562
Accounting FAX (916) 334-8355

Southern California Regional Office

P.O. BOX 867 / 19010 Slover Ave. / Bloomington / CA 92316
(909) 875-0533 Engineering / Accounting FAX (909) 875-2243

Email & Mail
November 20, 2007

State of California
Department of Transportation
345 Burma Road
Oakland CA 94607

Letter 307-246

Attn: Ben Ghafghazi, R. E.

Re: Contract No. 04-0120L4
Bay Bridge Oakland Touchdown
NOPC #2. OCIP Deduction

Reference: CT Letter 0246, OCIP Deduct Letter #2
Willis Insurance Letter dated November 13, 2007.

Gentlemen:

Please consider this letter and the attached documents to be MCM Construction's Notice of Potential Claim No. #2. This Notice of Potential Claim relates to the improper deduction imposed by Caltrans from Progress Pay Estimate No. 3 in the amount of \$812,825 for what was described as "OCIP Deduct 1 & 2."

As Caltrans is fully aware, MCM submitted its OCIP Form No. 1 on or about August 7, 2007. Caltrans failed to respond until October 10, 2007, although MCM does acknowledge a courtesy copy of the Willis response on or about September 24, 2007. Subsequently, MCM submitted a document from its insurance company, Arch Insurance Group, which was referred to as an Indication. The Indication from Arch confirmed that MCM's initial credit analysis submitted on the OCIP No. 1 form was accurate and reasonable. The Arch Indication was submitted to Caltrans and Willis on October 23, 2007, on the occasion of the OCIP kick off meeting at the Caltrans office on the jobsite. MCM received a courtesy copy a response to the Indication on November 13, 2007 and formally transmitted by Caltrans on November 16, 2007. The response received on November 16, 2007, essentially accepts MCM original OCIP No. 1 submittal relating to the Workers Compensation Insurance credit and also tentatively accepts the MCM credit proposed by the Arch Indication. However, as pointed out in MCM's response to the November 13, 2007 from Willis, Caltrans has improperly asserted that the Excess Liability Coverage credit requires further analysis and documentation.

As pointed out in MCM's response to Willis and per the attached copy, Special Provision section 5-1.40 under the heading of "CONTRACTOR INSURANCE DEDUCTION" states as follows:

2. Cost for \$25,000,000 umbrella or excess insurance coverage:
Add forty percent (40%) of the cost of primary general liability premium attributable to this project including any adjustment required by the calculation in the above subsection "Cost to increase primary general liability limits."

Accordingly, Caltrans has improperly failed to accept the OCIP Credit proposed by MCM, and has delayed the approval of the OCIP credits computation.

Claim is made for interest at the legal rate or a the 2% per month as a penalty in lieu of interest as provided by the Public Contract Code.

Attached is MCM letter of November 20, 2007 addressed to Willis as well as the applicable NOPC forms provided by Caltrans.

We urge your prompt approval of the OCIP Credits proposed by MCM properly applying the terms of Special Provisions section 5-1.40 and the prompt rescission of the administrative deduction taken from MCM's most recent pay estimate.

MCM CONSTRUCTION, INC.



Edmundo A. Puchi
Treasurer and General Counsel.

Cc: G. Allen
R. McCall
307 File 7.0