

MODESTO OFFICE
P.O. BOX 4760, MODESTO, CA 95352
TELEPHONE: (209) 523-0734
ESTIMATING FAX: (209) 523-4927
ACCOUNTING FAX: (209) 523-4313



OFFICE AND YARD:
140 EMPIRE AVENUE
MODESTO, CALIFORNIA 95354
1-877-823-2305
WWW.GEORGEREED.COM

State Contractor's License No. 211337-A



March 30, 2015

California Department of Transportation
Division of Engineering Services
Office Engineer, MS-43
P.O. Box 168041
Sacramento, CA 95816-8041
Phone: (916) 227-6280
Fax: (916) 227-6282

Attention: John McMillan, Deputy Division Chief

RE: Contract 10-0Y9104
Bid Opened March 17, 2015
Bid Protest of Teichert Construction

Dear Mr. McMillan:

Please consider this letter to be a formal protest of the bid submitted by A. Teichert & Son Inc. DBA Teichert Construction (Teichert) on the above referenced project. George Reed, Inc. (GRI) contends that Teichert submitted a bid that is both mathematically and materially unbalanced.

A mathematically unbalanced bid is a containing a unit bid item that does not reflect a reasonable actual cost plus a reasonable share of the bidder's anticipated profit, overhead costs and other indirect costs. A bid is materially unbalanced bid is a bid which generates a reasonable doubt that the award to the bidder submitting a mathematically unbalanced bid will result in the lower ultimate cost to the State. On this project Teichert Bid Item 20 – Tack Coat at \$1.00 per Ton. Tack Coat cannot be acquired for this price. By bidding this way Teichert has created a bid that becomes materially unbalanced when an analysis of the areas where the tack coat will be applied is conducted. This item of work is set to underrun by a very large percentage. Since Tack Coat is not an adjustable item (i.e. does not have the underrun/overrun rules that allow for an adjustment to the unit price), the significant underrun of quantity is calculated using the unit price (\$1.00 per ton) makes the total price paid by the State for the overall project become more than if the project were awarded to the next lowest bidder (George Reed, Inc.).

In calculating the total area that will require Tack Coat to be applied, GRI took a conservative approach (i.e. figured shoulders wider than they actually are) and came up with a total quantity needed for Tack Coat on this project of 45.66 tons (see Attachment A). When applying this tonnage to the unit prices provided by both Teichert and GRI it becomes clear that GRI provided

the lowest price to the State when the project is actually built. GRI's total price becomes \$2,112,655.26 while Teichert total price becomes \$2,118,995.66. (see Attachment A).

To further prove our point please take into consideration an even more conservative calculation of the total area where Tack Coat needs to be applied. If the entire length of the road is figured using two 12 foot lanes with 8 foot shoulders on each side (without taking out the length of the bridges) plus added area for turn lanes and extra wide shoulders then the total area would be 2,316,778 SF (257,420 SY). With an application rate of 0.05 gallons per square yard (gal/SY) for areas where no cold planing has taken place and an application rate of 0.09 gal/SY for areas that have been cold planed the total Tack Coat quantity would be 55.3 tons. With this revised quantity GRI's total price would be \$2,116,512 while Teichert's would be \$2,119,005.30 (see Attachment B). Keep in mind that only about 26,000 LF of the total road length (54,912 LF) has a wider shoulder but this is just to show that even the most extreme calculation does not make Teichert's bid the lowest cost to the State. To further stress our point, to use 120 tons of Tack Coat would require the overlaid road to be an average of over 94 feet wide. Teichert clearly recognized this and is attempting to take advantage.

Per regulations the State is required to consider the risks to the government associated with the unbalanced pricing in making the award decision and whether a contract will result in unreasonably high prices for contract performance. A bid should be rejected if Caltrans determines that the unbalanced bid poses an unacceptable risk to the government. Given the calculations of Tack Coat provided it is clear that the underrun in quantity will result in the State paying more in the end than if the project were awarded to the next lowest bidder (George Reed, Inc.).

Therefore, it is respectfully requested that Caltrans deem Teichert non-responsive and award this project to George Reed, Inc., the lowest responsive/responsible bidder.

Thank you for your consideration.

Please call with any questions,

Respectfully,



Stacy Case
Chief Estimator
George Reed Inc.

10-0Y9104

Attachment A

Bid Protest of Teichert

Teichert				
As bid	Tack Coat	120 ton	\$1.00	\$120.00
	all other items			\$2,118,950.00
	Total Price			\$2,119,070.00
actual qty	Tack Coat	45.66 ton	\$1.00	\$45.66
	all other items			\$2,118,950.00
	Total Price			\$2,118,995.66

GRI				
As bid	Tack Coat	120 ton	\$400.00	\$48,000.00
	all other items			\$2,094,392.00
	Total Price			\$2,142,392.00
actual qty	Tack Coat	45.66 ton	\$400.00	\$18,263.26
	all other items			\$2,094,392.00
	Total Price			\$2,112,655.26

Tack calculation

Total road length	10.4 miles	
	54,912 lf	
length of bridges	832 lf	
Length of road w/o bridges	54,080 lf	
Area with 2-12' lanes and 2' shoulders	1,514,240 sf	
Area of additional width (over 2' shoulders)	290,742 sf	
total area	1,804,982	
Tack @ application rate of 0.05 gal/SY		41.78 ton
Additional Areas		
Intersections	1,259 SY	
application rate of 0.09 gal/SY		0.47 ton
Driveways (3' deep x 2,130 LF total)	710 SY	
application rate of 0.05 gal/SY		0.15 ton
Digouts	8,683 SY	
application rate of 0.09 gal/SY		3.26 ton
TOTAL TACK		45.66

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Attachment B

Bid Protest of Teichert

Teichert				
As bid	Tack Coat	120 ton	\$1.00	\$120.00
	all other items			\$2,118,950.00
	Total Price			\$2,119,070.00
actual qty	Tack Coat	55.30 ton	\$1.00	\$55.30
	all other items			\$2,118,950.00
	Total Price			\$2,119,005.30

GRI				
As bid	Tack Coat	120 ton	\$400.00	\$48,000.00
	all other items			\$2,094,392.00
	Total Price			\$2,142,392.00
actual qty	Tack Coat	55.30 ton	\$400.00	\$22,120.00
	all other items			\$2,094,392.00
	Total Price			\$2,116,512.00

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FAX TRANSMITTAL

Date: April 3, 2015

To: John McMillan, Deputy Chief
Company: State of California, Department of Transportation
Phone:
Fax: 916-227-6282

From: Stacy Case
Company: George Reed, Inc. – Modesto
Phone: (209) 523-0734
Fax: (209) 523-4927

Pages Faxed: 5

Project Name: 10-0Y9104

Comments: George Reed, Inc. protest of Teichert Construction.

ORIGINAL TO FOLLOW BY US MAIL

Thanks, Stacy Case