



September 10, 2019

To: Jill Sewell, Office Chief
Construction Contract Awards
Division of Engineering Services, Department of Transportation
Office Engineer MS 43
1727 30th Street
Sacramento, CA 95816

fax 916-227-6282

Re: Contract 03-0H5304, 03-Sac-80-15.0/17.2
B.O. 8/27/2019

Dear Ms. Sewell,

O. C. Jones & Sons, Inc. (OCJ) is in receipt of the Department of Transportation's (Caltrans) letter dated September 6, 2019. In the letter Caltrans is notifying OCJ of a non-responsive bid on the subject project based on Section 5-1.13 (Subcontracting) of the 2018 Revised Standard Specifications. Caltrans states they have "determined that O. C. Jones is not performing at least 30 percent of the total value of the contract. This determination by Caltrans is incorrect.

Before making any argument, it should be understood the amounts bid (unit prices) by the prime contractor on any bid item do not necessarily match the amounts bid to the prime contractor by the subcontractors. Each unit price bid to Caltrans is unique and may include various indirect costs that the prime bidder deems necessary to balance their over-all bid. Indirect costs may include the prime contractor's overhead, project management, mobilization, clean-up, profit, bond, etc. On most Caltrans highway projects these indirect costs are distributed primarily to the Time Related Overhead bid item, and/or the Mobilization bid item. On this particular contract (03-0H5304), the bid item list did not include a bid item for Mobilization or Time Related Overhead. Therefore, the indirect costs described above had to be distributed throughout the bid in various items of work, including items that were to be 100% performed by subcontractors.

In their determination of a non-responsive bid, Caltrans has simply plugged the bid amounts for each bid item into a spreadsheet without knowledge of the actual subcontract amount bid to OCJ by each subcontractor. While a subcontractor may be performing 100% of the work on a bid item, the prime bidder still has mark-ups and indirect costs on each bid item which inflate the value of each item above the actual unit price bid by the subcontractor. Without viewing the actual subcontractor quotes, Caltrans has no way of determining the actual amount of work that is being subcontracted by the prime bidder.

OCJ's bid for Contract 03-0H5304 was \$ 4,164,815.05. OCJ is required to perform \$1,250,000.00 of work on this contract in order to remain in compliance with Section 5-1.13 of the State Standards. OCJ listed 7 subcontractors for work on the contract. The value of each subcontract is as follows:

Pacific Excavation	3(P), 59, 60(P)	\$ 1,517,445.00
Wabo Landscape	18-28	\$ 48,079.00
Centerline Striping	3(P), 46, 55-58	\$ 23,550.00
Myers & Sons Construction	3(P), 15(P), 31(P), 35-36	\$ 672,682.00
Green Growth Industries	7(P), 29-30	\$ 24,048.20
Asphalt Impressions	33	\$ 45,002.60
Midstate Barrier	13, 37, 39-40, 41(P), 48-50, 51(P), 52-54, 60(P)	\$ 557,092.25
Farwest Safety (not listed < 0.5%)	2, 47	\$ 5,560.00
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Total Subcontracted amount		\$ 2,893,459.05

Based on the above, OCJ is performing \$ 1,271,356 of work on this contract, or 30.53%. OCJ remains in compliance with Section 5-1.13 of the State Standard. OCJ should be reinstated as the lowest responsive bidder on the subject contract.

Please contact me at your earliest convenience if you have any questions with this response to the Caltrans letter dated 9-6-19.

Sincerely,
O.C. Jones & Sons, Inc.

Greg Souder
Estimating Manager - Secretary
510-809-3430



O.C. Jones & Sons, Inc.
General Engineering Contractor

1520 Fourth Street
Berkeley, CA 94710-1774

FROM:

Berkeley (Estimating)
(510) 526-3424
(510) 526-0990 Fax

FACSIMILE TRANSMITTAL

Company: Caltrans - Contract Awards

Fax Number: 916-227-6282

Attn: Jill Sewell

Date: 9-10-19

RE: Hwy 80, 03-0H5304, B.O. 8-27-19

Number of Pages (Including this Transmittal): 3

Comments:

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