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RECEIVED
OFFICE OF PUBLIC ACCOUNTABILITY
PROCUREMENT APPEALS

SEP 01 2011

TIME 3:45 BY R
FILE NO. OPA-PA-018

**BEFORE THE OFFICE OF PUBLIC ACCOUNTABILITY
PROCUREMENT APPEAL**

IN THE APPEAL OF)	DOCKET NO. OPA-PA-11-009
)	
HUBTEC INTERNATIONAL CORP.)	DPW'S RESPONSE TO OPA'S
)	ORDER VACATING HEARING
)	AND REQUESTING
Appellant.)	ADDITIONAL BRIEFING

On August 25, 2011, the Office of Public Accountability (OPA) issued an ORDER VACATING HEARING RE APPELLANT'S APPEAL AND SCHEDULING ADDITIONAL BRIEFS. In addition to vacating the hearing on the merits that had been scheduled for August 25, 2011, said Order also requested that the parties brief their respective positions on three issues regarding the award of the Route 2 project to IMCO General Construction Inc. (IMCO). The award of the Route 2 project to IMCO was made by the **DEPARTMENT OF PUBLIC WORKS, GOVERNMENT OF GUAM** (DPW or Government) shortly following its termination of the original contractor, Appellant Hubtec International Corp.

Page 1 of 6 pages

DPW's Response to OPA's Order Vacating Hearing
In the Appeal of Hubtec Int'l Corp.
Docket No. OPA-PA-11-009

SEP 11 2011

A. WHAT IS THE CURRENT STATUS OF DPW'S PROJECT NO. GU-NH-0002 (ROUTE 2 CULVERTS AND SLIDE REPAIR PROJECT)?

The Route 2 project is a combination project which consists of four (4) separate sites. Specifically, the project involves the reconstruction of three damaged culverts in the villages of Agat and Umatac which are identified generally as: (1) Sella Bay Culvert; (2) Cetti Bay Culvert; and (3) Umatac Baseball Culvert. The fourth site involves the construction of a rock slide retaining wall near Cetti Bay.

Overall, the project is 30% complete. The project is scheduled to be fully complete by ~~March 2012, however this date may be delayed~~ due to rain and inclement weather. In the meantime, the contractor is considering a value engineering (VE) modification of the design for the Sella Bay and Cetti Bay sites.

The status of the individual project sites is as follows:

1. Sella Bay Culvert.

With the exception of traffic control, the contractor has not yet started to work on the Sella Bay Culvert.

2. Cetti Bay Culvert.

The contractor has not yet started to work on the Cetti Bay Culvert. Nevertheless, approximately 95% of temporary work to secure the site from collapsing (aka "safe up" work) has been completed. In addition to traffic control, the work consisted of extending the existing pipes in order to provide drainage and installing temporary erosion control measures to mitigate erosion.

3. Umatac Baseball Culvert.

The Umatac Baseball Culvert is approximately 85% complete, with only guardrail and miscellaneous work remaining. Assuming that no delays due to weather or other unforeseen

circumstances, it is estimated that the Umatac site may reach 100% completion within the next few weeks.

4. Cetti Bay Rock Slide Catchment/Retaining Wall.

All remedial work for the rock slide wall has been completed. The wall itself is approximately 64% complete. There is also guardrail that needs to be installed.

A dispute remains between DPW and Hubtec over the wall and its future because of the Korean rebar steel installed by Hubtec. As previously argued by DPW, the use of Korean steel constitutes a breach of the contract because it does not meet the requirements of the Buy American Act. Additionally, it also appears unclear at this time whether the steel used is of a lower 40 Grade quality, rather than then the 60 Grade quality that was specified in the contract plans.

If it turns out that the Korean steel does not meet quality standards, the entire retaining wall will have to be torn down and reconstructed. Hubtec has already been paid \$120,000 for the wall. In the event that the wall has to be torn down, it is respectfully submitted that this payment must be disgorged and reimbursed back to DPW.

B. WHO MADE THE DECISION TO AWARD THE ROUTE 2 PROJECT TO IMCO FOR APPROXIMATELY \$3.9 MILLION, AND IF SUCH DECISION WAS MADE, HOW WAS IT MADE?

The decision to award the project to IMCO was made jointly by DPW and Hubtec's bond surety, Chung Kuo Insurance Company (Chung Kuo). The decision was made among bids that were solicited and received by Chung Kuo pursuant to the terms of Hubtec's bond.

To understand the process, a bit of background at this point is helpful.

It is a requirement of the Guam Procurement Regulations that all Government of Guam contracts in excess of \$25,000 shall be secured by a performance bond executed by a surety

company in the amount of 100% of the contract price. [2 G.A.R. § 5104(a)]. In accordance with this requirement, when DPW and Hubtec initially entered into a contract for the Route 2 project, Hubtec submitted a *Performance and Payment Bond* representing the full \$1.8 million of the contract price.

The purpose of a bond is to indemnify the Government and provide protection against possible loss resulting from the failure of the contractor to perform the contract. [2 G.A.R. § 5104(b)]. Hubtec's performance bond was issued by a surety named Chung Kuo Insurance Company, Ltd. (Chung Kuo). [DPW's Exhibit No. D; Procurement Record 0022-0024]. When DPW terminated the contract with Hubtec, at the same time it also advised Hubtec's surety (Chung Kuo) of the termination and filed a claim demanding indemnity under the terms of the Hubtec bond). [DPW's Exhibit No. I; Procurement Record 0591-0593].

Hubtec's bond with Chung Kuo is identical to the bond form authorized by 2 G.A.R. Section 5105(1)(b). Pursuant to Section 5105(1)(b), Chung Kuo agreed in the bond that if Hubtec ever became in default of the contract, Chung Kuo would be obligated to remedy the default, complete the contract, or else find a new contractor for the project:

Whenever Contractor shall be and is declared by the Territory of Guam to be in default under the Contract, the Territory of Guam having performed territorial obligations thereunder, **the Surety may promptly remedy the default or shall promptly:**

1. ***Complete the Contract*** in accordance with its terms and conditions; or

2. ***Obtain a bid or bids for completing the Contract*** in accordance with its terms and conditions, and upon determination by the Territory of Guam and the Surety jointly of the lowest responsive, responsible bidder, arrange for a contract between such bidder and the Territory of Guam, and make available as work progresses (even though there should be a default or a succession of defaults under the contract or contracts of completion arranged

under this paragraph) sufficient funds to pay the cost of completion less the balance of the contract price. . . (emphasis added).

[DPW's Exhibit No. D; Procurement Record at 0022].

When faced with a default, a bond surety such as Chung Kuo has the right to choose among the various performance options that are stated on the face of the bond. In this case, Chung Kuo chose the option to obtain bids from other contractors for completing the contract. As fully set forth above, under this option the bond language states that upon receipt of the bids, the Government and the surety shall jointly determine the lowest responsive, responsible bidder and shall arrange for a contract with such bidder. The surety would then make the bond funds available for payment to the new contractor.

This is exactly what happened. Chung Kuo solicited the project and received bids from three different contractors: (1) IMCO; (2) Black Construction Company, and (3) DCK Worldwide. Of these contractors, both IMCO and Black Construction were also bidders on the project's original solicitation. *[DPW's Exhibit No. C; Procurement Record at 0313].* In fact, in the original solicitation, IMCO was the second lowest bidder behind Hubtec. *[Id.]*

True and correct copies of all three bids received, as well as a Procurement Memo summarizing the bids are attached hereto. *[IMCO-0001-0022].* Based upon the bids received, it was jointly determined by DPW and Chung Kuo that at a price of \$3,815,491.00, IMCO was the lowest responsive, responsible bidder. An award for the project was thereafter made to IMCO, and a formal takeover contract was entered into between IMCO and the Government of Guam. *[DPW's Exhibit No. K; Procurement Record at 0028-0038].*

In good faith, and as stated in the takeover contract, Chung Kuo has made \$1.6 million of the \$1.8 million Hubtec bond proceeds available for payment to IMCO. The remaining

\$200,000 balance of the Hubtec bond was used to pay a number of outstanding subcontractor claims.¹

C. IS THERE A BOND ON THE IMCO AWARD OF THE ROUTE 2 PROJECT?

Yes, there is a bond on the IMCO award of the Route 2 project. A copy of the *Performance and Payment Bond* that was submitted by IMCO to DPW in support of its bid is attached. [IMCO 0023-0024].

The bond is in a form that is satisfactory to the Territory and meets the requirements of the Guam Procurement Regulations (2 G.A.R. § 5104, § 5105(1)(b)). The name of the surety for IMCO's bond is Fidelity and Deposit Company of Maryland, and the amount of the bond is for the full contract price of \$3,815,491.

Respectfully submitted this 1st day of September, 2011.

OFFICE OF THE ATTORNEY GENERAL
Leonardo M. Rapadas, Attorney General

By: 

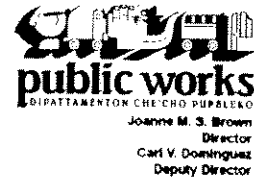
SANDRA E. CRUZ-MILLER
Assistant Attorney General

¹ See, *DPW's Exhibit No. D; Procurement Record at 0023 at ¶ C*].



The Honorable
Eddie Baza Calvo
Governor

The Honorable
Ray Tenorio
Lieutenant Governor



public works
DIPARTAMENTON CHIEHO PUBLIKO
Joanne M. S. Brown
Director
Carl V. Dominguez
Deputy Director

PROCUREMENT MEMORANDUM

DATE: May 20, 2011
TO: Joanne M.S. Brown
VIA: Ramon B. Padua, P.E., Chief Engineer
SUBJECT: Route 2 Culverts and Slide Repair
Project No. GU-NH-0002(104),

This memorandum is to highlight the sequence of events for the Route 2 Culverts and a Slide procurement and how the negotiated fee of \$3,815,941.00 was deemed fair and reasonable.

ORIGINAL PROJECT DESCRIPTION AND PROCUREMENT HISTORY:

This project entails reconstruction of three damaged culverts on Route 2 in the villages of Agat and Umatac, and construction of a rock fall –out wall along a steep rock cut on Route 2 near Cetti Bay.

The scope of work includes, culverts, construction of drop inlet structures, retaining walls, ripraps, stabilized maintenance pads, trash racks, safety railings, grading of roadway embankments, roadside ditches, and pavement reconstruction, signing, striping and safety improvements.

The original contract was awarded to Hubtec International and Notice To Proceed (NTP) issued for the project on May 5, 2010. The contract duration of 240 calendar days set the contract completion date at December 30, 2010.

Hubtec began work beginning at the Cetti Bay Slide area. The first day that Hubtec was reported as working on the project was June 15, 2010. Construction progress was slow to begin at the other sites (Sella Culvert, Cetti Culvert and Umatac Culvert) and little progress was made for a substantial portion of the contract duration.

On October 21, 2010 Hubtec was formally advised by the Department of Public Works (DPW) that their progress and performance on the project was unacceptable. Hubtec

was further advised of this on December 7, 2010. After these notifications by DPW to Hubtec the following events occurred and subsequently the contract with Hubtec was terminated.

- February 2, 2011, Hubtec receives a Notice of Violation and Stop Work Order from Guam Environmental Protection Agency (GEPA) for violation of Guam's Water Pollution Control Act for pollution of waters and inadequate/non-existent water pollution control and sediment control devices at the Cetti Culvert Site and Umatac Culvert Site. Copies of the Notice of Violations are attached to this procurement memorandum as Attachment 1.
- February 9, 2011, DPW issues Stop Work Order to Hubtec until GEPA's environmental issues at Cetti and Umatac are corrected. The items from the February 2, 2011 GEPA Notice of Violation were never fully corrected by Hubtec. Copy of the DPW Stop Work Order is attached to this procurement memorandum as Attachment 2.
- February 22, 2011, after careful consideration and further review of the status of the project DPW terminates the contract with Hubtec. The Bonding Company (Chung Kuo Insurance) was advised of the termination and that DPW would exercise the Performance and Payment Bond for the completion of the construction work. Copies of the Notice of Termination to Hubtec and the Formal Tender of Claim to Chung Kuo Insurance is attached to this procurement memorandum as Attachment 3.

On February 24, 2011 an onsite field review of the project was conducted with representatives of Chung Kuo Insurance who took over the day to day monitoring and maintenance of traffic control for the project. Chung Kuo Insurance then solicited bids from other contractors for the completion of the project. Construction companies contacted by Chung Kuo included:

- DesignLand (no cost estimate was provided by the Bonding Company for this contractor)
- Black Construction Corporation (see Attachment 6 for price provided to the Bonding Company)
- DCK Pacific (see Attachment 7 for the price provided to the Bonding Company)
- IMCO General Construction, Inc. (costs provided are included in Attachment 8, Attachment 9, Attachment 10, Attachment 11, Attachment 12 and Attachment 13)

On April 11, 2011 Chung Kuo Insurance advised DPW in a meeting held at DPW that they would be exercising their option under B. (2.) of the Performance and Payment Bond as follows:

Obtain a bid or bids for completing the Contract in accordance with its terms and conditions, and upon determination by the Government and the Surety of the lowest responsive, responsible bidder, arrange for a Contract between such bidder and the Government, and make available as work progresses (even though there should be a default or a succession of defaults under the Contract or Contracts of completion arranged under this paragraph) sufficient funds to pay the cost of completion less than balance of the contract price, but not exceeding, including other costs and damages for which the Surety may be liable hereunder, the amount set for in the first paragraph hereof. The term "balance of the Contract price", as used in this paragraph shall mean the total amount payable by the Government to Contractor under the Contract and any amendments thereto, less the amount properly paid by the Government to Contractor. No right of action shall accrue on this bond to or for the use of any persons or corporations other than the Government or successors of the Government.

A complete copy of the Hubtec International's Performance and Payment Bond is attached to this procurement memorandum as Attachment 4.

Chung Kuo insurance provided bids from Black Construction Corporation, DCK Pacific and IMCO General Construction that were obtained for completion of the project. All of these bids exceeded the amount of the Performance and Payment bond penal sum of \$1,835,040. Chung Kuo also represented to DPW that the lowest bid from a responsive and responsible bidder was from IMCO General Construction.

Chung Kuo provided DPW with the initial bid from IMCO for completing all of the project sites (Attachment 8). This bid was for a Lump sum amount of \$3,824,000, dated April 14, 2011. DPW could not evaluate the reasonableness of this Lump Sum bid. The following lists the additional information that was requested from IMCO so that DPW could evaluate the proposed cost for the work:

- IMCO was requested to provide a breakout of the Lump Sum cost for evaluation. This was provided by IMCO in their proposal dated April 15, 2011 (Attachment 9). This breakout only listed Lump sum costs related to each site and again was insufficient information for DPW to evaluate.
- IMCO was requested to further breakout the Lump Sum costs. IMCO provided this information in their proposal dated April 17, 2011 (Attachment 10). This proposal had a high cost for the Field Office of \$264,717.53 and also included a cost for "Furnishing and Supplying American Reinforcing [Steel] to Owner" of \$8,499.54. IMCO was requested to reevaluate their costs associated with all the items of work and to eliminate the item to "Supply Reinforcing Steel". IMCO was provided a form to resubmit the costs for the work.
- IMCO submitted via email on April 20, 2011 (Attachment 11) costs associated with items of work for review by DPW. The total Lump Sum cost for the work was revised from \$3,824,000 to \$3,815,491. This reduction was due to the elimination of the "Furnishing and Supplying American Reinforcing [Steel] to Owner" from the previous proposal.

DPW determined that there was sufficient information submitted by IMCO on April 20, 2011 to perform an evaluation of the costs associated with the work. DCA preformed an evaluation of the Sella River and Cetti River sites as follows:

Evaluation of bids from the Bonding Company for Sella and Cetti Culvert Sites:

An analysis of the bid information for the completion of the project received from Chung Kuo Insurance was conducted by DCA. This review was submitted by DCA in writing on April 21, 2011. A copy of the DCA review is attached to this procurement memorandum as Attachment 5. DCA's review of the IMCO, Black Construction Corporation (BCC) and DCK Pacific bids for the completion of the project is summarized as follows:-

An evaluation of cost on the bids received and compiled from input from IMCO, BCC and DCK Pacific is referenced below:

Bidder	Bid Amount for Cetti and Sella Culverts Only	Difference from Mean
IMCO (present)	\$ 3,566,659.87	\$ (1,294,256.35)
IMCO (past)	\$ 5,179,879.00	\$ 318,962.78
DCK	\$ 5,214,360.00	\$ 353,443.78
BCC	\$ 5,482,766.00	\$ 621,849.78
Mean	\$ 4,860,916.22	

For comparison purposes only the Cetti and Sella Bay Culverts were analyzed. DCK and BCC did not provide a bid on the Cetti Bay Slide and Umatac Baseball Culvert. IMCO's (present) pricing listed above is well below the other three bid amounts. The reasoning for the reduction in cost is as follows:

- IMCO received better rates for materials such as concrete and aggregate when compared to IMCO's previous bid submitted at the October 2009 bid opening.
- The Culvert Pipe is now a Government furnished material. In the original specifications the culvert pipe was not supplied by the government of Guam.
- Hubtec's bonding company (Chung Kuo Insurance) agreed to turn over the existing traffic control devices, thus reducing the cost for traffic control associated with this project.
- IMCO is now established on Guam and has an increased work force.
- Additionally IMCO has mobilized equipment on Guam. Due to IMCO's efforts this has afforded IMCO to reduce pricing as compared to their previous bid submitted at the October 2009 bid opening.

DPW evaluated the cost to complete the construction by reviewing IMCO's (present) cost to complete the work with the bid of the next lowest bidder from the October 2009 procurement. The next lowest bid amount was from Chi Construction in the amount of \$4,950,000.00. While the IMCO bid represents a significant savings from a bid that was competitively made, this comparison is not representative of the situation that presently exists at the four sites of the project due in part, to the following reasons:

- Hubtec has completed a portion of the Cetti Bay Slide site but in doing so has caused damage to the site that will need to be repaired to complete the work at the site.
- Hubtec has completed a portion of the Umatac Culvert site. Some of this work was damaged during construction or did not conform to the contract specifications. This work will need to be removed and replaced to successfully complete the work at this location. Environmental mitigation which was attempted by Hubtec will also need to be addressed and corrected for this portion of the project to be complete.
- Hubtec attempted to work at the Cetti culvert location and in doing so caused significant deterioration of the site from a construction and environmental stand point. Environmental mitigation measures will need to be addressed by IMCO along with removal of uncompleted work that were attempted to be completed by Hubtec.

Evaluation of IMCO's cost at Cetti Bay wall and Umatac Baseball Culvert Sites:

DPW had concerns with the costs associated with the items of work proposed by IMCO to complete the Cetti Bay wall site and the Umatac Culvert site. Costs associated with items of work for the completion of these sites were evaluated against the DPW estimate of remaining work to be completed at the site and IMCO's proposed cost. There was a concern at the Cetti Bay wall site regarding the cost associated with the remaining work for the guardrail. IMCO was requested to reevaluate these costs. The revised costs were provided by IMCO by email on May 10, 2011 and are included as Attachment 12. The costs associated with the work at Cetti Bay were evaluated as follows:

A review of IMCO's cost for the Cetti Bay wall site was compared against the Chi Construction bid for this work from the October 2009 procurement. Chi Construction's cost for the work at this site was \$262,380. Some of the work at this site has been completed and Chi Construction's cost was reduced accordingly to provide an evaluation in "Government Estimate to Complete the Site" in the table on the following page. This table also shows IMCO's cost proposals that were received over the course of the negotiations and the final agreed upon amount.

Cetti Bay Slide								
Pay Item Number	Description of Item	Hubtech (October 5, 2009)	Chi Construction Inc. (October 5, 2009)	Percent Assumed Completed	Government Estimate to Complete the Site	IMCO Bid to the Bonding Company (April 17, 2011, Attachment 10)	IMCO Bid Revised after Scope Reduction (Apr 20 2011 Attachment 11)	IMCO Final Bid Schedule (May 10 2011, Attachment 12)
10900-0000	Contingent Sum	\$ 20,000.00	\$ 20,000.00	100%	\$	\$ 20,000.00	\$	
15101-0000	Mobilization	\$ 20,000.00	\$ 92,780.00	70%	\$ 27,834.00	\$ 4,960.00	\$ 6,000.00	\$ 6,000.00
15201-0000	Construction Survey and Staking	\$ 2,000.00	\$ 20,000.00	80%	\$ 4,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
15701-0000	Soil Erosion Control	\$ 3,000.00	\$ 10,000.00	80%	\$ 2,000.00	\$ 1,970.00	\$ 1,000.00	\$ 1,000.00
20315-0000	Sawcutting, Asphalt Pavement	\$ 4,600.00	\$ 4,600.00	100%	\$	\$	\$	
20401-0100	Excavation	\$ 6,500.00	\$ 6,500.00	100%	\$	\$	\$	
30130-0000	Aggregate Base, Grading C, 8 inch depth	\$ 5,000.00	\$ 4,500.00	100%	\$	\$ 785.00	\$	
55201-0000	Reinforcing Concrete Wall	\$ 120,000.00	\$ 78,000.00	100%	\$	\$ 45,500.00	\$	
61701-5010	Guardrails, G4 W-Beam, connection to wall ends and FLEET 350 Terminal	\$ 15,000.00	\$ 6,000.00	0%	\$ 6,000.00	\$ 4,590.00	\$ 14,565.00	\$ 14,565.00
62501-0000	Temporary Traffic Control	\$ 5,000.00	\$ 20,000.00	80%	\$ 4,000.00	\$ 4,760.00		\$ 1,000.00
	Furnish and Supply American Reinforcing to Owner					\$ 8,499.54	\$	
	Restore shoulder and concrete swale to original condition						\$ 20,000.00	\$ 20,000.00
	Total	\$ 201,100.00	\$ 262,380.00		\$ 43,834.00	\$ 96,064.94	\$ 87,565.00	\$ 47,565.00

IMCO's cost to complete the work at the Cetti Bay Slide is \$47,565 which is reasonably close to the "Government Estimate to Complete the Site" of \$43,834 and is deemed to be a reasonable cost to complete the work at the Cetti Bay Site.

A review of IMCO's cost for the Umatac Culvert was compared against the Chi Construction's bid for this work from the October 2009 procurement. Chi Construction cost for the work at this site was \$1,006,720. Some of the work has been completed and the Chi Construction cost was reduced accordingly to provide an evaluation in the "Government Estimate to Complete the Site". This is summarized in the table on the following page. For evaluation purposes the mobilization cost in Chi Construction's cost was felt to be excessively high and was completely removed for evaluation purposes only. Mobilization to the site will be necessary for IMCO to complete the work. The table on the following page also shows IMCO's cost proposals that were received over the course of the negotiations and the final agreed upon amount.

Umatac Baseball Culvert								
Pay Item Number	Description of Item	Hubtech (October 5, 2009)	Chi Construction inc (October 5, 2009)	Percent Assumed Completed	Government Estimate to Complete the Site	IMCO Bid to the Bonding Company (April 17, 2011, Attachment 10)	IMCO Bid Revised after Scope Reduction (April 26, 2011 Attachment 11)	IMCO Final Bid Schedule (May 20, 2011 Attachment 12)
10900-0000	Contingent Sum	\$ 25,000.00	\$ 25,000.00	100%	\$ -	\$ 25,000.00	\$ -	
15101-0000	Mobilization	\$ 21,000.00	\$ 500,000.00	100%	\$ -	\$ 4,960.00	\$ 12,000.00	\$ 12,000.00
15201-0000	Construction Survey and Staking	\$ 3,000.00	\$ 30,000.00	75%	\$ 7,500.00	\$ 9,020.00	\$ 10,000.00	\$ 10,000.00
15701-0000	Soil Erosion Control	\$ 5,000.00	\$ 10,000.00	50%	\$ 5,000.00	\$ 2,580.00	\$ 3,000.00	\$ 3,000.00
20102-0000	Clearing and Grubbing	\$ 5,000.00	\$ 30,000.00	100%	\$ -	\$ 6,300.00		
20302-1200	Removal and Resetting of Guardrail	\$ 3,000.00	\$ 3,500.00	50%	\$ 1,800.00	\$ 2,118.00	\$ 2,000.00	\$ 2,000.00
20304-1000	Removal of Structures and Obstructions	\$ 10,000.00	\$ 80,000.00	100%	\$ -	\$ 8,000.00		
20315-0000	Sawcutting, Asphalt Pavement	\$ 480.00	\$ 480.00	100%	\$ -	\$ 614.40		
25101-1000	Placed Riprap, Class 1	\$ 10,000.00	\$ 7,000.00	0%	\$ 7,000.00	\$ 1,728.00	\$ 2,000.00	\$ 2,000.00
30130-0000	Aggregate Base, Grading C, 8 inch depth	\$ 1,650.00	\$ 1,980.00	0%	\$ 1,980.00	\$ 347.60		
30107-0000	Subbase, Grading A, 24-inch Depth	\$ 3,300.00	\$ 5,500.00	0%	\$ 5,500.00	\$ 57.20		
40301-0000	Hot Asphalt Concrete Pavement, Grading B, 3-inch Depth	\$ 1,650.00	\$ 3,300.00	0%	\$ 3,300.00	\$ 576.40	\$ 8,000.00	\$ 8,000.00
40301-0100	Hot Asphalt Concrete Friction Course, Grading F, 3/4-inch Depth	\$ 1,210.00	\$ 2,860.00	0%	\$ 2,860.00	\$ 433.40	\$ 7,000.00	\$ 7,000.00
55201-01000	Reinforced Concrete, Inlet Structure	\$ 17,000.00	\$ 65,000.00	0%	\$ 65,000.00	\$ 65,000.00	\$ 60,000.00	\$ 70,000.00
55201-0200	Reinforced Concrete, Outlet Structure	\$ 12,000.00	\$ 150,000.00	0%	\$ 150,000.00	\$ 24,500.00	\$ 20,000.00	\$ 50,000.00
60201-0100	48" Reinforced Concrete pipe culvert, Class V	\$ 80,000.00	\$ 24,000.00	50%	\$ 12,000.00			
62501-0100	Turf Establishment	\$ 3,000.00	\$ 20,000.00	0%	\$ 20,000.00	\$ 2,650.00	\$ 3,000.00	\$ 3,000.00
63401-1501	Pavement Markings, Type H, 4" Wide, Solid Line, White	\$ 2,000.00	\$ 4,000.00	0%	\$ 4,000.00	\$ 1,310.00		
63401-1503	Pavement Markings, Type H, 4" Wide, Solid Line, Yellow	\$ 2,000.00	\$ 4,000.00	0%	\$ 4,000.00	\$ 1,310.00		
63501-0000	Temporary Traffic Control	\$ 10,000.00	\$ 40,000.00	50%	\$ 20,000.00	\$ 4,760.00	\$ 5,000.00	\$ 5,000.00
	Dewatering/Flow Diversion						\$ 4,000.00	\$ 4,000.00
	Demolish and Remove Existing Outlet Structure						\$ 5,000.00	\$ 5,000.00
	Remove Existing Portion of in-place culvert and install new Culvert complete in-place						\$ 16,765.00	\$ 16,765.00
	Pavement Markings, complete in place						\$ 3,500.00	\$ 3,500.00
	Total	\$ 216,290.00	\$ 1,006,720.00		\$ 309,940.00	\$ 161,265.00	\$ 161,265.00	\$ 201,265.00

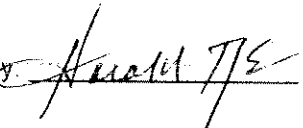
IMCO's cost for the Umatac Culvert Site was increased from the original bid to the bonding company by \$40,000. The reason for the increase in cost is due to the prices IMCO proposed for the Inlet and Outlet structures. IMCO was requested to reevaluate these costs and provided revised costs (Attachment 12). The revised costs were deemed to be reasonable, when comparing against Chi Construction's cost for similar work associated with the Inlet and Outlet structures.

Overall when comparing IMCO's Final Bid Schedule cost for the work at the Umatac Culvert site against Chi Construction's adjusted costs IMCO's cost is 35 percent less than the "Government Estimate to Complete the Site".

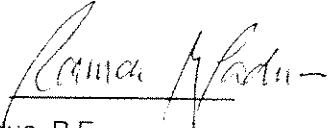
The costs for the Cetti Bay wall site and the Umatac Culvert sites were subsequently incorporated into Attachment A of the Formal Contract. A copy is included as Attachment 13 to this Procurement Memorandum.

DPW also had concerns with IMCO and their ability to complete the project. An interview of IMCO was conducted by Ken Rekdahl (DCA) and Mike Sadowski of Parsons Transportation Group (PTG). After discussing the project with IMCO and the challenges in completing the project both Ken Rekdahl and Mike Sadowski felt comfortable that IMCO had an understanding of the issues and complexities of the project and possessed the capabilities to complete the project.

Based on the information listed above and contained herein, it is determined the cost of \$3,815,491.00 from IMCO General Contracting, Inc. represents a fair and reasonable cost to complete the work with the condition and present state of the project.

Prepared by: 


Harold Tye
Contracts & Procurement Manager
Parsons Transportation Group Inc.
Date: 5/20/2011

Concurred by: 

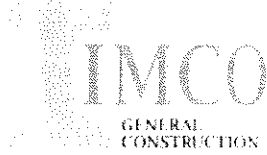
Ramon B. Padua, P.E.
Chief Engineer- Highways
Department of Public Works
Date: 05/20/2011

Submitted by: 

Michael Lanning
Construction Manager
Parsons Transportation Group Inc.
Date: 5/20/2011

Approved by: 

JOANNE M.S. BROWN
Director
Department of Public Works
Date: 5/20/11



PROPOSAL

Tony Anderson
 IMCO General Construction
 Building 17-3311 Corsair Road
 Tiyan, Guam 96921
 671-477-3405

04/17/2011

RN K Architecture
 241 Condo Lane Suite 527
 Tamuning, GU 96913

JOB		LOCATION	START DATE			
3111 - Culvert Repair Route 2			04/25/2011			
ITEM	DESCRIPTION	QUAN	UNIT	UNIT PRICE	EXT PRICE	
100	Contingent Sum	1.000	LS	\$50,000.00	\$50,000.00	
200	Mobilization	1.000	LS	\$711,252.93	\$711,252.93	
300	Construction Survey and Staking	1.000	LS	\$10,574.17	\$10,574.17	
400	Soil and Erosion Control	1.000	LS	\$5,314.22	\$5,314.22	
500	Clearing and Grubbing	1.000	LS	\$7,386.53	\$7,386.53	
600	Removal and Resetting of Guardrail	240.000	LF	\$ 34.81	\$8,354.40	
700	Removal of Structures and Obstructions	1.000	LS	\$1,400.54	\$1,400.54	
800	Sawcutting Asphalt Pavement	100.000	LF	\$ 22.51	\$2,251.00	
850	Placed Riprap, Class 1	75.000	CY	\$ 101.31	\$7,598.25	
900	Aggregate Base Grading C, 8" depth	270.000	SY	\$ 24.96	\$6,739.20	
1000	Subbase Grading A, 24" Depth	270.000	SY	\$ 3.82	\$1,031.40	
1100	Hot Asphalt Concrete Pavemnt, Grading B, 3" Depth	270.000	SY	\$ 110.42	\$29,813.40	
1200	Hot Asph. Conc. Friction Course, Grading E 3/4" de	230.000	SY	\$ 99.50	\$22,885.00	
1300	Reinf. Conc. Inlet Structure	1.000	LS	\$127,042.00	\$127,042.00	
1400	Reinf. Conc. Outlet Structure	1.000	LS	\$279,094.39	\$279,094.39	
1500	48" Reinf. Conc. Pipe Class V	264.000	LF	\$3,150.00	\$831,600.00	
1600	Riprap Class 1	220.000	CY	\$ 150.00	\$33,000.00	
1700	Turf Establishment	1.000	LS	\$3,109.20	\$3,109.20	

ITEM	DESCRIPTION	QUAN	UNIT	UNIT PRICE	EXT PRICE
1800	Pvmt. Marking type H,4" Wide, Solid Line, White	200.000	LF	\$ 7.69	\$1,538.00
1900	Pvmt. Marking type H,4" Wide, Solid Line, Yellow	200.000	LF	\$ 7.69	\$1,538.00
2000	Temporary Traffic Control	1.000	LS	\$25,571.05	\$25,571.05
2005	Field Office	1.000	LS	\$264,717.85	\$264,717.85
Total Bid for Cetti River Culver					\$2,431,811.53
2500	Contingent Sum	1.000	LS	\$58,649.32	\$58,649.32
2600	Mobilization	1.000	LS	\$5,823.22	\$5,823.22
2700	Construction Survey and Staking	1.000	LS	\$10,574.17	\$10,574.17
2800	Soil and Erosion Control	1.000	LS	\$5,314.22	\$5,314.22
2900	Clearing and Grubbing	1.000	LS	\$7,386.53	\$7,386.53
3000	Removal and Resetting of Guardrail	320.000	LF	\$ 34.80	\$11,136.00
3100	Removal of Structures and Obstructions	1.000	LS	\$5,024.65	\$5,024.65
3200	Sawcutting Asphalt Pavement	100.000	LF	\$ 15.01	\$1,501.00
3250	Placed Riprap, Class 1	75.000	CY	\$ 150.00	\$11,250.00
3300	Aggregate Base Grading C, 8" depth	290.000	SY	\$ 18.46	\$5,353.40
3310	Subbase Grading A, 24" Depth	290.000	SY	\$ 3.06	\$ 887.40
3400	Hot Asphalt Concrete Pavemnt, Grading B,3-"Depth	290.000	SY	\$ 110.42	\$32,021.80
3500	Hot Asph. Conc. Friction Course, Grading E 3/4" de	200.000	SY	\$ 99.50	\$19,900.00
3600	Reinf. Conc. Inlet Structure	1.000	LS	\$39,946.40	\$39,946.40
3700	Reinf. Conc. Outlet Structure	1.000	LS	\$199,954.62	\$199,954.62
3800	48" Reinf. Conc. Pipe Class V	282.000	LF	\$2,050.00	\$578,100.00
3900	Drainage Drop Inlet	1.000	EA	\$119,178.64	\$119,178.64
4000	Paved Waterway Concrete swale	18.000	CY	\$ 512.65	\$9,227.70
4200	Turf Establishment	1.000	LS	\$3,109.20	\$3,109.20
4300	Pvmt. Marking type H,4" Wide, Solid Line, White	320.000	LF	\$ 7.69	\$2,460.80
4400	Pvmt. Marking type H,4" Wide, Solid Line, Yellow	320.000	LF	\$ 7.69	\$2,460.80
4500	Temporary Traffic Control	1.000	LS	\$5,588.47	\$5,588.47
Total Bid for Sella River Culver					\$1,134,848.34
4600	Contingent Sum	1.000	LS	\$25,000.00	\$25,000.00
4650	Mobilization	1.000	LS	\$4,960.00	\$4,960.00
4700	Construction Survey and Staking	1.000	LS	\$9,020.00	\$9,020.00
4800	Soil and Erosion Control	1.000	LS	\$2,580.00	\$2,580.00
4900	Clearing and Grubbing	1.000	LS	\$6,300.00	\$6,300.00
5000	Removal and Resetting of Guardrail	60.000	LF	\$ 35.30	\$2,118.00
5100	Removal of Structures and Obstructions	1.000	LS	\$8,000.00	\$8,000.00
5200	Sawcutting Asphalt Pavement	48.000	LF	\$ 12.80	\$ 614.40
5250	Placed Riprap, Class 1	20.000	CY	\$ 86.40	\$1,728.00
5300	Aggregate Base Grading C, 8" depth	22.000	SY	\$ 15.80	\$ 347.60

ITEM	DESCRIPTION	QUAN	UNIT	UNIT PRICE	EXT PRICE
5400	Subbase Grading A, 24" Depth	22.000	SY	\$ 2.60	\$ 57.20
5500	Hot Asphalt Concrete Pavemnt, Grading B, 3" Depth	22.000	SY	\$ 26.20	\$ 576.40
5600	Hot Asph. Conc. Friction Course, Grading E 3/4" de	22.000	SY	\$ 19.70	\$ 433.40
5700	Reinf. Conc. Inlet Structure	1.000	LS	\$65,000.00	\$65,000.00
5800	Reinf. Conc. Outlet Structure	1.000	LS	\$24,500.00	\$24,500.00
6100	Turf Establishment	1.000	LS	\$2,650.00	\$2,650.00
6200	Pvmt. Marking type H, 4" Wide, Solid Line, White	200.000	LF	\$ 6.55	\$1,310.00
6300	Pvmt. Marking type H, 4" Wide, Solid Line, Yellow	200.000	LF	\$ 6.55	\$1,310.00
6400	Temporary Traffic Control	1.000	LS	\$4,760.00	\$4,760.00
Total bid Umatac Baseball Culvert					\$161,265.00
6500	Contingent Sum	1.000	LS	\$20,000.00	\$20,000.00
6600	Mobilization	1.000	LS	\$4,960.00	\$4,960.00
6700	Construction Survey and Staking	1.000	LS	\$5,000.00	\$5,000.00
6800	Soil and Erosion Control	1.000	LS	\$1,970.00	\$1,970.00
7100	Aggregate Base Grading C, 8" depth	50.000	SY	\$ 15.70	\$ 785.00
7200	Reinforced Concrete Wall	120.000	CY	\$ 450.00	\$54,000.00
7300	Gurdrails G4 w-beam connection to wall ends fl 350	1.000	LS	\$4,590.00	\$4,590.00
7400	Temporary Traffic Control	1.000	LS	\$4,760.00	\$4,760.00
Total bid for Cetti Bay slide					\$96,065.00
Total Subtotal					\$3,823,989.87
TOTAL:					\$3,823,989.87

*****The above unit pricing schedule is only intended to be used as a schedule of values to help with monthly payment applications. This is not a unit price offer. This is a lump sum offer only*****

Due to the nature of this work and the very short weather window to complete the work this price is only valid for 5 business days. We have crews and equipment available to begin this work immediately. Due to the severity of the existing conditions we feel it is imperative that this project begin no later than April 25, 2011.

The scope of works is detailed out in the contract documents. With the following additions.

- 1 IMCO is aware of the stop work order and understands the conditions of the stop work order. We have included in our cost estimate the remedial work listed in February 9th letter from Public works to Hub Tech.
- 2 IMCO is unable to guarantee the we will be able to meet the contract specified Friction Course asphalt as this mix design does not appear to be available on Guam. Our cost estimate includes the available Friction Course provided by HRP.
- 3 We have included the quantity of American made re-inforcing steel in the Cetti Slide cast in place wall.
- 4 The Traffic control items that are on the job must remain. Our proposal is contingent upon taking ownership of all traffic control devices on the project.
- 5 Contract Modification will need to be issued changing the contract from a unit price contract to a lump sum contract. With the firm understanding that this does not relieve the owner from any change orders that are directly ordered by the owner outside of the existing contract and also any unforeseen change of conditions that are discovered.

The enclosed bid prices are based on mutually acceptable terms, conditions to the existing contract.

Lanning, Michael

From: Tony Anderson [TAnderson@imcoconstruction.com]
Sent: Tuesday, May 10, 2011 3:27 PM
To: Tye, Harold; Lanning, Michael
Cc: Frank Imhof; Graham Johnston
Subject: FW: Route 2 BID SCHEDULE
Attachments: Route 2 BID SCHEDULE.doc

Attachment 12
Procurement Memorandum
GU-NH-0002(104)

Mr. Tye,

Please find attached our revised bid pricing schedule.

We will hand deliver the signed contract by the close of business today 5-10-11.

Tony

From: Graham Johnston
Sent: Monday, May 09, 2011 10:18 PM
To: Tony Anderson
Subject: Route 2 BID SCHEDULE

REVISED BID SCHEDULE

ROUTE 2 CULVERTS AND SLIDE REPAIR

PROJECT NO. GU-NH-0002(104)

Delete the project Bid Schedule, Route 2 Culverts and slide repair, Project No. GU-NH-0002(104), BS-1 (AD-2) through BS-9 (AD-2), and replace with the following revised bid schedule:

The contractor shall insert a lump sum price opposite each pay item name.

Unit price payment provisions of the contract no longer apply. All pricing shall be lump sum as noted on the bid schedule. The contractor shall submit a schedule of values for the lump sum pay items of work with payments to be determined based on progress as verified by the Government.

Route 2 Culverts and Slide Repair
Project No. GU-NH-0002(104)

Project Title: Route 2 Culverts and Slide Repair
Project Number: GU-NH-0002(104)
Location: Agat and Umatac

Revised Bid Schedule (Lump Sum)			
Pay Item	Description	Unit	Bid Amount
I	Cetti River Culvert		
15101	Mobilization. Inclusive of permit fees, bonding and insurance	LPSM	\$700,000.00
15201	Construction Survey and Staking	LPSM	\$11,000.00
15701	Soil Erosion Control	LPSM	\$40,000.00
20801	Dewatering/Flow diversion	LPSM	\$150,000.00
20301	Remove and reset guardrail (DPW to provide 75ft of approved guardrail for install)	LPSM	\$9,000.00
20401	Site Backfill at downstream side of existing Culvert(s)	LPSM	\$175,000.00
20301	Demolish and remove existing inlet structure , outlet structure and existing culvert	LPSM	\$15,000.00
60201	Install new Culvert complete in place*	LPSM	\$650,000.00
55201	New inlet Structure, Complete in place	LPSM	\$140,000.00
55201	New Outlet Structure, complete in place	LPSM	\$300,000.00
60801	Riprap, complete in place	LPSM	\$40,000.00
62501	Turf Establishment, complete in place	LPSM	\$4,000.00
40301	New Pavement (3-inch), complete in place.	LPSM	\$35,000.00
40301	New Friction Course, complete in place	LPSM	\$30,000.00
63401	New Pavement markings, Complete in place	LPSM	\$7,000.00
63501	Temporary Traffic Control	LPSM	\$31,000.00
63701	Field Office	LPSM	\$94,811.00
	<i>Total Bid Amount for Cetti River Culvert</i>	<i>LPSM</i>	<i>\$2,431,811.00</i>

*The Department of Public Works will provide to the contractor 540ft of approved 48-inch plastic culvert pipe as a government furnished item.

*Route 2 Culverts and Slide Repair
Project No. GU-NH-0002(104)*

Project Title: Route 2 Culverts and Slide Repair
Project Number: GU-NH-0002(104)
Location: Agat and Umatac

Revised Bid Schedule (Lump Sum)			
Pay Item	Description	Unit	Bid Amount
2	Sella River Culvert		
15101	Mobilization, inclusive of permit fees, bonding and insurance	LPSM	\$15,000.00
15201	Construction Survey and Staking	LPSM	\$11,000.00
15701	Soil Erosion Control	LPSM	\$25,000.00
20801	Dewatering/Flow diversion	LPSM	\$25,000.00
20801	Inlet Cofferdam/Flow Diversion	LPSM	\$90,000.00
20301	Remove and reset Guardrail	LPSM	\$2,000.00
20301	Demolish and remove existing inlet structure, outlet structure and existing culvert	LPSM	\$12,000.00
60201	Install new Culvert complete in place*	LPSM	\$488,850.00
55201	New inlet Structure, Complete in place	LPSM	\$160,000.00
55201	New outlet Structure, complete in place	LPSM	\$200,000.00
60801	Riprap, complete in place	LPSM	\$15,000.00
62501	Turf Establishment, complete in place	LPSM	\$4,000.00
40301	New Pavement (3-inch), complete in place.	LPSM	\$30,000.00
40301	New Friction Course, complete in place	LPSM	\$25,000.00
63401	New Pavement markings, complete in place	LPSM	\$7,000.00
63501	Temporary Traffic Control	LPSM	\$25,000.00
	<i>Total Bid Amount for Sella River Culvert</i>	<i>LPSM</i>	<i>\$1,134,850.00</i>

*The Department of Public Works will provide to the contractor 540ft of approved 48-inch plastic culvert pipe as a government furnished item.

*Route 2 Culverts and Slide Repair
Project No. GU-NH-0002(104)*

Project Title: Route 2 Culverts and Slide Repair
Project Number: GU-NH-0002(104)
Location: Agat and Umatac

Revised Bid Schedule (Lump Sum)			
Pay Item	Description	Unit	Bid Amount
3	Umatac Baseball Culvert		
15101	Mobilization. Inclusive of permit fees, bonding and insurance	LPSM	\$12,000.00
15201	Construction Survey and Staking	LPSM	\$10,000.00
15701	Soil Erosion Control	LPSM	\$3,000.00
20801	Dewatering/Flow diversion	LPSM	\$4,000.00
20301	Remove and reset Guardrail	LPSM	\$2,000.00
20301	Demolish and remove existing outlet structure	LPSM	\$5,000.00
60201	Remove existing portion of in-place culvert and Install new Culvert complete in place	LPSM	\$16,765.00
55201	New inlet Structure, Complete in place	LPSM	\$60,000.00
55201	New Outlet Structure, complete in place	LPSM	\$20,000.00
60801	Riprap, complete in place	LPSM	\$2,000.00
62501	Turf Establishment, complete in place	LPSM	\$3,000.00
40301	New Pavement (3-inch), complete in place.	LPSM	\$8,000.00
40301	New Friction Course, complete in place	LPSM	\$7,000.00
63401	New Pavement markings, complete in place	LPSM	3,500.00
63501	Temporary Traffic Control	LPSM	\$5,000.00
	<i>Total Bid Amount for Umatac Baseball Culvert</i>	<i>LPSM</i>	<i>\$161,265.00</i>

*Route 2 Culverts and Slide Repair
Project No. GU-NH-0002(104)*

Project Title: Route 2 Culverts and Slide Repair
Project Number: GU-NH-0002(104)
Location: Agat and Umatac

Revised Bid Schedule (Lump Sum)			
Pay Item	Description	Unit	Bid Amount
4	Cetti Bay Slide		
15101	Mobilization. Inclusive of permit fees, bonding and insurance	LPSM	\$6,000.00
15201	Construction Survey and Staking	LPSM	\$5,000.00
15701	Soil Erosion Control	LPSM	\$1,000.00
61701	Install new guardrail and end treatments, complete in place	LPSM	\$54,565.00
61701	Restore shoulder and concrete swale to original condition	LPSM	\$20,000.00
63501	Temporary Traffic Control	LPSM	\$1,000.00
	<i>Total Bid Amount for Cetti Bay Slide</i>	<i>LPSM</i>	<i>\$87,565.00</i>
	Total Bid Amount for Cetti Bay Culvert, Sella Bay Culvert, Umatac Baseball Culvert and Cetti Bay Slide	LPSM	\$3,815,491.00
	All Bid items are complete in place as per the design plans and specifications, unless otherwise noted above		

Richard Reed

From: Tom Anderson [toma@blackguam.com]
Sent: Thursday, March 31, 2011 10:33 AM
To: rr@rnkarchitects.com
Subject: Price

Richard,

Black Construction has completed the pricing for the reconstruction and rehabilitation of Route 2 culverts at Sella Bay and Cetti Bay only, Project ID No. GU-NH-0002(104) dated April 30, 2009. The price to complete the two locations per plans and specifications is \$5,007,388.00. In addition to the original scope of work, to repair damaged existing conditions Black Construction's price is \$475,378.00.

Yours truly,

Thomas E. Anderson
Exec. VP
Black Construction

IMCO 0019

sellaculvert

SELLA & CETTI BAY CULVERT REPAIR		TOTAL
1.00	MOBILIZATION and OTHER INDIRECT COSTS	869,173.00
2.00	ENVIRONMENTAL PROTECTION	32,972.00
3.00	STABILIZE ACCESS	64,446.00
4.00	REMOVE/RE-INSTALL GUARDRAILS	25,965.00
5.00	GUARDRAIL REPLACEMENTS	19,148.00
6.00	WATER DIVERSION AND DEWATERING	296,756.00
7.00	REMOVE & DISPOSE EXISTING RCP	189,056.00
8.00	TRAFFIC CONTROL AT CETTI SITE	125,310.00
9.00	48" DIA HDPE DRAINAGE AT CETTI SITE	844,970.00
10.00	INLET STRUCTURE AT CETTI SITE	316,307.00
11.00	OUTLET STRUCTURE AT CETTI SITE	263,472.00
12.00	RIP-RAP AT CETTI SITE	31,036.00
13.00	GRADING AT CETTI SITE	99,165.00
14.00	AC PAVEMENT RESTORATION AT CETTI SITE	69,411.00
15.00	TRAFFIC CONTROL AT SELLA SITE	13,366.00
16.00	48" DIA HDPE DRAINAGE AT SELLA SITE	851,974.00
17.00	INLET STRUCTURE AT SELLA SITE	251,898.00
18.00	OUTLET STRUCTURE AT SELLA SITE	454,746.00
19.00	RIP-RAP AT SELLA SITE	13,028.00
20.00	JUNCTION BOX AT SELLA SITE	16,336.00
21.00	GRADING AT SELLA SITE	39,862.00
22.00	AC PAVEMENT RESTORATION AT SELLA SITE	66,854.00
23.00	CONCRETE LINE SWALE AT SELLA SITE	12,137.00
24.00	ADDITIONAL WORK DUE TO EXISTING CONDITIONS	475,378.00
GRAND TOTAL		5,482,766.00



April 6, 2011

Reed & Kim, PLLC
241 Condo Lane, Suite 527
Tamuning, GU 96913

Attention: Richard Reed

Subject: Reconstruction/Rehabilitation of Route 2 Culverts Agat and Umatac.

Dear Mr. Reed:

On behalf of dck pacific guam, LLC, we are pleased to submit our budgetary estimate for Route 2 Culverts based on bid documents provided Drawings & specifications date received 23 March 2011.

Our budgetary estimate is \$ 5, 214, 360. dck proposes to perform the work at Cost Plus 20% Fee. Estimated period of performance: 12 months after receipt of NTP.

An itemized billing and list of costs shall be provided monthly and you as the client would have full audit rights on our work. We require bi-weekly progress payments.

Note the budgetary estimate includes government agency coordination, temporary site access, temporary traffic control, demolition and removal of previously completed work, existing pipe work, sheet piling and interior support system, excavation, trenching, backfill, all concrete work, power line relocation, landscape restoration, road restoration road including traffic signs and markings.

Attachment:

- Budgetary Bid Schedule. This is only for evaluation purposes and each line item is not a stand alone price.
- Preliminary Construction schedule

Qualifications:


- Based on your instruction to us, you have the approval from DPW the use of 48" diameter Corrugated HDPE pipe in lieu of RC pipes as shown in the design plan
- We excluded the Testing, removal and disposal of hazardous material (such as, lead, asbestos containing material, contaminated soils) and any delays resulting from the presence of such material.

- We excluded the cost associated with site investigation and disposal, if any, for unexploded WWII ordinance.
- We excluded the cost or delay to construction associated with the on-site discovery of archeological or ancestral remains.
- We excluded any cost of Additional mobilization and demobilization resulting from work stoppages not caused by Contractor.
- Standard warranty for one (1) year included unless otherwise noted.
- Builders All Risk Insurance
- We excluded building permit, government and environmental permits. We understand you already have this.
- Due to the nature of our proposal, no payment and performance bond shall be provided.
- We considered your offer to use of 2 acres property that owned by previous original contractor as our staging area located in Agat.
- We allowed concrete in lieu of Basalt Subbase and Base Course Materials
- Owner will allow dek Pacific Guam to use all the traffic signage, barricades, cones, lights, etc. currently present on site.
- Owner will allow dek Pacific Guam to use all structural steel currently present on site.

Should this proposal meet with your approval, we stand ready to commence work immediately.

We thank you for the opportunity to submit our price proposal. If you have any questions or need clarifications, please feel free to contact me or Nelson Degala at 671-647-5500.

Very truly yours,
dek pacific guam, LLC


Theron Holloway
Sr. Vice President & General Manager

cc: M. Brodie
C. Ledesma

PERFORMANCE AND PAYMENT BONDS

KNOW ALL MEN BY THESE PRESENTS that

IMCO GENERAL CONSTRUCTION, INC.

(Name of Contractor)

hereinafter called the Contractor and

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

(Name of Surety)

a corporation duly organized under the laws of the State of MARYLAND and authorized to transact business in the Territory of Guam, as Surety, are held and firmly bound unto the Government of Guam, as obligee, hereinafter called the Government for use and benefit of claimants as herein below defined, in the amount of ~~HUNDRED NINETY ONE AND NO/100~~ **THREE MILLION EIGHT HUNDRED FIFTEEN THOUSAND FOUR** (\$ ~~3,815,491.00--~~ **3,815,491.00--**) for the payment whereof the Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Contractor has by written Agreement dated _____, ~~2009~~ **2011**, entered into a Contract with the Government of Guam for the **ROUTE 2 CULVERTS AND SLIDE REPAIR, PROJECT NO. GU-NH-0002 (104)**, in accordance with drawings, Specifications and documents prepared by the Department of Public Works, which Contract is by reference made a part hereof, and is hereinafter referred to as the Contract.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that, if the Contractor shall promptly and faithfully perform said Contract, and shall promptly make payment to all claimants as hereinafter defined for all labor and material used or reasonably required for use in the performance of the Contract, then this obligation shall be null and void; otherwise it shall remain in full force and effect, subject, however, to the following conditions:

- A. The Surety hereby waives notice of any alteration or extension of the time made by the Government provided the same is within the scope of the Contract.
- B. Whenever Contractor shall be and is declared by the Government to be in default under the Contract, the Government having performed territorial obligations thereunder, the Surety may promptly remedy the default or shall promptly:
 - 1. Complete the Contract in accordance with its terms and conditions; or
 - 2. Obtain a bid or bids for completing the Contract in accordance with its terms and conditions, and upon determination by the Government and the Surety of the lowest responsive, responsible bidder, arrange for a Contract between such bidder and the Government, and make available as work progresses (even though there should be a default or a succession of defaults under the Contract or Contracts of completion arranged under this paragraph) sufficient funds to pay the cost of completion less than balance of the Contract price, but not exceeding, including other costs and damages for which the Surety may be liable hereunder, the amount set forth in the first paragraph

SIGNED AND SEALED THIS 5TH day of MAY, 2011
~~2009~~


IN THE PRESENCE OF:

(Note: If the Principals are Partners, each must execute the Bond)


SATOMI KOBAYASHI
(WITNESS)


IMCO GENERAL CONSTRUCTION, INC.

(CONTRACTOR) (SEAL)

(TITLE)

HIDENOBU TAKAGI FOR
GERALD F. HALEY
(MAJOR OFFICER OF SURETY)


HIDENOBU TAKAGI FOR
WILLIAM J. MILLS
(MAJOR OFFICER OF SURETY)

ASSISTANT SECRETARY
(TITLE)

VICE PRESIDENT
(TITLE)

TAKAGI & ASSOCIATES, INC.
(RESIDENT GENERAL AGENT)