



CITY OF COSTA MESA

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FROM THE DEPARTMENT OF PUBLIC WORKS/ENGINEERING DIVISION

Sent by Certified Mail and by E-Mail to
stely907@yahoo.com

March 10, 2026

Stelian Onufrei
Diamond Construction & Design
638 Camino De Los Mares #H130-513
San Clemente, CA, 92673

SUBJECT: REJECTION OF BID FOR 2025 ALLEY REHABILITATION PROJECT (ALLEY NOS. 19B, 20, 21, 26, 27, 45, 53, 57, 84, 98, & 115) - CITY PROJECT NO. 25-17

Dear Mr. Stelian Onufrei,

The City of Costa Mesa ("City") has completed its review of the bids submitted on January 27, 2026, in response to the Notice Inviting Bids for the 2025 Alley Rehabilitation Project (the "Project"). Your firm, Diamond Construction & Design ("Diamond"), submitted a bid that City staff has determined to be non-responsive to the City's requirements. Specifically, Diamond's bid was found to be non-responsive for each of the following reasons:

1. Unbalanced Bid: Under Federal Acquisition Regulation (FAR) 14.408-2, a public agency may reject a bid that contains materially unbalanced or unreasonably low unit pricing. The unit prices submitted by Diamond for Bid Item No. 7 – Construct 6" PCC with Buckeye UltraFiber 500 over Compacted native, including 1-foot-wide AC Slot Paving (6" AC / native) are significantly below reasonable and verifiable material and labor costs.

For Bid Item No. 7, the description clearly specifies all costs that must be included. This bid item requires the purchase of all materials and supplies, including labor per the typical sections and details shown on the plans and specifications – including subgrade preparation, compaction, forms, PCC, Buckeye UltraFiber 500, finishing, 1' wide asphalt concrete slot paving over native (95% relative compaction), expansion joints, weakened plane joints, backfilling, restoring form areas and all labor, materials, tools, equipment and incidentals as required to complete the work.

The cost of the majority of the concrete material with Buckeye Fiber alone at 6 inches thick is approximately \$207,204. The industry cost of concrete with Buckeye Fiber is estimated at \$201 per cubic yard or \$3.72 per square foot. This cost does not include labor, installation, overhead, or contractor markup. In addition to this material cost, the contractor is required to include all labor, installation, overhead, and contractor markup, along with completing all grading, subgrade preparation, and maintenance period components associated with this bid item.

Diamond's proposed price for Bid Item No. 7 is \$158,745, which does not cover the verified cost of the materials alone. The average cost submitted by the 15 bidders for this bid item is \$673,524.40, which is approximately 324% higher than Diamond's submitted amount.

If Diamond intends to use a different material, a substitution request was required to be submitted and approved by addendum prior to the bid due date in accordance with Section 18 of the Information for Bidders. No such request was submitted for the specified "Buckeye Fiber" material; therefore, the contractor is required to use the specified material.

Bid Item No. 7 is a critical component of the project, representing approximately 44% of the total contract value based on the average of the remaining 14 bids. As a primary scope item, it must reflect accurate and complete pricing to ensure proper execution and delivery of the work.

This substantial discrepancy demonstrates that the proposed unit price is unreasonably low and materially unbalanced. This price is substantially below reasonable material and labor cost expectations and render the bid unbalanced, posing financial and performance risks, potentially resulting in construction delays, and preventing equitable comparison with other bids.

2. Blanks in Bid Forms: Bid Proposal Page P1-a – Bid Item No. 1 "Mobilization (5% Maximum)": The unit prices for Bid Item No. 1 were left blank. Page B-1 of the Information for Bidders, Section 1, states that "All blanks in the bid form must be appropriately filled in." In addition, the notes on page P1-e specify that the unit prices shall control the bid amount. Because no unit price was provided, the total amount cannot be justified.

3. Missing Required Initials on Bid Forms: Section 1-6 of the "Bidding and Submission of the Bid" requires each bidder to initial each sheet of the proposal forms in the bottom right-hand corner. Diamond Construction & Design failed to initial the following pages:

- Bid Proposal Page P-5a (Chrisp Company) – bidder's initials missing.

4. Unsigned Addenda: Section 16, "Addenda," of the Information for Bidders requires that all addenda be acknowledged, signed, and included in the bid package at the time of submission. Failure to do so may render the bid irregular and subject to rejection.

Addenda No. 1 was included with the bid package; however, Diamond did not include the signed addenda acknowledgments within the proposal forms as required. Although signed copies were provided via email before bid opening, the bid package itself must contain executed addendum acknowledgments at the time of bid submission.

5. Qualifications and Experience: Per the project specifications and Page B-1, bidders must demonstrate that they are responsible and responsive by providing references for Public Works construction projects completed or in progress within the last five (5) years (Page B-1), and listing similar projects completed within the last 24 months (Page P-4). Per Page P-4, this information will be used to evaluate whether the bid is responsive to the call for bids.

The City's review of the reference list submitted by Diamond revealed that the listed projects are not comparable in scope, complexity, or contract value to the subject Project. Most involve small-

scale work, such as utility repairs, concrete slab replacements, or storm wall and water diversion improvements.

The only related projects — the City of Santa Ana Neighborhood Concrete Street Improvement Project (approximately \$700,000) and the City of Santa Ana Safe Routes to Schools Project (approximately \$1.5 million) for Unified School District elementary and intermediate schools — were completed approximately two to three years ago and are not comparable in scale or complexity to an Alley project. They did not involve reconstruction of concrete alleys across multiple locations, or the level of coordination required to manage construction across 11 separate alley sites as it required for this project. Additionally, they do not demonstrate experience with multi-site alley work requiring complex logistical coordination, public access management, utility conflict resolution, concurrent crew operations, or the use of specified fiber-reinforced concrete, including Buckeye UltraFiber 500 (or approved equal).

Comparable experience is necessary to ensure the contractor possesses the technical expertise, staffing, equipment capacity, coordination capability, and financial strength to successfully complete the Project.

Conclusion

The discrepancies identified above are each material, inhibit the City's ability to evaluate bids equitably, and demonstrate non-responsiveness to the requirements of the bid package. Accordingly, City staff has determined that the bid submitted by Diamond is non-responsive for each of the reasons set forth above.

The Project is scheduled to be presented to the City Council at 6:00 p.m. on and at the April 21, 2026, Council Meeting for award to the lowest responsive and responsible bidder. City staff will recommend the rejection of Diamond's bid at that date and time for the reasons identified above. If Diamond wishes to be heard, protest or otherwise object to the City's determination of non-responsiveness as set forth herein, Diamond must be present at the Council Meeting and must submit any written objection and/or evidence to the City Clerk's office, City Hall, 77 Fair Drive, Costa Mesa, CA 92626 on or before April 10, 2026.

Sincerely,



Seung Yang, P.E.
City Engineer

c: Raja Sethuraman, Public Works Director
Derek Wieske, Assistant City Engineer
Cristina Oquendo, Associate Engineer
Tarquin Preziosi, Assistant City Attorney
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