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March 20, 2009

OUR FILE NUMBER

5436-15751

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Re: City of Pasadena / Public Works - MTA Transit Project
[0793.001]
Manuel Brothers, Inc.

Dear Mayor Bogaard and Councilmembers:

As you are aware, this firm represents Manuel Brothers, Inc. ("Manuel Brothers"), in connection with the above-referenced matter. This letter will serve to address matters that were brought forward at the March 16, 2009 City Council Meeting regarding Manuel Brothers' bid on the above-referenced project. The legal issues in connection with those matters were accurately addressed by Ms. Barbara R. Gadbois, of Gibbs, Giden, Locher, Turner & Senet, in her memorandum to the Pasadena City Attorney dated March 19, 2009. Manuel Brothers fully concurs with Ms. Gadbois' legal analysis and it need not be repeated herein. However, some factual and legal issues do warrant further discussion.

**1. THERE IS NO FACTUAL OR LEGAL BASIS TO FIND
MANUEL BROTHERS IS A NON-RESPONSIBLE CONTRACTOR.**

Ms. Gadbois' memorandum presented three (3) potential options for the City Council at its March 23, 2009 meeting:

1. Award the contract to Manuel Brothers, as presented at the March 16, 2009 meeting;
2. Reject all bids and re-bid or abandon the Metro Rapid Bus project; or
3. Continue the item with formal written notice to Manuel Brothers of a non-responsibility

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process to determine whether Manuel Brothers is a responsible bidder, notify Manuel Brothers of any evidence of non-responsibility and provide Manuel Brothers an opportunity to rebut the evidence and provide evidence of its present responsibility to perform the work. If the City makes a final determination that Manuel Brothers is not a responsible bidder, the City may reject Manuel Brothers' bid, make a determination that the second low bidder is a responsible bidder who submitted the lowest bid and reject all other bids.

Although the City may of course always choose to reject all bids, there is no reason to do so here. Manuel Brothers' bid was responsive; Manuel Brothers is a responsible bidder; and Manuel Brothers' price was by far the lowest. To not accept Manuel Brothers' bid would be a disservice to the citizens of Pasadena. Further, to institute a non-responsibility hearing under such circumstances is clearly unwarranted. The only reasonable course of action is to award the contract to Manuel Brothers.

Manuel Brothers has demonstrated, through its performance of other projects in the area, that it is a responsible corporate citizen (not just a responsible bidder), will follow the law, and will do a good job for the City.

2. MANUEL BROTHERS WAS NOT LEGALLY MANDATED TO EXECUTE FORM DAS 7.

Manuel Brothers is legally not required to sign DAS Form 7 to be in full compliance with the California Labor Code and all applicable regulations regarding the employment of apprentices. Manuel Brothers will agree to employ apprentices in accordance with the California Apprenticeship regulations. Therefore, Manuel Brothers is in full compliance with California Labor Code §1777.5. Additionally, although not legally required, Manuel

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Brothers has and will execute DAS Form 140 to ensure that all union approved apprenticeship committees are encouraged to dispatch apprentices to this project. If any union refuses to send apprentices to Manuel Brothers because it is not a union signatory, that is the union's decision and Manuel Brothers is in full compliance with the law. (8 Cal. Code Regs. §230.1 (a)).

3. MANUEL BROTHERS COMPLIED WITH THE APPRENTICESHIP LAWS FOR EMPLOYING AND PAYING APPRENTICES

Although not legally required, Manuel Brothers submitted DAS Form 140 on the City of Pasadena's SR 710 Mitigation project. Manuel Brothers also went above and beyond the requirements of California prevailing wage laws and the contractual requirements with respect to prevailing wage laws for the SR 710 Mitigation project, and will do so on this project as well. Manuel Brothers' efforts on the SR 710 Mitigation project can be attested to by the determination of the City staff as set out in the memorandum of the Office of the City Manager dated March 23, 2009.

4. MANUEL BROTHERS IS IN COMPLIANCE WITH PREVAILING WAGE LAWS.

Manuel Brothers understands that the IBEW has raised allegations that work performed by a laborer was actually within the prevailing wage determination for an electrician on the SR 710 Mitigation project for the City of Pasadena. We understand that the employee is Mr. Carlos Ernesto Hurtado. Mr. Hurtado was not hired as an apprentice. He worked on the project as both a journeyman transportation systems technician and journeyman laborer, group one, and was paid prevailing wages accordingly. He was also paid overtime as applicable. Manuel Brothers has attached a sampling of certified payroll reports for Mr. Hurtado, evidencing the foregoing for your reference. The Council Members should have access to all Certified Payroll Reports on the SR 710 Mitigation project which further verify

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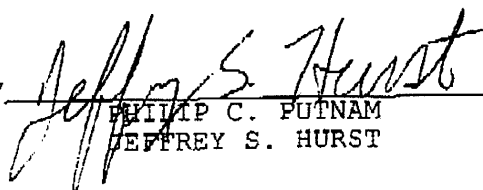
March 20, 2009
Page 6

that all workers were paid prevailing wages in the correct classification, and overtime if applicable.

There is no legal basis for disqualifying Manuel Brothers from this project, or to institute a non-responsibility proceeding against Manuel Brothers. Manuel Brothers will vigorously pursue every legal avenue available to it to oppose any such disqualification or non-responsibility process instituted in this matter.

Very truly yours,

MONTELEONE & McCRORY, LLP

By 
PHILIP C. PUTNAM
JEFFREY S. HURST

JSH/sr
enclosures

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- Barbara R. Gadbois, Esq.
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05 000

MANUEL BRDS. INC.
908 TAYLORVILLE ROAD
GRASS VALLEY CA 95949
530-272-4213 FED ID# 76-0577087

05 000

PPR494

DATE 1/18/08

WEEK ENDING - 01/12/2008
WAGE DECISION NO.
CONTRACT NUMBER

CERTIFIED PAYROLL REPORT
CITY OF PASADENA

PAGE 2 OF 3
Job # 40109
PAYROLL NO. 12
CITY OF PASADENA
SR-710 ATTIGATION

CONTRACT START 09/01/2007

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CARLOS ERNESTO HURTADO

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 GRASS VALLEY FED ID# 76-0577087
 530-272-4213
 PAGE 3 OF 5 PAYROLL NO. _____ CITY OF PASADENA
 Job # 40109 SR-710 MITIGATION CITY OF PASADENA
 CERTIFIED PAYROLL REPORT
 WEEK ENDING 02/09/2008
 WAGE DECISION NO. _____
 CONTRACT NUMBER _____
 CONTRACT START 09/01/2007

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 PAGE 2 OF _____ PAYROLL NO. _____
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05 000 MANUEL PROS, INC 908 TAYLORVILLE ROAD CA 95949
 GRASS VALLEY 530-272-4213 FED ID# 76-0577087
 CERTIFIED PAYROLL REPORT
 CITY OF PASADENA

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