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August 18, 2014

Via Electronic Mail [atlanticresponse@att.net] and USPS Regular Mail

Chris Dayke, President Atlantic Response, Inc. 12D Connerty Ct. East Brunswick, NJ 08816

RE:

Protest of Notice of Award of State Contract #T2656

RFP #14-X-22866 NJDEP Non-Emergency Remedial Action Services Term Contract

Dear Mr. Dayke:

This is in response to your letter received May 13, 2014, referencing the subject Request for Proposal ("RFP") and regarding the award of the subject contract by the Procurement Bureau of the Division of Purchase and Property ("the Division"). In your letter, you protest the slated award of Contract T2656 to Allstate Power Vac, Inc. ("Allstate") and CEMCO, Inc. ("CEMCO"), contending that both vendors submitted deficient proposals, which lacked mandatory and material RFP requirements. As such, you request the proposals be deemed non-responsive, the Notice of Intent to Award be rescinded, and a new award be made to Atlantic Response, Inc. ("Atlantic").

I have reviewed the record of this procurement, including the RFP, relevant statutes, regulations, and case law, and the proposals submitted by Allstate, CEMCO, and Atlantic. This review has provided me with the information necessary to determine the facts of this matter and to render an informed determination on the merits of Atlantic's protest.

By way of background, the Procurement Bureau issued the subject RFP on October 28, 2013, to solicit proposals from contractors "to provide services, including but not limited to, staging, sampling, loading, transporting, disposing, detecting, inspecting and investigating discharges of petroleum fuel, crude oil, or hazardous materials so as to prevent or remediate damage to the public health or environment and professional services including surveying, structural engineering, and laboratory analysis." The Bureau intended to award contracts to two responsible bidders, whose proposals, conforming to the RFP, were most advantageous to the State, price and other factors considered.

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As provided by RFP Section 1.3.1, *Electronic Question and Answer Period*, the Procurement Bureau accepted questions by potential bidders until November 14, 2013. In response to the questions received, the Bureau issued a total of four Addenda containing answers to the questions and additions, deletions, clarifications, and modifications to the RFP.

The Procurement Bureau received a total of 12 proposals by the revised submission deadline of December 31, 2014. Of the proposals received, two were deemed non-responsive and rejected by the Proposal Review Unit. The remaining proposals were reviewed for compliance with the specifications of RFP Section 7.0 *Contract Award*, and an Evaluation Committee performed a technical review and price comparison of the eight remaining responsive proposals.

Following an initial ranking of the proposals based on an analysis of technical proposals and cost reasonableness, the Evaluation Committee determined that six bidders were in a superior competitive range and, pursuant to RFP Section 6.8, requested a Best and Final Offer (BAFO) from these bidders. These six bidders included Allstate, Atlantic, and CEMCO.² In response to the BAFO, Allstate reduced its pricing by 1.6%, lowering its price ranking to second place; Atlantic and CEMCO declined to reduce their pricing. However, CEMCO's price remained the lowest offer after the BAFO procedure.

Thereafter, the Evaluation Committee recommended an award be made to CEMCO, ranked first in pricing and fifth technically, and Allstate, ranked second in pricing and second technically. CEMCO offered a total fixed price of \$4,997,585 and earned an average technical score of 727 points; Allstate offered a final price of \$5,225,950 and earned an average technical score of 760. Atlantic was ranked fourth in price, offering a firm fixed price of \$5,326,200 and was tied for second in technical ranking with an average score of 760 points. The Procurement Bureau issued a Notice of Intent to Award to Allstate and CEMCO on May 2, 2014.

Atlantic raises six points of protest in its letter: three contending that Allstate's proposal was deficient and three contending that CEMCO's proposal was deficient. With respect to Allstate, Atlantic claims "the Evaluation Committee failed to enforce numerous mandatory requirements of the RFP document that were missing from the Allstate proposal" and makes the following arguments: (1) "Allstate proposed Vallee Surveying LLC [("Vallee")] as the licensed surveyor but did not supply the mandatory copy of Vallee's license with [its] proposal" as mandated in RFP Section 4.4.4.4; (2) "Allstate supplied a copy of the engineer's license for Krysztof Kluk but did not supply the mandatory copy of the certificate of authorization with [its] proposal" as mandated by RFP Sections 4.4.1.6 and 4.4.4.4; and (3) On the *Ownership Disclosure Form*, Allstate listed "five (5) Partnerships/Corporations forms to disclose the chain of ownerships" but four of these forms were unsigned. Through its attorney, Allstate submitted a response to Atlantic's letter of protest on June 2, 2014.

¹ During this review, two more proposals, those submitted by Clean Venture, Inc. and TIER Environmental Services, Inc. were determined to be deficient but due to missing Public Works Registrations, as required by RFP Section 4.4.1. The Procurement Bureau deemed these proposals non-responsive and did not evaluate them for technical and pricing scores.

² Of the eight responsive proposals, two bidders were not extended a BAFO request due to their poor technical scores.

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In regard to CEMCO, Atlantic argues: (1) "On eleven (11) different line items, CEMCO entered the notation '-' (dash) instead of using a zero (0)." Because the "RFP clearly and unambiguously states any other notations, aside from a zero (0), shall result in the proposal being deemed non-responsive," CEMCO's proposal should be deemed non-responsive; (2) "CEMCO failed to submit the mandatory copy of the engineer's license and Certificate of Authorization for proposed engineer Matt Martin" as stipulated by RFP Section 4.4.1.6 and 4.4.4.4; and (3) "CEMCO proposed the use of CIE Electrical Contractors for use as their electrician subcontractor" yet "failed to supply the mandatory copy of CIE's Public Works Certificate with [its] proposal" as stipulated in RFP Section 4.4.1.7. CEMCO submitted a response to Atlantic's letter of protest on July 31, 2014.

ALLSTATE

Concerning Atlantic's first point of protest, that Allstate's proposal did not include a copy of its proposed licensed surveyor's license, the record reveals that Allstate did not provide a copy of the license for Vallee, its proposed surveyor. However, Allstate did include a copy of Vallee's Department of Labor and Workforce Development ("DLWD") Public Works Contract Registration and the Certificate of Authorization issued by the Division of Consumer Affairs.

The RFP provided the following specifications concerning licensed surveyors:

4.4.4.4 LABOR/PERSONNEL REQUIREMENTS

The bidder is required to provide personnel with the appropriate qualifications and experience to perform work under this contract. The anticipated personnel categories and required qualifications are identified in this section.

PERSONNEL:

. . . .

F) Licensed Surveyor

<u>Duties/Responsibilities</u> - The surveyor shall have the ability to perform the tasks described in Section 3 of the RFP.

Qualifications

- 1. The surveyor shall possess a NJ license.
- 2. The surveying firm shall have certificate of authorization.
- 3. The license shall be in good standing and effective at the time of proposal submission and a copy of the license(s) shall be submitted with the proposal.

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Hazardous waste training or medical clearance per 29 CFR 1910.120 is not required. The Contractor must inform the State Contract Manager in writing if the license expires, is suspended, or is revoked and must propose a replacement Surveyor for approval.

Although the RFP required a copy of the surveyor's license to be submitted with the proposal, this requirement is superfluous in two ways. First, the Division of Consumer Affairs will not issue a Certificate of Authorization without proof of the existence of a valid license at the time of application. N.J.S.A. 45:8-56, Certificate of Authorization, provides:

The board shall issue a certificate of authorization to certain corporations and those corporations shall be authorized to offer professional engineering and land surveying services or both, as follows:

. . . .

The certificate of authorization shall designate a New Jersey licensee or licensees who are in responsible charge of the engineering or land surveying activities and decisions of the corporation. All final drawings, papers or documents involving the practice of engineering or the practice of land surveying, when issued by the corporation or filed for public record, shall be signed and sealed by the New Jersey licensee who is in responsible charge of the work.

[(Emphasis added.)]

Furthermore, the instructions on an application for a Certificate of Authorization provide the following guidance: "PLEASE INDICATE A (DESIGNATED RESPONSIBLE CHARGE LICENSEE) AS THE CONTACT PERSON WHO WILL RECEIVE ALL CORRESPONDENCE FROM THE BOARD." The application also requires the name, title, address, and NJ License Number of all corporate officers/owners and for the "persons in responsible charge" of the corporation.

In this case, Allstate provided a copy of Vallee's Certificate of Authorization for land surveying with the person in responsible charge identified as Robert Luis Vallee. Therefore, it can be concluded that Vallee's license was valid at time the certificate was issued.

Second, the lack of the proof of license submitted with the proposal is a minor discrepancy that may be waived. "It is firmly established in New Jersey that material conditions contained in bidding specifications may not be waived." Meadowbrook Carting Co., Inc. v. Borough of Island Heights, 138 N.J. 307, 314 (1994) (quoting Terminal Constr. Corp. v. Atlantic Cnty. Sewage Auth. 67 N.J. 403, 411 (1975). "This rule, however, does not apply to minor or inconsequential conditions. Public contracting units may resolve problems arising from such conditions in a sensible or practical way." Terminal Constr. Corp., supra, 67 N.J. at 411. "Essentially this distinction between conditions that may or may not be waived stems from a recognition that there are certain requirements often incorporated in bidding specifications which by their nature may be relinquished without there being any possible frustration of the policies underlying competitive bidding." Id. at 412. As recently reiterated by our Supreme

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Court, "[t]he public interest underlies the public-bidding process in this State." <u>Barrick v. State</u>, <u>Dep't of Treasury</u>, <u>N.J.</u>, (2014) (slip op. at 11).

New Jersey courts have developed a two-prong test to consider "whether a specific noncompliance constitutes a substantial and hence non-waivable irregularity." <u>Twp. of River Vale v. R. J. Constr. Co.</u>, 127 <u>N.J. Super.</u> 207, 216 (Law Div. 1974). The two-prong test requires a determination of

first, whether the effect of a waiver would be to deprive the municipality of its assurance that the contract will be entered into, performed and guaranteed according to its specified requirements, and second, whether it is of such a nature that its waiver would adversely affect competitive bidding by placing a bidder in a position of advantage over other bidders or by otherwise undermining the necessary common standard of competition.

[Meadowbrook, supra, 138 N.J. at 315 (internal quotations omitted) (affirming the two-prong test established in River Vale, supra, 127 N.J. Super. at 216).]

In a recent unpublished decision from the Appellate Division, the court held that when a bidder was "unquestionably registered throughout the bidding process, although it failed to include proof . . . by way of the current Certificate," there was no material deviation from the RFP and the court deemed the omission "a minor discrepancy or technical omission that was properly the subject of a waiver." <u>Suburban Disposal, Inc. v. Twp. of Aberdeen, A-3176-12T3, 2014 N.J. Super.</u> Unpub. LEXIS 1186 (App. Div. May 23, 2014).

Similarly, license validity is easily verified by going to the Division of Consumer Affairs License Verification System website at http://dcappsrvr.dca.lps.state.nj.us/l2k/verification.jsp, which lists current professional license information. A search of "Vallee Surveying, LLC" shows that the company has an active and valid Certificate of Authorization, issued on July 25, 2011, and expiring on August 31, 2014, and that the licensed land surveyor in charge is Robert Louis Vallee, with an active license # 24GS04327600. These facts do not meet the first prong of the materiality test, in that even though Allstate did not specifically provide Vallee's license, the State was not deprived of assurance that the contract would be entered into, performed, and guaranteed. In regard to the second prong, Vallee was properly registered at the time of proposal submission, so Allstate was not placed above other bidders or given any kind of advantage in the procurement process.

Atlantic's second point of protest contends that Allstate did not provide a Certificate of Authorization for its named Licensed Professional Engineer, Krzysztof Kluk, as required by RFP Section 4.4.4.4. Allstate did include a copy of the Division of Consumer Affairs Professional Engineer License for Mr. Kluk.

RFP Section 4.4.1 Forms, Registrations and Certifications Required with Proposal, provided the following instructions to bidders:

. . . .

4.4.1.3 SUBCONTRACTOR UTILIZATION PLAN

All bidders intending to use a subcontractor must submit a completed Subcontractor Utilization Plan. Please see the State of New Jersey, Division of Purchase and Property's Subcontractor Forms which includes the Subcontractor Utilization Plan form.

4.4.1.6 CORPORATE "CERTIFICATE OF AUTHORIZATION" TO CONDUCT PROFESSIONAL ENGINEERING AND SURVEYING SERVICES IN NEW JERSEY

Any corporation (except a professional service corporation established pursuant to the "Professional Service Corporation Act," N.J.S.A. 14A: 17-1 et seq.) offering or providing professional engineering and/or land surveying services in the State of New Jersey must obtain a "Certificate of Authorization" from the State Board of Professional Engineers and Land Surveyors to perform these functions. Any corporation offering or providing said services without the requisite Certificate of Authorization is in violation of N.J.S.A. 45:8-56. The bidder must submit proof of the Certificate of Authorization with the proposal for both the licensed professional engineer and the licensed professional surveyor.

RFP Section 4.4.4 *Organizational Support and Experience* provided further requirements for professional engineers:

4.4.4.4 LABOR/PERSONNEL REQUIREMENTS

PERSONNEL:

. . . .

G) Licensed Professional Engineer

<u>Duties/Responsibilities</u> - The licensed professional engineer must have the ability to perform the tasks described in Section 3 of the RFP.

Qualifications

- 1. The PE shall possess a NJ license.
- 2. Firm shall have a certificate of authorization
- 3. Expertise in structural engineering.

4. The license shall be in good standing and effective at the time of proposal submission and a copy of the license(s) shall be submitted with the proposal. Hazardous waste training or medical clearance per 29 CFR 1910.120 is not required. The Contractor must inform the State Contract Manager in writing if the license expires, is suspended, or is revoked and must propose a replacement Professional Engineer for approval.

. . . .

The record reveals that Allstate include "Kluk Consultants" as its subcontractor to provide professional engineering services and attached the Small Business Set-Aside Certificate which acknowledged "Kluk, Kris & Eva PhD., PE DBA: Kluk Consultants" as a category 2 Small Business Enterprise under N.J.A.C. 17:13. Allstate also attached a Business Registration Certificate which listed the taxpayer name "Kluk, Kris & Eva PhD., PE" with a trade name of Kluk Consultants. A search of the Division of Revenue & Enterprise Services Business Records shows that "Kluk Consultants, LLC" was originally filed in 1995.³ The website maintained by Kluk Consultants describes itself as "a professional Consulting Engineering firm."

As noted in N.J.S.A. 45:8-56(a), "No corporation shall offer to provide engineering services in this State unless issued a certificate of authorization pursuant to this amendatory and supplementary act. This subsection shall not apply to a professional service corporation established pursuant to the 'Professional Service Corporation Act,' P.L.1969, c.232 (C.14A:17-1 et seq.)." A Professional Service Corporation "means a corporation which is organized under this act for the sole and specific purpose of rendering the same or closely allied professional service as its shareholders, each of whom must be licensed or otherwise legally authorized within this State to render such professional service." N.J.S.A. 14A:17-3(2). RFP Section 4.4.1.6 echoed this language by specifying: "Any corporation (except a professional service corporation established pursuant to the 'Professional Service Corporation Act,' N.J.S.A. 14A: 17-1 et seq.) offering or providing professional engineering and/or land surveying services in the State of New Jersey must obtain a 'Certificate of Authorization' from the State Board of Professional Engineers and Land Surveyors to perform these functions." Furthermore, the Application created by the Division of Consumer Affairs for a Certificate of Authorization states that "Professional Service Corporations (N.J.S.A. 14A:17-1 et seq.) are not required to obtain a Certificate of Authorization."

Based on the information available, it is unclear under what type of business entity Kluk Consultants, the named subcontractor, functions. Pursuant to N.J.S.A. 45:8-27, the practice of professional engineering may only be offered through the business association of "a sole proprietorship of a professional engineer, a partnership of professional engineers, a partnership of closely allied professionals including at least one professional engineer, a professional service corporation . . . , or a corporation." The name of any professional services corporation must include "the words 'chartered,' 'professional association' or 'a professional corporation,'

³ According to the response filed, Allstate claims that Krysztof Kluk is an individual proprietorship. This is not supported by the record.

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or the abbreviation 'P.A.,' 'P.C.,' 'PA,' or 'PC'." N.J.S.A. 14A:17-14. The name of a corporation must include either the words "corporation," "company," or "incorporated," or abbreviation of these words, or the abbreviation "Ltd." N.J.S.A. 14A:2-2(d). "Kluk Consultants" includes none of the aforementioned suffixes, thereby implying it is not a corporation. From the Division's standpoint, it is of no consequence whether it is an LLC or partnership. Therefore, based on statutory guidance, the language of the RFP, and the Division of Consumer Affairs' application, it was not mandatory, nor possible, for either Kluk Consultants or Mr. Kluk as an individual to obtain, and subsequently submit, a Certificate of Authorization.

Atlantic's third argument protesting Allstate's award of the subject contract is equally without merit. Atlantic claims that Allstate submitted four unsigned *Ownership Disclosure Form* pages, yet it was mandatory to sign all submitted pages. The *Ownership Disclosure Form* is addressed in RFP Section 4.4.1.2.1:

Pursuant to N.J.S.A. 52:25-24.2, in the event the bidder is a corporation, partnership or sole proprietorship, the bidder must complete and sign the attached Ownership Disclosure Form. A current completed Ownership Disclosure Form must be received prior to or accompany the submitted proposal. A bidder's failure to submit the completed and signed form with its proposal will result in the rejection of the proposal as non-responsive and preclude the award of a contract to said bidder unless the Division has on file a signed and accurate Ownership Disclosure Form dated and received no more than six months prior to the proposal submission deadline for this procurement. If any ownership change has occurred within the last six months, a new Ownership Disclosure Form must be completed, signed and submitted with the proposal.

The record reveals that Allstate submitted a hard copy proposal. When submitting an electronic pdf version of the *Ownership Disclosure Form*, it is possible to add additional fields in the electronic pdf. However, when submitting a hard copy, the only manner in which a bidder may add additional fields for Partnerships/Corporations is to photocopy or print out additional copies of the second page and add information as necessary. This is exactly the procedure Allstate followed: It checked "yes" to the question "Of those parties owning a 10% or greater interest in the bidder/offeror, are any of those parties **corporations or partnerships**?" and then proceeded to Part 2 of the form. Part 2, under "Partnerships/Corporations" states: "Once you have identified all parties having a 10% or greater ownership interest in the bidder/offeror and its parent corporation/partnership, please sign and date below and proceed to the Disclosure of Investigations form." Once again, Allstate followed these directions, listing five separate corporations, each on a different page, and then properly signing the final page once all parties had been identified.

CEMCO

In regard to CEMCO, Atlantic first argues that CEMCO's notation "-" on 11 different price lines must be interpreted as items which cannot be supplied or delivered, thereby rendering CEMCO's

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proposal non-responsive. Section 4.4.8 of the RFP includes the following language concerning pricing:

4.4.8 PRICE SCHEDULE/SHEET

. . . .

The bidder shall submit its pricing using the format set forth in the State-supplied price sheet/schedule(s) accompanying this RFP. Failure to submit all information required may result in the proposal being deemed non-responsive. Each bidder is required to hold its prices firm through issuance of contract. The price schedule contains a list of labor/personnel, equipment and materials consistent with the activities described in the RFP.

<u>NOTE</u>: Management staff other than the Project Manager and administrative support staff are not to be included in the bidder's price proposal, but should be considered part of the bidder's overhead cost.

If the bidder puts a zero (0) on an item in the price schedule, the State conclusively deems that price to be zero (0) and that the bidder is offering the item to the State at no cost. Any other notations, such as "N/A" or a blank unit price will be interpreted as an item which the contractor cannot supply or deliver and therefore, shall result in the proposal being deemed nonresponsive.

Notwithstanding this language in the RFP, on page 12 of its Price Sheet, CECMO clarified:

"**Note: s is equal to zero (\$0) dollars bid as excel displays in accounting format."

It is apparent from this clarification that CEMCO formatted its Excel spreadsheet using the "Accounting" format, rather than the "Currency" format, which resulted in the zero displayed as a dash rather than a digit. The intent of CEMCO was clearly to include a zero, not a dash, as represented in its note. Furthermore, the Price Sheet Excel template document provided by the Procurement Bureau contained three asterisk notes. Therefore, Atlantic's contention that the "RFP does not allow CEMCO to make this substitution" is without merit, as asterisk clarifications were already present in the document.

Atlantic's second argument, that CEMCO failed to supply the engineer's license and Certificate of Authority for its proposed subcontracted engineer, Matthew Martin, must also fail. As addressed above, the fact that CEMCO did not include the required proof of license for Martin is negated by the Division's ability to confirm, via an internet search, the validity of the license at the time of proposal submission. In this case, a search of the Division of Consumer Affairs' website reveals that Martin possesses an active professional engineer's license, issued on March 4, 2003, and expiring on April 30, 2016. As also explained above, an individual is not eligible to receive a Certificate of Authority.

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Finally, Atlantic argues that CEMCO proposed the use of CIE Electrical Contractors ("CIE") as its subcontractor electrician, yet CEMCO failed to supply the copy of CIE's Public Works Certificate with its proposal.

Addendum #2, dated November 26, 2013, replaced the language concerning Public Works registration in RFP Section 4.4.1.7 to read as follows:

4.4.1.7 PUBLIC WORKS CONTRACTOR REGISTRATION

Pursuant to N.J.A.C. 12:62-2.1 and N.J.S.A. 34:11-56.51, the bidder must be registered with the Department of Labor and Workforce Development (DLWD) at the time of proposal opening. Failure to possess a valid public works contractor registration at the time of proposal opening shall deem the proposal non-responsive. An application for registration as a Public Works Contractor submitted to the DLWD that is in progress or pending at the time of the proposal submission deadline will not be considered as a valid registration.

If the bidder is utilizing subcontractors as part of their bid submission, any subcontractor [being] submitted for a applicable labor category covered by this Act must be registered with DLWD as a Public Works Contractor at the time of bid opening and a copy of their certificate must be included in the bid submission.

All applicable labor categories of subcontractors must be registered with the DLWD at the time of quote/bid submission to the Contractor.

Under the Prevailing Wage Act, N.J.S.A. 34:11-56.25 to -56.70, of which the Public Works Contract Registration Act is a part, contractors and subcontractors engaged in public work within the State are obliged to obtain a registration certificate from the DLWD. N.J.S.A. 34:11-56.51. This requirement was enacted to enforce laws and regulations concerning wages, unemployment, temporary disability and worker's compensation insurance and payment of payroll taxes. N.J.S.A. 34:11-56.49. The Public Works Contract Registration Act, enacted in 1999, was amended in 2003 following the decision in R.C.G. Constr. Co, Inc. v. Borough of Keyport, 346 N.J. Super. 58 (App. Div. 2001), aff'd, 175 N.J. 68 (2003). In R.C.G., the court held "a subcontractor is required to register before it begins performing work on the project, not before the general contractor submits its bid proposal." Id. at 61. Thereafter, the statute was amended to include: "No contractor shall list a subcontractor in a bid proposal for the contract unless the subcontractor is registered . . . at the time the bid is made." N.J.S.A. 34:11-56.51.

As discussed above and as noted by our courts, the lack of submitted proof of a valid registration may be deemed a non-material deviation under the two-prong test. The DLWD maintains an easily searchable database of all registered Public Works contractors. A search of this database reveals that CIE was registered on March 26, 2014, and this registration will expire on March 25, 2015. However, the Wage and Hour Compliance Unit of DLWD confirmed that the first time CIE registered with Public Works was in March of 2014. CEMCO confirmed this was CIE's

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initial registration as a Public Works Contractor.⁴ Because the revised proposal opening date of the subject procurement was December 31, 2013, CIE was not registered at the time of proposal submission.

The failure of CIE to be registered with Public Works at the time of proposal submission, in light of the requirements of the scope of work of this RFP and CEMCO's response, renders CEMCO's proposal materially deficient under these circumstances. This is unfortunate for the taxpayer in light of CEMCO's price proposal.

Based on the findings and conclusions set forth above, I must remand this procurement to the Procurement Bureau for reevaluation of the submitted proposals with the aforementioned principles in mind. While CEMCO's proposal was materially deficient, the award to Allstate remains valid. This is my final agency decision on these matters of protest.

Thank you for your interest in doing business with the State of New Jersey and for registering your business with Notice at www.njstart.gov, the State of New Jersey's new eProcurement system.

Singerely,

jignasa Desai-McCleary

Director

JD-M:DF

c:

L. Dubois

M. Griffin

D. Fantini

J. Cross

Lane Kelman & Ashling Ehrhardt, attorneys for Allstate

George Kayser, CEMCO

⁴ In a letter dated August 18, 2014, CEMCO also requested to substitute an alternate electrician as its subcontractor. This request is denied. "The process of clarification is not an opportunity for a bidder to revise or modify its proposal, and any response or portion of a response by a bidder to the Division's written request for clarification that attempts to revise or modify its proposal shall be given no effect." N.J.A.C. 17:12-2.7(2)(e).