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TO: Eric Charest
Natural Resources Administrator, Indian River County,

FROM: Nicole S. Sharp, P.E.
Coastal Restoration & Modeling Program Manager, APTIM

DATE: September 15, 2020

RE: Sector 3 Beach and Dune Restoration Project

The following summarizes the bid results for the Sector 3 Beach and Dune Restoration Project and probable causes for unanticipated bid prices.

Apparent Low Bidder:

The low bidder, Ahtna Marine & Construction Company, LLC, has marine experience with cutterhead dredging projects within the state of Florida through its recent acquisition of Cavache, Inc.; however, the company bid as truck haul and does not have direct experience with truck haul projects of any magnitude and could not provide a reference for large earthmoving/hauling projects. Also, based upon communications with the company and as a result of their internal after-the-fact review of their bid package, Ahtna's bid for \$17.1M contained an error which increased the total cost for placement of sand by \$13M. Due to this material error within Ahtna's bid package, the company has withdrawn their bid for the County's consideration.

The second lowest bidder, Great Lakes Dredge & Dock (GLDD), LLC, does meet the technical qualifications of the project; however, their bid amount totaled \$29M for the project. GLDD is a dredge contractor that has completed several recent and similar projects, and based upon their bid submittal, is capable of constructing the project within the requirements of the specifications.

Bid Results:

Four potential contractors submitted bid packages, and the bid results for the Sector 3 Beach and Dune Restoration Project ranged from \$17.1M (Ahtna) to \$42.4M (CERES), which exceeded the County's cost estimate for the project. After further review, several factors may have attributed to higher unit prices for the cost of sand for the project. These include a highly competitive market, availability of sand suppliers, environmental restrictions imposed by the resource agencies, bid schedule, and status of U.S. Army Corps of Engineers (USACE) permit.

Currently, the USACE and other governmental entities have multiple post-storm recovery projects out to bid or pending bid to repair losses from hurricanes which have impacted the state since 2017. Two large truck haul projects within Broward County (approximately 1.5M cubic yards) and Miami Dade County (1M cubic yards) are expected to be bid for construction in 2020/2021. Additionally, there are active dredging projects on the West Coast of Florida in addition to a post-storm recovery project currently out to bid in the Florida Panhandle. These projects have the ability to limit resources (trucks, sand, and dredges) available to the County within their rigid construction window due to sea turtle nesting season and could have attributed to lack of bid or higher costs.



From reviewing the bid packages, only one sand supplier provided sand cost estimates to the truck haul contractors for this project, although the project was permitted and bid with several sources. As described above, over 2.5M cubic yards of sand from upland mines is expected to be needed for other projects south of the County that utilize the same sand mines as Indian River County's Sector 3 Project. As a sand supplier could be strained via production capacity to provide those quantities within one construction season, the sand mines may have decided to reserve their sand for the larger USACE projects; therefore, not supplying cost estimates to bidders for the County's project.

As there are hardbottom resources directly offshore of the County, the Federal resource agencies are anticipated to impose strict transit corridors within their permit for potential dredgers bidding the project. During the pre-bid conference, the dredgers noted that this condition would cause increased bid costs because it would restrict their transit to and from the borrow area, and they could not select their routes to make them more economical for sailing. As these conditions were imposed during permitting, this restriction could not be changed during the bid process due to required consultation with the Federal agencies for any deviations from the permits. As such, the dredge contractor included this inefficiency within the unit price of sand within their bid. Additionally, the mobilization cost included within the sole dredge bidder's package was \$7.5M. These high mobilization costs have been a recent trend around the state, with local governments paying high costs to get a dredge onsite.

Competitive construction costs are typically acquired with a bid put on the market with extra leeway and a flexible construction window. As permitting delays by the resource agencies attributed to deferred issuance of permits, the project was not able to be bid several months in advance of planned construction. Due to the compressed bidding timeframe required to start the project on November 1, potential contractors may not have had this project on their radar and committed to other projects this winter. Higher pricing, at a premium to the County, may have been provided to arrange schedules to include this project.

The status of the USACE permit was also concern to contractors bidding the project. Due to delays by National Marine Fisheries Service (NMFS) in issuing the South Atlantic Regional Biological Opinion (SARBO), the USACE's permitting process was delayed. As the contractors are planning to mobilize and restrict equipment for sole use on this project starting on November 1, 2020, any delays in issuance of the permit, and subsequently the notice to proceed, would cause the contractor to have idle equipment for an unknown amount of time. Due to these unknowns, the bidders may include this risk into their bid prices for the project.