CONSIDERATION OF AN AWARD OF A CONTRACT TO MARINEX CONSTRUCTION, INC. FOR DREDGING AND PLACEMENT OF SAND REQUIRED TO COMPLETE NOURISHMENT PROJECT

Mayor Braswell stated that there are two options that Bill Otis, Rocky Holliday, Steve Tranum & Ryan Fabbri discussed. Rocky Holliday stated that CSE’s estimate is $14,900,000. This includes sand cost of $14 per cubic yard for 1,050,000 cubic yards of sand and mobilization cost of $3,500,000. The Corps of Engineers would pay for the cost of the job up front and allow the Town of repay them over a 30-year period and they do not require an economic justification. We believe that PRT would pay their portion for either the Corps or the Town project based on the same public access calculations we have.

Option A is to complete and add to the Corps project which means we would not hire Marinex Construction to proceed with our current project. We would proceed with the 700,000 cubic yard Corps project to south of groin #12 and pay their contractor for an additional 350,000 cubic yards to be spread from groin #12 to 3rd Street. The cost will be the same. Our up-front cost would be $3,900,000 after PRT’s participation then we would borrow an additional $2,500,000 from the Corp to be repaid over a long period of time.

Option B would be a mix of our Corps project with our private project. We would authorize Marinex to proceed with a minimum amount 700,000 cubic yard and have them ship more sand north of Hazard to 3rd Street with only a minimal amount of sand at the south end. We would have the Corps add 350,000 cubic yards of sand to the south end up to groin #12. The up-front cost to the Town would be $6,950,000 after PRT’s part and another $1,650,000 to the Corps.

Their recommendation is to go with option A because the benefits out-weigh the risks. We potentially save the Town approximately 3,000,000 up-front cost to the Town and we could pay that up-front cost without borrowing and retain $3,000,000 in the Beach Fund after the project is completed which would be available for any damages from future storms. We get about 30% more sand on the beach with this option which will extend to 3rd Street. The project start will be delayed a bit which gives us more time to increase our bank account. With either option A or B, the portion of the beach completed by the Corps would give us 50 years of their renourishment funding on a shared basis for any storm, named or otherwise. The portion of the beach that we complete would be considered an engineered beach and would be eligible for FEMA funding for needed renourishment resulting from a named storm.

The risks with option A are that the Corps bid could come in higher than what we estimated. The long term borrowing from the Feds is actually higher by $850,000 than option B. We would have to survive a hurricane season without renourishment but Marinex has stated that they may need to delay their work until the Spring 2019. The Corps may complete their project before the Fall of 2019. Also, with option A the Town would need to collect easements from all beach front owners before work would begin.
Bill Otis stated that Marinex needed to know that day as to whether they would be awarded the bid so the decision has to be made that day.

Steve Tranum stated that it would be up to the contractor as to whether they start at the south end or they start at the north end. Ryan Fabbri stated that there is a possibility that if the bids come back 25% higher than what the Corps estimates the project to be, then the project has to be re-bid. Bill Otis stated that there are 3 things to consider: 1) a project that is already bid for 800,000 yards that has to be decided today. 2) you have option B which blends the project with the Corps project and our project. 3) you have just the Corps project where the Town piggy-backs on that project to finish from groin #12 to 3rd Street. This would cost the Town $6,425,000 and we would be borrowing from the Feds $2,500,000 for up to 30 years and could pay it off early. This option also allows the Town to keep some of our reserves and prevents draining our bank accounts.

Mayor Jimmy Braswell made a motion for the Town to go with option A. Rocky Holliday seconded it. All in favor.

Mayor Jimmy Braswell made a motion for the Town Administrator to tell Marinex that we will not be using them for our project. Sarah Zimmerman seconded it. All in favor.

Sarah Zimmerman made a motion to adjourn. Rocky Holliday seconded. All in favor.

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APPROVED                        DATE

________________________  __________________
ATTEST                        DATE

July 16, 2018
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