



**Great Lakes  
Dredge & Dock  
Company**

2122 York Road  
Oak Brook, Illinois 60523  
630.574.3000

1 November 2011

J. Gary McAlpin, Director  
Coastal Zone Management  
3299 Tamiami Trail East, Suite 103  
Naples, Florida 34112

Dear Gary,

Re: Upcoming Beach Projects

Thanks for taking time to meet with Sam Morrison, our Area Manager and me at the FSBPA conference. It is always good to see you. I wanted to reiterate some of the constructability comments we shared during that discussion which also included the folks from Captiva as well as Steve Keehn from CPE.

1. Mobilization Savings. For sure, one of the biggest costs on a large scale dredging project is mobilization. We often encourage our clients and consulting engineer friends to combine similar projects whenever possible to allow for cost efficiencies. Based on our past experiences and your anticipated plans, combining projects with the Captiva Erosion Control District appears to be the right thing to do. As we discussed, there are no hard and fast numbers to apply, but with mobilization costs in the general in the range of \$2,000,000 to \$5,000,000 per project there are certainly significant cost savings to be realized.
2. Environmental Windows. Working around the turtle windows can result in significant cost savings also. Most of the industry's annual hopper dredge work gets compressed into the winter months by Federal budget delays and endangered species issues. This impacts our costs not only by increased scheduling pressures, but also puts the work into the more difficult weather months when working in the ocean becomes more dangerous and costly. Our industry typically has our best equipment availability in the summer months and as a result, the Corps and other clients look to schedule whatever projects that have such flexibility for those months when costs are reduced and schedules are more reliable.
3. Scheduling. Flexibility is always important for a vessel operator, like a hopper dredging company. There are two ways for you to show that flexibility and win favorable pricing. One is to bid the project with sufficient lead time to allow the contractor to get his support equipment (pipeline, etc) to the job site on a reasonable schedule. What is important for this point is that it is not critical when the work starts, it is more important when it ends. If you have scheduling issues, identify them, but provide flexibility wherever you can. In line with that, the second way is to provide as much completion time as possible and then not object to the contractor performing other projects often called "opportunity projects". While it is difficult to quantify the cost benefits to you upfront, we can tell you that we do lower our prices for those projects on the order of 5% to 20% when such flexibility is allowed.

Gary McAlpin

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4. Partnering. One of the best things you can have with industry is a good relationship. While in any given contract or project there may be issues and conflict, in a perpetual business like ours, we have to assure each other's success. Engaging us in the conversation upfront is valuable to us on a lot of levels as we hope it is for you. You have always been straight with us and that has allowed us to put our best price on the table.

Good luck as this project moves forward, we look forward to working with you again. Please don't hesitate to contact Sam or I with other questions or comments.

Regards

**Great Lakes Dredge & Dock Company**



William H. Hanson  
Vice President

CC: Sam Morrison, GLDD