

12 April 1993

MEMORANDUM FOR Commander, USACE (CESAD-CO-O), Atlanta, GA 30335-6801

SUBJECT: Advanced Maintenance Dredging at Mobile Bay Channel, Mobile, Alabama

1. Reference my memorandum dated 25 March 1993 and your response dated 31 March 1993 regarding subject dredging. For your further evaluation I am resubmitting my original memorandum and including additional economic analysis to support my request.
2. To date, there have been six maintenance dredging contracts awarded for the dredging of Mobile Bay Channel since the deepening was completed in May 1990. The mobilization cost for performing this work has totaled, \$1,805,000 for the six contracts with a maximum cost of \$730,000 on one contract. The implementation of effective advance maintenance capacity will reduce the frequency of dredging from the post-deepening average of two cycles annually to only one annual contract. This will cut the mobilization costs by \$300,000 per year.
3. Secondly, and more significantly, savings will be realized by confining the material to shorter sections of channel with a much heavier bank. A cost comparison was made between two maintenance contracts both of which were performed by the same dredge approximately one year apart at some of the same channel locations. The work was performed by the Great Lakes Dredge and Dock Co., bucket dredge No. 54. Competition at both bid openings were comparable and the only major difference in the dredging requirements was the bank of material which was much greater in the later contract. When the bid prices from the two contracts were compared on the two bid items that were for similar channel locations, bid prices were decreased by as much as \$1.44 per cubic yard on the contract that had the heavier bank of material available. The reason for this decrease in price is due to the reduction in amount of non-pay yardage that the contractor must remove in order to clear the prism. The construction of the sediment accumulation sites will confine the material and create the same effect on bid prices. With the approximate 2.1 million cubic yards of capacity in the test sections, and a conservative savings of \$1.00 per yard, we anticipate savings from confining of the material to be approximately \$2.1 million annually.
4. Other intangible savings could also be realized by the decrease in contractor claims for variations in estimated quantities. Additionally, our performance of the work will be accomplished more efficiently and we will also be able to provide a more reliable channel to the users.

CESAM-OP-O (1110-2-1150a)

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5. I would like to take this opportunity to discuss our current financial situation on Mobile Harbor this FY. As you are well aware in FY 92 the District was faced with a situation in which we had very little funds on the project and a tremendous backlog of material that was severely impacting use of the channel. We stretched our resources, and with your help, were able to issue two separate contracts one of which was for two dredges. The result of this effort yielded bid prices that were far lower than we had ever experienced in the past and we were able to entirely clear the Mobile Bay Channel for the first time since the deepening was completed. This effort was completed early in the first quarter of FY 93. We are currently approaching another round of dredging and have recently awarded a maintenance contract and have a second contract in the planning stages. The bid price on the most recent contract was 32% higher than we paid for the same work just a few months earlier. Additionally, a recent bid opening in New Orleans District for similar work yielded bid results that were 66% higher than our last contract. As you can see, the bidding environment is such that the price that we must pay for our maintenance work is highly variable and we must seek out every opportunity available that will allow us to operate more efficiently. Within our current funding capabilities we can perform a significant portion of this work this FY and the savings created will begin accruing almost immediately.

6. I am committed to seeing that Mobile District performs its mission by the most economical means available. It is for this reason that I again ask for your approval for the construction of the sediment accumulation sites. We must take advantage of the opportunities that are available to us at this time.

FOR THE COMMANDER:

Encl

15/  
GERALD T. PURVIS  
Chief, Operations Division

~~Dyess~~ JDB  
Bradley RB  
Baxter  
Purvis

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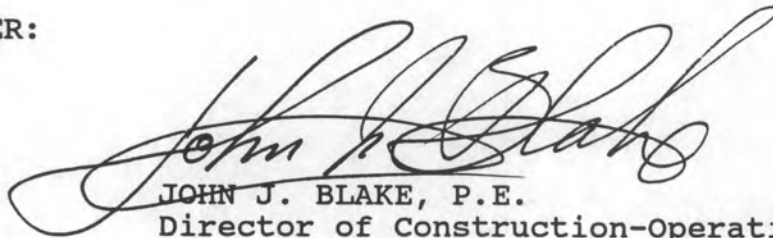
CESAD-CO-ON (CESAM-OP-OW/25 Mar 93) (1110-2-1150a) 1st End  
Mr. Russell/dsm/404-331-6745  
SUBJECT: Advanced Maintenance Dredging at Mobile Bay Channel,  
Mobile, Alabama

Cdr, South Atlantic Division, U. S. Army Corps of Engineers,  
77 Forsyth St., SW, Room 313, Atlanta, Georgia 30335-6801  
31 March 1993

FOR CDR, MOBILE DISTRICT, ATTN: CESAM-OP-OW

1. The information provided failed to establish the least costly method for maintaining Mobile Bay Channel. Please provide sufficient justification to economically support your request. The information required by paragraph 7.2.3, ER 1130-2-307 should be included in your justification.
2. You should continue to maintain the Bay Channel using the two feet advanced maintenance until you have developed the required justification.

FOR THE COMMANDER:



JOHN J. BLAKE, P.E.  
Director of Construction-Operations

7 APR 93 8:50