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*Mayor*

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**Town of Carolina Beach**  
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October 24, 2017

Dear Town Council and Citizens of Carolina Beach,

As most are aware, the Town suspended the Lake Dredging Contract on August 29<sup>th</sup> due to MOTSU's objection to the location of the spoils material disposal. Previously, MOTSU awarded the Town permission to place spoils material in an old basin on their property. Subsequently, we requested and were granted permission to rehabilitate that old basin, resulting in my decision to place the spoils material in an adjacent location approximately 100' from the basin location. I did not bring this decision to Council or advise Council of my decision, as I felt it was a reasonable decision under the circumstances.

The basis of MOTUS's concern is my failure to obtain permission for the alternate disposal location. As a result, MOTSU requested that we stop placing material on their property. Since that time, Town staff has worked on discussions with MOTSU regarding approval for the alternate disposal location, and we have discussed with our contractor the potential costs of moving the materials to secondary disposal locations. Below are brief updates on these issues.

#### Potential Contractor Costs

On August 29<sup>th</sup>, the Town issued a suspension of work to the contractor for the Lake Dredge Project. Around September 15<sup>th</sup>, the Town received preliminary information from the contractor as to their proposed cost related to suspension. Initially the contractor requested \$3,500 per day for rental equipment. As specified in the SEPI letter dated October 20, 2017, the contract does not support the contractor's request for a change order to the contract.

I understand the public's interest in the potential cost associated to the suspension, but due to ongoing negotiations with the contractor, I am limited in what I can release in this regard. I can say that there are two areas of costs related to suspension; 1) Demobilization, which is specifically addressed in the contract, and 2) Rental equipment charges for equipment stored onsite.

Our engineering firm, SEPI, has performed a cost analysis on the suspension of the contract and has estimated that the contractor may be entitled to a one-time payment for rental of the 14 barges for 21 days for a total of \$15,600. There will also be some costs related to removing and shipping the barges back to the rental facility, but we do not anticipate those charges to be substantial. These charges are in lieu of the contractor's requested amount of \$3,500/day ongoing, which has been the main topic of discussion.

There are also costs to demobilize equipment of \$25,130. However, mobilization and demobilization costs are part of the current project budget, so that would not represent an increase at this time. When the project restarts, there will be a charge for "remobilization", the cost of which is subject to negotiations with the contractor once we know the scope of the restarted project.

The budget for this project includes a contingency of approximately \$65,000 to cover unanticipated expenses, and is therefore available to cover the rental of the barges during the suspension, as well as, remobilization costs. Therefore, at this time, there would be no additional budget increase for this project related to suspension of the project.

I'm sorry, but this is the best cost information I can provided at this time. As soon as we get to the point where know more about remobilization, I will share that information.

### MOTSU Contact

On August 29<sup>th</sup>, MOTSU met with me to discuss their concerns. At that meeting I was instructed to wait for an official letter of concerns before moving forward. I received the letter two weeks later, on September 15<sup>th</sup>, and responded with a "Letter of Reconsideration" on September 18<sup>th</sup>. During those two weeks, I had several conversations with MOTSU representatives, but was told all responses had to be in writing.

On September 27<sup>th</sup>, I received the official response from the Real Estate Division of the Department of the Army. During those nine days, I again had multiple conversations with individual representatives of the Real Estate Division, during which, I was advised that the Colonel would be in California for several weeks.

On October 13<sup>th</sup>, I was alerted that the Colonel was back in Town and I contacted him directly. We had a very frank, open, and honest conversation that helped clarify MOTSU's concerns. Due to his schedule, our first available time to meet is October 30<sup>th</sup>. At the meeting on October 30<sup>th</sup>, we will tour the site and discuss the issues regarding the Lake Dredging. Following that meeting, we will have a better understanding of what will be required of us so we can develop a strategy to proceed.

### Potential Disposal Sites

Since August 29<sup>th</sup>, the Town has been actively talking and meeting with potential property owners who have the capacity to accept our spoils material. At the same time, the Town contracted with ECS to conduct particle size and chemical analysis on the dredge material. The report indicated that the material was not classified as Hazardous Waste and that applying the soil on the land would be appropriate. However, after further review of the data, chemical results suggest that the material is suitable for placement on a commercial parcel, but may not be suitable for placement in residential areas or for structural use.

The main concern at this point is the presence of Arsenic in the soil, which is a naturally occurring compound. Further tests will need to be conducted to pinpoint the origins of the chemical and the extent of its presence. At this point the Town is not seeking residential locations for the dredge material. We will continue to focus on working with MOTSU or finding commercial/industrial sites for disposal of the material.

We are currently researching property the Town owns on the north side of Snows Cut Bridge. The location was the site of an old landfill before being deeded to the Town in 1954. This property would be a good candidate for disposal of the material but it currently does not have a deeded property access. We have reached out to the U.S. Coast Guard to ask for a temporary access through their property to ours. This process may take some time to complete due to deployments after Hurricane Irma.

In the meantime, we have hired another hydrogeologist to conduct additional testing to validate or dispute the test results to date and work toward overcoming these challenges. The results of the second round of testing is anticipated by the October 30<sup>th</sup> meeting with MOTSU. The project will remain in a status of suspended until additional progress can be made on these fronts.

I am truly sorry that a decision I made has negatively impacted the Town, and I am focused on solving the problems I have helped create. There are many moving parts to this project that make continual updates difficult. We will continue to provide as much information as possible concerning this project. If you have specific questions, please feel free to contact me by phone at (910) 458-2994, or by email at [michael.cramer@carolinabeach.org](mailto:michael.cramer@carolinabeach.org).

Sincerely,

A handwritten signature in black ink that reads "Michael Cramer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael Cramer  
Town Manager