Historic Market

- Reasonably stable
- Led by Corps
- Generated significant investment by private industry
Current Market

- Confused and Unstable
- Corps struggling
- We all struggle
Future Market ??

- Corps remains important leader
- Local Sponsors more important
- Dredgers need to adapt or else
Communications

• Sales by all sides
• Corps/Industry communications
• Ports and Dredgers?
Funding Confusion

• No reprogramming
• Sponsors “hording”
• Projects on hold
Continuing Contracts

- Old Clause out
- New clause in (and out)
- New Procurement strategy
Fully Funded Option

- Best Option, Best Value, Least likely

- Pros:
  - Money in hand
  - Defined work scope
  - All parties know what the plan

- Cons:
  - Stars have to align
Base Plus Options

- **Most popular, but confusion reigns**

- **Pros:**
  - Pay as you go.
  - Gets something done

- **Cons:**
  - May award to other than low price
  - Not necessarily lowest cost or schedule with undefined work scope.
SCCC

• Guaranteed Protest

• Pros:
  ➢ Allows for fixed price but with unlimited schedule for project depending on funding

• Cons:
  ➢ All on back of dredger
  ➢ Unbuildable.
Dredging Contractors of America
Cost Drivers

Environmental
  • New generation
  • High risks
  • Potential Fines
Cost Drivers

Mobilizations

• More Equipment
• Smaller Projects
• Seasonal Issues
• Potential Fines
Cost Drivers

Katrina Effect

• Tugs
• Barges
• Fuel
• Labor
Cost Drivers

Scheduling

• Scope

• Equipment Selection

• Availability
Cost Drivers

Regional - Texas Lawsuits

• Personal Injury

• Out of control

• Decisions made to bid or add huge contingency
Summary

- **Real Concern**

- **Already some reaction with Dredges leaving market**

- **Contractual confusion lessens confidence**