



June 2, 2021

BY HAND DELIVERY

Mayor Philipps and Members of Council
Town of Sunset Beach
700 Sunset Beach Blvd.
Sunset Beach, NC 28468

Re: Interim Project Report Ocean Ridge Phase VI

Dear Mayor Phillips and Members of Council:

In accordance with the Subdivision Improvements Agreement between Coastal Communities at Ocean Ridge Plantation, LLC (the “Developer”) and the Town of Sunset Beach, following is an interim report to the Town regarding the progress on the subject project.

While the Developer has continued installation of the extensive stormwater piping, curb inlet and junction boxes planned in Section 2 of Phase VI, this past quarter has been extremely frustrating to both the Developer and the contractor performing the field work. Supply chain issues in procuring the necessary pipe and the concrete storm water boxes (both specialty and standard) that started months ago during the pandemic have only worsened in recent months. It is our understanding that several resin suppliers have had to assert use of the force majeure contract clauses in some cases due to these extraordinary times. Demand is certainly outpacing supply, and all forms of transportation, including rail, are experiencing major delays. Suppliers of materials are informing customers that the manufacturers are allocating product or declining to accept additional orders, which, of course, is affecting their ability to supply product to the ultimate end user.

Needless to say, this skewed supply and demand has substantially increased prices and certainly affected our progress. During this past quarter, we waited many weeks for both pipe and

concrete boxes that had been ordered. After the pipe finally arrived, we learned that boxes would take weeks longer; even the ones that had been fabricated could not be delivered due to lack of truck drivers to deliver the product. Although transportation delivery costs had been included in the material invoices, our contractor drove hours to pick up the materials that were available simply so that it could continue work. We understand that we are not alone, and delays and supply chain problems are prevalent in the home construction industry, automotive industry, and many others. A major shrinkage in the general workforce pool, particularly skilled and experienced labor, has also had many effects. The most recent gasoline and diesel shortages from the Colonial pipeline hack only exacerbated these interrelated conditions.

As previously reported, rains had caused a pre-existing water control structure to collapse, resulting in failure and collapse of the existing roadway. The piping and structure (which connects two existing ponds with a pipe underneath the existing roadway) had to be replaced in a controlled manner, which means plugging the high end of water flow to stop the water during installation of replacement pipe. We have finalized this major task, and the two ponds have been reconnected and the roadway has been re-established. We also continue to install pipe and concrete boxes, as they become available. Most recently, these have been to depths of 17' to 20' below existing grade, which requires extensive excavation work. It also yields a great deal of material transported from the excavation site and requires utilizing a very large trench box to keep side walls from collapsing while working. On a general note, survey support work ahead of construction continues as we progress, as well as installing and maintaining erosion control measures as necessary.

A site visit with Town staff occurred as scheduled on April 9th. The staff performed a detailed inspection, and we were able to discuss as well as illustrate the extensive work of filling ditches, additional clearing and making necessary adjustments due to site conditions, utility conflicts and other issues as have been reported in prior reports. We very much appreciated this opportunity, as the scope of the work that has been completed to date was recognized.

We will continue to keep you advised about construction progress, and we sincerely appreciate the cooperation of the Town as we continue to move forward with the development of Ocean Ridge Phase VI.

Sincerely,



Becky K. Noble

Coastal Communities at Ocean Ridge Plantation, LLC