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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

8-4

January 20, 1998

To: Board of Directors (Budget and Finance Committee—Action)
(Engineering and Operations Committee--Action)

From: *for* General Manager

Submitted by: Chief Engineer

Subject: Appropriate \$975,881,000 for the Eastside Reservoir and the Inland Feeder Projects

Reference: Appropriation No. 15123 / Authorization No. 43 - Eastside Reservoir Project
Appropriation No. 15122 / Authorization No. 21 - Inland Feeder Project

RECOMMENDATION(S)

Consistent with the provisions of Administrative Code Section 5115, to finance the remaining funds needed to complete the Eastside Reservoir and Inland Feeder Projects, it is recommended that your Board:

1. Appropriate \$213,108,000 of budgeted funds to complete the Eastside Reservoir Project, and
2. Appropriate \$762,773,000 of budgeted funds to complete the Inland Feeder Project.

EXECUTIVE SUMMARY

In light of recent speculation regarding Metropolitan's major capital projects and reserves, the appropriation of the full funding for these projects reaffirms Board support for the Eastside Reservoir Project and Inland Feeder Project and encumbers the total funds necessary for the completion of these projects.

The Eastside Reservoir Project (ESRP), along with the Final Environmental Impact Report (FEIR), was approved by your Board in October 1991. Similarly the Inland Feeder Project and FEIR was approved in February 1993. Your Board has determined that the Eastside Reservoir and Inland Feeder Project are essential features of Metropolitan's distribution and storage system. Both projects are well underway, and most construction contracts have been either awarded by your Board or advertised for construction. Administrative Code Section 5115 permits the General Manager to request total appropriation of funds in excess of General Manager authority for all remaining work. Given the directives of the Administrative code, approval of these recommendations will appropriate funds for all remaining work on the Eastside Reservoir and Inland Feeder Projects. Staff will continue to seek Board authorization for award of all construction contracts and agreements or other payments

exceeding General Manager authority, certification of environmental documentation, or other actions requiring Board approval. The Eastside Reservoir and Inland Feeder Projects total budgets remain at \$1,972,100,000 and \$1,188,000,000 respectively.

JUSTIFICATION

The recommendation to authorize the remainder of the appropriations, which would bring the Eastside Reservoir and Inland Feeder Projects to full funding, is in accordance with the provisions of Administrative Code Section 5115, which permits the General Manager to request total appropriation for all remaining work. As noted above, most contracts have been either awarded by your Board or advertised for construction. This action will streamline the administrative process and preclude the need for at least 35 additional Board authorizations for appropriation of funds otherwise required.

ALTERNATIVE(S) TO PROPOSED ACTION

Continue to appropriate funds through separate actions by the Board

There would continue to be speculation as to Board commitment to these major projects in addition to ambiguities regarding certain of Metropolitan's funds in the reserve category.

Approximately 35 individual Board authorizations for appropriation of funds would be required under this alternative which would generate additional administrative costs, staff time, and Board processing effort. Staff would seek separate authorization for appropriation funds associated with award of construction contracts and agreements and other payments in excess of General Manager authority, or other action requiring Board authorization.

ACTIONS AND MILESTONES

Eastside Reservoir Project

1. Started construction of major facilities: March 1996
2. Complete construction of major facilities: Late-1999

Inland Feeder Project

1. Started Construction: March 1997 (65% construction contracts awarded)
2. Complete construction: Late-2003

CEQA COMPLIANCE / ENVIRONMENTAL DOCUMENTATION

Eastside Reservoir Project

All California Environmental Quality Act (CEQA) requirements have been satisfied for the proposed action. In October 1991, your Board certified the Final Environmental Impact Report for the ESRP. No further environmental documentation or reviews are necessary at this time for your Board to appropriate funds under this action. Future environmental documentation and related construction activity will continue be brought to your Board for authorization.

Inland Feeder Project

All California Environmental Quality Act (CEQA) requirements have been satisfied for the proposed action. In February 1993, your Board certified the Final Environmental Impact Report for the Inland Feeder Project. No further environmental documentation or reviews are necessary at this time for your Board to appropriate funds under this action. Future environmental documentation and related construction activity will continue to be brought to your Board for authorization.

DETAILED REPORT

Eastside Reservoir Project

The ESRP will be formed by two earth/rockfill dams, 4.5 miles apart, within the Domenigoni and Diamond Valleys; plus a third earth/rockfill dam at the low point in the north rim, providing storage capacity of 800,000 acre feet, and a surface area of 4,500 acres. Associated hydraulic structures consist of an inlet/outlet tower, pump plant, pressure control facility, connecting tunnels, delivery pipeline, roadway and canal relocations, and forebay. The East Dam will be approximately 185 feet high and 10,500 feet long; the West Dam will be approximately 285 feet high and 9,100 feet long; and the Saddle Dam will be approximately 130 feet high above the low point in the ridgeline and 2,300 feet long. The total earthwork volume of the East, West and Saddle dams is approximately 105,000,000 cubic yards.

The recommendation to authorize the remainder of the appropriation, which would bring the ESRP to full funding, is being made to facilitate the administrative process for contract and agreement awards on the ESRP. This action would preclude the need for at least 20 Board actions for appropriation of funds and reduces staff time to prepare such actions. Bond sales have also taken place to substantially provide funding necessary for the remainder of construction.

As noted, staff will continue to seek Board authorization for all ESRP construction contract awards and agreements or other payments exceeding General Manager authority, certification of environmental documentation, and other decisions requiring Board approval.

In October 1991, your Board certified the Final Environmental Impact Report for the Eastside Reservoir Project and approved the appropriation of \$295,000,000 to finance all costs for

planning, land acquisition and design in advance of award of construction contracts. To date, design has been completed and construction is proceeding as scheduled.

Through January 1998, your Board has approved 41 authorizations totaling \$1,739,052,000, including staff and management time in the development, review, and presentation of each request, as well as Board review and committees action necessary to process each request.

The recommendation to authorize the remainder of the appropriation, which would bring the Eastside Reservoir Project to full funding, is in accordance with the provisions of Administrative Code Section 5115.

All appropriate Administrative Code provisions, compliance with MBE/WBE goals, and compliance with CEQA requirements will be followed in the award of contracts. The appropriation increase includes District labor, consultant labor, construction contract costs, other project payments, and contingency allowance. As noted above, separate Board authorization will continue to be required for award of all Eastside Reservoir Project construction contracts and agreements, and payments exceeding General Manager authority, certification of environmental documentation, and other actions requiring Board approval.

Inland Feeder Project

The Inland Feeder is an essential feature of the Metropolitan distribution system, more than doubling the water delivery capacity of the east branch of the State Water Project and providing the service area with up to 650 million gallons of additional delivery capacity daily. The system will also allow for replenishment of local groundwater basins, improve State Water Project / Colorado River Aqueduct blends, and serve as an important source of supply for several Metropolitan reservoirs, including the Eastside Reservoir Project.

The recommendation to authorize the remainder of the appropriation, which would bring the Inland Feeder Project to full funding, is in accordance with the provisions of Administrative Code Section 5115. This action would preclude the need for at least 15 Board actions for appropriation of funds and reduces staff time to prepare such actions.

As noted, the above recommendations for action by your Board do not preclude staff requirements to seek Board authorization for all Inland Feeder Project construction contract awards and agreements or other payments exceeding General Manager authority, certification for environmental documentation, and other decisions requiring Board approval.

In February 1993, your Board certified the Final Environmental Impact Report for the Inland Feeder Project and approved the appropriation of \$114,000,000 to finance all costs for planning, land acquisition and design in advance of award of construction contracts. Additionally, as part of Metropolitan's cost-containment and Rate Refinement Process a detailed review and analysis of the Inland Feeder Project was conducted and submitted in an Technical Evaluation Report for Board approval in September 1996. Approval to proceed with design and construction with a revised on-line date of 2004 was granted. To date, design has been completed on six of eight segments and construction has commenced.

Through January 1998, your Board has approved 19 authorizations for appropriation of funds totaling \$415,727,000, including staff and management activity in the development, review, and

presentation of each request, as well as Board review and committee actions necessary to process each request.

The appropriation increase includes District labor, consultant labor, construction contract costs, other project payments, and contingency allowance. As note above, separate Board authorization will continue to be required for award of all Inland Feeder Project construction contracts and agreements, and payments exceeding General manger authority, certification environmental documentation, and other actions requiring Board approval.

/DGM/hjg

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Attachment(s)

FINANCIAL STATEMENT

Eastside Reservoir and Related Facilities
(Program No. 15123-S)

Project Summary:

	Total Project	
	Current Budget	Current Appropriation
Planning	\$ 15,000,000	\$ 15,000,000
Land*	358,000,000	358,000,000
Mitigation*	32,681,000	32,681,000
Design	164,212,595	164,212,595
Construction	1,265,570,245	1,265,570,245
Recreation	60,736,000	60,736,000
Contingency	75,900,160	75,900,160
TOTAL	\$ 1,972,100,000	\$ 1,972,100,000

* Land costs include \$28.3 million for land purchases at the Santa Rosa Plateau and Shipley Reserve which, when added to non-real estate mitigation costs of \$32.7 million, results in a total mitigation value of \$61 million.

The total cost breakdowns for Authorization Nos. 42 and 43 to Appropriation No. 15123 are shown below:

	AUTHORIZATION NO. 42	AUTHORIZATION NO. 43
Labor:		
Preliminary Engineering, Final Engineering, and Preparation Of Specifications	\$ 26,878,000	\$ 26,878,000
Construction Management Support, Contract Administration, Inspection and Survey	41,309,921	60,596,200
Labor Subtotal	68,187,921	87,474,200
Materials and Supplies	49,902,698	49,902,698
Right of Way Acquisition	303,500,000	327,902,500
Incidental Expenses	18,537,000	21,917,200
Professional Services	257,997,439	338,064,500
Operating Equipment Use	1,480,000	1,708,900
Administrative Overhead	32,029,000	41,327,100
Construction	958,740,880	1,031,821,398
Contingencies	72,535,718	75,900,160
Reimbursable from Agencies	-3,918,656	-3,918,656
TOTAL	\$ 1,758,992,000	\$ 1,972,100,000

Estimated Funds Required:

REVISION	DATE	AMOUNT
Revision No. 1	November 1, 1989	\$ 5,000,000
Revision No. 2	May 2, 1990	45,000,000
Revision No. 3	November 27, 1990	20,000,000
Revision No. 4	February 19, 1991	15,600,000
Revision No. 5	March 26, 1991	12,000,000
Revision No. 6	September 24, 1991	189,100,000
Revision No. 7	January 22, 1993	12,300,000
Revision No. 8	September 17, 1993	112,000,000
Revision No. 9	October 21, 1993	1,670,000
Revision No. 10	June 28, 1994	987,000
Revision No. 11	July 18, 1994	952,000
Revision No. 12	July 25, 1994	19,621,000
Revision No. 13	November 29, 1994	94,100,000
Revision No. 14	December 23, 1994	56,758,000
Revision No. 15	December 23, 1994	22,331,000
Authorization No. 16	February 7, 1995	59,500,000
Authorization No. 17	February 7, 1995	23,319,000
Authorization No. 18	May 8, 1995	9,977,000
Authorization No. 19	November 14, 1995	540,000
Authorization No. 20	December 26, 1995	4,500,000
Authorization No. 21	December 26, 1995	440,945,000
Authorization No. 22	December 26, 1995	29,400,000
Authorization No. 23	December 26, 1995	15,250,000
Authorization No. 24	January 30, 1996	2,160,000
Authorization No. 25	February 27, 1996	390,000
Authorization No. 26	February 27, 1996	3,523,000
Authorization No. 27	March 26, 1996	3,000,000
Authorization No. 28	April 30, 1996	790,000
Authorization No. 29	April 30, 1996	7,600,000
Authorization No. 30	August 6, 1996	3,600,000
Authorization No. 31	August 6, 1996	3,000,000
Authorization No. 32	August 27, 1996	16,400,000
Authorization No. 33	August 27, 1996	315,000,000
Authorization No. 34	September 24, 1996	2,876,000
Authorization No. 35	November 5, 1996	863,000
Authorization No. 36	November 5, 1996	74,700,000
Authorization No. 37	December 17, 1996	48,800,000
Authorization No. 38	January 30, 1997	1,400,000
Authorization No. 39	August 19, 1997	27,900,000
Authorization No. 40	August 19, 1997	7,400,000
Authorization No. 41	December 16, 1997	20,500,000
Authorization No. 42	January 20, 1998	19,940,000
Authorization No. 43	January 20, 1998	213,108,000
Remaining		0
TOTAL		\$ 1,972,100,000

Source of Funds: Bond funds/Pay-as-you-go
Class One: Projects directly related to delivery of water.

Projected Expenditures of Funds:

Through	Fiscal Year 1996/97	\$1,066,125,400
	Fiscal Year 1997/98	390,078,000
	Fiscal Year 1998/99	338,994,500
	Fiscal Year 1999/2000	94,975,800
	Fiscal Year 2000/2001	5,853,500
	Fiscal Year 2001/2002	2,060,800
	Contingency	74,012,000
	TOTAL	\$ 1,972,100,000

Financial Statement
Inland Feeder Project
(Capital Program No. 15122-S)

Program Summary:**TOTAL PROJECT**

	<u>Current Budget</u>	<u>Total Appropriation</u>
Planning	\$ 8,020,000	\$ 8,020,000
Land	51,000,000	51,000,000
Mitigation	13,660,000	13,660,000
Design	75,000,000	75,000,000
Contracts/Construction	794,210,000	794,210,000
Contingency	<u>246,110,000</u>	<u>246,110,000</u>
TOTAL	<u>\$1,188,000,000</u>	<u>\$1,188,000,000</u>

The total cost breakdown for Authorization Nos. 20 and 21 to Appropriation No. 15122 are shown below:

	<u>Authorization No. 20</u>	<u>Authorization No. 21</u>
CONSTRUCTION CONTRACTS	\$ 175,110,000	\$ 639,360,000
LABOR:		
Study	\$ 1,510,000	\$ 1,510,000
Preliminary Engineering, Final Engineering and Preparation of Specifications	17,986,000	17,986,000
Shop Drawing Reviews, Contract Admin., Field/Fabrication Inspections, Project Mgmt.	19,340,000	36,881,000
Environmental	380,000	380,000
Right-of-Way	<u>5,318,000</u>	<u>5,318,000</u>
LABOR SUBTOTAL	\$ 43,964,000	\$ 62,075,000
Materials and Supplies	4,560,000	4,560,000
Incidental Expenses	1,986,000	3,590,000
Professional & Technical Services	108,811,000	137,235,000
Environmental Mitigation	7,900,000	15,090,000
Right-of-Way Acquisition	30,300,000	43,640,000
Operating Equipment Use	972,000	2,120,000
Administrative Overhead	23,921,000	33,830,000
Contingencies	<u>27,703,000</u>	<u>246,500,000</u>
TOTAL	<u>\$ 425,227,000</u>	<u>\$ 1,188,000,000</u>

Financial Statement
Inland Feeder Project
(Capital Program No. 15122-S)

Revision	Date	Amount
Revision No. 1	August 8, 1989	\$ 3,450,000
Revision No. 2	July 31, 1990	2,320,000
Revision No. 3	December 17, 1991	2,330,000
Revision No. 4	January 22, 1993	3,000,000
Revision No. 5	March 30, 1993	102,900,000
Revision No. 6	June 30, 1993	0
Authorization No. 7	August 20, 1996	2,200,000
Authorization No. 8	October 29, 1996	8,250,000
Authorization No. 9	October 31, 1996	19,710,000
Authorization No. 10	November 19, 1996	7,600,000
Authorization No. 11	December 10, 1996	115,500,000
Authorization No. 12	December 10, 1996	4,700,000
Authorization No. 13	March 18, 1997	17,567,000
Authorization No. 14	May 20, 1997	9,100,000
Authorization No. 15	July 29, 1997	700,000
Authorization No. 16	August 19, 1997	46,300,000
Authorization No. 17	August 19, 1997	56,400,000
Authorization No. 18	November 18, 1997	8,500,000
Authorization No. 19	December 9, 1997	5,200,000
Authorization No. 20	January 20, 1998	8,300,000
Authorization No. 21	January 20, 1998	<u>762,773,000</u>
Total		<u>\$1,188,000,000</u>

Source of Funds--Bond funds/Pay-as-you-go

Capital Program for Fiscal Year 1997/98

(Program 15122-S)

Total Program Estimate	\$1,188,000,000
Program Estimate for Fiscal Year 1997/98	\$ 52,677,000

Projected Expenditures of Funds:

Through Fiscal Year 1996/97	\$ 105,174,000
Fiscal Year 1997/98	52,677,000
Fiscal Year 1998/99	161,732,000
Fiscal Year 1999/00	193,924,000
Fiscal Year 2000/01	184,397,000
Fiscal Year 2001/02	160,527,000
Fiscal Year 2002/03	66,898,000
Fiscal Year 2003/04	16,561,000
Contingency	<u>246,110,000</u>
TOTAL	<u>\$1,188,000,000</u>