



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

8-6

January 20, 1998

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

From: For. General Manager

Submitted by: Chief Engineer

Subject: Authorization to Enter Into a Memorandum of Understanding; and Appropriate \$6,450,000 for Relocating Pipelines Impacted by the Alameda Corridor Project

Reference: Appropriation No. 15313 / Authorization No. 1

RECOMMENDATION(S)

To relocate Metropolitan pipelines impacted by the construction of the Alameda Corridor Project, it is recommended that your Board:

1. Authorize the General Manager to enter into a Memorandum of Understanding with the Alameda Corridor Transportation Authority for sharing costs and responsibilities for pipeline relocations;
2. Appropriate \$6,450,000 of budgeted funds to finance associated costs; and
3. Authorize the General Manager to have all work performed except for contracts in the amount of \$250,000 or more.

EXECUTIVE SUMMARY

In December 1997, your Board authorized funding for design to relocate Metropolitan facilities impacted by the Alameda Corridor Project (Corridor), which involves the construction of a 10-mile long subterranean railway along a portion of Alameda Street. Construction of the railway trench will be accomplished under a design-build contract scheduled to be awarded by the Alameda Corridor Transportation Authority (ACTA) in August 1998. Due to Metropolitan's limited easement rights within the Corridor, the General Counsel and the Engineering Division have negotiated a Memorandum of Understanding (MOU) with ACTA for completion of pipeline relocation work. This MOU will allow for all pipeline relocation construction work to be undertaken by ACTA's design-build contractor at ACTA's cost. Metropolitan will be responsible for design, fabrication of pipe and fittings, and inspection costs associated with Metropolitan's pipeline relocations. The proposed MOU will reduce Metropolitan's potential costs from an estimated \$17 million to less than \$9 million.

JUSTIFICATION

Easement rights dictate that Metropolitan must relocate its facilities impacted by the Corridor and entering into the subject MOU will reduce Metropolitan's estimated costs. In addition, the MOU greatly reduces Metropolitan's exposure to claims and possible litigation costs that could be incurred if responsible for construction delays.

ALTERNATIVE(S) TO PROPOSED ACTION

Do not enter into the MOU

This alternative would require Metropolitan to negotiate different terms, or investigate other alternatives to accomplish the construction to relocate its pipelines. Since Metropolitan's pipeline easements were granted by various railroad companies, our easement rights generally favor the property owner, now ACTA. Therefore, Metropolitan could be responsible for up to the full relocation costs and costs associated with delays in the Corridor construction schedule.

Renegotiate the terms of the MOU

Metropolitan could attempt to renegotiate a more favorable MOU. However, Metropolitan has spent considerable time and effort negotiating the current arrangement and is in a weak bargaining position due to inferior easement rights. Further delay could result in missing a window of opportunity to save costs and reduce potential risks by having the Corridor contractor relocate Metropolitan facilities.

FUNDING REQUEST

Program Name: Alameda Corridor-Pipeline Relocations/Protections			
Source of Funds: Pay-As-You-Go Fund			
Appropriation No.: 15313	Authorization No.: One	FY 97/98 Budget: \$511,900	
Requested Amount:	\$6,450,000	Capital Program No.:	96710-A
Total Appropriated Amount:	\$8,875,000	Capital Program Page No.:	E-1
Total Program Estimate:	*\$8,875,000	Program Category:	A-Asset/System Integrity

* This is an \$8,125,000 reduction from the estimate of \$17,000,000 that was included in the Capital Program for Fiscal Year 1997/98.

ACTIONS AND MILESTONES

1. Complete design by January 1999
2. Complete construction by November 2002

CEQA COMPLIANCE / ENVIRONMENTAL DOCUMENTATION

Pursuant to the California Environmental Quality Act (CEQA) and the National Environmental Policy Act, an Environmental Impact Report (EIR) and an Environmental Impact Statement (EIS) have been prepared by ACTA acting as Lead Agency for the Corridor.

The environmental effects associated with the relocation of several of Metropolitan's facilities have been assessed, mitigated, and addressed in the EIR and EIS. All required mitigation and permits are the responsibility of ACTA. Since ACTA has committed to the relocation of utilities, and since ACTA's EIR and EIS address the environmental effects of the entire project as a whole, including any minor impacts associated with the relocation, no further environmental documentation is necessary for your Board to act.

DETAILED REPORT

The proposed Alameda Corridor is a 20-mile-long rail corridor which will parallel Alameda Street, and will connect the ports of Los Angeles and Long Beach to the transcontinental rail network mainlines at the Los Angeles River near downtown Los Angeles. The Corridor will provide an efficient means of conducting commerce with the Pacific Rim and throughout the United States. Construction of the Corridor will also ease traffic congestion by separating rail and highway traffic and provide many needed improvements to heavily traveled Alameda Street.

The major component of the Corridor will be a 10-mile long, 50-foot wide, 35-foot deep subterranean railway constructed in the mid-section of the alignment between Washington Boulevard and the 91 freeway. Construction of the proposed subterranean railway will require relocating portions of Metropolitan's 51-inch Palos Verdes Feeder in three locations: at the 25th Street crossing, at Alameda Street south of 25th Street, and at Alameda and 55th Streets; the 78-inch Middle Cross Feeder at the 90th Street crossing; the 60-inch West Coast Feeder at El Segundo Boulevard and Alameda Street; and the 72-inch Middle Feeder at Greenleaf Boulevard and Alameda Street.

In December 1997, your Board authorized Appropriation No. 15313 in the amount of \$2,425,000 to finance design and all costs in advance of construction to relocate Metropolitan facilities impacted by the Corridor. In that request, it was also proposed that the Engineering Division, in conjunction with the General Counsel, pursue the issues of superior rights, costs responsibilities, and alternatives for accomplishing construction of the pipeline relocations.

ACTA has proposed to construct the railway trench under a design-build contract to be awarded in August 1998. Each impacted utility agency and/or city can contract with the design-build (DB) contractor for utility relocations, or complete the work with their own resources or by other contractors. Since the DB contractor could issue delay claims should any other work crews interfere in their construction schedule, it is thereby advantageous for Metropolitan to have its relocations included in ACTA's design-build contract.

On January 15, 1998, ACTA's Board of Directors approved the Memorandum of Understanding with Metropolitan. The subject MOU is the first agreement of this type to be signed between ACTA and a utility impacted by the Corridor. The subject MOU offers significant cost savings to both parties and is anticipated to be a model for other similar public works projects.

It is proposed that the General Manager be authorized to enter into an MOU with ACTA in terms as outlined herein and in form approved by the General Counsel; and to have all work performed except contracts of \$250,000 or more for the relocation of Metropolitan assets impacted by the Corridor. It is further proposed to increase Appropriation No. 15313 by \$6,450,000 to a total of \$8,875,000 to cover all estimated costs of design, purchase of fabricated pipe and fittings, system reconfiguration, construction inspections and associated costs to relocate Metropolitan pipelines impacted by the Corridor Project. The total cost of \$8,875,000 represents a reduction of \$8,125,000 from \$17,000,000 estimated for the Fiscal Year 1997/98 Capital Program. A breakdown of these costs are contained in the Financial Statement on Attachment A.

DWC/aj:rev7
(ATCBL3)
Attachment(s)

Attachment A to 8-6

Financial Statement
(1997/98 Capital Program No. 96710-A)

The total estimated cost breakdown for the Initial Funding and Authorization No. 1 for Appropriation No. 15313 is as follows:

Program Summary	Initial Funding	Authorization No. 1
Labor:		
Engineering		
Project Management	\$ 175,000	\$ 175,000
Engineering and Design	550,000	550,000
Specification/Contracts Administration	100,000	90,000
Survey Engineering	75,000	75,000
Corrosion and Geotechnical Engineering	60,000	60,000
Pipelines & Tunnel Inspection	0	800,000
Fabrication/Soil & Concrete/Field Inspection	15,000	200,000
Operations-Fabrication/Field Construction Forces	<u>25,000</u>	<u>1,275,000</u>
Total Labor	\$ 1,000,000	\$3,225,000
Materials and Supplies	\$ 25,000	\$1,500,000
Incidental Expenses	75,000	100,000
Legal Services Expenses	300,000	200,000
Professional and Technical Services	150,000	350,000
Operating Equipment	10,000	70,000
Contracts	0	500,000
Administrative Overhead	550,000	1,780,000
Contingency	<u>315,000</u>	<u>1,150,000</u>
Program Total	\$ 2,425,000	<u>\$8,875,000</u>
Source of Funds: Pay-As-You-Go Fund		
Capital Program for Fiscal Year 1997/98		
Total Program Estimate:	\$17,000,000	
Program Estimate for Fiscal Year 1997/98	511,900	
Projected Expenditure of Funds:		
Through FY 1997/98	\$ 740,000	
FY 1998/99	3,850,000	
FY 1999/00	2,160,000	
FY 2000/01	825,000	
FY 2001/02	150,000	
Contingency	<u>1,150,000</u>	
Total	<u>\$ 8,875,000</u>	