

- **Board of Directors**
Engineering, Operations and Real Property Committee

March 13, 2001 Board Meeting

10-1

Subject

Status report for the Diamond Valley Lake Project for the month ending January 2001

Description

All major facilities at Diamond Valley Lake (DVL) are complete. As of January 29, 2001, the reservoir contained approximately 475,000 acre-feet of water and the water surface elevation was approximately 1,676 feet, ahead of the planned initial fill schedule.

Performance testing of the pumps has been temporarily halted due to unanticipated corrosion of some components of the pump units (see Issues and Concerns). Water System Operations (WSO) staff has taken over the majority of day-to-day operations at the Hiram W. Wadsworth Pumping Plant.

Security fencing around the project perimeter will be completed in two phases and is being coordinated with DVL's Master Development Plan for Recreation. The initial phase is complete. Bids were received on January 18, 2001 for the second phase, which will provide security fencing around the north and west ends of the project area (including the north hills and west recreation area). Award of this contract will be recommended to the Board for action in April.

Restoration of areas disturbed during construction of the reservoir is required by the project Final Environmental Impact Report (FEIR). The seed application contract will provide erosion and dust control by hydroseeding the Multi-Species Reserve corridors and both recreation areas. The contractor mobilized onto the site in November 2000 and the contract is approximately 44 percent complete.

The high water roads will provide continuous access around the perimeter of the reservoir. Criteria used to design these roads are based on operational needs. The North Rim High Water Road will provide operational access from the Saddle Dam to the north abutment of the East Dam. The roadway will be constructed to accommodate maintenance vehicles used for reservoir clearing, transporting chemical supplies, fire management, and emergency response. The notice to proceed was issued in early January 2001 and the contract is approximately 9 percent complete.

The South Rim High Water Road will provide operational access from the south abutment of the West Dam to the south abutment of the East Dam. This contract will be advertised for bids in March 2001 with bid opening scheduled for April 2001.

PROJECTED TOTAL COSTS

The revised total DVL budget of \$2.0871 billion was established at the July 1999 Board meeting. Since that time, projected total costs have increased by \$5.4 million, from \$2.0026 billion to \$2.0080 billion. This revised projected total cost includes all items needed to complete the work associated with the reservoir project. It reflects the transfer of \$5.6 million to the Recreation appropriation for recreation planning activities incurred by DVL prior to July 1999, projected costs by Legal to pursue actions relative to insurance claims, and adjustments due to favorable contract bid awards. Total expenditures to date are \$1.9719 billion, including \$38.0 million for settlement of the West Dam claim and \$9.4 million for settlement of the East Dam and West Dam Foundation Excavation claims.

Expenditures also include the purchase of properties surrounding the reservoir operating area and the Multi-Species Reserve. Property usage is being evaluated with the possibility that several areas will be designated as surplus in the future. Any proceeds realized by Metropolitan by the disposition of these surplus properties will be credited to the project budget, thereby decreasing the projected total cost of the reservoir project. (See

[Attachment 1](#) for a financial summary and project cash flow, and [Attachment 2](#) for the remaining budget). Financial information presented in this board letter is consistent with financial data (January 31, 2001) reviewed by the Office of the Chief Financial Officer and the DVL Evaluation Team Manager.

EXPENDITURES (January 2001) include West Dam, East Dam and West Dam Foundation Excavation Claims Settlements & Recreation Consultant Actuals	\$1,971.9 million
WORK IN PROGRESS includes Pump Procurement Contract; Seed Application Contract; North Rim High Water Road Contract; Environmental Documentation; Labor for DVL Management, Design Staff, Construction Management, & Environmental Support, Project Labor Agreement	\$19.2 million
REMAINING WORK	
Perimeter Fencing (Phase 2) Construction Contract	\$ 0.6 million
South Rim High Water Road Construction Contract	\$11.0 million
Miscellaneous Completion Contracts	\$ 3.5 million
Miscellaneous Environmental Activities	\$ 0.8 million
Legal	\$ 1.0 million
SUBTOTAL	\$16.9 million
TOTAL PROJECTED COSTS	\$2,008.0 million
REMAINING BUDGET	\$79.1 million
TOTAL PROJECT BUDGET	\$2,087.1 million

ISSUES AND CONCERNS

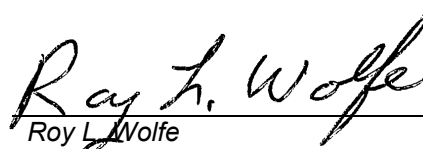
Early in January, during a routine inspection, Metropolitan discovered that the protective coating on the first stage pump bowl of Pump Unit No. 9 had peeled off, leaving bare steel with signs of corrosion. Subsequent inspection of three more pump units revealed corrosion in the identical location. Metropolitan immediately notified the Contractor, Nissho Iwai of America (NIAC), informing them of this issue. NIAC has sent a representative from the coating manufacturer to the site to inspect the damage and determine its cause, and to make recommendations on the repair of the affected areas. The protective coating of the pump units will be repaired, one at a time, over the course of several months. Because corrosion on the pump bowls influences the efficiency of the pumps, performance testing will be temporarily halted until the protective coating is repaired.

Policy

Board Request

Fiscal Impact

Refer to table and attachments.


 Roy L. Wolfe
 Manager, Corporate Resources

2/22/2001
 Date

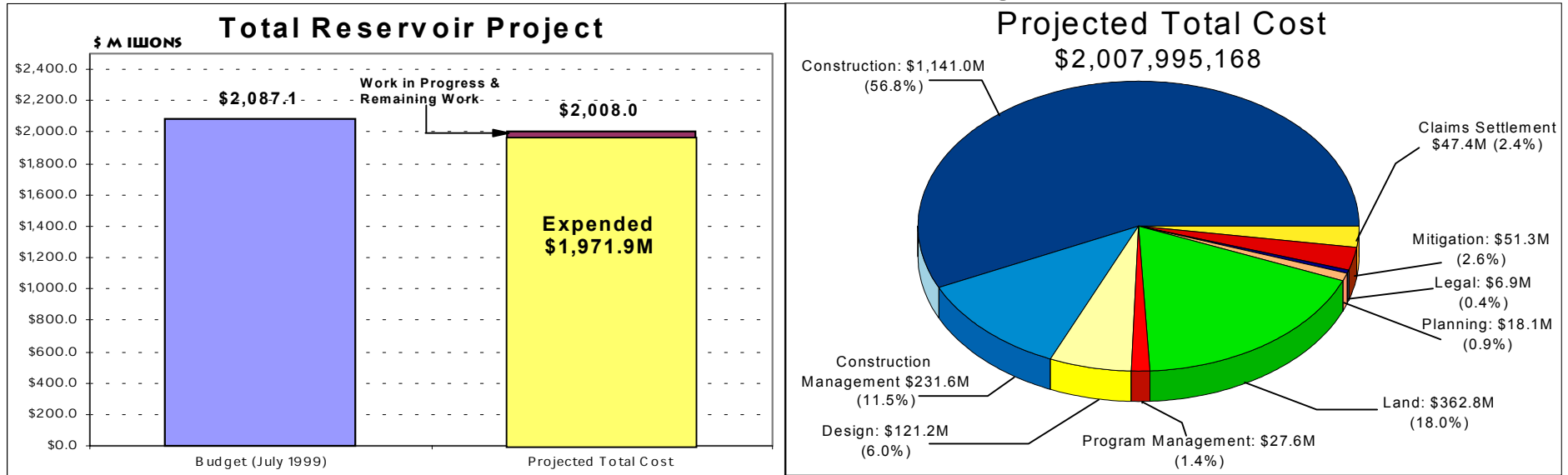

 Ronald R. Jester
 General Manager

2/27/2001
 Date

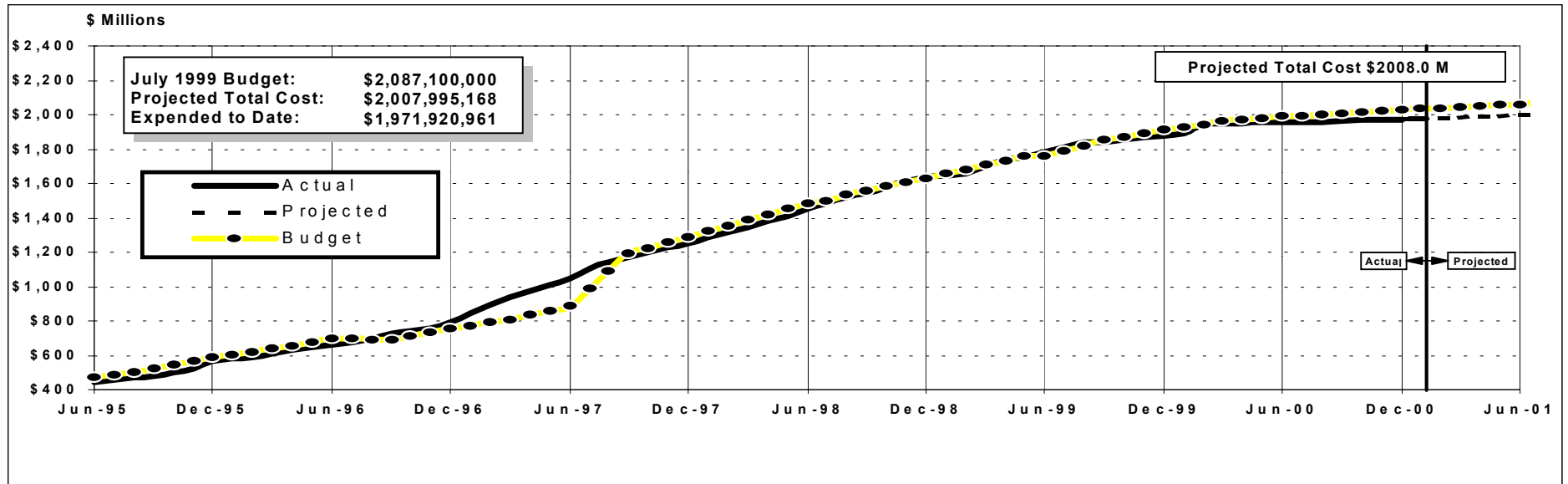
[Attachment 1 - Financial Summary/Project Cash Flow](#)

[Attachment 2 - Remaining Budget](#)

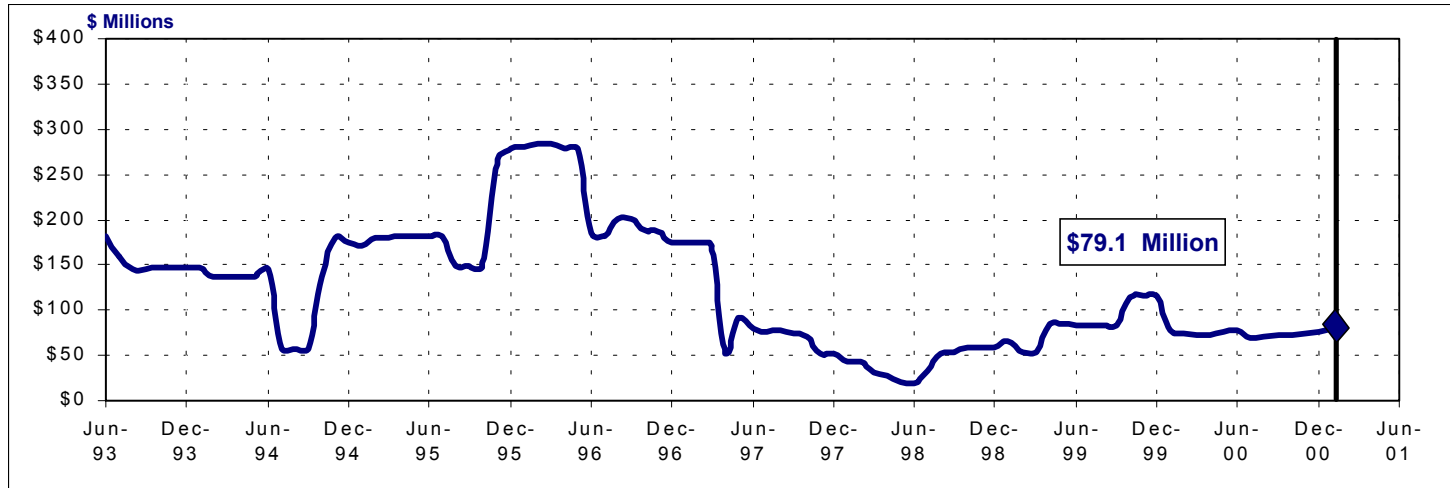
Financial Summary



Project Cash Flow



Remaining Budget



Note: Remaining Budget equals the revised total budget (July 1999) minus the Projected Total Costs.