

- **Board of Directors**
Engineering and Operations Committee

February 11, 2003 Board Meeting

10-1

Subject

Status report for the Inland Feeder Program for activities through December 2002 [**Any discussion of potential litigation to be heard in closed session. Conference with legal counsel – significant exposure to litigation (two matters); to be heard in closed session pursuant to Gov. Code § 54956.9(b)**]

Description

Arrowhead Tunnels (new contract)

The contractor continues to mobilize personnel, facilities and equipment, and to perform grading activities at the Waterman Canyon and Strawberry Canyon portal sites in preparation for mining activities, which are scheduled to begin in August of 2003. The two tunnel boring machines have been ordered and are scheduled for delivery in May 2003.

Arrowhead East & West Tunnels – Reaches 1&2 (completed contract)

It has been reported for several months that Metropolitan has received the contractor's submittal of claimed costs regarding delay and deletion of mining and that staff was seeking verification of the contractor's claim. The contractor has refused to comply with Metropolitan's request for additional information to support the claims and attempts to settle the claims have been unsuccessful. With negotiations at impasse, Shank Balfour Beatty filed litigation in Superior Court in Los Angeles County in order to not violate the statute of limitations. Now that litigation has been filed, Metropolitan will seek the additional information in motions for discovery. It is hoped that if the information is available, it will provide the basis for resolution of some or all of the pending claims.

Highland Pipeline – Reach 3

Tunneling beneath the intersection at 5th and Boulder is complete. Work was completed on the installation of the 79-inch pipe that connects the Inland Feeder and San Bernardino Valley Municipal Water District's Foothill Pipeline. On December 9, 2002, Metropolitan and SBVMWD began flooding the completed Inland Feeder segments in order to begin operation. Flooding the system was completed on December 20, 2002. Operational testing was initiated on January 6, 2003. Pipe installation continues along Boulder Avenue. Approximately 12 percent of the pipeline has been installed.

Riverside Badlands Tunnel – Reaches 5 & 6

The contractor is completing various minor items and demobilizing, which will complete the work for this contract.

Budget and Schedule

The projected total cost for the Inland Feeder Program is \$980.9 million. Claims associated with the deletion of work for the original Arrowhead East and West Tunnel contracts are pending and excluded from the estimated total project cost. Claims pending for the Arrowhead East and Arrowhead West Tunnels are \$5.3 million and \$15.8 million, respectively.

Total expenditures through December 2002 are \$610.3 million (see **Attachment 1** for a financial summary/program cash flow and **Attachment 2** for a budget comparison and schedule summary/remaining budget). The board-approved budget remains unchanged at \$1.186 billion. The projected completion date for the program remains at early 2007.

Recent Developments

Work was completed on the connection of the SBVMWD Foothill Pipeline to the Inland Feeder. On December 16, water began flowing to Diamond Valley Reservoir through the Inland Feeder.

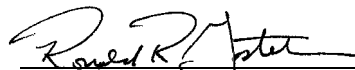
Policy

Board request

Fiscal Impact

Refer to [Attachment 1](#) and [Attachment 2](#).

 _____ Roy L. Wolfe Manager, Corporate Resources	1/9/2003 Date
---	------------------

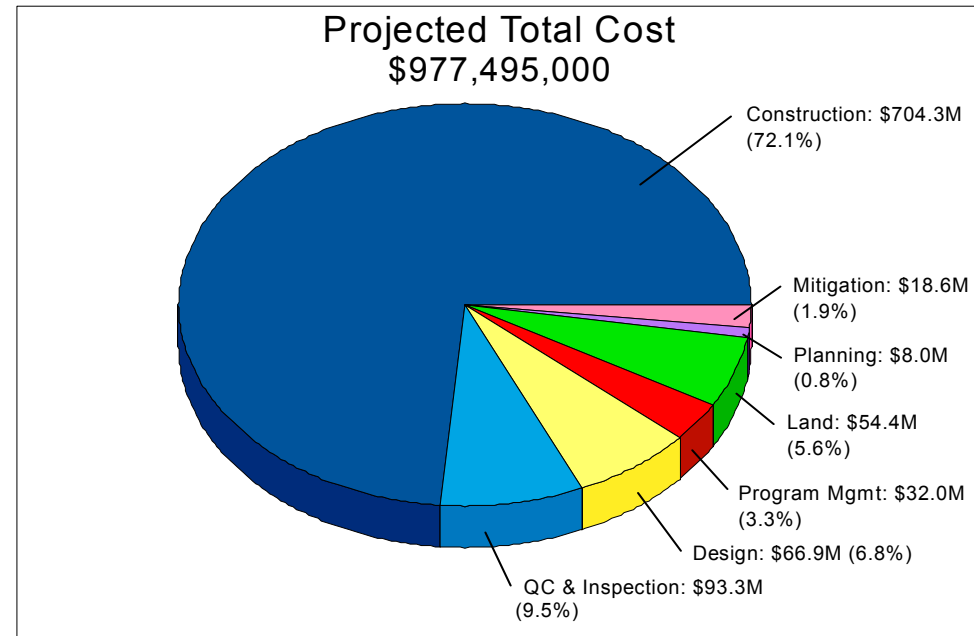
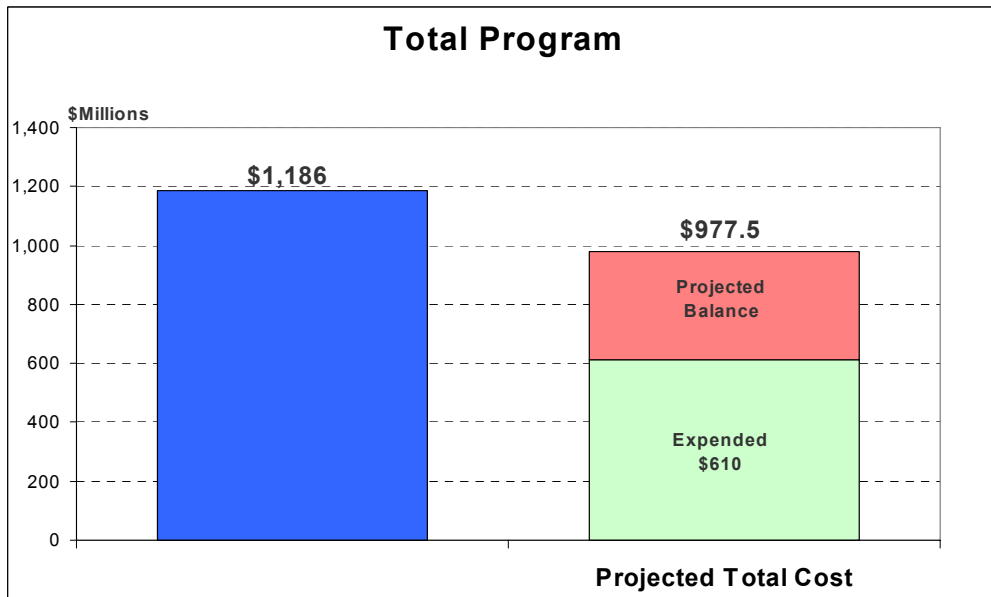
 _____ Ronald R. Gastelum Chief Executive Officer	1/20/2003 Date
--	-------------------

[Attachment 1 – Financial Summary/Program Cash Flow](#)

[Attachment 2 – Budget Comparison and Schedule Summary/Remaining Budget](#)

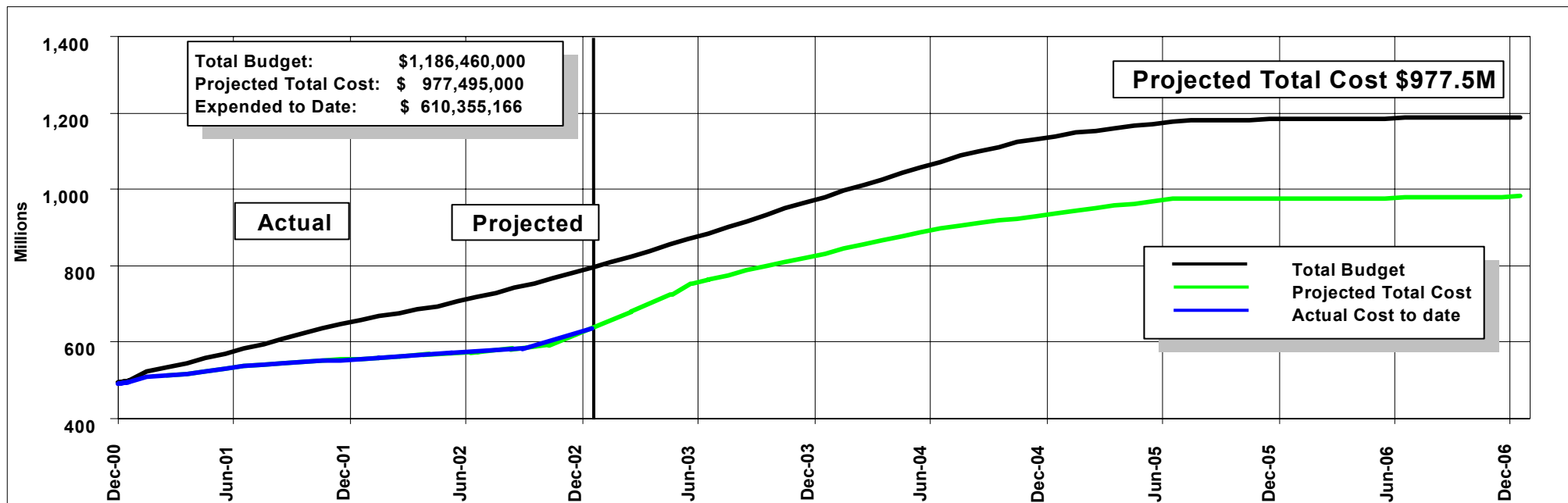
BLA #1754

Financial Summary



1. Based on knowledge of current field conditions.

Program Cash Flow



Budget Comparison and Schedule Summary

	BUDGET (Dec-02)	FORECAST (Dec-02)	ACTUALS THRU (Dec-02) (1)	PROGRESS		COMPLETION DATE		COMMENTS
				PLANNED % COMPLETE	ACTUAL % COMPLETE (Dec-02) (2)	CONTRACT (3)	FORECAST (Dec-02)	
Construction Reaches								
Arrowhead West Tunnel	\$ 56,355,000	\$ 56,355,000	\$ 56,369,000	100%	100%	Completed	Completed	Mining Deleted From Contract
Arrowhead East Tunnel	\$ 134,559,000	\$ 134,559,000	\$ 133,520,000	100%	100%	-----	Completed	Mining halted after 8,000 ft
Arrowhead Tunnels	\$ 307,137,000	\$ 287,322,000	\$ 13,381,000	4%	4%	Sep-06	Sep-06	Contractor Mobilizing
Highland Pipeline	\$ 61,832,000	\$ 59,489,000	\$ 21,811,000	26%	35%	Sep-04	Sep-04	Under construction.
Mentone Pipeline	\$ 39,239,000	\$ 39,239,000	\$ 38,984,000	100%	99%	Completed	Completed	Completed Oct. 01
Riverside Badlands Tunnel	\$ 148,473,000	\$ 144,700,000	\$ 138,758,000	98%	99%	Aug-03	Jan-03	Under construction.
Riverside North Pipeline	\$ 55,712,000	\$ 55,711,000	\$ 55,712,000	100%	100%	Completed	Completed	Completed Nov. 99
Riverside South Pipeline	\$ 42,418,000	\$ 42,418,000	\$ 42,418,000	100%	100%	Completed	Completed	Completed Aug. 99
Construction Support								
Right-of-Way and Land	\$ 54,448,000	\$ 54,448,000	\$ 47,504,000	-----	87%	-----	-----	-----
Environmental Planning/Mitigation	\$ 18,598,000	\$ 18,598,000	\$ 12,580,000	-----	68%	-----	-----	-----
Owner Controlled Insurance Prog.	\$ 18,700,000	\$ 18,700,000	\$ 18,468,000	-----	99%	-----	-----	-----
Study/Initial Planning	\$ 8,024,000	\$ 8,024,000	\$ 8,024,000	-----	100%	-----	-----	-----
Program Management	\$ 32,000,000	\$ 32,000,000	\$ 22,806,000	-----	71%	-----	-----	-----
Projected Total Cost	\$ 977,495,000	\$ 951,563,000	\$ 610,335,000					
Remaining Budget	\$ 208,965,000	\$ 234,897,000						
Total Approved Budget	\$ 1,186,460,000	\$ 1,186,460,000						

(1) Actuals for construction reaches include design costs

(2) Based on work completed for construction reaches and \$ expended for construction support

(3) Based on original contract duration and approved extensions

Remaining Budget

1. Project budget minus projected total cost.

