

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

May 13, 2003 Board Meeting

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10-1

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**Subject**

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Status report for the Inland Feeder Program for activities through March 2003 [**Any discussion of litigation to be heard in closed session. Conference with legal counsel--existing litigation (Shank/Balfour Beatty, a Joint Venture vs. Metropolitan Water District of Southern California, LASC Case Nos. BC283438 and BC283439); to be heard in closed session pursuant to Gov. Code § 54956.9(a)**]

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**Description**

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**Arrowhead Tunnels (new contract)**

Approximately 150 feet of conventional mining has been completed on the 250-foot starter tunnel at the Strawberry Creek portal. Conventional mining of the first 200 feet of the west tunnel at the Waterman portal is scheduled for April 2003. The contractor continues to mobilize facilities and equipment, and perform necessary activities at the Waterman Canyon and Strawberry Canyon portal sites to prepare for tunnel boring machine mining activities, which are scheduled to begin in July 2003. The two tunnel boring machines have been ordered and are scheduled for delivery in June 2003.

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

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

**Highland Pipeline – Reach 3**

The contractor has completed installation of approximately 16,000 feet of this 28,000-foot pipeline (57 percent). The estimated completion date for the project is mid-2004.

**Budget and Schedule**

The projected total cost for the Inland Feeder Program is \$977.6 million. Claims associated with the deletion of work for the original contracts for the Arrowhead East and West Tunnels 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 March 2003 are \$639.2 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 is scheduled for late 2006.

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**Policy**

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Board request

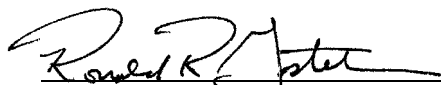
**Fiscal Impact**

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

  
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Roy L. Wolfe  
Manager, Corporate Resources

4/17/2003  
Date

  
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Ronald R. Gastelum  
Chief Executive Officer

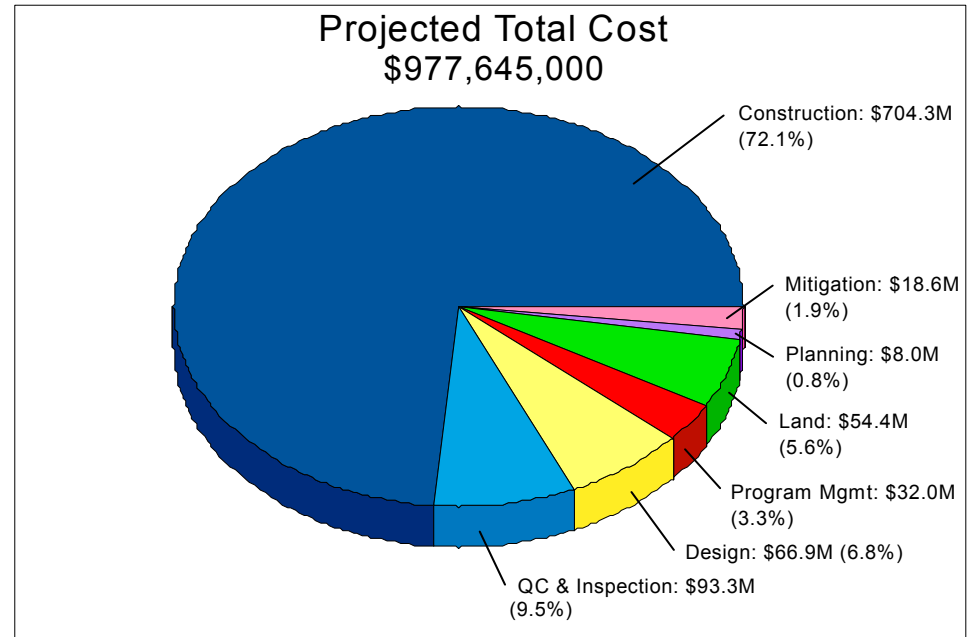
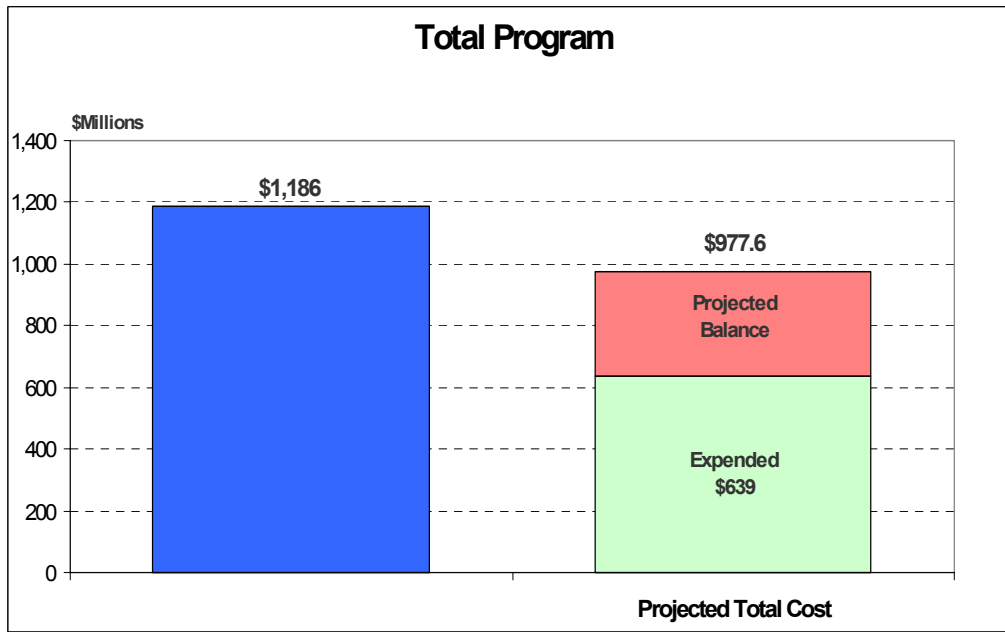
4/28/2003  
Date

**Attachment 1 – Financial Summary/Program Cash Flow**

**Attachment 2 – Budget Comparison and Schedule Summary/Remaining Budget**

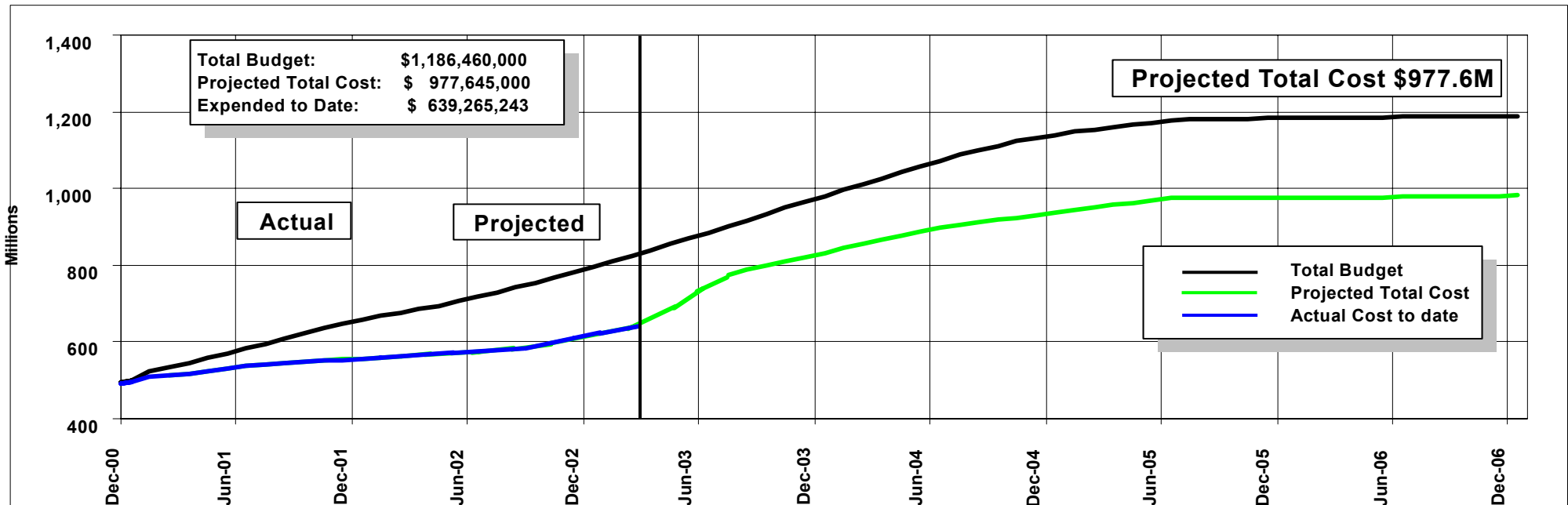
BLA #2166

# Financial Summary



1. Based on knowledge of current field conditions.

## Program Cash Flow



**Budget Comparison and Schedule Summary**

	BUDGET (Mar-03)	FORECAST (Mar-03)	ACTUALS THRU (Mar-03) (1)	PROGRESS		COMPLETION DATE		COMMENTS
				PLANNED % COMPLETE	ACTUAL % COMPLETE (Mar-03) (2)	CONTRACT (3) (4)	FORECAST (Mar-03) (4)	
<b>Construction Reaches</b>								
Arrowhead West Tunnel	\$ 56,405,000	\$ 56,370,000	\$ 56,370,000	100%	100%	Completed	Completed	Mining Deleted From Contract
Arrowhead East Tunnel	\$ 134,659,000	\$ 134,659,000	\$ 133,600,000	100%	100%	Completed	Completed	Mining halted after 8,000 ft
Arrowhead Tunnels	\$ 307,137,000	\$ 287,435,000	\$ 21,302,000	3%	7%	Sep-06	Sep-06	Contractor Mobilizing
Highland Pipeline	\$ 61,832,000	\$ 59,421,000	\$ 36,928,000	15%	60%	Sep-04	Sep-04	Under construction.
Mentone Pipeline	\$ 39,239,000	\$ 39,239,000	\$ 38,989,000	100%	99%	Completed	Completed	Completed Oct. 01
Riverside Badlands Tunnel	\$ 148,473,000	\$ 144,777,000	\$ 143,630,000	100%	100%	Completed	Completed	Completed Mar. 03
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
<b>Construction Support</b>								
Right-of-Way and Land	\$ 54,448,000	\$ 54,448,000	\$ 47,692,000	-----	88%	-----	-----	-----
Environmental Planning/Mitigation	\$ 18,598,000	\$ 18,598,000	\$ 12,653,000	-----	68%	-----	-----	-----
Owner Controlled Insurance Prog.	\$ 18,700,000	\$ 18,700,000	\$ 18,491,000	-----	99%	-----	-----	-----
Study/Initial Planning	\$ 8,024,000	\$ 8,024,000	\$ 8,024,000	-----	100%	-----	-----	-----
Program Management	\$ 32,000,000	\$ 32,000,000	\$ 23,456,000	-----	73%	-----	-----	-----
<b>Projected Total Cost</b>	<b>\$ 977,645,000</b>	<b>\$ 951,800,000</b>	<b>\$ 639,265,000</b>					
<b>Remaining Budget</b>	<b>\$ 208,815,000</b>	<b>\$ 234,660,000</b>						
<b>Total Approved Budget</b>	<b>\$ 1,186,460,000</b>	<b>\$ 1,186,460,000</b>						

- (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
- (4) Completion date for Arrowhead Tunnels does not include time for grouting

**Remaining Budget**

1. Project budget minus projected total cost.

