

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

June 10, 2003 Board Meeting

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10-1

## **Subject**

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Status report for the Inland Feeder Program for activities through April 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)**]

## **Description**

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### **Arrowhead Tunnels (new contract)**

Conventional mining has been completed on the 250-foot starter tunnel at the Strawberry Creek portal of the Arrowhead tunnels. Approximately 12 feet of conventional mining has been completed on the 200-foot starter tunnel for the Arrowhead West tunnel. Manufacturing of the tunnel boring machines have been completed in Germany and are scheduled for shipment in early May. They will arrive in mid-June. The contractor continues to mobilize facilities and equipment, and perform necessary activities at the Waterman Canyon and Strawberry Canyon portal sites to prepare for mining that is scheduled to begin in July 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 18,760 feet of this 28,000-foot pipeline (67 percent). The estimated completion date for the project is mid 2004.

### **Budget and Schedule**

The projected total cost for the Inland Feeder Program is \$978.4 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 April 2003 are \$645 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.

## **Policy**

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Board request

**Fiscal Impact**

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

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| <br>Roy L. Wolfe<br>Manager, Corporate Resources | 5/16/2003<br>Date |
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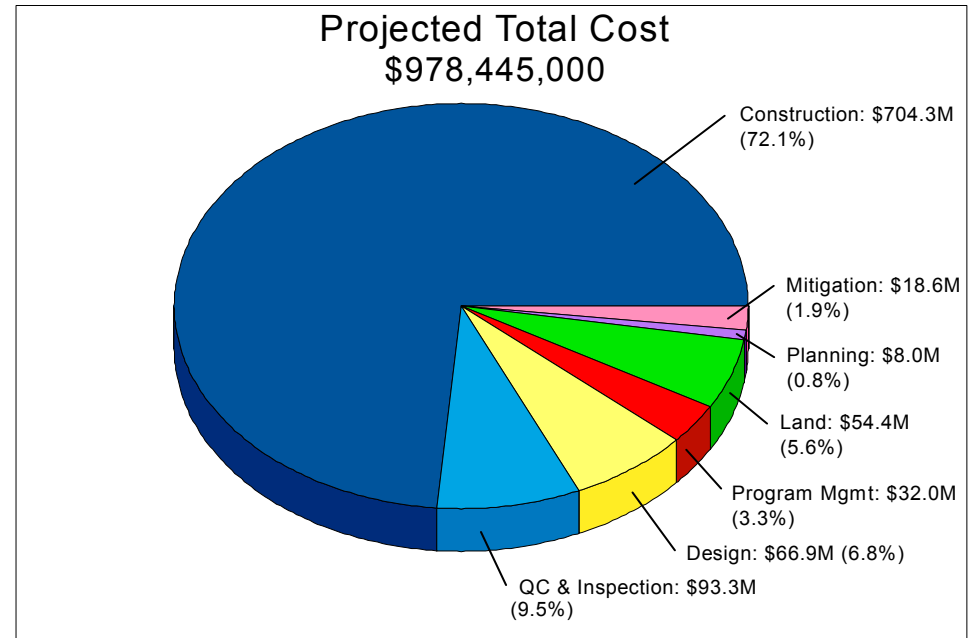
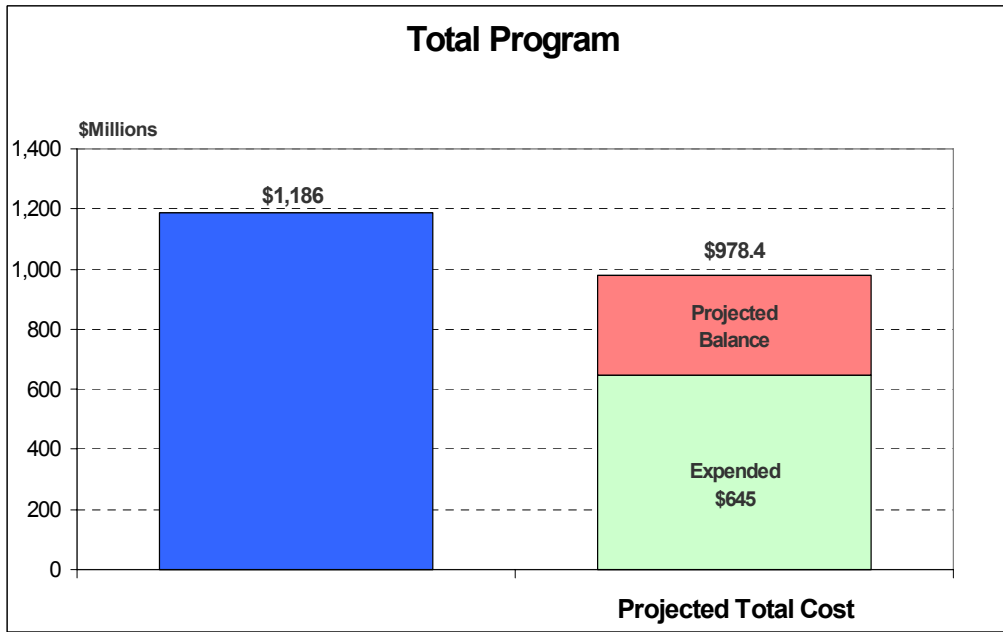
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| <br>Ronald R. Gastelum<br>Chief Executive Officer | 5/20/2003<br>Date |
|---|-------------------|

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

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

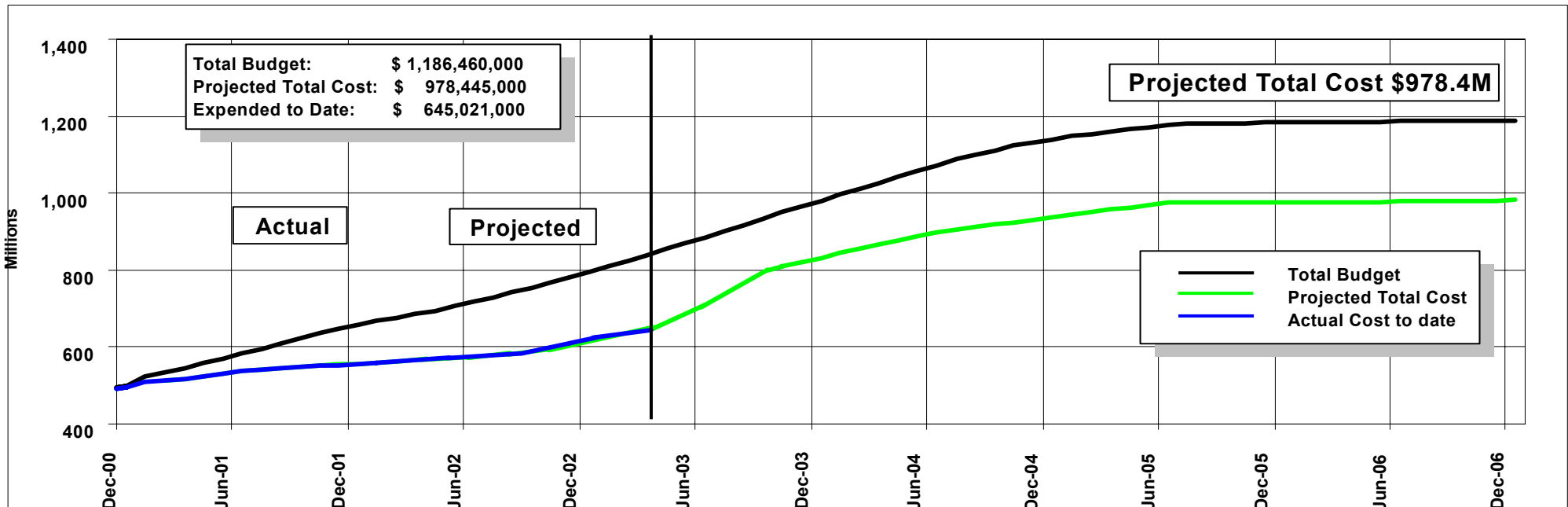
BLA #2167

# Financial Summary



1. Based on knowledge of current field conditions.

# Program Cash Flow



### Budget Comparison and Schedule Summary

|                                   | BUDGET<br>(Apr-03)      | FORECAST<br>(Apr-03)    | ACTUALS<br>THRU<br>(Apr-03) <sup>(1)</sup> | PROGRESS              |   | COMPLETION DATE     |                                     | COMMENTS                     |
|-----------------------------------|-------------------------|-------------------------|--|-----------------------|---|---------------------|-------------------------------------|------------------------------|
|                                   |                         |                         |  | PLANNED<br>% COMPLETE | ACTUAL<br>% COMPLETE<br>(Apr-03) <sup>(2)</sup> | CONTRACT<br>(3) (4) | FORECAST<br>(Apr-03) <sup>(4)</sup> |                              |
| <b>Construction Reaches</b>       |                         |                         |  |                       |   |                     |                                     |                              |
| Arrowhead West Tunnel             | \$ 56,355,000           | \$ 56,359,000           | \$ 56,372,000                              | 100%                  | 100%  | Completed           | Completed                           | Mining Deleted From Contract |
| Arrowhead East Tunnel             | \$ 135,509,000          | \$ 135,509,000          | \$ 133,607,000                             | 100%                  | 100%  | Completed           | Completed                           | Mining halted after 8,000 ft |
| Arrowhead Tunnels                 | \$ 307,138,000          | \$ 287,468,000          | \$ 22,277,000                              | 3%                    | 7%  | Sep-06              | Sep-06                              | Contractor Mobilizing        |
| Highland Pipeline                 | \$ 61,832,000           | \$ 59,534,000           | \$ 41,132,000                              | 15%                   | 67%   | Sep-04              | Sep-04                              | Under construction.          |
| Mentone Pipeline                  | \$ 39,238,000           | \$ 39,238,000           | \$ 38,989,000                              | 100%                  | 99%   | Completed           | Completed                           | Completed Oct. 01            |
| Riverside Badlands Tunnel         | \$ 148,473,000          | \$ 144,816,000          | \$ 143,781,000                             | 100%                  | 97%   | Completed           | Completed                           | Completed Mar. 03            |
| Riverside North Pipeline          | \$ 55,712,000           | \$ 55,712,000           | \$ 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           | \$ 54,465,000           | \$ 47,921,000                              | -----                 | 88%   | -----               | -----                               | -----                        |
| Environmental Planning/Mitigation | \$ 18,598,000           | \$ 18,598,000           | \$ 12,696,000                              | -----                 | 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           | \$ 23,601,000                              | -----                 | 74%   | -----               | -----                               | -----                        |
| <b>Projected Total Cost</b>       | <b>\$ 978,445,000</b>   | <b>\$ 952,841,000</b>   | <b>\$ 645,021,000</b>                      |                       |   |                     |                                     |                              |
| <b>Remaining Budget</b>           | <b>\$ 208,015,000</b>   | <b>\$ 233,619,000</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.

