

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

July 8, 2003 Board Meeting

10-1

Subject

Status report for the Inland Feeder Program for activities through May 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

Arrowhead Tunnels (new contract)

Conventional mining has been completed on the 250-foot starter tunnel at the Strawberry Creek portal of the Arrowhead East tunnel. 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 has been completed in Germany and the machines are scheduled for shipment in early May. They will arrive in mid-June in Long Beach. The contractor continues to mobilize facilities and equipment, and to 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. Metropolitan's attempts to settle the claims have been unsuccessful. Shank/Balfour Beatty filed litigation in Superior Court in Los Angeles County (two cases). Discovery has started. It is likely that Metropolitan will need to seek the additional information in motions to compel 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 20,000 feet of this 28,000-foot pipeline (70 percent). The estimated completion date for the project is June 2004.

Budget and Schedule

The projected total cost for the Inland Feeder Program is \$978.5 million. Claims associated with the deletion of work for the original Arrowhead East and West Tunnels 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 May 2003 are \$649.5 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 on-line date for the Inland Feeder is scheduled for late 2006 to mid 2007 depending upon the level of grouting that will be required on the Arrowhead Tunnels. Upon completion of construction, environmental mitigation measures will continue along the Arrowhead Tunnels alignment for up to two years in accordance with the Environmental Impact Report.

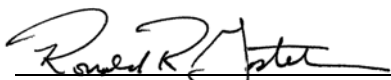
Policy

Board request

Fiscal Impact

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

 _____ Roy L. Wolfe Manager, Corporate Resources	6/6/2003 _____ Date
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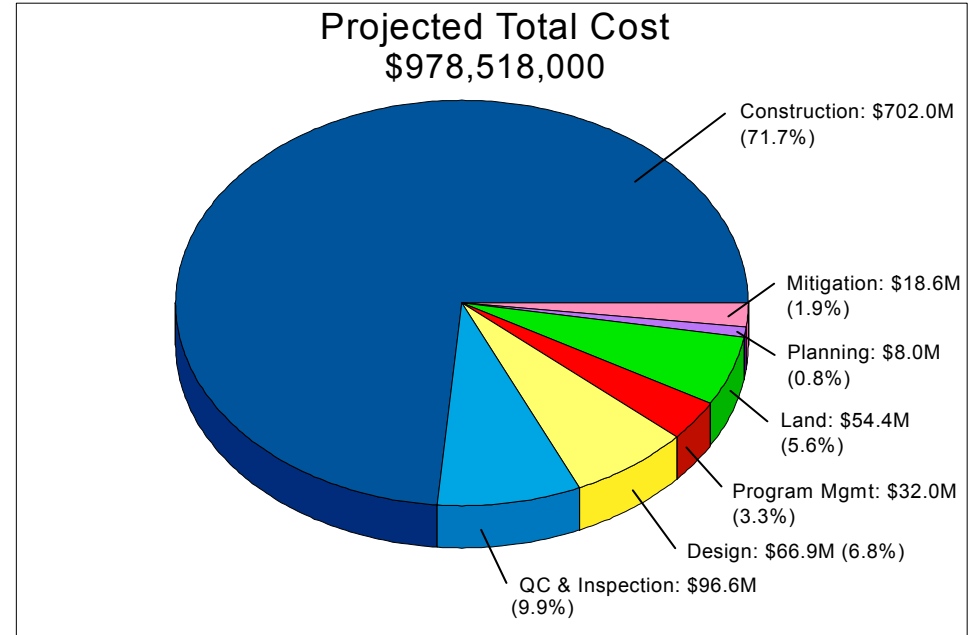
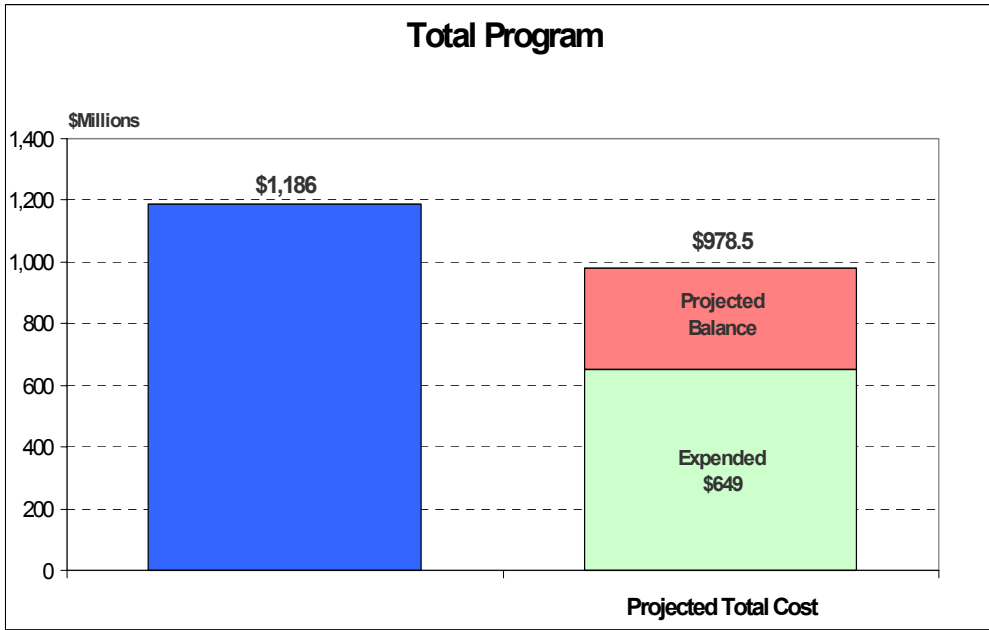
 _____ Ronald R. Gastelum Chief Executive Officer	6/17/2003 _____ Date
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Attachment 1 – Financial Summary/Program Cash Flow

Attachment 2 – Budget Comparison and Schedule Summary/Remaining Budget

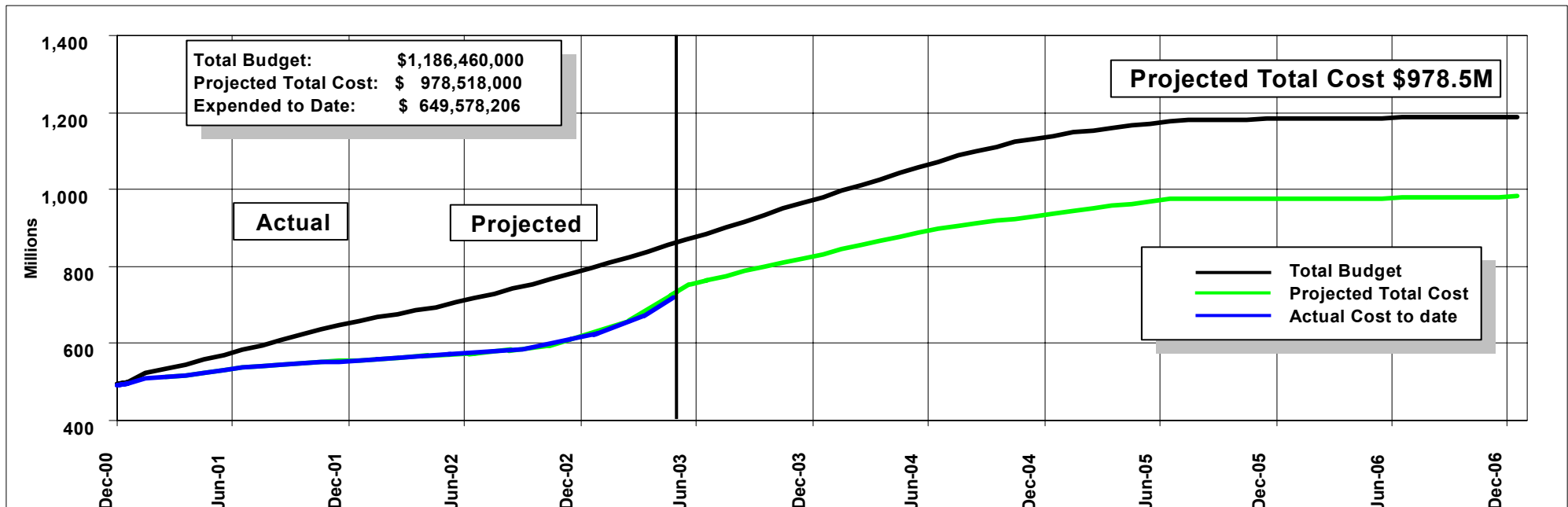
BLA #2247

Financial Summary



1. Based on knowledge of current field conditions.

Program Cash Flow



Budget Comparison and Schedule Summary

	BUDGET (May-03)	FORECAST (May-03)	ACTUALS THRU (May-03) (1)	PROGRESS		COMPLETION DATE		COMMENTS
				PLANNED % COMPLETE	ACTUAL % COMPLETE (May-03) (2)	CONTRACT (3) (4)	FORECAST (May-03) (4)	
Construction Reaches								
Arrowhead West Tunnel	\$ 56,355,000	\$ 56,359,000	\$ 56,333,000	100%	100%	Completed	Completed	Mining Deleted From Contract
Arrowhead East Tunnel	\$ 135,509,000	\$ 135,509,000	\$ 133,657,000	100%	100%	Completed	Completed	Mining halted after 8,000 ft
Arrowhead Tunnels	\$ 307,137,000	\$ 287,463,000	\$ 23,424,000	5%	8%	Sep-06	Sep-06	Contractor Mobilizing
Highland Pipeline	\$ 61,906,000	\$ 59,806,000	\$ 44,113,000	60%	71%	Sep-04	May-04	Under construction.
Mentone Pipeline	\$ 39,238,000	\$ 39,238,000	\$ 38,995,000	100%	100%	Completed	Completed	Completed Oct. 01
Riverside Badlands Tunnel	\$ 148,473,000	\$ 144,879,000	\$ 143,832,000	100%	100%	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
Construction Support								
Right-of-Way and Land	\$ 54,448,000	\$ 54,448,000	\$ 48,022,000	-----	88%	-----	-----	-----
Environmental Planning/Mitigation	\$ 18,598,000	\$ 18,598,000	\$ 12,734,000	-----	68%	-----	-----	-----
Owner Controlled Insurance Prog.	\$ 18,700,000	\$ 18,700,000	\$ 18,535,000	-----	99%	-----	-----	-----
Study/Initial Planning	\$ 8,024,000	\$ 8,024,000	\$ 8,024,000	-----	100%	-----	-----	-----
Program Management	\$ 32,000,000	\$ 32,000,000	\$ 23,779,000	-----	74%	-----	-----	-----
Projected Total Cost	\$ 978,518,000	\$ 953,154,000	\$ 649,578,000					
Remaining Budget	\$ 207,942,000	\$ 233,306,000						
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
- (4) Completion date for Arrowhead Tunnels does not include time for grouting

Remaining Budget

1. Project budget minus projected total cost.

