

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

August 19, 2003 Board Meeting

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**10-2**

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**Subject**

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Completion of the Diamond Valley Lake Program

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**Description**

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Since Metropolitan's Board first approved the Diamond Valley Lake Program (formerly Eastside Reservoir Project) in October 1991, the planning, development, and construction of the reservoir has set precedents within the engineering field and in environmental protection. Moreover, the swift completion of Diamond Valley Lake (DVL) has enhanced Metropolitan's ability to meet its seasonal, drought, and emergency needs despite changing water supply conditions. Initial groundbreaking of the reservoir took place on May 17, 1995 and in less than five years, on March 18, 2000, Metropolitan dedicated DVL. Since the dedication, the State of California's Division of Safety of Dams has approved the dams and has issued permits to impound water to the reservoir's maximum capacity of 800,000 acre-feet. Although DVL currently contains approximately 683,000 acre-feet of water, as much as 778,000 acre-feet (97 percent of capacity) has been stored at its peak level, and more than 890,000 acre-feet of water has been delivered into the reservoir over the past three years.

All major facilities are complete. Water System Operations staff has managed the day-to-day operations of all facilities at the reservoir for over three years. The dams are performing safely, the pump/turbines at the Hiram W. Wadsworth Pumping Plant are operable, security fencing around the project perimeter is in place, and areas disturbed during construction of the reservoir have been restored. By the beginning of August 2003, the final remaining contract for the North Rim Adit Lining will have been completed.

All outstanding claims have been settled. As a result of a mediation meeting held in March 2003, a settlement was negotiated in the builder's risk and general liability claims against the owner controlled insurance program, insured by the Hartford. The settlement agreement was approved by Metropolitan's Board in April 2003. Proceeds from the settlement have been credited to the program budget, thereby decreasing the total cost of the reservoir project.

**Financial Status**

The revised total DVL budget of \$2.0871 billion, established at the July 1999 Board meeting, was reduced at the June 2001 Board meeting to \$2.0851 billion. This reduction reflected the transfer of \$2 million for the Southern California Water Education Center. The revised total DVL budget excluded east recreation area infrastructure work, which was estimated at \$58 million in unescalated costs. When the revised total budget was established in July 1999, it was expected that the entire \$2.0871 billion would be expended.

Total project expenditures through the end of June 2003 are \$1.9823 billion. Expenditures include the purchase of properties surrounding the reservoir operating area and the Multi-Species Reserve, \$38 million for settlement of the West Dam claim and \$9.4 million for settlement of the East Dam and West Dam Foundation Excavation claims.

**The final projected total cost to complete the reservoir is \$1.9926 billion.** This projected total cost includes all items necessary for the operation and permitting of the reservoir. Expenditures of \$5.6 million for recreation planning activities incurred by DVL prior to July 1999 were transferred to the Recreation program. As a result of the settlement of the Hartford claims, expenditures for the reservoir construction were reduced by \$10.5 million and legal claim costs of \$2.15 million were recovered. Appropriated but unspent funds (remaining budget) is \$92.5 million, based on the revised total DVL budget established in June 2001.

Property development and usage around DVL will continue to be evaluated. It is anticipated that several Metropolitan-owned properties will be designated as surplus in the future and any proceeds realized by Metropolitan in the disposition of these surplus properties will be offset to the project cost, thereby decreasing further the total cost of the reservoir project and the associated recreation costs.

The reservoir appropriation is planned to be closed in September 2003. Coincident with this closure, a new appropriation with an estimated program cost of \$8.1 million will be recommended to Metropolitan's Board for ongoing projects to repair the protective coating on the existing pump bowls at the Hiram W. Wadsworth Pumping Plant and to resolve outstanding workers' compensation claims associated with the Owner-Controlled Insurance Program (OCIP). (See [Attachment 1](#) for a financial summary/project cash flow and [Attachment 2](#) for the remaining budget). Financial information presented in this board report is consistent with financial data (June 30, 2003) reviewed by the Office of the Chief Financial Officer and the DVL Evaluation Team Manager.

## Policy

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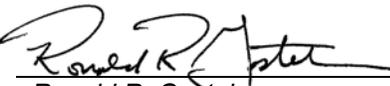
Board Request

## Board Options/Fiscal Impacts

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Refer to Attachments

 _____ Roy L. Wolfe Manager, Corporate Resources	8/1/2003 Date
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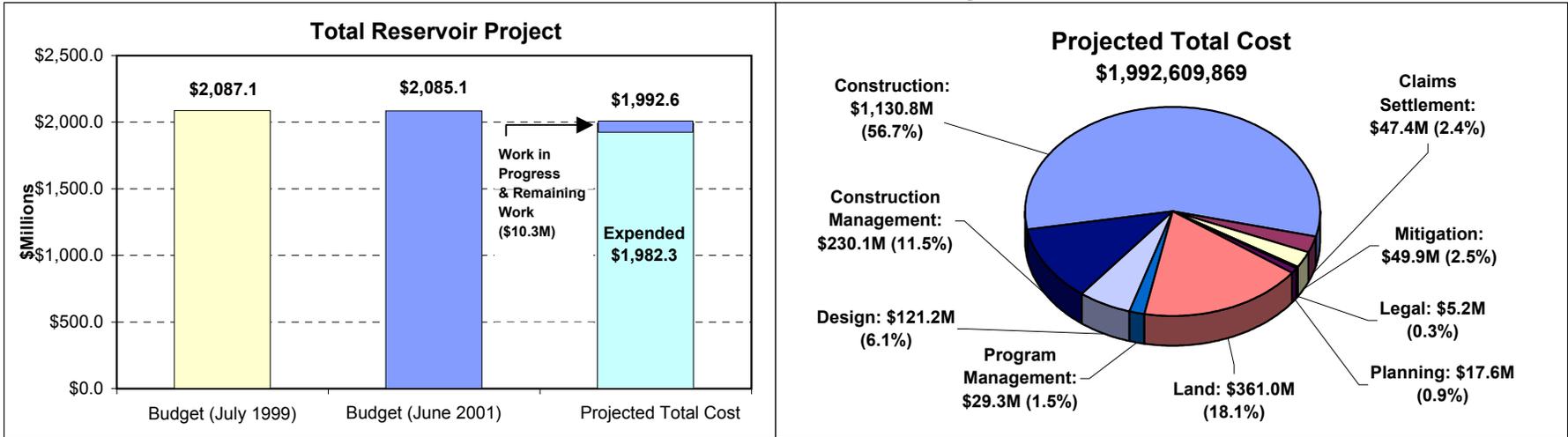
 _____ Ronald R. Gastelum Chief Executive Officer	8/4/2003 Date
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[Attachment 1 – Financial Summary](#)

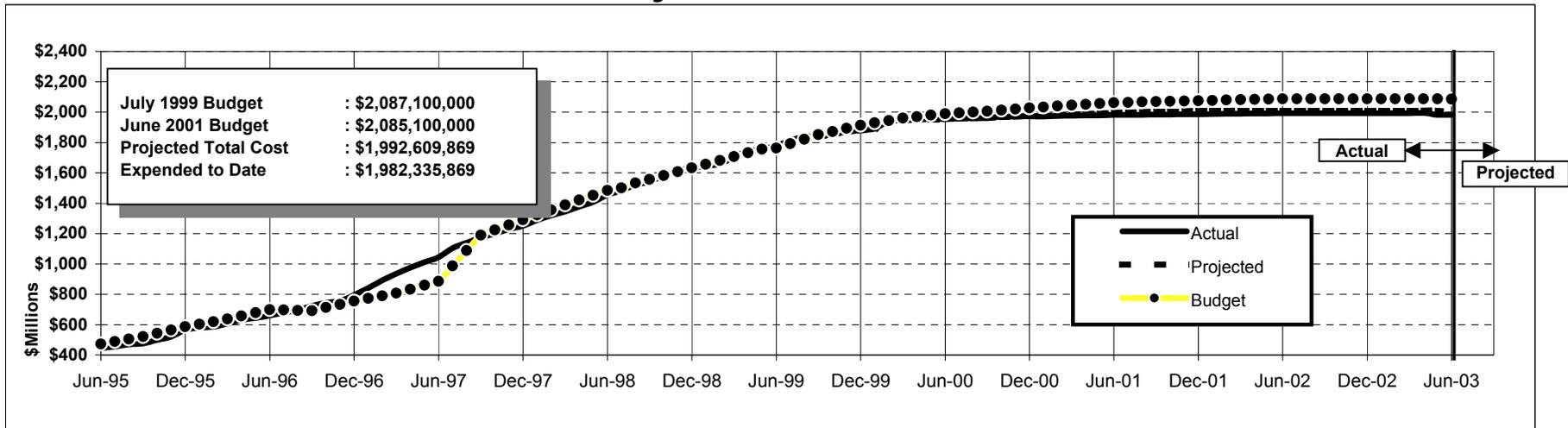
[Attachment 2 – Remaining Budget](#)

BLA #2200

## Financial Summary



## Project Cash Flow



### Remaining Budget



Note: Remaining Budget equals the revised total budget (June 2001) minus the Projected Total Costs.