

- **Board of Directors**
Engineering and Operations Committee
Legal, Claims and Personnel Committee

September 9, 2003 Board Meeting

10-1

Subject

Status report for the Inland Feeder Program for activities through July 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)

The contractor continues to assemble the tunnel boring machines (TBM) at the Waterman Canyon (Arrowhead West tunnel) and Strawberry Creek portals (Arrowhead East tunnel). Work also continues to mobilize facilities and equipment at both portals to prepare for mining. Initial mining is currently scheduled to commence on the Arrowhead East tunnel in late August with full production to commence mid-September.

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 deletion 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 commenced and the parties have exchanged some documents. Metropolitan anticipates filing motions in late July to compel the contractor to provide certain additional documents. The earliest the motions can be heard is late August or early September. In the meantime both parties will be conducting depositions.

Highland Pipeline – Reach 3

The contractor has installed approximately 24,500 feet of this 28,000-foot pipeline (87 percent). The contractor has performed dewatering activities and has begun tunneling beneath City Creek. The estimated completion date for the project is May 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. A \$450,000 claim for the completed Riverside Badlands Tunnel is also pending.

Total expenditures through July 2003 are \$664.3 million (see [Attachment 1](#) for a budget comparison and schedule summary and [Attachment 2](#) for the Arrowhead Tunnels financial status). The board-approved budget remains unchanged at \$1.186 billion. The projected on-line date for the Inland Feeder is scheduled for 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.

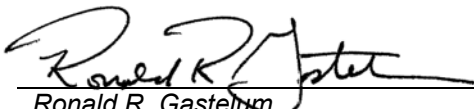
Policy

Board request

Fiscal Impact

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

 _____ Roy L. Wolfe Manager, Corporate Resources	8/5/2003 Date
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 _____ Ronald R. Gastelum Chief Executive Officer	8/22/2003 Date
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Attachment 1 – Budget Comparison and Schedule Summary

Attachment 2 – Arrowhead Tunnels financial status

BLA #2249

Budget Comparison and Schedule Summary

	BUDGET (Jul-03)	FORECAST (Jul-03)	ACTUALS THRU (Jul-03)	PROGRESS		COMPLETION DATE		COMMENTS
				PLANNED % COMPLETE	ACTUAL % COMPLETE (Jul-03) ⁽¹⁾	CONTRACT (2) (3)	FORECAST (Jul-03) ⁽³⁾	
<u>Active Construction</u>								
Arrowhead Tunnels (See Att. 2 for Budget Detail)	\$ 302,567,000	\$ 283,015,000	\$ 28,113,000	15%	11%	Sep-06	Sep-06	Contractor Mobilizing Under construction.
Highland Pipeline	\$ 52,837,000	\$ 52,090,000	\$ 38,822,000	50%	80%	Sep-04	May-04	
<u>Construction Support</u>								
Right-of-Way and Land	\$ 54,448,000	\$ 54,448,000	\$ 48,321,000	-----	89%	-----	-----	-----
Environmental Planning/Mitigation	\$ 18,598,000	\$ 18,598,000	\$ 12,829,000	-----	69%	-----	-----	-----
Program Management	\$ 32,401,000	\$ 32,401,000	\$ 24,299,000	-----	75%	-----	-----	-----
<u>Completed Projects</u>								
Mentone Pipeline	\$ 32,112,000	\$ 32,112,000	\$ 31,881,000	-----	100%	-----	-----	-----
Arrowhead Tunnels Design	\$ 29,380,000	\$ 29,380,000	\$ 29,380,000	-----	100%	-----	-----	-----
Riverside Badlands Tunnel ⁽⁴⁾	\$ 148,473,000	\$ 144,924,000	\$ 144,783,000	-----	100%	-----	-----	-----
Riverside North Pipeline	\$ 55,712,000	\$ 55,713,000	\$ 55,713,000	-----	100%	-----	-----	-----
Riverside South Pipeline	\$ 42,418,000	\$ 42,418,000	\$ 42,418,000	-----	100%	-----	-----	-----
Arrowhead West Tunnel Constr. ⁽⁵⁾	\$ 44,425,000	\$ 44,408,000	\$ 43,957,000	-----	100%	-----	-----	-----
Arrowhead East Tunnel Constr. ⁽⁵⁾	\$ 122,228,000	\$ 122,228,000	\$ 121,072,000	-----	100%	-----	-----	-----
Highland/Mentone Pipeline Design	\$ 16,122,000	\$ 16,123,000	\$ 16,123,000	-----	100%	-----	-----	-----
Owner Controlled Insurance Program	\$ 18,700,000	\$ 18,700,000	\$ 18,535,000	-----	99%	-----	-----	-----
Inland Feeder Study / Initial Planning	\$ 8,024,000	\$ 8,024,000	\$ 8,024,000	-----	100%	-----	-----	-----
Projected Total Cost	\$ 978,445,000	\$ 954,580,000	\$ 664,270,000					
Remaining Budget	\$ 208,015,000	\$ 231,880,000						
Total Approved Budget	\$ 1,186,460,000	\$ 1,186,460,000						

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

(2) Based on original contract duration and approved extensions.

(3) Completion date for Arrowhead Tunnels does not include time for grouting.

(4) Will reduce budget to equal actuals following resolution of Contractors Claim of \$500K. Unused budget to be transferred to Remaining Budget category.

(5) Budget does not include Contractor Claims of \$5.3M and \$15.8M for the Arrowhead East Tunnel and Arrowhead West Tunnel, respectively.

NOTE: Overall completion = 35 of 44 miles (80%)

Arrowhead Tunnels Financial Status
(\$ in Millions)

	BUDGET	EXPENDITURES	
	July 2003	Actuals July 2003	% of Budget Expended
Mobilization	\$ 7.4	\$ 5.7	77.0%
Plant equipment / materials	\$ 62.1	\$ 14.2	22.9%
<u>Arrowhead East</u>			
Portal / pipeline work	\$ 11.0	\$ 5.4	49.1%
Excavation / final lining	\$ 64.1	\$ 0.4	0.6%
Grouting	\$ 11.6	\$ -	
<u>Arrowhead West</u>			
Portal / pipeline work	\$ 6.6	\$ 0.8	12.1%
Excavation / final lining	\$ 67.9	\$ 0.4	0.6%
Grouting	\$ 11.6	\$ -	
Sub - Total	\$ 242.3	\$ 26.9	11.1%