

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

November 18, 2003 Board Meeting

10-1

Subject

Status report for the Inland Feeder Program for activities through September 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 No. BC283438); to be heard in closed session pursuant to Gov. Code § 54956.9(a)**]

Description

Arrowhead Tunnels (new contract)

Tunnel boring machine (TBM) mining began on the Arrowhead East Tunnel on August 18, 2003. During the initial phase, approximately 500 feet of tunnel will be mined to allow assembly of remaining trailing gear components, to construct the muck roll-over pit and muck train rail, and to refine mining operations in preparation of full production mining. Through September, 500 feet have been mined. Full production mining is scheduled to commence in mid-October. TBM assembly continues at the Arrowhead West Waterman Canyon portal with an expected mining date of mid-October. Construction of the water treatment facility, which will treat future water discharges from both tunnels during mining, is 95 percent complete. Primary support segment fabrication continued at the Palmdale plant with quantities completed to sufficiently line approximately 3,700 feet of the tunnels.

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. Discovery has commenced and the parties have exchanged documents. Metropolitan has recently received certain additional documents that are currently being reviewed. Depositions are anticipated to commence in mid-October. A mediation of this matter is scheduled for December 11 and 12. If mediation is not successful the trial is scheduled to begin March 30, 2004.

Highland Pipeline – Reach 3

The contractor has installed approximately 25,950 feet of this 28,000-foot pipeline (93 percent). The contractor completed tunneling and has installed the pipe under City Creek. Work continues to complete the street improvements along Boulder Avenue. The estimated completion date for the project is May 2004.

Budget and Schedule

The projected cost for the Inland Feeder Program has been reduced from \$954.6 million to \$949.2 million due primarily to a \$5.5 million under-run of the budget established to purchase right-of-way and land. \$5.5 million were transferred to the remaining budget category. 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 West Tunnels are \$5.3 million and \$15.8 million, respectively. A \$429,000 claim for the completed Riverside Badlands Tunnel is also pending.

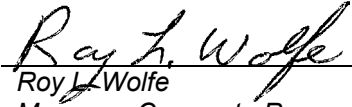

Total expenditures through September 2003 are \$679.0 million (see [Attachment 1](#) for a budget comparison and schedule summary and, [Attachment 2](#) for the Arrowhead Tunnels financial status). The board-approved budget remains unchanged at \$1.186 billion. The projected on-line date for the Inland 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	10/17/2003 Date
 Ronald R. Gastelum Chief Executive Officer	10/27/2003 Date

[Attachment 1 – Budget Comparison and Schedule Summary](#)

[Attachment 2 – Arrowhead Tunnels Financial Status](#)

BLA #2251

**Inland Feeder Program
Budget Comparison and Schedule Summary**

	BUDGET (Sep-03)	PROJECTED COST (Sep-03)	ACTUALS THRU (Sep-03)	PROGRESS		COMPLETION DATE		COMMENTS
				PLANNED % COMPLETE	ACTUAL % COMPLETE (Sep-03) (1)	CONTRACT (2) (3)	FORECAST (Sep-03) (3)	
<u>Active Construction</u>								
Arrowhead Tunnels	\$ 302,567,000	\$ 283,019,000	\$ 37,722,000	23%	14%	Sep-06	Sep-06	Contractor Mobilizing
Highland Pipeline	\$ 52,837,000	\$ 52,104,000	\$ 43,234,000	57%	90%	Sep-04	May-04	Under construction
<u>Construction Support</u>								
Right-of-Way and Land	\$ 49,072,000	\$ 49,072,000	\$ 48,379,000	-----	99%	-----	-----	-----
Environmental Planning/Mitigation	\$ 18,598,000	\$ 18,598,000	\$ 13,018,000	-----	70%	-----	-----	-----
Program Management	\$ 32,401,000	\$ 32,401,000	\$ 24,719,000	-----	76%	-----	-----	-----
<u>Completed Projects</u>								
Arrowhead West Tunnel Constr. (4)	\$ 44,425,000	\$ 44,408,000	\$ 43,920,000	-----	100%	-----	-----	-----
Arrowhead East Tunnel Constr. (4)	\$ 122,228,000	\$ 122,228,000	\$ 121,087,000	-----	100%	-----	-----	-----
Arrowhead Tunnels Design	\$ 29,380,000	\$ 29,380,000	\$ 29,380,000	-----	100%	-----	-----	-----
Mentone Pipeline	\$ 32,112,000	\$ 32,112,000	\$ 31,884,000	-----	100%	-----	-----	-----
Highland/Mentone Pipeline Design	\$ 16,122,000	\$ 16,123,000	\$ 16,121,000	-----	100%	-----	-----	-----
Riverside Badlands Tunnel (5)	\$ 144,931,000	\$ 144,931,000	\$ 144,797,000	-----	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%	-----	-----	-----
Inland Feeder Study / Initial Planning	\$ 8,024,000	\$ 8,024,000	\$ 8,024,000	-----	100%	-----	-----	-----
Owner Controlled Insurance Program	\$ 18,700,000	\$ 18,700,000	\$ 18,541,000	-----	99%	-----	-----	-----
Expended To Date			\$ 678,957,000					
Total Cost To Complete	\$ 969,527,000	\$ 949,231,000						
Remaining Budget	\$ 216,933,000	\$ 237,229,000						
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) Budget does not include Contractor Claims of \$5.3M and \$15.8M for the Arrowhead East Tunnel and Arrowhead West Tunnel, respectively.

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

NOTE: Overall completion = 36 of 44 miles (82%)

Inland Feeder Program
Arrowhead Tunnels Financial Status
 Construction Contract
 (\$ in Millions)

Construction Contract No. 1542	Budget September - 2003	Actuals September - 2003	% of Budget Expended
Mobilization	\$ 7.4	\$ 6.1	82.4%
Plant equipment / materials	\$ 62.1	\$ 20.5	33.0%
<u>Arrowhead East</u>			
Portal / pipeline work	\$ 11.0	\$ 5.8	52.7%
Excavation / final lining	\$ 64.1	\$ 3.3	5.1%
Grouting	\$ 11.6	\$ -	
<u>Arrowhead West</u>			
Portal / pipeline work	\$ 6.7	\$ 1.1	16.4%
Excavation / final lining	\$ 67.9	\$ 0.2	0.3%
Grouting	\$ 11.6	\$ -	
Construction Contract Total	<u>\$ 242.4</u>	<u>\$ 37.0</u>	<u>15.3%</u>