

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

December 9, 2003 Board Meeting

10-1

Subject

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

Construction of the water treatment facility which treats water discharges from both tunnels has been completed and is in operation. Primary support segment fabrication continued at the Palmdale plant with quantities completed to sufficiently line approximately 5,100 feet of the tunnels.

Arrowhead East Tunnel – Tunnel boring machine (TBM) mining began on August 18, 2003. Through October, 840 feet have been mined. Full production mining commenced in mid-October with the addition of a third shift. No groundwater has been encountered to date.

Arrowhead West Tunnel – TBM assembly was completed and mining began on October 20, 2003. Through October, 30 feet have been mined. Pre-excavation grouting operations are being performed on the third shift to control groundwater which has been present from the start of mining.

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 in October 2002. Discovery has commenced and the parties have exchanged documents. Depositions are anticipated to commence in mid-October. A mediation of this matter is scheduled for December 11 and 12, 2003. If mediation is not successful the trial is scheduled to begin on March 30, 2004.

Highland Pipeline – Reach 3

The contractor has installed approximately 27,400 feet of this 28,000-foot pipeline (98 percent). The contractor continues working in the City Creek area. Work continues on the street improvements along Boulder Avenue and is scheduled for completion in early November. The estimated completion date for the project is May 2004.

Budget and Schedule

The projected cost for the Inland Feeder Program remains unchanged at \$949.2 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 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 October 2003 are \$682.6 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.

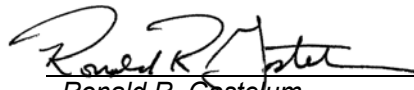
Policy

Board request

Fiscal Impact

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

 Roy L. Wolfe Manager, Corporate Resources	11/14/2003 Date
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 Ronald R. Gastelum Chief Executive Officer	11/20/2003 Date
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[Attachment 1 – Budget Comparison and Schedule Summary](#)

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

BLA #2252

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

	BUDGET (Oct-03)	PROJECTED COST (Oct-03)	ACTUALS THRU (Oct-03)	PROGRESS		COMPLETION DATE		COMMENTS
				PLANNED % COMPLETE	ACTUAL % COMPLETE (Oct-03) (1)	CONTRACT (2) (3)	FORECAST (Oct-03) (3)	
<u>Active Construction</u>								
Arrowhead Tunnels	\$ 302,567,000	\$ 283,009,000	\$ 38,153,000	26%	16%	Sep-06	Sep-06	Under construction
Highland Pipeline	\$ 52,837,000	\$ 52,127,000	\$ 46,102,000	60%	91%	Sep-04	May-04	Under construction
<u>Construction Support</u>								
Right-of-Way and Land	\$ 49,072,000	\$ 49,072,000	\$ 48,415,000	-----	99%	-----	-----	-----
Environmental Planning/Mitigation	\$ 18,598,000	\$ 18,598,000	\$ 13,060,000	-----	70%	-----	-----	-----
Program Management	\$ 32,401,000	\$ 32,401,000	\$ 24,955,000	-----	77%	-----	-----	-----
<u>Completed Projects</u>								
Arrowhead West Tunnel Constr. (4)	\$ 44,425,000	\$ 44,358,000	\$ 43,926,000	-----	100%	-----	-----	-----
Arrowhead East Tunnel Constr. (4)	\$ 122,228,000	\$ 122,228,000	\$ 121,093,000	-----	100%	-----	-----	-----
Arrowhead Tunnels Design	\$ 29,380,000	\$ 29,380,000	\$ 29,381,000	-----	100%	-----	-----	-----
Mentone Pipeline	\$ 32,112,000	\$ 32,112,000	\$ 31,886,000	-----	100%	-----	-----	-----
Highland/Mentone Pipeline Design	\$ 16,122,000	\$ 16,121,000	\$ 16,121,000	-----	100%	-----	-----	-----
Riverside Badlands Tunnel (5)	\$ 144,931,000	\$ 144,931,000	\$ 144,805,000	-----	100%	-----	-----	-----
Riverside North Pipeline	\$ 55,713,000	\$ 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	\$ 18,538,000	-----	99%	-----	-----	-----
Expended To Date			\$ 682,590,000					
Total Cost To Complete	\$ 969,528,000	\$ 949,192,000						
Remaining Budget	\$ 216,932,000	\$ 237,268,000						
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
(\$ in Millions)

Construction Contract No. 1542	Budget October - 2003	Actuals October - 2003	% of Budget Expended
Mobilization	\$ 7.4	\$ 6.1	82.4%
Plant equipment / materials	\$ 62.1	\$ 22.4	36.1%
<u>Arrowhead East</u>			
Portal / pipeline work	\$ 11.0	\$ 6.1	55.5%
Excavation / final lining	\$ 64.1	\$ 4.2	6.6%
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>\$ 40.1</u>	<u>16.5%</u>