

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

May 11, 2004 Board Meeting

10-1

Subject

Status report for the Inland Feeder Program for activities through March 2004 [**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). Any discussion of potential litigation relating to the December 2003 Waterman Canyon Floods to be heard in closed session pursuant to Gov. Code § 54956.9(b)**]

Description

Arrowhead Tunnels (new contract)

Arrowhead East Tunnel – Tunnel boring machine (TBM) mining began on August 18, 2003. Through March, 4,135 feet have been mined. Minimal groundwater is being encountered, and is being controlled through the grouting program.

Arrowhead West Tunnel – The contractor continues to repair the TBM damaged in the December 25, 2003 flooding. If the repair work proceeds according to the current contractor schedule, TBM mining will resume in April 2004. Through March, 245 feet have been mined.

Arrowhead East & West Tunnels – Reaches 1 & 2 (completed contracts)

It has been reported for several months that Shank/Balfour Beatty's claimed costs regarding delay and deletion of mining are pending. Shank/Balfour Beatty filed litigation in Los Angeles County Superior Court in October 2002. Confidential sessions with a professional mediator on December 11 and 12, 2003 did not result in a dispute settlement. A trial is scheduled to begin on May 11, 2004.

Highland Pipeline – Reach 3

The contractor has completed installation of the entire 28,000 linear feet of pipe. Work continues on construction of the valve vault for the pipeline connection between San Bernardino Valley Municipal Water District's (SBVMWD) Foothill Feeder and the Inland Feeder Program's Highland Pipeline. The Foothill Feeder was shut down for 5 days in March for installation of two 54-inch valves. Work is expected to complete by July 2004.

Budget and Schedule

The projected cost for the Inland Feeder Program is \$950.3 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 March 2004 are \$714.1 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.

New Developments

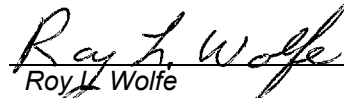
Mining resumed on the Arrowhead West Tunnel on April 5, 2004.

Policy

Board request


Fiscal Impact

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



Roy L. Wolfe
Manager, Corporate Resources

4/20/2004
Date



Ronald R. Gastelum
Chief Executive Officer

4/22/2004
Date

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

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

BLA #2456

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

| | BUDGET (Mar-04) | PROJECTED COST (Mar-04) | ACTUALS THRU (Mar-04) | PROGRESS | | COMPLETION DATE | | COMMENTS |
|--|-------------------------|-------------------------------|-----------------------------|-----------------------|--------------------------------------|---------------------|--------------------------|--------------------|
| | | | | PLANNED % COMPLETE | ACTUAL % COMPLETE (Mar-04) (1) | CONTRACT (2) (3) | FORECAST (Mar-04) (3) | |
| <u>Active Construction</u> | | | | | | | | |
| Arrowhead Tunnels | \$ 302,567,000 | \$ 281,637,000 | \$ 61,194,000 | 40% | 24% | Sep-06 | Sep-06 | Under construction |
| Highland Pipeline | \$ 55,137,000 | \$ 54,642,000 | \$ 52,888,000 | 76% | 99% | Sep-04 | Jul-04 | Under construction |
| <u>Construction Support</u> | | | | | | | | |
| Right-of-Way and Land | \$ 49,072,000 | \$ 49,072,000 | \$ 48,528,000 | ----- | 99% | ----- | ----- | ----- |
| Environmental Planning/Mitigation | \$ 18,598,000 | \$ 18,598,000 | \$ 13,408,000 | ----- | 72% | ----- | ----- | ----- |
| Program Management | \$ 32,401,000 | \$ 32,401,000 | \$ 26,006,000 | ----- | 80% | ----- | ----- | ----- |
| Arrowhead Tunnels Claims Cost | \$ 950,000 | \$ 950,000 | \$ 187,000 | ----- | 20% | ----- | ----- | ----- |
| <u>Completed Projects</u> | | | | | | | | |
| Arrowhead West Tunnel Constr. (4) | \$ 43,950,000 | \$ 43,882,000 | \$ 43,878,000 | ----- | 100% | ----- | ----- | ----- |
| Arrowhead East Tunnel Constr. (4) | \$ 121,753,000 | \$ 121,753,000 | \$ 121,048,000 | ----- | 100% | ----- | ----- | ----- |
| Arrowhead Tunnels Design | \$ 29,380,000 | \$ 29,381,000 | \$ 29,381,000 | ----- | 100% | ----- | ----- | ----- |
| Mentone Pipeline | \$ 32,112,000 | \$ 32,112,000 | \$ 31,909,000 | ----- | 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 | \$ 144,824,000 | ----- | 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 | \$ 18,554,000 | ----- | 99% | ----- | ----- | ----- |
| Expended To Date | | | \$ 714,081,000 | | | | | |
| Total Cost To Complete | \$ 971,828,000 | \$ 950,335,000 | | | | | | |
| Remaining Budget | \$ 214,632,000 | \$ 236,125,000 | | | | | | |
| 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 March - 2004 | Committed March - 2004 | % of Budget Committed |
|---------------------------------------|--------------------------------|-----------------------------------|----------------------------------|
| Mobilization | \$ 7.4 | \$ 6.5 | 87.8% |
| Plant equipment / materials | \$ 62.1 | \$ 29.0 | 46.7% |
| <u>Arrowhead East</u> | | | |
| Portal / pipeline work | \$ 11.0 | \$ 6.5 | 59.1% |
| Excavation / final lining | \$ 64.1 | \$ 9.3 | 14.5% |
| Grouting | \$ 11.6 | \$ 0.3 | 2.6% |
| <u>Arrowhead West</u> | | | |
| Portal / pipeline work | \$ 6.7 | \$ 1.3 | 19.4% |
| Excavation / final lining | \$ 67.9 | \$ 0.5 | 0.7% |
| Grouting | \$ 11.6 | \$ - | |
| Construction Contract Total | <u>\$ 242.4</u> | <u>\$ 53.4</u> | <u>22.0%</u> |

NOTE: Invoices paid through March 2004 = \$52.3 million