

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

September 14, 2004 Board Meeting

10-1

Subject

Status report for the Inland Feeder Program for activities through July 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. BC 283438); 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 – As reported last month, tunnel boring machine (TBM) mining was halted on July 1 due to difficult ground conditions. The contractor is stabilizing the ground and making modifications to the TBM to enable the machine to mine through these conditions. The contractor estimates mining to resume in early August. Through July, 5,610 feet (25%) have been mined.

Arrowhead West Tunnel – TBM mining continued with a total of 225 feet being mined in July. A total of 1,415 feet (6.7%) has been mined to date. Minimal groundwater has been encountered, and is being successfully controlled through the grouting program.

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

At its May 2004 meeting, the Board approved a partial settlement of the pending litigation relating to the completed contracts. All claims of Shank/Balfour Beatty and its subcontractors Coast Geo and IAFD, as well as a pending Government Code Claim relating to the Riverside Badlands Tunnel, have been settled. The only remaining issues in the pending litigation are the claims by the pipe vendor, Ameron, in the amount of approximately \$11.5 million. On May 17, 2004, Metropolitan filed a cross-complaint against Ameron, alleging the submission of false claims. The trial is currently scheduled to begin on September 14, 2004.

Highland Pipeline – Reach 3

The contractor has completed all work and the notice of completion was filed in early June 2004.

Budget and Schedule

The projected cost for the Inland Feeder Program is \$951.2 million, excluding costs for settled/pending claims on original Arrowhead Tunnel contracts and the Highland Pipeline contract. Due to confidentiality of the recently settled claims with Shank/Balfour Beatty, the costs associated with these claims will be added to the Program's projected cost upon resolution of the Ameron claim.

Total expenditures through July 2004 are \$732.4 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 late 2007. 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

Arrowhead East Tunnel – On August 10 the contractor began advancing the TBM slowly with the use of supplemental temporary “push” jacks and thrust beams. This method is currently being used with the TBM having advanced a total of 12 feet. It is anticipated that typical mining will resume upon 2 additional feet of mining.

Arrowhead West Tunnel – TBM mining continues with a total of 70 feet being mined in August (through the 17th).

Policy

Board request

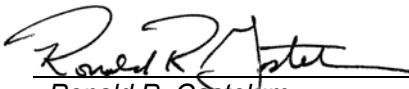
Fiscal Impact

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



Roy L. Wolfe
Manager, Corporate Resources

8/20/2004
Date



Ronald R. Gastelum
Chief Executive Officer

8/23/2004
Date

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

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

BLA #2460

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

	BUDGET (July-04)	PROJECTED COST (July-04)	ACTUALS THRU (July-04)	PROGRESS		COMPLETION DATE		COMMENTS
				PLANNED % COMPLETE	ACTUAL % COMPLETE (July-04) (1)	CONTRACT (2) (3)	FORECAST (July-04) (3)	
<u>Active Construction</u>								
Arrowhead Tunnels	\$ 302,567,000	\$ 281,917,000	\$ 75,548,000	52%	30%	Sep-06	May-07	Under construction
Highland Pipeline	\$ 55,137,000	\$ 54,662,000	\$ 54,712,000	90%	100%	Sep-04	-----	Performing Contract Close-out
<u>Construction Support</u>								
Right-of-Way and Land	\$ 49,072,000	\$ 49,072,000	\$ 48,600,000	-----	99%	-----	-----	-----
Environmental Planning/Mitigation	\$ 18,598,000	\$ 18,598,000	\$ 13,650,000	-----	73%	-----	-----	-----
Program Management	\$ 32,401,000	\$ 32,401,000	\$ 26,620,000	-----	82%	-----	-----	-----
Arrowhead Tunnels Claims Cost	\$ 950,000	\$ 950,000	\$ 287,000	-----	30%	-----	-----	-----
<u>Completed Projects</u>								
Arrowhead West Tunnel Constr. (4)	\$ 44,563,000	\$ 44,495,000	\$ 44,491,000	-----	100%	-----	-----	-----
Arrowhead East Tunnel Constr. (4)	\$ 121,753,000	\$ 121,753,000	\$ 121,423,000	-----	100%	-----	-----	-----
Arrowhead Tunnels Design	\$ 29,380,000	\$ 29,381,000	\$ 29,381,000	-----	100%	-----	-----	-----
Mentone Pipeline	\$ 32,112,000	\$ 32,112,000	\$ 31,994,000	-----	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	\$ 144,871,000	-----	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	\$ 18,557,000	-----	99%	-----	-----	-----
Expended To Date			\$ 732,410,000					
Total Cost To Complete	\$ 972,441,000	\$ 951,248,000						
Remaining Budget	\$ 214,019,000	\$ 235,212,000						
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 = 37 of 44 miles (84%)

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

Construction Contract No. 1542	Budget July - 2004	Committed July - 2004	% of Budget Committed
Mobilization	\$ 7.4	\$ 6.7	90.5%
Plant equipment / materials	\$ 62.2	\$ 33.7	54.2%
<u>Arrowhead East</u>			
Portal / pipeline work	\$ 11.0	\$ 6.5	59.1%
Excavation / final lining	\$ 64.2	\$ 12.7	19.8%
Grouting	\$ 11.6	\$ 0.3	2.6%
<u>Arrowhead West</u>			
Portal / pipeline work	\$ 6.7	\$ 1.4	20.9%
Excavation / final lining	\$ 68.1	\$ 4.3	6.3%
Grouting	\$ 11.6	\$ 0.8	6.9%
Construction Contract Total	<u>\$ 242.8</u>	<u>\$ 66.4</u>	<u>27.3%</u>

NOTE: Invoices paid through July 2004 = \$64.1 million