

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

March 8, 2005 Board Meeting

9-1

Subject

Status report for the Inland Feeder Program for activities through January 2005 [**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 Section 54956.9(a). Conference with legal counsel--potential litigation relating to contractor claims on Contract No. 1542 for the Arrowhead Tunnels; to be heard in closed session pursuant to Gov. Code Section 54956.9(b) (one potential case)**]

Description

New Developments

Arrowhead East Tunnel – Mining and grouting cycles continue. The contractor performed grouting for five days and advanced the tunnel boring machine (TBM) another 105 feet from the end of January through February 14. A total of 6,095 feet has been mined to date.

Arrowhead West Tunnel – From the end of January through February 14, the contractor performed pre-excitation grouting for eight days and mined forward another 45 feet. A total of 2,305 feet has been mined to date.

Arrowhead Tunnels connector road – The contractor has completed approximately 80 percent of the cut and fill activities. Paving operations are scheduled to begin in four weeks.

Arrowhead Tunnels (ongoing)

Arrowhead East Tunnel –After completing a pre-excitation grouting cycle in December and January, the TBM mining resumed on January 13. From January 13 through the end of the month, the TBM advanced 156 feet while performing another eight days of pre-excitation grouting.

Arrowhead West Tunnel – A total of 320 feet were mined in January. Three pre-excitation cycles averaging three to four days each took place between mining cycles.

Arrowhead Tunnels connector road – The contractor began mobilization on November 30. Preliminary earthwork was initiated, but due to heavy rains encountered in December and January, earthwork was delayed. Following the rains, fill and slope cut work resumed at the south portion of the alignment.

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

The Board approved a partial settlement at its May 2004 meeting of the pending litigation relating to the previous 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 began on September 22, 2004. Final arguments were completed on December 22, 2004. Final briefing was completed on January 14, 2005. The court has 60 days after completion of the trial to render a decision.

Budget and Schedule

Due mainly to differing site condition claims on the Arrowhead Tunnels, the projected cost at completion for the Inland Feeder Program increased from \$957.3 to \$961.5 million. This excludes costs for pending claims on the

original Arrowhead Tunnels contract and the Highland Pipeline contract. Due to the confidentiality of recently settled claims with Shank/Balfour Beatty, the original Arrowhead Tunnels contractor, the costs associated with these claims will be added to the program's projected cost upon resolution of the Ameron claim.

Total expenditures through January 2005 are \$764 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 on-line date for the Inland Feeder is dependent upon the completion of the Arrowhead Tunnels. The Arrowhead Tunnels completion date has previously been estimated at late 2007. However, due to project delays, including the major flood on Christmas 2003, and the increase amount of pre-excavation grouting for the control of groundwater projected over the length of remaining tunnel, the completion date is currently estimated at 2008. Pre-excavation grouting will likely continue to have a significant impact on project completion as the tunnels advance. Any changes to the project completion date, and costs associated with the schedule impacts, will be brought to the Board as new information becomes available.

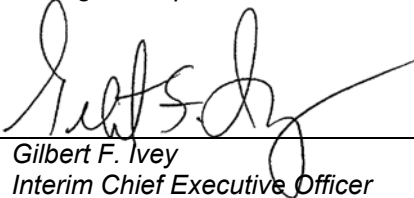
Upon completion of construction, environmental mitigation measures will continue along the Arrowhead Tunnels alignment for up to two years in accordance with the Environmental Impact Report.

Policy

Board request

Fiscal Impact

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

 _____ Roy L. Wolfe Manager, Corporate Resources	2/16/2005 Date
 _____ Gilbert F. Ivey Interim Chief Executive Officer	2/18/2005 Date

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

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

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

	BUDGET (Jan-05)	PROJECTED COST (Jan-05)	ACTUALS THRU (Jan-05)	PROGRESS		COMPLETION DATE		COMMENTS
				PLANNED % COMPLETE	ACTUAL % COMPLETE (Jan-05) (1)	CONTRACT (2) (3)	FORECAST (Jan-05) (3)	
<u>Active Construction</u>								
Arrowhead Tunnels	\$ 303,517,000	\$ 291,680,000	\$ 105,647,000	68%	39%	Mar-07	Nov-08	Under construction
Highland Pipeline	\$ 55,337,000	\$ 55,050,000	\$ 54,866,000	100%	100%	Sep-04	-----	Performing Contract Close-out
<u>Construction Support</u>								
Right-of-Way and Land	\$ 50,172,000	\$ 50,172,000	\$ 48,747,000	-----	97%	-----	-----	-----
Environmental Planning/Mitigation	\$ 18,598,000	\$ 18,598,000	\$ 13,894,000	-----	75%	-----	-----	-----
Program Management	\$ 32,401,000	\$ 32,401,000	\$ 27,763,000	-----	86%	-----	-----	-----
<u>Completed Projects</u>								
Arrowhead West Tunnel Constr (4)	\$ 44,563,000	\$ 44,495,000	\$ 44,492,000	-----	100%	-----	-----	-----
Arrowhead East Tunnel Constr. (4)	\$ 121,753,000	\$ 121,753,000	\$ 121,420,000	-----	100%	-----	-----	-----
Arrowhead Tunnels Design	\$ 29,380,000	\$ 29,381,000	\$ 29,381,000	-----	100%	-----	-----	-----
Mentone Pipeline	\$ 32,112,000	\$ 32,112,000	\$ 32,024,000	-----	100%	-----	-----	-----
Highland/Mentone Pipeline Design	\$ 16,122,000	\$ 16,121,000	\$ 16,121,000	-----	100%	-----	-----	-----
Riverside Badlands Tunnel	\$ 144,931,000	\$ 144,931,000	\$ 144,908,000	-----	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			\$ 763,975,000					
Total Cost To Complete	\$ 973,741,000	\$ 961,549,000						
Remaining Budget	\$ 212,719,000	\$ 224,911,000						
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.

NOTE: Overall completion = 37 of 44 miles (84%)

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

Construction Contract No. 1542	Budget Jan - 2005	Committed Jan - 2005	% of Budget Committed
Mobilization	\$ 7.4	\$ 6.8	91.9%
Plant equipment / materials	\$ 76.3	\$ 53.6	70.2%
<u>Arrowhead East</u>			
Portal / pipeline work	\$ 11.1	\$ 6.7	60.4%
Excavation / final lining	\$ 67.4	\$ 16.4	24.3%
Grouting	\$ 11.6	\$ 0.3	2.6%
<u>Arrowhead West</u>			
Portal / pipeline work	\$ 6.8	\$ 1.6	23.5%
Excavation / final lining	\$ 54.6	\$ 7.1	13.0%
Grouting	\$ 11.6	\$ 3.2	27.6%
Construction Contract Total	\$ 246.8	\$ 95.7	38.8%

NOTE: Invoices paid through January 2005 = \$90.2 million