

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

May 10, 2005 Board Meeting

9-1

Subject

Status report for the Inland Feeder Program for activities through March 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

Arrowhead Tunnels (activities through April 20)

Arrowhead East Tunnel – The contractor mined 80 feet from March 1 through March 15. On March 17, the tunnel boring machine (TBM) entered an expected fault zone which contained weak ground conditions. Grouting operations were employed to stabilize the ground and continued through the end of the month. TBM mining commenced on April 12 and advanced another 215 feet through April 20 for a total of 6,910 feet (31%) to date.

Arrowhead West Tunnel – The contractor performed alternating pre-excavation and mining cycles during the month. A total of 135 feet were mined in March. In late March, the contractor identified the need to replace the TBM's screw auger due to significant wear. The replacement is expected to require 4 to 5 weeks. The previously planned TBM enhancements will also be incorporated during this time.

Arrowhead Tunnels connector road – Installation of road base was completed and paving activities began in late March. Paving was completed in early April. Work under the contract is essentially complete.

Arrowhead East & West Tunnels – Reaches 1 & 2 (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, were settled in May 2004. The only remaining issues in the litigation were claims of over \$12 million by the pipe vendor Ameron. On March 22, 2005, the court issued its Statement of Decision. The court ruled in Metropolitan's favor on all issues finding that Metropolitan owes Ameron \$1.908 million previously acknowledged by Metropolitan. The court did not find that Ameron is entitled to receive interest. After the judgment is entered, Ameron has 60 days to appeal.

Budget and Schedule

As of March 31, 2005 the projected cost at completion for the Inland Feeder Program is \$970.5 million. This is an \$800,000 increase from last month and is attributed to agreed upon differing site condition claims and TBM modifications. The cost-at-completion figure does not include 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 final resolution of the Ameron claim.

Total expenditures through March 2005 are \$780.1 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 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, the completion date is currently estimated at late 2008. Pre-excavation grouting will likely continue to have an 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.

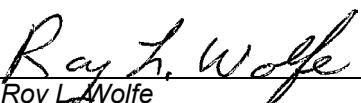
Upon completion of construction, environmental mitigation measures will continue along the Arrowhead Tunnels alignment for up to two years in accordance with the Environmental Impact Report.

Policy

Board request


Fiscal Impact

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



Roy L. Wolfe
Manager, Corporate Resources

4/20/2005
Date



Dennis B. Underwood
CEO/General Manager

4/21/2005
Date

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

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

BLA #3245

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

	BUDGET (Mar-05)	PROJECTED COST (Mar-05)	ACTUALS THRU (Mar-05)	PROGRESS		COMPLETION DATE		COMMENTS
				PLANNED % COMPLETE	ACTUAL % COMPLETE (Mar-05) (1)	CONTRACT (2) (3)	FORECAST (Mar-05) (3)	
<u>Active Construction</u>								
Arrowhead Tunnels	\$ 329,317,000	\$ 300,557,000	\$ 120,720,000	72%	42%	Mar-07	Nov-08	Under construction
Highland Pipeline	\$ 55,337,000	\$ 55,091,000	\$ 54,888,000	100%	100%	Sep-04	-----	Performing Contract Close-out
<u>Construction Support</u>								
Right-of-Way and Land	\$ 50,172,000	\$ 50,172,000	\$ 49,492,000	-----	99%	-----	-----	-----
Environmental Planning/Mitigation	\$ 18,598,000	\$ 18,598,000	\$ 13,905,000	-----	75%	-----	-----	-----
Program Management	\$ 32,401,000	\$ 32,401,000	\$ 28,162,000	-----	87%	-----	-----	-----
<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	\$ 32,025,000	-----	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	\$ 18,475,000	-----	99%	-----	-----	-----
Expended To Date			\$ 780,143,000					
Total Cost To Complete	\$ 999,541,000	\$ 970,467,000						
Remaining Budget	\$ 186,919,000	\$ 215,993,000						
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 Mar - 2005	Committed Mar - 2005	% of Budget Committed
Mobilization	\$ 7.4	\$ 7.0	94.6%
Plant equipment / materials	\$ 76.3	\$ 58.8	77.1%
<u>Arrowhead East</u>			
Portal / pipeline work	\$ 11.1	\$ 6.7	60.4%
Excavation / final lining	\$ 67.4	\$ 17.9	26.6%
Grouting	\$ 11.6	\$ 0.7	6.0%
<u>Arrowhead West</u>			
Portal / pipeline work	\$ 6.8	\$ 1.6	23.5%
Excavation / final lining	\$ 54.6	\$ 10.2	18.7%
Grouting	\$ 11.6	\$ 4.8	41.4%
Construction Contract Total	\$ 246.8	\$ 107.7	43.6%

NOTE: Invoices paid through March 2005 = \$104.4 million