



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

December 8, 2009 Board Meeting

9-1

Subject

Status report for the Inland Feeder Program for activities through October 2009

Description

Work Completed to Date

The Inland Feeder consists of 44 miles of pipelines and tunnels that will enable Metropolitan to convey up to 1,000 cubic feet per second (cfs) of State Water Project (SWP) supplies from Devil Canyon afterbay to Diamond Valley Lake (DVL). With the Arrowhead Tunnels commencing service in late September 2009, all nine reaches (44 miles) of the Inland Feeder are virtually complete. SWP supplies of up to 500 cfs are currently being conveyed from Devil Canyon to DVL.

Arrowhead Tunnels

Contract Completion – All remaining work on the tunnels is scheduled to be completed in November 2009. The Notice of Completion is expected to be filed in late November.

Arrowhead East Tunnel (AET) – In October, work continued on the Strawberry Creek portal grading, drainage, and access roads. At the City Creek portal, the contractor completed all remaining work and vacated the site.

Arrowhead West Tunnel (AWT) – In October, the contractor continued Waterman Canyon portal site grading, access road construction, and landscaping and irrigation work. Work also continued on the electrical wiring, ventilation, and miscellaneous mechanical items at the Waterman Canyon access structure. At the Devil Canyon portal, access structure electrical work and final site grading were completed. The contractor continued to demobilize the site and to perform landscaping and irrigation work.

Budget and Schedule

The Arrowhead Tunnels were placed into operation on September 30, 2009, 14 months ahead of the target schedule established in August 2006. Upon completion of construction, environmental mitigation measures will continue along the Arrowhead Tunnels alignment for up to two years in accordance with the program Environmental Impact Report.

There are currently two pending eminent domain actions to acquire property rights from Campus Crusade for Christ. The first action commenced in 1997 and resulted in a favorable judgment for Metropolitan following a court trial in 2003. That judgment was reversed on appeal to the California Supreme Court, and the case was remanded in 2007 for a re-trial. Metropolitan is engaged in extensive discovery and preparation of expert witnesses for the re-trial. At this time, no date for the retrial has been set. In December 2008, the Legal Department filed a second eminent domain action to acquire an additional four year construction easement over 7.5 acres of land at the AWT Waterman Canyon portal. On April 30, 2009, the trial court issued a stay of this case pending the resolution of the first eminent domain action. Because the final amount of compensation owed to Campus Crusade is dependent on court decisions, the total cost for these actions is unknown and is not reflected in the updated total projected cost for the Inland Feeder as discussed below. In recent months, staff and Campus Crusade have engaged in settlement negotiations. As court decisions are rendered or negotiations finalized and costs are final, staff will inform the Board. No additional funds are required to be appropriated, as sufficient funds are available within the program's Remaining Budget.

Following board authorization of a settlement agreement and contract amendment with the Arrowhead Tunnels contractor in August 2006, staff conducted a complete review of the program budget to estimate the total projected cost to complete the Inland Feeder Program. Based on the revised September 2010 completion date for the Arrowhead Tunnels as presented to the Board in August 2006, the updated total projected cost for the Inland Feeder is estimated to be \$1.146 billion. Total expenditures through October 2009 are \$1.121 billion (see [Attachment 1](#) for the Projected Cost/Expenditures). The board-approved budget for the entire program remains at \$1.186 billion. [Attachment 2](#) shows the cash flow for the Arrowhead Tunnels construction contract compared to the planned progress and expenditures set forth in the August 2006 contract amendment.

The payments on the Arrowhead Tunnels contractor’s incentive/risk program are discussed with the Board on a regular basis at the Engineering and Operations Committee meetings. This incentive plan is part of the contract amendment approved by the Board in August 2006. As reported at the October committee meeting, in accordance with the early completion provisions of the incentive program, payment of the balance of available tunneling incentive funds in the amount of \$3.78 million took place in October. A summary of incentive payments to the contractor through October 2009 is shown in [Attachment 1](#).

Policy

Submitted per request of the Board


 Roy L. Wolfe
 Manager, Corporate Resources

11/17/2009
 Date


 Jeffrey Kightlinger
 General Manager

11/20/2009
 Date

Attachment 1 – Inland Feeder Program Projected Cost/Expenditures and Incentive Plan Payments

Attachment 2 – Actual vs. Planned Cash Flow

Inland Feeder Program Projected Cost/Expenditures (\$ in Millions)				
	Projected Cost To Complete (Updated Oct 2009)	Expenditures This Month (Oct 2009)	Expenditures To Date (Oct 2009)	% Complete Based on Expenditures (Oct 2009)
<u>Active Construction</u>				
Arrowhead Tunnels Const. Contract	\$ 397.0	\$ 6.1	\$ 379.6	96%
Construction Inspection and Support	\$ 58.0	\$ 0.7	\$ 56.7	98%
Subtotal, Active Construction	\$ 455.0	\$ 6.8	\$ 436.3	96%
<u>Other Components</u>				
Completed Projects	\$ 578.9	\$ 0.0	\$ 575.1	99%
Others (R/W, Env., Prog. Mgmt.)	\$ 112.3	\$ 0.2	\$ 109.4	97%
Subtotal, Other Components	\$ 691.2	\$ 0.2	\$ 684.5	99%
Expended To Date		\$ 7.0	\$ 1,120.8	94%
Subtotal, All Projects	\$ 1,146.2	← Projected Cost to Complete		
Remaining Budget	\$ 40.3			
Board-Authorized Budget	\$ 1,186.5	← Total Project Budget		

NOTE: Contractor invoices paid through Oct 2009 = 376.9M
 Overall completion = 44.2 of 44.2 miles (100%)

Inland Feeder Program – Arrowhead Tunnels Incentive Plan Payments					
	<u>East Tunnel</u>		<u>West Tunnel (1)</u>		<u>Total</u>
June 2006 – August 2009 (Previously Reported)	\$ 3,620,726	\$	4,403,182	\$	8,023,908
September 2009 (3)	\$ 75,000	\$	75,000	\$	150,000
Early Completion Incentive (Sep 2009)	\$ 2,402,900	\$	1,382,357	\$	3,785,257
TOTALS	\$ 6,098,626	\$	5,860,539	\$	11,959,165 (2)

(1): For Arrowhead West Tunnel, incentive program evaluation commenced in June 2006.
 (2): Percent of maximum possible combined incentive: 100% (100% Arrowhead East Tunnel, 100% Arrowhead West Tunnel)
 (3): Incentive Plan based on work performed during contractor monthly pay period from 8/26/09 to 9/25/09 (differs from progress in calendar month)

Arrowhead Tunnels Actual vs. Planned Cash Flow

