



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

6/9/2026 Board Meeting

7-2

Subject

Award a \$4,542,000 construction contract to J.F. Shea Construction Inc. for upgrades to the Hollywood Tunnel North Portal Pressure Control Structure; amend Metropolitan's Project Labor Agreement to include the subject project; and authorize the General Manager to acquire a temporary construction easement for an amount not to exceed \$60,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The Hollywood Tunnel North Portal Pressure Control Structure (Hollywood Tunnel PCS) is situated along the Santa Monica Feeder and controls downstream flows to the cities of Beverly Hills, Santa Monica, and Los Angeles. Due to the facility's aging valves and an outdated control system, remote operation of the facility is not possible, and staff are required to travel to the site to make frequent manual flow adjustments. Staff has determined that the existing valves have deteriorated to the point that they cannot be refurbished and must be replaced.

This action awards a \$4,542,000 construction contract to J.F. Shea Construction Inc. for upgrades to the Hollywood Tunnel PCS; authorizes an amendment to Metropolitan's Project Labor Agreement (PLA) to add the Hollywood Tunnel PCS Valve Replacement project to the list of covered projects; and authorizes acquisition of a temporary construction easement. See **Attachment 1** for allocation of funds, **Attachment 2** for the Abstract of Bids, **Attachment 3** for the List of Subcontractors, and **Attachment 4** for the Location Map.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

- Award a \$4,542,000 construction contract to J.F. Shea Construction Inc. for upgrades to the Hollywood Tunnel North Pressure Control Structure;
- Amend Metropolitan's Project Labor Agreement to include the subject project; and
- Authorize the General Manager to acquire a temporary construction easement for an amount not to exceed \$60,000.

Fiscal Impact: Expenditure of \$8,880,000 in capital funds during the upcoming biennium.

Business Analysis: This option will restore operational capabilities at the Hollywood Tunnel PCS and enhance operational reliability for the member agencies.

Option #2

Do not proceed with the project at this time.

Fiscal Impact: None

Business Analysis: This option will forego an opportunity to improve the operational reliability of the Santa Monica Feeder, which may lead to continual on-site maintenance and possible future costly, urgent repairs.

Alternatives Considered

During the planning phase of this project, staff considered refurbishing the existing equipment; however, replacement parts are no longer available and would have to be custom-fabricated, making the rehabilitation cost-prohibitive. In addition, the existing valve control system is obsolete, unreliable, and does not support remote control operations.

As a result, staff recommended replacing the original valves, and the Board awarded a procurement contract for sleeve valves and knife gates for the Hollywood Tunnel PCS in March 2025. The valves have been manufactured and are expected to be delivered by summer 2026.

Applicable Policy

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

Metropolitan Water District Administrative Code Section 8221: Authority to Acquire Real Property; Appraisal

Metropolitan Water District Administrative Code Section 8223: Payment of Expenses for Acquisitions

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action(s)/Future Action(s)

By Minute Item 530004, dated October 11, 2022, the Board authorized the General Manager to sign a PLA with the trade councils of Los Angeles, Orange, Riverside, San Bernardino, San Diego counties, and the Tri-Counties and the signatory unions.

By Minute Item 53598, dated April 9, 2024, the Board appropriated a total of \$636.6 million for projects identified in the Capital Investment Plan for Fiscal Years 2024/25 and 2026/26.

By Minute Item 54290, dated October 14, 2025, the Board appropriated an additional \$30 million for projects identified in the CIP for Fiscal Years 2024/25 and 2025/26, increasing the biennial Capital Investment Plan appropriation to \$666.48 million (Board Item 8-1).

By Minute Item pending, dated April 13, 2026, the Board appropriated a total of \$1.025 billion for projects identified in the Capital Investment Plan for Fiscal Years 2026/27 and 2027/28.

Summary of Outreach Completed

Metropolitan has reached out to the city of Beverly Hills to coordinate a service connection shutdown. In addition, Metropolitan staff have met with the Los Angeles Department of Water and Power, the Los Angeles Police Department, and Los Angeles City Council District 4, and have either secured or initiated the necessary permits with those agencies. Real Property is working with the adjacent property owner to obtain a temporary construction easement for a construction staging area.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is exempt from CEQA because it involves the minor alteration of existing public facilities involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. In addition, the proposed action consists of minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry or agricultural purposes. (State CEQA Guidelines Section 15301 and 15304.)

CEQA determination for Option #2:

None required

Details and Background

Background

The Hollywood Tunnel PCS was built as part of the construction of the Santa Monica Feeder in 1941. It is one of the three control points along the 25-mile Santa Monica Feeder, which delivers water to the cities of Burbank, Beverly Hills, Santa Monica, and Los Angeles. The PCS maintains the hydraulic grade elevation in the Hollywood Tunnel. The structure consists of two 24-inch-diameter hydraulically operated sleeve valves, modulated by an outdated mechanical control system, and a single 16-inch-diameter manually operated bypass valve.

Staff are frequently called out to the site after business hours to troubleshoot the antiquated system and make manual adjustments. This facility is unique within Metropolitan's distribution system and requires specially trained staff to operate it. The existing control valves are over 85 years old and periodically fail, requiring regular corrective maintenance. The valves are obsolete and unreliable. In addition, repair parts for the valves are no longer available and must be custom-fabricated. The mechanical control system has been in place since the structure's original construction and was custom designed by Metropolitan staff. This mechanism no longer functions properly under low hydraulic pressure scenarios and cannot be operated remotely. Furthermore, remote control operation of the facility is not possible, and staff need to make weekly manual adjustments to the system to keep it operating properly.

This project will replace the valves and upgrade the control system for automated operation. Final design for the valve replacement is complete, and staff recommends proceeding with construction at this time. The replacement valves were procured under separate contracts in March 2025. Delivery of the valves is planned for summer 2026.

Hollywood Tunnel North Portal Pressure Control Structure Valve Replacement – Construction

The scope of the construction contract includes installing Metropolitan-furnished knife gate valves and sleeve valves; installing valves for the 16-inch bypass line in the vault; installing bulkheads; instrumentation and control; electrical work; and testing and commissioning of the system. In addition, Metropolitan forces will perform pre-construction work, including replacing the 16-inch bypass line within the PCS to ensure a reliable emergency option during construction, separating the existing specialty mechanical control system, performing utility work, and supporting the four shutdowns for the construction contract.

A total of \$8,880,000 is required to perform this work. In addition to the amount of the construction contract, the allocated funds for Metropolitan staff includes \$970,000 for construction management and inspection; \$1,074,000 for Metropolitan forces for activities four separate shutdown processes and support for startup commissioning and testing; \$785,000 for engineering construction support, submittal reviews, commissioning and record drawings; \$71,000 for right-of-way; \$130,000 for PLA administration; \$872,000 for contract administration, health and safety, external affairs, environmental support, project controls, and project management; and \$436,000 for remaining budget. **Attachment 1** provides the allocation of the required funds.

Award of Construction Contract (J.F. Shea Construction Inc.)

Specifications No. 2039 for Hollywood Tunnel North Portal Pressure Control Structure Valve Replacement was advertised for bids on March 10, 2026. As shown in **Attachment 2**, three bids were received and opened on April 23, 2026. The low bid from Environmental Construction Inc. was withdrawn and deemed non-responsive due to a clerical error that materially affected the bid amount. The second-lowest bidder, J.F. Shea Construction Inc., in the amount of \$4,542,000, complies with the requirements of the specifications. The third bid was in the amount of \$5.7 million, while the engineer's estimate for this project was \$7 million. Staff investigated the difference between the low bid and the engineer's estimate and attributed it to lower-than-expected demolition costs, the contractor's familiarity with system testing and commissioning, and the contractor's intent to self-perform the majority of the work. For this contract, Metropolitan established a Small Business Enterprise participation level of at least 20 percent of the contract amount. J.F. Shea Construction Inc. has agreed to meet this level of participation. The subcontractors for this contract are listed in **Attachment 3**.

Metropolitan staff will perform construction management and inspection. Engineering Services' performance metric target range for construction management and inspection of projects with construction greater than \$3 million is 9 to 12 percent. For this project, the performance metric goal for inspection is 12 percent of the total construction cost. The total cost of the construction project is \$8.09 million, which includes the construction contract (\$4,542,000), Metropolitan-furnished valves (\$2,473,522), and Metropolitan force work (\$1,074,000).

Project Labor Agreement Amendment

In October 2022, Metropolitan's Board authorized a PLA with the trade councils of Los Angeles, Orange, Riverside, San Bernardino, San Diego Counties, Tri-Counties, and the signatory unions. It approved its use as a bid condition for select construction contracts within the Capital Investment Plan. The PLA currently lists 39 covered projects and provides a streamlined process for adding projects during the 5-year term, contingent on board approval. Based on the construction complexity, shutdown work, and the anticipated number of trades involved, staff recommends adding the Hollywood Tunnel PCS project to the PLA's list of covered projects. Following board approval of this amendment to the covered projects list, staff will seek similar approval from the signatory unions in accordance with the PLA's amendment procedures.


Temporary Construction Easement

Metropolitan's existing right-of-way is sufficient to accommodate the construction equipment and laydown area needed during construction. A temporary construction easement area, however, would provide space for vehicle turnaround, construction staging, and additional work areas.

In March 2026, Metropolitan offered to purchase a temporary construction easement from the property owner at the appraised value and just compensation of \$2,200. Metropolitan's Administrative Code Section 8221(c) requires board approval if the acquisition price exceeds 110 percent of the appraised value. The purchase price and the total of related costs are still under negotiation, and staff anticipates exceeding the appraised value threshold by a small amount. Staff recommends an allowance not to exceed \$60,000 to cover the total acquisition cost of the temporary construction easement, which would authorize both limited increases in the purchase price exceeding 110 percent of the appraised value, and more significantly the associated costs of relocation of personal property, and storage fees for the 18-month construction period.

Project Milestone

December 2027 – Completion of construction

	5/20/2026
_____ Mai M. Hattar Chief Engineer Engineering Services	Date

	5/20/2026
_____ Shivaji D. Shmukh General Manager	Date

Attachment 1 – Allocation of Funds

Attachment 2 – Abstract of Bids

Attachment 3 – Subcontractors

Attachment 4 – Location Map

Allocation of Funds for the Hollywood Tunnel North Portal Pressure Control Structure Valve Replacement

	Current Board Action (June 2026)
Labor	
Studies & Investigations	\$ -
Final Design	-
Owner Costs (Program mgmt., envir. monitoring)	883,000
Submittals Review & Record Drwgs.	785,000
Construction Inspection & Support	970,000
Metropolitan Force Construction	1,074,000
Materials & Supplies	
Incidental Expenses	
Professional/Technical Services	
PLA Admin. Consultant	130,000
Right-of-Way	60,000
Equipment Use	
Contracts	
J.F. Shea Construction Inc.	4,542,000
Remaining Budget	436,000
Total	\$ 8,880,000

The total amount expended to date is approximately \$5 million. The total estimated cost to complete construction, including the amount appropriated to date, and funds allocated for the work described in this action, is \$13.9 million.

The Metropolitan Water District of Southern California

Abstract of Bids Received on April 23, 2026, at 2:00 P.M.

Specifications No. 2039

Hollywood Tunnel North Portal Pressure Control Structure Valve Replacement

The work includes removing existing valves and installing two Metropolitan furnished (MFE) 24-inch knife gate valves, two MFE 24-inch sleeve valves, and one MFE 16-inch lubricated plug valves; replacing vacuum and air release valves; constructing various electrical, instrumentation, and control systems improvements; replacing ladders and platform; and reinforced concrete improvements.

Engineer's estimate: \$7 million

Bidder and Location	Total	SBE \$	SBE %	Met SBE¹
Environmental Construction Inc. ² Woodland Hills, CA	\$3,549,028	-	-	-
J.F. Shea Construction Inc. Walnut, CA	\$4,542,000	\$1,248,794	27%	Yes
Innovative Construction Solutions Costa Mesa, CA	\$5,695,000	-	-	-

1 Small Business Enterprise (SBE) participation level established at 20 percent for this contract.

2 Bidder withdrew bid as a result of an inadvertent error in their contract bid.

The Metropolitan Water District of Southern California

Subcontractors for Low Bidder

Specifications No. 2039

Hollywood Tunnel North Portal Pressure Control Structure Valve Replacement

Low bidder: J.F. Shea Construction Inc.

Subcontractor	Service Category; Specialty
Champion Painting Lincoln, CA	Painting
GGG Demolition Inc. Orange, CA	Abatement
LEED Electric Inc. Santa Fe Springs, CA	Electrical

Distribution System

