

Work begins on SDS water plant

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The Southern Delivery System will mark a milestone Wednesday when ground is broken for a \$125 million facility to treat the “raw” water that will be pumped from the Pueblo Reservoir to Colorado Springs in what is one of the biggest infrastructure projects under way in Colorado.

The SDS water treatment plant, which is being built on 124 acres east of Marksheffel Road between U.S. 24 and Colorado 94, will consist of seven buildings, water storage tanks, drying beds, lagoons, pump stations and a drainage pond. It will be able to clean 50 million gallons of water per day. “It’s really the largest component of the SDS Phase I project,” SDS spokeswoman Janet Rummel said Monday.

Rummel said the project will provide a major economic boost to the Pikes Peak region, with about \$28 million in construction work going to El Paso County-area businesses. Discussion of a regional water delivery system began more than a decade ago to address the water needs of a growing population. The issue wasn’t where the water would come from, since the city and its partners had the water rights, but how the water would be transported uphill from the Pueblo Reservoir.

The solution was SDS, a system of pipes, pumping stations and a water treatment plant, undertaken in a partnership with Pueblo West, Security and Fountain. The project is estimated to cost \$1 billion, but Rummel said it could come in under budget because of favorable financing conditions. “We were able to secure historically low financing on bonds we issued for the project so far, as well as bidding lower pricing on construction and materials, so we’ve been able to beat our estimates,” she said.

Still, Colorado Springs Utilities customers saw a 12 percent increase in their water rates in 2011 and again in 2012, and a 10 percent increase took effect in January. Another 10 percent water rate hike is scheduled to go into effect for Utilities customers next January.

Rummel said the rate increases had to be in place to secure the bonds. But the total increase is less than anticipated, and a potential 5 percent hike in 2015 may not be needed, she said. “Our hope is that we continue on the path we’re on, and bring the project in significantly under budget,” she said.

The bonds will finance 55 percent to 60 percent of Colorado Springs’ portion of the project, she said. Even as construction of the water treatment plant gets under way, a question mark hangs over a state water quality certification that was challenged in court by the Pueblo County district attorney and the Rocky Mountain Environmental Labor Coalition. A Pueblo County District Court judge ruled against the certification, but the state and Utilities have appealed the decision with the Colorado Court of Appeals. Rummel said a decision is at least six months away.

But she said that even if the ruling is upheld, it wouldn’t stop the project. “We anticipate that in the worst case, additional mitigation would be required,” she said. This year, construction will begin on the three pumping stations — one near the Pueblo Dam, and two in El Paso County.

SDS is expected to be operational in early 2016, and it could take nearly that long to complete the water treatment plant. “It’s one of the final pieces to be completed because it’s the most complex component of the entire project,” Rummel said. A second phase of the project is scheduled to be built starting in 2020, if demand warrants. It would include the addition of two reservoirs, and expansion of the water treatment facility to deliver more than 100 million gallons of clean water daily.

SDS TO DATE

As of Dec. 31, about \$317 million has been spent for planning and construction work on SDS. The following projects have been done:

- * Installation of part of a “finished water” pipeline that will move clean water from the treatment plant for distribution to customers. Only a portion of the pipeline was tackled, to take advantage of a road construction project under way in the area. To have waited would have meant tearing up the road again, adding \$1 million to the cost.
- * Construction of a connection to the Pueblo dam that will serve as the starting point for SDS.
- * Installation of about 32 miles of pipeline for untreated water. The project calls for 50 miles of pipeline in Phase 1.