

SOUTHERN DELIVERY SYSTEM

MONTHLY REPORT



The Southern Delivery System (SDS) is a regional project to bring water from the Arkansas River to Colorado Springs, the city of Fountain, the Security Water District, and the Pueblo West Metropolitan District. Phase 1 of this two-phase project includes all of the components necessary to begin delivering water to the partner communities (refer to map on page 4) by April 2016. This report summarizes accomplishments for the past month, plans for the next month, and key performance details for Phase 1. In April, construction continued at Pueblo Dam, the 18.3-mile segment of South Pipelines 1, 2, and 3, the 8.6-mile segment of South 4B, North 1A, and North 1B pipelines, and the 0.4-mile Finished Water Pipeline 1B. Upcoming work includes progressing construction, advancing design of the remaining pipeline segments and facilities, and land acquisition.

Key Accomplishments in April

- **Construction Continued for Pueblo Dam Connection.** ASI Constructors continued construction of Pueblo Dam Connection 1A – the SDS connection to the Pueblo Dam North Outlet Works. ASI completed rip-rap (rock) placement in the Arkansas River channel to protect the riverbed from scouring, applied coating to prevent mussel buildup within the piping, and began building the deck for the roof of the valve facility. Final completion is estimated to occur July 2012.
- **Construction Continued for South Pipelines 1, 2, & 3.** Construction advanced for three pipeline sections comprising 18.3 miles of raw water pipeline from the Juniper Pump Station site near Pueblo Dam extending north to the boundary of Pueblo and El Paso counties. At South Pipeline 1 (S1), HCP Constructors received over 4,500 feet of pipe delivered to the site and began installation of pipe in trench. Garney Construction completed the crossing of Purcell Boulevard and began crossing East Platteville for South Pipeline 2 (S2). At South Pipeline 3 (S3), Reynolds, Inc. completed receipt of pipe deliveries and continued pipe installation, progressing through Steele Hollow, the Midway Ranches area, and crossing Salt Cedar Road. Through April, S1 has 0.1 miles of pipe installed in trench, S2 has 3.9 miles of pipe installed, and S3 has 7.1 miles of pipe installed.
- **Construction Continued on South Pipeline 4B and North Pipelines 1A and 1B.** Construction continued on an 8.6-mile section of pipeline through southeastern El Paso County from south of Squirrel Creek Road to Peaceful Valley Road east of Security and Fountain. HCP Constructors completed trenching and installation on the south side of Squirrel Creek Road, progressed backfill operations from the Peaceful Valley area to Squirrel Creek Road, and continued trench excavation of the N1A segment. Through April, 8.5 miles of pipe was installed in trench.



Pipe strung at South Pipeline 1

Upcoming Work & Challenges

- **Continue Construction of Pueblo Dam Connection.** ASI Constructors will continue construction of Pueblo Dam Connection 1A, removing the coffer dam, installing electrical conduit, and preparing for startup and commissioning.
- **Continue Construction of South Pipelines 1, 2, & 3.** Construction will continue on three South Pipelines; HCP Constructors will be installing pipe near South Spaulding Avenue, preparing for construction near the Pueblo Motorsports Park, and will continue preparations for tunneling beneath the railroad for S1. Garney Construction anticipates finishing construction on Platteville Boulevard and Desert Cove Drive crossings and will start construction at Marengo Drive for S2. Reynolds, Inc. expects to complete installation of pipe and progress installation of valve vaults for S3.
- **Continue Construction of South Pipeline 4B and North Pipelines 1A and 1B.** HCP Constructors will continue construction of this section, conducting welding operations moving south along N1B and N1A and continuing concrete mixture placement for pipe support and backfill.
- **Continue Pipeline and Facilities Design.** Various design firms will continue preparing designs for portions of South Pipeline 4A, North pipelines 1C, 2A, and 2B, Finished Water Pipeline 3, Water Treatment Plant and Finished Water Pump Station, and Raw Water Pump Stations. Preparation for the Pueblo Dam Connection 1B construction procurement will approach finalization the end of May.
- **Continue Land Acquisition.** The SDS team will continue to secure the properties needed for SDS Phase 1. Properties along South Pipeline 4A and North pipelines 1C and 2A in El Paso County will be the primary focus.



Work continues at North Pipeline 1A

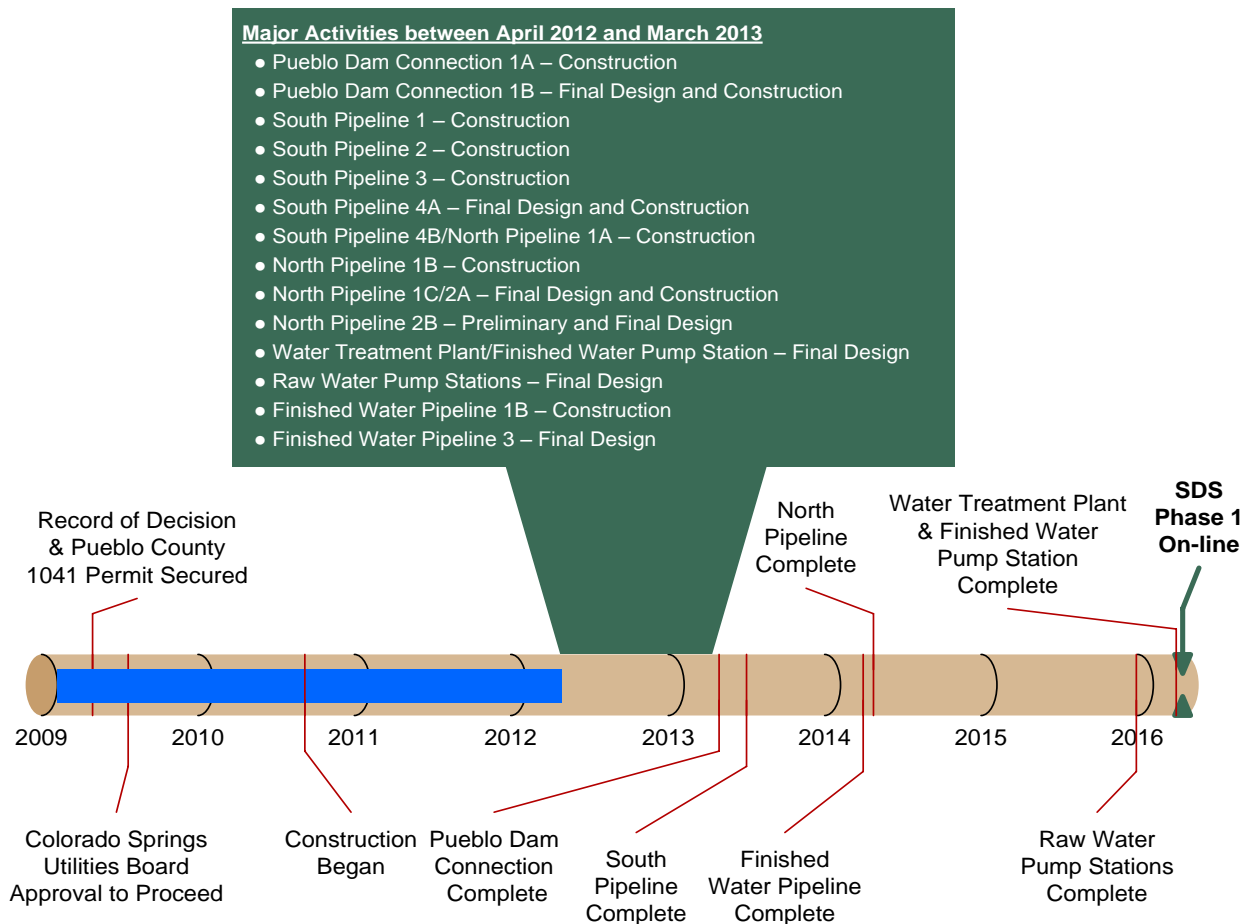
Schedule Summary

Figure 1 summarizes the schedule for completing Phase 1 of the SDS. This timeline shows the planned sequence for completing each of the core projects within Phase 1 and highlights major activities for the next 12 months. Colorado Springs Utilities anticipates completing Phase 1 as planned, with full operation beginning by April 2016.

Routine permitting, land acquisition, and final design of selected projects advanced after major permits and approvals were secured in 2009. Construction of the first pipeline project began in 2010 and is complete.

Ten construction projects are under way or scheduled to commence during the next 12 months. Continued design of seven projects also is planned.

Figure 1 – Schedule Progress for Major SDS Phase 1 Projects



Upcoming SDS Procurements

We anticipate commencing the following procurements in the near future:

- **Pueblo Dam Connection 1B Construction Contractor** – Q2 2012
- **South Pipeline 4A Construction Contractor** – Q2 2012
- **North Pipeline 1C/2A Construction Contractor** – Q2 2012

Interested parties are encouraged to monitor the Rocky Mountain E-Purchasing System website (www.RockyMountainBidSystem.com) for these or other opportunities with Colorado Springs Utilities. Some opportunities are open only to pre-qualified companies.

Local and Small Business Construction Opportunities

McCarthy Building Companies, design-build contractor for the SDS Water Treatment Plant and Finished Water Pump Station, and **CDM - Western Summit**, design-build contractor for the SDS Raw Water Pump Stations, have established separate websites that identify potential subcontractor opportunities and allow businesses to identify themselves and submit qualifications. Interested businesses can participate by accessing:

Water Treatment Plant and Finished Water Pump Station

<http://mccarthy-sdswatertreatmentplantproject.com/project-information/>

Raw Water Pump Stations

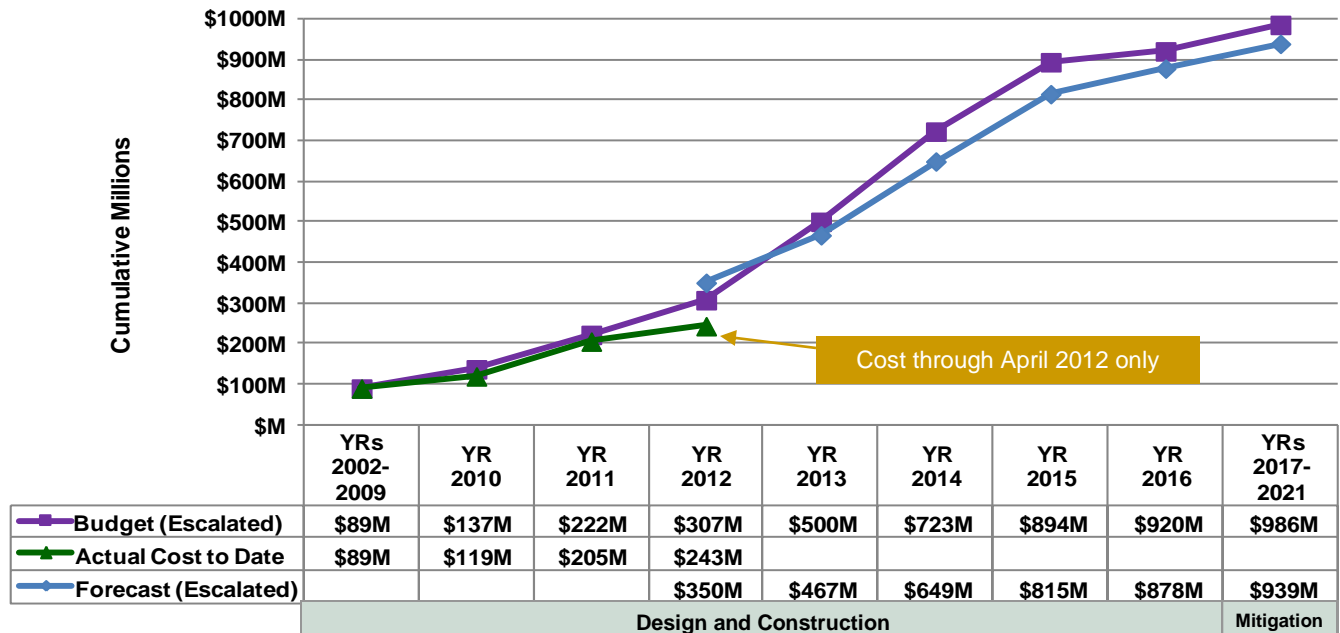
<http://www.isqft.com/new/difference>

Cost Summary

Figure 2 shows the budget for Phase 1, actual costs through April 2012, and forecasted costs for Phase 1.

Figure 3 shows the distribution of the actual costs. Key financial details are summarized below. The budget that is used to measure progress was established by the Colorado Springs Utilities Board in July 2009 and is \$880 million in April 2009 dollars. Accounting for actual and currently projected escalation in the cost of labor, materials, and equipment, the same 2009 budget equates to \$986 million after all direct project costs (including mitigation) are paid through 2021. The approved and anticipated water rate increases to pay for SDS Phase 1 already include these anticipated costs.

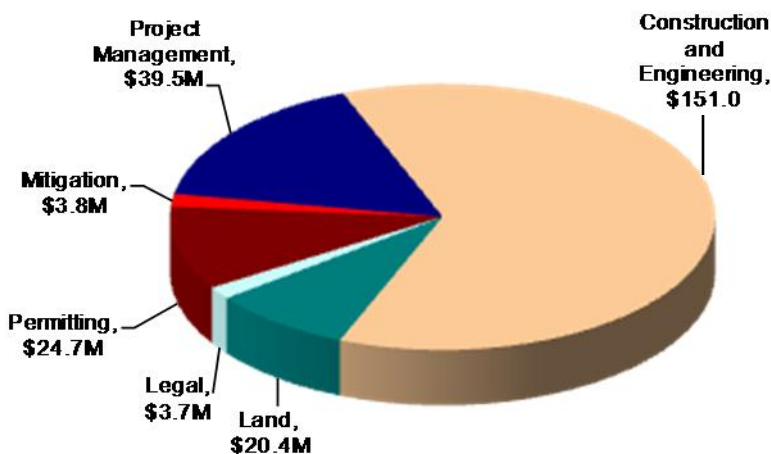
Figure 2 – Phase 1 Budget Progress – Actual Costs through April 2012



All \$ values in millions (M) and reflect direct project costs.

Budget and forecast \$ values include actual and projected cost escalation as measured by the Engineering News-Record's national Construction Cost Index and periodic forecasts by IHS Global Insight.

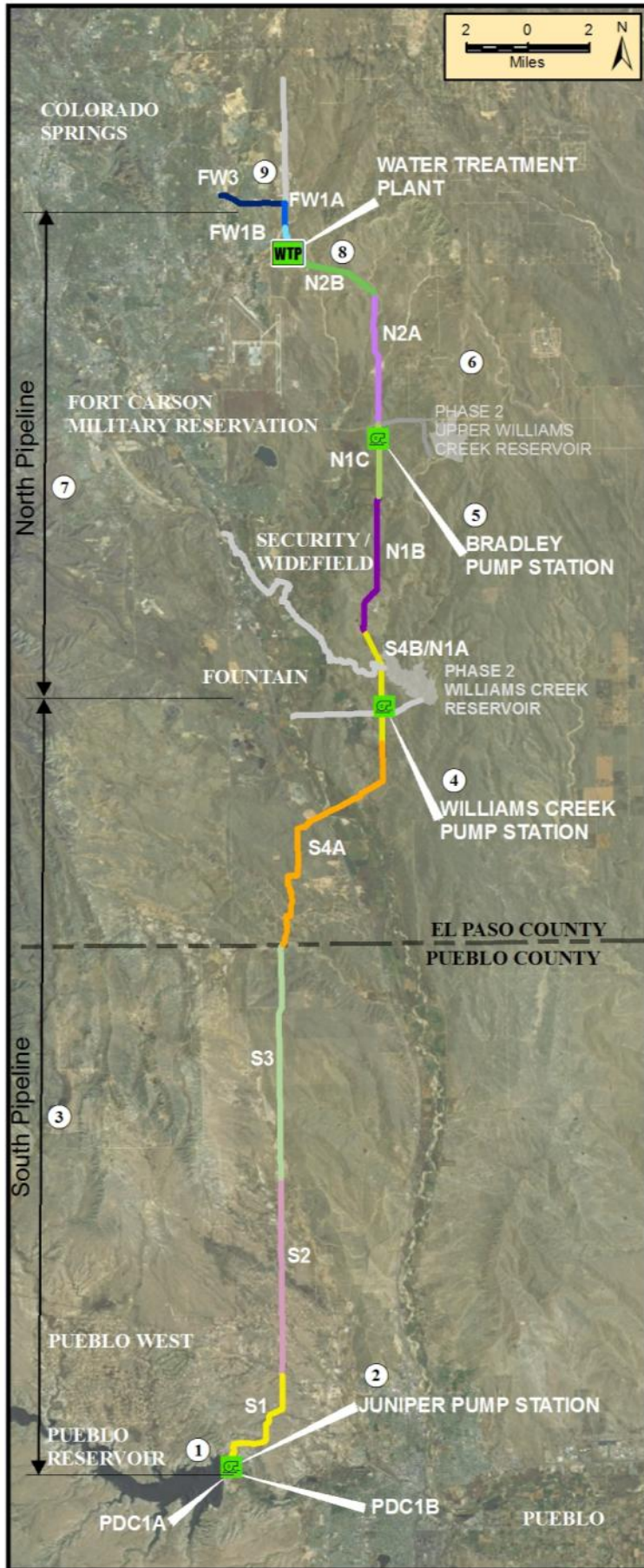
Figure 3 – Distribution of Phase 1 Direct Costs through April 2012 (\$243M Total)



Key Financial Details

- The budget for Phase 1 is \$986 million, including actual and projected escalation, while the current cost forecast is \$939 million. The project is currently forecasting completion about \$47 million below budget.
- Cumulative actual costs to date are \$243 million, with a majority expended on construction and engineering, permitting, land, and management activities.
- Forecasted costs for 2012 are \$145 million with a cumulative cost of \$350 million by the end of 2012.
- Cumulative forecast costs exceed the budget in 2012 due to anticipated scheduling of construction work to take advantage of favorable market conditions without affecting the rate increase projections for Phase 1.

Figure 4 – Phase 1 Projects Status Map



	<u>Schedule</u>	<u>Cost</u>
9 Finished Water Pipeline (FW) Design: 40% Land: 70% of properties secured Focus: Constructing segment 1B, preparing a final design for segment 3	●	●
8 SDS Water Treatment Plant and Finished Water Pump Station Design: 60% Land: 100% of properties secured Focus: Preparing a final design	●	●
7 North Pipeline (N) Design: 90% Land: 40% of properties secured Focus: Constructing segments 1A & 1B, preparing a final design for segments 1C & 2A, procuring a final designer for segment 2B	●	●
6 Upper Williams Creek Reservoir Design: 30% design complete; completion of design planned in SDS Phase 2 Land: Acquisition planning under way Focus: Taking measures to protect site location interests	●	●
5 Bradley Pump Station Design: 30% Land: Acquisition planning under way Focus: Preparing a final design	●	●
4 Williams Creek Pump Station Design: 30% Land: 100% of properties secured Focus: Preparing a final design	●	●
3 South Pipeline (S) Design: 90% Land: 90% of properties secured Focus: Constructing segments 1, 2, & 3, preparing a final design for segment 4A, constructing segment 4B	●	●
2 Juniper Pump Station Design: 30% Land: Coordinating land use authorization with the Bureau of Reclamation Focus: Preparing a final design	●	●
1 Pueblo Dam Connection (PDC) Design: 100% Land: Construction authorization secured Focus: Constructing 1A, preparing to procure a construction contractor for 1B (pipeline)	●	●

<u>Legend</u>	
<u>Schedule Status</u>	<u>Cost Status</u>
● More than 30 days behind	● More than 10% or \$100,000 over
● Between 15 and 30 days behind	● Between 0% and 10% over
● On schedule	● On budget

Visit www.sdswater.org for additional information.