

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 multi-phase project includes all of the components necessary to begin delivering water to the partner communities by 2016. This report summarizes accomplishments from the start of construction to May 2015, plans for June 2015, and key performance details for Phase 1.

Water Treatment Plant & Finished Water Pump Station



Safety Week kick-off at the water treatment plant

Accomplishments: Continued filling the 10-million-gallon raw water storage tank for testing, accomplishing 86 percent filled by the end of May continued installation of doors, windows, and roofs; finished painting the raw water tank dome; continued installation and testing of process and chemical piping; and held safety awareness activities to support National Safety Week May 4-9; approximately 83 percent of construction is complete through May at the water treatment plant.

Upcoming: Complete filling the raw water storage tank and commence testing, begin filling finished water pipe and finished water tank storage for testing, complete pouring concrete for all sedimentation

drying beds, complete roof installation over maintenance bays and continue roofing activities over operation areas, and finish installation of windows in operation and maintenance areas.

Raw Water Pump Stations

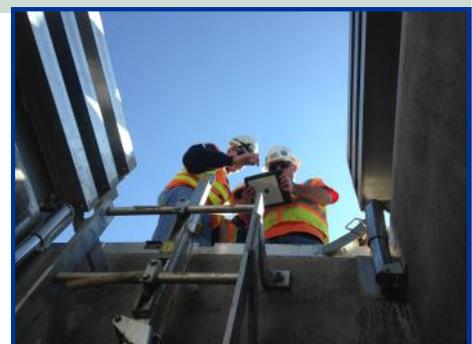
Accomplishments: Completed installation of transformers and pumps to enable electrical work to begin and continued installation and welding of 66-inch diameter pipe at Juniper Pump Station; continued installation of electrical cables, completed installation of the last pump, and began installation of on-site water lines at Williams Creek Pump Station; and began installation of metal wall panels and started connection to North Pipeline 1C at Bradley Pump Station; approximately 86 percent of construction is complete through May for all three pump stations. **Upcoming:** Complete installation of electrical cables and set remaining section of 66-inch diameter discharge pipe at Juniper Pump Station, finish installation of the flow meter (measures flow rate of water) and continue conduit installation in the electrical room at Williams Creek Pump Station, and complete the connection to North Pipeline 1C and begin connection to North Pipeline 2B at Bradley Pump Station.



Installation of trim prior to wall panels at Bradley Pump Station

Commissioning & Startup

Commissioning and startup is the final phase of a project. It is a transition from construction to full operation. The objective of this phase is to perform a systematic test of all components to ensure they perform as designed. For the SDS, when commissioning and startup is complete for the raw water pump stations, each pump station will be subject to a seven day performance test, and upon satisfactory completion, will be ready for full operation. Once all commissioning and startup activities are complete for the water treatment plant, it will be subject to a 14 day performance test, and upon satisfactory completion, will be ready for full operation to deliver drinking water. These testing activities are anticipated to occur during the summer and fall of 2015.



Water Operations staff collecting SDS pipeline data

SPOTLIGHT

SDS Pumped Up

Another significant milestone was achieved in May for the SDS as crews from Archer Western Construction, LLC set the last of the massive pumps that will move water through the 50-mile SDS pipeline. The milestone brings SDS one step closer to its commitment to deliver water to the project partners of Colorado Springs, Fountain, Security, and Pueblo West by early 2016.

In total, 11 pumps were set at the pump stations during the past few months. The pump motors ranged from 2,000 to 2,750 horsepower. The largest pump motor produces the equivalent power of approximately four Formula 1 racecars. The pumps at the three pump stations will work in concert to lift the water 1,500 feet in elevation from Pueblo Dam to the new water treatment plant under construction in Colorado Springs.

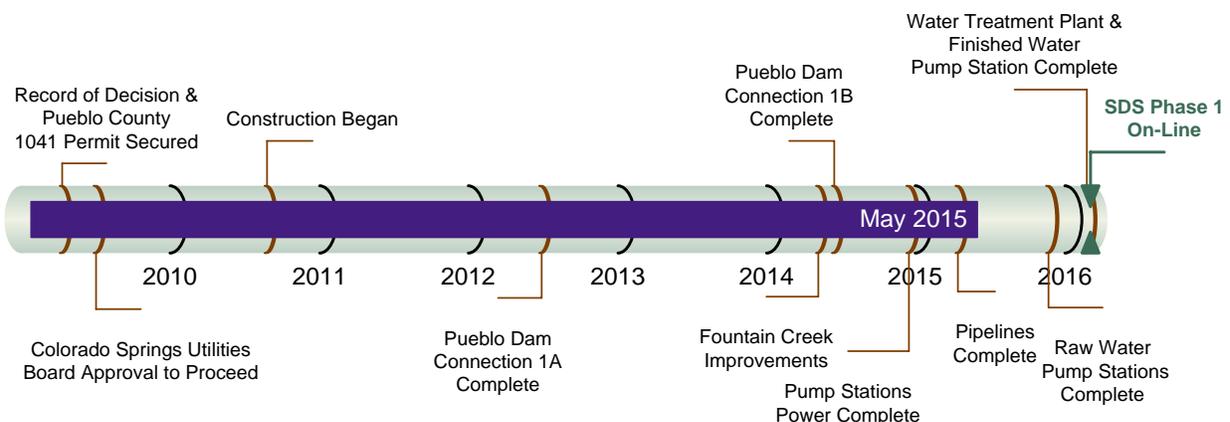
Construction on the pump stations is more than 86 percent complete. Now that the final pump is installed, work will continue to finish the buildings, install electrical components, and perform testing at each of the sites. SDS continues to benefit the local economy. Through the first part of 2015, about \$643 million has been spent on SDS. Of that, \$531 million has benefitted the Colorado economy; \$327 million of that has benefitted Pueblo, El Paso, and Fremont counties.



Schedule Summary

The timeline below summarizes the schedule for completing Phase 1 of the SDS. Colorado Springs Utilities anticipates completing Phase 1 as planned, with full operation beginning by 2016.

Figure 1 – Schedule Progress for Major SDS Phase 1 Projects



Cost Summary

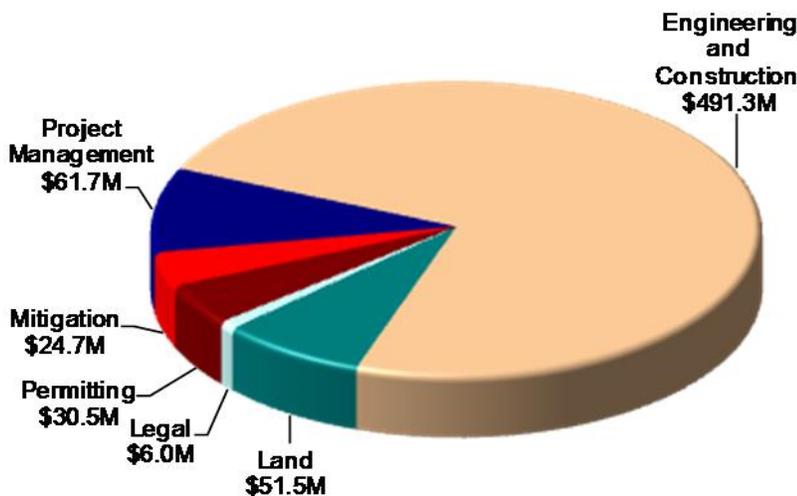
Figure 2 shows the budget for Phase 1, actual costs through May 2015, and forecasted costs for Phase 1. **Figure 3** shows the distribution of the actual costs. Key financial details are summarized below. The budget used to measure progress was established by the Colorado Springs Utilities Board in July 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 \$985 million after all direct project costs (including mitigation) are paid through 2021.

Figure 2 – Phase 1 Budget Progress – Actual Costs through May 2015



Design and construction \$ values include actual and projected cost escalation as measured by Engineering News-Record's national Construction Cost Index. Monetary mitigation payment \$ values (2017 through 2021) include cost escalation as measured by the U.S. Bureau of Labor Statistics Producer Price Index for finished goods. Periodic index forecasts by IHS Global Insight applied.

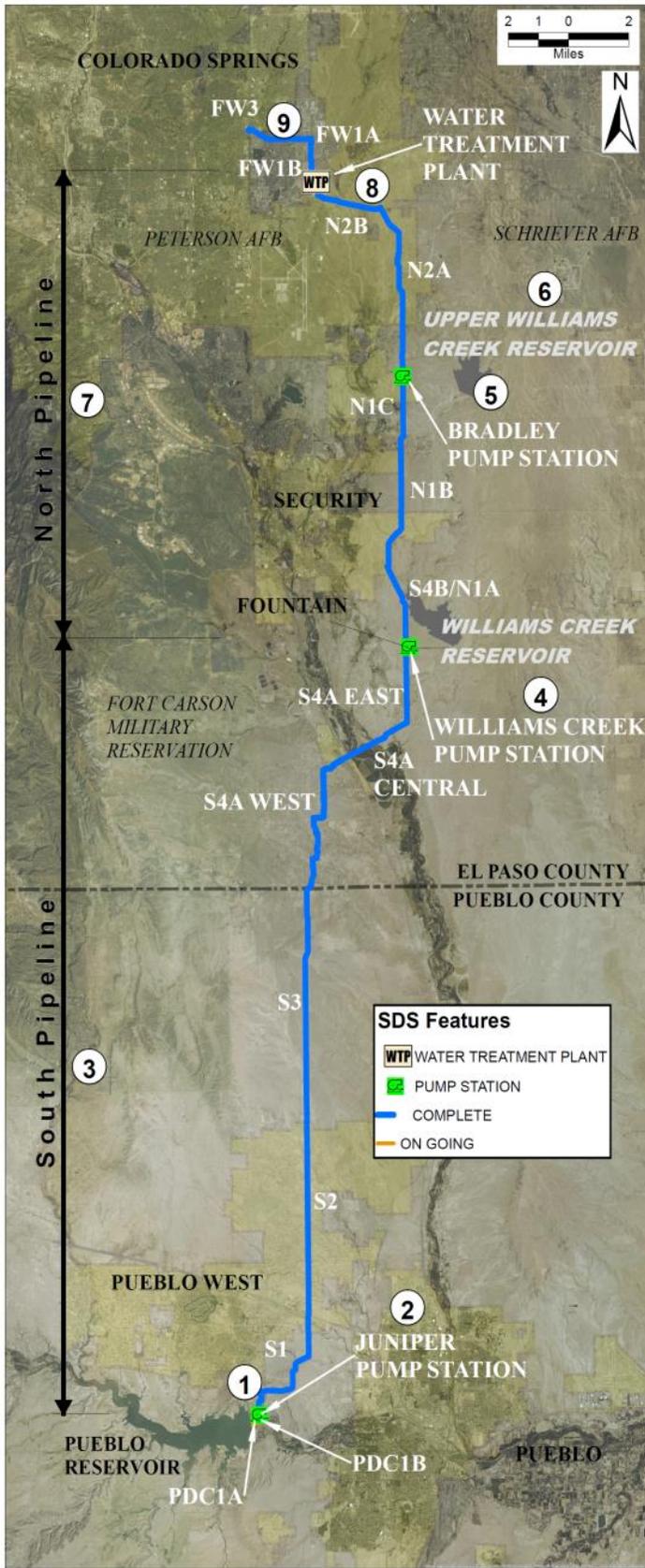
Figure 3 – Distribution of Phase 1 Direct Costs through May 2015 (\$666M Total)



Key Financial Details

- The budget for Phase 1 is \$985 million, including actual and projected escalation, while the current cost forecast is \$829 million. The project is currently forecasting completion approximately \$156 million below budget. These anticipated savings are accounted for in current water rates and plans for bond issuance.
- Cumulative actual costs to date are \$666 million, with a majority expended on engineering and construction, permitting, land, and management activities.
- Forecasted costs for 2015 are \$103 million with a cumulative expenditure of \$722 million by the end of 2015.

Figure 4 – Phase 1 Projects Status Map



- 9 Finished Water Pipeline (FW)**
Complete: FW1A, FW1B, FW3 (Garney Construction)
Focus: Maintenance
- 8 SDS Water Treatment Plant (WTP) and Finished Water Pump Station (FWPS)**
Ongoing: McCarthy Building Companies, Inc. is constructing the WTP and FWPS located at Marksheffel Rd. and U.S. Highway 24.
Focus: Filling the raw water storage tank, masonry coating, and installing roofing, doors, and windows
- 7 North Pipeline (N)**
Complete: S4B/N1A/N1B (HCP Constructors), N1C/N2A (Layne Heavy Civil, Inc.)
Ongoing: Garney Construction is finalizing closeout of N2B – a 3.2 - mile pipeline connecting N2A to the WTP.
Focus: Completing administrative closeout activities
- 6 Upper Williams Creek Reservoir (UWCR)**
Ongoing: UWCR is a 30,500 acre-foot raw water storage reservoir that will be developed as part of a future SDS phase and will be located near Bradley Pump Station.
Focus: Acquiring remaining land parcels
- 5 Bradley Pump Station (BPS)**
Ongoing: Archer Western Construction, LLC is constructing BPS located in the city of Colorado Springs approximately ¼ mile south of Bradley Rd. and 1.5 miles east of Marksheffel Rd.
Focus: Installing mechanical equipment, conduit, and electrical cables
- 4 Williams Creek Pump Station (WCPS)**
Ongoing: Archer Western Construction, LLC is constructing WCPS located in El Paso County 6 miles south of Squirrel Creek Rd. and 5 miles east of Interstate 25.
Focus: Installing HVAC equipment, drywall in the office areas, and wall panels on outside of building
- 3 South Pipeline (S)**
Complete: S1 (HCP Constructors), S2 (Garney Construction), S3 (Layne Heavy Civil, Inc.), S4A East/West (Garney Construction)
Ongoing: Garney Construction is constructing S4A Central – a 1.4 - mile pipeline that tunnels under Interstate 25, two railroads, and Fountain Creek and extends from west of Interstate 25 to east Hanover Rd.
Focus: Completing administrative closeout activities
- 2 Juniper Pump Station (JPS)**
Ongoing: Archer Western Construction, LLC is constructing JPS located in Lake Pueblo State Park near the base of Pueblo Dam.
Focus: Installing electrical equipment, pipes, and aluminum building materials
- 1 Pueblo Dam Connection (PDC)**
Complete: PDC1A (ASI Constructors)
Ongoing: Garney Construction is finalizing closeout of PDC1B – a 0.3-mile pipeline that connects the new outlet works (PDC1A) at Pueblo Dam to JPS and the Pueblo West Pump Station.
Focus: Completing administrative closeout activities

Visit www.SDSwater.org for additional information.