

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 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, a contract was awarded to construct the Raw Water Pump Stations, construction continued for the water treatment plant, Williams Creek Pump Station power supply, and pipelines, and revegetation efforts continued for South Pipelines 1, 2, and 3 (refer to the map on page 4). Upcoming work includes continuing construction on the facilities and pipelines, further revegetation activities, and additional land acquisition.

Key Accomplishments in April

- **Contract Awarded to Construct Raw Water Pump Stations.** Bids from five pre-qualified prime contractors were received April 17 to construct the three Raw Water Pump Stations. Archer Western Construction was selected based on the lowest responsive bid at nearly \$77 million. Pre-construction work is anticipated to begin June 2013.
- **Construction Continued for Water Treatment Plant.** McCarthy Building Companies, Inc. continued construction of the water treatment plant (WTP) located at Marksheffel Road and U.S. Highway 24. Activities included mass excavation of nearly 272,000 cubic yards of earth, construction of access ways to the pipeline easement, and receipt of sections of pipeline for the transmission main for future water distribution.
- **Revegetation Continued for South Pipelines 1, 2, and 3.** Western States Reclamation, Inc. (Western States) continued revegetation activities on South Pipelines 1, 2, and 3. At South Pipeline 1, Western States advanced the installation of irrigation lines and began seeding and mulching, and at South Pipelines 2 and 3, continued maintenance and monitoring of seeded areas. Watering for all three pipeline corridors is expected to begin in May.
- **Construction Continued on Williams Creek Pump Station Power Supply.** Colorado Springs Utilities continued construction of the power supply for Williams Creek Pump Station, with work spanning approximately 5 miles from Nixon Power Plant to the future Williams Creek Pump Station. Work included the installation of 12 vaults, more than 4,500 feet of concrete-encased buried conduit, and the framing and setting of 63 overhead power poles.



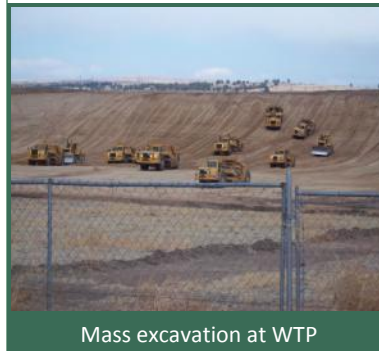
Revegetation on South Pipeline 3

Upcoming Work & Challenges

- **Continue Construction of Major Projects.**

Water Treatment Plant.

McCarthy Building Companies, Inc. will continue construction of the WTP advancing major excavation work, preparing for tunneling activities under Space Village Avenue, Marksheffel Road, and U.S. Highway 94, and installing temporary power and communication lines.



Mass excavation at WTP

South Pipeline 4A East and West.

Garney Construction will continue construction of South Pipeline 4A East and West, anticipating the completion of pipe installation and progressing cleanup and backfill operations on the west, while commencing pipe deliveries, installation, and backfill on the east side.

North Pipeline 1C and 2A.

Layne Heavy Civil, Inc. will continue construction of North Pipeline 1C and 2A, anticipating the completion of pipe installation on North Pipeline 1C and commencing pipe deliveries, installation, and backfill on North Pipeline 2A.

Williams Creek Pump Station Power Supply.

Colorado Springs Utilities will continue construction of the power supply for Williams Creek Pump Station, expecting the installation of overhead and underground wire and cable and underground boring at Nixon Power Plant and Williams Creek Pump Station site.

- **Continue Land Acquisition.** The SDS team will continue to secure the properties needed for SDS Phase 1, including properties along Finished Water Pipeline 3, South Pipeline 4A East and Central, and North Pipelines 1C, 2A, and 2B.

SPOTLIGHT

Construction Moo-ving Along

The SDS team works closely with property owners and neighborhoods to minimize inconveniences associated with construction of the pipeline components and treatment plant. However, a considerable portion of construction occurs on agricultural land and introduces a different constituency – herds of hungry and thirsty cattle. Construction in these areas, if not managed properly, could have the potential of separating cattle from water or grass, hindering ranchers' operations. But the strong relationship between the SDS team and ranchers has ensured the safety and security of the cattle near construction areas by mitigating dangers and putting controls in place to protect the livestock.



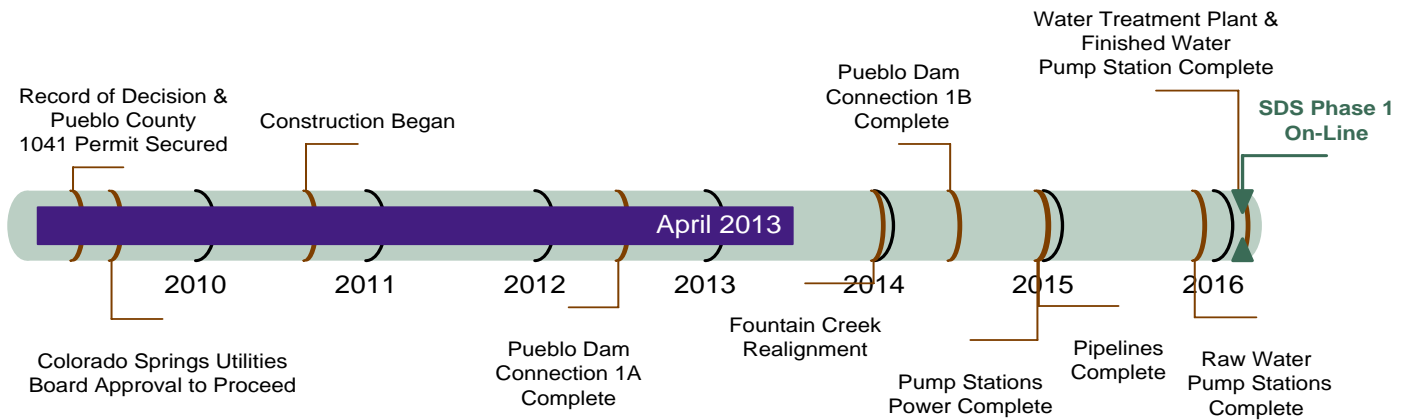
Schedule Summary

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

Figure 1 – Schedule Progress for Major SDS Phase 1 Projects

Major Activities: April 2013 – March 2014

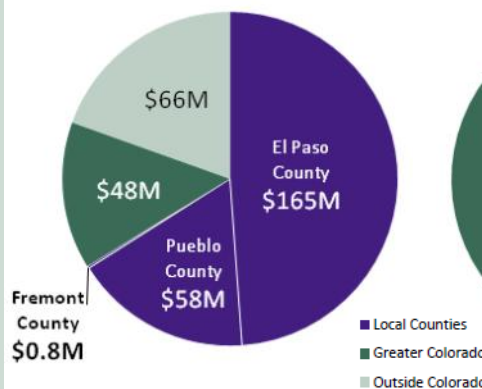
- Pueblo Dam Connection 1B – Construction
- South Pipeline 1 Revegetation – Seeding and Monitoring
- South Pipelines 2 & 3 Revegetation – Maintenance and Monitoring
- South Pipeline 4A East/West – Construction
- South Pipeline 4A Central – Final Design and Construction
- North Pipeline 1C/2A – Construction
- North Pipeline 2B – Construction
- Bradley Pump Station Power Supply – Construction
- Williams Creek Pump Station Power Supply – Construction
- Juniper Pump Station Power Supply – Final Design
- Water Treatment Plant/Finished Water Pump Station – Construction
- Raw Water Pump Stations – Construction
- Finished Water Pipeline 3 – Construction
- Fountain Creek Realignment – Final Design and Construction



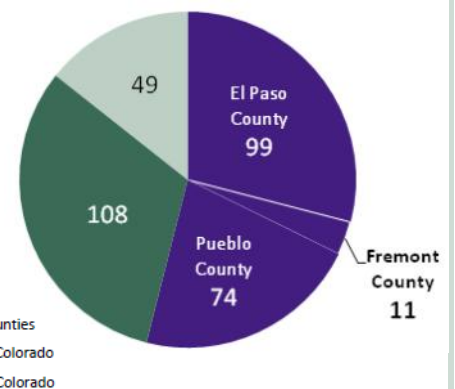
SDS Local Spending and Business Involvement through March 2013

The charts to the right summarize the distribution of SDS spending and number of businesses and organizations involved since the SDS project began in 2002. This information is an indicator of the local economic impact of SDS. Of the \$337 million spent through March 2013, nearly \$224 million benefitted the local counties of Pueblo, El Paso, and Fremont. An additional \$48 million benefitted other counties within Colorado. More than 340 businesses and organizations have supported SDS to date, with more than 180 of those within the local counties and 108 within other parts of Colorado.

Distribution of SDS Expenditures (Total \$337M)



Distribution of Businesses/Organizations Supporting SDS (Total 341)



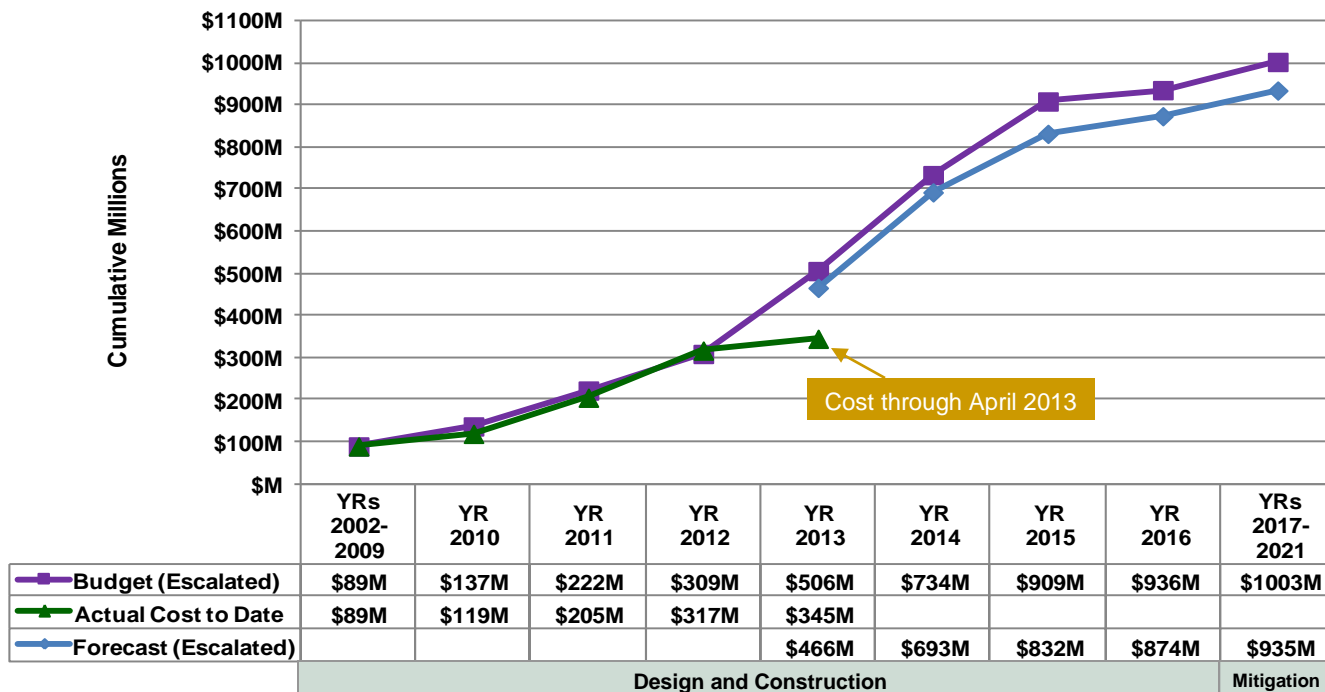
Data Updated Quarterly

Cost Summary

Figure 2 shows the budget for Phase 1, actual costs through April 2013, 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 \$1.003 billion after all direct project costs (including mitigation) are paid through 2021. The approved and previously estimated water rate increases to pay for SDS Phase 1 already include these anticipated costs.

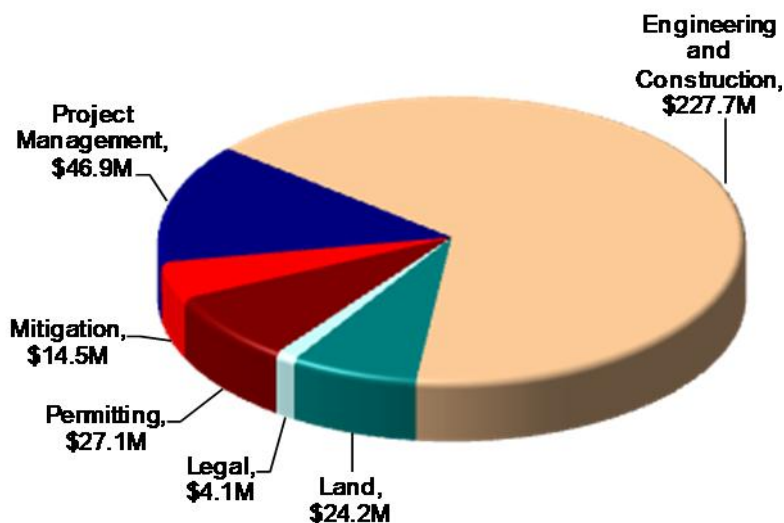
Figure 2 – Phase 1 Budget Progress – Actual Costs through April 2013



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.

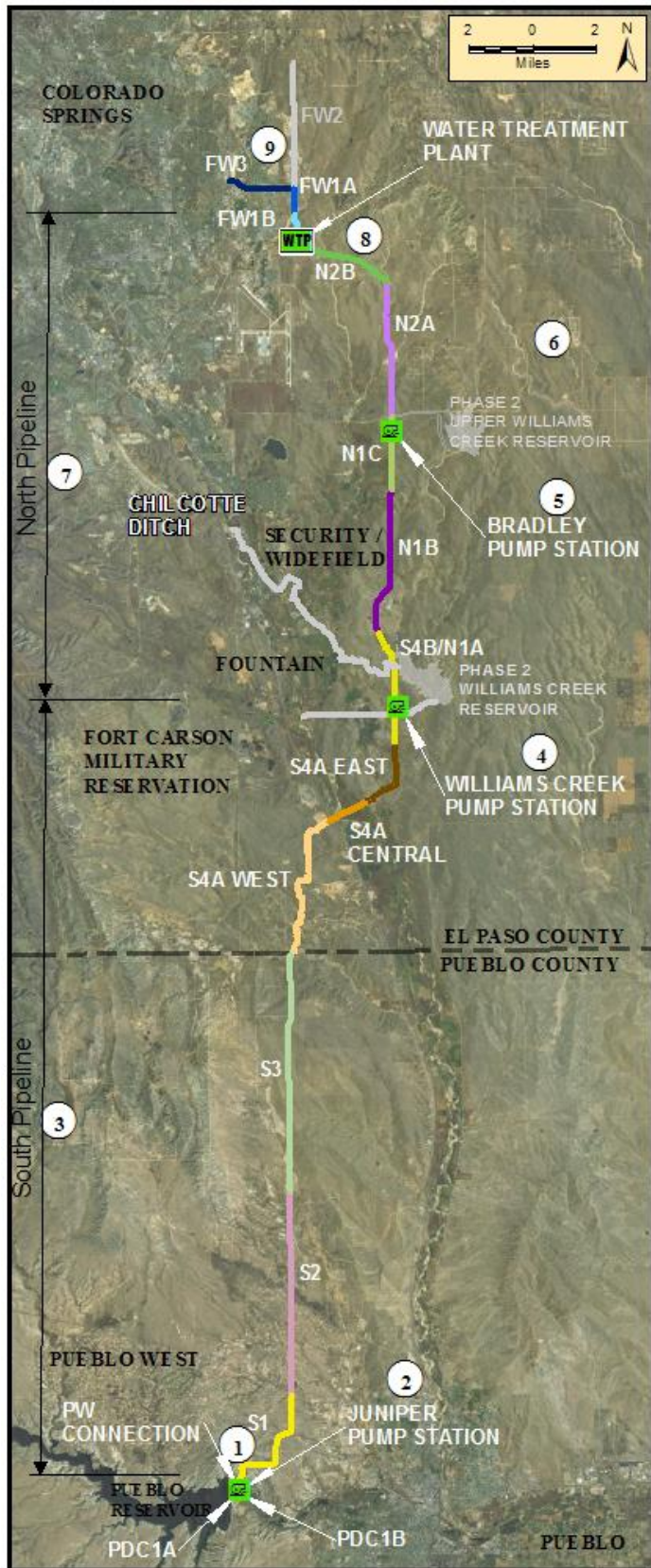
Figure 3 – Distribution of Phase 1 Direct Costs through April 2013 (\$345M Total)



Key Financial Details

- The budget for Phase 1 is \$1.003 billion, including actual and projected escalation, while the current cost forecast is \$935 million. The project is currently forecasting completion approximately \$68 million below budget. These anticipated savings are accounted for in water rates planning and bond issuance planning.
- Cumulative actual costs to date are \$345 million, with a majority expended on engineering and construction, permitting, land, and management activities.
- Forecasted costs for 2013 are \$149 million with a cumulative expenditure of \$466 million by the end of 2013.

Figure 4 – Phase I Projects Status Map



- 9 Finished Water Pipeline (FW)**
 Design: 100%
 Land: 70% of properties secured
 Focus: Preparing to procure a contractor for section 3
- 8 SDS Water Treatment Plant and Finished Water Pump Station**
 Design: 100%
 Land: 100% of properties secured
 Focus: Constructing water treatment plant – mobilization and earthwork
- 7 North Pipeline (N)**
 Design: 100%
 Land: 70% of properties secured
 Focus: Constructing sections 1C & 2A, preparing to procure a contractor for section 2B
- 6 Upper Williams Creek Reservoir**
 Design: 30% design complete; completion of design planned in SDS Phase 2
 Land: Acquisition under way
- 5 Bradley Pump Station**
 Design: 100%
 Land: Acquisition under way
 Focus: Procured a contractor and preparing for construction of pump station, constructing power supply
- 4 Williams Creek Pump Station**
 Design: 100%
 Land: 100% of properties secured
 Focus: Procured a contractor and preparing for construction of pump station, constructing power supply
- 3 South Pipeline (S)**
 Design: 90%
 Land: 90% of properties secured
 Focus: Preparing a final design for section 4A Central, constructing sections 4A East & West
- 2 Juniper Pump Station**
 Design: 100%
 Land: Coordinating land use authorization with the Bureau of Reclamation
 Focus: Procured a contractor and preparing for construction of pump station
- 1 Pueblo Dam Connection (PDC)**
 Design: 100%
 Land: Construction authorization secured
 Focus: Planning for construction of 1B (pipeline)

Schedule: The Program is on schedule to begin operations in April 2016.

Budget: The Program is currently forecasting completion under budget by \$68 million.

Visit www.sdswater.org for additional information.