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 February, contractor and supplier proposals were received for South Pipeline 4A Central and the Raw Water Pump Stations major pumping equipment, while construction continued on South Pipeline 1 and South Pipeline 4A West (refer to the map on page 4). Upcoming work includes progressing construction, finalizing design of remaining pipeline sections, and continuing land acquisition.

Key Accomplishments in February

- **Contractor Proposals Received for South Pipeline 4A Central.** Proposals were received from pre-qualified design-build contractors to complete the design and then construct South Pipeline 4A Central – a 1.4-mile raw water pipeline section that crosses Interstate 25, two railroads, and Fountain Creek and extends from west of Midway Ranch Road to east of Hanover Road. Proposals were received January 31 and, after thorough evaluation, Garney Construction was selected.
- **Supplier Proposals Received for Procurement of Raw Water Pump Stations Major Pumping Equipment.** Proposals were received from suppliers to provide major pumping equipment to the Raw Water Pump Stations contractor. Proposals were received February 6 and interviews are being conducted. The Raw Water Pump Stations contractor will be selected through a bid process.
- **Construction Near Completion for South Pipeline 1.** HCP Constructors continued final construction of South Pipeline 1 – a 4.3-mile raw water pipeline section from the Juniper Pump Station site near Pueblo Dam north and northeast, almost to Highway 50. HCP Constructors completed the tie-in connection between South Pipeline 1 and South Pipeline 2, forming a continuous SDS pipeline across Pueblo County.
- **Construction Continued for South Pipeline 4A East and West.** Garney Construction continued activities on South Pipeline 4A East and West – a 7.5-mile raw water pipeline section that starts at the El Paso/Pueblo County line and extends north to Interstate 25, near Pikes Peak International Raceway, and from Hanover Road north to South Pipeline 4B. Activities on the west involved construction crossing a 6-inch water line and crossing Rancho Colorado Boulevard. Pre-construction activities continued east of Interstate 25.

Upcoming Work & Challenges

- **Groundbreaking Event Scheduled for Water Treatment Plant and Finished Water Pump Station.** McCarthy Building Companies, Inc. and the SDS team are preparing for a groundbreaking event in March to kick-off the start of construction. More than 30 Colorado companies are working together to build the plant and will participate in a shovel ceremony by breaking ground to commence construction.

Setting last pipe for South Pipeline 1/South Pipeline 2 tie-in

- **Commence Construction on North Pipeline 1C and 2A.** Layne Heavy Civil, Inc. anticipates the start of construction work on North Pipeline 1C and 2A – the 6.1-mile raw water pipeline section extending from North Pipeline 1B near Peaceful Valley to approximately 1 mile south of Highway 94. Activities will include mobilizing equipment, accepting pipe deliveries, and installing pipe.
- **South Pipeline 1 Revegetation Contractor to Mobilize.** Western States Reclamation, Inc. is planning to mobilize to the South Pipeline 1 site to begin staging revegetation materials and equipment.
- **Finalize Design of Pipelines.** North Pipeline 2B and Finished Water Pipeline 3 are expected to reach final design in March. Procurement of a construction contractor for each pipeline will follow thereafter.
- **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

Safety Recognition Event Held for Garney Construction

The SDS team held a safety recognition event for Garney Construction in February acknowledging the company's contribution to achieving 500,000 hours on SDS worked without a lost-time incident. Safety t-shirts, hardhat stickers, and a banner were distributed to Garney for the 57,000 hours they worked on South Pipeline 2 without a recordable incident. In early March, the SDS Program Director will recognize Garney with a Successful Project Delivery and Completion letter thanking them for their hard work and dedication to the SDS Program.

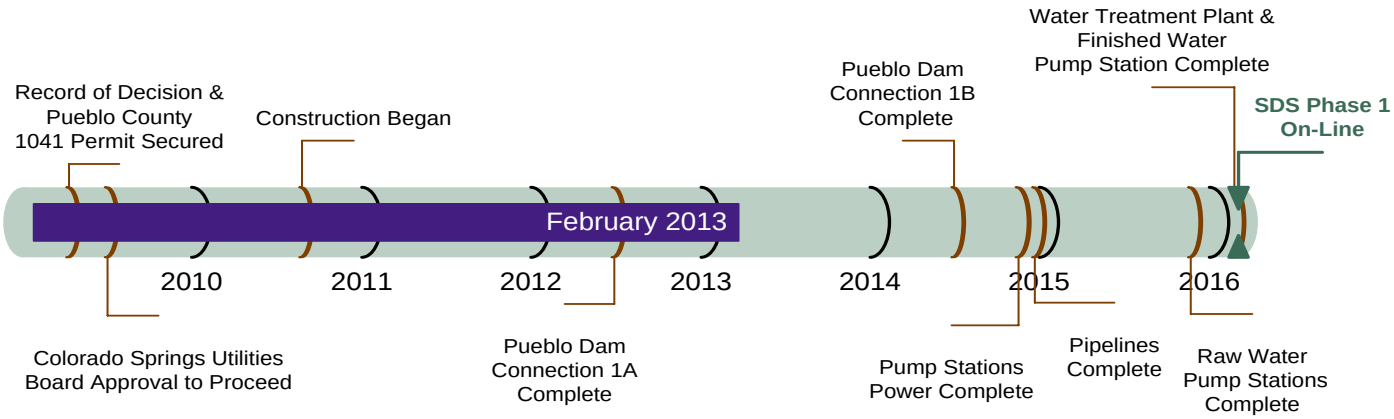
Schedule Summary

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

Figure 1 – Schedule Progress for Major SDS Phase 1 Projects

Major Activities: February 2013 – January 2014

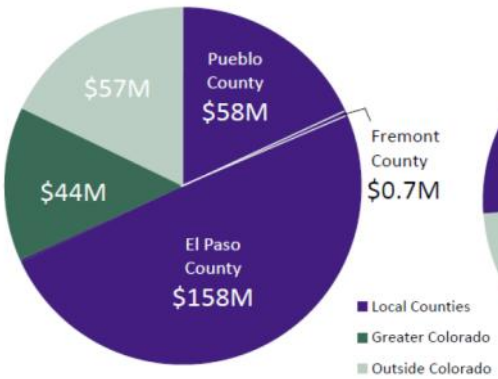
- Pueblo Dam Connection 1B – Construction
- South Pipeline 1 – Construction
- South Pipeline 1 Revegetation – Mobilization and Implementation
- South Pipelines 2 & 3 Revegetation – Monitoring and Maintenance
- South Pipeline 4A East/West – Construction
- South Pipeline 4A Central – Final Design
- North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



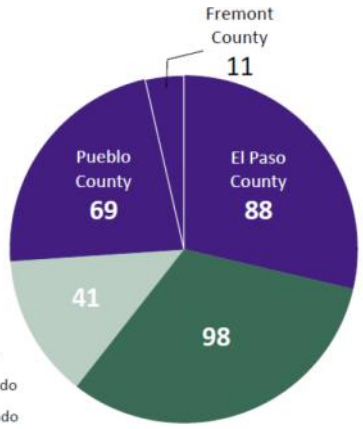
SDS Spending and Business Involvement through 2012

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 $317 million spent through 2012, more than $216 million benefitted the local counties of Pueblo, El Paso, and Fremont. An additional $44 million benefitted other counties within Colorado. More than 300 businesses and organizations have supported SDS to date, with almost 170 of those within the local counties and 98 within other parts of Colorado.

Distribution of SDS Expenditures (Total $317M)



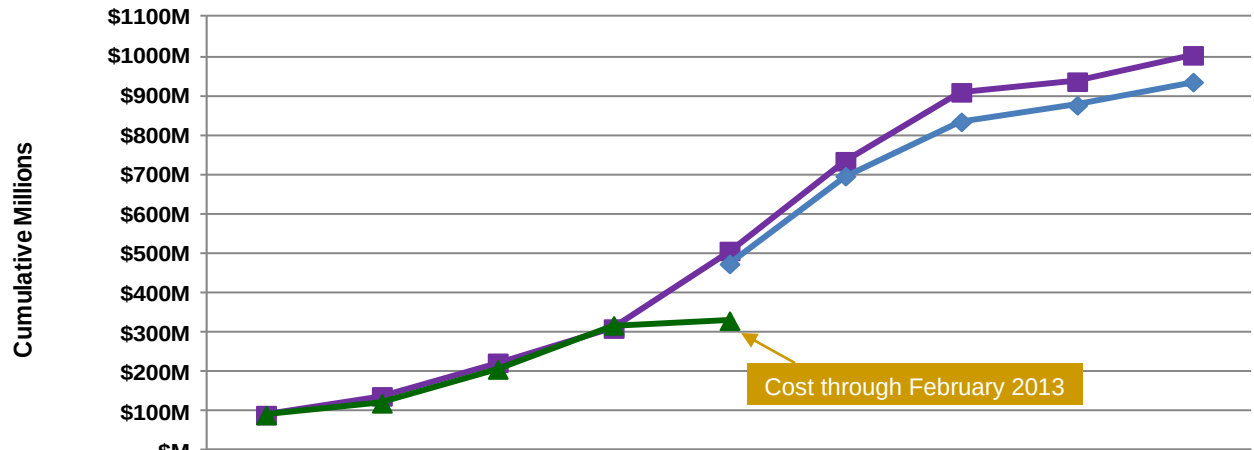
Distribution of Businesses/Organizations Supporting SDS (Total 307)



Cost Summary

Figure 2 shows the budget for Phase 1, actual costs through February 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 February 2013

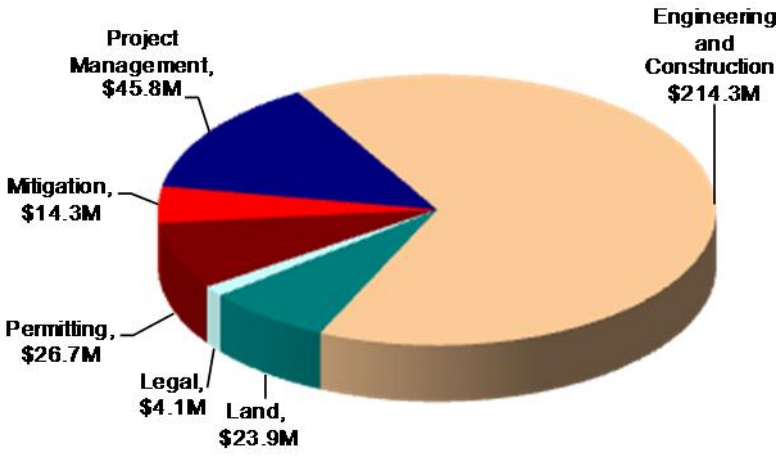


	YRs 2002-2009	YR 2010	YR 2011	YR 2012	YR 2013	YR 2014	YR 2015	YR 2016	YRs 2017-2021
Budget (Escalated)	$89M	$137M	$222M	$309M	$506M	$734M	$909M	$936M	$1003M
Actual Cost to Date	$89M	$119M	$205M	$317M	$329M				
Forecast (Escalated)					$473M	$696M	$834M	$876M	$935M
	Design and Construction								Mitigation

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.

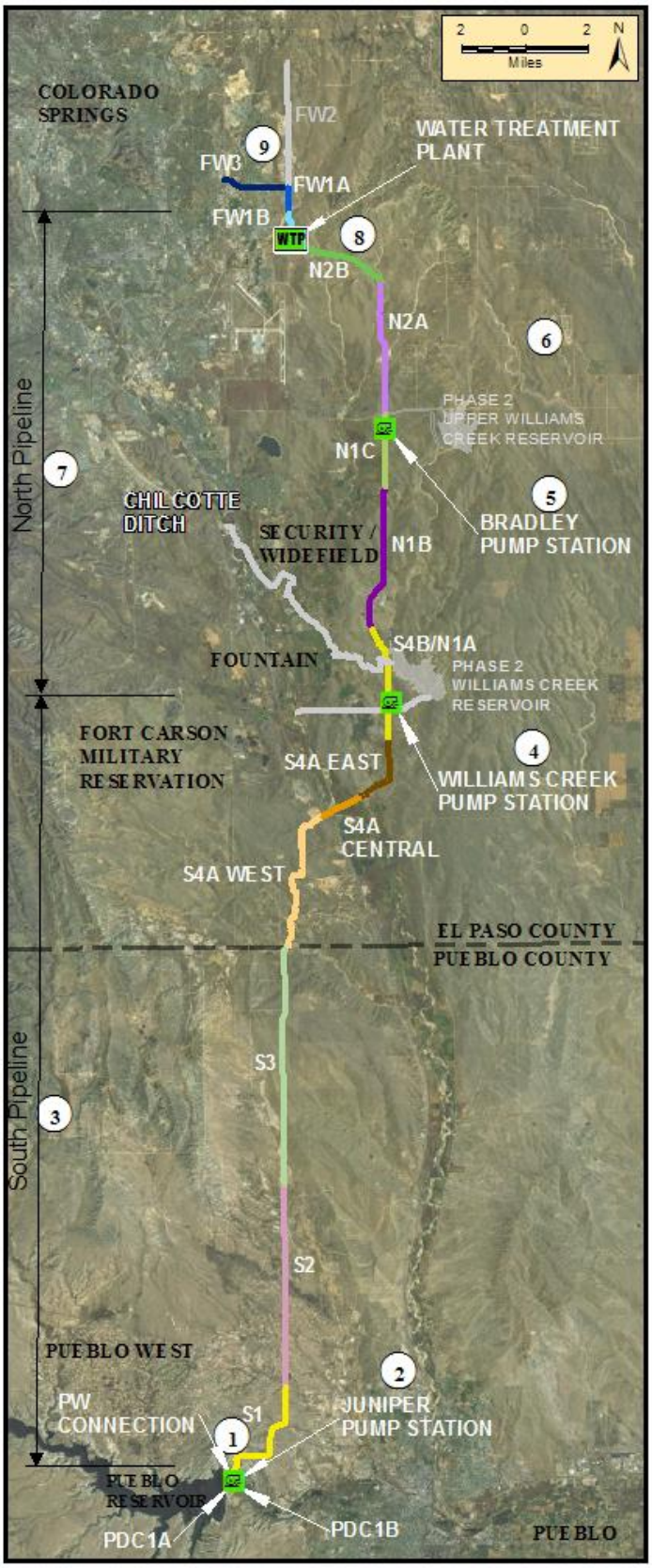
Figure 3 – Distribution of Phase 1 Direct Costs through February 2013 ($329M Total)



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.
- Cumulative actual costs to date are $329 million, with a majority expended on engineering and construction, permitting, land, and management activities.
- Forecasted costs for 2013 are $156 million with a cumulative expenditure of $473 million by the end of 2013.

Figure 4 – Phase 1 Projects Status Map



9 Finished Water Pipeline (FW)
Design: 90%
Land: 70% of properties secured
Focus: Preparing a final design for section 3

8 SDS Water Treatment Plant and Finished Water Pump Station
Design: 100%
Land: 100% of properties secured
Focus: Preparing for construction

7 North Pipeline (N)
Design: 90%
Land: 50% of properties secured
Focus: Continuing pre-construction activities for sections 1C & 2A, preparing a final design for section 2B

6 Upper Williams Creek Reservoir
Design: 30% design complete; completion of design planned in SDS Phase 2
Land: Acquisition planning under way

5 Bradley Pump Station
Design: 100%
Land: Acquisition under way
Focus: Procuring a construction contractor and selecting major pumping equipment, constructing power supply

4 Williams Creek Pump Station
Design: 100%
Land: 100% of properties secured
Focus: Procuring a construction contractor and selecting major pumping equipment, preparing for power supply construction

3 South Pipeline (S)
Design: 90%
Land: 90% of properties secured
Focus: Completing construction of section S1, procuring a design-build contractor for section 4A Central, constructing section 4A West, continuing pre-construction activities for section 4A East

2 Juniper Pump Station
Design: 100%
Land: Coordinating land use authorization with the Bureau of Reclamation
Focus: Procuring a construction contractor and selecting major pumping equipment

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.