

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 April 2016. This report summarizes accomplishments from the start of construction to February 2014, plans for March 2014, and key performance details for Phase 1.

Water Treatment Plant & Finished Water Pump Station

Accomplishments: Continued constructing the process building and finished water tanks, received 84-inch diameter pipe for the raw water tank, and continued fabrication of finished water pipeline components at Springs Fabrication, a local business that is benefitting from SDS local spending. **Upcoming:** Begin construction of the raw water tank, receive delivery of 84-inch diameter raw water pipeline that will connect North Pipeline 2B to the raw water tank, and commence backfilling around the finished water tank.



Local surge tank fabrication for the Water Treatment Plant



Constructing columns at the Water Treatment Plant

Raw Water Pump Stations



Pump Can Encasement at Bradley Pump Station

Accomplishments: Continued mass excavation and rock removal at Juniper Pump Station; began construction of access road drainage improvements at Williams Creek Pump Station; began concrete encasement of pump cans (support and protection for pumping equipment) at Bradley Pump Station; and completed factory acceptance testing of three out of a total of eleven variable speed drives, or inverters, that control the startup and operational speed of the pumps. **Upcoming:** Complete setting pump cans at all three pump station sites; receive 72-inch butterfly valve at Juniper Pump Station, which is a valve that isolates Juniper Pump Station from Pueblo Dam Connection 1B; and continue to receive and install manufactured large-diameter steel pipe and valves at all three pump stations. Commissioning and startup activities are planned to occur in late 2015, with the facilities in service by April 2016.

Pueblo Dam Connection & South Pipeline 4A Central



Installing 36-inch pipe through meter vault at Pueblo Dam Connection 1B

Pueblo Dam Connection Accomplishments: Completed installation of the 90-inch and 72-inch diameter pipe, installed the 36-inch and 24-inch diameter pipe through the meter vault, and began installation of concrete walls for the meter vault. **Upcoming:** Complete meter vault concrete walls, begin backfilling around meter vault, and begin grouting pipe joints. **South Pipeline 4A Central Accomplishments:** Completed launch shaft rock excavation and first 7 feet of horizontal tunneling; prepared for tunnel boring machine (TBM). **Upcoming:** Complete concrete placement at bottom of launch shaft, receive TBM, and begin tunneling the first 150 feet under Interstate 25.



Tunnel boring machine for South Pipeline 4A Central

SPOTLIGHT

American Public Works Association (APWA) 2013 Colorado Project of the Year and Large Structures Awarded to SDS Pueblo Dam Connection 1A

The SDS recently earned two awards from the APWA Colorado Chapter. APWA is a professional organization with more than 28,000 members worldwide in all aspects of public works. The SDS Pueblo Dam Connection project, completed in February 2013, earned APWA awards for the 2013 Project of the Year, as well as first place in the Large Structures category. A panel of five judges, which included a Utilities Director, Public Works Director, Executive Director, Utility Engineer, and Public Works Project Manager, chose the SDS Pueblo Dam Connection project out of 32 other entries. An APWA Colorado Chapter Board member attended the February Utilities Board meeting to present the award to the SDS team and offer brief remarks about why the SDS project was selected to receive these prestigious awards. The SDS Pueblo Dam Connection was nominated for the award due to its innovative design and construction, as well as the extensive collaboration with multiple agencies for the ultimate benefit of many interests throughout the region. The Pueblo Dam Connection is an extraordinary project because the SDS team improved an existing facility that:

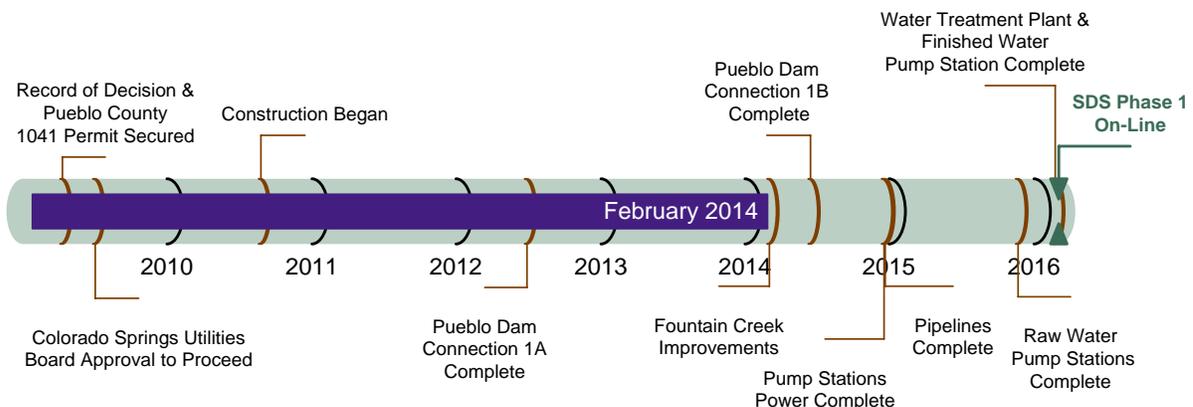


- Benefits the SDS project partners and other regional water interests that rely on this federal facility;
- Provides the U.S. Bureau of Reclamation a modern and more accurate control for managing flows from Pueblo Dam to the Arkansas River;
- Has the potential to incorporate a hydropower facility, another regional benefit;
- Provides a unique retrofit connection that can be mimicked at other dam locations; and
- Improved extensive collaboration among federal, state, county, city, private, and metropolitan district interests.

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 April 2016.

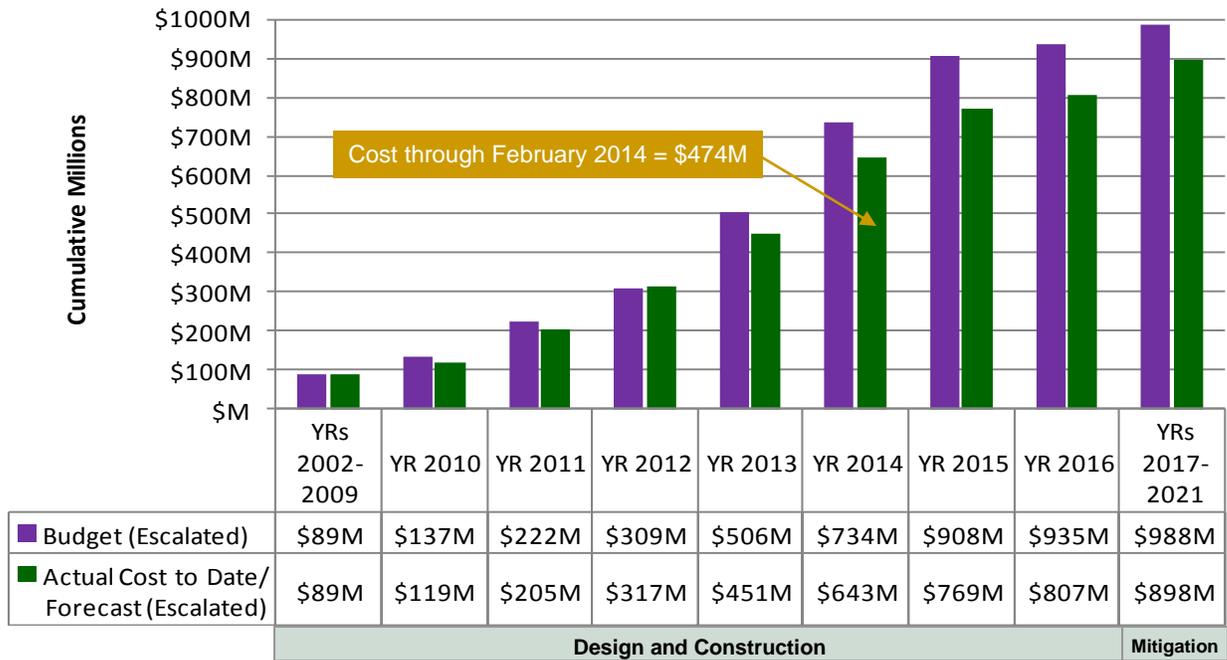
Figure 1 – Schedule Progress for Major SDS Phase 1 Projects



Cost Summary

Figure 2 shows the budget for Phase 1, actual costs through February 2014, 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 \$988 million 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.

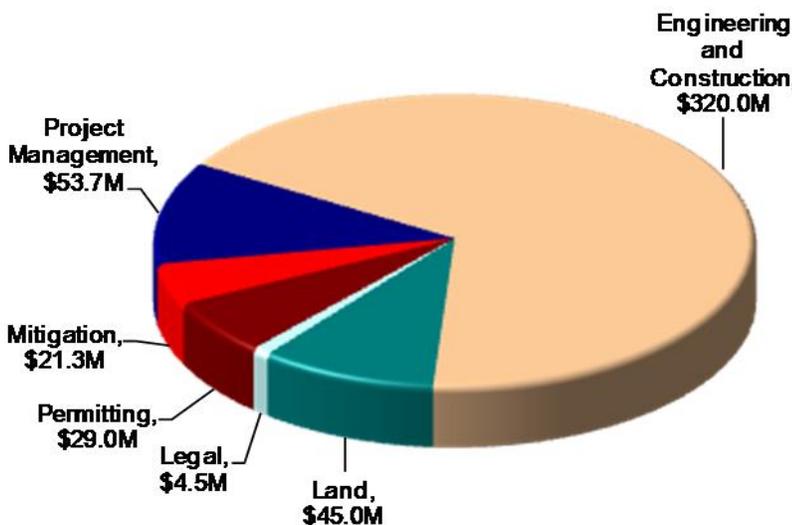
Figure 2 – Phase 1 Budget Progress – Actual Costs through February 2014



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 (for design and construction through 2016), U.S. Bureau of Labor Statistics Producer Price Index for finished goods (for monetary mitigation payments in 2017 through 2021), and periodic forecasts by IHS Global Insight.

Figure 3 – Distribution of Phase 1 Direct Costs through February 2014 (\$474M Total)



Key Financial Details

- The budget for Phase 1 is \$988 million, including actual and projected escalation, while the current cost forecast is \$898 million. The project is currently forecasting completion approximately \$90 million below budget. These anticipated savings are accounted for in water rates and bond issuance planning.
- Cumulative actual costs to date are \$474 million, with a majority expended on engineering and construction, permitting, land, and management activities.
- Forecasted costs for 2014 are \$192 million with a cumulative expenditure of \$643 million by the end of 2014.

Figure 4 – Phase 1 Projects Status Map



Visit www.SDSwater.org for additional information.

9 Finished Water Pipeline (FW)

Complete: FW1A, FW1B (Garney Construction)
Ongoing: Garney Construction is constructing FW3 – a 2.2-mile pipeline from FW1A into the existing Colorado Springs Utilities water distribution system near the intersection of Constitution Ave. and Powers Blvd.
Focus: Installing pipe, preparing for hand tunneling, and connecting pipeline to FW1A

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: Setting reinforcements, placing concrete, and installing pipe

7 North Pipeline (N)

Complete: S4B/N1A/N1B (HCP Constructors), N1C/N2A (Layne Heavy Civil, Inc.)
Ongoing: Garney Construction is constructing N2B – a 3.2-mile pipeline connecting N2A to the WTP.
Focus: Preparing for construction

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: Cultural resource survey and acquisition of land

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: Concrete encasement of pump cans

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: Backfill around pump can encasements and excavation for forebay tank foundation

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: Completion of launch shaft excavation and commencement of horizontal tunneling

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: Installation of pump cans and rock excavation

1 Pueblo Dam Connection (PDC)

Complete: PDC1A (ASI Constructors)
Ongoing: Garney Construction is constructing PDC1B – a 0.3-mile pipeline that will connect the new outlet works (PDC1A) at Pueblo Dam to JPS.
Focus: Completion of 90-inch diameter pipe installation and commencement of pipe installation through meter vault