

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 January 2015, plans for February 2015, and key performance details for Phase 1.

Water Treatment Plant & Finished Water Pump Station

Accomplishments: Continued erection of structural steel with a focus on roof installation at several buildings, installed electrical switchgear and completed masonry work at the finished water pump station, completed hydrostatic (pressure) test of 84-inch-diameter raw water pipe, and continued installing large diameter stainless steel piping and valves throughout the plant; 75 percent of construction is complete through January at the water treatment plant. **Upcoming:** Continue installation of heating, ventilation, and air conditioning (HVAC) in the main process building, complete erection of structural steel in the ozone and filter areas, continue installation of small diameter yard piping, and continue masonry work and installation of electrical and mechanical equipment.



Installation of roofing



Installation of HVAC

Raw Water Pump Stations



Setting surge tank at Juniper Pump Station

Accomplishments: Began excavation for 66-inch-diameter discharge pipe and received and set discharge surge tank at Juniper Pump Station; installed equipment at the discharge valve vault (regulates flow of water) and erected bridge crane inside the pump station building at Williams Creek Pump Station; and began erection of structural steel and continued installation of 66-inch diameter suction piping at Bradley Pump Station; 68 percent of construction is complete through January for all three raw water pump stations.

Upcoming: Complete structural steel inspections and set electrical switch vaults at Juniper Pump Station, complete installation of roof decking at pump station building and continue placement of rebar at discharge valve vault lid at Williams Creek Pump Station, and begin installation of transformers and complete hydrostatic test of pump station discharge piping at Bradley Pump Station.

South Pipeline 4A Central

Accomplishments: Completed installation of pipe within the mile-long tunnel and began grouting the annulus space (space between the pipe and tunnel wall) with low-density cellular concrete. This unique grouting material, which is a protein-based foam product mixed with concrete slurry, is pumped through hoses into grout points that sit within the pipes so it can fill the space between the pipe and rock. The substance initially looks like chocolate milkshake, then transforms into a gelatin substance before hardening, which takes about a half day. Approximately 89 percent of construction is complete through January. **Upcoming:** Complete grouting activities, begin preparations for backfill of the shafts, and continue installing cathodic (corrosion) protection.



Grouting activities



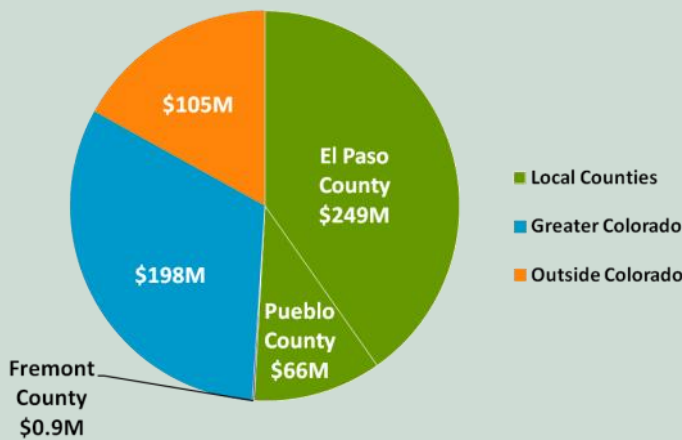
Delivery of last piece of pipe for placement inside the tunnel

SPOTLIGHT

SDS Local Spending and Business Involvement through December 2014

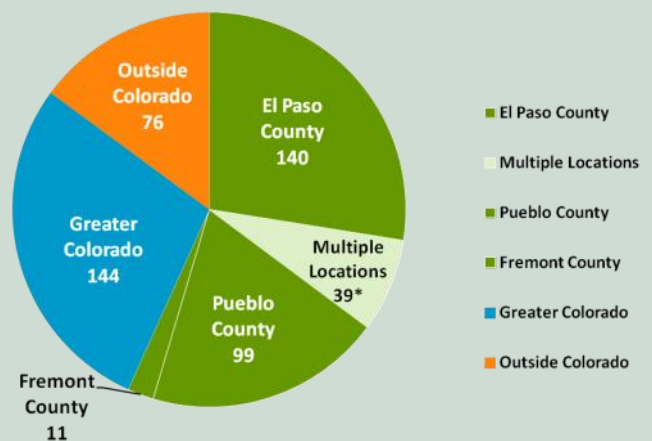
The charts below summarize some of the economic benefits of SDS to the region. Of the \$619 million spent through December 2014, \$514 million benefitted Colorado and \$316 million benefitted the local counties of Pueblo, El Paso, and Fremont. An additional \$198 million benefitted other counties within Colorado. To date, approximately 470 businesses and organizations have supported work on SDS, with 250 coming from local counties and 144 coming from other counties within Colorado. Of those, about 39 businesses and organizations were active in multiple locations that primarily benefit Pueblo and El Paso counties.

Distribution of SDS Expenditures



[Link to Local Businesses Supporting SDS](#)

Distribution of Businesses/Organizations Supporting SDS

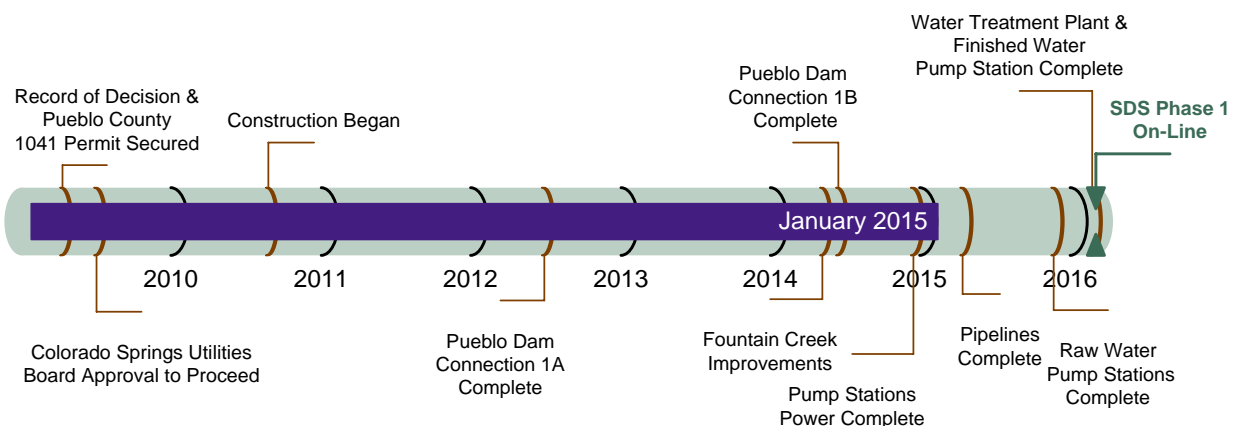


*Pueblo/El Paso County & Other Businesses Operating in Multiple Locations

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.

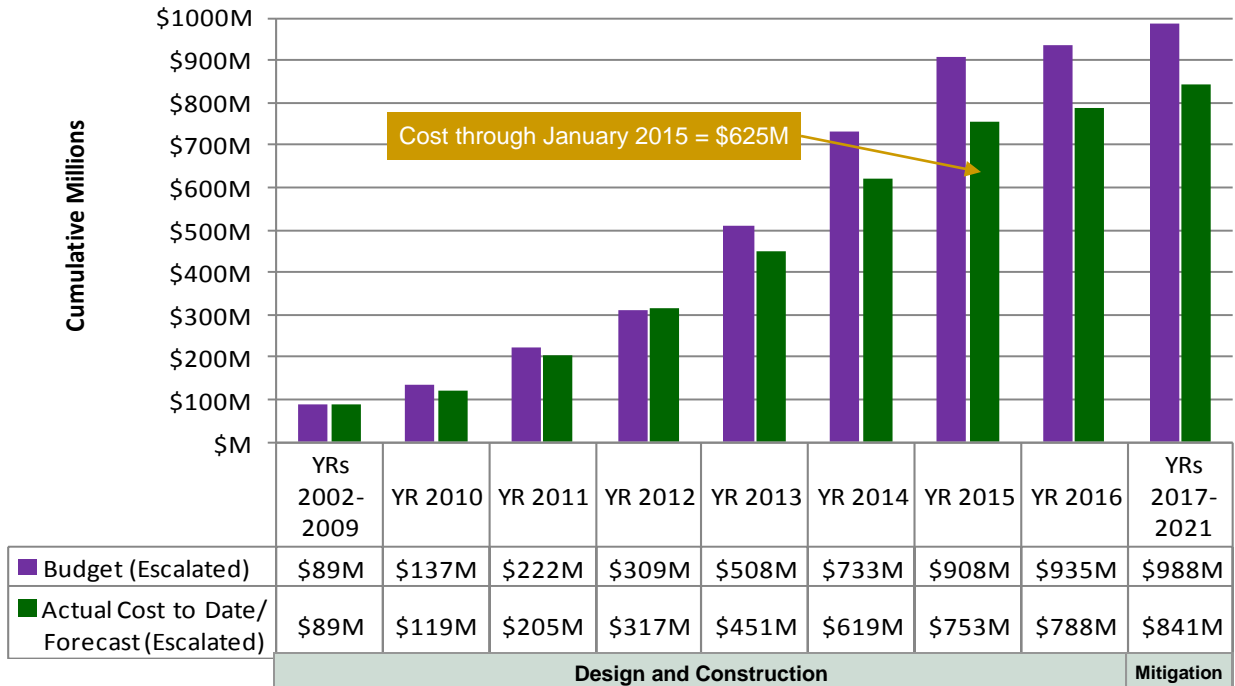
Figure 1 – Schedule Progress for Major SDS Phase 1 Projects



Cost Summary

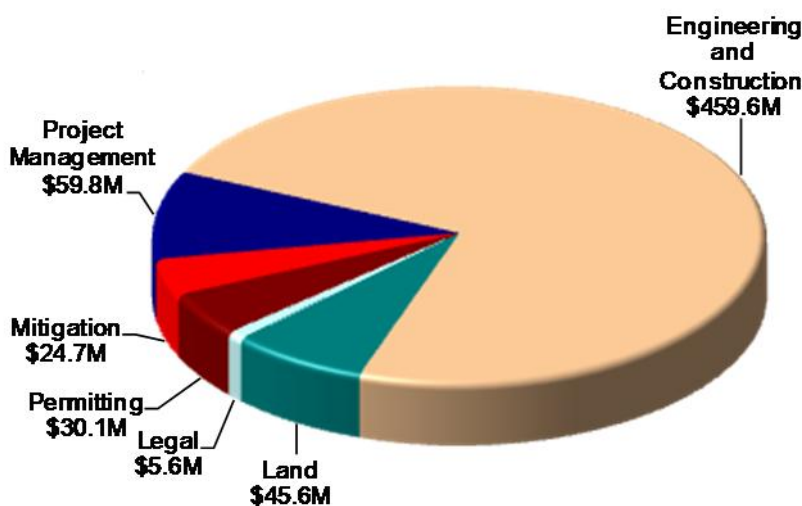
Figure 2 shows the budget for Phase 1, actual costs through January 2015, and forecasted costs for Phase 1. **Figure 3** shows the distribution of the actual costs. Key financial details are summarized below. The budget used to measure progress was established by the Colorado Springs Utilities Board 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 \$988 million after all direct project costs (including mitigation) are paid through 2021.

Figure 2 – Phase 1 Budget Progress – Actual Costs through January 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.

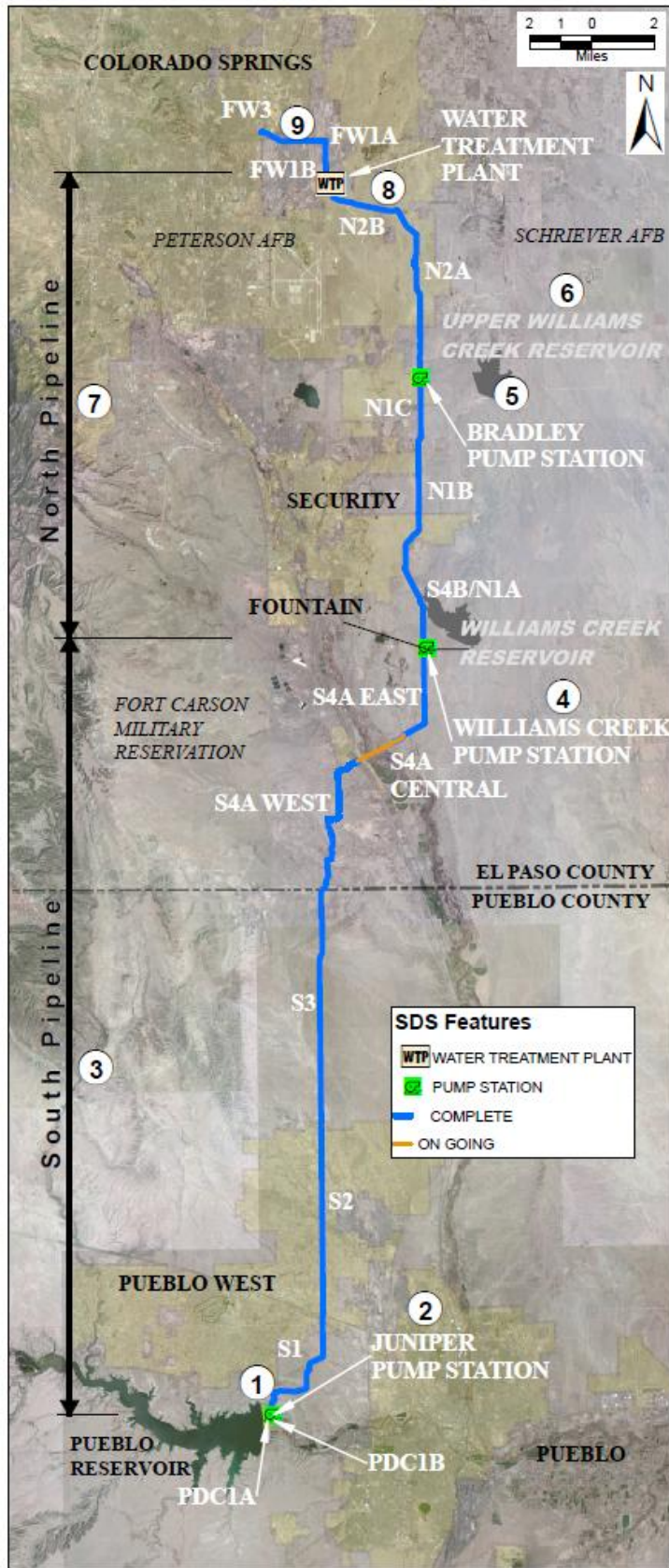
Figure 3 – Distribution of Phase 1 Direct Costs through January 2015 (\$625M Total)



Key Financial Details

- The budget for Phase 1 is \$988 million, including actual and projected escalation, while the current cost forecast is \$841 million. The project is currently forecasting completion approximately \$147 million below budget. These anticipated savings are accounted for in current water rates and plans for bond issuance.
- Cumulative actual costs to date are \$625 million, with a majority expended on engineering and construction, permitting, land, and management activities.
- Forecasted costs for 2015 are \$134 million with a cumulative expenditure of \$753 million by the end of 2015.

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 finalizing closeout of FW3 – a 2.2-mile pipeline from FW1A into the existing Colorado Springs Utilities water distribution system near Constitution Ave. and Powers Blvd.

Focus: Completing administrative closeout activities

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: Progressing masonry work, installing mechanical and electrical equipment, and erecting structural steel

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 construction 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: Erecting structural steel, progressing welding, and installing variable frequency drives

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: Setting transformers and framing the pump station 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: Installing pipe in the tunnel and performing grouting 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: Setting discharge surge tank, performing backfill activities, and pouring concrete

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