

# 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 July, construction commenced on the raw water pump stations and construction continued for the water treatment plant and pipelines; 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, power supplies, and pipelines, furthering revegetation activities, and additional land acquisition.

### Key Accomplishments in July

- **Construction Commenced for Raw Water Pump Stations.** Archer Western Construction, LLC mobilized to the Juniper Pump Station site at Lake Pueblo State Park, placing the construction trailers, establishing power, and setting temporary fencing. Archer Western continued pre-construction activities for Williams Creek and Bradley pump stations, surveying control points and installing environmental controls. Construction cost is approximately \$76.5 million.
- **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 completion of mass excavation work, installation of 10-inch diameter water line, erection of two crane towers, encasement of two 36-inch pipe sections in concrete, and placement of rebar to commence pouring of concrete. Construction cost is approximately \$124.6 million.
- **Construction Continued for Raw Water Pipelines.**

South Pipeline 4A East and West. Garney Construction continued construction of 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 and from Hanover Road north to South Pipeline 4B. Activities involved completing installation of pipe on the east and filling the pipeline for a hydrostatic (pressure) test on the west. Construction cost is approximately \$26 million.

North Pipeline 1C and 2A. Layne Heavy Civil, Inc. continued construction of North Pipeline 1C and 2A – a 6.1-mile raw water pipeline section extending from North Pipeline 1B near Peaceful Valley to approximately 1 mile south of Highway 94. Work included excavation and tunneling at Bradley Road, pipeline installation crossing Drennan Road, and installation of fiber optic cable. Construction cost is approximately \$24.5 million.

### Upcoming Work & Challenges

- **Commence Construction for Pueblo Dam Connection 1B.** Garney Construction is preparing for the start of construction work to connect the 90-inch welded steel pipeline at Pueblo Dam to the future Juniper Pump Station. Activities will include coordination of permits, on-site security, and mobilization of construction trailers.



Job site of the future water treatment plant

- **Continue Construction of Major Projects.**

Water Treatment Plant. McCarthy Building Companies, Inc. will continue construction of the WTP, connecting the 10-inch temporary water pipeline to the main WTP pipeline and placing structural concrete for the finished water pump station.

Raw Water Pump Stations. Archer Western Construction, LLC will continue mobilizing to the pump station sites, setting up construction trailers at the Williams Creek and Bradley pump stations, installing fencing, and performing inspections.

South Pipeline 4A East and West. Garney Construction will continue construction of South Pipeline 4A East and West, anticipating final grade acceptance on the west and nearing completion of interior pipe welding on the east.
- **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 Central, and North Pipeline 2B. Efforts to acquire land for Upper Williams Creek Reservoir will also continue.

### SPOTLIGHT

#### General Contractors' Job Networking Events

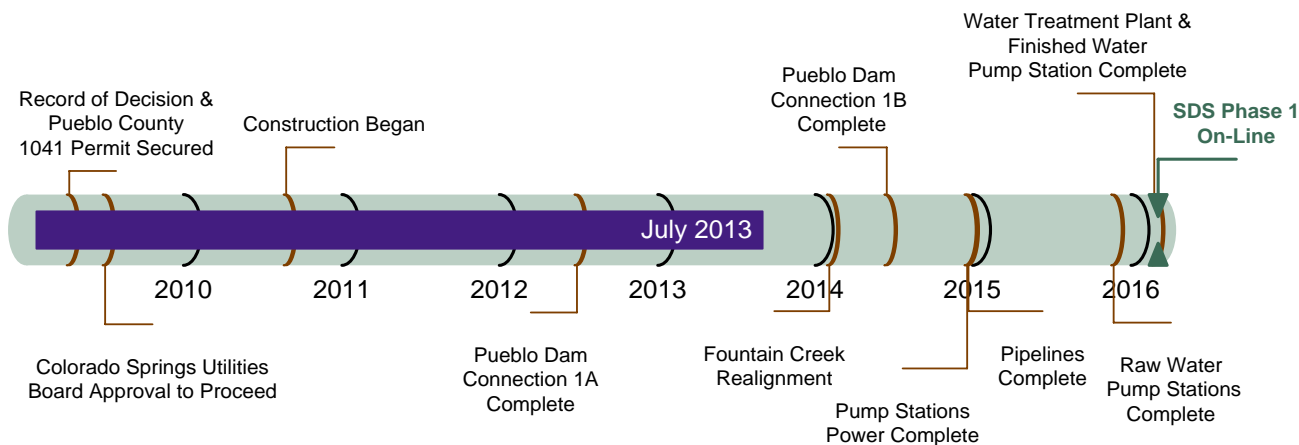
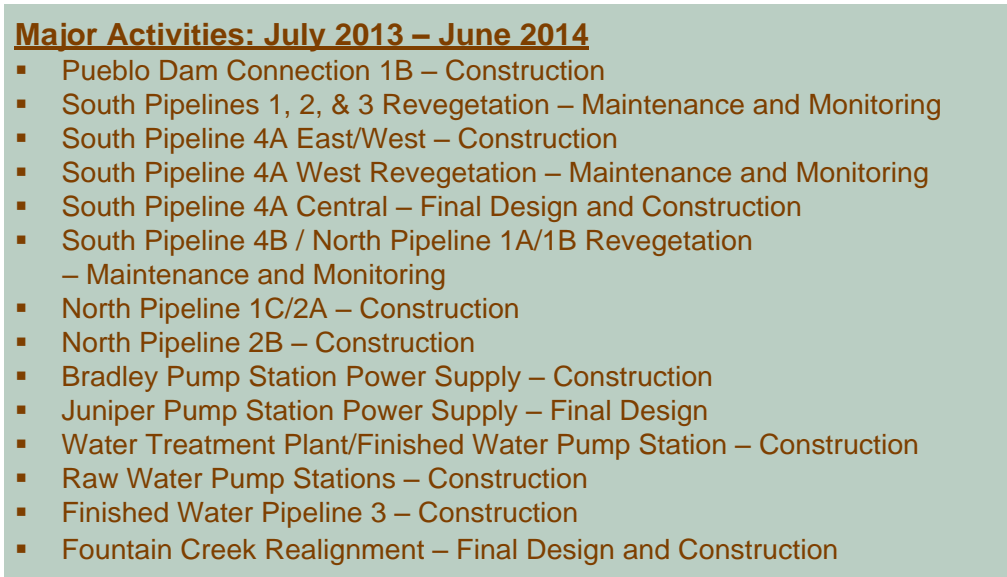


Colorado Springs Utilities, in collaboration with McCarthy Building Companies, Inc. (WTP prime contractor) and Archer Western Construction, LLC (Raw Water Pump Stations prime contractor), hosted job fairs in July in Pueblo and Colorado Springs that were attended by more than 100 interested applicants. Representatives from both prime contractors, as well as McDade-Woodcock, Inc. and R. E. Monks Construction, Co. (subcontractors), were on-site to share employment opportunities for construction of the WTP and RWPS. Attendees also registered their information in a job candidates database that is available to SDS contractors and subcontractors. This listing will help serve as a tool for contractors to fill hiring needs during various stages of construction. Interested candidates can submit information for the database at [www.sdswater.org](http://www.sdswater.org).

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

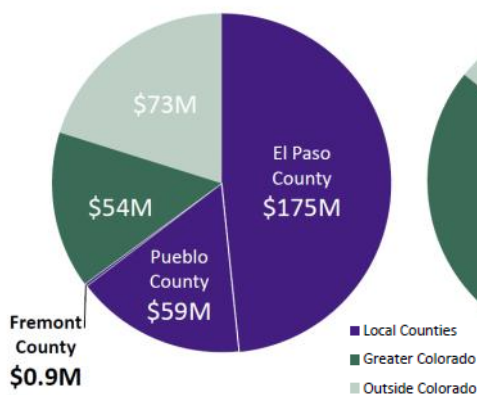
*Figure 1 – Schedule Progress for Major SDS Phase 1 Projects*



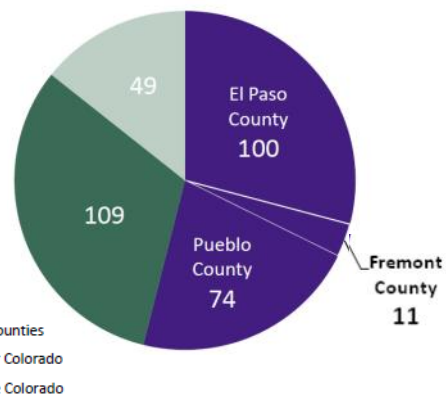
### SDS Local Spending and Business Involvement through June 2013

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 \$362 million spent through June 2013, nearly \$235 million benefitted the local counties of Pueblo, El Paso, and Fremont. An additional \$54 million benefitted other counties within Colorado. More than 340 businesses and organizations have supported SDS to date, with 185 of those within the local counties and 109 within other parts of Colorado. Click [here](#) for a list of businesses supporting SDS.

*Distribution of SDS Expenditures (Total \$362M)*



*Distribution of Businesses/Organizations Supporting SDS (Total 343)*



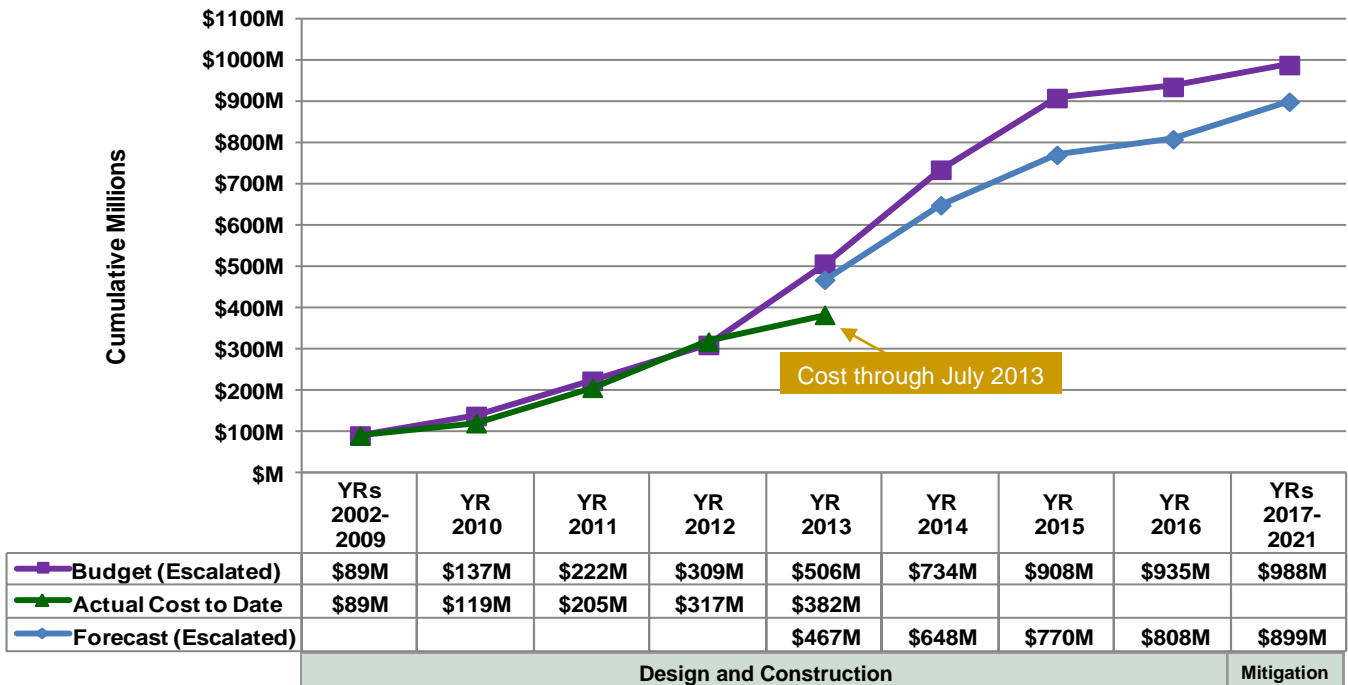
Data Updated Quarterly

## Cost Summary

**Figure 2** shows the budget for Phase 1, actual costs through July 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 \$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.

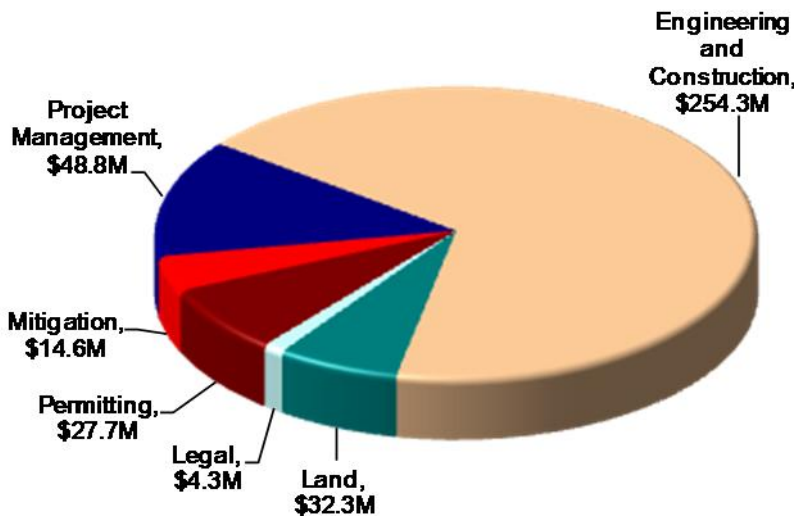
*Figure 2 – Phase 1 Budget Progress – Actual Costs through July 2013*



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 (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 July 2013 (\$382M Total)*

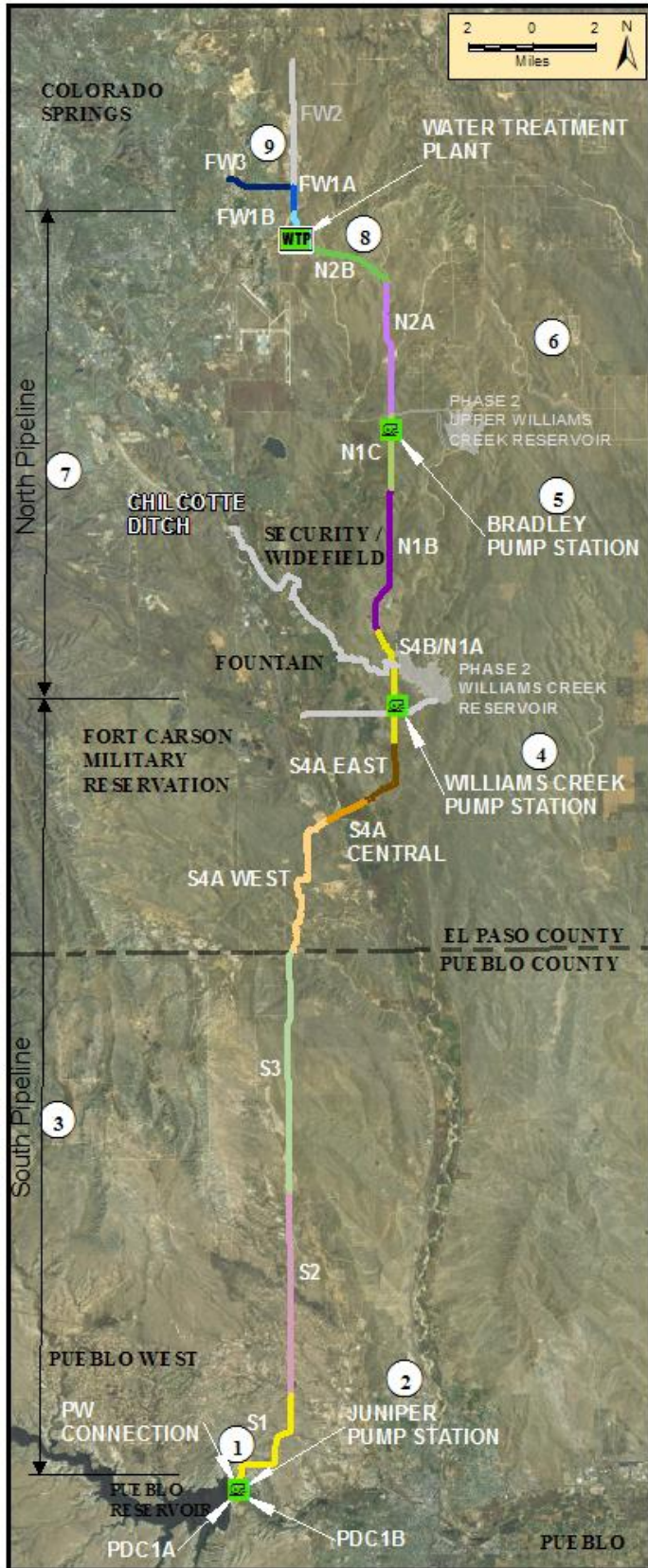


### Key Financial Details

- The budget for Phase 1 is \$988 million, including actual and projected escalation, while the current cost forecast is \$899 million. The project is currently forecasting completion approximately \$89 million below budget. These anticipated savings are accounted for in water rates and bond issuance planning.
- Cumulative actual costs to date are \$382 million, with a majority expended on engineering and construction, permitting, land, and management activities.
- Forecasted costs for 2013 are \$150 million with a cumulative expenditure of \$467 million by the end of 2013.



Figure 4 – Phase I Projects Status Map



- 9 Finished Water Pipeline (FW)**  
 Design: 100%  
 Land: 75% of properties secured  
 Focus: Procuring 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 – installing pipe, erecting cranes, and placing rebar
- 7 North Pipeline (N)**  
 Design: 100%  
 Land: 90% of properties secured  
 Focus: Constructing sections 1C & 2A, preparing to procure a contractor for section 2B
- 6 Upper Williams Creek Reservoir**  
 Design: Conceptual design complete  
 Land: 40% of properties secured  
 Focus: Cultural resource survey
- 5 Bradley Pump Station**  
 Design: 100%  
 Land: 100% of properties secured  
 Focus: Pre-construction activities for pump station
- 4 Williams Creek Pump Station**  
 Design: 100%  
 Land: 100% of properties secured  
 Focus: Pre-construction activities for pump station
- 3 South Pipeline (S)**  
 Design: 95%  
 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: Construction authorization secured  
 Focus: Mobilizing to pump station site
- 1 Pueblo Dam Connection (PDC)**  
 Design: 100%  
 Land: Construction authorization secured  
 Focus: Preparing 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 \$89 million.

Visit [www.sdswater.org](http://www.sdswater.org) for additional information.