

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 May 2014, plans for June 2014, and key performance details for Phase 1.

Water Treatment Plant & Finished Water Pump Station



Crews building temporary support for the raw water tank concrete dome

Accomplishments: Completed the largest single concrete pour of the SDS Program at the raw water tank (approximately 975 cubic yards), began installation of shoring (temporary support beams) for the concrete dome and placing concrete wall panels at the raw water tank, and commenced masonry work at the main process building. **Upcoming:** Complete installation of electrical conduit for the finished water pump station electrical building, continue installing electrical, mechanical, and chemical systems, begin installing chemical storage tanks, and complete the last concrete deck at the finished water tank.



Largest concrete pour of the Program at the water treatment plant

Raw Water Pump Stations

Accomplishments: Completed rock excavation, continued encasement of pump cans (support/protection for pumping equipment), and received the first of three surge tanks at Juniper Pump Station. Began installation of yard pipe at the forebay tank (regulates fluctuation of water) and continued placement of concrete for the flow meter vault (measures flow rate of water) at Williams Creek Pump Station. Continued pouring concrete for the forebay tank and construction of the discharge valve vault walls (regulates flow of water) at Bradley Pump Station. **Upcoming:** Installation of surge tank at Juniper Pump Station, preparing for placement and excavation of the surge tank at Williams Creek Pump Station, and completing discharge valve vault walls at Bradley Pump Station.



Juniper Pump Station surge tanks



Forming walls for discharge valve vault at Bradley Pump Station

Fountain Creek Improvement Project & Finished Water Pipeline 3

Fountain Creek Improvement Project: Completed wetland area grading, willow tree planting, and installation of a bio-degradable erosion control fabric that will stabilize the stream bank. **Upcoming:** Inspection and monitoring of wetlands area, restoration of construction access and staging area, and administrative closeout. **Finished Water Pipeline 3 Accomplishments:** Completed installation of pipe through the tunnel beneath Sand Creek and from Sand Creek to Tutt Blvd., and began paving from Piros Dr. to the Sand Creek tunnel. **Upcoming:** Complete excavation of tunnel launch shaft for Powers Blvd. crossing and begin connection to the existing pipeline west of Powers Blvd.



Fountain Creek Improvement Project



Willow tree plantings at Fountain Creek

SPOTLIGHT

Last Pipe Manufactured for SDS Program

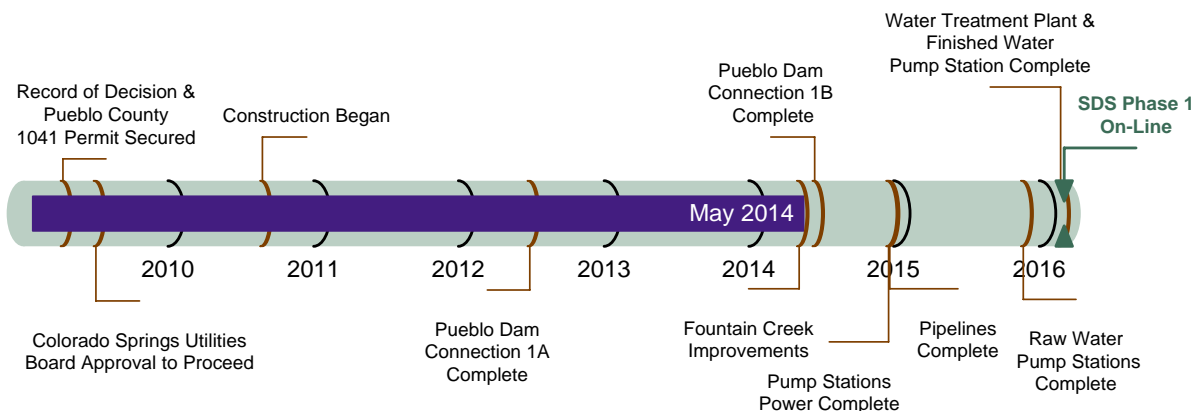
On May 22, 2014, Northwest Pipe Co. completed the final manufacturing of pipe, totaling about 7,000 pieces, for the SDS Program. The Denver manufacturer was awarded about \$110 million in subcontracts with SDS construction contractors to supply approximately 50 miles of pipeline. The pipe company’s proximity to the SDS project was a factor that enabled competitive pricing, giving Northwest Pipe the edge needed to win the subcontracts. “The start of the SDS project could not have come at a better time. During peak production, our employment numbers grew to 231 employees at this facility. The result was more than \$23 million in payroll and a 100% increase in employment at this facility,” said Eric Stokes, vice president of sales at Northwest Pipe. To handle the large volume of manufactured pipe, Northwest Pipe produced a small amount of the pipe in Texas. The majority of pipe was transported from the manufacturing plant in Denver to SDS project sites using a local trucking company. The SDS has provided substantial economic stimulus for Colorado, contributing \$359 million to the state’s economy through March. The project has included more than 330 Colorado businesses, one of them being Northwest Pipe. After the last piece of pipe was manufactured, workers lined up to sign the pipe in celebration of Northwest Pipe’s completion of its portion of the SDS Program. Northwest Pipe will remain busy after work with the SDS Program, as the company was recently awarded the largest project in the company’s history; a 400-mile crude oil pipeline.



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.

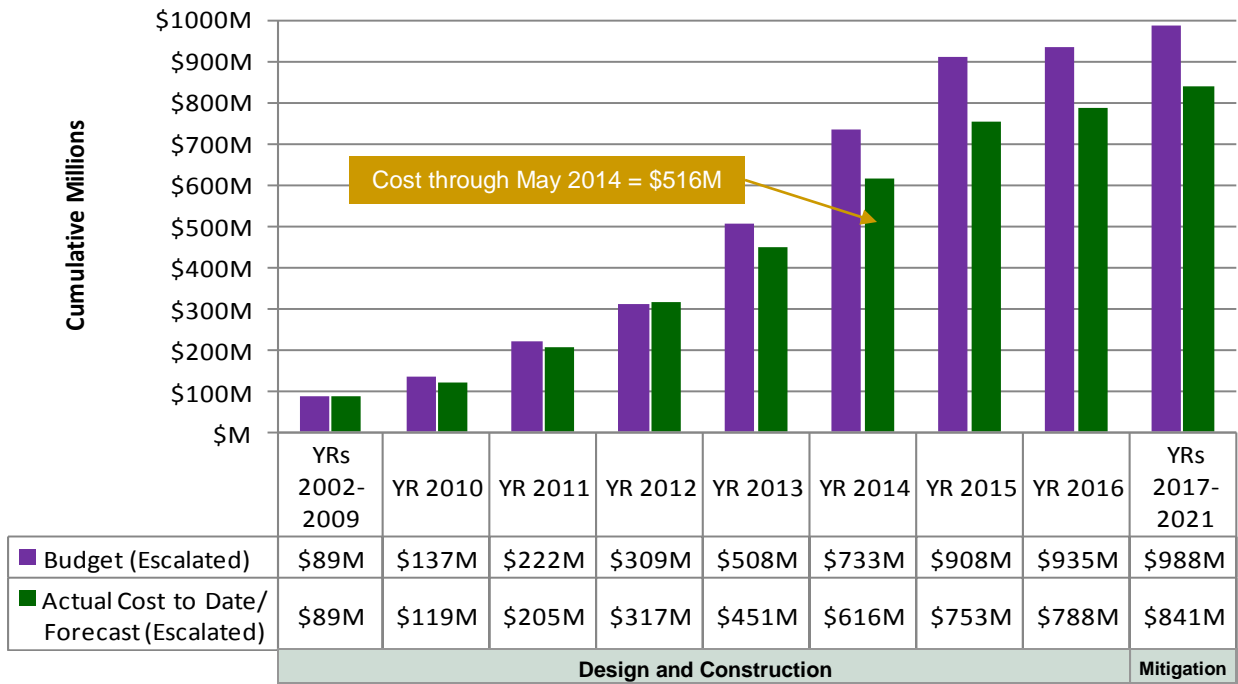
Figure 1 – Schedule Progress for Major SDS Phase 1 Projects



Cost Summary

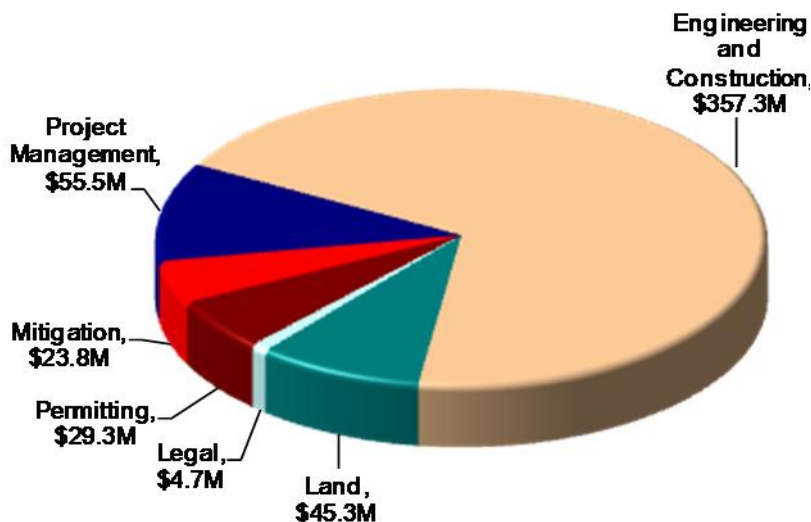
Figure 2 shows the budget for Phase 1, actual costs through May 2014, and forecasted costs for Phase 1. **Figure 3** shows the distribution of the actual costs. Key financial details are summarized below. The budget used to measure progress was established by the Colorado Springs Utilities Board in July 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.

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



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.

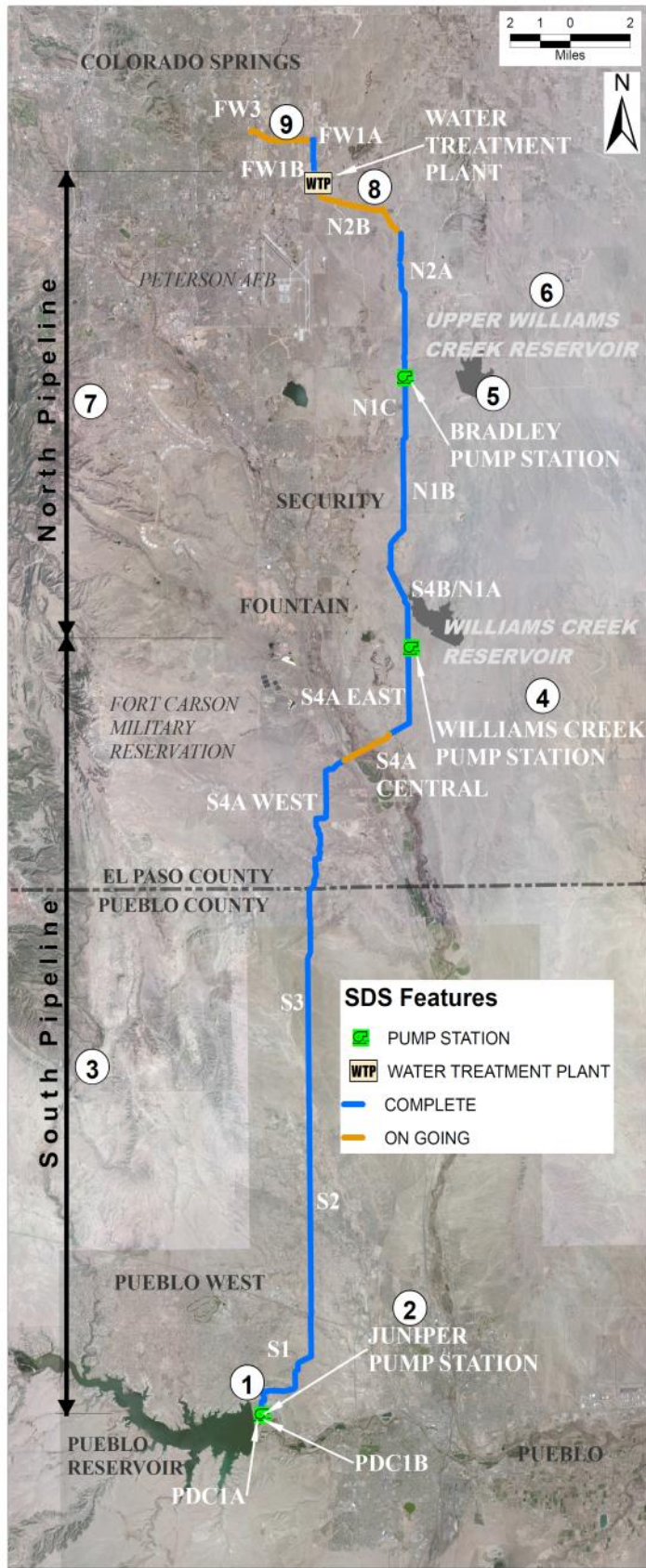
Figure 3 – Distribution of Phase 1 Direct Costs through May 2014 (\$516M Total)



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 \$516 million, with a majority expended on engineering and construction, permitting, land, and management activities.
- Forecasted costs for 2014 are \$165 million with a cumulative expenditure of \$616 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: Excavating, installing, welding, and backfilling pipe

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 beginning masonry, electrical, and mechanical work

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: Performing 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: Continuing formation of discharge valve vault walls and beginning mechanical construction of suction piping

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: Performing hydrostatic (pressure) testing of installed pipe and completing placement of concrete at the flow meter vault

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: Progressing tunnel operations

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: Completing rock excavation, pump can encasement, and the tie-in between JPS and PDC1B

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 and the Pueblo West Pump Station.
Focus: Completing pipeline construction