

# SOUTHERN DELIVERY SYSTEM

## MONTHLY REPORT



The Southern Delivery System (SDS) is a regional project that conveys Arkansas River water stored in Pueblo Reservoir to Colorado Springs, the City of Fountain, Security Water District, and Pueblo West Metropolitan District. Phase 1 of this multi-phase project began commercial operation in April 2016 and includes all of the components necessary to deliver water to the partner communities. This report summarizes accomplishments from the start of construction through May 2016 and key performance details for Phase 1.

### Phase 1 Activities

With the achievement of Substantial Completion and the start of commercial operation of the Southern Delivery System in April, construction crews are now finalizing work items, completing administrative closeout activities, and preparing for Final Completion. A dedication event is planned for June 17 at the Edward W. Bailey Water



Edward W. Bailey Water Treatment Plant

Treatment Plant to celebrate over 20 years of service, safety, commitment, and excellence brought about by those involved in the SDS Program. Phase 1 activities are not complete, however. The remaining efforts include completion of all final construction contract closeout on the treatment plant and pump stations, completion of ongoing mitigation projects, and ongoing maintenance and permit compliance activities.

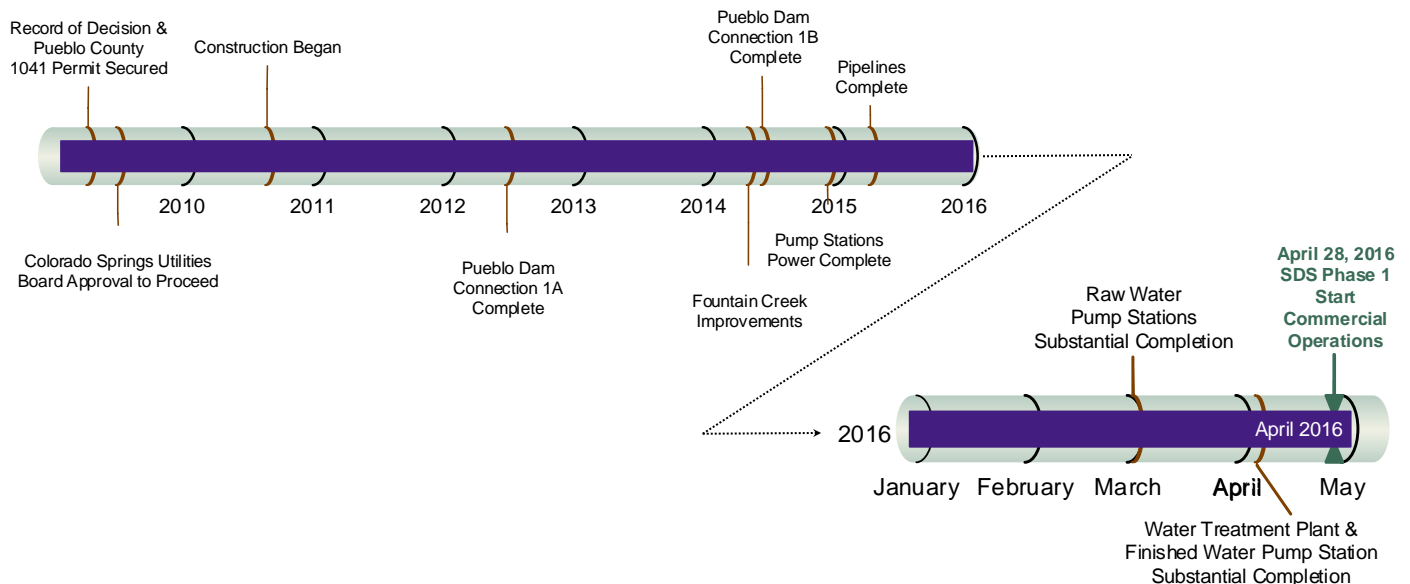
### Regional Commitments

As part of Colorado Springs Utilities' commitment to mitigate SDS impacts on Fountain Creek, this month SDS started payments toward a total commitment of \$50 million to the Fountain Creek Watershed Flood Control and Greenway District (the District) over five years. These payments will fund new projects in the watershed between Colorado

Spring and the Arkansas River confluence for improvements to water quality, flood control, and the prevention of erosion and sedimentation. SDS has already paid \$600,000 to the District to fund potential flood control solutions, completion of a Master Plan, and general support of the District (Colorado Springs Utilities has also paid \$125,000). SDS made an initial \$9.6 million mitigation payment to the District in May to keep its commitment to Pueblo County and the District.

### Schedule Summary

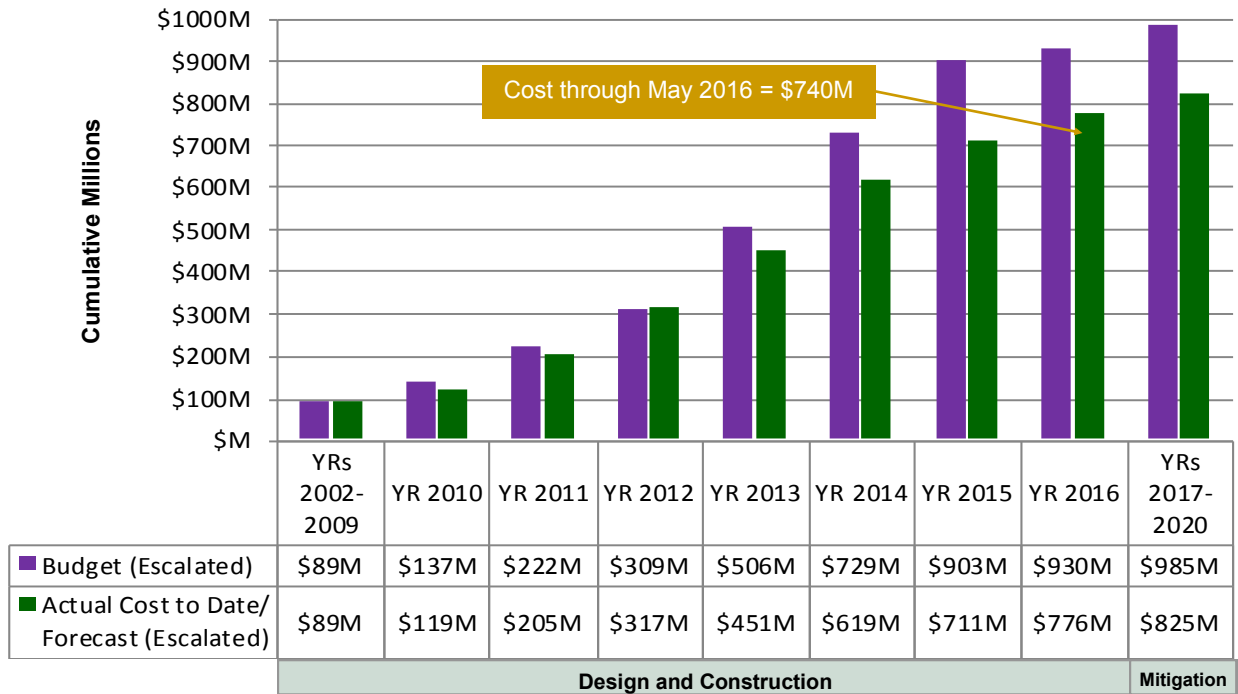
The timeline below summarizes the completion schedule for Phase 1 of the SDS. Colorado Springs Utilities began commercial operation of Phase 1 on April 28, 2016 as planned.



## Cost Summary

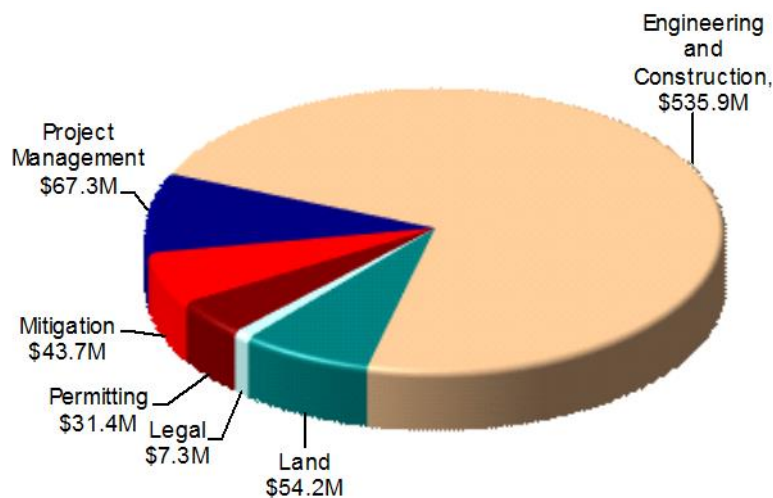
**Figure 1** shows the budget for Phase 1, actual costs through May 2016, and forecasted costs for Phase 1. **Figure 2** shows the distribution of the actual costs. Key financial details are summarized below. The budget used to measure progress was established by the Colorado Springs Utilities Board 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 \$985 million after all direct project costs (including mitigation) are paid through 2021.

**Figure 1 – Phase 1 Budget Progress – Actual Costs through May 2016**



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 2 – Distribution of Phase 1 Direct Costs through May 2016 (\$740M Total)**



### Key Financial Details

- The budget for Phase 1 is \$985 million, including actual and projected escalation, while the current cost forecast is \$825 million. The project is currently forecasting completion approximately \$160 million below budget. These anticipated savings are reflected in current water rates and plans for bond issuance.
- Cumulative actual costs to date are \$740 million, with a majority expended on engineering and construction, permitting, land, and management activities.
- Forecasted costs for 2016 are \$65 million with a cumulative expenditure of \$776 million by the end of 2016.

Figure 4 – Phase 1 Projects Status Map



**9 Finished Water Pipeline (FW)**

**Complete:** FW1A, FW1B, FW3 (Garney Construction)  
**Focus:** Maintenance

**8 SDS Water Treatment Plant (WTP) and Finished Water Pump Station (FWPS)**

**Ongoing:** McCarthy Building Companies is finalizing construction of the WTP and FWPS located at Marksheffel Rd. and U.S. Highway 24.  
**Focus:** Continuing completion of final work items and preparation for Final Completion

**7 North Pipeline (N)**

**Complete:** S4B/N1A/N1B (HCP Constructors), N1C/N2A (Layne Heavy Civil), N2B (Garney Construction)  
**Focus:** Maintenance

**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 SDS Phase 2 and will be located near Bradley Pump Station.  
**Focus:** Acquiring remaining land parcels

**5 Bradley Pump Station (BPS)**

**Ongoing:** Archer Western Construction is finalizing construction of BPS located in the city of Colorado Springs approximately ¼ mile south of Bradley Rd. and 1.5 miles east of Marksheffel Rd.  
**Focus:** Finalizing punch list items and completing administrative closeout activities in preparation for Final Completion

**4 Williams Creek Pump Station (WCPS)**

**Ongoing:** Archer Western Construction is finalizing construction of WCPS located in El Paso County 6 miles south of Squirrel Creek Rd. and 5 miles east of Interstate 25.  
**Focus:** Finalizing punch list items and completing administrative closeout activities in preparation for Final Completion

**3 South Pipeline (S)**

**Complete:** S1 (HCP Constructors), S2 (Garney Construction), S3 (Layne Heavy Civil), S4A East/West and S4A Central (Garney Construction)  
**Focus:** Maintenance

**2 Juniper Pump Station (JPS)**

**Ongoing:** Archer Western Construction is finalizing construction of JPS located in Lake Pueblo State Park near Pueblo Dam.  
**Focus:** Finalizing punch list items and completing administrative closeout activities in preparation for Final Completion

**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 in preparation for ownership transfer to US Bureau of Reclamation

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



