

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 October, the last invitation for bid was released to construct North Pipeline 2B, construction began on South Pipeline 4A Central, and construction continued on facilities and pipelines (refer to map on page 4). Upcoming work includes continuing construction on facilities and pipelines and land acquisition.

Key Accomplishments in October

■ Last Construction Bid Released for North Pipeline 2B.

The last invitation for bid was released on October 24 to construct North Pipeline 2B – a 3.2-mile raw water pipeline section that starts at North Pipeline 2A and connects to the water treatment plant. Bids were solicited from pre-qualified contractors and are due December 5, 2013.

■ Construction Began on South Pipeline 4A Central.

Garney Construction began construction of South Pipeline 4A Central – a 1.4-mile raw water pipeline section that tunnels under Interstate 25, two railroads, and Fountain Creek and extends from west of Interstate 25 to east Hanover Road. Work included construction of the launch shaft that involved crews driving steel sheet piles into bedrock to create stable walls for the 85-foot-deep vertical shaft.

■ Construction Near Completion for Raw Water Pipelines.

South Pipeline 4A East and West. Garney Construction continued final 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 acceptance of final grading, functional testing of valves, and closing permits.

North Pipeline 1C and 2A. Layne Heavy Civil, Inc. continued final 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 connection of North Pipeline 1B to North Pipeline 1C, hydrostatic (pressure) testing of North Pipeline 2A, and acceptance of final grading.

Upcoming Work & Challenges

■ Continue Construction of Major Projects.

Pueblo Dam Connection 1B. Garney Construction will continue construction of Pueblo Dam Connection 1B, progressing rock trenching activities and excavating a meter vault and trench.

Raw Water Pump Stations. Archer Western Construction, LLC will continue construction of all three raw water pump stations, anticipating excavation of 80,000 total cubic yards of material at Juniper Pump Station, completing excavation for the pump station at Williams Creek Pump Station, and continuing construction of a stormwater pond and piping at Bradley Pump Station.

Water Treatment Plant. McCarthy Building Companies, Inc. will continue construction of the water treatment plant, estimating placement of about 400 tons of rebar and pouring 2,800 cubic yards of concrete in November to continue constructing portions of the treatment plant and finished water pump station.

South Pipeline 4A Central. Garney Construction will continue construction of South Pipeline 4A Central, continuing to drive sheet piles into bedrock for the tunnel launch shaft and expecting to start excavation of the site.

■ 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.



Driving sheet piles for tunnel launch shaft at South Pipeline 4A Central

SPOTLIGHT

SDS Event Highlights Local Business Participation

The SDS Program hosted a “brick laying” event October 29 near Pueblo Dam at Lake Pueblo State Park. The event acknowledged the many local businesses who have participated in construction of the SDS. It also celebrated the start of construction for Juniper Pump Station and installation of the last section of pipeline in Pueblo County. The brick laying ceremony symbolized the hard work and dedication it has taken to move the project forward. To date, more than 300 companies and organizations in Colorado have helped plan and construct SDS. Of the more than \$399 million spent to plan and build SDS, nearly \$314 million has gone to Colorado companies and organizations.



Joe Welte
Summit Brick President



R.E. Monks Representatives

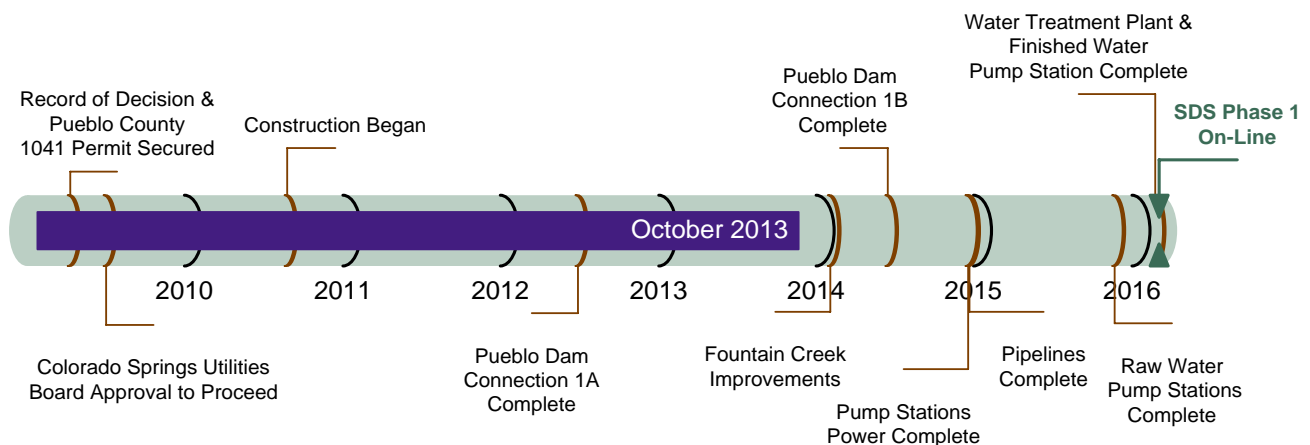
Schedule Summary

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. Nine construction projects are under way or scheduled to commence during the next 12 months. Continued design of one project also is planned.

Figure 1 – Schedule Progress for Major SDS Phase 1 Projects

Major Activities: October 2013 – September 2014

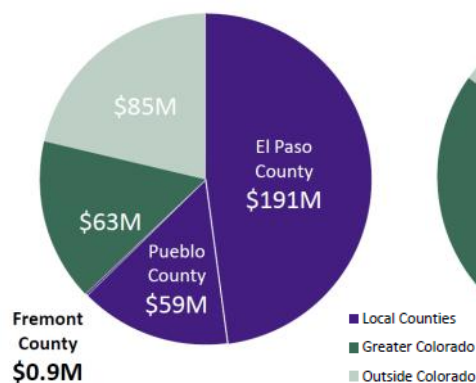
- Pueblo Dam Connection 1B – Construction
- South Pipelines 1, 2, & 3 Revegetation – Maintenance and Monitoring
- South Pipeline 4A East/West – Construction
- South Pipeline 4A East/West Revegetation – Maintenance and Monitoring
- South Pipeline 4A Central – Construction
- South Pipeline 4B / North Pipeline 1A/1B Revegetation – Maintenance and Monitoring
- North Pipeline 1C/2A – Construction
- North Pipeline 2B – Construction
- Juniper Pump Station Power Supply – Final Design
- Water Treatment Plant/Finished Water Pump Station – Construction
- Raw Water Pump Stations – Construction
- Finished Water Pipeline 3 – Construction
- Fountain Creek Improvements – Construction



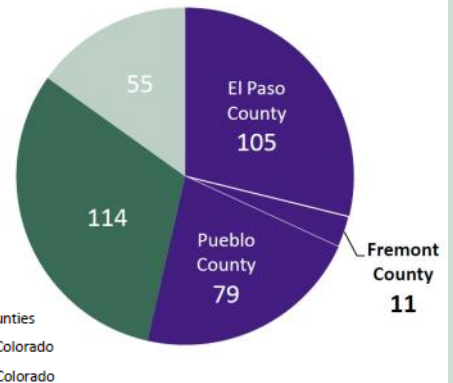
SDS Local Spending and Business Involvement through September 2013

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 \$399 million spent through September 2013, nearly \$251 million benefitted the local counties of Pueblo, El Paso, and Fremont. An additional \$63 million benefitted other counties within Colorado. More than 360 businesses and organizations have supported SDS to date, with 195 of those within the local counties and 114 within other parts of Colorado. Click [here](#) for a list of businesses supporting SDS.

Distribution of SDS Expenditures (Total \$399M)



Distribution of Businesses/Organizations Supporting SDS (Total 364)

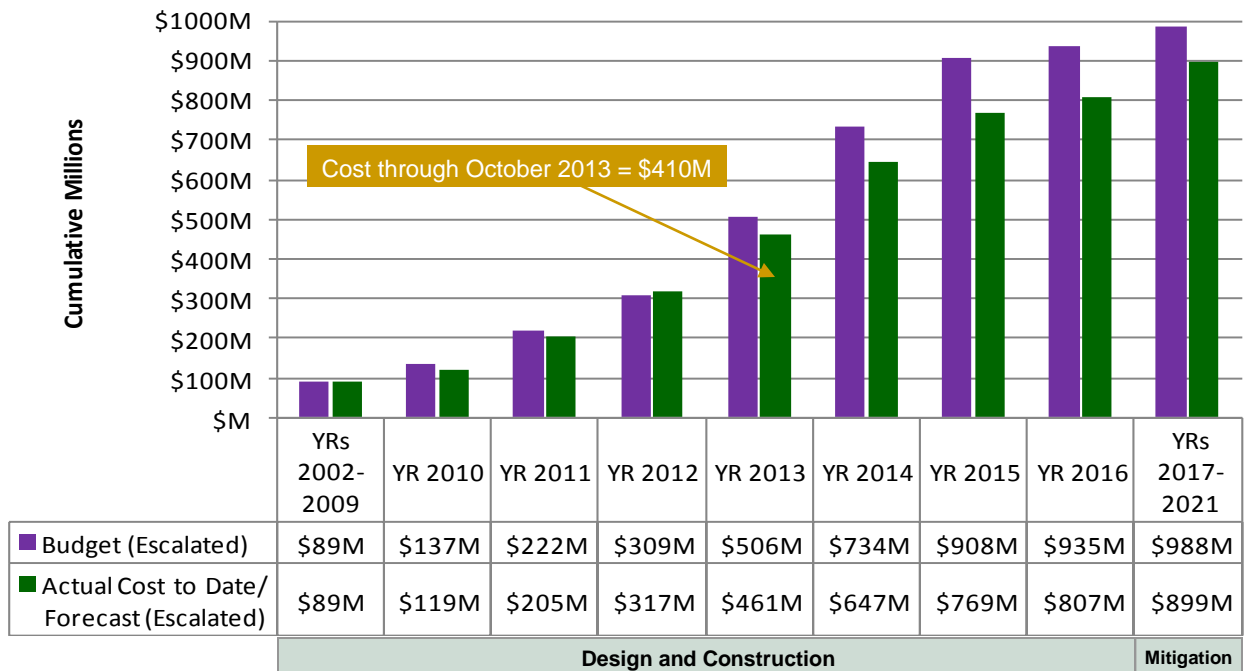


Data Updated Quarterly

Cost Summary

Figure 2 shows the budget for Phase 1, actual costs through October 2013, and forecasted costs for Phase 1. Actual costs to date are consistent with achieving planned construction progress and on time completion. **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.

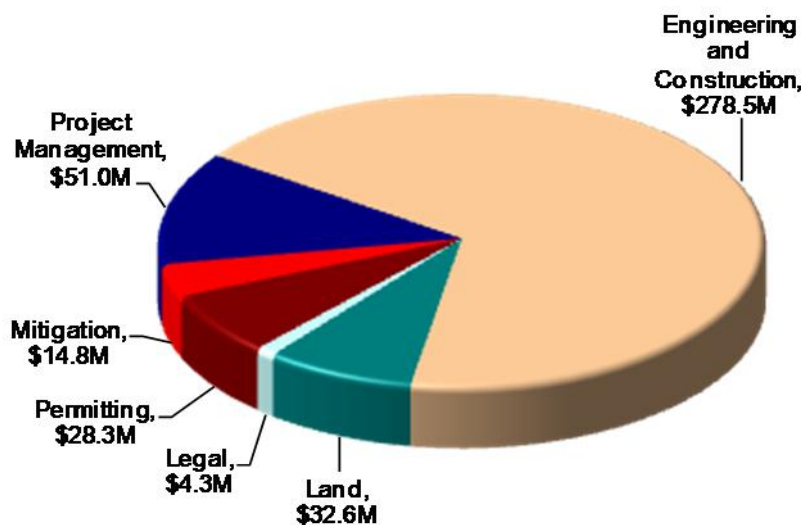
Figure 2 – Phase 1 Budget Progress – Actual Costs through October 2013



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.

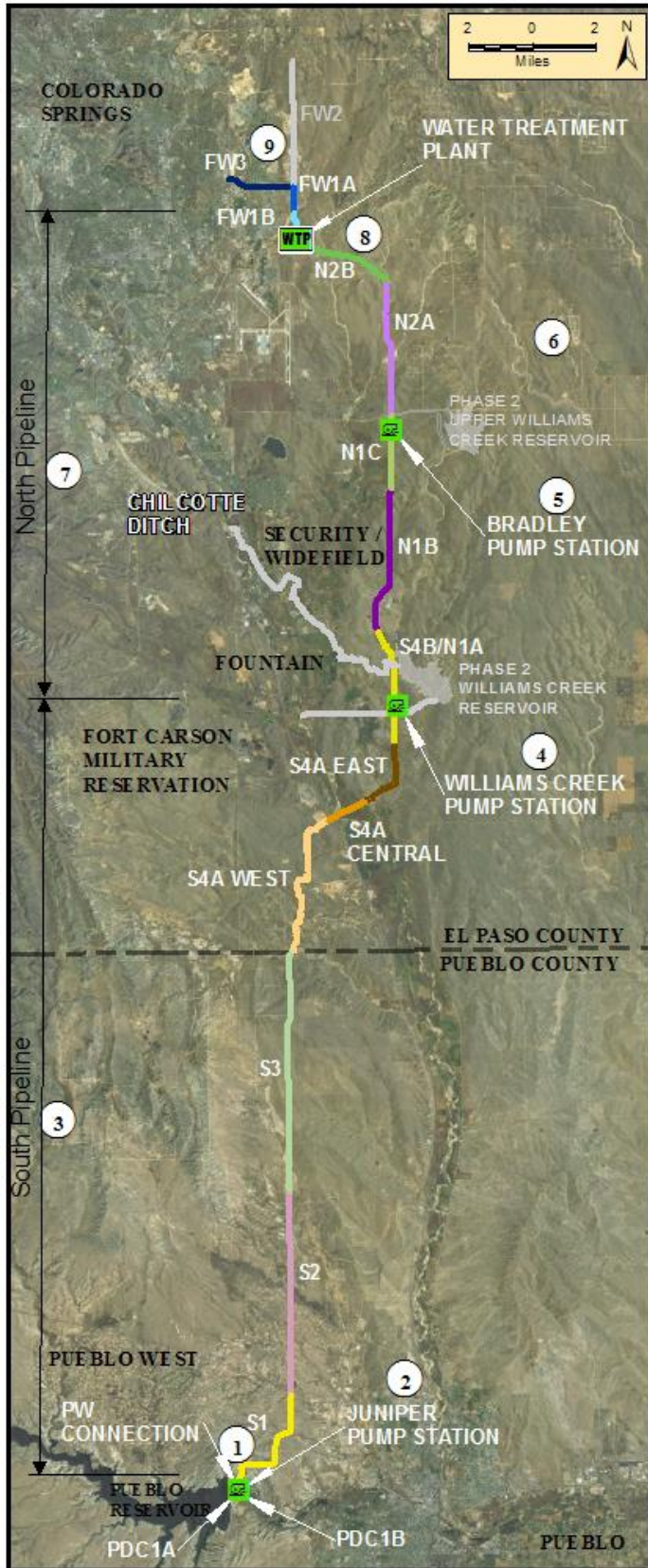
Figure 3 – Distribution of Phase 1 Direct Costs through October 2013 (\$410M Total)



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 \$410 million, with a majority expended on engineering and construction, permitting, land, and management activities.
- Forecasted costs for 2013 are \$144 million with a cumulative expenditure of \$461 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: Progressing easement acquisitions, preparing for construction of section 3
- 8 SDS Water Treatment Plant and Finished Water Pump Station**
 Design: 100%
 Land: 100% of properties secured
 Focus: Constructing water treatment plant – setting reinforcements and pouring concrete
- 7 North Pipeline (N)**
 Design: 100%
 Land: 90% of properties secured
 Focus: Completing construction of sections 1C & 2A, procuring 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: Constructing raw water pump station – excavation and hauling operations
- 4 Williams Creek Pump Station**
 Design: 100%
 Land: 100% of properties secured
 Focus: Constructing raw water pump station – excavation and hauling operations
- 3 South Pipeline (S)**
 Design: 95%
 Land: 90% of properties secured
 Focus: Constructing section 4A Central, completing construction of sections 4A East & West
- 2 Juniper Pump Station**
 Design: 100%
 Land: Construction authorization secured
 Focus: Constructing raw water pump station – excavation and hauling operations
- 1 Pueblo Dam Connection (PDC)**
 Design: 100%
 Land: Construction authorization secured
 Focus: Rock trenching for 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 for additional information.