



Colorado Springs Utilities
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April 20, 2009

Michael Collins
Area Manager
U.S. Bureau of Reclamation
Eastern Colorado Area Office
11056 West County Road 18E
Loveland, CO 80537-9711

Re: Mitigation Conditions for the Preferred Alternative for the Southern Delivery System Project

Dear Mr. Collins,

On behalf of the City of Colorado Springs and other Southern Delivery System (SDS) Project Participants, I am writing to identify two mitigation actions which Project Participants will commit to undertake as part of our mitigation activities for the Project. We commit to undertake the mitigation actions described below if the preferred alternative for the project, as identified in the Bureau of Reclamation's final Environmental Impact Statement, is built.

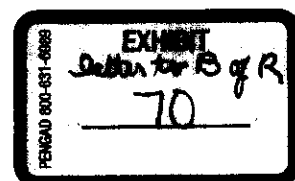
As you know, Project Participants seek a permit from Pueblo County, Colorado, which will permit us to build the preferred alternative for the SDS Project. An important secondary purpose of this letter is to assure Pueblo County that the mitigation actions identified below will be completed, under conditions in Project Participants' contracts with the Bureau of Reclamation, if the preferred alternative is built.

Dredging Activity to Satisfy Section 5.2.4

In section 5.2.4 of the FEIS there is a discussion of the need to address potential flood hazards along Fountain Creek within the City of Pueblo. Project Participants propose to satisfy that concern by performing dredging activities within the Fountain Creek flood plain immediately above the Fountain Creek confluence with the Arkansas River. The goal of these activities would be to restore the 100-year flood capacity inside the levee system at that location. This proposal and commitment is predicated upon two conditions being satisfied.

1. That sampling of the bed sediments in this vicinity do not identify the presence of hazardous or regulated substances which would make the dredging and disposition of the excavated sediments subject to RCRA, CERCLA, or similar regulation.
2. That appropriate permissions and approvals are given by the affected governments to place the dredged sediments immediately along the outside of the flood levees where the sediments can be compacted to serve as the base for the proposed Confluence Park.

If both of these conditions are able to be achieved, Project Participants will conduct the activity described as part of the preferred alternative commensurate with the start of SDS Construction.



Mr. Michael Collins
U.S. Bureau of Reclamation
April 20, 2009
Page 2

If one or both of these conditions cannot be met, Project Participants will work with the Bureau of Reclamation to identify an alternate mitigation activity that can be completed for a similar project investment.

Channel Improvement to Satisfy Condition 5.2.6

Project Participants commits to undertake a channel modification and wetland development project on Colorado Springs' Clear Spring Ranch. It our intention through this mitigation project to reduce the erosion and sediment transport capacity of the water in Fountain Creek. We also want to provide associated benefits during substantial flood events.

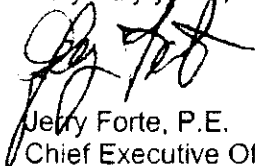
First, Project Participants propose and commit to create a sinuous channel in the vicinity of the Ranch covering a distance of approximately a quarter-mile, plus or minus, where currently there is a straight channel. Fountain Creek would be modified into a series of interlocking bends designed to reduce the grade of the channel and decrease the velocity of the water through this reach.

Second, Project Participants intend to develop a wetland area in the area formerly occupied by the linear channel feature. We are working closely with EPA and the U.S. Army Corps of Engineers to design the construction of this wetland area. These agencies have suggested a period of monitoring following the construction of the sinuosity project in order to assure the suitability of the proposed wetland location we have identified. Once monitoring confirms the suitability of that area, the wetland area would be constructed. If necessary, based upon monitoring results, the location and design of the wetland mitigation site may require adaptive management. Project Participants propose to begin implementation of this mitigation action within 24 months following the start of construction of the SDS project.

Our staffs have had significant discussions concerning both of these proposed projects and I trust that they are acceptable to you to serve as mitigation for the impacts identified in the two sections of the FEIS described above. If my assumption is in error, I would appreciate your prompt response to this letter. If we are in agreement in this regard, you may accept this letter as our commitment to perform the described activities subject to subsequent agreement on the details between our respective staffs. I ask that you provide a letter in response that confirms these mitigation conditions will be included in the SDS Project as part of Reclamation's approval of the preferred alternative.

Thank you very much for your consideration of these mitigation measures.

Very truly yours,



Jerry Forte, P.E.
Chief Executive Officer

c: Colorado Springs City Council
Pueblo City Council
Board of County Commissioners, Pueblo County