



STAFF REPORT

To: Honorable Mayor and Members of Town Council

Through: Dave L. Corliss, Town Manager

From: Mark Marlowe, P.E., Director of Castle Rock Water
Roy Gallea, P.E., Engineering Manager
Erin Evans P.E., Project Manager

Title: **Resolution Approving a Utilities Infrastructure Reimbursement Agreement for Sanitary Sewer Service Connection with Cornerstone Presbyterian Church of Castle Rock [2607 Fifth Street]**

Executive Summary

Castle Rock Water (CRW) is seeking Town Council approval of a Resolution (**Attachment A**) approving a Reimbursement Agreement for Sanitary Sewer Service Connection (**Exhibit 1 to Attachment A**) with Cornerstone Presbyterian Church of Castle Rock (Cornerstone) to provide sanitary sewer infrastructure for service connection to the church. Among other private property owners, Cornerstone has approached the Town regarding a sanitary sewer service connection to Town systems. An initial reimbursement estimate of \$217,223 was provided to Cornerstone for their portion of the utilities. Castle Rock Water has determined that \$10,000 will be deducted from the reimbursement amount owed to the Town as a credit to Cornerstone for reusable groundwater put into the sewer system by the Church. Cornerstone will also dedicate this reusable supply to Castle Rock Water. As the project approaches construction, a Final Guaranteed Maximum Price (FGMP) will be established to identify the final construction cost. Cornerstone will then be responsible for reimbursing the Town for their portion of the project cost. Connection to sewer service by Cornerstone will be contingent upon Cornerstone paying the final reimbursement amount to the Town in full or in accordance with a payment plan agreed upon in writing by all parties, which will be executed upon approval of the Reimbursement Agreement.

With the Fifth Street Improvements Project (Roadway Project) planned to start Summer 2025, staff has identified a need to accelerate the completion of design and construction of the Fifth Street Sanitary Sewer Project ahead of the Roadway Project. This process also includes executing reimbursement agreements with the property owners along Fifth Street who will be serviced by the new utilities.

Town Council approved the Initial Guaranteed Maximum Price (IGMP) and construction contract with Global Underground in February 2025. An amendment will be executed to this agreement to establish the FGMP as the final contract amount.

Notification and Outreach Efforts

All property owners and public have been notified through the Fifth Street Roadway Improvements Project being performed by Public Works. The project manager for Public Works will continue to be heavily involved in the Utilities project through construction completion to ensure coordination between both projects and perform the outreach efforts required.

CRW staff has continued outreach to Cornerstone Church by meeting with Church representatives to obtain input, provide updates on project progress, and discuss the reimbursement process on December 20, 2024 January 29, 2025, and March 19, 2025. Phone and email communication have also been ongoing throughout the project.

History of Past Town Council, Boards & Commissions, or Other Discussions

In October 2023 St. Francis approached Development Services regarding connection to Town sanitary sewer. Currently, the St. Francis annexation is in progress, and they have held a pre-application meeting. Annexation for St. Francis requires connection into the Town's infrastructure. Public Works is in communication with St. Francis regarding easement and Right-of-Way acquisition for the Roadway Project.

Development Services and CRW staff have been in communication regarding utility connections into the Town for Cornerstone Church since they approached the Town in August 2023. Their original Development Agreement allowed them to stay on well and septic as no utilities were available at the time. However, as part of their Development Agreement, major expansion of their facility requires them to connect to Town water and sewer services. Public Works is in communication with Cornerstone Church regarding easement and Right-of-Way acquisition for the Roadway Project.

On November 6th, 2024, Town Manager approved the service agreement with Stanley Consultants for \$222,791 with authorization of \$22,209 in staff-managed contingency to complete the design of the Fifth Street Utilities Project.

On December 11, 2024, CRW Staff reviewed the Utilities Project and the potential reimbursement agreements with the Castle Rock Water Commission (CRW Commission). Commission members provided general support for moving forward with the project. Staff indicated that they would provide updated information for CRW Commission consideration as the information becomes available.

In January 2025, Town Manager approved the preconstruction services construction contract with Global Underground for up to a maximum of \$200,000 to assist with constructability review, cost estimating services, and ordering of materials and mobilization for the Fifth Street Utilities Project.

In February 2025, Town Council approved the construction contract with Global Underground for Work Package #1 construction services for the Fifth Street Utilities Project in the amount of \$1,749,820.25. A Final Guaranteed Maximum Price will establish the final contract amount in an amendment.

Discussion

The Town has determined that construction of a sanitary sewer system within the eastern reaches of Fifth Street is needed to enable current and future service connections for properties in the area and protect the quality and resiliency of \$12M of roadway infrastructure that will be installed with the Roadway Project. The sanitary infrastructure proposed with this Utility Project will enable service connections to St. Francis of Assisi Catholic Church, Cornerstone Presbyterian Church, and Degarmo property at 2864 Fifth Street. Other properties in the area, such as those adjacent to Castle Crest Drive and those directly east of St. Francis, are currently on well and septic and may engage with the Town in the future to connect to Castle Rock Water services.

The Utility Project must be complete prior to construction of the Roadway Project, as the Roadway Project is partially funded by a Denver Regional Council of Governments (DRCOG) grant which stipulates a broad range of planning, design and construction requirements. These grant requirements, along with other considerations, make it necessary for the Utility Project within Fifth Street to be complete prior to the Roadway Project construction. The Roadway Project is currently anticipated to begin construction in the Summer of 2025.

A service agreement with Stanley was awarded by Town Manager in November 2024 for design services for sanitary and water utilities. Throughout initial design, it became evident that constructability review and cost estimating services would be in the best interest of the project. To provide these services, CRW engaged with Global Underground to provide preconstruction services. Work Package #1 for construction services with Global Underground has also been approved by Town Council. Construction is anticipated to begin Spring 2025.

Each property owner requesting connection to the utility infrastructure on Fifth Street is entering into agreements with the Town to assist with funding their service connections. In this Reimbursement Agreement Cornerstone has been provided with an initial estimate of \$217,223 for their portion of the cost of the sanitary sewer infrastructure provided to connect to the Town sewer system. Castle Rock Water has determined that \$10,000 will be deducted from the reimbursement amount owed to the Town as a credit to Cornerstone for reusable groundwater put into the sewer system by the Church. Cornerstone will also dedicate this reusable supply to Castle Rock Water.

Each reimbursement agreement will be amended to reflect final GMP reimbursement cost that will be collected by the Town. Connection to sewer service by Cornerstone will be contingent upon Cornerstone paying the final reimbursement amount to the Town in full or in accordance with a payment plan agreed upon in writing by all parties, which will be executed upon approval of the Reimbursement Agreement. Additionally, all requirements of the Development Agreement and Municipal Code including payment of all tap fees, system development fees, and acquisition of all permits and permissions are required to be met by Cornerstone prior to connection to the sewer system.

Budget Impact

A breakdown of the current and known estimated costs associated with the project is shown below:

Stanley	Design (including contingency)	\$ 245,000
Global Underground	Pre-construction services	\$ 200,000
Global Underground	Construction costs (IGMP)*	\$1,749,820.25
	TOTAL	\$2,194,820.25

*Any early material procurement paid for during the preconstruction phase will be eliminated from the construction costs.

Cost for the additional utility upgrades is planned to be shared with the property owners who will be connecting to CRW services including St. Francis and Cornerstone Church. A breakdown of the responsibilities for the estimated construction costs and all accessory costs such as design and preconstruction services are as follows:

Property Owner	Estimated Sanitary Construction Cost	Estimated Accessory Cost	Total Reimbursement to CRW
St. Francis of Assisi	\$592,640	\$151,300	\$743,940
Cornerstone Church	\$169,533	\$47,690	\$217,223
Degarmo	\$512,469	\$129,050	\$97,195 (from Public Works)
Totals	\$1,274,643	\$405,850	
Total Reimbursement to CRW			\$1,058,358

Staff Recommendation

Staff recommends approval of the reimbursement agreement with Cornerstone Presbyterian Church.

Proposed Motion

"I move to approve the Resolution as introduced by title."

Alternative Motions

"I move to approve the Resolution as introduced by title, with the following conditions: (list conditions)."

"I move to continue this item to the Town Council meeting on _____ date to allow additional time to (list information needed)."

Attachments

Attachment A: Resolution
Exhibit 1: Agreement