



## **STAFF REPORT**

**To:** Honorable Mayor and Members of Town Council

**Through:** **David L. Corliss, Town Manager**

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

**Title:** **Discussion/Direction: Fifth Street Water and Sewer Improvement Project**  
*[Sanitary and Water Service on Fifth Street near Valley Drive]*

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### **Executive Summary**

Castle Rock Water (CRW) is currently working on the Fifth Street Water and Sewer Improvement Project (Utilities Project) to design and construct water and sanitary sewer utilities on Fifth Street as shown in **Attachment A**. A need for this project became evident through several avenues including requests by the St. Francis Catholic Church and Cornerstone Church to connect to Town Utilities as well as the Fifth Street Improvements Project (Roadway Project) being managed by Public Works. As part of the Right-of-Way (ROW) acquisition process for the Roadway Project, an opportunity to use Public Works funds being allocated to the rehabilitation of a septic tank system for water and sanitary sewer service to the Degarmo property at 2864 Fifth Street instead was also identified.

With the Roadway Project planned to start early 2025, staff has identified a need to accelerate the completion of design and construction of the Utilities 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. Agreements are currently being negotiated with the Degarmo property owners and Public Works for ROW acquisition and connection to Town sanitary sewer and water service. Additionally, the Town has been coordinating with the St. Francis and Cornerstone Churches regarding connection to Town utilities and reimbursement to the Town for design and construction of their services.

The Town Manager awarded a service agreement with Stanley Consultants (Stanley) in November of 2024 for design of the water and sanitary sewer pipelines for the three properties identified by this project. Stanley was granted a sole source exception for this service agreement due to their familiarity with the Fifth Street Roadway Project and the requirement for

a speedy completion of the design and construction of the Fifth Street Utilities Project ahead of the Roadway Project.

An alternative project delivery method, Guaranteed Maximum Price Construction Management (GMPCM), is being used for design and construction of the proposed Utilities Project. Alternative project delivery methods have been successfully utilized by the Town for design and construction projects such as the GMPCM contract used for many of the Plum Creek Water Purification Facility (PCWPF) projects that have been completed over the years. For this project, an alternative project delivery method was chosen in order to accelerate the overall Utility Project timeline by allowing a phased design and construction approach and including a more thorough constructability review during design.

Global Underground (Global) was selected as the Construction Manager and General contractor (CM/GC) through a sole source procurement process and has a proven track record in the industry as well as specifically on Castle Rock Water projects. Previous successful projects with CRW, knowledge of the Town's utilities and geography, availability of resources to meet the required schedule constraints, and exceptional customer service allow Global to stand out as a preferred contractor to undertake these construction services. Upon authorization to award work package (WP) #1, Global will begin ordering long lead materials. Global plans to begin site mobilization in Spring 2025 with overall construction completion of the project planned for Summer 2025. Completion of the Utilities Project prior to the start of the Fifth Street Roadway Project being managed by Public Works is a priority for the Town. Installing sewer and water after completion of the Roadway Project would result in the cost of these utilities being much higher in the future.

Costs for this project ultimately will be allocated to the property owners who need connection to Town infrastructure. CRW is working with three property owners currently on reimbursement agreements for their fair portion of the costs. If for some reason, agreements cannot be reached at this time, CRW still recommends moving forward with this project so the infrastructure is in place for when these property owners and other property owners along the corridor need to connect. A priority of CRW is to capture reuse water that is currently being lost with septic system wastewater disposal within Town.

### **Notification and Outreach Efforts**

All property owners and the public have been notified through the Fifth Street Roadway 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.

### **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 Manger 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.

Staff is currently seeking Town Manager approval of 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.

### **Discussion**

The Town has determined that construction of a water and 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. **Attachment A** provides a general layout of the proposed sanitary sewer and water utilities on Fifth Street. 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. The water distribution infrastructure proposed will enable service connection to Cornerstone Presbyterian Church and the Degarmo property. Approximately 18 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 completed by separate contract with the Design Consultant and Contractor 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 including an alternatives analysis for both

pipelines. Through the alternatives analysis portion of the design, it became evident that constructability review and cost estimating services would be in the best interest of the project to gather advanced contractor input on potential alignments as well as to conduct a trenchless versus open cut pipeline installation evaluation. This would also allow the engagement of a contractor to keep the very tight schedule to avoid impacting the Roadway Project.

Currently, Staff is seeking Town Manager approval of a preconstruction services contract with Global using the GMPCM project delivery method for construction of the Utilities Project. The GMPCM method involves hiring a construction manager/general contractor (CM/GC) to perform contract administration and to guarantee a maximum price for the complete project. The owner and CM/GC agree on the price before the construction phase begins and all work is awarded through a competitive subcontractor bidding process. Any cost overruns not due to unforeseen circumstances are borne by the CM/GC.

The Owner, CM/GC and Engineer work collaboratively to design a project that fits a given budget and adjustments to the project design and/or budget are made during the design phase to ensure a successful project that meets the Owner's expectations regarding cost, quality and schedule. The CM/GC's expertise in construction, contracting, and estimating can influence decisions made by the design consultant to keep project costs to a minimum in a manner consistent with the owner's objectives for quality and functionality. The GMPCM project delivery method centers on initiating a contract with a construction management contractor while the project is in early stages of design. This allows establishment of a strong, collaborative working relationship between the owner, designer and contractor early in the life of the project.

An alternative project delivery method for the Utilities Project will also provide much needed schedule efficiencies by allowing the team to collaborate with a contractor who can provide advanced review of the design and input on minimizing potential challenges during construction, value engineering ideas, potholing, survey, tunnel calculations as needed, and advanced material procurement among other services. The ability to phase construction and design to achieve the greatest schedule savings is also a benefit of this procurement method. With this end in mind, CRW selected Global to perform these preconstruction services.

Global's long history of performing high quality projects and consistently providing responsive and professional service to the Town allows them to be uniquely qualified to be brought on through sole source procurement for this project. Additionally, Global has a current on-call contract with CRW for emergency repairs; they are prequalified on the annual Capital Improvements Projects on-call contractor list; they are familiar with the Town's standards, utilities and unique challenges; they are able to perform trenchless and open cut pipeline installations (a requirement of this project); and they have provided similar design assistance to CRW in the past. CRW staff has also confirmed that Global has staff and crew availability to perform the required design and construction services in the consolidated timeline required to complete this project ahead of the Roadway Project, which is anticipated to start Summer 2025.

During the 30% design stage of this project, CRW, Global and Stanley will work to finalize the Initial Guaranteed Maximum Price (IGMP). This cost includes general conditions, overhead and profit and the cost to do the work. This IGMP represents the most the Town can expect to

pay for construction of the Utilities Project, barring any changes in scope and will initiate the construction phase of the project. During the preconstruction period, the Town will work with the contractor and designer to adjust the design to include value engineering ideas and update costs based on development of additional project detail. A second amendment will be requested as the design approaches 90% completion and a Final Guaranteed Maximum Price (FGMP) is negotiated by the project team at this milestone. The FGMP will be established as the final construction contract amount for the Utilities Project.

Each property owner requesting connection to the utility infrastructure on Fifth Street will need to enter into agreements with the Town to assist with funding their service connections. Connection into Town infrastructure is required for St. Francis as a result of annexation, which they are currently working on completing. St. Francis of Assisi has been provided with an initial estimate of \$1,118,000 for their portion of the cost of the sanitary sewer infrastructure provided to connect to Town systems. Cornerstone has been provided with an initial estimate of \$850,000 for their portion of the cost of the sanitary sewer and water infrastructure provided to connect to Town systems. Each reimbursement agreement will be amended to reflect FGMP reimbursement cost that will be collected by the Town. Public Works will also be contributing funds for the sanitary sewer connection for the Degarmo property as outlined in agreements that are currently being negotiated between the Town and the Degarmos.

**Budget Impact**

Current known and estimated project costs are shown below:

Stanley	Design (including contingency)	\$ 245,000
Global Underground	Pre-construction services	\$ 200,000
Global Underground	Construction costs*	<u>\$2,500,000</u>
	<b>TOTAL</b>	<b>\$2,945,000</b>

\*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. CRW is working with the three property owners to develop reimbursement agreements for their portion of the costs and work. If for some reason, an agreement cannot be reached at this time, CRW still recommends moving forward with this project so the infrastructure is in place for when these property owners and other property owners in the area need to connect. A priority of CRW is to capture reuse water that is currently being lost to septic systems within Town. Construction of the Utilities Project in the future after the Roadway Project would significantly increase the costs.

A preliminary breakdown of the responsibilities for the estimated construction costs and all accessory costs such as design and preconstruction services is as follows:

<b>Property Owner</b>	<b>Estimated Water Construction Cost</b>	<b>Estimated Sanitary Construction Cost</b>	<b>Estimated Accessory Cost</b>	<b>Total Reimbursement to CRW</b>
St. Francis of Assisi	\$0	\$950,000	\$168,000	\$1,118,000
Cornerstone Church	\$350,000	\$370,000	\$130,000	\$850,000
Degarmo	\$10,000	\$820,000	\$147,000	\$97,195 (From Public Works)
<b>Totals</b>	<b>\$360,000</b>	<b>\$2,140,000</b>	<b>\$445,000</b>	
<b>Total Reimbursement to CRW</b>				<b>\$2,065,195</b>

**Staff Recommendation**

Staff recommends Town Council direct staff to prepare reimbursement agreements with the potential customers, finalize construction contracts with Global and proceed with the project to ensure completion prior to the Roadway Project.

**Attachments**

Attachment A: Fifth Street Utilities Map