



STAFF REPORT

To: Honorable Mayor and Members of Town Council

Thru: David L. Corliss, Town

From: Mark Marlowe, P.E., Director of Castle Rock Water
Roy Gallea, P.E., Engineering Manager
Josh Hansen, P.E., Project Manager Supervisor
Frank N. Main, Project Manager

Title: **Resolution Approving the Second Amendment to the Service Agreement between the Town of Castle Rock and Muller Engineering Company, Inc., for the McMurdo Gulch Stream Reclamation Priority 3 Project-Supplemental Design, Bid Construction and Post Construction Services** *[McMurdo Gulch south of the intersection of Castle Oaks Drive and Autumn Sage Street]*

Executive Summary

Castle Rock Water (CRW) staff seeks Town Council approval of a Resolution (**Attachment A**) approving the Second Amendment to the Services Agreement with Muller Engineering Company, Inc., for the McMurdo Gulch Stream Reclamation Project Priority No. 3 - Supplemental Design, Bid, Construction and Post Construction Services (**Exhibit 1**).

This Amendment is to account for an additional 12-months due to project delays during the bidding process and negotiation process of the easements and deed restriction. The new revised agreement amount would be \$459,173 which is outside the original Council Authorization of \$395,951.60 (\$359,956 agreement and \$35,995.60 contingency).

April 29, the 1st Amendment, which was within the Council approved contingency, was approved to the Services Agreement with Muller for the McMurdo Gulch Stream Reclamation Priority No. 3 – Supplemental Design, Bid, Construction and Post Construction. This amendment included a cost increase to the Service Agreement in the amount of \$24,386.00 with a time extension to December 31, 2025.

1st Amendment Budget impact shown below:

<i>Fund Description</i>	<i>Account Number</i>	<i>Original Agreement</i>	<i>Amendment 1</i>	<i>Total</i>
<i>McMurdo Gulch Stream Stbl</i>	<i>212-4475-444.75-51</i>	<i>\$359,956</i>	<i>\$24,386</i>	<i>\$384,342</i>

This proposed Second Amendment, which will exceed the initial Council approved contingency amount, includes a cost increase to the Service Agreement in the amount of \$74,831 with a time extension to December 31, 2026. The cost increase is primarily due to the time extension and additional administration, easement acquisition, deed restriction, and construction management services.

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

January 17, 2024, Town Council awarded a Service Agreement to Muller Engineering Company Inc., (Muller) for the McMurdo Gulch Stream Reclamation Priority No. 3 – Supplemental Design, Bid, Construction and Post Construction Services in the amount of \$359,956, plus a Town-managed contingency in the amount of \$35,995.60.

Castle Rock Water staff presented the request for the 2nd Amendment to the Castle Rock Water Commission at their meeting held on September 24, 2025, and the Commission voted unanimously 6 to 0 to recommend Town Council approval of the Resolution as presented.

Discussion

McMurdo Gulch is a western tributary to Cherry Creek, extending along the eastern edge of the Town. The entire McMurdo Gulch channel is approximately 6.7 miles long, from the headwaters to the confluence with Cherry Creek, and encompasses a tributary area of approximately 6.5 square miles. The Town has been completing projects to stabilize McMurdo Gulch since 2011 in general accordance with the Watershed Master Plan for McMurdo Gulch. Stabilization of the various drainages across the Town is a key strategic priority for the Stormwater Enterprise as erosion and degradation of these drainages causes nutrients to be carried into Cherry Creek Reservoir, presents a public safety risk due to unstable stream banks, causes damage to roads, trails, open space, private property and utilities.

During the design process supplemental easement and deed restriction services were required to assist the Town of Castle Rock with easement and deed restriction negotiations which were preventing this project from moving forward to construction. In addition to the supplemental efforts required to coordinate the easement and deed restrictions, the lengthy easement negotiations and deed restriction approval process with the United States Army Corps of Engineers (USACOE) added approximately 12-months to the originally assumed notice to proceed for construction of fall of 2024. This lengthy process required Muller to expend project administration budget for tasks like general coordination calls and emails and monthly invoicing. Although the agreement end date was extended to December 31st, 2025 through the previous amendment, hours related to these additional project administration efforts were not anticipated to extend for this long and therefore were not included with the previous amendment.

This Second Amendment will compensate Muller for additional scoped work for the McMurdo Gulch Stream Reclamation Priority No. 3 – Supplemental Design, Bid, Construction and Post Construction Services. This additional scope consisted of the following:

SUPPLEMENTAL PROJECT ADMINISTRATION

- Project administration for a 12-month schedule extension including 13 Monday update meetings, monthly phone and e-mail client coordination, and monthly project invoicing.

SUPPLEMENTAL EASEMENT SERVICES

- Including 14 virtual meetings, phone and e-mail coordination with the Town of Castle Rock and Western States, multiple iterations of easement exhibit preparation including overall project easement exhibits and individual lot easement exhibits to clearly show easements required on three different property owners and four different parcels, existing and proposed floodplain boundaries overlaid onto separate easement exhibits.

SUPPLEMENTAL DEED RESTRICTION SERVICES

- Including 10 virtual meetings, coordination with ERO on deed restriction requirements, and legal boundary descriptions prepared by Topographic Land Consultants and boundary exhibits prepared by Muller Engineering.

SUPPLEMENTAL BID AND CONSTRUCTION SERVICES

- Coordination with Town and Contractor on staging and access alternatives including attending one site visit and two virtual meetings, reviewing and providing feedback on changes to the upper access location, and file sharing with the contractor including finding and referencing additional easement linework to assist with the contractor field staking the upper access road.

Budget Impact

With the approval of the proposed Second Amendment the authorized agreement amounts of \$395,951.60 (Agreement \$359,956 plus Contingency of \$35,995.60) originally approved by Council will be exceeded in the amount of \$74,831.

Amendment 1 increased the Agreement with Muller amount by \$24,386 and was covered by the original contingency amount. Approving of the proposed Second Amendment in the amount of \$74,831 would bring the total Agreement amount to \$459,173. Staff recommends retaining the remaining original contingency of \$11,609.60 to help offset potential changes that may arise during construction of the project.

Funds for this Services Agreement are to be drawn from the McMurdo Gulch Stream Reclamation Project Priority No. 3 – Supplemental Design, Bid, Construction and Post Construction Services Account #212-4475-444.75-51. A budget transfer in the amount of \$74,831 to cover this expenditure will be required from Account #212-4475-444.78-73 CMP Rehabilitation, which has adequate funds in its 2025 budget of \$157,829.

Fund	Account Number	Original Agreement	1st Amend	2 nd Amend	Revised Agreement Total
McMurdo Gulch Stream Reclamation	212-4475-444.75-51	\$359,956	\$24,386	\$74,831	\$459,173

With the approval of Second Amendment there will be a remaining balance in the Contingency of \$11,609.60.

Staff Recommendation

Staff recommends Town Council approval of the Resolution to approve the Second Amendment to Services Agreement with Muller Engineering Company, Inc., for the McMurdo Gulch Stream Reclamation Project Priority No. 3 - Supplemental Design, Bid, Construction and Post Construction Services in the amount of \$74,831 with a new expiration date of December 31st, 2026.

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