



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
Erin Evans, P.E., Project Manager

Title: **Resolution Approving the First Contract Price Amendment to the Progressive Design-Build Agreement with S. J. Louis Construction, Inc. for the Phase 2 Design Services for the Sedalia Lift Station and Force Main to Plum Creek Water Reclamation Authority Project** *[Located in Sedalia, CO]*

Executive Summary

Castle Rock Water (CRW) seeks Town Council approval of a Resolution (**Attachment A**) approving a First Amendment (**Exhibit 1**) to the Sedalia Lift Station and Force Main to Plum Creek Water Reclamation Authority (PCWRA) Project Progressive Design-Build (PDB) agreement. The proposal is for the amount of \$997,179.47 which includes the original contract amount of \$633,203 and contingency of \$63,320.30. An additional \$36,397.65 is added to the contingency amount to provide for a full 10% contingency of \$99,717.95 on the Amendment 1 services. As a result, the total requested authorization amount is \$1,730,100.42.

The Sedalia Lift Station and Force Main project is to design and build the main wastewater conveyance line for the town of Sedalia and the surrounding area as shown in **Attachment B**. However, sewer trunk lines and connections to residents and businesses will need to be constructed though system development fees to take full advantage of this project.

Phase 1 of the project is underway and includes up to 60% design. As prescribed by the PDB method, at 60% a Guaranteed Maximum Price (GMP) or a lump sum price is negotiated with the Design-Builder, S.J. Louis Construction, Inc., and CRW has the option to accept this price for the completion of the project or terminate the contract. If the GMP is accepted, a Phase 2 Agreement is then negotiated, and if approved by Town Council, the project will proceed to completion by December 31, 2026.

Through the course of Phase 1, the Design-Builder proposed a schedule savings measure to separate the Phase 2 design completion from the completion of the construction GMP scope.

This Amendment is to approve only the Phase 2 design services from 60% to final design. A separate amendment will be requested for the construction GMP portion of the project.

Notification and Outreach Efforts

Douglas County has conducted outreach including posting a news article on their web page about the Highway 85 Southern Corridor Wastewater Project. Castle Rock Water has posted information on its web page about the project as well. The Town of Castle Rock has approved the Douglas County Intergovernmental Agreement (IGA) which specifies how this project will be managed and constructed. The Town has been working with Douglas County and local stakeholders on the project and future connections to the system.

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

Town Council approved the Amended and Restated IGA with Douglas County for the Highway 85 Wastewater Collection and Treatment System on July 2, 2024, Per the IGA, Douglas County fully funded an Escrow Account of \$14,000,000 in American Rescue Plan Act (ARPA) funds for CRW to withdraw payment to contractors for the project based upon the submitted invoices to Douglas County and their subsequent approval.

CRW staff presented this Douglas County IGA to the Castle Rock Water Commission at their meeting held in November, 2024, and the Castle Rock Water Commission voted to recommend Town Council approval of the Resolution as presented.

On January 7, 2025 Town Council approved the Progressive Design-Build Agreement with S.J. Louis Construction, Inc. for the Sedalia Lift Station and Force Main to PCWRA Project.

In August, 2025 Douglas County and the Town approved an amendment to the IGA adjusting the project funding amount to \$18.8 million, with CRW funding a projected shortfall of approximately up to a maximum of \$4.8 million.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on August 27, 2025, and the Castle Rock Water Commission voted unanimously 7 to 0 to recommend Town Council approval of the Resolution as presented.

Discussion

The Sedalia Lift Station and Force Main to PCWRA Project will benefit Sedalia residents and businesses by eliminating the need for onsite septic systems for their respective residential and facility wastewater treatment. The reduction of onsite wastewater treatment systems along the East Plum Creek corridor will assist in improving the water quality of East Plum Creek and Plum Creek, a water supply source for the Town of Castle Rock. The project is funded by the American Rescue Plan Act through Douglas County with CRW acting as the Project Manager for the project and eventually operating and owning the system for the benefit of the community. The key stakeholders planning to discharge into the lift station for conveyance to PCWRA are the Douglas County School District, Douglas County Public Works, CORE, Sedalia Water and Sanitation District water customers, and current developers with development proposals in-process with Douglas County and Cherokee Ranch.

The project is to design and build the main wastewater conveyance line for the Town of Sedalia, Colorado and the surrounding area. Currently, the project is in Phase 1 and approaching the 60% design milestone for both the lift station and force main as shown in **Attachment B**. The 12-inch diameter high density polyethylene (HDPE) force main alignment has been determined from Sedalia to PCRWA paralleling Highway 85 and Burlington Northern Santa Fe (BNSF) and Union Pacific Railroad (UPRR) railroads. The alignment also passes through multiple private properties including CORE electric. Location for the lift station has been determined and designs are progressing toward 60%.

The construction delivery method for the project is a Progressive Design-Build (PDB) method to ensure that the ARPA budget is achieved. As prescribed by the PDB method, at 60% design a Guaranteed Maximum Price (GMP) or a lump sum price is negotiated with the Design-Builder, S.J. Louis Construction, Inc. and CRW has the option to accept the GMP for the completion of the project or terminate the contract. If the GMP is accepted, a Phase 2 Agreement is then negotiated and approved by Town Council. If the GMP is approved, the project can be completed by December 31, 2026.

CRW and the PDB team discussed options to accelerate the schedule for the overall project in order to maintain the required completion date in 2026. It was proposed to allow design to proceed from the 60% design milestone towards final design instead of stopping the design at 60% and waiting until completion and approval of the GMP pricing efforts to complete the final design. CRW is requesting approval of this First Amendment to proceed with design completion while the GMP is generated and negotiated, saving the project timeline approximately three months overall.

Amendment 1 services include permitting coordination such as Colorado Department of Public Health and Environment (CDPHE), Douglas County, CDOT, BNSF, and CORE Electric as well as environmental investigations, easement support and engineering design development from 60% to 100%.

CRW staff seek Town Council approval of these Amendment 1 services. Upon acceptance, S.J. Louis will proceed with the work with an estimated completion date of final design by December 2025.

Budget Impact

The 30% project budget estimate is \$18.8 million. A total of \$14 million of funding for this project is being paid for by Federal American Rescue Plan Act funds granted to Douglas County. The project is being administered by CRW. CRW will receive a 1% Project Management fee of up to \$140,000 for the management of the project. CRW will then fund any overage up to a maximum remaining amount of \$4.8 million. The current estimated projected costs are:

Description	Amount including contingency
S.J. Louis PDB Phase 1 – to 60% and GMP	\$696,523

S.J. Louis PDB Phase 2 – 60% to Final (<i>this amendment</i>)	\$1,033,577
S.J. Louis Construction - Single FM & LS	\$15,605,000
Permanent Easements	\$473,000
Temporary Easements	\$158,000
Lift Station Land Purchase ~ 1 Acre	\$350,000
Western States/Kilty	\$246,225
CRW Project Management Fee at 1%	\$140,000
Total	\$18,702,325

As per the IGA with Douglas County, expenses to be reimbursed to CRW from the escrow account will be processed through GL Account # 213-4575-445.79-38 – 85 Regional Wastewater.

Staff Recommendation

Staff and Castle Rock Water Commission recommend that Town Council approve the First Amendment to the Progressive Design-Build Agreement between the Town of Castle Rock and S.J. Louis Construction, Inc. Douglas County, Special Projects also recommends approval of this amendment based on their review of the proposal.

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
Attachment B: LS and FM Location Map