



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
Mark Henderson, Assistant Director

Title: **Resolution Approving PCWRA to enter into a Loan Agreement with the Colorado Water Resources and Power Development Authority, a Construction Contract with GSE Construction Company Inc., and Construction Management Services Contract with GEI Consultants for the PCWRA Reuse Reservoir [4255 N US Highway 85, Castle Rock CO]**

Executive Summary

Castle Rock Water (CRW) is seeking Town Council approval of a resolution (**Attachment A**) approving Plum Creek Water Reclamation Authority (PCWRA) to proceed with a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) to fund a portion of the improvements to the PCWRA Reuse Reservoir and Pump Station; a construction contract with GSE Construction Company Inc.; and a construction management services agreement with GEI Consultants to complete the construction of the project. Town Council approved a resolution on September 2nd for the Intergovernmental Agreement (IGA) with PCWRA, Castle Pines Metropolitan District and Castle Pines North Metropolitan District including the financing for the project through a CWRPDA loan and sharing of the costs for the project. This resolution is to allow PCWRA to move forward to secure the loan and begin construction of the project. PCWRA will enter into a \$3.5 million loan agreement with a term of 30 years at a 3.5% interest rate. The Town of Castle Rock, Castle Pines Metropolitan District, and Castle Pines North Metropolitan District (collectively, the "Members") voted unanimously to approve the loan, enter into a construction contract for \$7,634,700 with GSE Construction Company Inc., and approve a construction management services agreement with GEI Consultants for \$600,680. Also, the members voted unanimously to self-fund the remaining portion of the project according to their proportional share of the project while continuing to pursue additional funding opportunities through CWRPDA and other sources if available.

Notification and Outreach Efforts

The Town has been working collaboratively with the other PCWRA members through the IGA process, and with Town staff on the impact to Red Hawk Ridge Golf Course based on the required improvements to the PCWRA reuse reservoir and pump station system. Additionally, the members have been working collaboratively with their respective golf courses regarding the required improvements and the financing options available.

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

At the April 2025 Castle Rock Water Commission Meeting, staff discussed the need for the project and the option to finance the project through applying for a loan from CWRPDA.

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

Town Council voted unanimously on September 2, 2025 to approve the IGA with Plum Creek Water Reclamation Authority, Castle Pines Metropolitan District, Castle Pines North Metropolitan District, and the Town of Castle Rock for Bond Repayment for the PCWRA Reuse Reservoir and Pump Station Project.

Discussion

The PCWRA Reuse Reservoir and Pump Station are over 30 years old and are in disrepair. The existing liner, pumps, piping, and aeration system require replacement to remain in compliance with Colorado Department of Public Health and Environment (CDPHE) impoundment requirements and state water quality regulations for reclaimed water use in Regulation 84. PCWRA will construct a new dedicated reuse pump station at the reservoir to replace the use of existing pump stations, replace the liner, and upgrade the aeration system. The approved IGA outlined the terms of the agreement among the members to participate in the project. The members of PCWRA include Castle Pines Metropolitan District, Castle Pines North Metropolitan District, and the Town of Castle Rock. The IGA outlines the cost-share for repayment of the loan among the members relative to each member's golf course customers and resulting ownership in the reuse reservoir and pump station system. The cost share is 50% for Castle Pines, 25% for Castle Pines North, and 25% for the Town of Castle Rock. The key provisions of the IGA include loan repayment obligations through reuse charges billed to each member. Members are obligated to pay their share of reuse charges regardless of the payments collected from the golf courses within each member's service area; and each member's responsibility in repayment of the loan is limited to their proportional needed share.

PCWRA bid construction of the project at the beginning of August and received bids from five contractors. Bids for the full project ranged from \$7.6M to \$12.9M. The bids also included compliance with the Federal funding requirements that will be necessary based on receiving a loan from CWRPDA. PCWRA selected the low bid by GSE Construction Company Inc. for \$7,634,700 for the full project, as well as entering into an agreement with GEI Consultants to conduct construction management services. PCWRA was approved for a State Revolving

Fund (SRF) loan through CWRPDA on October 3, 2025 for \$3.5 million with a 30-year term at an interest rate of 3.5%. The loan will be used towards the full project cost, and the members have agreed to self-fund the remaining portion of the project unless additional loan funding is obtained in the spring. PCWRA intends to apply for a second loan through the CWRPDA at the beginning of 2026 and expects to hear if the additional loan funding can be secured in the spring.

Budget Impact

The cost share outlined in the IGA for the Town is 25% with a maximum principal loan amount of \$8.5M that would commit the Town to up to \$2.1M in loan principal. However, as a result of the approval of the GSE bid of \$7,634,700 and the GEI construction management services contract of \$600,680, the Town's proportional share would be \$2,058,845. CRW modeled multiple scenarios to fund the Town's proportional share and determined the best approach would be to participate in the \$3.5M CWRPDA loan and self-fund the remaining portion of the full project. This allows the Town to take advantage of the favorable interest rate through CWRPDA, while minimizing overall interest costs due to taking a larger loan. The Town's total cost over 30-years for the CWRPDA loan will be \$1.41 M, and the remaining portion to be self-funded will be \$1.18M. There is adequate budget to cover the self-funded portion as CRW has included \$2M in the 2026 Wastewater CIP budget to be able to cash fund the Town's share of the project. Ultimately, CRW will add a capital recovery fee to the water service charges assessed to Red Hawk Ridge Golf course to recover the costs of the capital investment in PCWRA's reuse system improvements.

Staff Recommendation

Staff recommends Town Council approval of the Resolution Approving PCWRA to enter into a loan agreement with the Colorado Water Resources and Power Development Authority, a construction contract with GSE Construction Company Inc., and construction management services contract with GEI Consultants for the PCWRA Reuse Reservoir.

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