



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 Second Contract Price Amendment to the Progressive Design-Build Agreement with S. J. Louis Construction, Inc. for the Phase 2 Construction 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 Second 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 a second amendment in the amount of \$16,766,642.73 which reflects a total GMP agreement with S.J. Louis Construction, Inc. of \$18,397,025.20 less the previously authorized preconstruction and final design services of \$1,630,382.47. The total estimated project budget including easement acquisition and other costs is now \$19,784,296.46. CRW is requesting Council increase CRW's contribution to the project from \$4,800,000 to \$5,784,296, an increase of \$984,296.46. This additional cost will be recovered under the same terms as the \$4,800,000 under an amendment to the agreement with Douglas County.

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 2 design services of the project are underway and will be completed to 100% design. As prescribed by the PDB method, the project has completed 60% design and a Guaranteed Maximum Price (GMP) or a lump sum price has been negotiated with the Design-Builder, S.J. Louis Construction, Inc. CRW has the option to accept this price for the completion of the project or terminate the contract. Staff recommends to Town Council to accept the GMP and

enter into a Phase 2 construction services agreement. If approved by Town Council, the project will proceed to completion by first quarter 2027.

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.

On September 16, 2025 Town Council approved the First Amendment to the agreement with S.J. Louis for Phase 2 Design services to complete design to 100%.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on December 10, 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, in part, 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 2 and has completed 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 near 90%.

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, the project completed 60% design and a Guaranteed Maximum Price (GMP) or a lump sum price has been negotiated with the Design-Builder, S.J. Louis Construction, Inc. CRW has the option to accept this price for the completion of the project or terminate the contract. Staff recommends to Town Council to accept the GMP and enter into a Phase 2 construction services agreement. If approved by Town Council, the project will proceed to completion by first quarter 2027.

The Design-Builder initially presented a total GMP agreement cost at \$18.78 M that would have resulted in total project cost of over \$21M after accounting for necessary additional costs including land purchases, easements, CRW management fee, and addition of an owner's contingency that are outside the scope of the design-builder contract. CRW and the PDB team completed a GMP review workshop and follow-up discussions on options for value engineering to reduce project costs. Alternatives that were evaluated and incorporated into the final GMP to reduce costs included alternate building materials for the lift station, utilizing concrete manholes with an epoxy liner instead of concrete polymer manholes, reducing width of easements, downsizing bored casings for only one force main during initial installation and not adding an owner's contingency. Also CRW determined other funding sources that would account for the costs associated with the Douglas County trail easement, Sedalia Wastewater Strategic Plan, and shifting the CRW project management fees into system development fees collected on the project. As a result, the total project cost has been reduced to \$19,784,296.46 which is \$984,296.46 above the previously approved project total of \$18,800,000.

CRW staff are seeking Town Council approval of these Amendment 2 services. Upon acceptance, S.J. Louis will proceed with the work with an estimated construction start date in April 2026.

Budget Impact

The current project budget estimate is \$19,784,296.46 million. A total of \$14,000,000 of funding for this project is being paid for by Federal American Rescue Plan Act funds granted to Douglas County. CRW plans to collect the additional \$984,296.46 needed for the project through system development fees along with the \$4.8M that was previously approved. The project is being administered by CRW and a 1% Project Management fee of up to \$140,000 is being included for the management of the project.

The current estimated projected costs are:

Description	GMP	Previously Authorized Contingency	Cost
SJ Louis PDB Phase 1 - 0-60%	\$ 633,203.00		\$ 633,203.00
SJ Louis PDB Phase 2 - 60% - 100%	\$ 964,300.00		\$ 964,300.00
General Conditions	\$ 826,950.00		\$ 826,950.00
Single FM & LS Construction Cost of Work	\$ 13,775,379.90		\$ 13,775,379.90
Allowances	\$ 268,265.00		\$ 268,265.00
Fiber Optic Conduit - Garver Design	\$ 40,082.00		\$ 40,082.00
PDB Contingency (2.1%)	\$ 385,711.33		\$ 385,711.33
Bonds & Insurance (1.3%)	\$ 219,620.59		\$ 219,620.59
D-B Fee (7.5%)	\$ 1,283,513.39		\$ 1,283,513.39
Permanent Easements (458,600 SF, \$2/sf @ 50% - no trail)	\$ 458,600.00		\$ 458,600.00
Temporary Easements (856,600 SF @ \$0.40/sf, 2yr)	\$ 342,640.00		\$ 342,640.00
LS Land Purchase at (109,561 SF @ \$3/SF)	\$ 328,683.00		\$ 328,683.00
CRW PM Fee invoiced to date of \$140,000	\$ 11,123.26		\$ 11,123.26
Western States/Kilty	\$ 234,500.00	\$ 11,725.00	\$ 246,225.00
Totals	\$ 19,772,571.46	\$ 11,725.00	\$ 19,784,296.46

As mentioned in the discussion above CRW determined other funding sources that would account for the costs associated with the Douglas County trail easement, Sedalia Wastewater Strategic Plan, and will pay for the CRW project management fee through system development fees collected on the project. A summary of those costs and their funding source are below:

Description	Cost	Funding Source
Trail adder to Permanent Easements (458,600 SF, \$2/SF @ 25%)	\$ 229,300.00	Douglas County - Parks and Open Space
CRW PM Fee remaining to be invoiced of \$140,000	\$ 128,876.74	CRW - System Development Fees
Garver Sedalia Strategic Plan	\$ 24,957.00	Douglas County - Public Works
Total	\$ 383,133.74	

This second amendment with SJ Louis will be for the Phase 2 construction services at a cost of \$16,766,642.73 as outlined in the project summary below. Please note that the design-builder also includes a contingency of \$385,711.33 which is in addition to any Town managed contingencies.

Summary Pricing	
Sedalia Lift Station and Forcemain	12/8/2025
Preconstruction Services (Design to 60% & Final GMP)	\$ 633,203.00
Design & Preconstruction Services (60% to Final Design)	\$ 964,300.00
Construction General Conditions	\$ 826,950.00
General Requirements	\$ 803,431.06
Stormwater / Sediment & Erosion Control	\$ 264,334.43
Lift Station	\$ 7,472,440.00
Single Force Main	\$ 4,629,721.27
Fiber Optic Conduit	\$ 40,082.00
Restoration	\$ 605,453.14
Allowances	\$ 268,265.00
PDB Contingency	\$ 385,711.33
Bonds & Insurance	\$ 219,620.59
Design-Builder's Fee (7.5% By Contract)	\$ 1,283,513.39
<i>Subtotal</i>	<i>\$ 18,397,025.20</i>
Less Original Contract (Precon Services)	\$ 633,203.00
Less EWP Amendment 1 (Final Design)	\$ 997,179.47
Total Work Package 2 (Construction)	\$ 16,766,642.73

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, project number 250024.

Staff Recommendation

Staff and Castle Rock Water Commission recommend that Town Council approve the Second 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