



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
Matt Benak, P.E., Water Resources Manager
Heather Justus, P.G., Water Resources Project Manager

Title: **A Resolution Waiving Formal Written Bidding Requirement on the Basis of a Sole Source and Approving an Agreement between the Town of Castle Rock and Hydro Resources - Rocky Mountain Region, Inc. for the Bell Mountain Ranch Well A-3 Re-drill** *[Located in Bell Mountain Ranch]*

Executive Summary

The purpose of this memorandum is to request Town Council's approval of a Resolution (**Attachment A**) approving a sole source (**Exhibit 1**) and construction contract agreement with Hydro Resources – Rocky Mountain Region, Inc. (Hydro) (**Exhibit 2**) for the construction, including drilling, completion, and testing for the re-drill of the Bell Mountain Ranch (BMR) Well A-3 located east of the Bell Mountain Ranch treatment plant. The location of the well site is shown in **Attachment B**. A separate contract will include the yard piping and other facility modifications as needed. BMR Well A-3 was constructed in the Arapahoe Aquifer and was originally completed in 2003. Due to extensive corrosion, the carbon steel casing is failing and the existing well infrastructure is no longer viable. The re-drill of Well A-3 will replace the lost capacity to BMR and expand future capacity for the Town upon completion of the future water system tie-in.

Since there are limited well drilling service contractors available in the area and a large amount of demand for their services, Castle Rock Water (CRW) staff met with Hydro, who is currently under contract for the East Plum Creek Open Space (EPCOS) Well drilling project, to determine if their schedule could accommodate the drilling of the BMR Well A-3R. The drilling project will commence upon Town Council approval. The construction of the drilling pad and mobilization to the site is planned directly after the completion of the EPCOS Wells. Through the bidding of previous drilling and rehabilitation projects, staff has determined that Hydro's prices are competitive. Hydro has completed recent projects on budget and schedule. Staff recommends approving a construction contract agreement based on a qualified proposal from Hydro Resources – Rocky Mountain Region, Inc. in the amount of \$2,687,445.00. In addition, CRW staff requests 10% Town managed contingency in the amount of \$268,745.00 for a total

authorization of \$2,956,190. The Construction Agreement is included as **Exhibit 2** to the Resolution. This re-drill of the BMR well was included in the 2023 budget as a line item of approximately \$4M.

Notification and Outreach Efforts

Notification letters will be sent to the residents and businesses near the well facility site prior to commencing drilling activities. In addition, the project information will be posted on the Town's Development Activity map as one of the Water Projects.

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

This item was presented to Castle Rock Water Commission (CRWC) on February 28, 2023, for informational purposes. The CRWC gave general consensus to move forward with seeking approval from Town Council for a sole source construction contract with Hydro for the re-drilling of the BMR Well A-3.

Discussion

In 2020, Bell Mountain Ranch requested CRW's help with identifying short and long-term solutions for the failing BMR Well A-3. At that time, CRW staff reviewed the well video and suggested that the contractor perform an eight-hour pumping step test. From the well video, staff identified thirteen feet of continuous deterioration in the blank carbon steel starting at 1,584 feet below ground level. At that time, staff recommended installing pumping equipment at a reduced rate and above the fill material and deterioration. Since Castle Rock's acquisition of the Bell Mountain facilities, staff has completed additional evaluations and has determined that the existing well infrastructure needs to be abandoned and re-drilled.

At this time, the only well that is able to serve BMR is the D-1 well. CRW staff is concurrently working on solutions to increase capacity to serve BMR and provide additional resources to the broader Town in the short and long term. The re-drill of BMR A-3 will replace the lost capacity for BMR and increase CRW's capacity in the future once the connection between BMR and CRW is completed. The groundwater will be able to be used at the BMR Treatment plant and a future treatment plant to be located in the Town's southern service area. Staff anticipates that the Arapahoe Aquifer well will produce 500 to 600 gallons per minute (gpm) or approximately 0.7 to 0.8 million gallons per day (mgd), more than double the capacity needed for the BMR customers.

Upon direction from CRW leadership that we need to continue to move forward on this project, staff met with Hydro to determine schedule availability and timing. Based upon this meeting, previous bidding information and the ability to mobilize directly to BMR A-3R from the EPCOS drilling project, staff determined that sole sourcing the re-drill contract would be in the Town's best interest. Staff also requested to move forward with preordering of materials worth \$810,000 to expedite the project. The well design and specifications reflect changes in designs and lessons learned from previous projects. Installation of temporary sound walls is included in this project since it is located in a residential neighborhood.

Hydro’s proposal addressed the full scope of work and alternative scope items, and staff believes the proposal amount to be of good value to the Town based on previous similar scopes of work and the line items are similar to the costs for the EPCOS drilling project with one exception. The mobilization costs are less due to moving directly to the BMR Well A-3R project site. The mobilization costs for EPCOS project are \$619,000 compared to \$215,000 for the BMR Well A-3R mobilization costs.

The well construction, which includes the drilling, completion, testing, equipping and abandoning is planned to start directly after the completion of the EPCOS drilling project and is expected to continue through mid-August 2023. Once drilling and construction of the well is complete, the drilling rig will mobilize off-site and the pump rig will mobilize on-site to complete the pumping tests of the new well. Pump testing for the well will start in late August with the installation of the new pumping equipment that is anticipated for Fall/Winter 2023 depending on supply availability. CRW staff does not anticipate significant changes to the facility. We anticipate awarding the construction contract in July 2023. Staff anticipates overall completion of the project in November 2023.

Additional background on the total estimated cost of the project is provided in the table below.

Consultant/ Contractor	Duties	Proposed Budget [^] or Staff Estimated Budget [*]
Hydro Resources, Rocky Mountain Inc.	drilling, completion, testing and installation of pumping equipment	\$2,687,445.00 [^]
Hydrogeological Professional Services	design of wells and oversight of drilling	\$79,500 [^]
Facility Design Consultant	Design well facility	\$30,000 [*]
Facility Contractor	Construction of the facility and yard piping	\$200,000 [*]
Estimated Total Cost		\$2,996,945.00 [*]

[^] = Proposed Budget

^{*} = Staff Estimated Budget

Budget Impact

The funding for the construction contract will come from CIP Account 210-4275-442.76-53 (Well Redrills), which has a balance of \$4,000,000 and was included in the 2023 budget for the re-drill of the BMR well. The Town will use these funds for the construction, which includes drilling, completion, testing and equipping the Well A-3R. The Hydro proposal fee is \$2,687,445.00. Staff requests a Town-managed contingency in the amount of \$268,745.00 for a total authorization of \$2,965,190.00.

<u>Project</u>	<u>Amount</u>	<u>Contingency</u>	<u>Total Amount</u>
210-4275-442.76-53 Well Redrills	\$2,687,445.00	\$268,745.00	\$2,965,190.00

Staff Recommendation

Staff recommends Town Council’s approval of the construction agreement between the Town of Castle Rock and Hydro Resources – Rocky Mountain, Inc. for the drilling, completion, testing and equipping for the construction of BMR Well A-3R.

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: Sole Source
- Exhibit 2: Contract
- Attachment B: Map