



STAFF REPORT

To: Honorable Mayor and Members of Town Council

Thru: David Corliss, Town Manager

From: Mark Marlowe, P.E., Director of Castle Rock Water
Roy Gallea, P.E., Engineering Manager
Emily Huth, P.E., Project Manager

Title: **Resolution Approving the First Amendment to the Construction Contract between the Town of Castle Rock and Garney Companies Inc. for the RWRWTC LAS Conversion Project – Work Package 2** [*Ray Waterman Regional Water Treatment Center*]

Executive Summary

Castle Rock Water (CRW) staff requests approval of Amendment 1 to a Construction Contract (***Exhibit 1***) with Garney Companies (Garney) to complete construction of liquid ammonium sulfate (LAS) chemical conversion projects at the Ray Waterman Regional Water Treatment Center (RWRWTC). This project is being completed in two work packages. Work Package 1 was previously approved for \$1,199,662 and is for procurement of long lead equipment. The First Amendment to the Contract includes Work Package 2 in the amount of amount of \$2,734,805 to complete the balance of work at RWRWTC and a credit of \$258,540 from Work Package 1 to remove the early procurement scope related to the Bell Mountain Ranch Water Treatment Plant (BMR) LAS Conversion project.

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

On July 23, 2025 Castle Rock Water Commission voted unanimously 6 to 0 to recommend award of the First Amendment to the construction contract in the amount of \$2,734,805 with Garney along with authorization of \$273,480 in staff-managed contingency for Work Package 2 of the RWRWTC LAS Conversion Project.

CRW Staff presented Work Package 1 to the CRW Water Commission on June 25, 2025, The Commission voted unanimously 7 to 0 to recommend Council approval of the resolution as presented. Work Package 1 was approved by Town Council on July 1, 2025.

Discussion

This project takes place at the Ray Waterman Regional Water Treatment Center (RWRWTC). The work will include conversion of the existing anhydrous ammonia chemical system to a liquid ammonium sulfate (LAS) chemical system to improve safety and align with chemicals being used at other facilities in the system. The location of the conversion from free chlorine to chloramines will be modified in the facility to improve operational flexibility and allow the Town to receive WISE flows even when RWRWTC is taken offline.

The flowrates CRW receives from WISE are determined by Aurora Water and CRW must take the water, or pay a fee for not receiving it (known as WISE take-or-pay). CRW is slated to receive higher WISE flows during the 2025/2026 lower demand season (i.e. winter months), which is a trend that is expected to continue in future years. Additionally, CRW is now receiving and transmitting all of Dominion's WISE and Aurora water supplies through this connection. In the future, CRW will also have additional imported supplies coming into our system at RWRWTC. CRW staff have determined the RWRWTC LAS Conversion project is an emergency project to complete as efficiently as possible during the 2025/2026 low demand season to minimize the take-or-pay fees associated with not being able to receive WISE water when RWRWTC must be taken offline – whether for expected routine maintenance, planned construction projects, or unexpected/emergency repairs.

It is preferred that as much of the construction work be completed in the month of November 2025 as possible because that is when WISE flows are not going to be provided to CRW. This project will also include some Supervisory Control and Data Acquisition (SCADA) improvements that were originally going to be completed as part of the SCADA Phase V project at RWRWTC. The LAS Conversion cannot be completed without completing some upgrades to the SCADA system, instrumentation, and programming that was originally going to be completed in the SCADA Phase V project. Including a portion of the SCADA work within the LAS Conversion project will help to prevent rework and additional costs.

Given the emergency status of this project, and complexity of coordinating this project with other concurrent projects occurring at RWRWTC, Garney was recommended and selected via sole-source for Work Package 1. Contracting with Garney for procurement of the long lead equipment before receiving pricing for the balance of work was necessary to keep the project moving as closely to the desired schedule as possible. Garney submitted a price for Work Package 2 of \$2,734,805 that will be for the balance of the work at both facilities and be added to the contract with this First Amendment. The project originally included scope to install a new LAS chemical feed system at the Bell Mountain Ranch Water Treatment Plant (BMR) as well. The original Work Package 1 Contract with Garney included procurement of equipment for both facilities. The BMR scope was removed from the project in July 2025. Work Package 2 has been modified to only include scope at the RWRWTC. Garney's Contract for Work Package 1 will be modified by change order to remove the BMR scope from that package.

Budget Impact

Funding to complete construction of the entire RWRWTC LAS Conversion project, including construction engineering services, will be provided from the accounts listed below. A budget transfer will be completed to move \$1,500,000 from the Plum Creek Diversion Structure project fund, Account Number 211-4375-443.77-54 to the Chloramine & WISE Modifications at RWRWTC project fund, Account Number 211-4375-443.77-72.

Project	Account Number	Budget
Chloramine & WISE Modifications at RWWTC	211-4375-443.77-72	\$3,100,000
SCADA System Improvements	210-4275-442.75-41	\$1,300,000
Total		\$4,400,000

Garney's proposed cost to complete Work Package 2 is \$2,734,805. Staff recommends including a 10% Town managed Contingency resulting in a total authorization amount of \$273,480. The First Amendment also includes a credit of \$258,540 to remove the early procurement work related to BMR from the Contract. A summary of Garney's Contract Amount is shown below.

Contract	Contract Amount	Town Managed Contingency (10%)	Authorization Amount
Previously Approved			
Work Package 1 – Construction Contract	\$1,199,662	\$119,041	\$1,319,628
Under Consideration			
First Amendment – Work Package 2	\$2,734,805	\$273,480	\$3,008,645
First Amendment – BMR Work Package 1 Credit	(\$258,540)		(\$258,540)
Total Construction Contract Value	\$3,675,927		\$4,069,373

The total Authorization amount for Construction and Engineering scope for the RWRWTC LAS Conversion project is shown below.

Contract	Status	Authorization Amount
Construction Contract Total (Garney)	Under Consideration	\$4,069,373
Construction Engineering Services (BMcD)	Under Consideration	\$298,096
Total		\$4,370,383

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:	Contract
Attachment B:	Location Map