



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
David Van Dellen, P.E., Assistant Director of Castle Rock Water
Roy Gallea, P.E., Engineering Manager
Scott Tait, E.I., Project Manager

Title: **Resolution Approving the Tri-Party Agreement for Design Services for the Highway 85 Wastewater Collection and Treatment System Project** *[Located in Northwestern Douglas County with Castle Rock Water managing the use of Douglas County's American Rescue Plan Act Funding for this project]*

Executive Summary

Castle Rock Water (CRW) is requesting Town Council approval of a Resolution (**Attachment A**) approving a Tri-Party Agreement for the Design Services for the Highway 85 Wastewater Collection and Treatment System Project (**Exhibit 1**) between CRW, Carollo Engineers, Inc. (Carollo) and Dominion Water & Sanitation District (Dominion). The purpose of this agreement is for Carollo to provide CRW and Dominion with preliminary engineering design for the Highway 85 Wastewater Collection and Treatment System Project (Project). This agreement is being funded solely from Douglas County's American Rescue Plan Act (ARPA) funds. CRW is not putting any funding into this agreement. CRW will receive a 1% project management fee for the ARPA portion of the funding for managing this agreement in an amount of \$10,952.00.

This agreement is a sole source agreement with Carollo (see **Attachment B**). Carollo has been working for Dominion on the design of key portions of the Project for several years, and for this reason, CRW staff is recommending sole sourcing to Carollo. CRW staff believe it would take significant additional cost to bring a new consulting engineer into the design at this point. Further, a separate intergovernmental agreement between CRW and Dominion approved by Town Council on July 18, 2023, requires the use of Carollo for this work. Douglas County has confirmed that this work can be sole sourced using Revenue Loss portions of the ARPA funding. A letter recommending that Douglas County confirm approval of this agreement has been sent to Douglas County, and Castle Rock will only sign this agreement once we receive Douglas County's concurrence in accordance with the intergovernmental agreement (IGA) between Douglas County and Castle Rock.

The Project will be broken into two phases with Phase 1, Task Order #1, the extent of this request, entailing the preliminary design of the Chatfield Basin Water Reclamation Facility (CBWRF) which will be designed to a capacity of 0.9 million gallons per day (MGD) for the site work and 0.4 MGD from a process and treatment standpoint under this agreement. The CBWRF will be able to discharge treated wastewater effluent to the South Platte River near Waterton Road, along Caretaker Road, South Platte River corridor.

Phase 1 will be funded by Douglas County through ARPA funding in accordance with the IGA between Castle Rock and Douglas County. Future additional capacity at the CBWRF needed by Dominion or future customers in the corridor will be funded by Dominion as part of this agreement or through system development fees collected in the Highway 85 corridor for future development.

The cost of this agreement is \$1,095,200.00 for the preliminary engineering design services for Phase 1 (Task Order #1) of the Project. If Dominion chooses to seek additional design of facilities beyond those covered in this agreement, those costs will be covered by Dominion in accordance with the IGA between Dominion and Castle Rock (see **Attachment C**).

A summary of known project costs and future estimated costs are shown below:

Tasks	ARPA Fund Estimates
CBWRF Preliminary Design Fee (Task Order # 1)	\$ 1,095,200
Louviers Preliminary and Final Design Fee (Task Order # 2 Estimate)	\$250,000
Louviers CMAR Construction (Task Order # 3 Estimate)	\$2,500,000
CBWRF Final Design Fee (Task Order # 4 Estimate)	\$ 2,555,000
CBWRF CMAR Construction (Task Order # 5 Estimate)	\$17,600,000
Construction Services (Estimate)	\$ 500,000
Easements (Estimate)	\$ 410,000
Peer Review/Audit Services (Estimate)	\$ 0
CRW Project Management Fee (1%)	\$ 268,000
Contingency	\$ 1,621,800
Total Cost	\$26,800,000

Notification and Outreach Efforts

Douglas County has produced a video and provided an email outreach of the video to their subscriber list for this project. Douglas County will continue to promote the project. CRW plans, in coordination with the Collaborative Project Delivery Team and Stakeholders to host an open house for the project. CRW will post project information on CRW's Projects web page along with updates for the project. CRW will work with the County to have them provide an informational mailing to potential customers and residents in Louviers, Sedalia, and the rest of the proposed Service Area.

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

On April 26, 2023, Castle Rock Water Commission recommended Town Council approval of an IGA with Douglas County for the Highway 85 Wastewater Treatment and Collection Project.

On May 2, 2023 Town Council approved an IGA with Douglas County for the Highway 85 Wastewater Treatment and Collection Project.

Castle Rock Water staff presented an IGA with Dominion for this Project for collaborative engagement in the corridor to the Castle Rock Water Commission at their meeting held on June 28, 2023, and the Castle Rock Water Commission voted unanimously 6 to 0 to recommend Town Council approval of the Resolution as presented.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on June 28, 2023, and the Castle Rock Water Commission voted unanimously 6 to 0 to table the item pending more information on the cost from Carollo.

On July 18, 2023 Town Council approved an IGA with Dominion for this Project for collaborative engagement within the corridor.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on July 26, 2023, and the Castle Rock Water Commission voted unanimously 7 to 0 to table the item pending more information on the cost from Carollo.

Discussion

Phase 1

The Project and Phase 1 will be completed in many Task Orders. To achieve the two phases, the intent will be to construct infrastructure to provide roughly 200,000 gallons per day of average daily collection and 200,000 gallons per day treatment capacity in the Highway 85 corridor and another 200,000 gallons per day of treatment capacity for Dominion. The project will be broken down into three major assets as identified below:

- Louviers Lift Station
- Louviers Force Main
- Chatfield Basin Water Reclamation Facility

Approval of Phase 1, Task Order #'s 2, 3, 4 and 5 of the Project, not requested at this time, will be presented to Town Council over the coming year. Task Order # 2 will be for the preliminary and final design of the Louviers lift station and Louviers force main that will connect to the Sterling Ranch sewer system that will flow to the CBWRF. Task Order # 3 will be for the CMAR (Construction Manager at Risk) construction of the Louviers lift station and Louviers force main. Task Order # 4 will be for the final design of the CBWRF. And Task Order # 5 will be for the CMAR construction of the CBWRF.

Approval of Task Order # 6 of the Project in Phase 2 (initially planned in Phase 1), is not requested at this time either, will be presented to Town Council most likely in 2027 or 2028 for a pumping station to reclaim the reusable wastewater from the CBWRF by returning the wastewater to CRR#1 and future CRR#2 through the existing CRW Ravenna pipeline or the future Chatfield Pump Back pipeline. Costs for the pumping station, Return Pumping Facility (RPF), will be funded through new system development fees obtained from the Highway 85 corridor hook-ups. The reuse pumping facility was originally considered part of the scope for Phase 1, however, due to the higher estimated costs for each major asset, the reuse pumping facility has been moved to Phase 2.

A Collaborative Project Delivery Team (CPDT) consisting of CRW, Dominion, Carollo and potentially another engineering firm will manage all aspects of the professional engineering and construction services for the permitting, design and construction of the infrastructure of the Project. A work breakdown structure and Gantt style schedule will be developed with the various project components identified.

The CPDT will evaluate the most appropriate project delivery methods for the various project components based on the rules of the ARPA funding, permitting, the schedule, technical aspects of the work, availability of qualified consultants and contractors, and availability of critical equipment (pumps, treatment process equipment, etc.). Presently, the CMAR delivery system ranks as the highest preferred method which is described below.

CRW will work with Douglas County and Dominion to set up the appropriate escrow accounts for each contract awarded as part of the project. As design progresses, the CPDT will begin easement and property identification and acquisition. Temporary easements will be obtained that are needed for the construction of the infrastructure. Easements will also be obtained for a multipurpose trail proposed by Douglas County to go through some of the areas if any of the proposed locations match the wastewater collection piping routes. Also, as part of the design, permitting will be completed for each work phase. As designs for each phase are complete as appropriate depending on the delivery method used, construction bidding will be completed. Work will be awarded with Douglas County concurrence. The CPDT will oversee construction for each phase as appropriate to ensure we receive a quality project.

CRW is planning on constructing the infrastructure using alternative delivery methods as allowed based on the ARPA funding rules. For example, Castle Rock will consider the Construction Manager at Risk (CMAR) delivery method for some components of the project. The CMAR delivery method is designed for speed of construction implementation and transparency of costs in addition to communitive and excellent collaboration between internal and external stakeholders of the project. If CMAR is used, at the 30% engineering design level, construction contractors will be solicited to submit labor, materials, overhead and profit

proposals for the project which Castle Rock will oversee and evaluate with input from the professional engineering services team. The CMAR contractor will provide a Guaranteed Maximum Price Construction Management (GMPCM) contract at that time and work towards developing a Final Guaranteed Maximum Price (FGMP) contract.

Provision of Wastewater Service

Once the project infrastructure is complete, Castle Rock Water will own, operate, maintain, repair and replace the Louviers lift station infrastructure in the Highway 85 corridor. The wastewater treatment plant (CBWRF) will be assigned to Dominion to own, operate, maintain, repair and replace once construction is complete.

Castle Rock Water will provide retail and/or wholesale wastewater service in the Service Area. In addition to operating and maintaining the system, this service will include an annual cost of service evaluation and setting of rates and fees, billing and customer service. Castle Rock will also consider providing retail water service where water supply is available **from other entities** (i.e., not Castle Rock) and the customer would like to have that service as well as part of a more holistic retail service.

As the wastewater provider, CRW will also annually evaluate and set system development fees (SDFs) to be paid by customers connecting to the system, which fees will be different for existing development in the service area as of January 1, 2023, verses new development and redevelopment. For all potential customers, CRW will determine necessary improvements, available capacity and SDFs and then provide a will serve letter if service can be provided.

Phase 2

Phase 2 will entail the design of a reuse pumping facility to bring reuse water from the CBWRF to Castle Rock's reservoirs in Sedalia and a gravity sewer line towards Sedalia that will be funded by SDFs collected from new development in the service area (see **Attachment D**). The RPF has been moved to Phase 2 of the Project from the initial conception of the project where it was going to be constructed in Phase 1. Carollo has provided for the Phase 2 gravity sewer design in the amount of \$1,184,100 for informational purposes only.

CRW will utilize SDFs to build Phase 2 of the project in the future to allow service to be provided beyond the capacities created in Phase 1. SDF revenue will be put into a project fund. As funds accrue, Castle Rock will design, permit and construct additional infrastructure in the corridor. Ultimately, the concept will be to construct a full collection system from the Titan Road Lift Station to just North of Plum Creek Water Reclamation Authority and approximately 1 million gallons per day of average daily flow treatment capacity. Beyond Phase 1 capacities, CRW will evaluate availability of renewable water supplies for new development and redevelopment. Confirmation of renewable water supplies will be an additional requirement in order to gain wastewater services.

Budget Impact

The monies for this Agreement will be funded by Douglas County ARPA funds and Dominion funds. CRW will receive a 1% fee (\$268,000) for the project management of the design and construction services for the overall project. CRW will also receive a 10% extraterritorial

surcharge on all service provided in the corridor as well as on all SDFs collected for new development in the corridor.

Staff Recommendation

Staff recommends approval of the Tri-Party Agreement for Design Services for the Highway 85 Wastewater Collection and Treatment System Project for \$1,095,200.00.

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:	Sole Source Form
Attachment C:	Project Map
Attachment D:	Dominion-Castle Rock Wastewater IGA