



## **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 P.E., Assistant Director  
Roy Gallea, P.E., Engineering Manager  
Josh Hansen, P.E., Project Manager Supervisor  
Erin Evans, P.E., Project Manager

**Title:** **Ordinance Authorizing the Exercise of the Town's Powers of Eminent Domain to Acquire Certain Real Property Interests Necessary for the Highway 85 Wastewater Collection and Treatment System Project** [*Located in Sedalia, CO*] CRW Project Number 250024)

---

### **Executive Summary**

Castle Rock Water (CRW) is seeking Town Council adoption of an Ordinance (*Attachment A*) authorizing the exercise of the Town's power of eminent domain, if necessary, for the Sedalia Lift Station and Force Main to Plum Creek Water Reclamation Authority (PCWRA) Project.

The Sedalia Lift Station and Force Main project is to design and build the main wastewater conveyance line to PCWRA for the town of Sedalia and the surrounding area as shown in **Attachment B**. Sewer trunk lines and connections to residents and businesses will need to be constructed through system development fees to take full advantage of this project. However, the first phase of providing these services includes a lift station and force main pipeline.

The proposed pipeline is approximately 4 miles in length and crosses 9 properties, including Town Right-of-Way. The majority of the force main alignment overlaps the Town's Raw Water Return Pipeline and Dominion's Eastern Regional Pipeline easement boundaries to minimize impacting additional usable space on each property. During design, the team also worked to keep the new pipeline alignment in proximity to existing utility crossing locations and corridors that cannot be developed and along existing property boundaries. A land acquisition consultant, Western States Land Services (Western States), was retained to assist with property owner coordination and conduct good-faith negotiations to acquire the necessary easements. Staff and Western States have completed numerous onsite meetings and phone conversations with property owners to discuss potential project impacts and gather feedback regarding specific property owner concerns. Notice of Intent letters have been sent to all

property owners, one acquisition is completed, and several others are in the final negotiation stages.

The project construction is starting in April 2026 with a deadline of December 31, 2026 to spend down American Rescue Plan Act funds that comprise the majority of project funding. Additionally, CRW has invested in this project to provide up to \$5.8 million to close the funding gap for the total project cost of \$19.8 million. Therefore, time is of the essence to complete the acquisition process. Given project schedule and experience on other projects, Staff requests approval for the use of eminent domain, if necessary, to facilitate easement acquisition on the remainder of the properties to avoid unnecessary project delays.

### **Notification and Outreach Efforts**

In order to obtain right of entry agreements to complete survey and geotechnical investigations in the pipeline corridor, staff have conducted numerous meetings and discussions with individual property owners.

Notice of Intent to Acquire letters were sent to all affected property owners in October 2025.

The Town has completed the Location and Extent permitting process with Douglas County which also notified and solicited additional information from surrounding property owners.

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 also posted information on its web page, mailed notification post cards in January and April 2026 to surrounding residents and project stakeholders, and hosted an open house for all surrounding residents and stakeholders in February 2026.

### **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%.

A second amendment to the IGA with Douglas County and the Town was approved on January 20, 2026 adjusting the project funding amount to \$19.8 million, with CRW funding the projected shortfall of up to a maximum of \$5.8 million.

On December 16, 2025 Town Council approved the Second Amendment to the agreement with S.J. Louis to finalize the Guaranteed Maximum Price for the construction phase of the project.

## **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 (ARPA) 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. ARPA funding is required to be expended by December 31, 2026. The current 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.

The project is to design and build the main wastewater conveyance line for the Town of Sedalia, Colorado and the surrounding area. Design is complete, final permits are being obtained and construction is planned to start in April 2026 in order to maintain the ARPA funding deadlines. The 12-inch diameter high density polyethylene (HDPE) force main alignment and lift station location has been determined. The force main runs from Sedalia to PCRWA paralleling Highway 85 and Burlington Northern Santa Fe (BNSF) and Union Pacific Railroad (UPRR) railroads.

In December 2024, the Town retained a consultant, Western States Land Services (Western States), to assist with obtaining right of entry agreements needed to complete the corridor survey and to assist with acquiring temporary and permanent pipeline easements needed from property owners.

The project has identified 11 permanent easements, 15 temporary construction easements, and one parcel purchase from 8 property owners required for construction of the project. Other portions of the pipeline are in properties owned by the Colorado Department of Transportation and BNSF Railroad and will require different types of agreements and permits. In general, the Town is seeking 20-foot-wide permanent pipeline easements and up to 50-foot-wide additional temporary construction easements from property owners. The 2.5-acre lift station parcel will be purchased. Legal descriptions, exhibits, draft easement and purchase documents, and valuations or appraisals have been prepared for each parcel as needed. The Town has made initial offers to all property owners based on these values.

The Town has been making every effort to negotiate with the property owners on a voluntary basis by means of communicating the need and benefit of the project and offering fair and equitable compensation. With the assistance of its acquisition agent, Western States, the Town has executed easements with PCWRA and is currently in negotiations with the rest of the property owners. A temporary license has been executed with Ice Tong Land & Cattle Company to allow construction to begin on the property, and negotiation efforts to finalize all easements and purchase documents are almost complete. Agreements are near final with CORE electric as well. The remaining properties are in progress.

The negotiation process can be concluded relatively quickly for some parcels, but in other cases the process can be drawn out, and in rare situations a compromise cannot be reached and the property must be acquired through condemnation. If the parties are unable to negotiate a solution regarding the easements, the project schedule could be impacted. Therefore, an ordinance authorizing condemnation is recommended for approval at this time. In either case, the property owner will be compensated with a fair and equitable payment based on current market value.

### **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 request for this ordinance does not have a direct budget impact, but project delays that could result from the inability to acquire needed easements in a timely manner could result in an increasing project cost.

The current estimated projected costs are:

Description	GMP	Previoulsy 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	\$ 458,600.00		\$ 458,600.00
Temporary Easements	\$ 342,640.00		\$ 342,640.00
Lift Station Land Purchase	\$ 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 per the IGA with Douglas County, expenses to be reimbursed to CRW from the escrow account will be processed through GL Account # 213-4575-445.79-33 – 85 Regional Wastewater, project number 250024.

**Staff Recommendation**

Staff recommends Town Council approval of the ordinance authorizing the use of eminent domain to acquire the required easements, if necessary.

**Proposed Motion**

*“I move to approve the Ordinance as introduced by title.”*

**Alternative Motions**

*“I move to approve the ordinance 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: Ordinance
- Attachment B: Alignment Corridor Map