



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
Frank N. Main, Project Manager

Title: **Resolution Approving a Settlement Agreement Between the Town of Castle Rock and The Ohio Casualty Insurance Company, for the Craig and Gould North Infrastructure Improvements Project [Located in Historic Downtown Castle Rock]**

Executive Summary

Castle Rock Water is seeking Town Council approval of a Resolution accepting a Settlement Agreement for the Craig and Gould North Infrastructure Improvements Project (Project) in the amount of \$380,000 (see **Attachment A**). Project Improvements included upgrading the streets, alleys, storm drainage, water and sanitary sewer infrastructure to meet current design criteria standards and replace aging infrastructure located in the residential neighborhood identified as Craig and Gould North, bounded by Rock Park to the north, Sunset Drive to the east, Fifth Street to the south and Front Street to the west (see **Attachment B**).

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

The Craig and Gould North project was originally presented to Council in 2007 following the completion of the Craig and Gould South project to establish the scope and budget of this work.

- January 8, 2019 - Council awarded a design contract for The Craig and Gould North project to AECOM.
- August 25, 2021 - Castle Rock Water staff presented the construction contract to the Castle Rock Water Commission.
- September 13, 2021 - Public Works staff presented the construction contract to the Public Works Commission.
- September 21, 2021 - Town Council approved a Construction Contract with JBS Pipeline LLC ("JBS") in the amount of \$6,941,599 and a completion date of November 22, 2022.
- Change Orders 1 through 7 added \$693,966.20 to original Construction Contract giving a final Contract amount of \$7,635,565.20 and a Substantial Completion date of

July 31, 2023 (Substantial Completion was never issued under this Construction Contract).

- April 23, 2023 – Town received Bankruptcy Notice for JBS. At that time, there were items remaining uncompleted under the Construction Contract (Pavement Striping and Thermoplastic Pavement Markings), as well as Punch List Items needing to be reconstructed.
- June 18, 2024 – an Order from the Bankruptcy Court was issued granting the Town's motion for relief from the stay to pursue remedies with respect to the Bonds.

Discussion

On approximately August 6, 2024, the Town declared JBS in default under the Construction Contract and made a claim on the Bonds requesting that the Ohio Casualty Insurance Company, the surety for JBS (the "Surety"), complete the Project. The Surety investigated the claim during August and September 2024, which investigation included reviewing project records and attending meetings with the Town.

On approximately September 22, 2024, the Surety sent correspondence to the Town advising that the Surety intended to hire a construction contractor to complete JBS's unfinished scope of work and remaining punch-list items under the Construction Contract. The Surety and the Town performed site visits on August 20, 2024, March 27, 2025, and June 23, 2025, which resulted in the generation of a field-review punch-list of items needing to be corrected. After further discussion between the Surety and the Town, a final settlement has been determined to be the most acceptable means for finalizing the Project.

Town Staff has been negotiating with the Surety and has agreed on a final settlement in the amount of \$380,000.

Staff Recommendation

Staff recommends Town Council approval of a Resolution Approving a Settlement Agreement Between the Town of Castle Rock and The Ohio Casualty Insurance Company, for the Craig and Gould North Infrastructure Improvements Project.

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: Project Site Map