STATE OF COLORADO

Colorado Water Conservation Board
Department of Natural Resources
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January 6, 2014

Lower South Platte Water Conservancy District
Attn: Joe Frank, General Manager
100 Broadway Plaza, Suite 12
Sterling CO 80751

RE: Lower South Platte Water Cooperative, Operational Development of Alternative Agriculture Water Transfer Methods in the South Platte Basin

Dear Joe:

This letter is to inform you that the contract amendment request for the ATM grant to extend the completion terms was approved and was signed on December 26, 2013.

With the executed amendment contract, you are now able to proceed with the project and begin invoicing the State of Colorado for costs incurred through December 31, 2014. Upon receipt of your invoice(s), the State of Colorado will provide payment no later than 45 days. I wish you much success in your project.

Sincerely,

/s/

Craig Godbout
Program Manager
Colorado Water Conservation Board
Water Supply Planning Section
1580 Logan Street, Suite 200
Denver CO 80203
(303) 866-3441, ext 3210 (office)
(303) 547-8061 (cell)
craig.godbout@state.co.us

CONTRACT AMENDMENT

Amendment #1 C150482	Original Contract CMS # 35542	Amendment CMS # 64144

1) PARTIES

This Amendment to the above-referenced Original Contract (hereinafter called the Contract) is entered into by and between Lower South Platte Water Conservancy District (hereinafter called "Contractor"), and the STATE OF COLORADO (hereinafter called the "State") acting by and through the Department of Natural Resources, Colorado Water Conservation Board, (hereinafter called the "CWCB").

2) EFFECTIVE DATE AND ENFORCEABILITY

This Amendment shall not be effective or enforceable until it is approved and signed by the Colorado State Controller or designee (hereinafter called the "Effective Date"), but shall be effective and enforceable thereafter in accordance with its provisions. The State shall not be liable to pay or reimburse Contractor for any performance hereunder, including, but not limited to costs or expenses incurred, or be bound by any provision hereof prior to the Effective Date.

3) FACTUAL RECITALS

The Parties entered into the Contract for/to the Lower South Platte Water Cooperative, Operational Development of *Alternative Agriculture Water Transfer Methods* in the South Platte Basin.

4) CONSIDERATION

Consideration for this Amendment consists of the payments to be made hereunder and the obligations, promises, and agreements herein set forth.

5) LIMITS OF EFFECT

This Amendment is incorporated by reference into the Contract, and the Contract and all prior amendments thereto, if any, remain in full force and effect except as specifically modified herein.

6) MODIFICATIONS

The Contract and all prior amendments thereto, if any, are modified as follows:

a. 5. TERM and EARLY TERMINATION is amended to read as follows: "The Parties respective performance under this Grant shall commence on the Effective Date. This Grant shall terminate on December 31, 2014 unless sooner terminated or further extended as specified elsewhere herein.

b. 6. a. Completion: Grantee shall complete the Work and its other obligations as described herein and in the Exhibit A on or before December 31, 2014. The State shall not be liable to compensate Grantee for any Work performed prior to the Effective Date or after the termination of this Grant.

7) EFFECTIVE DATE OF AMENDMENT

The effective date hereof is upon approval of the State Controller or their delegate.

8) ORDER OF PRECEDENCE

Except for the Special Provisions, in the event of any conflict, inconsistency, variance, or contradiction between the provisions of this Amendment and any of the provisions of the Contract, the provisions of this Amendment shall in all respects supersede, govern, and control. The most recent version of the Special Provisions incorporated into the Contract or any amendment shall always control other provisions in the Contract or any amendments.

9) AVAILABLE FUNDS: Financial obligations of the state payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, or otherwise made available.

Cntr#64144

THE PARTIES HERETO HAVE EXECUTED THIS AMENDMENT

*** Persons signing for Contractor hereby swear and affirm that they are authorized to act on Contractor's behalf and acknowledge that the State is relying on their representations to that effect.**

CONTRACTOR	STATE OF COLORADO
Lower South Platte Water Conservancy District	**John W. Hickenlooper, GOVERNOR**
	Mike King, Department of Natural Resources
By: Joe Frank	
Title: General Manager	
Joe Frank	By:
*Signature	for By: Rebecca Mitchell, Section Chief, Water Supply Planning Section, CWCB
Date: 12/20/2013	Signatory avers to the State Controller or delegate that Grantee has not begun performance or that a Statutory Violation waiver has been requested under Fiscal Rules
	Date: 12/23/13

ALL CONTRACTS REQUIRE APPROVAL BY THE STATE CONTROLLER

CRS §24-30-202 requires the State Controller to approve all State Contracts. This Contract is not valid until signed and dated below by the State Controller or delegate. Contractor is not authorized to begin performance until such time. If Contractor begins performing prior thereto, the State of Colorado is not obligated to pay Contractor for such performance or for any goods and/or services provided hereunder.

STATE CONTROLLER
Robert Jaros, CPA, MBA, JD

By: Susan Borup

Name and Title: Susan Borup, DNR Controller

Date: 12/26/13

Statement of Work

WATER ACTIVITY NAME - Lower South Platte Water Cooperative, Operational Development of Alternative Agriculture Water Transfer Methods

GRANT RECIPIENT – Lower South Platte Water Conservancy District

FUNDING SOURCE - The Alternative Agricultural Water Transfer Methods Competitive Grant Program

INTRODUCTION AND BACKGROUND

Provide a brief description of the project. (Please limit to no more than 200 words; this will be used to inform reviewers and the public about your proposal)

The Colorado Corn Growers Association, in partnership with Ducks Unlimited the City of Aurora, and the Lower South Platte Water Cooperative steering committee (the CCGA Team), identified several impediments to conducting alternative agricultural water transfers during previous work conducted under this grant program. One of the impediments was the lack of a marketing framework for water that could be made available for transfer using alternative means. A new organization such as the Water Cooperative has great potential in providing this marketing mechanism. Previous work conducted by the CCGA team also explored the potential to exchange water in key areas where the Cooperative may initially operate. Results of the exchange analysis showed sufficient exchange capacity in certain reaches of the South Platte River to warrant additional research into potential organizational structures and operational plans for the Water Cooperative.

The Water Cooperative recently initiated a project to research potential organizational structures and to lay some concepts for an operational plan via the *Lower South Platte Water Cooperative Organizational Analysis* funded thru the Water Supply Reserve Account. The work to be funded under this Alternative Agricultural Water Transfer Methods Grant will continue this work and will focus on the development and refinement of the operational plan.

OBJECTIVES

List the objectives of the project

The objectives of this project are as follows:

- Develop an operational plan that identifies water supplies (including direct flow and/or storage water transferred through alternative means, excess recharge credits, new junior water rights, etc.), demands, and the means and infrastructure needed to provide water when and where it is needed.
  - Identify existing and potential infrastructure that could help increase the ability of the Cooperative to match supplies with demands.
- Obtain feedback from stakeholders on the operational plan.

- Identify specific data, water measurement, and accounting needs and work with potential Cooperative members on developing data transfer methods.
- Gain a general understanding of options for funding the operation of the Cooperative.

TASKS
Provide a detailed description of each task using the following format

TASK 1 – Develop Operational Plan

Description of Task

Under this task, a long term operational plan will be developed. The long term operational plan will serve as a strategy and planning document for the Cooperative. The operational plan will combine estimates of supply quantity, location, and reliability with estimates of demand quantity, location, and reliability requirements. Based on the potential portfolio of water rights to be included in the Cooperative, strategies will be developed for reliably providing water to potential users (or customers).

This task builds upon work that will be conducted under the Water Supply Reserve Account (WSRA) grant project that is currently being initiated. In the WSRA grant project, supplies and demands are going to be quantified. In this project the reliability of water supplies and the reliability requirements on the demand side will be assessed. In addition, the ability to meet demands by exchanging water and usage of existing infrastructure (storage facilities, pumps/pipelines, recharge facilities, etc.) will be assessed. Finally, strategies for enhancing the reliability of the Cooperative's overall water supply portfolio will be developed. Strategies may include prioritizing different types of water supplies for potential inclusion in the Cooperative, proposed new infrastructure to help enhance reliability (i.e. new storage or recharge facilities), etc.

Method/Procedure

Specific work item to be conducted and proposed methods to be used under this task are described below.

1. Analyze the reliability of sources of water that might be included in the Cooperative.

   This will involve a statistical analysis of the various types of water that could be marketed through Cooperative. Water sources will include direct flow rights made available via alternative transfer, lease, or sale; excess recharge accretions; storage rights; etc. Potential sources in Districts 1 and 64 will be assessed. An estimate of the amount and frequency of water availability will be made for the different types of water that might be included in the Cooperative. The resulting reliability assessments will include considerations of both wet/dry/normal year and seasonal availability.

   Spatial considerations of supply quantity and reliability will be assessed by incorporating the results of the statistical analysis into a GIS layer(s). The GIS layer(s) will be used to assess and graphically display locations along the South Platte River where supply is plentiful or not plentiful and reliable or not reliable.

   In addition, water law issues associated with various water sources will be assessed.

Additional work needed to address potential problems will be identified.

2. Assess the need for supply reliability, timing, and quantity from the demand side.

   Meetings with potential cooperative members or customers will be a key component of this assessment. Note that several meetings will be also carried out under the WSRA grant. The purpose of the meetings will be to gain an understanding of specific amounts, locations, and reliability requirements of water demands. Water demand amounts and reliability requirements will be framed in a similar way as supplies (i.e. wet/dry/normal year and seasonal demands).

   The locations, amounts, and reliability requirements of demands will be mapped in GIS. The resulting GIS layer(s) will be used to assess the locations and amounts of demands and to compare this information with the location of supplies. The supply and demand GIS layers will important tools for developing strategies to move/deliver water.

3. Assess ability to move water from sources of supply to demands.

   The CCGA Team, in association with members of the Cooperative Steering Committee, developed a spreadsheet-based daily exchange/point flow analysis tool in a previous Alternative Agricultural Water Transfer Methods Grant. This tool will be used to assess the ability to exchange water between locations of supply and demand.

   The GIS layers describing location and reliability of supplies and locations and reliability requirements of demands will be used to develop inputs or scenarios for potential exchanges that will be assessed using the exchange/point flow tool.

   Existing infrastructure for enhancing exchange/delivery identified in Task 5 of this project and additional new infrastructure identified in the WSRA grant project will be considered in this assessment as well. New infrastructure identified in the WSRA grant project will serve to enhance exchange and delivery in locations where there is inadequate existing infrastructure available.

   Potential costs for new infrastructure will be estimated. It is assumed that cost for recently constructed existing infrastructure will be the primary source of information regarding potential construction costs.

   Assessing and enhancing the ability to exchange or move water sources within Districts 1 and 64 to demands in Districts 1 and 64 will be further analyzed. The CCGA Team conducted an exchange feasibility analysis that focused on exchanging water from the lower parts of District 1/upper parts of District 64 to the upper parts of District 1. The analysis to be conducted in this project will include previous work and will not only enhance the previous analysis but will also extend the detailed assessment of exchange to the whole of District 64.

4. Based on results of the above analyses, assess overall reliability in meeting demands

   Using the analyses described above, the overall reliability in meeting demands will be assessed. Reliability in meeting demands will be described using statistical terms and will be

relative to different geographic areas of the South Platte River. The results of this analysis will be summarized in a technical memorandum and descriptive maps. These materials will be used for presentation of results to the Steering Committee and to potential Cooperative members/customers and other stakeholders.

5. Assess times/locations when reliability or needed supply isn't adequate.

   It is likely that the analyses described above will identify times and locations when/where the reliability of supplies or exchange capacity is not adequate to meet the demand requirements of potential customers. These times and locations of inadequate supply will be assessed and mapped in GIS. Strategies to increase supply reliability will be developed. These strategies may include the following:

   - Identification of additional, more reliable sources of supply to be acquired or marketed through the cooperative.
   - Development of recharge sites to retime water when supply exceeds demand
   - Development of storage sites to retime water when supply exceeds demand

6. Present draft results to Steering Committee.

   The results of the above analyses will be presented to the Steering Committee for their review and comment. Note that this task is a formal presentation of draft results. Informal meetings with the Steering Committee will be conducted during the analyses described above.

7. Incorporate Steering Committee comments into analysis.

   Comments from the Steering Committee will be incorporated into the analysis. It is anticipated that comments may include input on proposed strategies for enhancing reliability, format of information to be presented to customers or other stakeholders, etc.

8. Develop long term operational plan document.

   A draft document (including descriptive maps) will be written to describe the operational plan. The operational plan will describe wet/dry/normal year strategies for moving water between supplies and demands based on the reliability and location of supplies and the reliability requirements and locations of demands. The plan will also include strategies for long term enhancement to exchange and water delivery via the installation of new infrastructure. An internal review will be conducted on the draft operational plan prior to submittal to the Steering Committee. The review will include QA/QC of calculations, language, and strategies.

   In addition, information and strategies regarding protection of senior water rights and for addressing third party, downstream impacts will be included. Meetings with stakeholders (Task 2) will be valuable for understanding and addressing concerns from senior water right holders and third party, downstream impacts.

   Legal counsel will be consulted to identify potential legal issues surrounding the operational plan. Ways to mitigate potential legal issues will be identified and incorporated or described in the operational plan. Note that work conducted under Task 1 will be coordinated with

legal counsel throughout.

9. Send draft operational plan document to Steering Committee.

   The draft operational plan document will be reviewed with the Steering Committee. Comments made by the Steering Committee will be incorporated into the final operational plan document.

10. Alterations to operational plan and document may need to be made based on feedback from stakeholders (see Task 2).

    Depending on feedback from potential Cooperative members, customers, and other stakeholders, changes may need to be made to the operational plan. Potential changes to the operational plan based on feedback will be coordinated and approved by the Steering Committee.

11. Finalize the operational plan.

    The operational plan will be finalized. Hard and electronic copies of the plan will be provided to Steering Committee members and the CWCB. Electronic copies of the plan will be available to potential Cooperative members, customers, and other stakeholders upon request.

Deliverable

Deliverables associated with this task are as follows:

- Spreadsheets with statistical analyses and analyses of exchange.
- GIS layers and maps associated with analyses described above.
- Draft operational plan.
- Final operational plan in hardcopy and electronic format.

TASK 2 – Meetings with Stakeholders

Description of Task

Meetings with potential Cooperative participants, customers, and other stakeholders will be conducted to describe the draft operational plan. Stakeholders include potential Cooperative participants and outside parties such as municipalities, ditches, or water districts that may be concerned about potential impacts to their water rights. It is anticipated that these meetings will address both technical and legal issues/concerns about the draft operational plan.

Method/Procedure

Specific work item to be conducted and proposed methods to be used under this task are described below.

1. Presentation materials (i.e. handouts, display boards, etc.) will be developed.
2. Meeting times and places will be identified. Potential participants will be contacted and invited.

3. Meetings with stakeholders (assume 8 meetings).
4. Meeting notes will be developed.

Deliverable

Deliverables associated with this task are as follows:

- Handouts and other meeting materials
- Meeting notes

TASK 3 – Data and Measurement Needs

Description of Task

Under this grant, the project team will expand upon the data and measurement needs identified in the work to be conducted in the WSRA grant. The WSRA grant work includes a general identification of data and measurement needs for the operation of the Cooperative. Under this grant, additional detail will be developed regarding these needs. For example, if the need for a gaging station was identified under the WSRA grant, the project team will identify costs, specific location, etc. for that gaging station under this grant. In addition, the team will work with potential cooperative participants to set up a means to exchange data that will serve as inputs into accounting.

Feedback on data/measurement needs will be sought from potential Cooperative members, customers, and other stakeholders during Task 2. Potential changes to data and measurement needs based on feedback will be coordinated and approved by the Steering Committee.

Method/Procedure

Specific work item to be conducted and proposed methods to be used under this task are described below.

1. The project team will work with Water Commissioners to identify specific measurement locations and technologies.
2. Construction costs for measurement structures will be estimated. This task may include field visits to various sites.
3. The project team will work with ditch companies who are interested in participating in the cooperative regarding their water measurement needs.
4. The project team will also work with augmentation groups to set up data exchange needs.
5. A draft technical memorandum describing data and measurement needs will be written. An internal review of the draft technical will be performed
6. The draft technical memorandum will be delivered to the Steering Committee. A meeting will be conducted with the Steering Committee to review the data and measurement requirements in

the draft technical memorandum. Additional data and measurement needs identified during interactions with potential Cooperative members, customers, or other stakeholders will be discussed with the Steering Committee. Steering Committee approval will be sought for the inclusion of these additional needs.

7. Steering Committee comments will be incorporated into the final technical memorandum. The technical memorandum will be incorporated into the final project report.

Deliverable

Deliverables associated with this task are as follows:

- Draft and final technical memorandums.

TASK 4 – Accounting

Description of Task

This task will include the development of water accounting for transactions facilitated by the Cooperative. It is anticipated that accounting needs may vary based on the results of the operational plan and based on some of the organizational considerations developed under the WSRA grant.

Feedback on accounting needs will be sought from potential Cooperative members, customers, and other stakeholders during Task 2. Potential changes to accounting needs based on feedback will be coordinated and approved by the Steering Committee.

Method/Procedure

Specific work item to be conducted and proposed methods to be used under this task are described below.

1. Draft accounting spreadsheets will be developed. The results of the data and measurements needs task will be considered in developing the draft accounting spreadsheets.
2. The draft accounting spreadsheets will be discussed with the Steering Committee. Comments from the Steering Committee will be incorporated into the accounting. In addition, legal counsel will review and comment on the accounting.
3. The project team will meet with DWR staff to review the accounting spreadsheets. Comments from DWR staff will be incorporated into the accounting.
4. Additional accounting needs identified during interactions with potential Cooperative members, customers, or other stakeholders will be discussed with the Steering Committee. Steering Committee approval will be sought for the inclusion of these additional needs.
5. A draft technical memorandum will be written to describe the accounting needs and draft spreadsheets. An internal review will be conducted on the draft technical memorandum.

6. The draft technical memorandum will be finalized. The final technical memorandum will be incorporated into the final report.

Deliverable

Deliverables associated with this task are as follows:

- Draft accounting spreadsheets.
- Draft and final technical memorandums.

TASK 5 – Inventory of Existing Infrastructure

Description of Task

Existing infrastructure could be very useful in enhancing the reliability of exchange or delivery of water to potential customers. For example, if the Cooperative could lease space in an existing reservoir, water could be stored and delivered when needed to a potential customer. Existing recharge facilities could be used to retime excess recharge accretions so that they can be exchanged when exchange capacity is greater or when water is needed by customers. An inventory of potentially useful, existing infrastructure will be developed under this task. The results of this task will be considered in the development of the operational plan (Task 1).

Method/Procedure

Specific work item to be conducted and proposed methods to be used under this task are described below.

1. Identify and map infrastructure

   The Steering Committee and project team consists of water users, water managers, and technical staff with extensive knowledge of existing infrastructure in Districts 1 and 64. The Steering Committee and project team members will meet to discuss and develop a draft map of infrastructure that could potentially be used to enhance the reliability of exchange and water delivery. A GIS layer will be created that includes locations and categories of existing infrastructure.

2. Research existing infrastructure

   The project team will research the identified infrastructure to develop a general understanding of infrastructure capacities, diversion points into infrastructure, locations where infrastructure returns water to the river, approximate availability of space in infrastructure, etc. In addition, legal counsel will be consulted to research legal issues associated with the use of existing infrastructure. Potential benefits and costs of using existing infrastructure will be identified.

   Also, information describing construction costs for recently constructed existing infrastructure will be collected. This information will be used as a basis for estimating

potential costs for constructing new infrastructure.

3. Incorporate results into the operational plan

   Results of the analysis will be incorporated into the operational plan.

Deliverable

Deliverables associated with this task are as follows:

- GIS layer with the location and other descriptive information on existing infrastructure.

TASK 6 – Assessment of Costs and Methods of Paying for Operation of the Cooperative

Description of Task

In this task, other organizations similar to the Cooperative will be researched to obtain a general understanding of the costs to operate an organization like the Cooperative. It is anticipated the organizations such as the Super Ditch or water banks will be contacted and researched to develop this understanding. In addition, methods of raising capital to cover operational costs will be researched. From this research, cost and fee structure scenarios will be developed. It is anticipated that these scenarios will be useful in discussions with potential Cooperative members in assessing potential options for organizational structures for the Cooperative. It is also anticipated that this task will compliment the work that is being conducted under the WSRA grant, in which potential organizational structures for the Cooperative will be developed and discussed with potential Cooperative members.

Feedback on costs and methods of raising operational capital will be sought from potential Cooperative members and customers during Task 2. This feedback will help in formulating scenarios for paying for the operation of the Cooperative that will be acceptable to members and customers.

Method/Procedure

Specific work item to be conducted and proposed methods to be used under this task are described below.

1. Interviews will be conducted with Super Ditch staff and others to obtain information on operational costs and methods of raising capital. Other organizations, such as water banks, will be contacted or interviewed as well. In addition, available literature on this subject will be obtained and reviewed.
2. Results of the interviews and research will be used to develop draft scenarios describing operational costs and options for raising capital to cover operational costs.
3. The draft scenarios will be discussed with the Steering Committee. Comments made by the Steering Committee will be incorporated into the scenarios.
4. A technical memorandum with an executive summary will be written to describe the research. It is anticipated that the executive summary will be a useful tool for describing the scenarios to potential Cooperative members and for soliciting feedback from potential members. An internal review of

the draft technical memorandum will be conducted, and the memorandum will be finalized. The technical memorandum will be incorporated into the final report.

Deliverable

Deliverables associated with this task are as follows:

- Technical memorandum describing research results.

TASK 7 – Economic Considerations

Description of Task

The economic component of this project will focus on the on-farm costs associated with alternative transfers, collaborate management programs for alternative transfers, and economic attractiveness of agricultural transfers among ditch companies along the lower South Platte River. The subtasks envisioned will help agricultural producers understand how agricultural water transfers can, under certain circumstances, be to their financial benefit and given that financial benefit, how the Cooperative can facilitate and otherwise participate in those transfers to its mutual interests.

Method/Procedure

The economic evaluation team, consisting of Colorado State University (contact is James Pritchett) and Harvey Economics, will support the refinement of AgLET and will provide specific farm management economic information to individuals/groups supplying water to the cooperative. As with other tasks, the work will be coordinated with the Steering Committee. Specific work items to be conducted and proposed methods to be used under this task are described below.

1. Dr. Pritchett will coordinate with the Cooperative to designate farmers or groups of farmers as candidates for their innovative transfer program (e.g., rotational fallowing, deficit irrigation, interruptible supply). The purpose for designating these "pilot farms" is to use these farm managers as expert advisers in developing a collaborative management plan for conducting alternative transfers and in refining AgLET to better understand the compensation necessary to conduct alternative transfers under a variety of institutional arrangements.

2. Create a focus group among potential cooperators to baseline current management practices, production costs and yields for the pilot farms so that this might be inputted into AgLET. The practices including a benchmark of existing farm management activities and those that are likely under a rotational fallowing, deficit irrigation or interruptible supply scenarios. Information includes, but is not limited to, changing crop mix, changing tillage systems, investment in irrigation equipment, altering the intensity of cropping (seeding, fertilizer, chemical), new monitoring/reporting of applied water /consumptive use, new commodity marketing approaches, changes in crop insurance coverage, an altered tax structure and funds needed for debt service.

3. Focus groups, consisting of pilot farmers and local crop consultants will be used to develop a collaborative farm management plan for rotational fallowing on the pilot farms. Specifically, these collaborators will need to determine how much land must be fallowed, which farms will fallow and the approximate costs to maintain existing cropping and fallowed lands. The collaborative plan will need to be repeated for deficit irrigation and interruptible supply scenarios.

4. The focus group may need to be repeated based on the geographic diversity of participating operations, the diversity of existing cropping systems and the overall size/scope of the pilot area. Focus group information will need to be representative of collaborating farm types at a minimum.

5. Focus group information will be used to refine assumptions currently found in AgLET. The CSU staff will work closely with Harvey Economics in suggesting and implementing refinements.

6. The economic evaluation team will work with the CSU-Parker team to quantify the farm level costs of maintaining return flows and monitoring consumptive use. These costs may be integrated into the farm level budgets used in AgLET.

7. Working with the Cooperative Steering Committee and CSU, Harvey Economics (HE) will serve as a co-lead of a workshop with representatives from at least two ditch companies to discuss the utility of the AgLET tool and how the individual agricultural producers can use AgLET to evaluate the attractiveness of various agricultural transfers. Working with the leadership of the Steering Committee, HE will explain the AgLET tool, demonstrate how it works, and encourage the attendees to calculate the financial implications of agricultural transfers upon their individual operations. In addition, AgLET will be used by the workshop participants to do sensitivity analyses to their participation in a leasing program. Subsequent to this workshop, leadership representatives of the Steering Committee will respond to individual producers' questions to help them work through the AgLET tool to generate transfer prices which would make an alterative transfer possible for each producer.

8. Once the agricultural producers have completed the AgLET exercise, they will be encouraged to send their results confidentially to HE for compilation and aggregation of the results. In other words, the results of the whole ditch system will be aggregated to avoid any possible identification with a single producer. In its aggregate form, this information will provide a picture of the economic circumstances which must exist for agricultural producers to provide so much water under a given agricultural transfer program.

   The Steering Committee and other project team members will identify the water demands from municipal, industrial or other sectors, and price ranges in which they might be interested in seeking an agricultural transfer. Putting this information together in a generalized sense (not contractual detail) will indicate the types of deals that are possible and need for the Cooperative to facilitate a transfer.

9. Once the economic information from the producers is compared with the economic information from those seeking additional supply, HE will determine whether an attractive economic circumstance exists for future transfers. Assuming the economic environment for transfers will be attractive, HE will take this information and will identify various financing mechanisms, or avenues

of participation, where the Cooperative could facilitate such transfers, and help support its own operation. The identification of a role and revenue stream for the Cooperative will factor into its own organization planning.

Deliverable

Deliverables associated with this task are as follows:

- Data, tables, and graphs summarizing the results of the analyses. This information, along with a descriptive narrative, will be incorporated into the final report.

TASK 8 – Assess Operational Considerations

Description of Task

In this task, the necessary internal operations of the cooperative will be researched. Scenarios describing potential operational protocols will be developed for use in meetings with potential Cooperative members. One of the goals of this task will be to combine the primarily legal work done by the Steering Committee under its WSRA grant concerning the organizational structure and legal framework for the Cooperative, with the primarily technical work done under this grant to develop the operational plan, so that there will be a coordinated legal and technical plan to recommend to potential Cooperative members.

Feedback on internal operational considerations will be sought from potential Cooperative members and customers during Task 2. This feedback will help in formulating operational scenarios that will be acceptable to members and customers.

Method/Procedure

Specific work item to be conducted and proposed methods to be used under this task are described below.

1. Potential operational scenarios for the Cooperative will be researched. Internal operations, marketing mechanisms, etc. for Super Ditch, water banks, and other organizations will be investigated.
2. Based on the research, potential scenarios will be developed describing how internal operations might work.
3. A meeting with the Steering Committee will be held to discuss these scenarios.
4. Legal counsel will be consulted to identify and describe how the operational plan can be combined with the preferred organizational framework, and how both can work within the framework of existing water law.
5. Two to three operational scenarios will be developed. These scenarios will be discussed and reviewed with potential water users or cooperative members.
6. A draft technical memorandum with executive summary will be developed to describe the results of this research. It is anticipated that the executive summary will serve as a useful tool in

communicating the operational scenarios to potential Cooperative members. The draft technical memorandum will be reviewed and finalized. The technical memorandum will be incorporated into the final project report.

Deliverable

Deliverables associated with this task are as follows:

- Technical memorandum describing research results.

TASK 9 – Project Reports

Description of Task

Technical memoranda developed during the course of the project will be assembled to create the final project report. In addition, progress reports to the CWCB will be conducted under this task.

Method/Procedure

Specific tasks to be conducted are as follows:

1. Progress reports will be written and delivered to the CWCB every 6 months.
2. Technical memoranda written during other tasks will be incorporated into a draft project report. Legal counsel will be consulted for incorporation of legal aspects. A readability and technical review will be conducted on the draft report. The report will be finalized.
3. Hard and electronic copies of the final report will be assembled and delivered to the Steering Committee and to the CWCB.

Deliverable

Deliverables associated with this task are as follows:

- Hard and electronic copies of the final report.

REPORTING AND FINAL DELIVERABLE

Reporting: The applicant shall provide the CWCB a progress report every 6 months, beginning from the date of the executed contract. The progress report shall describe the completion or partial completion of the tasks identified in the statement of work including a description of any major issues that have occurred and any corrective action taken to address these issues.

Final Deliverable: At completion of the project, the applicant shall provide the CWCB a final report that summarizes the project and documents how the project was completed. This report may contain photographs, summaries of meetings and engineering reports/designs.

BUDGET

Provide a detailed budget by task including number of hours and rates for labor and unit costs for other direct costs (i.e. mileage, $/unit of material for construction, etc.). A detailed and perfectly balanced budget that shows all costs is required for the State's contracting and purchase order processes. Sample budget tables are provided below. Please note that these budget tables are examples and will need to be adapted to fit each individual application. Tasks should correspond to the tasks described above.

See Attached Budget

SCHEDULE

Provide a project schedule including key milestones for each task and the completion dates or time period from the Notice to Proceed (NTP). This dating method allows flexibility in the event of potential delays from the procurement process. Sample schedules are provided below. Please note that these schedules are examples and will need to be adapted to fit each individual application.

Task	Start Date	Finish Date
1	Upon NTP	NTP + 540 days
2	NTP + 180 days	NTP + 540 days
3	Upon NTP	NTP + 540 days
4	Upon NTP	NTP + 540 days
5	Upon NTP	NTP + 540 days
6	NTP + 90 days	NTP + 540 days
7	NTP + 90 days	NTP + 540 days
8	NTP + 300 days	NTP + 720 days
9	NTP + 480 days	NTP + 720 days

NTP = Notice to Proceed

EXHIBIT A

Lower South Platte Water Cooperative Operational Development

Budget (Part 1)

Total Grant Costs				
	Labor	Other Direct Costs	Matching Funds (If Applicable)	Total Project Costs
Task 1 - Develop Operational Plan	$121,315	$810		$122,125
Task 2 - Meetings with Stakeholders	$29,468	$2,320		$31,788
Task 3 - Data and Measurement Needs	$19,882	$230		$20,112
Task 4 - Accounting	$13,432	$230		$13,662
Task 5 - Inventory of Existing Infrastructure	$16,976	$10		$16,986
Task 6 - Assessment of Costs and Financing	$13,658	$10		$13,668
Task 7 - Economic Considerations	$49,284	$8,530		$57,814
Task 8 - Assessment of Operational Considerations	$38,808	$10		$38,818
Task 9 - Project Reports	$14,674	$330		$15,004
In-Kind Contributions	See Budget (Part 4)			
Total Costs:	$317,497	$12,480		$329,977

WSRA GRANT FUNDS APPROVED BY BOARD JANUARY 2011 AGENDA ITEM 13(g) $300,477

EXHIBIT A

Lower South Platte Water Cooperative Operational Development

Budget (Part 2)

Consulting Labor Costs													
Project Personnel:	Senior Engineer	Staff Engineers	Engineering Administrative	Senior Attorney	Staff Attorney	Senior Economist	Staff Economist	Economic Associate 1	Economic Associate 2	CSU Economist	CSU Economics Graduate Student		Total Costs
Hourly Rate:	$166	$106	$90	$255	$190	$209	$170	$149	$60	$150	$27.69		
Task 1 - Develop Operational Plan	198	582	32	75	25								$121,315
Task 2 - Meetings with Stakeholders	47	36		70									$29,468
Task 3 - Data and Measurement Needs	54	103											$19,882
Task 4 - Accounting	26	86											$13,432
Task 5 - Inventory of Existing Infrastructure	25	121											$16,976
Task 6 - Assessment of Costs and Financing	28	85											$13,658
Task 7 - Economic Considerations	5	0	2			44	27	12	15	4	1126.75		$49,284
Task 8 - Assessment of Operational Considerations	28	85		80	25								$38,808
Task 9 - Project Reports	36	58		10									$14,674
Total Hours:	447	1156	34	235	50	44	27	12	15	4	1126.75		
Cost:	$74,202	$122,536	$3,060	$59,925	$9,500	$9,196	$4,590	$1,788	$900	$600	$31,200		$317,497

EXHIBIT A

Lower South Platte Water Cooperative Operational Development

Budget (Part 3)

Consulting Direct Costs							
Item:	Copies	Materials	Equipment/ Supplies	Mileage	CSU Overhead Cost (20% of overall CSU project costs)		Total
Units:	No.			Miles			
Unit Cost:	$0.10	L.S.	L.S.	$0.50	L.S.		
Task 1 - Develop Operational Plan	500			1520			$810
Task 2 - Meetings with Stakeholders	2200			4200			$2,320
Task 3 - Data and Measurement Needs	100			440			$230
Task 4 - Accounting	100			440			$230
Task 5 - Inventory of Existing Infrastructure	100						$10
Task 6 - Assessment of Costs and Financing	100						$10
Task 7 - Economic Considerations	550			950	$8,000		$8,530
Task 8 - Assessment of Operational Considerations	100						$10
Task 9 - Project Reports	3300						$330
Total Units:	7050	--	--	7550			
Total Cost:	$705	$0	$0	$3,775	$8,000		$12,480

Lower South Platte Water Cooperative Operational Development

EXHIBIT A

Budget (Part 4)

In-Kind and Cash Contributions

In-Kind and Cash Contributions (Current Grant Request)					Financial Pmts. (See Table 1 in Grant Application)
Project Personnel:	LSPWCD Engineer	LSPWCD Clerical	Other Engineer		
Hourly Rate:	$ 60.00	$ 25.00	$ 60.00	Total	
Task 1	20	2	15		
Task 2	20	2	20		
Task 3	15	2	5		
Task 4	15	2	5		
Task 5	10	2	5		
Task 6	10	2	5		
Task 7	15	2	5		
Task 8	10	2	5		
Task 9	10	2	5		$ -
Cash Payments (Pledges)					$ 29,500.00
Total Hours:	125	18	70		
Total Cost:	$ 7,500.00	$ 450.00	$ 4,200.00	$ 12,150.00	$ 29,500.00

In-Kind Direct Costs (Current Grant Request)					
Item:	Copies	Materials	Equipment/ Supplies	Mileage	Total
Units:	No.	LS	LS	Miles	
Unit Cost:	$ 0.10	1	1	$ 0.50	
Task 1	100			100	
Task 2	20			150	
Task 3	20			0	
Task 4	20			0	
Task 5	20			0	
Task 6	20			0	
Task 7	20			100	
Task 8	20			0	
Task 9	100			100	
Total Units:	340.00	-	-	450.00	
Total Cost:	$ 34.00	$ -	$ -	$ 225.00	$ 259.00

Lower South Platte Water Cooperative Operational Development

EXHIBIT A

Budget (Part 4) - Continued

In-Kind and Cash Contributions

* In-Kind and Cash Contributions (Previous Related Work - Within 3 months)					
Project Personnel:	LSPWCD Engineer	LSPWCD Clerical	Other Engineer	Total	Financial Payments
Hourly Rate:	$ 60.00	$ 25.00	$ 60.00	(In-Kind)	from Groves Farms (Legal Services)
Steering Committee Development, Grant Application, Water User Meetings, related work	40	10	10	$ -	$ -
Cash Payments (Legal)	$ -	$ -	$ -		$ 7,200.00
Total Hours:	40	10	10		
Total Cost:	$ 2,400.00	$ 250.00	$ 600.00	$ 3,250.00	$ 7,200.00

There have been significant in-kind contributions and financial payments associated with this project prior to September 15th, 2010.

However, contributions prior to September 15th, 2010 will not be used as in-kind contributions towards this grant proposal.

In-Kind and Cash Contribution Summary					
Category	**Current Cash**	**Current In-Kind**		**Previous Cash and In-Kind**	
Contribution	Cash Match for Current Grant Application (See Table 1 and Appendix A)	In-Kind labor for Current Grant Application	In-Kind direct costs for Current Grant Application	Previous Cash Contributions within 3 months of Application	Previous In-Kind Contributions within 3 months of Application
Total Cost:	$ 29,500.00	$ 12,150.00	$ 259.00	$ 7,200.00	$ 3,250.00
Total:	**$ 29,500.00**	**$ 12,409.00**		**$ 10,450.00**	