STATE OF COLORADO

Colorado Water Conservation Board
Department of Natural Resources
1580 Logan Street, Suite 600
Denver, Colorado 80203
Phone: (303) 866-3441
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www.cwcb.state.co.us

April 3, 2014

Ms. Heather Dutton
Colorado Rio Grande Restoration Foundation
623 Fourth Street
Alamosa, CO 81101

RE: Plaza Project – Phase 2: McDonald Ditch Implementation Project, Supplemental Funding Request

Dear Heather:

This letter is to inform you that the WSRA grant supplemental request to assist in the **Plaza Project – Phase 2: McDonald Ditch Implementation Project**, was signed on March 27, 2014. The original contact and exhibit will be mailed to you.

With the executed contract, you are now able to proceed with the project and begin invoicing the State of Colorado for costs incurred through December 31, 2015. 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/

Jonathan Hernandez, P.E.
Water Project Loan Program
Colorado Water Conservation Board
Department of Natural Resources
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Denver, CO 80203
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CONTRACT AMENDMENT

Amendment #1 C150492	Original Contract CMS #38421	Amendment CMS # 66718

1) PARTIES

This Amendment to the above-referenced Original Contract (hereinafter called the Contract) is entered into by and between Colorado Rio Grande Restoration Foundation (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 the Plaza Project - Phase 2: McDonald Ditch Implementation Project in the Rio Grande 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. a. TERM and EARLY TERMINATION -** Initial Term-Work Commencement - The Parties respective performances under this Grant shall commence on the later of either the Effective Date or April 1, 2014. This Grant shall terminate on December 31, 2015 unless sooner terminated or further extended as specified elsewhere herein.

b. **6.a. STATEMENT OF WORK -** Completion - Grantee shall complete the Work and its other obligations as described herein and in **Exhibit A** on or before December 31, 2015. 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.

c. The Schedule that was included in the Original Contract's Scope of Work shall be replaced by the updated schedule attached hereto as **Schedule B.**

7. a. Maximum Amount: The maximum amount payable under this Grant to Grantee by the State is $726,000, as determined by the State from available funds. Grantee agrees to provide any additional funds required for the successful completion of the Work. Payments to Grantee are limited to the unpaid obligated balance of the Grant as set forth in **Exhibit A**. The maximum amount payable by the State to Grantee during each remaining State fiscal year of this Grant shall be:

$726,000 in FY2014, minus any funds expended in FY2012 and 2013
$726,000 in FY2015, minus any funds expended in FY2012, 2013 and 2014
$726,000 in FY2016, minus any funds expended in FY2012, 2013, 2014 and 2015

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.

CMS# 66718

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
Colorado Rio Grande Restoration Foundation	**John W. Hickenlooper, GOVERNOR** Mike King, Department of Natural Resources
By: Heather R. Dutton Title: Executive Director Heather R. Dutton *Signature Date: 03/12/14	By: Rebecca Mitchell By: Rebecca Mitchell, Section Chief, Water Supply Planning Section, CWCB 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: 3-17-14

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: 3/27/14

Exhibit A
Scope of Work
Updated March 10, 2014

WATER ACTIVITY NAME – Plaza Project - Phase 2: McDonald Ditch Implementation Project

GRANT RECIPIENT – Colorado Rio Grande Restoration Foundation

FUNDING SOURCE – Watershed Supply Reserve Account and Rio Grande Inter-Basin Roundtable

INTRODUCTION AND BACKGROUND

The Colorado Rio Grande Restoration Foundation (Foundation) is the fiscal agent for the Rio Grande Headwaters Restoration Project (RGHRP). The RGHRP was formed to implement the recommendations of a study completed in 2001, the 2001 Study. The 2001 Study was prompted by a group of citizens who were concerned that the river had been impaired. The 2001 Study, sponsored by the San Luis Valley Water Conservancy District and funded by the Colorado Water Conservation Board, analyzed 91 miles of the Rio Grande from South Fork to the Alamosa/Costilla County line. This reach was identified as the portion of the Rio Grande in Colorado that has been most impacted by human intervention in the past 100 years. The 2001 Study analyzed the vegetation, human impact, agricultural disturbance, geomorphology, hydrology, wildlife habitat, condition of structures, and aquatic habitat within the 91-mile study reach.

Since 2001, the RGHRP has accrued a successful record of working with landowners, local, state, and federal entities to improve the condition and function of the Rio Grande. To date the RGHRP has successfully completed some 50 individual projects and managed approximately $2.2 million that funded the projects. These projects reduce sediment loading by stabilizing the streambanks, improve the riparian and upland habitat by increasing willow and riparian vegetation cover, enhance the fishery, increase the capacity of the Rio Grande to transport sediment, and recover the condition of wetlands located throughout the riparian area within the project boundaries. In 2010, the RGHRP began working with ditch companies to address concerns surrounding aging and inefficient diversion and headgate structures. The first of these projects was the Plaza Planning Project – Phase 1 (Phase 1) in the Sevenmile Plaza area of Rio Grande County. Phase 1 was administered by a partnership between the McDonald Ditch Company and the Foundation. The RGHRP worked with stakeholders to determine the primary issues in the area, identify remediation methods, and develop an implementation plan (The Plaza Plan) to improve the health and function of the Rio Grande in the Sevenmile Plaza area. The identified issues include streambank instability in the 2.8-mile project reach, a degraded wetland, and aging, hazardous, and inefficient diversion structures.

The Plaza Project - Phase 2: McDonald Ditch Implementation Project (Phase 2) is the first phase of implementation of the Plaza Plan. The project area is located within the Sevenmile Plaza in Rio Grande County. As designated by the 2001 Study, the project area is located within Subreach C1 of Reach C, which was ranked "poorest" in channel stability and condition of the floodplain and was identified as a high priority for restoration. The channel at Sevenmile Plaza is greatly impacted by piers and concrete rubble from the old Sevenmile Plaza Bridge, which were left in place to form part of the McDonald Ditch diversion. This diversion obstructs flood flows, causes channel movement and instability, and negatively impacts downstream reaches. Phase 2 will specifically address these issues. Phase 2 integrates the rehabilitation of the McDonald Ditch diversion with the multiple objectives of the 2001 Study, the anticipated future rehabilitation of the neighboring Silva, Atencio, and Prairie diversions, and the stabilization and restoration of the surrounding riparian areas and wetland.

The Project is underway, with the wetland restoration completed in 2012. The NRCS has completed designs for the McDonald Ditch diversion dam and headgate, which will be moved upstream of the existing diversion. The dam will include fish and boat passage. The headgate will include automated gates and will put water into a pipeline to the existing McDonald Ditch. The current diversion dam will be removed and replaced with a low-profile rock weir. This weir will check the channel grade, ensuring it is maintained and upstream bridge stability is not impacted. Riverbend Engineering has completed preliminary designs for the weir and accompanying riparian restoration throughout surrounding streambanks.

Phase 2 is a four-year project with design and wetland completion in year 1 (2012), execution of diversion, headgate, channel and streambank designs in years 2 and 3, monitoring in years 2, 3, and 4, and final reporting in year 4. The project duration is from January 1, 2012 to June 31, 2015. Phase 2 is funded with $150,000 from the NRCS Environmental Quality Incentives Program (EQIP), $50,000 from the Colorado Partnership Program (CPP), $200,000 from the Cooperative Conservation Partnership Initiative (CCPI) Program, $726,000 [$42,000 from the Rio Grande Basin Account and $684,000 from the State WSRA Account] from the Colorado Water Conservation Board (CWCB) Water Supply Reserve Account, and $10,000 from Rio Grande County. In-kind services total $140,000. The Landowners have obtained a loan from CWCB for $100,000. The total project cost is $1,376,000 (see attached budgets).

OBJECTIVES, TASKS, and DELVERABLES

OBJECTIVES

The objectives of Phase 2 are to:
(1) Improve diversion efficiency and reduce maintenance by replacing the aging McDonald Ditch headgate, installing a solar-powered automated water gate, and constructing a new diversion dam and pipeline upstream of the current diversion location;
(2) Enhance water quality by reducing erosion and sediment input;
(3) Improve riparian and wetland condition by reclaiming a 2-acre wetland, building a rock weir at the current diversion point, and stabilizing up to 2,000 linear feet of streambanks in the project area;
(4) Increase the capacity of the Rio Grande to transport sediment;
(5) Improve aquatic and wildlife habitat;
(6) Encourage local recreation by including fish and boat passage in the new diversion structure;
(7) Promote public involvement in water improvement activities through public outreach and education.

TASKS

TASK 1 – Finalize Design for Project Elements

Description of Task: Finalize the design for the McDonald Ditch headgate, diversion, and pipeline, the rock weir to replace the existing diversion, and streambank stabilization. The Rio Grande County wetland reclamation design is finished and implemented.

Method/Procedure: District, area, state, and regional NRCS engineers will complete the designs for the Project Elements. Additionally, Riverbend Engineering will assist with the design for the rock grade control structure. In 2012, Project engineers consulted with geology, hydraulic, and vegetation specialists, completed hydraulic modeling, and performed a load analysis for the diversion and headgate structures. Additionally, a bridge expert was hired to analyze the relationship between the Sevenmile Plaza Bridge and the proposed McDonald Ditch Diversion. The analysis showed a concrete diversion at the current site would cause flooding at the bridge and in the surrounding community. Therefore, a new design was developed, which includes a new diversion dam and pipeline upstream of the bridge and a rock weir to hold the grade at the existing diversion site.

Deliverable: Final designs for the McDonald Ditch headgate, diversion, and pipeline, the streambanks near the Sevenmile Plaza Bridge, and the rock weir at the current diversion site. The Rio Grande County wetland design was complete in 2012.

TASK 2 – McDonald Ditch Diversion Construction

Description of Task: Construct the McDonald Ditch Diversion upstream of the bridge; diversion will be concrete and allow for fish and boat passage.

Method/Procedure: The landowners and the RGHRP will hire contractors to clear and shape the channel, enact pollution control, and complete the foundation work, earthwork, and concrete and reinforcement for the diversion and the fish/boat passage.

Deliverable: Improved water diversion efficiency, aquatic habitat and passage, and recreation from boat passage. Reduced maintenance and sediment input from the current earthen diversion and streambank erosion. Flood protection because of new location. The San Luis Valley Rural Electric Cooperative (SLVREC) replaced two power poles within the project area in 2012.

TASK 3 – McDonald Ditch Headgate and Pipeline Construction

Description of Task: Construct the McDonald Ditch headgate at new diversion site; headgate will be concrete and include solar-powered automated gates. The headgate will allow water into a pipeline that will parallel the river and dump into the McDonald Ditch.

Method/Procedure: The landowners and RGHRP will hire contractors to clear and shape the channel, dig the pipeline trench, and enact pollution control. Contractors will then complete the foundation work, earthwork, and concrete and reinforcement for the headgate. Automated gates will be installed and will be powered by on-site solar panels. Finally, the 42-inch, plastic pipeline will be put into the trench, under the road, and into the ditch.

Deliverable: Improved water diversion efficiency due to improved gate precision and reduced headgate maintenance.

TASK 4 – Channel Shaping and Streambank Stabilization

Description of Task: Implement channel and streambank stabilization techniques upstream and downstream of the Sevenmile Plaza Bridge, upstream and downstream of the new McDonald Ditch diversion and headgate structures, and at the site of the current diversion dam.

Method/Procedure: NRCS and Riverbend Engineering will design channel and streambank stabilization measures, and the rock grade control weir at the current diversion site. A contractor will implement the design, which will include removing the current diversion dam. Streambank stabilization measures may include bank shaping, channel reconfiguration, rock structure installation, and bioengineering. Bioengineering techniques include, but are not limited to willow clump plantings, bareroot shrub plantings, and grass and forb seeding. Upland areas disturbed during onsite activities will be reseeded with appropriate species.

Deliverable: Stabilized streambanks, reduced sediment loading, reconfigured stream channel, reestablished riparian vegetation, increased streambank stability, and reduced erosion.

TASK 5 – Wetland Reclamation

Description of Task: Reclaim a two-acre wetland located within the Project boundary (completed in 2012).

Method/Procedure: NRCS completed the design for the wetland reclamation. A contractor completed the earthwork, topsoiling, seeding, and bioengineering at the site. Bioengineering techniques included willow clump plantings, erosion mat installation on slopes, and grass and forb seeding.

Deliverable: Improved vegetation condition, function of the wetland, and aquatic habitat.

TASK 6 – Monitoring

Description of Task: Monitor the site for three years using the RGHRP Sampling and Analysis Plan (SAP).

Method/Procedure: Monitoring will consist of several assessments that include changes in streambank locations and hence erosion rates, photographic documentation, visual stream assessments, and structure assessment. Pre-construction, post-construction, and long-term surveys will map locations and features of the streambanks, diversion and headgate, and wetland over time. Photographic documentation will be used to track conditions of the riparian and shoreline plant communities, bank stabilization, and overall visual condition of the Project area. The United States Department of Agriculture's Stream Visual Assessment Protocol II (SVAP II) will be used to assess the sites. Project engineers will complete an annual check sheet that classifies the condition and function of the headgate and diversion structure. This monitoring strategy is used in other RGHRP projects. The RGHRP will be responsible for monitoring.

Deliverable: Reports will compare data over time in order to demonstrate the relative stability of the streambanks and riparian areas, and to evaluate the degree of improvement in the riparian condition.

TASK 7 – Outreach and Education

Description of Task: Conduct a public outreach and education program to raise awareness of Phase 2 activities and the RGHRP, and encourage other landowners to participate in future projects.

Method/Procedure: Develop visual aids and written materials showing the specific sites and proposed work. Make presentations at the SLV Wetlands Area Focus Committee; Rio Grande Interbasin Roundtable; Board Meetings of the Rio Grande Water Conservation District; Board Meetings of the San Luis Valley Water Conservancy District, and to specific public meetings. In addition, give interviews and status reports on local radio stations. Conduct tours to demonstrate the applied techniques. RGHRP staff and volunteers will complete this task.

Deliverable: A public that is informed and more aware of river related issues, especially regarding the work of the RGHRP, the role of the Foundation, and the restoration program in general, including site-specific methodologies used to achieve Project objectives. Outreach and education efforts will impress upon the public the importance of improving the condition of the Rio Grande and will raise awareness, gain support and increase participation in this and future projects administered by the RGHRP.

TASK 8 – Project Administration

Description of Task: Complete all necessary contracts, status reports, and internal and external documents. Ensure Tasks are completed within approved costs and timelines.

Method/Procedure: The RGHRP will administer Phase 2. This includes completing contracts with the CWCB, NRCS, Project partners, landowners, and contractors; obtaining the necessary environmental permits; managing budgets and reimbursement requests; and completing semi-annual and final reports.

Additionally, the RGHRP will perform Project oversight; making certain project design and implementation are timely and accurate. The RGHRP will organize outreach and education efforts and complete site monitoring in accordance the SAP, once approved.

Deliverable: All appropriate contracts, external and internal reports, and on-site Project activities completed within planned period and anticipated costs.

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 scope 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.

CMS# 66718

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
Colorado Rio Grande Restoration Foundation	**John W. Hickenlooper, GOVERNOR** Mike King, Department of Natural Resources
By: Heather R. Dutton Title: Executive Director Heather R. Dutton *Signature Date: 03/12/14	By: Rebecca Mitchell By: Rebecca Mitchell, Section Chief, Water Supply Planning Section, CWCB 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: 3-17-14

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STATE CONTROLLER
Robert Jaros, CPA, MBA, JD

By: Susan Borup

Name and Title: Susan Borup, DNR Controller

Date: 3/27/14

Schedule B Modified Milestone Table for the Plaza Project - Phase 2: McDonald Ditch Implementation Project (03/10/14)																
Project Tasks	**Year 1 - 2012**				**Year 2 - 2013**				**Year 3 - 2014**				**Year 4 - 2015S**			
	Quarter 1	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**
Task 1: Finalize Design																
Task 2: Diversion Replacement																
Task 3: Headgate Replacement																
Task 4: Channel Shaping and Streambank Stabilization																
Task 5: Wetland Reclamation																
Task 6: Monitoring																
Task 7: Outreach and Education																
Task 8: Administration																