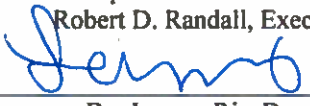
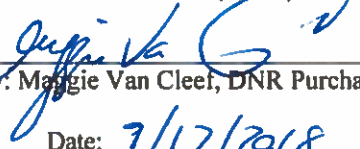


GRANT AWARD LETTER
SUMMARY OF GRANT AWARD TERMS AND CONDITIONS

State Agency (DNR-PDAA) Colorado Water Conservation Board (CWCB) 1313 Sherman St, Room 718 Denver, CO 80203	Grant Amount Total for Grant Term: \$112,500.00
Grantee Pikes Peak Regional Water Authority 231 Security Blvd. Colorado Springs, CO 80911	Grant Numbers CMS 113624 CORE CTGG1 2019-2279
Grant Issuance Date The Effective Date (the date the State Controller or an authorized delegate signs this Grant Agreement). Grant Expiration Date 10/01/2023	
Grant Project Name El Paso County Groundwater Depletions. Grant Purpose The purpose of this project is to implement strategies to meet the supply and demand gap resulting from depletions of the aquifers of El Paso County.	Local Match Total Match for Grant Term: \$112,500.00

THE SIGNATORIES LISTED BELOW AUTHORIZE THIS GRANT

<p style="text-align: center;">STATE OF COLORADO John W. Hickenlooper, Governor Department of Natural Resources Robert D. Randall, Executive Director</p>  <p>By: Lauren Ris, Deputy Director Colorado Water Conservation Board</p> <p style="text-align: center;">Date: <u>09/13/2018</u></p>	<p>In accordance with §24-30-202 C.R.S., this Grant is not valid until signed and dated below by the State Controller or an authorized delegate.</p> <p style="text-align: center;">STATE CONTROLLER Robert Jaros, CPA, MBA, JD</p>  <p>By: <u>Maggie Van Cleef, DNR Purchasing Director</u></p> <p>Date: <u>7/17/2018</u></p>
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1. GRANT

As of the Grant Issuance Date, the State Agency shown on the first page of this Grant Award Letter (the "State") hereby obligates and awards to Grantee shown on the first page of this Grant Award Letter (the "Grantee") an award of Grant Funds in the amounts shown on the first page of this Grant Award Letter. By accepting the Grant Funds provided under this Grant Award Letter, Grantee agrees to comply with the terms and conditions of this Grant Award Letter and requirements and provisions of all Exhibits to this Grant Award Letter.

2. TERM

A. Initial Grant Term and Extension

The Parties' respective performances under this Grant Award Letter shall commence on the Grant Issuance Date and shall terminate on the Grant Expiration Date unless sooner terminated or further extended in accordance with the terms of this Grant Award Letter. Upon request of Grantee, the State may, in its sole discretion, shall have the option to extend the performance under this Grant Award Letter beyond the Initial Term for a period, or for successive periods, of one (1) year or less under the same terms specified in the Grant Award Letter (each such period an "Extension Term"). In order to exercise this option, the State shall provide written notice to Grantee in a form substantially equivalent to **Exhibit C**.

B. Early Termination in the Public Interest

The State is entering into this Grant Award Letter to serve the public interest of the State of Colorado as determined by its Governor, General Assembly, or Courts. If this Grant Award Letter ceases to further the public interest of the State or if State, or other funds used for this Grant Award Letter are not appropriated, or otherwise become unavailable to fund this Grant Award Letter, the State, in its discretion, may terminate this Grant Award Letter in whole or in part by providing written notice to Grantee. If the State terminates this Grant Award Letter in the public interest, the State shall pay Grantee an amount equal to the percentage of the total reimbursement payable under this Grant Award Letter that corresponds to the percentage of Work satisfactorily completed, as determined by the State, less payments previously made. Additionally, the State, in its discretion, may reimburse Grantee for a portion of actual, out-of-pocket expenses not otherwise reimbursed under this Grant Award Letter that are incurred by Grantee and are directly attributable to the uncompleted portion of Grantee's obligations, provided that the sum of any and all reimbursements shall not exceed the maximum amount payable to Grantee hereunder. This subsection shall not apply to a termination of this Grant Award Letter by the State for breach by Grantee.

3. AUTHORITY

Authority to enter into this Grant Award Letter exists in the law as follows: Colorado Revised Statutes (CRS) §37-60-106(1)(u) and House Bill 17-1248, Section 15, and a sufficient unencumbered balance thereof remains available for payment. Required approvals, clearance and coordination have been accomplished from and with appropriate agencies.

4. DEFINITIONS

The following terms shall be construed and interpreted as follows:

- A. **"Budget"** means the budget for the Work described in Exhibit B.
- B. **"Business Day"** means any day in which the State is open and conducting business, but shall not include Saturday, Sunday or any day on which the State observes one of the holidays listed in §24-11-101(1) C.R.S.
- C. **"CORA"** means the Colorado Open Records Act, §§24-72-200.1 *et. seq.*, C.R.S.
- D. **"Grant Award Letter"** means this letter which offers Grant Funds to Grantee, including all attached Exhibits, all documents incorporated by reference, all referenced statutes, rules and cited authorities, and any future updates thereto.
- E. **"Grant Funds"** means the funds that have been appropriated, designated, encumbered, or otherwise made available for payment by the State under this Grant Award Letter.
- F. **"Grant Expiration Date"** means the Grant Expiration Date shown on the first page of this Grant Award Letter.
- G. **"Grant Issuance Date"** means the Grant Issuance Date shown on the first page of this Grant Award Letter.
- H. **"Exhibits"** means the following exhibits attached to this Grant Award Letter:
 - i. **Exhibit A**, Statement of Work
 - ii. **Exhibit B**, Budget and Schedule
 - iii. **Exhibit C**, Sample Option Letter
- I. **"Extension Term"** means the period of time by which the Grant Expiration Date is extended by the State through delivery of an Option Letter (see Exhibit C).
- J. **"Goods"** means any movable material acquired, produced, or delivered by Grantee as set forth in this Grant Award Letter and shall include any movable material acquired, produced, or delivered by Grantee in connection with the Services.
- K. **"Initial Term"** means the time period between the Grant Issuance Date and the Grant Expiration Date.
- L. **"Matching Funds"** means the funds provided by Grantee as a match required to receive the Grant Funds.
- M. **"Party"** means the State or Grantee, and **"Parties"** means both the State and Grantee.
- N. **"Services"** means the services to be performed by Grantee as set forth in this Grant Award Letter, and shall include any services to be rendered by Grantee in connection with the Goods.
- O. **"State Fiscal Rules"** means the fiscal rules promulgated by the Colorado State Controller pursuant to §24-30-202(13)(a) C.R.S.
- P. **"State Fiscal Year"** means a 12 month period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year. If a single calendar year follows the term, then it means the State Fiscal Year ending in that calendar year.
- Q. **"State Records"** means any and all State data, information, and records, regardless of physical form, including, but not limited to, information subject to disclosure under CORA.

- R. **“Subcontractor”** means third-parties, if any, engaged by Grantee to aid in performance of the Work. “Subcontractor” also includes sub-grantees.
- S. **“Work”** means the delivery of the Goods and performance of the Services described in this Grant Award Letter.
- T. **“Work Product”** means the tangible and intangible results of the Work, whether finished or unfinished, including drafts. Work Product includes, but is not limited to, documents, text, software (including source code), research, reports, proposals, specifications, plans, notes, studies, data, images, photographs, negatives, pictures, drawings, designs, models, surveys, maps, materials, ideas, concepts, know-how, and any other results of the Work. “Work Product” does not include any material that was developed prior to the Grant Issuance Date that is used, without modification, in the performance of the Work.

Any other term used in this Grant Award Letter that is defined in an Exhibit shall be construed and interpreted as defined in that Exhibit.

5. PURPOSE

The Water Plan Grant funding is available to promote progress on the critical actions identified in the water plan and its measurable objectives. CWCB will fund projects, programs and activities that have the best opportunity to make progress on the Water Plan’s objectives.

The purpose of this project is to complete construction improvements to enhance the Plum Creek Water Purification Facility to increase renewable water supply by up to seventy-five percent.

6. STATEMENT OF WORK

Grantee shall complete the Work as described in this Grant Award Letter and in accordance with the provisions of Exhibit A. The State shall have no liability to compensate or reimburse Grantee for the delivery of any goods or the performance of any services that are not specifically set forth in this Grant Award Letter.

7. PAYMENTS TO GRANTEE

A. Maximum Amount

Payments to Grantee are limited to the unpaid, obligated balance of the Grant Funds. The State shall not pay Grantee any amount under this Grant that exceeds the Grant Amount. Financial obligations of the State payable after the current State Fiscal Year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available. The State shall not be liable to pay or reimburse Grantee for any Work performed or expense incurred before the Grant Issuance Date or after the Grant Expiration Date.

B. Erroneous Payments

The State may recover, at the State’s discretion, payments made to Grantee in error for any reason, including, but not limited to, overpayments or improper payments, and unexpended or excess funds received by Grantee. The State may recover such payments by deduction from subsequent payments under this Grant Award Letter, deduction from any payment due under any other contracts, grants or agreements between the State and Grantee, or by any other appropriate method for collecting debts owed to the State.

C. Matching Funds

Grantee shall provide the Local Match Amount shown on the first page of this Grant Award Letter and described in Exhibit A (the “Local Match Amount”). Grantee shall appropriate

and allocate all Local Match Amounts to the purpose of this Grant Award Letter each fiscal year prior to accepting any Grant Funds for that fiscal year. Grantee does not by accepting this Grant Award Letter irrevocably pledge present cash reserves for payments in future fiscal years, and this Grant Award Letter is not intended to create a multiple-fiscal year debt of Grantee. Grantee shall not pay or be liable for any claimed interest, late charges, fees, taxes or penalties of any nature, except as required by Grantee's laws or policies.

D. Close-Out

Grantee shall close out this Grant within 45 days after the Grant Expiration Date. To complete close out, Grantee shall submit to the State all deliverables (including documentation) as defined in this Grant Award Letter and Grantee's final reimbursement request or invoice.

8. REPORTING - NOTIFICATION

A. Performance and Final Status

Grantee shall submit all financial, performance and other reports to the State no later than the end of the close out described in §7D., containing an evaluation and review of Grantee's performance and the final status of Grantee's obligations hereunder.

B. Violations Reporting

Grantee shall disclose, in a timely manner, in writing to the State all violations of federal or State criminal law involving fraud, bribery, or gratuity violations potentially affecting the Award.

9. GRANTEE RECORDS

A. Maintenance and Inspection

Grantee shall make, keep, and maintain, all records, documents, communications, notes and other written materials, electronic media files, and communications, pertaining in any manner to this Grant for a period of three years following the completion of the close out of this Grant. Grantee shall permit the State to audit, inspect, examine, excerpt, copy and transcribe all such records during normal business hours at Grantee's office or place of business, unless the State determines that an audit or inspection is required without notice at a different time to protect the interests of the State.

B. Monitoring

The State will monitor Grantee's performance of its obligations under this Grant Award Letter using procedures as determined by the State. The State shall monitor Grantee's performance in a manner that does not unduly interfere with Grantee's performance of the Work.

C. Final Audit Report

Grantee shall promptly submit to the State a copy of any final audit report of an audit performed on Grantee's records that relates to or affects this Grant or the Work, whether the audit is conducted by Grantee or a third party.

10. CONFIDENTIAL INFORMATION-STATE RECORDS

A. Confidentiality

Grantee shall hold and maintain, and cause all Subcontractors to hold and maintain, any and all State Records that the State provides or makes available to Grantee for the sole and

exclusive benefit of the State, unless those State Records are otherwise publically available at the time of disclosure or are subject to disclosure by Grantee under CORA. Grantee shall not, without prior written approval of the State, use for Grantee's own benefit, publish, copy, or otherwise disclose to any third party, or permit the use by any third party for its benefit or to the detriment of the State, any State Records, except as otherwise stated in this Grant Award Letter. Grantee shall provide for the security of all State Confidential Information in accordance with all policies promulgated by the Colorado Office of Information Security and all applicable laws, rules, policies, publications, and guidelines including, without limitation: (i) the most recently promulgated IRS Publication 1075 for all Tax Information, (ii) the most recently updated PCI Data Security Standard from the PCI Security Standards Council for all PCI, (iii) the most recently issued version of the U.S. Department of Justice, Federal Bureau of Investigation, Criminal Justice Information Services Security Policy for all CJI, and (iv) the federal Health Insurance Portability and Accountability Act for all PHI and the HIPAA Business Associate Addendum attached to this Contract. Grantee shall immediately forward any request or demand for State Records to the State's principal representative.

B. Other Entity Access and Nondisclosure Agreements

Grantee may provide State Records to its agents, employees, assigns and Subcontractors as necessary to perform the Work, but shall restrict access to State Confidential Information to those agents, employees, assigns and Subcontractors who require access to perform their obligations under this Grant Award Letter. Grantee shall ensure all such agents, employees, assigns, and Subcontractors sign nondisclosure agreements with provisions at least as protective as those in this Grant, and that the nondisclosure agreements are in force at all times the agent, employee, assign or Subcontractor has access to any State Confidential Information. Grantee shall provide copies of those signed nondisclosure restrictions to the State upon request.

C. Use, Security, and Retention

Grantee shall use, hold and maintain State Confidential Information in compliance with any and all applicable laws and regulations in facilities located within the United States, and shall maintain a secure environment that ensures confidentiality of all State Confidential Information wherever located. Grantee shall provide the State with access, subject to Grantee's reasonable security requirements, for purposes of inspecting and monitoring access and use of State Confidential Information and evaluating security control effectiveness. Upon the expiration or termination of this Grant, Grantee shall return State Records provided to Grantee or destroy such State Records and certify to the State that it has done so, as directed by the State. If Grantee is prevented by law or regulation from returning or destroying State Confidential Information, Grantee warrants it will guarantee the confidentiality of, and cease to use, such State Confidential Information.

D. Incident Notice and Remediation

If Grantee becomes aware of any Incident, it shall notify the State immediately and cooperate with the State regarding recovery, remediation, and the necessity to involve law enforcement, as determined by the State. After an Incident, Grantee shall take steps to reduce the risk of incurring a similar type of Incident in the future as directed by the State, which may include,

but is not limited to, developing and implementing a remediation plan that is approved by the State at no additional cost to the State.

11. CONFLICTS OF INTEREST

Grantee shall not engage in any business or activities, or maintain any relationships that conflict in any way with the full performance of the obligations of Grantee under this Grant. Grantee acknowledges that, with respect to this Grant, even the appearance of a conflict of interest shall be harmful to the State's interests and absent the State's prior written approval, Grantee shall refrain from any practices, activities or relationships that reasonably appear to be in conflict with the full performance of Grantee's obligations under this Grant. If a conflict or the appearance of a conflict arises, or if Grantee is uncertain whether a conflict or the appearance of a conflict has arisen, Grantee shall submit to the State a disclosure statement setting forth the relevant details for the State's consideration.

12. INSURANCE

Grantee shall maintain at all times during the term of this Grant such liability insurance, by commercial policy or self-insurance, as is necessary to meet its liabilities under the Colorado Governmental Immunity Act, §24-10-101, *et seq.*, C.R.S. (the "GIA"). Grantee shall ensure that any Subcontractors maintain all insurance customary for the completion of the Work done by that Subcontractor and as required by the State or the GIA.

13. REMEDIES

In addition to any remedies available under any exhibit to this Grant Award Letter, if Grantee fails to comply with any term or condition of this Grant, the State may terminate some or all of this Grant and require Grantee to repay any or all Grant funds to the State in the State's sole discretion. The State may also terminate this Grant Award Letter at any time if the State has determined, in its sole discretion, that Grantee has ceased performing the Work without intent to resume performance, prior to the completion of the Work.

14. DISPUTE RESOLUTION

Except as herein specifically provided otherwise, disputes concerning the performance of this Grant that cannot be resolved by the designated Party representatives shall be referred in writing to a senior departmental management staff member designated by the State and a senior manager or official designated by Grantee for resolution.

15. NOTICES AND REPRESENTATIVES

Each Party shall identify an individual to be the principal representative of the designating Party and shall provide this information to the other Party. All notices required or permitted to be given under this Grant Award Letter shall be in writing, and shall be delivered either in hard copy or by email to the representative of the other Party. Either Party may change its principal representative or principal representative contact information by notice submitted in accordance with this §15.

16. RIGHTS IN WORK PRODUCT AND OTHER INFORMATION

Grantee hereby grants to the State a perpetual, irrevocable, non-exclusive, royalty free license, with the right to sublicense, to make, use, reproduce, distribute, perform, display, create derivatives of and otherwise exploit all intellectual property created by Grantee or any Subcontractors or Subgrantees and paid for with Grant Funds provided by the State pursuant to this Grant.

17. GOVERNMENTAL IMMUNITY

Liability for claims for injuries to persons or property arising from the negligence of the Parties, their departments, boards, commissions committees, bureaus, offices, employees and officials shall be controlled and limited by the provisions of the GIA; the Federal Tort Claims Act, 28 U.S.C. Pt. VI, Ch. 171 and 28 U.S.C. 1346(b), and the State's risk management statutes, §§24-30-1501, *et seq.* C.R.S. No term or condition of this Grant Award Letter shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, or protections of any of these provisions.

18. GENERAL PROVISIONS

A. Assignment

Grantee's rights and obligations under this Grant are personal and may not be transferred or assigned without the prior, written consent of the State. Any attempt at assignment or transfer without such consent shall be void. Any assignment or transfer of Grantee's rights and obligations approved by the State shall be subject to the provisions of this Grant Award Letter.

B. Captions and References

The captions and headings in this Grant Award Letter are for convenience of reference only, and shall not be used to interpret, define, or limit its provisions. All references in this Grant Award Letter to sections (whether spelled out or using the § symbol), subsections, exhibits or other attachments, are references to sections, subsections, exhibits or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.

C. Entire Understanding

This Grant Award Letter represents the complete integration of all understandings between the Parties related to the Work, and all prior representations and understandings related to the Work, oral or written, are merged into this Grant Award Letter.

D. Modification

The State may modify the terms and conditions of this Grant by issuance of an updated Grant Award Letter, which shall be effective if Grantee accepts Grant Funds following receipt of the updated letter. The Parties may also agree to modification of the terms and conditions of the Grant in a formal amendment to this Grant, properly executed and approved in accordance with applicable Colorado State law and State Fiscal Rules.

E. Statutes, Regulations, Fiscal Rules, and Other Authority

Any reference in this Grant Award Letter to a statute, regulation, State Fiscal Rule, fiscal policy or other authority shall be interpreted to refer to such authority then current, as may have been changed or amended since the Grant Issuance Date. Grantee shall strictly comply with all applicable Federal and State laws, rules, and regulations in effect or hereafter

established, including, without limitation, laws applicable to discrimination and unfair employment practices.

F. Order of Precedence

In the event of a conflict or inconsistency between this Grant Award Letter and any Exhibits or attachment, such conflict or inconsistency shall be resolved by reference to the documents in the following order of priority:

- i. The provisions of the Grant Award Letter.
- ii. Exhibit A, Statement of Work
- iii. Exhibit B, Budget,
- iv. Exhibit C, Option Letter.

Option Letters or amendments shall have priority in the area that they modify.

G. Severability

The invalidity or unenforceability of any provision of this Grant Award Letter shall not affect the validity or enforceability of any other provision of this Grant Award Letter, which shall remain in full force and effect, provided that the Parties can continue to perform their obligations under the Grant in accordance with the intent of the Grant.

H. Survival of Certain Grant Award Letter Terms

Any provision of this Grant Award Letter that imposes an obligation on a Party after termination or expiration of the Grant shall survive the termination or expiration of the Grant and shall be enforceable by the other Party.

I. Third Party Beneficiaries

Except for the Parties' respective successors and assigns described above, this Grant Award Letter does not and is not intended to confer any rights or remedies upon any person or entity other than the Parties. Any services or benefits which third parties receive as a result of this Grant are incidental to the Grant, and do not create any rights for such third parties.

J. Waiver

A Party's failure or delay in exercising any right, power, or privilege under this Grant Award Letter, whether explicit or by lack of enforcement, shall not operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege preclude any other or further exercise of such right, power, or privilege.

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Colorado Water Conservation Board

Water Plan Grant - Exhibit A

Statement Of Work

Prepared Date:	9/10/2018
Name of Grantee:	Pikes Peak Regional Water Authority
Name of Water Project:	El Paso County Groundwater Depletions: Project Implementation Strategies to Meet the Supply & Demand Gap
Funding Sources:	Colorado Water Plan Supply and Demand Gap Grant, USGS, El Paso County

Water Project Overview:

The El Paso County Groundwater Depletions: Project Implementation Strategies to Meet the Supply & Demand Gap (the "Strategies") will address the impending municipal water supply gap resulting from 50 years of groundwater depletions in the Denver Basin and Upper Black Squirrel aquifers of El Paso County. The El Paso County Water Master Plan, a wide-reaching initiative encompassing over 40 public service providers, is currently reviewing public policies promulgated under the El Paso County Land Use Code. Led by the EPC Community Development Department, the Water Master Plan will become a foundational document precedent to an updated El Paso County Comprehensive Plan. The land use and water efficiency effects of code changes will be included in the deliverables from the grant and is incorporated as "match" for some grant elements.

Addressing the municipal supply gap in a timely manner (prior to full depletion of the Denver Basin useful life) suggests regional solutions, but specific implementation strategies and recommendations are needed. A solid feasibility study to capture the documented 200,000 acre-foot alluvial aquifer storage capacity in the Upper Black Squirrel basin moves the Arkansas BIP goal for 70,000 af of new storage forward.

Project Objectives:

1. Assess the current extent of depletions of groundwater sources and estimate an event horizon where additional capital expenditures are required to sustain service to existing customers, in collaboration with the USGS.
2. Survey, collate and summarize the individual and collective financing capacity of EPC water providers to determine capacity for regional projects and/or projects for interim service from Colorado Springs Utilities (CSU).
3. Identify opportunities and constraints for regional solutions which include CSU, propose specific project profiles and parameters for successfully addressing regional water supply gaps on an equitable basis, identify the timing and extent of regional economic impacts from a failure to meet the regional water supply gap by the Colorado Water Plan Objective date of the Year 2030.
4. Develop regional project solutions, based on previous studies and dialogue with regional providers, that increases the reuse to extinction of fully consumable water that arises within El Paso County by El Paso County providers.
5. Document the regional economic interdependency of the entities in El Paso County to validate the importance of a regional water supply solution(s).
6. Develop a feasibility study level assessment of costs, design, timelines and funding aspects for an alluvial aquifer storage project in the Upper Black Squirrel groundwater basin or vicinity.
7. Administration and Project Management of the project for the grant and all participants and funding sources.



Tasks

Task 1 – Assess Groundwater Depletions

Description of Task:

As groundwater supplies are depleted, supply wells lose pumping capacity. Water providers that rely on this water source face capital expenditures for new wells or refurbishment of existing wells just to meet existing demand. These capital expenditures by fiscally constrained water purveyors are then no longer available for application to renewable supply solutions or collaborative regional projects. USGS has a network of monitoring wells in the study area. This Task will provide a “snapshot” of current static water levels, estimate future static water levels based on projected pumping rates, and in dialogue with effected water providers, articulate the capital expenditures required to sustain current levels of service.

Method/Procedure:

1. Measure wells with historic water level data
2. Add well data in new locations as appropriate
3. Apply an appropriate projection of depletion
4. Review projects with the EPC Water Master Plan Steering Committee

Deliverable: Project Implementation Strategies report and with USGS data regarding estimates of longevity of depleting groundwater sources for municipal providers in the study area. Project recommendations for implementation of regional water solutions to achieve the Colorado Water Plan objective of reducing the Municipal Supply and Demand Gap by 2030.



Tasks

Task 2 – Financial Capacity Survey and Projections

Description of Task:

The funding sources for many small, metropolitan district providers in El Paso County are water rates and tap fees, others have *ad valorem* taxes in addition to water rate revenue. Each individual water purveyor, whether a Title 32 District or statutory town or city, has some combination of debt and revenue sources to service its debt. In the case of Title 32 Districts, the debt capacity of a metropolitan district might also be applied to other capital improvement besides water supply, such as road, parks or stormwater features. The capacity of any entity to participate in water solutions, whether internal or regional, is directly impacted by the relationship between revenue and debt load. By examining the audited financial statement each entity files annually with the Division of Local Governments, an overview can be obtained for each provider of the financial capacity to either:

- a. continue capitalizing additional capacity to extract water from the aquifers, or
- b. participate in a regional project to address conversion from nonrenewable groundwater to a sustainable water source.

Financial capacity may (or may not) hamper financing regional water solutions. This Task will address questions such as:

"What is the credit capacity of potential project participants and how might the newly created Loan Guarantee Fund from CWCB assist some participants in a regional project? At what point does capital spent on sustaining or expanding capacity from nonrenewable sources hamper or eliminate capacity to participate in regional projects to convert to other water sources?"

Method/Procedure:

1. Identify the water providers to include in the financial survey in collaboration with the Project Management team and Steering Committee of the El Paso County Water Master Plan.
2. Summarize total debt, funding sources and estimate (via direct contact with the provider if possible) for near-term capital expenditures.
3. Project the timing and capacity of subregional sets of providers on a rational configuration to determine total project funding capacity at current CWCB Water Loan Program rates and terms.
4. Provide conclusions and recommendations for next steps to initiate transition from nonrenewable water sources.

Deliverable:

Project Implementation Strategies report with summary information on financial capacity and projections. Recommendations regarding application of a Loan Guarantee Fund program by CWCB to facilitate financing of regional water supply solutions to address the documented municipal supply gap. El Paso County Water Master Plan Report and Recommendations for changes to Land Use Codes.



Tasks

Task 3 – Colorado Springs Utilities' Opportunities and Constraints

Description of Task:

With completion of the Southern Delivery System project (SDS), Colorado Springs Utilities (CSU) has achieved a more reliable water supply arrangement for the City of Colorado Springs and its SDS partners for the foreseeable future. Many of the El Paso County water providers are entirely groundwater based system, challenged by the impact of groundwater depletions.

Are there opportunities for regional collaboration in a fashion similar to the WISE Partnership between Denver, Aurora and South Metro? The CSU Utility Policy Advisory Committee (UPAC) has been charged by the Utility Board to provide recommendations on "regionalization" as that term is included in the 2017 CSU Integrated Water Resource Plan (Feb 22, 2017 approval).

On February 7, 2018, the UPAC reviewed its final recommendations for adoption by the CSU Board of Directors. The draft policy recommendations are based on the many benefits of regional collaboration. This Task is intended to examine the physical delivery, sub-regional distribution, water quality and governance issues fundamental to an effective regional solution to sustainable water supply.

Will water delivery be raw water or potable water? Are there opportunities for sub-regional transmission infrastructure, either existing or to-be-constructed, that could serve multiple county water providers? Does source water quality from either a county provider or CSU affect a regional solution? What are the lessons learned from the WISE partnership and how could an El Paso County project take advantage of lessons learned in that initiative?

Colorado State Demographers Office			
Greater	2016		
Metro C. Springs	682,886	Population	
Colorado Springs	460,953	SDS Partners	Ratio
Fountain	29,581	490,534	71.8%
Monument	6,241		
Palmer Lake	2,710	GroundWater	Ratio
Unincorp. Area	183,401	192,352	28.2%

Regional Collaboration Benefits

- Long-term reliable water supply for the region
- Coordinated approach to regional planning
- Increased economies of scale and operational efficiencies
- Increased utilization of existing system capacities
- Costs spread over a larger customer base
- Return on investment for citizens
- Streamlined permitting processes for new projects
- Region's reputation is maintained
- Increased economic growth for the region
- Region moves to sustainable water source

Method/Procedure:

1. Organize sub-regional working groups to review existing infrastructure capacity and interconnections.
2. Interface with CSU water resource planners to identify opportunities and constraints.
3. Review and summarize constraints on regional service based on relevant permits (e.g. the SDS Pueblo County 1041 Permit, NEPA Record of Decision, etc.), related policies (e.g. inclusion in the Southeast Colorado Water Conservancy District), and other reference documents (existing regional water service contracts, City Code provision regard water service with annexation vs. without annexation).
4. Identify and provide specific project implementation strategies on opportunities for regional collaboration, such as use of existing water supply portfolios.

Deliverable:

Project Implementation Strategies report and El Paso County Water Master Plan Report with Recommendations regarding compliance with SDS 1041 permit requirements.



Tasks

Task 4– Fully Consumable Water Reuse within El Paso County

Description of Task:

One benefit of groundwater as a municipal supply source is the fully consumable nature of the return flow. Denver Basin aquifer sources and historically-quantified renewable sources are often decreed for use and reuse to extinction. To better quantify and track fully consumable return flow, from 2003 to 2007 the Pikes Peak Regional Water Authority collaborated with CWCB and CSU to extend the USGS computer generated Transit Loss Model on Fountain Creek to include Monument Creek. Extension of the Model up the reach of Monument Creek captures Denver Basin return flow in the calculation of fully consumable water. The Model is calibrated by USGS gauges and distinguishes between native and nonnative water to one-hundredth of an acre-foot.

Recent PPRWA regional studies have identified possible storage and reuse opportunities. How much water is available? Where is the water available? When is the water available? What storage is available for retiming the water usage? What water treatment capacity is available or required to capture and reuse the water to extinction? What are the parameters of a transaction that might capture and fully consume water which is currently discharged to the tributaries of Fountain Creek?

Method/Procedure:

1. Leverage the Transit Loss Model operations via interface with the Transit Loss Committee of PPRWA and the Division 2 Office of DWR.
2. Capture the current reusable water supply availability, by location, quantity and timing.
3. Project scenarios for reuse to extinction and propose projects or methods to achieve that reuse.
4. Leverage and build upon current recommendations with sources of reusable water prior to presenting results to potential users of fully consumable water.

Deliverable: Describe the deliverable the grantee expects from this task

Project Implementation Strategies report and El Paso County Water Master Plan Report and Recommendations for changes to Land Use Codes.

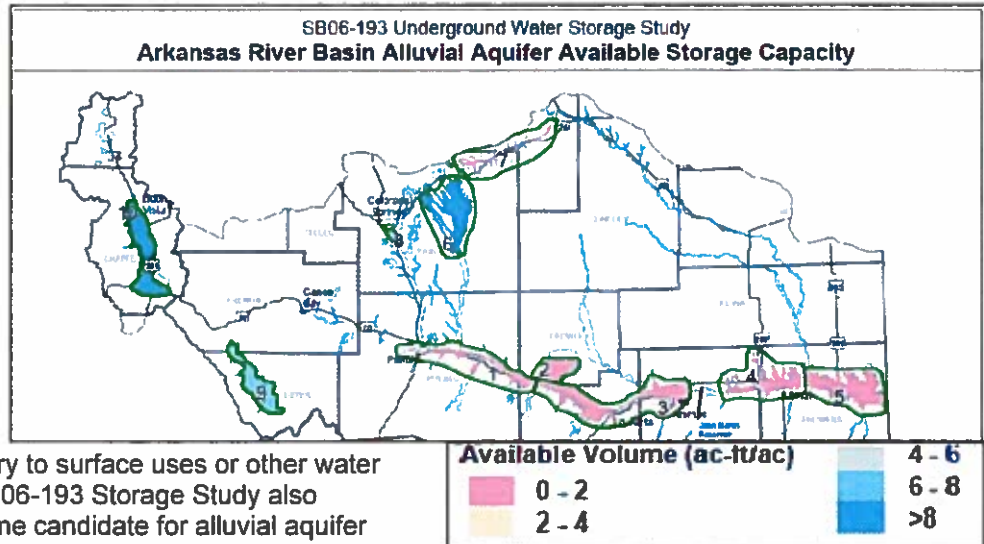


Tasks

Task 5— Alluvial Aquifer Feasibility Study, Upper Black Squirrel Designated Groundwater Basin

Description of Task:

In 2006, with CWCB and Arkansas Roundtable support, the PPRWA completed a stakeholder driven study of the alluvial aquifer storage capacity of the Upper Black Squirrel Designated Groundwater basin. Participants included the Upper Black Squirrel Groundwater Management District, Colorado Springs Utilities and many of the El Paso County water purveyors. The Study was conducted by the Colorado Geologic Survey and completed in 2008. The report concludes that 200,000 plus acre-feet of storage capacity is available in the de-watered regions within the



basin without likely injury to surface uses or other water rights. The Senate Bill 06-193 Storage Study also identified UBS as a prime candidate for alluvial aquifer storage.

Alluvial aquifer storage in the UBS was depicted in the Arkansas Basin Implementation Plan in Section 4.8 as a potential strategy for addressing climate change and impacts from changes in hydrology in the Colorado River basin (imports).

Method/Procedure:

1. Assemble stakeholders and funding participants to develop a target project site(s) for investigation.
2. Exchange infrastructure information with the EPC Water Master Plan team to eliminate overlap, identify delivery strategies.
3. Estimate design, cost-to-construct, timeline, permitting and collateral expenses related to project implementation.
4. Coordinate with Colorado Springs Utilities and SDS partners regarding raw water availability.

Deliverable:

Project Implementation Strategies report and detailed Alluvial Aquifer Storage Feasibility Study with recommendations for implementation.



Tasks

Task 6– Administration and Project Management

Description of Task:

Administer the grant, providing timely reporting, project schedule and funding status, coordination of vendors, final reconciliation of all funds.

Method/Procedure:

Good accounting, project management, and administrative activities

Deliverable:

6 monthly progress reports, summary of all billing and payment, final reconciliation of all funds, and overall project performance and issues. Project Implementation Strategies report and El Paso County Water Master Plan Report and Recommendations for changes to Land Use Codes.

This Statement of Work shall be accompanied by a combined Budget and Schedule that reflects the Tasks identified in the Statement of Work.

Reporting Requirements

Progress Reports: The applicant shall provide the CWCB a progress report every 6 months, beginning from the date of issuance of a purchase order, or the execution of a contract. The progress report shall describe the status 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 Report: At completion of the project, the grantee shall provide the CWCB a Final Report on the applicant's letterhead that:

- Summarizes the project and how the project was completed.
- Describes any obstacles encountered, and how these obstacles were overcome.
- Confirms that all matching commitments have been fulfilled.
- Includes photographs, summaries of meetings and engineering reports/designs.

The CWCB will pay out the last 10% of the budget when the Final Report is completed to the satisfaction of CWCB staff. Once the Final Report has been accepted, and final payment has been issued, the purchase order or grant will be closed without any further payment.



Payment

Payment will be made based on actual expenditures and must include invoices for all work completed. The request for payment must include a description of the work accomplished by task, an estimate of the percent completion for individual tasks and the entire Project in relation to the percentage of budget spent, identification of any major issues, and proposed or implemented corrective actions.

Project costs not covered by this or other grants are the responsibility of the grantee. [Project costs that are eligible for CWCB funds will be disbursed at the following percentages: 50% Water Plan Grant funds to 50% matching funds

Costs incurred prior to the effective date of this contract are not reimbursable. The last 10% of the entire grant will be paid out when the final deliverable has been received. All products, data and information developed as a result of this contract must be provided to CWCB in hard copy and electronic format as part of the project documentation.

Performance Measures

Performance measures for this contract shall include the following:

(a) Performance standards and evaluation: Grantee will produce detailed deliverables for each task as specified. Grantee shall maintain receipts for all project expenses and documentation of the minimum in-kind contributions (if applicable) per the budget in Exhibit B. Per Water Plan Grant Guidelines, the CWCB will pay out the last 10% of the budget when the Final Report is completed to the satisfaction of CWCB staff. Once the Final Report has been accepted, and final payment has been issued, the purchase order or grant will be closed without any further payment.

(b) Accountability: Per Water Plan Grant Guidelines full documentation of project progress must be submitted with each invoice for reimbursement. Grantee must confirm that all grant conditions have been complied with on each invoice. In addition, per Water Plan Grant Guidelines, Progress Reports must be submitted at least once every 6 months. A Final Report must be submitted and approved before final project payment.

(c) Monitoring Requirements: Grantee is responsible for ongoing monitoring of project progress per Exhibit A. Progress shall be detailed in each invoice and in each Progress Report, as detailed above. Additional inspections or field consultations will be arranged as may be necessary.

(d) Noncompliance Resolution: Payment will be withheld if grantee is not current on all grant conditions. Flagrant disregard for grant conditions will result in a stop work order and cancellation of the Grant Agreement.



Prepared Date: 9/10/2018

Name of Grantee: Pikes Peak Regional Water Authority

Name of Project: El Paso County Groundwater Depletions: Project Implementation Strategies to Meet the Supply and

Project Start Date: 10/01/2018

Project End Date: 10/01/2023

[illegible]

EXHIBIT C, OPTION LETTER (SAMPLE)

State Agency Department of Natural Resources Colorado Water Conservation Board (CWCB) 1313 Sherman St, Room 718 Denver, CO 80203	Option Letter Number
Grantee Pikes Peak Regional Water Authority 231 Security Blvd. Colorado Springs, CO 80911	Original Agreement Number CMS 113624 CORE CTGG1 2019-2279
Current Agreement Maximum Amount (Initial Term)	Option Agreement Number
	Agreement Performance Beginning Date
	Current Agreement Expiration Date

1. OPTIONS:

A. Option to extend for an Extension Term

2. REQUIRED PROVISIONS:

A. **For use with Option 1(A):** In accordance with Section 2.A., of the Original Agreement referenced above, the State hereby exercises its option for an additional term, beginning _____ and ending on the current Agreement expiration date shown above, at the rates stated in the Original Agreement, as amended.

3. OPTION EFFECTIVE DATE:

A. The effective date of this Option Letter is upon approval of the State Controller or ____, whichever is later.

<p style="text-align: center;">STATE OF COLORADO John W. Hickenlooper, Governor Department of Natural Resources Colorado Water Conservation Board</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p style="text-align: center;">In accordance with §24-30-202, C.R.S., this Option is not valid until signed and dated below by the State Controller or an authorized delegate. STATE CONTROLLER Robert Jaros, CPA, MBA, JD</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Option Effective Date: _____</p>
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