



COLORADO

Colorado Water
Conservation Board

Department of Natural Resources

Contract CORE No. POGG1 2018-745
CMS #

February 23, 2018

Colorado Open Lands
Attn: Carmen Farmer, Conservation Project Manager
1546 Cole Blvd., #200
Lakewood, CO 80401

Dear Carmen:

We are pleased to inform you that the Colorado Department of Natural Resources, Colorado Water Conservation Board (CWCB) has approved your application for funding pursuant to the ATM Grant Program ("Program") in the amount of \$100,000. This letter authorizes you to proceed with the South Platte River ATM ("Project") in accordance with the terms of this Grant Award Letter.

Attached to this letter are the terms and conditions of your Grant. Please review these terms and conditions, as they are requirements of this Grant to which you, Colorado Open Lands, agree by accepting the Grant Funds.

If you have any questions or concerns regarding the project, please contact Craig Godbout, Project Manager at 303-866-3441 ext. 3210 or at Craig.Godbout@state.co.us. Please send the 6-month progress reports and invoices directly to the Project Manager and cc me at Dori.vigil@state.co.us.

Thank you.

Sincerely,

//s//

Doriann Vigil

Program Assistant II

O 303-866-3441 ext. 3250

1313 Sherman Street, Rm. 719, Denver, CO 80203

Dori.vigil@state.co.us / cwcb.state.co.com

Attachments



STATE OF COLORADO
Department of Natural Resources

ORDER		** IMPORTANT **				
Number: POGG1 PDAA 201800000745		The order number and line number must appear on all invoices, packing slips, cartons and correspondence				
Date: 02/23/18						
Description:		BILL TO				
PDAA 2500 ATM COOpenLands_SP ATM		COLORADO WATER BOARD CONSERVATION				
Effective Date: 02/23/18 Expiration Date: 06/30/21		1313 SHERMAN STREET, ROOM 718				
BUYER		DENVER, CO 80203				
Buyer:		SHIP TO				
Email:		COLORADO WATER BOARD CONSERVATION				
VENDOR		1313 SHERMAN STREET, ROOM 718				
COLORADO OPEN LANDS		DENVER, CO 80203				
1546 COLE BLVD STE 200		SHIPPING INSTRUCTIONS				
LAKEWOOD, CO 80401		Delivery/Install Date:				
Contact: .		F.O.B: FOB Dest, Freight Allowed				
Phone: .		VENDOR INSTRUCTIONS:				
Line Item	Commodity/Item Code	UOM	QTY	Unit Cost	Total Cost	MSDS Req.
1	G1000		0	0.00	\$100,000.00	<input type="checkbox"/>
Description: PDAA 2500 ATM COOpenLands_SP ATM						
Service From: 02/23/18 Service To: 06/30/21						
TERMS AND CONDITIONS						
https://www.colorado.gov/osc/purchase-order-terms-conditions						
DOCUMENT TOTAL = \$100,000.00						

Exhibit A-1

Statement of Work – ATM Component

WATER ACTIVITY NAME - South Platte River ATM & Conservation Easement

GRANT RECIPIENT – Colorado Open Lands

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)

Colorado Open Lands and Western Water Partnerships are working with a landowner in Weld County to permanently conserve a farm through a conservation easement, while permitting limited water leasing to municipalities. This conservation easement will be an unprecedented example of private and public partners coming together to provide the impetus for a new and innovative way to provide for the protection of critical farmland while providing flexibility to future generations to keep farmland productive and sustainable. In an industry where water is so imperative and subject to the unpredictable whims of nature, the option to lease the water on the property during dry years greatly contributes to the future viability of the farm while also ensuring that development pressures do not permanently remove the farm from production. In this particular context, permanently conserved lands in Weld County provide a solid foundation for the continued operation and sustainability of the agriculture industry as a whole in one of the most productive counties in the country.

OBJECTIVES

List the objectives of the project

The objective of this project is the implementation of an Alternative Transfer Mechanism that would permit limited sharing of the water rights associated with the farm.

TASKS

Provide a detailed description of each task using the following format

TASK 1 – Farmland Viability Analysis

Description of Task

COL and WWP will engage consultants, including an agronomist, water engineer, attorney and economist to analyze the ATM and develop scenarios on how the farm would operate during normal years, ATM years and recovery years. This consulting team would provide recommendations on farm/water management with a potential ATM in the form of a Farmland Viability Plan. This plan would also provide a determination of the type of ATM to be pursued (e.g. Interruptible water supply agreement, rotational fallowing, partial supply).

Deliverable

Write-up on the Final Farmland Viability Analysis

TASK 2 – Exploration of Municipal and Industrial Partners/Feasibility

Description of Task

WWP and COL will explore interest from municipal and/or industrial partners in the water rights associated with the property. As part of these discussions, the feasibility and potential costs for implementing an alternative transfer mechanism will be investigated and gauged. Legal services including the review of the term sheet and development of a Letter of Intent will also be part of this task.

Deliverable

Letter of Intent from municipal or industrial partner expressing interest in negotiating a water sharing agreement with the farmer.

TASK 3 – Farm & Water Operations Plan

Description of Task

A Farm and Water Operations Plan will be developed to inform strategies for maintaining the viability of the farm into the future. It will provide operational recommendations from a water supply and irrigation perspective so that combined farming sales revenues and water lease/sales revenues will sustain the operational costs of the farm in the long term. The plan will also provide recommendations for operations for multiple water supply scenarios, including years with a full water supply and years that the municipality uses some of the water for off-farm uses pursuant to the ATM.

The plan should be used as a guide for the management of the water and land with the ATM water agreement. The intent of the plan is to provide guidance on how to maximize the use and management of the water and land in such a way that it benefits all parties and fulfills the multiple purposes for which the land and water were conserved.

Deliverable

Farm and Water Operations Plan

TASK 4 – Water Sharing Agreement

Description of Task

The purpose of this task is to work with the parties to develop a mutually acceptable water supply agreement or contract between the owner of the land and the M&I water provider. In this task, project team will negotiate with the participating M&I water provider to determine the specific terms of the water supply contract. All disciplines will offer their expertise to help bring this contract to fruition. This will include:

- Determine the trigger that implements the interruptible supply (i.e. 3 out of 10 years, snowpack conditions, water supply conditions, timing)
- Agreement on each party's costs (e.g. purchase price of water, water court costs)
- Delivery of water to the M&I provider
- Determination of (potential) payment to farmer or landowner during fallowing years, including weed control
- Water accounting responsibilities
- Other responsibilities assumed by the parties

Deliverable

Fully Executed Water Sharing Agreement

TASK 5 – Water Court/Change of Use/Administrative Action (No CWCB Funds Used for this Task)

Description of Task

In Tasks 1 and 2, the project team will explore which type of ATM is most appropriate for this farm and the M&I partner. Once this is complete, the project team will determine how best to add the M&I water use to the water right and weigh the pros/cons of each legal tool available. Some of the legal mechanisms include a formal change in water court, substitute water supply plans, interruptible water supply agreement (CRS 37-92-309), Ag Protection Water Right Transfer Mechanism (HB16-1228) or CWCB's Ag Fallowing Leasing Pilot Program (HB13-1248).

Deliverable

Final water court decree or approval allowing M&I use of the water rights per the terms of the agreement.

TASK 6- Project Management

Description of Task

This task involves the management of the project, including conducting team meetings, calls and grant management responsibilities including submitting regular progress reports and invoicing.

Deliverable

Regular progress reports and invoicing.

TASK 7 - Direct Costs

Description of Task:

To complete the ATM, Applicants will incur direct costs consisting of mileage for travel to meetings and the site, along with costs for copies for documentation of the process, deliverables and final reporting.

Final Deliverable

Invoices for Direct 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 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.

EXHIBIT B



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Colorado Water Conservation Board

Alternative Agricultural Water Transfer Methods Competitive Grant Program - Exhibit B Budget and Schedule

Date: February 1, 2018

Name of Applicant: Colorado Open Lands

Name of Water Project: South Platte River ATM & Conservation Easement

Task No.	Task Description	Start Date ⁽¹⁾	End Date	Project Cost by Task	Match Funding Cash	CWCB Grant Request	Match Funding In-Kind	Total
1 - Farmland Viability Analysis	Analyze the ATM and develop scenarios on how the farm would operate during normal years, ATM years and recovery years. Provide recommendations on farm/watermanagement with ATM. Determination of the type of ATM to be pursued (e.g. Interruptible water supply agreement, rotational fallowing, partial supply).	2/23/2018	5/15/2018					
				\$ 28,000.00	\$ 12,000.00	\$ 16,000.00	\$ -	\$ 28,000.00
2 - Exploration of Municipal & Industrial Partners/Feasibility	Meet with potential Municipal & Industrial end users. Develop a draft report outlining the options.	2/23/2018	11/15/2018					
				\$ 38,000.00	\$ 17,000.00	\$ 21,000.00	\$ -	\$ 38,000.00
3 - Farm & Water Operations Plan	Develop document to provide guidance for the farmer on operational options during ATM years and recovery years. Guidance may include water rights operations strategies, recommendations for specific farm improvements and cropping options for certain years.	2/23/2018	3/15/2019					
				\$ 32,500.00	\$ 15,500.00	\$ 17,000.00	\$ -	\$ 32,500.00
4 - Water Sharing Agreement	Develop a Termsheet between Farmer & Municipal or Industrial User. Draft Water Sharing Agreement.	3/15/2018	3/15/2019					
				\$ 40,000.00	\$ -	\$ 40,000.00		\$ 40,000.00
5 - Water Court/Change of Use	Add M&I Use to Water Right via Water Court and/or Administrative Approval	10/15/2018	1/15/2021					
				\$ 75,000.00	\$ 75,000.00	\$ -		\$ 75,000.00
6 - Project Management	Coordinate team efforts including meetings, calls and ensuring that project is on-task and on-schedule.	2/23/2018	1/15/2021					
				\$ 5,000.00		\$ 4,000.00		\$ 4,000.00
7 - Direct Costs	Direct Costs (Mileage and Copies)	2/23/2018	1/15/2021					
				\$ 4,500.00		\$ 2,000.00		\$ 2,000.00
Final Report			6/30/2021					
Total				\$ 223,000.00	\$ 119,500.00	\$ 100,000.00	\$ -	\$ 219,500.00
Percentage					54%	46%	0%	100%