

STATE OF COLORADO INTERAGENCY AGREEMENT

COVER PAGE

Paying State Agency Department of Natural Resources Colorado Water Conservation Board (CWCB) 1313 Sherman St, Room 718 Denver, CO 80203	Agreement Numbers CMS 171702 CTGG1 2022-2414
Performing State Agency Colorado Department of Agriculture	Agreement Performance Beginning Date The later of the Effective Date (the date the State Controller or an authorized delegate signs this Grant Agreement) OR 11/1/2021
Agreement Maximum Amount \$298,467.00 Local Match \$145,000.00	Agreement Expiration Date 09/01/2025 Agreement Authority House Bill HB21-1260, Funding for the Colorado Water Plan and the Water Supply Reserve Fund.
Agreement Purpose This project proposes a multi-pronged approach to increase the voluntary adoption of soil health practices in the Republican River Watershed with the goal of setting producers up to participate in EQIP and conserving water supplies for the Ogallala Aquifer.	
Exhibits and Order of Precedence The following Exhibit(s) and attachment(s) are included with this Agreement: <ol style="list-style-type: none"> 1. Exhibit A – Statement of Work. 2. Exhibit B – Budget and Schedule In the event of a conflict or inconsistency between this Agreement and any Exhibit or attachment, such conflict or inconsistency shall be resolved by reference to the documents in the following order of priority: <ol style="list-style-type: none"> 1. The provisions of the main body of this Agreement. 2. Exhibit A, Statement of Work. 3. Exhibit B – Budget and Schedule 	
Principal Representatives For the Paying State Agency: Cole Bedford Colorado Water Conservation Board 1313 Sherman St. Room 718 Denver, CO 80203 303-866-3441 x3234 cole.bedford@state.co.us	For the Performing State Agency: Nikki Brinson Colorado Department of Agriculture 305 Interlocken Parkway Broomfield, CO 80021 303-842-3108 nikki.brinson@state.co.us

SIGNATURE PAGE**THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT**

Each person signing this Agreement represents and warrants that the signer is duly authorized to execute this Agreement and to bind the Party authorizing such signature.

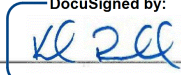

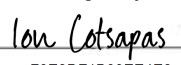
STATE OF COLORADO Jared S. Polis, Governor	
<p style="text-align: center;">Department of Natural Resources Colorado Water Conservation Board</p> <p>DocuSigned by:</p> <p>By: <u></u></p> <p>Title: <u>Finance Chief</u></p> <p>Date: <u>October 28, 2021 1:40 PM MDT</u></p>	<p style="text-align: center;">Colorado Department of Agriculture</p> <p>By: <u></u></p> <p>Title: <u>Commissioner of Agriculture</u></p> <p>Date: <u>10/25/21</u></p>
<p style="text-align: center;">In accordance with §24-30-202, C.R.S., this Agreement 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>DocuSigned by:</p> <p>By: <u></u></p> <p style="text-align: center;">November 2, 2021 10:16 AM MDT</p> <p>Effective Date: _____</p>	

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1. PARTIES

This Interagency Agreement (this “Agreement”) is entered into by and between the Paying Agency, (the “Paying Agency”), and the Performing Agency, (the “Performing Agency”) who are named on the Cover Page of this Agreement. The Paying Agency and the Performing Agency may each individually be referred to as a “Party” and collectively as the “Parties.” Each Party is an agency of the STATE OF COLORADO, hereinafter called the “State.”

2. TERM AND EFFECTIVE DATE

A. Effective Date

This Agreement shall not be valid or enforceable until the Effective Date.

B. Term

The Parties’ respective performances under this Agreement shall commence on the Agreement Performance Beginning Date shown on the Cover Page for this Agreement and shall terminate on the Agreement Expiration Date shown on the Cover Page for this Agreement unless sooner terminated or further extended in accordance with the terms of this Agreement.

C. Termination for Convenience

Either Party may terminate this Agreement for convenience by giving the other Party 90 days prior written notice setting forth the date of termination.

3. STATEMENT OF WORK AND BUDGET

A. Work

The Performing Agency shall complete the Work as described in this Agreement and in accordance with the provisions of Exhibit A. The Paying Agency shall have no liability to

compensate the Performing Agency for the delivery of any goods or the performance of any services that are not specifically set forth in this Agreement.

B. Goods and Services

The Performing Agency shall procure goods and services necessary to complete its obligations using Agreement funds and shall not increase the maximum amount payable hereunder by the Paying Agency.

4. PAYMENTS TO THE PERFORMING AGENCY

A. Maximum Amount

Payments to the Performing Agency are limited to the unpaid, obligated balance of the Agreement funds. The Paying Agency shall not pay the Performing Agency any amount under this Agreement that exceeds the Agreement Maximum Amount for that State Fiscal Year shown on the Cover Page for this Agreement.

B. Payment Procedures

- i. The Performing Agency shall initiate payment requests by invoice to the Paying Agency, in a form and manner approved by the Paying Agency. To facilitate Fiscal Year End closing, final invoices for each Fiscal Year should be submitted to the Paying Agency by July 15th of the following Fiscal Year.
- ii. The Paying Agency shall pay each invoice within 30 days following the Paying Agency's receipt of that invoice, so long as the amount invoiced correctly represents work completed by the Performing Agency and previously accepted by the Paying Agency during the term that the invoice covers.
- iii. In accordance with the Fiscal Procedures Manual, each Agency shall report the outstanding balance of this Agreement on Exhibit AR_AP at Fiscal Year end.

5. RECORDS, MAINTENANCE AND INSPECTION

A. Maintenance

During the term of this Agreement and for a period terminating upon the later of (i) the six year anniversary of the final payment under this Agreement or (ii) the resolution of any pending Agreement matters (the "Record Retention Period"), each Party shall maintain, and allow inspection and monitoring by the other Party, and any other duly authorized agent of a governmental agency, of a complete file of all records, documents, communications, notes and other written materials, electronic media files, and communications, pertaining in any manner to the work or the delivery of services or goods hereunder.

B. Inspection

The Paying Agency shall have the right to inspect the Performing Agency's performance at all reasonable times and places during the term of this Agreement. The Performing Agency shall permit the Paying Agency, and any other duly authorized agent of a governmental agency having jurisdiction to monitor all activities conducted pursuant to this Agreement, to audit, inspect, examine, excerpt, copy and/or transcribe the Performing Agency's records related to this Agreement during the Record Retention Period to assure compliance with the terms hereof or to evaluate performance hereunder. Monitoring activities controlled by the

Paying Agency shall not unduly interfere with the Performing Agency's performance hereunder.

6. CONFIDENTIAL INFORMATION

Each Party shall treat the confidential information of the other Party with the same degree of care and protection it affords to its own confidential information, unless a different standard is set forth in this Agreement. Each Party shall notify the other Party immediately if it receives a request or demand from a third party for records or information of the other Party.

7. DISPUTE RESOLUTION

The failure of a Party to perform its respective obligations in accordance with the provisions of this Agreement is a breach of this Agreement. In the event of disputes concerning performance hereunder or otherwise related to this Agreement, the Parties shall attempt to resolve them at the divisional level. If this fails, disputes shall be referred to senior departmental management staff designated by each Party. If this fails, the executive director of each Party shall meet and attempt resolution. If this fails, the matter shall be submitted in writing by both Parties to the State Controller, whose decision shall be final.

8. NOTICES AND REPRESENTATIVES

Each individual identified as a Principal Representative on the Cover Page for this Agreement shall be the Principal Representative of the designating Party. All notices required or permitted to be given under this Agreement shall be in writing, and shall be delivered **(A)** by hand with receipt required, **(B)** by certified or registered mail to such Party's Principal Representative at the address set forth on the Cover Page or **(C)** as an email with read receipt requested to the Principal Representative at the email address, if any, set forth on the Cover Page for this Agreement. Either Party may change its Principal Representative by notice submitted in accordance with this section without a formal amendment to this Agreement. Unless otherwise provided in this Agreement, notices shall be effective upon delivery of the written notice.

9. GENERAL PROVISIONS

A. Assignment

The Performing Agency's rights and obligations under this Agreement are personal and may not be transferred or assigned without the prior, written consent of the Paying Agency. Any attempt at assignment or transfer without such consent shall be void. Any assignment or transfer of the Performing Agency's rights and obligations approved by the Paying Agency shall be subject to the provisions of this Agreement.

B. Counterparts

This Agreement may be executed in multiple, identical, original counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

C. Digital Signatures

If any signatory signs this Agreement using a digital signature in accordance with the Colorado State Controller Contract, Grant and Purchase Order Policies regarding the use of digital signatures issued under the State Fiscal Rules, then any agreement or consent to use

digital signatures within the electronic system through which that signatory signed shall be incorporated into this Agreement by reference.

D. Third Party Beneficiaries

Except for the Parties' respective successors and assigns, this Agreement does not and is not intended to confer any rights or remedies upon any person or entity other than the Parties. Enforcement of this Agreement and all rights and obligations hereunder are reserved solely to the Parties. Any services or benefits which third parties receive as a result of this Agreement are incidental to this Agreement, and do not create any rights for such third parties.

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Colorado Water Conservation Board
Water Plan Grant - Exhibit A

Statement Of Work	
Date:	9/29/21
Name of Grantee:	Colorado Department of Agriculture
Name of Water Project:	Advancing Soil Health through Technical Assistance and Producer Incentives in the Republican River Watershed
Funding Source:	Gates Family Foundation, Colorado State University, Colorado Department of Agriculture, and Conservation Partners Program
Water Project Overview:	
<p>This project proposes a multi-pronged approach to increase the voluntary adoption of soil health practices in the Republican River Watershed with the goal of setting producers up to participate in EQIP and conserving water supplies for the Ogallala Aquifer. This approach includes technical assistance, incentive payments for producers, enrollment in the STAR program (see below for more information), use of the farm OS tool and partial budget analysis, free soil health testing, education and demonstration. These activities will be delivered to producers by local partners with assistance from soil health specialists from the Colorado Department of Agriculture (CDA) and by CDA directly, working in coordination with local NRCS staff. The idea is to give participants three years to try out new soil health practices on a field of their choice as they develop familiarity and expertise with new production methods. At the end of the three years, producers will be in a position to consider adopting these practices across their operation, applying for EQIP funding or other conservation financing, and participating in new markets or revenue streams such as payments of ecosystems services. Finally, this project will increase the capacity and responsibility of conservation districts by providing a new way to engage with landowners, along with new funding and assistance from CDA soil health specialists.</p> <p>The Saving Tomorrow's Agricultural Resources (STAR) program sits at the center of this new programming. STAR is a practice-based ranking system to educate producers, provide public acknowledgment of producer achievements, and structure conversations around soil health improvements. STAR also has potential to evolve as a market signal and provide an on-ramp for new revenue streams. Several supply chain partners have already committed to purchasing products grown on STAR fields; CDA will pursue more of these partnerships in coming months. STAR was originally developed in Illinois, where more than 215 producers have participated and adopted BMPs across more than 83,000 acres. STAR is now active and growing in IL, IN, IA, and MO. Over the last 9 months, CDA has worked with researchers and practitioners to adapt STAR evaluation forms for the diversity of Colorado agriculture, including conditions in the Southern Great Plains. Relevant metrics have been developed and piloted in preparation of incorporating STAR into a Colorado Soil Health Program.</p> <p>This project will also investigate the link between the adoption of soil health practices and water conservation and water quality outcomes. This work will be led by Drs. Ippolito and Machmuller,</p>	

distinguished scientists from Colorado State University. Four research fields will be split into control and treatment and monitored using soil moisture probes and robust soil sampling. Along with these research-focused sites, program-focused fields will contribute data on soil health to allow for a statistically rigorous scientific investigation. All participants will use farmOS or other means to collect practice-based data, including their STAR rating, that can be used to drive research. This will build on existing work by Drs. Ippolito and Machmuller and will serve to validate the structure of the soil health program as it is developed. Drs. Ippolito and Machmuller will also analyze field-level data to measure carbon and water benefits and report on metrics for this project.

Education and outreach are a key component of this project. Annual field days will be held for program participants and other members of the community. Research-focused fields will be excellent sites for field days and demonstration since the difference between conventional and regenerative practices can be easily compared. Educational resources will also be created by CDA soil health specialists and online curriculum will be made available to participants.

Project Objectives:

The goal of this project is to increase participation in the EQIP program by lowering the barrier to entry for implementing soil health BMPs over a three-year period. Project outcomes include implementation of soil health practices on at least 24 fields over a three-year period (# of people targeted, # of BMP's implemented) with at least 10 producers choosing to adopt these BMPs across additional fields at the end of the program (# of people with changed behavior). Progress towards these outcomes will be measured by continued participation in the program and number of EQIP contracts applied for relating to soil health.

Another goal of this project is to sustain water supplies for the Republican River Watershed and the Ogallala Aquifer. Previous research from Soil Health Institute (SHI) suggests that adopting soil health BMPs can result in significant water conservation. SHI estimates that adopting soil health BMPs can conserve .01cm water/cm soil. At that rate, adopting soil health practices across the 960 acres enrolled in this project would result in 15.36 billion gallons conserved (see notes in Tracking Metrics section for these calculations). Similarly, research at CSU's Agriculture Research Development Station (ARDEC) estimates that adopting soil health BMPs can result in avoided nitrogen and phosphorus between 1-4 lbs/acre and 1-2 lbs/acre respectively. Using median values, CDA estimates that this project would reduce nitrogen runoff by 4,800 lbs/year and phosphorous runoff by 960 lbs/year. Although this research suggests that the implementation of soil health BMPs will lead to significantly improved water conservation and water quality benefits, quantification of these benefits is a key aspect of this project. Drs. Ippolito and Machmuller will use the results of soil health tests and soil moisture monitoring to measure progress towards hydrology outcomes (gallons of water conserved per year) and water quality outcomes (reduced nitrogen and phosphorus runoff).

These outcomes are both achievable and critical to this rural, agriculturally dependent economy. Interest in soil health and regenerative agriculture is growing quickly amongst producers, supply chain partners, and the public. Still, many producers in the area are waiting for the economic case to be made for their region and to see proof that these practices can work in their arid region. This project will give participants a chance to try out new practices at a reduced risk while providing technical assistance, education, and the community support to forge ahead. It will also create proof points across the Republican River Watershed to showcase these practices to the broader

community and provide much needed data for researchers to understand these outcomes and relay their benefits to others.

Tasks
Task 1 – Producer incentive payments
Description of Task:
Participants will receive an incentive payment each year for three years. Incentive payments are meant to reduce the risk of foregone income from trying new practices. Incentive payments are \$75/acre with a minimum of \$1000 and a maximum of \$5000. To ensure that producers have skin in the game, incentive payments will be matched with an equal contribution from the participant.
Method/Procedure:
Incentive payments will be paid to conservation districts upon receipt of a producer match form that include receipts for equipment, seed, gasoline, and other verifiable costs associated with the implementation of new practices. Conservation districts will dispense incentive payments to producers.
Deliverable:
Producer match forms

Tasks
Task 2 – Soil health and water availability research
Description of Task:
This project will investigate the link between the adoption of soil health practices and water availability outcomes. This work will be led by Drs. Ippolito and Machmuller, distinguished scientists from Colorado State University.
Method/Procedure:
Four research fields will be split into control and treatment and monitored using soil moisture probes and robust soil sampling. Along with these research-focused sites, program-focused fields will contribute data on soil health to allow for a statistically rigorous scientific investigation. All participants will use farmOS or other means to collect practice-based data, including their STAR rating, that can be used to drive research. Drs. Ippolito and Machmuller will also analyze field-level data to measure carbon and water benefits and report on metrics for this project.
Deliverable:
Final project evaluation report

Budget and Schedule

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

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 applicant 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.

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 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 C. 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.

**COLORADO**Colorado Water
Conservation Board

Department of Natural Resources

Colorado Water Conservation Board**Water Plan Grant - Exhibit B
Budget and Schedule****Prepared Date: 9/29/21****Name of Applicant: Colorado Department of Agriculture****Project: Advancing Soil Health thru Technical Assistance and Producer Incentives in the Republican River Watershed****Project Start Date: 11/01/2021****Project End Date: 09/01/2025**

Task No.	Task Description	Task Start Date	Task End Date	Grant Funding Request	Match Funding	Total
1	Producer incentive payments	11/1/2021	9/1/2025	\$128,767	\$87,233	\$216,000
2	Soil health and water availability research	11/1/2021	9/1/2025	\$169,700	\$57,767	\$227,467
Total				\$298,467.00	\$145,000.00	\$443,467.00