EXHIBIT 12-D

Monterey Peninsula Water Management District

Proposal for

Integrated Regional Water Management Plan for the Monterey Peninsula, Carmel Bay, and South Monterey Bay

February 28, 2006

RMC *Innovative Solutions for Water and the Environment*

RMC
Water and Environment

Los Angeles
Sacramento
San Francisco
San Jose
Walnut Creek

February 28, 2006

Mr. David Berger
General Manager
Monterey Peninsula Water Management District
5 Harris Court, Bldg. G
Monterey, CA 93942

Dear Dave:

To achieve your goals of obtaining State grant funds and integrating varied plans for surface and groundwater management, the Monterey Peninsula Water Management District must create a final, adopted "functionally equivalent" IRWM Plan that details how local, State, and Federal water management strategies will work together in the Monterey Peninsula, Carmel Bay and South Monterey Bay areas to improve regional water security, protection, and management.

Using the optimum combination of management and communication strategies, ***RMC will provide an adopted Integrated Regional Water Management Plan by December 2006, thereby maximizing the District's ability to receive Prop. 50, Chapter 8 grant funding.***

Our professionals understand how to conceptualize, prepare, and implement integrated regional water management plans that address regulatory requirements, achieve stakeholder agreement, and gain both internal and external financial support. Our team was formed to provide the best possible combination of experience and talent to the Monterey Peninsula Water Management District with a commitment to working closely with District staff on this integrated planning initiative.

As RMC's project manager, I bring 25 years of experience with projects involving integrated water management planning, project funding development, environmental documentation, decision process support, and vulnerability/ reliability analysis. My proposed deputy project manager, Leslie Dumas, also has extensive experience with integrated regional water management planning, water resource planning, groundwater basin investigation and management, conjunctive use, hydrologic routing, and regulatory permitting. Additionally, Lyndel Melton will contribute his in-depth understanding of local and regional water resource management issues.

RMC is excited about this opportunity to work with you. Please call me if you have any questions about our proposal.

Sincerely,
RMC WATER AND ENVIRONMENT, INC.

David L. Richardson, P.E.
Principal

2001 North Main Street
Suite 400
Walnut Creek, CA 94596
ph: 925.627.4100
fax: 925.627.4101
www.rmcwater.com

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Note: Sections 1, 2 and Appendix can be seen on the MPWMD web site at http://www.mpwmd.dst.ca.us/asd/committees/admincomm/2006/0308/03/item3_exh3d.pdf.

Section 3
Approach and Scope of Work

"I was very impressed with how RMC has shown initiative, creativity in problem solving, ownership of the issues, and a commitment in providing value to the work product."

Samuel Laraño, P.E.
Manager, Special Projects

San Francisco Public Utilities Commission

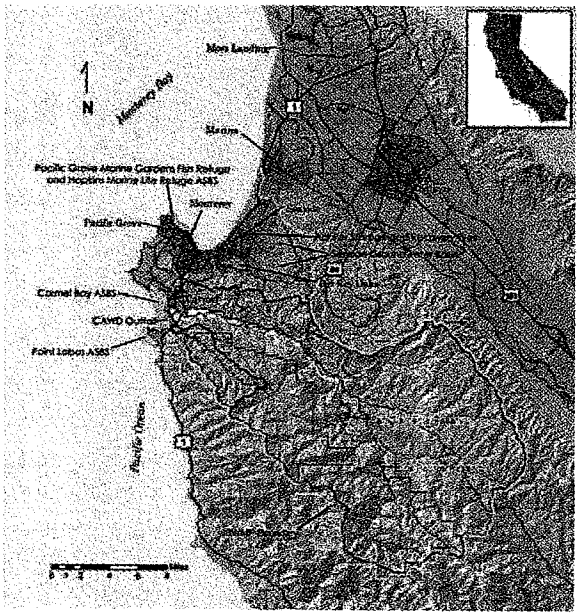
Monterey Peninsula Water Management District (District) and their planning partners are faced with the challenging task of completing and adopting an Integrated Regional Water Management Plan (IRWMP) for an area with diverse water management goals by December 2006. In doing so, the District will create the opportunity to gain access to millions of dollars in Proposition (Prop.) 50, Chapter 8 implementation grant funding.

To achieve its goals of obtaining State grant funds and integrating varied plans for surface and groundwater management, the District must create a final, adopted "functionally equivalent" IRWMP that details — in a single comprehensive document — how local, State, and Federal water management strategies will work together in the Monterey Peninsula, Carmel Bay and South Monterey Bay areas to improve regional water reliability, protection, and management.

After reviewing the Request for Proposal, and through discussions with District staff, RMC has developed an approach that addresses three key project issues:

- The IRWMP Must Integrate Projects From a Diverse Group of Stakeholders.
- The IRWMP Must be Adopted by Multiple Agencies by December 2006 in Order to Qualify for Prop. 50, Chapter 8 Grant Funding.
- District Priorities Must Dovetail with State and Federal Priorities in Order to Secure Maximum Grant Funding.

Using the optimum combination of management and communication strategies, RMC will provide an adopted Integrated Regional Water Management Plan by December 2006, thereby maximizing the District's ability to get Prop. 50, Chater 8 grant funding.



The IRWMP must integrate projects from a diverse group of stakeholders.

The IRWMP Must Integrate Projects from a Diverse Group of Stakeholders. The regional stakeholder group for the Monterey Peninsula, Carmel Bay, and South Monterey Bay Integrated Regional Water Management Plan contains a diverse set of entities including cities, water and wastewater agencies, and environmental groups. Each organization comes to the table with its own set of issues, priorities and projects. Additionally, several projects to be included in the IRWMP are under planning concurrent to the Plan preparation, and the status of these projects must be communicated and incorporated into the draft Plan in a timely manner to achieve the December 2006 adoption date.

A Proven Facilitator, Eileen Goodwin, will gain consensus among the stakeholders. RMC will use Eileen Goodwin of Apex Strategies to aid in gaining consensus among the Plan's stakeholders. Eileen has 24 years of leadership experience in building consensus on complex projects involving numerous parties. She facilitated a workshop for the District, providing leadership in a facilitated setting for communicating goals and objectives and reaching

consensus. Eileen worked with RMC in coordinating the regional water managers meetings related to urban water supply on the Monterey Peninsula.

Technology Expedites Information Sharing. As part of the IRWMP project, RMC will establish a secured project-specific website for sharing data and documents. The password-secured website will allow project team members and stakeholders to electronically post and/or retrieve information from a secured location, minimizing the volume of postal and e-mail generated and allowing for the timely sharing of large documents and files. Additionally, as a means of minimizing project costs yet allowing for real-time discussions and decision–making, RMC will lead remote meetings via conference calls and webcasts to streamline communications and promote the timely sharing of information, reducing the amount of time necessary for Plan review and ensuring timely completion and adoption of the IRWMP

> *"Consistent high quality deliverables and excellent strategies to meet program/ project goals...excellent working with other firms and multiple district departments."*
>
> *Eileen Fanelli*
> *Senior Engineering Planner*
>
> *East Bay Municipal Utility District*

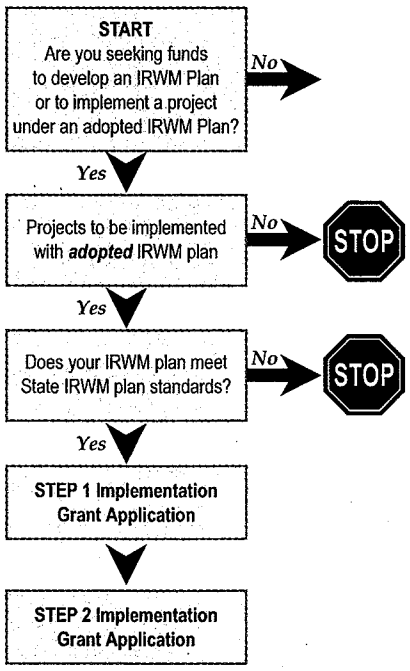
The IRWMP Must Be Adopted By Multiple Agencies by December 2006 in Order to Qualify for Prop. 50, Chapter 8 Grant Funding. As shown in the State's IRWM Grant Program Flowchart, an adopted IRWMP is required to apply for a Prop 50, Chapter. 8 Implementation Grant. Quite simply, the District and their stakeholders must have an adopted plan by the end of 2006 in order to qualify for a Prop. 50 Implementation Grant.

An Independent Schedule Manager assures timely project completion. Anticipating a tight schedule with multiple tasks occurring concurrently, RMC will staff an independent schedule manager, Ryan Alameda, whose sole task will be to track the project schedule, aid task managers in troubleshooting to prevent completion delays, interact with stakeholder designated points-of-contact for information collection, and act as a single conduit of schedule information for the project manager to streamline intra-team communications. Ryan successfully worked in a similar fashion for the Coyote Creek Watershed Program, helping the program manager develop and complete fast track projects within the program's first year and keeping this $294 million flood protection program on schedule.

Accelerated CEQA Compliance minimizes schedule conflicts. The State requires that an adopted IRWMP include the required CEQA documentation before a grant agreement can be executed. However, CEQA documentation can often take more than a year to complete. To meet the tight time schedule of this project, RMC will use the same accelerated CEQA compliance process that we have successfully implemented on other projects. In this process, State guidelines for implementation of CEQA are invoked to allow for consideration of environmental factors in the IRWM plan, but to defer completion of CEQA documentation (e.g., Environmental Impact Report, Negative Declaration) until the implementation stages of the projects.

District Priorities Must Dovetail With State and Federal Priorities In Order To Secure Maximum Grant Funding. In order to be successful in obtaining grant funding, the adopted IRWMP must be consistent with the State's IRWM standards and must dovetail with the State's priorities for the Prop. 50, Chapter 8 grant program. Reflecting the State's

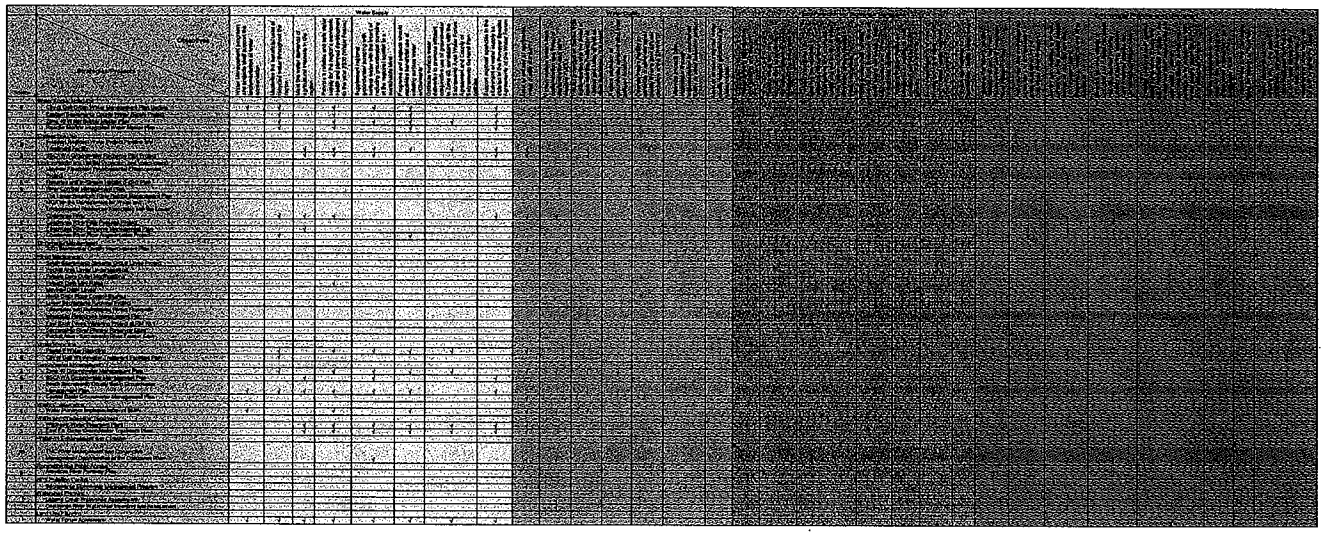
State IRWM Implementation Grant Process



desires for regional planning within the District's priorities will maximize the ability of the District to achieve implementation grant funding.

Integration matrix will align District projects to reflect Statewide goals to Maximize Benefits. RMC will ensure that the District's projects incorporate the State's goals and priorities through the use of an Integration Matrix. Application of this tool has proven successful in other RMC projects by plainly defining areas of overlap, identifying projects whose synergy better meets the State's goals, and succinctly illustrating how the District's projects aid the State in achieving their goals. The integration matrix used by RMC in their IRWMP for the Pajaro River Watershed Group clearly illustrated to both the State and the region's stakeholders why key projects were selected for funding in their Prop. 50, Chapter 8 application, leading to full grant funding and uncontested implementation of the selected projects.

RMC's project approach, as defined above, and scope of work will allow MPWMD and its partners to complete their IRWMP in a timely manner and to produce a document that will optimize the potential for receiving grant funding.



The integration matrix presents what Statewide Goals and Priorities are achieved by a project.

Scope of Work

The scope of work presented in the February 7, 2006 Request for Proposals (RFP) represents only a portion of the overall scope of work to be incorporated into the IRWMP. In order to address the RFP scope of work in a streamlined yet comprehensive manner to meet the required deadline, the required proposal components were grouped into six tasks based on component objective and deliverable. Each task will be managed by a task manager responsible for reporting directly to the independent schedule manager and the deputy project manager.

RMC understands that the IRWMP tasks to be completed may change during the course of the document preparation. RMC's approach to the scope of work described below is adaptable and can easily be adjusted to evolving conditions and circumstances (e.g., formation and implementation of the Seaside Basin Watermaster) in the region.

Task	IRWMP Task & Description
1	**Project Management & QA/QC**
2	**IRWM Plan - FED**
	1.0 Prepare Functionally Equivalent IRWMP
	1.1 Initial Review/editing/feedback for Sections 2.0 thru 14.0
	1.2 Prepare Executive Summary
	5.13.3 Categorical Plans
	6.0 Prioritization of projects within region
	7.0 Project Implementation
	8.0 Analysis of Impacts and Benefits
3	**Infrastructure & Ecosystems**
	2.4 Major Water Infrastructure
4	**Water Conservation**
	4.3.3 Evaluate Water Conservation Efforts
5	**Surface Water**
	4.4.1 Update Carmel River Management Plan
	4.7.3 Evaluate sandbar mgt options at Carmel River Lagoon
	5.5 Flood and Erosion
	5.5.4 Canyon del Rey Creek Drainage
6	**Groundwater**
	4.5.5 Seaside Groundwater Basin

Task 1 – Project Management and Coordination

Dave Richardson, RMC's project manager, will lead the project team. Dave will be assisted by Leslie Dumas, who will serve as the primary liaison for tasks that involve multiple parties, such as MPWMD staff and Region stakeholder interface, subtask coordinator communications, and technical issues. Additionally, Ryan Alameda will act as an independent schedule manager for the project, interfacing with Dave, Leslie, and all internal and external task leaders to ensure successful schedule completion.

RMC will employ the same approach that produced a successful FE IRWMP for the Salinas Valley.

Project management subtasks include project coordination, monitoring budget and progress, and meeting facilitation for both the kickoff meeting and subsequent IRWM Plan stakeholder meetings. Dave and Leslie will work closely with on-site project staff and MPWMD's project manager to ensure prompt and responsive coordination and communication.

Task 2 – IRWM Plan Functionally Equivalent Document

RMC will prepare a functionally equivalent document that will concisely present the culmination of efforts put forth during this project, as well as outside efforts, for use by regional stakeholders and the State. The document will be structured in an easy-to-read format that can be readily updated to incorporate future planning endeavors. The Functionally Equivalent Integrated Regional Water Management Plan (FE IRWMP) will document the Region's goals and objectives, priorities, and potential projects. This document will reflect both the goals and objectives of the District and their stakeholders, but also those of the State as identified in their Prop. 50, Chapter 8 program. Projects documented in the IRWMP will include those investigated as part of this proposal (and discussed below), but also projects being conducted concurrent to the FE IRWMP preparation.

RMC will review Sections 2.0 through 14.0 of the draft IRWMP currently completed for conformation with State IRWMP standards and provide feedback to the District. In preparation of the Draft FE IRWMP, RMC will:

- Identify existing plans and strategies that may be suitable for inclusion in the FE IRWMP, including a list and summaries of these plans.
- Prepare an executive summary as part of the Draft FE IRWMP.
- Review and compare the goals, objectives, and strategies as discussed in documents to be included in the FE IRWMP.
- Review the current prioritization process for ranking projects and provide recommendations for modifications/additions to the program.
- Complete a feasibility matrix evaluating the cost effectiveness, constraints, impacts, and environmental benefits of projects to be included in the FE IRWMP.
- Highlight long-term problems and issues within the Region.
- Develop a standard project proposal/information sheet to be used to collect project information.
- Establish a standardized format and requirements for documenting the agency(ies) responsible for a project, the project's performance goals and performance measures, and its monitoring schedule to determine if the project is meeting its performance measures.
- Maintain a database of all projects to be included in the FE IRWMP, including, but not limited to, all information previously described.
- Conduct an impact analysis of the FE IRWMP elements and strategies for inclusion in the Draft document.
- Provide information and insight into funding mechanisms and options for project implementation.

The success of this project depends on stakeholder participation and buy-in. As part of the FE IRWMP preparation process, RMC will hold a two onsite stakeholder workshops to gain consensus on the Region's IRWMP goals and objectives and project prioritization process, and to present the results of the prioritization, including a recommended list of prioritized projects (with project summaries, budget, and schedule) and recommendations for long-term stakeholder coordination. Additional meetings may be held remotely via conference calls and web conferencing. Documents to be included in the FE IRWMP will be scanned and provided to the District in .pdf form suitable to uploading to the District's website or to a project FTP site or other password-protected server.

Task 3 – Infrastructure and Ecosystems

RMC will conduct a survey of stakeholders in the Region to collect data on major water infrastructure, including capacity, condition, life expectancy, maintenance requirements, and upgrade and/or replacement costs. The survey results will be compiled into an electronic database to be submitted to the District. Additionally, copies of infrastructure as-built plans will be collected (in electronic format where possible) in order to provide a design database to accompany the information database previously mentioned. Finally, a technical memorandum will accompany the database to document its format and present an estimate of the total quantity of water being moved via the Region's infrastructure.

The results of Task 3 will be combined with other current activities for presentation in the IRWMP. Examples of these on-going components include the Pacific Grove and Carmel Bay ASBS Alternatives Analysis and the feasibility study to eliminate stormwater discharges to the Pacific Grove and Carmel Bay ASBS.

Task 4 – Water Conservation

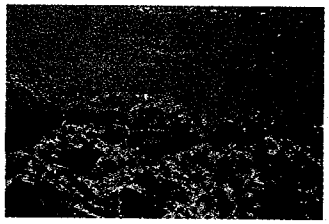
RMC will assist the District in evaluating its water conservation efforts and provide a document detailing the conclusions and recommendations for possible future water conservation programs. Specifically, under this task, RMC will conduct a review of the existing water conservation and rebate programs in order to document the effectiveness of these programs in reducing water demands. Using a cost/benefit ratio and integrating other variables to be considered in implementing these programs, RMC will prioritize potential retrofit programs and develop a technical memorandum outlining the District's current water conservation program; proposing modifications and/or additions to the District's existing water conservation program, including recommendations for implementation methods; and identifying potential problems that may be encountered during the implementation of any additional conservation components.

Task 5 –Surface Water

RMC, along with its subcontractor ENTRIX, will concurrently complete several subtasks under Task 5. These subtasks are:

Subtask 5.1: Update Carmel River Management Plan
Subtask 5.2: Evaluate barrier beach management options at the Carmel River lagoon
Subtask 5.3: Identify flood and erosion-prone areas
Subtask 5.4: Evaluate Canyon del Rey Creek Drainage

Under **Subtask 5.1**, the RMC team will review the original Carmel River Management Plan, as well as more recent documents such as the Carmel River Watershed Assessment and Action Plan, and prepare a technical memorandum documenting the historical implementation of the Carmel River Plan and recent restoration and mitigation activities that have occurred along the river, and provide an evaluation of the effectiveness of the plan in meeting its original goals and objectives. The memorandum will also describe physical and biological constraints to restoration activities that have been attempted, and provide a list of recommended restoration techniques for future activities on the Carmel River. Finally, the Carmel River Management Plan will be revised to incorporate the updated Regional General Permit for the Carmel River as well as new information on threatened/endangered species in the corridor, watershed management and BMPs for restoration activities within the corridor.



RMC will optimize the use of Tom Taylor's extensive knowledge of the Carmel River.

Under **Subtask 5.2**, the RMC team will conduct a topographic and bathymetric survey of the Carmel River Lagoon in order to develop a rating curve, relating Lagoon storage volume with water elevation. The resulting rating curve will be include in a report to the District summarizing a review of the Lagoon's seasonal hydrodynamics and describing factors controlling water surface elevation.

Under **Subtask 5.3**, RMC will use existing flood insurance maps, land use planning maps, and aerial photographs to identify areas within the Region that may be used to convey or detain floodwaters or through restoration, may add flood- or erosion-control benefits and/or enhance wetland and riparian habitats. These potential project areas, as identified by the document review, will be presented to the District in a GIS-compatible map and may be incorporated into the IRWM Plan project descriptions.

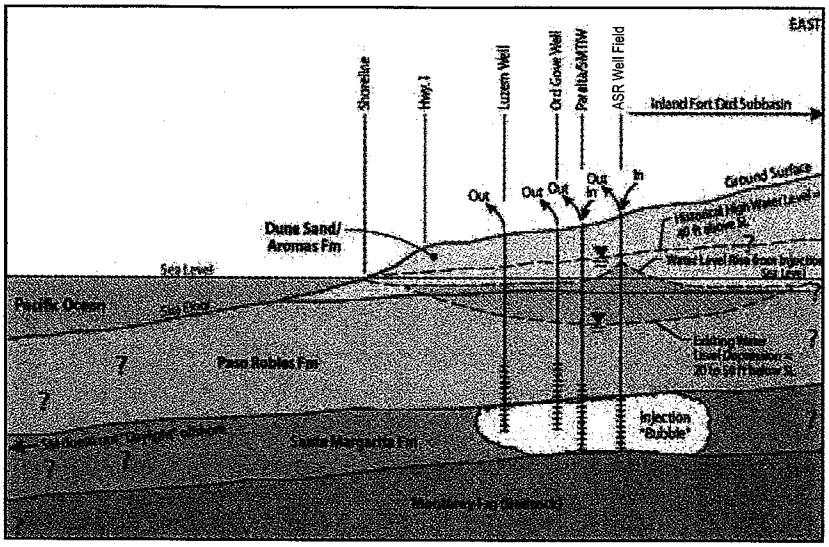
Finally, under **Subtask 5.4**, RMC will conduct a survey of Canyon del Rey Creek to identify areas of constriction, erosion and/or other impediments to flow. A technical memorandum will be prepared summarizing these possible problem locations along with recommendations for drainage improvements and methods for bank stabilization and silt

control. The memorandum will also contain a GIS-compatible map summary of these 'problem' locations.

As with Tasks 3 and 6, the results of Task 5 will be combined with other related projects, such as the Carmel River watershed Wetlands enhancement and creation component, for discussion in the FE IRWMP.

Task 6 – Groundwater

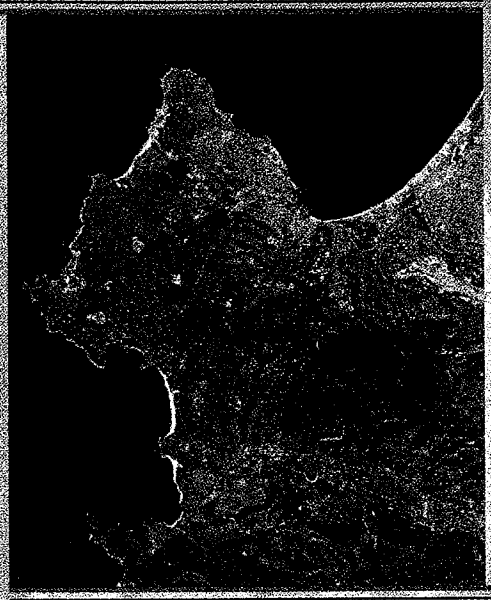
As required by the District, RMC will review the Principles and Procedures as presented in the Seaside Basin Adjudication Tentative Decision, and will prepare a Seaside Basin Monitoring and Management Plan (or assist the designated Watermaster in doing so). This document will be consistent with criteria established in the Tentative Decision, and will meld work conducted to date on the Seaside Groundwater Basin Management Plan, as appropriate. The Plan will also be coordinated other Seaside Basin components currently being conducted, including the Seaside aquifer storage and recovery project.



The Seaside Basin is a critical element to the water resource managment picture for the Monterey Peninsula.

Section 4
Schedule

Task	Description	2006											
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1	**Project Management & QA/QC**												
2	**IRMW Plan Functionally Equivalent Document**												
	1.0 Prepare Functionally Equivalent IRWMP												
	1.1 Initial Review/editing/feedback for Sections 2.0 thru 14.0												
	1.2 Prepare Executive Summary												
	5.13.3 Categorical Plans												
	6.0 Prioritization of projects within region												
	7.0 Project Implementation												
	7.2 Describe Performance Measures												
	8.0 Analysis of Impacts and Benefits												
3	**Infrastructure and Ecosystems**												
	2.4 Major Water Infrastructure												
4	**Water Conservation**												
	4.3.3 Evaluate Water Conservation Efforts												
5	**Surface Water**												
	4.4.1 Update Carmel River Management Plan												
	4.7.3 Evaluate sandbar mgt options at Carmel River Lagoon												
	5.5 Flood and Erosion-prone Areas												
	5.5.4 Canyon del Rey Creek Drainage												
6	**Groundwater**												
	4.5.5 Seaside Groundwater Basin												
	Circulate Administrative Draft of IRWMP												
	Comments on Draft due												
	Complete Final Draft of IRWMP												
	Review of IRWMP for CEQA Compliance												
	Formal Adoption of IRWMP												



Section 5

Estimated Costs

RMC Estimated Costs
Functionally Equivalent Integrated Regional Water Management Plan for
Monterey Peninsula, Carmel Bay and South Monterey Bay

Task	Description	Principal II (@$195/hr)		PM II (@$185/hr)		PE III (@$155/hr)		Graphic (@$115/hr)		Accting (@$115/hr)		Admin (@$110/hr)		Subs	SUBTOTAL	TOTAL
		Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost			
1	**Project Management & QA/QC**	8	$1,560	40	$7,400		$0		$0	8	$920		$0		$9,880	**$9,880**
2	**IRMW Plan Functionally Equivalent Document**															
	1.0 Prepare Functionally Equivalent IRWMP	6	$1,170	8	$1,480	16	$2,480	4	$460		$0		$0		$5,590	
	1.1 Initial Review/editing/feedback for Sections 2.0 thru 14.0	2	$390	6	$1,110	20	$3,100		$0		$0		$0		$4,600	
	1.2 Prepare Executive Summary	1	$195	4	$740	12	$1,860	2	$230		$0		$0		$3,025	
	5.13.3 Categorical Plans		$0	1	$185	30	$4,650		$0		$0	10	$1,100		$5,935	
	6.0 Prioritization of projects within region	12	$2,340	30	$5,550	40	$6,200	2	$230		$0		$0		$14,320	
	7.0 Project Implementation	12	$2,340	30	$5,550	40	$6,200	4	$460		$0		$0		$14,550	
	7.2 Describe Performance Measures	3	$585	16	$2,960		$0		$0		$0		$0		$3,545	
	8.0 Analysis of Impacts and Benefits	1	$195	10	$1,850	40	$6,200		$0		$0		$0		$8,245	**$59,810**
3	**Infrastructure and Ecosystems**															
	2.4 Major Water Infrastructure	1	$195	1	$185	12	$1,860		$0		$0	10	$1,100		$3,340	**$3,340**
4	**Water Conservation**															
	4.3.3 Evaluate Water Conservation Efforts	2	$390	61	$11,285	16	$2,480		$0		$0		$0		$14,155	**$14,155**
5	**Surface Water**															
	4.4.1 Update Carmel River Management Plan	2	$390	14	$2,590	40	$6,200		$0		$0		$0		$9,180	
	4.7.3 Evaluate sandbar mgt options at Carmel River Lagoon	4	$780	40	$7,400	40	$6,200		$0		$0		$0	$12,000	$26,380	
	5.5 Flood and Erosion-prone Areas		$0	4	$740	20	$3,100	4	$460		$0		$0		$4,300	
	5.5.4 Canyon del Rey Creek Drainage		$0	2	$370	20	$3,100	2	$230		$0		$0		$3,700	**$43,560**
6	**Groundwater**															
	4.5.5 Seaside Groundwater Basin	12	$2,340	60	$11,100		$0	20	$2,300		$0		$0		$15,740	**$15,740**
TOTAL		66	$12,870	327	$60,495	346	$53,630	38	$4,370	8	$920	20	$2,200	$12,000	$146,485	**$146,485**