

EXHIBIT 3-A



May 29, 2008
Project No. 06-0013

Monterey Peninsula Water Management District
Post Office Box 85
Monterey, California 93942

Attention: Ms. Henrietta Stern

Subject: Proposal for Continuing Professional Hydrogeologic Services
Water Distribution System Permitting Assistance, Fiscal Year 2008-2009

Dear Henrietta:

In accordance with your request, Pueblo Water Resources, Inc. (PWR) is pleased to present this proposal for continuing hydrogeologic assistance with Water Distribution Systems (WDS) permit applications during Fiscal Year 2008-2009 (FY 08-09). During the past two Fiscal Years, PWR has provided review and evaluation of Well Source and Pumping Impact Assessments (Assessments) that are submitted by WDS applicants for compliance with District Rules and Regulations. In addition, we have provided assistance to District staff in refining the District's technical procedures for performing the Assessments. This proposal is intended to provide a basis for continuing our assistance with WDS permit program during FY 08-09.

Scope of Services

Based on our understanding of your needs, the following scope of services is proposed to be provided in association with the WDS permit program during FY 08-09. Consistent with past practice, our work will be performed with direct oversight of the General Manager or his/her designee (e.g., the District's Water Resources Manager) on an as-needed and directed basis.

Task 1 – Evaluate Assessment Reports. This task includes the review and evaluation of applicant Assessment reports to determine compliance with District procedures, and providing written documentation summarizing our findings for each reviewed Assessment. It is assumed that we will be closely coordinating these evaluations with the District's Water Resources Manager.

Task 2 – Assist with Performing Assessments. Under this task, PWR will provide assistance in the preparation of any Assessments that the District would perform under the WDS program, such as those in the Carmel Valley Alluvial Aquifer where sufficient data are available from other nearby wells.

Task 3 – Assist with Technical Procedures. This task includes assisting the District's Water Resources Manager in refining the technical procedures and data requirements for Assessments to be used by applicants and their consultants. This



task also includes responding to technical questions from applicant consultants regarding the District's procedures.

Project Personnel and Qualifications

PWR personnel assigned to this project will include Mr. Robert C. Marks, P.G., C.Hg. and Mr. Michael S. Burke, P.G., C.Hg. Mr. Marks will serve as project manager and provide lead hydrogeologic services for the subject work. Mr. Marks is a California Professional Geologist and a Certified Hydrogeologist, and has approximately 16 years of hydrogeologic experience in the Monterey Peninsula area and working with the District. In particular, Mr. Marks has provided similar services to the District during the previous two Fiscal Years.

Schedule and Fees

Based on an anticipated authorization and Notice to Proceed of July 1, 2008, the work will occur during the FY 08-09 period (i.e., July 1, 2008 through June 30, 2009) on an as-requested basis as Assessments are submitted to the District and then provided to us for review and evaluation.

Our services will be billed on a time-plus expenses basis in accordance with our current Fee Schedule (attached) for a not-to-exceed amount of \$25,000. We will track our costs associated with each task and applicant separately to facilitate reimbursement from the applicants to the District. Based on our discussions with Mr. Joe Oliver, Water Resources Manger, we anticipate that approximately \$5,000 of our fees this Fiscal Year will be associated with Task 3, which we understand would not be reimbursable by applicants. In the event that the overall number or complexity of the Assessments to be evaluated requires effort beyond the established budget, we will notify you in writing as soon as possible.

We appreciate the opportunity to provide on-going assistance to the District, and look forward to the timely and successful performance of this important work. As always, if you have any questions or would like to modify the scope of services, please call us.

Sincerely,
Pueblo Water Resources, Inc.

Robert C. Marks, P.G., C.Hg.
Principal Hydrogeologist

RCM
Attachments: 2008 Fee Schedule



**PUEBLO WATER RESOURCES, INC
2008 FEE SCHEDULE**

Professional Services

Principal Professional.....	\$155/hr
Senior Professional.....	\$135/hr
Project Professional.....	\$125/hr
Staff Professional.....	\$100/hr
Technician.....	\$ 90/hr
Drafting.....	\$ 60/hr
Word Processing.....	\$ 55/hr

Other Direct Charges

Subcontracted Services.....	Cost Plus 15%
Outside Reproduction.....	Cost Plus 15%
Travel, Subsistence, and Expenses.....	Cost Plus 15%
Vehicle	\$ 75/day

Equipment Charges

Drilling Fluid Test Kit.....	\$100/day, \$400/week
Hach DR890.....	\$75/day, \$275/week
Orion ORP/pH/Temp Probe.....	\$75/day, \$275/week
In-Situ Hermit 3000 and Transducer.....	\$125/day, \$400/week
In-Situ Mini-Troll/Level Troll.....	\$100/day, \$300/week