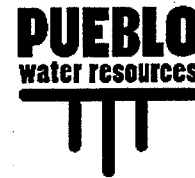


EXHIBIT 7-A



June 29, 2011
Project No. 06-0016

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 2011-2012

Dear Henrietta:

Pursuant to your request, Pueblo Water Resources, Inc. (PWR) is pleased to present this proposal for continuing assistance with the processing of Water Distribution Systems (WDS) permit applications during Fiscal Year 2011-2012 (FY 2011-2012). It is our understanding that the District desires ongoing professional hydrogeologic services for the review of Well Source and Pumping Impact Assessments (assessments) and their evaluation for compliance with District technical procedures. The District also desires assistance in performing other hydrogeologic tasks related to the WDS permit program that may fall under its purview and in ongoing refinements to the District's technical procedures. PWR has provided similar assistance during the past five Fiscal Years, and this proposal is intended to provide for continuing our assistance with WDS permit program during FY 2011-2012.

SCOPE OF SERVICES

The following services are proposed to be provided during FY 2011-2012. 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 – Assist with Assessment Reports. This task consists primarily of the review and evaluation of assessments submitted by applicants for compliance with District Procedures, and providing written documentation summarizing our findings for each reviewed assessment. It is understood that these evaluations will be coordinated with the District's Water Resources Manager. This task also includes providing assistance in the preparation of any hydrogeologic evaluations requested by the District related to the WDS program.

Task 2 – Assist with Technical Procedures. This task consists of 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 applicants or their consultants regarding the District's technical procedures.



PROJECT PERSONNEL

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 be primarily responsible for providing services for the subject work. Mr. Marks has provided similar services to the District during Fiscal Years 2006-2007 through 2010-2011. Mr. Marks is a California Professional Geologist and a Certified Hydrogeologist, and has approximately 19 years of hydrogeologic experience in the Monterey Peninsula area and working with the District.

SCHEDULE AND FEES

The proposed work will occur during the remaining FY 2011-2012 period on an as-requested basis as assessments are provided to us for our 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 \$14,000, with \$12,000 allocated for assistance with assessment reports (Task 1 reimbursable by applicants) and \$2,000 allocated for updating of technical procedures (Task 2 non-reimbursable). Consistent with previous practice, we will track our costs associated with each task and WDS applicant separately to facilitate reimbursement from the applicants to the District. 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 this 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.

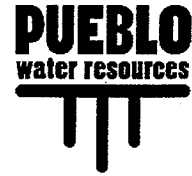
Sincerely,

Pueblo Water Resources, Inc.

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

RCM

Attachments: 2011 Fee Schedule



**PUEBLO WATER RESOURCES, INC
2011 FEE SCHEDULE**

Professional Services

Principal Professional.....	\$170/hr
Senior Professional.....	\$155/hr
Project Professional.....	\$140/hr
Staff Professional.....	\$110/hr
Technician.....	\$ 100/hr
Drafting.....	\$ 70/hr
Word Processing.....	\$ 65/hr

Other Direct Charges

Subcontracted Services.....	Cost Plus 15%
Outside Reproduction.....	Cost Plus 15%
Travel Expenses.....	Cost Plus 15%
Per Diem*.....	\$ 150/day
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 MiniTROLL/LevelTROLL.....	\$100/day, \$250/week
In-Situ AquaTROLL.....	\$125/day, \$300/week
Ultrasonic Flowmeter.....	\$200/day, \$750/week

*Regionally and seasonally specific to project.