

EXHIBIT 3-E



ENGINEERS, GEOLOGISTS & ENVIRONMENTAL SCIENTISTS

March 2, 2006
Project No. 2005-3358

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

Attention: Mr. Joe Oliver

Subject: Proposal for Professional Services, Aquifer Storage and Recovery component of Integrated Regional Water Management Plan

Dear Joe:

In accordance with your request, Padre is pleased to present this proposal for hydrogeologic and engineering support services associated with the Integrated Regional Water Management Plan (IRWMP) grant. It is our understanding that the Monterey Peninsula Water Management District (District) has recently received an award of a planning grant from the California Department of Water Resources (DWR) from the IRWM Grant Program, which is funded by Proposition 50. The overall purpose of the subject IRWMP is to develop a comprehensive plan for managing water resources in the Monterey Bay Region. In addition, much of the proposed work to be done under the auspices of the IRWMP will also achieve the goal of accelerating the District's Phase 1 Aquifer Storage and Recovery (ASR) Project schedule, as discussed at the recent District Board Workshop on ASR on January 25, 2006.

The District is coordinating the development of the IRWMP for the region, which currently includes the evaluation of 17 separate projects involving more than 20 stakeholder groups in the region. One of the projects included in the IRWMP is the District's Aquifer Storage and Recovery (ASR) Project. The ASR Project is considered one of the best ways to improve the management and conjunctive use of the Carmel River Basin and the Seaside Groundwater Basin to the benefit of both resources. The approved IRWMP Grant Scope-of-Work includes specific tasks that are intended to advance the ongoing planning efforts towards the implementation of the Phase 1 ASR Project. Based on our discussions, we understand that the District desires to amend Padre's existing contract with the District to provide additional technical and planning assistance for the ASR Project component of the IRWMP.

Scope of Services

Based on our previous discussions and review of the IRWMP Scope of Work, we have prepared a scope of services to assist the District with completing the ASR Project-related tasks for the IRWMP:

Task 1 (Grant Task No. 4.3.4.a) - Assist with CVSIM Modeling

Padre will provide assistance to District staff on hydrologic modeling using the District's Carmel Valley Simulation Model (CVSIM). The IRWMP Scope of Work includes modeling tasks to evaluate the environmental benefits of the Phase 1 ASR Project under several operational scenarios. The operational scenarios to be modeled involve the optimization and balancing of the respective benefits to the Carmel River Basin (CRB) and the Seaside Groundwater Basin (SGB). Some CVSIM modeling of the Phase 1 ASR project has been performed for the Environmental Impact Report; however, it is our understanding that these previous CVSIM modeling efforts involved model parameters set to maximize the benefits to the CRB. Additional modeling is needed for the IRWMP to include evaluating the optimization of benefits to the SGB, as well as the 'balancing' of ASR benefits to both resources.

The District has in-house expertise in running the CVSIM model, and will take the lead on developing and implementing the CVSIM modeling scenarios. Padre will assist District staff in this effort by providing review and input of modeling parameters, results, Technical Memoranda, etc. In particular, we will provide input regarding issues related to the SGB parameters in CVSIM, such as the subsurface outflow algorithm, initial storage conditions, and optimization of ASR well operations.

Padre will provide technical support to District staff for this task on an 'as-requested' basis. For this task, we have budgeted a total of 40 hours of staff time: 30 hours of project hydrogeologist, 8 hours of senior hydrogeologist, and 2 hours of principal engineer.

Task 2 (Grant Task No. 4.3.4.b) – EIR/EA Support

Padre will provide additional technical support during the preparation of the Phase 1 ASR Project Environmental Impact Report/Environmental Assessment (EIR/EA), including response to comments on the Draft EIR/EA and provide additional information and support for the final EIR/EA, as needed. For this task, we have budgeted a total of 20 hours of staff time: 14 hours of project hydrogeologist and 6 hours of principal engineer.

Task 3 (Grant Task No. 4.3.4.c) – Preliminary Site Plans

This task includes the development of preliminary Phase 1 ASR Project plans for the permitting process. These include plans showing the on-site facilities and the intertie pipeline route for the Phase 1 ASR Project expanded site. The primary purpose of the site plans is to support the District's application to the City of the Seaside (City) for a Conditional Use Permit (CUP) for the expanded Phase 1 ASR Project site, although they may also be useful to other interested agencies (e.g., the US Army). The City does not have specific requirements for Utility projects; however, the requirements for the SMTIW in 1999 were not onerous. The level of plan preparation is intended to meet the general conditions outlined in Section 7 of City's CUP Application package, and will include:

- Full-size (1" = 10' scale) Site Plans of the Phase 1 ASR site showing the locations and dimensions of all existing and planned structures.
- Plot plan, elevation, and cross-section of the Chemical Building.

For budgetary purposes, it is assumed that the Chemical Building will be of similar construction and architectural style as the Cal-Am Seaside Ozone Treatment Plant. It should also be noted that these plans are intended to support the planning and permitting process only, and will not be at an engineering level of detail suitable for bidding and construction, which would be completed as part of subsequent site improvement engineering work (it is our understanding that the site improvements design is currently scheduled to be done in Fiscal Year 2006/2007). We also assume a topographic base map showing parcel boundaries and existing facilities will be provided by the District.

Task 4 (Grant Task No. 4.3.4.d) – Permit Application and Project Notification Support

This task includes assisting the District with the various permit applications required for the Phase 1 ASR Project. Based on our discussions, Padre will take the lead on coordinating the following permit applications for the Project:

- City of Seaside CUP
- City of Seaside Architectural Review
- Monterey County Well Construction Permit
- Central Coast Regional Water Quality Control Board Discharge Permit

In addition to the above agencies' permits, other agencies will require Project Notifications and/or permits for the Phase 1 ASR Project. We understand that District staff intends to take the lead on complying with the following agencies' requirements, with technical support provided by Padre on an 'as-needed' basis:

- Marina Coast Water District
- Fort Ord Reuse Authority
- Monterey Regional Water Pollution Control Agency
- California State Water Resources Control Board
- California Department of Health Services
- California EPA Department of Pesticide Regulation
- US EPA Underground Injection Control
- US Army

We have budgeted a total of 20 hours of staff time for technical support associated with these latter agencies' requirements: 12 hours of project hydrogeologist, 4 hours of senior hydrogeologist, and 4 hours of principal engineer.

Task 5 - Project Management and Meetings

This task includes overall day-to-day project management, budget and billing control, and scheduling control. We also envision a total of five project meetings during the course of the work. These meetings are envisioned as follows:

- Project Kickoff Meeting
- Two meetings regarding CVSIM modeling
- Two meetings with the City of Seaside during the CUP application process

Meetings are envisioned to be attended by two Padre team staff and last for 4 hours per meeting.

Services Not Included / Assumptions

Completion of the work may require the services of other entities, as well as additional costs or fees, which are not included in our scope of services. These items are assumed to be provided by the District, contractors retained by the District, or others. Items that are not a part of our services include the following:

- Permit fees.
- Landscape plans.
- Site staking and flagging.
- Site surveying/topography.
- Any others items not specifically included in Padre's scope of services.

Project Personnel

Technical staff assigned to this project will include Mr. Robert Marks, P.G., C.Hg. and Mr. Steve Tanner, P.E. These individuals have been assisting the District with the ASR project on the Monterey Peninsula since 1996 (while at Padre and under previous employment), and have extensive experience with numerous other ASR projects throughout California. The project manager and key personnel will not be changed unless approved by the District.

Schedule

It is our understanding that the subject work is to be completed by the end of June 2006. We also understand that in order to authorize this work, a formal contract amendment must first

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be approved by your Board, and signed with the District. Based on our current workload, we believe that we can commence work within 14 days of your authorization.

Estimated Fees

Based on the scope of services presented herein, we estimate the fees for our services will be approximately \$37,280, which will be billed on a time-plus-expenses basis in accordance with our current Fee Schedule (attached). A summary of costs by task is also attached. In addition, a 10 percent contingency has been noted in the attached budget summary (total w/contingency is \$41,008) in the event that unforeseen project complications arise. We recommend the contingency be held for release by District staff upon appropriate justification and written notice by Padre.

We appreciate the opportunity to work with the District on this important project, and look forward to a timely and successful completion of the work. As always, if you have any questions or would like to modify the scope of services, please call us.

Sincerely,

PADRE ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read "R. Marks", written over a horizontal line.

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

A handwritten signature in black ink, appearing to read "S.P. Tanner", written over a horizontal line.

Stephen P. Tanner, P.E.
Senior Principal Engineer

RCM:SPT:av

Attachments: Cost Summary
Fee Schedule

**COST SUMMARY
IRWMP / ASR PROJECT**

Task 1 - Assist with CVSIM Modeling	\$ 4,750
Task 2 – EIR/EA Support	\$ 2,510
Task 3 – Preliminary Site Plans	\$ 14,590
Task 4 – Permitting Support	\$ 6,265
Task 5 - Project Management and Meetings	\$ 9,165
	Subtotal: \$ <u>37,280</u>
	Recommended 10% Budget Contingency*: \$ 3,728
	Total w/Contingency: \$ <u>41,008</u>

* We recommend this contingency be held by District staff/management to be utilized in the event that additional services are required or unforeseen project constraints or requirements arise.

2005 WATER RESOURCES FEE SCHEDULE

Professional Services

Senior Principal Professional.....	\$	150/hr
Principal Professional	\$	140/hr
Senior Professional.....	\$	125/hr
Project Professional.....	\$	115/hr
Staff Professional.....	\$	90/hr
Senior Technician	\$	85/hr
Technician.....	\$	75/hr
Drafting.....	\$	50/hr
Word Processing	\$	45/hr

Other Direct Charges

Subcontracted Services.....	Cost Plus 15%
Outside Reproduction.....	Cost Plus 15%
Travel, Subsistence, and Expenses.....	Cost Plus 15%
Vehicle	\$ 75/day
Automobile Mileage (beyond 50 miles from Padre offices).....	\$ 0.36/mile

