

NOTICE OF PUBLIC HEARING
FOR PROPOSED WATER USE FEES

EXHIBIT 12-I

Monterey Peninsula Water Management District

Overview of Public Hearing

Notice is hereby given that a public hearing will be conducted to discuss the District's proposed annual water use fee. This notice has been sent to all record owners of real property within the District's boundaries who currently receive water service from California American Water (CAW), excluding the Bishop, Hidden Hills, Ambler, and Toro sub-units which are not connected to the main system and will not receive benefits from the proposed projects. The District is proposing to charge a fee for the purpose of developing and supporting water supply projects.

At the following time and place, the District's Board of Directors will hold a public hearing regarding the proposed annual water use fee:

Hyatt Regency Hotel, Grand Ballroom
1 Old Golf Course Road, Monterey
June 12, 2012 at 7:00pm

The Reason for the Proposed Fees

The District intends to enter into agreement with Monterey Regional Water Pollution Control Agency ("MRWPCA") and CAW for a Groundwater Replenishment (GWR) project enabling the advanced treatment of wastewater from the MRWPCA regional facility for injection into the Seaside Groundwater Basin through MRWPCA wells to be developed. In addition, the District owns and jointly operates with CAW an Aquifer Storage and Recovery (ASR) project that diverts excess flows from the Carmel River through the CAW Water Distribution System for injection into the Seaside Groundwater Basin through the District's ASR wells. Both ASR and GWR, collectively the "Projects," allow subsequent recovery of the injected water by CAW for delivery to its customers.

The Projects are necessary to protect District water resources, satisfy water quantity and water quality requirements, meet existing commitments for water demand, and provide sufficient water for present beneficial use. The District has determined that the Projects are needed to address and mitigate the reduction in production allowed from the adjudicated Seaside Groundwater Basin and will assist CAW in offsetting its reduction in production of water from the Carmel River as mandated by State Order No. 95-10.

Existing District financial resources are not sufficient to build, maintain, repair, and facilitate the Projects. Proceeds of this fee will be available to fund District water supply activities, including capital acquisition and operational costs for ASR and GWR purposes, as well as studies related to Project(s) necessary to ensure sufficient water is available for present beneficial water use in the main Cal-Am system. In addition to direct costs of the Projects, proceeds of this annual water use fee may also be expended to ensure sufficient water is available for present beneficial use or uses, including water supply management, water demand management, water augmentation program expenses such as planning for, acquiring and/or reserving augmented water supply capacity, including engineering, hydrologic, legal, geologic, financial, and property acquisition. Unexpended fee revenue in any single year may be placed in a reserve for later use to fund expenses for the same purposes.

The Proposed Water Use Fee

The District Board of Directors has determined that this annual water use fee will fund District activities for water supply facilities and other related water supply expenditures. Total proceeds of the water use fee would be approximately \$3,700,000 annually.

The amount of the annual water use fee for each parcel of real property would be calculated based on the use of the parcel. A complete table of proposed fees is provided on the reverse side of this notice. This fee structure was developed for the District by an independent consulting firm in order to ensure that each parcel funds only its allocable portion of the District's costs of serving that parcel. The consulting firm's report is available at the District offices or posted on the District's website at www.MPWMD.net

The annual water use fee will be established July 1 of each year, but may be collected periodically during the fiscal year. The method of billing and collection of the water use fee shall be determined by the District's Board and enacted through Resolution at the District's June 12, 2012 meeting. The Board will consider whether to collect the annual water use fee through installments (bi-monthly, quarterly, or semi-annually) by direct billing or as an item on the County Assessor's property tax bill (semi-annually.)

Your Opportunity to Get Involved

The District will receive oral or written testimony to the Board at the June 12 public hearing.

Owners of record of parcels within the District boundaries served by California American Water that would be subject to the proposed water use fee may also submit a formal written protest against the proposed water use fee. Protests must be in writing and *received* by the District no later than the close of the public hearing. The protests may be submitted at the hearing, by mail, or in person to the District Secretary at Monterey Peninsula Water Management District offices, 5 Harris Court, Building G, PO Box 85, Monterey, CA 93942-8500. Protests will be accepted and tabulated pursuant to procedures adopted by the District on April 16, 2012 a copy of which are posted on the District's website at www.MPWMD.net and which may be reviewed at the main District office. If written protests are received with respect to a majority of the affected parcels, the water use fee will not be imposed. A written protest must include: (i) A statement that it is a protest against the proposed fee which is the subject of the hearing, (ii) The name of the record owner who is submitting the protest, (iii) The identity, by street address or assessor's parcel number (APN), the parcel with respect to which the protest is made, and (iv) Original signature and legibly printed name of the record owner who is submitting the protest. If the party signing the protest is not shown on the last equalized assessment roll of Monterey County as the owner of the parcel(s), the protest must contain, or be accompanied by, written evidence that such party is the owner. Only one protest per property will be counted.

If you have any questions regarding the annual water use fee or believe you have been sent this notice in error, please contact the District's Community Relations Liaison at 831-658-5653

Calculation of Annual Water Use Fee

The revenue requirement for each customer class was allocated 70% to a variable usage fee and 30% to a fixed fee consistent with best management practices of the California Urban Water Conservation Council. The fixed user fee is determined using the meter equivalents for each class and calculating a unit cost per meter equivalent. The variable fee is calculated by applying the unit cost of water to the typical water use of each customer utilizing the water usage factors used by the Monterey Regional Water Pollution Control Agency with adjustments to the water usage factors to account for outdoor irrigation.

Each parcel's annual water use fee is calculated according to the formula below. That is, the annual fee is the sum of the parcel user's meter fee based on the size of the meter (from Table 1,) and the water usage fee per unit multiplied by the number of units for that parcel use (from Table 2.)

$$\text{Annual Water Use Fee} = \text{Meter Fee Based on Meter Size} + \left[\text{Water Usage Fee Per Unit} \times \text{\# of Units} \right]$$

Table 1. Meter Fee Based on Meter Size

Meter Size	Single-Family Residence Meter Fee	Multi-Family Meter Fee	Non-Residential Meter Fee
5/8 x 3/4"		\$12.64	\$22.57
Small house (less than 1,200 sq ft)	\$14.31		
Medium house (1,200 to 1,999 sq ft)	\$16.84		
Medium/large house (2,000 to 3,999 sq ft)	\$19.36		
Large house (4,000 sq ft+)	\$19.36		
3/4"	\$25.27		
1"	\$42.10		
1 1/2"	\$84.19		
2"	\$134.70		
3"	\$252.57		
4"	\$420.95		
5/8 x 3/4"		\$12.64	\$22.57
3/4"		\$18.97	\$33.85
1"		\$31.62	\$56.42
1 1/2"		\$63.22	\$112.84
2"		\$101.15	\$180.54
3"		\$189.66	\$338.52
4"		\$316.11	\$564.20
6"		\$632.21	\$1,128.40
8"		\$1,011.54	\$1,805.43

Table 2: Water Usage Fee per Unit

Description	Water Usage Fee per Unit	Unit
Small house (less than 1,200 sq ft)	\$24.75	per single family home
Medium house (1,200 to 1,999 sq ft)	\$38.50	per single family home
Medium house (2,000 to 3,999 sq ft)	\$77.00	per single family home
Large house (4,000 sq ft+)	\$154.00	per single family home
Vacant house	50%	of non-vacant fee
Multifamily Property	\$20.90	per multifamily dwelling unit
Business/Govt 1 to 10 employees	\$52.80	per location/each business
Business/Govt 11 to 20 employees	\$105.60	per location/each business
Business/Govt 21 to 30 employees	\$158.40	per location/each business
Rate Increases for Business/Govt	\$52.80	increase per every 10 employees
Hotel/Motel	\$32.17	per room
Bed and Breakfast	\$21.54	per room
Supermarket	\$261.42	per location/each business
Medical Office	\$45.11	per licensed physician
Dental Office	\$61.09	per licensed dentist
Rest Home	\$20.03	per bed of licensed capacity
General Hospital	\$118.65	per bed of licensed capacity
Animal Hospital	\$138.98	per location/each business
Restaurant 1 meal/day	\$2.43	per seat
Restaurant 2 meals/day	\$3.79	per seat
Restaurant 3 meals/day	\$7.28	per seat
Restaurant w/bar	\$9.71	per seat
Bar	\$79.91	per location/each business
Nightclub	\$233.45	per location/each business
Takeout Food - small	\$82.39	1 cash register or checkout lane
Takeout Food - medium	\$211.66	2 or 3 cash registers or checkout lanes
Takeout Food - large	\$372.03	4+ cash registers or checkout lanes
Bakery	\$101.81	per location/each business
Theater	\$109.24	per screen
Bowling Center	\$491.59	per location/each business
Gym	\$52.80	per 500 members
Mortuary	\$128.06	per location/each business
School Minimum	\$52.80	per location
School (Grades 0-6)	\$0.91	per student
School (Grades 7- college)	\$1.82	per student
Boarding School	\$23.21	per student
Instructional Facility	\$52.80	per location/each business
Church (0 to 100 members)	\$52.80	per location
Church (over 100 members)	\$105.60	per location
Photo Developer	\$52.80	per location
Laboratory	\$52.80	per 10 employees
Printer	\$52.80	per 10 employees
Service Station	\$52.80	per 10 employees
Auto Painters/Body Shop	\$52.80	per 10 employees
Rate Increases for previous 4 categories	\$52.80	fee increase per every 10 employees
Dry Cleaner	\$67.49	per location/each business
Laundromat	\$21.24	per each washing machine
Mobile Home	\$105.60	per living unit
Golf Course/City Parks	\$105.60	per acre
Cemeteries/Other Irrigated Area	\$105.60	per acre
Vacant Commercial	\$26.40	per location/each business
Temporarily Suspended (no active meter)	\$0	per location/each business
Special Users (determined individually)	\$52.80	fee proportional to the average business user, not to exceed \$2500.