

EXHIBIT 12-A



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
5 Harris Court, Bldg G / PO Box 85 / Monterey, CA 93942-0085
831-658-5600 / FAX 831-644-9560 / www.mpwmd.dst.ca.us

NOTICE OF PUBLIC HEARING FOR PROPOSED RE-AUTHORIZATION OF WATER USE FEES

Water User Fee Update

At a November 17, 2008 public hearing, property owners and others who use California American Water Company (CAW) water within the Monterey Peninsula Water Management District (District) will have the opportunity to tell District officials their thoughts regarding the proposal to re-authorize a portion of the existing water use fee. Re-authorization is needed to continue collection of the water use fee to fund design, environmental review, capital expansion and operational costs for the District's Aquifer Storage and Recovery ("ASR") project and related water supply projects. ASR diverts water from the Carmel River during high flows through the CAW Water Distribution System for injection into the Seaside Groundwater Basin through the District's ASR wells. This enables later recovery of water for delivery to CAW customers in the summer when Carmel River flows are low or non-existent. Related projects include future expansion of ASR and other projects to increase water to the CAW system. An agenda of the November 17, 2008 meeting will be available by 5:00 PM on November 14, 2008 at <http://www.mpwmd.dst.ca.us>

The District user fee collected upon the use of CAW Water Distribution System water amounts to 8.325%. This is a water use fee imposed upon actual water use, variable by the amount of water consumed. The water use fee subject to re-authorization is one and two tenths percent (1.2%). This is the fee proposed to fund ASR capital expenditures and operation costs. The remainder water use fee of 7.125% is not affected by this action. The water use fee is equally applied to all water use categories, including residential, multi-residential, commercial, industrial, golf course and public agency water uses and users.

This notice is intended to comply with the California Supreme Court case, *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) and Proposition 218 requirements. In August 2005, the District board approved Ordinance 123 to authorize the water use rates reflected in this notice. This action proposes, in essence, to ratify the prior rate approval.

You Can Be Heard

Proposition 218 allows you an opportunity to respond to or comment on the proposed rate re-authorization at or before the public hearing. If you object to the 1.2% water use fee proposed to be re-authorized as described in this notice, you may file a written protest with the District clerk at, or before, the time set for the public hearing.

A valid protest must contain:

- A description of the property (its address or Assessor's Parcel Number) sufficient to identify the property.
- Written evidence that the signer(s) is/are the owner(s) of the property, if the signer(s) was/were not shown on the last equalized assessment roll of Monterey County as the owner(s) of the property.

Protests can be mailed or personally delivered to:

District Clerk
MPWMD
P.O. Box 85
Monterey, CA, 93942-0085

If a majority of affected property owners file written protests, the 1.2% water use fee shall not be re-authorized, and shall be rescinded by the MPWMD. If you have any questions regarding this notice, please call the District Administrative Services Division at 831-658-5614, or call 831-658-5600 between 8 a.m. and 5 p.m., Monday through Friday.

Also, see the District's Web page for more information about the District's water conservation, water planning and environmental protection programs, its budget, and this hearing process at <http://www.mpwmd.dst.ca.us>.