

NOTICE OF PUBLIC HEARING
FOR PROPOSED WATER USE FEES

Distributed by staff at
4/9/12 committee meeting.
Item 2.E.
Revised Exhibit
EXHIBIT 2-F

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), with the exception of certain sub-areas. The District is proposing to charge a fee for the primary purpose of developing 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 potential adverse effects that may result from overproduction from the Seaside Groundwater Basin and will also increase water available to the CAW system and 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. In addition to direct capital costs of the Projects, proceeds of the water use fee may also be allocated to meet other water supply related expenses that confer benefit and/or service to existing CAW Water Distribution System water users, 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.

The Proposed Water Use Fee

Based on reasonable and fair investigation, 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 due 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) Name of the record owner who is submitting the protest, (iii) Identity, by street address, of 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 Administrative Services Manager at 831-658-5600

