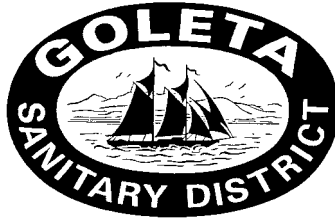


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**GENERAL MANAGER/
DISTRICT ENGINEER**
KAMIL S. AZOURY, P.E.

August 16, 2004

Honorable Clifford R. Anderson, III
Presiding Judge
Santa Barbara Superior Court
P.O. Box 21107
Santa Barbara, CA 93121-1107

Re: Response to Grand Jury Report dated May 24, 2004

Dear Judge Anderson:

The purpose of this letter is to provide the response of the Governing Board of the Goleta Sanitary District to the findings and recommendations contained in the Santa Barbara County Grand Jury report dated May 24, 2004. The District also wishes to commend the Grand Jury for the outstanding job it did in analyzing the District's operations. Representatives of the Grand Jury attended numerous District Board meetings and spent a considerable amount of time to thoroughly understand what would be involved to convert the District's plant to meet secondary treatment standards. The Grand Jury also obviously put a great deal of effort into preparing a very complete and well-drafted report.

The findings and recommendations set forth in the Grand Jury Report, together with the District's responses, are set forth below.

FINDING 1

Goleta Sanitary District has not surveyed its customers as to their opinion regarding an upgrade to full secondary and the rate increase an upgrade would

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incur.

RESPONSE TO FINDING 1

The Goleta Sanitary District agrees that it has not surveyed its customers as to their opinion with respect to this issue.

RECOMMENDATION 1

Goleta Sanitary District should take a survey of its customers to answer questions regarding what they would support with respect to an upgrade to full secondary treatment of wastewater.

RESPONSE TO RECOMMENDATION 1

This recommendation requires further analysis. The District is currently in the process of developing a public outreach program with respect to the issue of full secondary treatment. This program is expected to include public workshops, an open house and newsletters to educate the public regarding the issues associated with a conversion to full secondary treatment. The program may also include formal or informal surveys. In order for any such survey to be meaningful, it is essential that those responding to the survey be adequately informed as to the issues and that appropriate questions be asked. The manner in which the survey process is structured is therefore important and requires further analysis by the District.

FINDING 2

Goleta Sanitary District faces a critical hearing with the Regional Water Quality Control Board in October 2004. The issue is whether to continue court action to retain the 301(h) Waiver or upgrade to full secondary.

RESPONSE TO FINDING 2

The Goleta Sanitary District agrees with this finding.

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RECOMMENDATION 2

The Grand Jury urges Goleta Sanitary District to include long-range conversion plans to full secondary treatment in its Master Plan.

GOLETA SANITARY DISTRICT RESPONSE TO RECOMMENDATION 2

This recommendation requires further analysis. The Goleta Sanitary District is actively working with the Regional Water Quality Control Board to explore options for converting the District's treatment process to secondary treatment over time, while enabling the District to utilize the full remaining useful life of its existing facilities. The District has also initiated discussions with the other agencies that own capacity rights in the treatment plant regarding the issue of converting to secondary treatment. In addition, as discussed above, the District is in the process of developing a public outreach program with respect to the secondary treatment issue. At such time as a final decision is made with regard to a conversion to secondary treatment, the District's Master Plan can be updated as necessary to address the conversion.

The District appreciates the Grand Jury's thorough and thoughtful analysis with respect to the District's operations in general and the issue of secondary treatment in particular.

Sincerely,

GOLETA SANITARY DISTRICT

John S. Carter
Governing Board President Pro Tem

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