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May 8, 2008

Honorable Judge J. William McLafferty
Superior Court
1100 Anacapa St., 2nd Floor
Santa Barbara, CA 93121-1107

Santa Barbara County Grand Jury
Attention: Foreperson
1100 Anacapa Street
Santa Barbara, CA 93121

Dear Judge McLafferty,

The purpose of this letter is to respond the 2007/2008 Santa Barbara Grand Jury Report entitled, *Guadalupe – Yet Again: A City on Its Way to a Rebirth.*

We want to thank the Grand Jury for recognizing the hard work of the Administration and City Council in changing and improving the image of our city.

Response to Findings and Recommendations:

1. VOLUMINOUS FINANCIAL REPORTS:

The city is implementing a reporting method that gives Council the information needed in a simplified format. Reducing the number of pages makes it easier to follow information and understand the report. The Accounting System produces detailed reports and staff will summarize the information to better serve the Council.

2. INSUFFICIENT DEPARTMENTAL STAFFING:

The city is implementing a staff evaluation program. We are aware that staffing shortages exist throughout departments. Management is evaluating the duties of each staff person. If staff is unable to carry out essential duties after training, rearranging duties, and automation improvements then Council is made aware of needed positions.

3. COMMUNITY ISSUES AND WEBSITE:

The City of Guadalupe's has implemented a website and agrees that communicating with the public is key to efficient governmental operations. Agendas are available on the website and feedback from the public has improved. It is important to get consistent input from the community and staff and Council is making use of communication tools to be better informed.

4. WASTEWATER TREATMENT PLANT UPGRADE AND RDA LOAN REPAYMENT:

This project was of public necessity and the loan from the RDA was the only option. The Regional Water Control Board (RWQCB) funding was insufficient and they denied the city's request for additional funding in the wake of political turmoil. The project was not a discretionary project that could be put off because the outdated sewer pond system built next door to a housing development was a public health issue. The city sought the RDA funding to supplement the amount needed. The upgrade was a legitimate expenditure under RDA rules.

A loan repayment schedule had been provided to Council soon after the loan was approved showing good faith on the part of the City. The Council was responsible and intended to pay back the loan. In fiscal year 08/09 the first payment will start.

5. LOAN PRINCIPAL AND INTEREST:

The city agrees that interest charges are a normal part of doing business and banks charge interest to their customers on every loan. The original loan agreement did not call for interest and will be brought before Council for possible amendment. The WWTP Improvement loan is between the city and the Agency. There is no legal requirement for an interest component to be charged. If interest is included, the loan balance will increase and will take longer to pay off. All will benefit if it is in the best interest of our citizens.

CONCLUSION:

The City appreciates the Grand Jury's recommendations. Thank you again for recognizing the Council's goal for a new vision for the City of Guadalupe. Council approved this response at the meeting of May 13, 2008.

Yours truly,



Carolyn Galloway-Cooper
City Administrator

c: Mayor and City Council