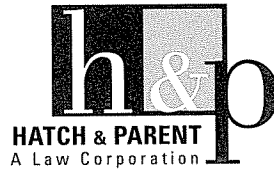


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July 14, 2006

The Honorable Judge Rodney Melville
Superior Court
312-M East Cook Street
Santa Maria, CA 93455.5165

Re: Grand Jury Report Response

Dear Judge Melville:

The following is submitted on behalf of the Goleta West Sanitary District (“District”) and responds to the report of the 2005-06 Santa Barbara County Civil Grand Jury entitled “Legal Services in Santa Barbara, Very High Prices for Comprehensive Representation.”

Finding 1

The District has historically done a good job of accurately budgeting for legal services, and actual expenditures typically are less than the amount budgeted for a given year. This general pattern may not hold where unanticipated significant litigation occurs.

Finding 2

Legal services for public agencies in Santa Barbara County are typically less expensive than legal services for private companies or individuals. The District has negotiated a fee agreement which provides legal services at a substantial discount compared to private clients. Public agencies have the same ability to control litigation expenses as private clients: it is a matter of balancing the risks of an adverse verdict (with the resulting costs) as against the costs of continuing with the litigation. In the District’s experience, high quality preventative legal advice is the best way to avoid litigation and its attendant costs.

Finding 3

No comment.

Finding 4

No comment.

Finding 5

The District’s only engagement agreement is for its General Counsel. By necessity, it is

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not possible to describe with specificity the responsibilities, since it typically involves dealing with all aspects of District legal services. This type of general engagement agreement is customary for a general counsel position.

Finding 6

The District agrees with this finding and follows this practice.

Finding 7

The District shows “Legal Services” as a line item in each annual budget, and the District’s General Manager tracks legal expenses throughout the year to ensure that the budget is not exceeded. The District does not know the practices of other agencies.

Finding 8

The District has historically selected its legal counsel based on qualifications, competency, ability, expertise, confidence and trust, and has not been influenced by “politics.”

Finding 9

As this Finding suggests, some work done for public agencies is “routine repetitive work” and other work is more complex and unique. There are efficiencies to be gained by having a single lawyer or law firm handle both types of work, and those efficiencies probably outweigh the cost savings that might be gained by having different law firms (or different engagement agreement) for the two categories of work.

Finding 10

The District includes the cost of outside counsel – whether General Counsel or specialized counsel for specific problems – in the annual budget.

Finding 11

The District’s General Manager reviews each month’s legal services bill and contacts the supervising attorney with questions, comments and concerns. There have been a number of instances in which the bill was adjusted in response to those contacts.

Recommendation 1

The District already follows this procedure.

Recommendation 2

The District already follows this procedure.

Recommendation 3

The District will consider this alternative.

Recommendation 4

The District will consider this procedure on a case-by-case basis, since some kinds of litigation may be appropriate for caps and budgets and others may not.

Recommendation 5

The District's General Counsel does not usually attend advisory board meetings.

Recommendation 6

The District has not historically used monthly fixed retainers, and so this recommendation does not apply.

Recommendation 7

The legal services invoices received by the District contain detail on the disbursements listed in the recommendation, thus providing the District with an opportunity to conduct the recommended review. The District is not charged for word processing charges, and typically is asked for prior approval for significant and extraordinary expenses (such as the engagement of an expert witness).

Recommendation 8

The District will consider this procedure. The District's General Counsel carries adequate liability coverage.

Recommendation 9

California law already requires that conflicts of interest be disclosed and waived at the time of engagement, and conflicts that arise after engagement have begun be disclosed and either waived or otherwise appropriately handled. The District and its general counsel are scrupulous in avoiding violations of the California Rules of Professional Conduct and the Political Reform Act of 1974.

Recommendation 10

This recommendation deals with an issue that has never been a problem for the District.

Recommendation 11

The District does not have a retainer on deposit with its general counsel.

Recommendation 12

The District is not convinced that splitting legal services among two or more firms, with one of them handling "routine repetitive matters," is cost effective or efficient.

Recommendation 13

The District will consider this recommendation.

Recommendation 14

This recommendation deals with an issue that has not arisen for the District.

Recommendation 15

The District already accepts the viewpoint expressed in this recommendation.

Additional Comments

The District wishes to call the Grand Jury's attention to the fact that, during the 2004-05 fiscal year, the District's legal fees were higher than in previous years because of litigation by the District against the Regional Water Quality Control Board ("Regional Board") resulting from the Regional Board's decision to impose on the District a Wastewater Discharge Order that the District believes is unwarranted and unauthorized. That litigation is in the process of being settled, and thus it is expected that the legal fees for 2006-07 will be more in line with previous legal expense budgets.

The District appreciates the Grand Jury's thorough analysis with respect to the issue of legal services.

Sincerely,



Steven A. Amerikaner
For HATCH & PARENT
A Law Corporation

cc (signed copy and CD):
Santa Barbara Civil Grand Jury
Attention: Foreman
1100 Anacapa Street
Santa Barbara, CA 93101