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November 6, 2012

Mr. Michael Jackson, P.E. US Department of the Interior Bureau of Reclamation South Central California Area Office 1243 N Street Fresno, CA 93721

Subject: Cachuma Project Change in Place of Use Petition for Dos Pueblos Golf Links Project

Dear Mr. Jackson,

This letter is in response to your July 25, 2012 letter and November 5, 2012 email regarding the petition Reclamation filed in May 1999 to add the Dos Pueblos Golf Links Project to Reclamation's place of use under Permits 11308 and 11310. Please proceed with completing any place of use petition or other actions necessary for the District to provide service within this new portion of our service area.

As you may be aware, the original Dos Pueblos Golf Links Project proposed to construct a golf course requiring potable and recycled water service, as well as an annexation into the Goleta Water District (District) service area. A Local Agency Formation Commission (LAFCO) annexation was approved, bringing the land into the Goleta Water District's service area. That LAFCO decision was challenged, and litigation concluded in August 2010 with the annexation being upheld. The land owner has proceeded to apply for an alternative project with the County of Santa Barbara (County). Rather than moving forward with the golf course, this new project would construct two single family residences, accessory structures, and guesthouses on two separate adjacent parcels. The County anticipates considering the environmental impact report for this new project in the late February 2013.

Notably, the area is not currently served with District water meters; however, the District has entered into an agreement for service with the property owner, should the County of Santa Barbara ultimately approve the project. At that time, the project would complete the District's application process and receive meters for water service. Once meters are in place, the District would serve the land with water from its supply portfolio, including water from the Cachuma project.

Should you have further questions, please do not hesitate to contact me at 805-879-4620. The District is grateful for your assistance in this matter.

Sincerely

John McInnes General Manager