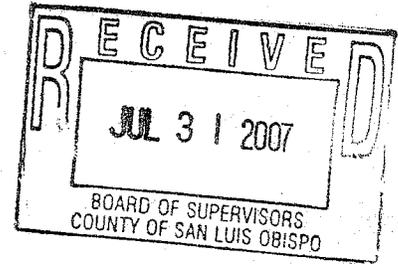


Exhibit "E"
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July 27, 2007

Mr. Paavo Ogren, Public Works
County of San Luis Obispo
1050 Monterey Street, Room 207
San Luis Obispo CA 93408

Re: Los Osos Community Services District
The Proposition 218 Vote

Dear Mr. Ogren:

This office represents Taxpayers Watch, an association of residents and ratepayers in the Los Osos Community. Taxpayers Watch has 1,500 active, contributing members and more than 5,000 people who subscribe to our newsletters.

Taxpayers Watch has been carefully watching County actions for the past few months. Members of the organization have not spoken at Board of Supervisors or Technical Advisory Committee hearings because we support what the County is doing, and do not see a positive purpose in burdening the County with repetitive and time-consuming comments. We also want to prevent the type of lengthy and fractious meetings that Los Osos has lived through for years. But we do want the County to be aware that Taxpayers Watch and its thousands of members and supporters support the County's position on the 218 vote, and want to encourage the County to follow AB 2701.

Representatives from Taxpayers Watch have met with County staff to discuss the upcoming Proposition 218 vote, a vote which will determine if the ratepayers of Los Osos are interested in funding the sewer project. We are also aware of the internet "buzz" on emails and blogs, suggesting that the 218 vote should not simply ask if the ratepayers are interested in funding a project, but rather that the vote should specify which project is being considered.

We disagree with this position, recognizing this is not viable, and we support the County's intention to ask Los Osos ratepayers only whether they will fund a project, up to a certain amount or "cap." Our respective positions – that of the County and Taxpayers Watch – are supported by the plain language of AB 2701. In Section 25825.5, subsection (e), AB 2701 authorizes the County to finance the construction of a sewer through any of several existing Improvement Acts. These Acts cannot be utilized without a 218 vote.

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However, according to subsection (i) of Section 25825.5, the County is not to complete its due diligence review of sewer construction options until after the assessment is approved by the voters. AB 2701 appears to have been written in this fashion in order to protect the County and the ratepayers from unnecessary and wasteful expenditures. The County should not undertake a detailed review unless the voters are willing to pay for the project eventually chosen. Only after the 218 vote would the exact project (location, methods, etc.) be decided.

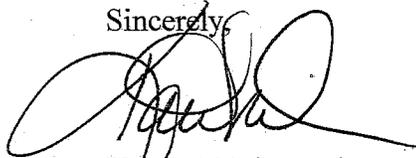
Taxpayers Watch is aware of the so-called "no blank check" campaign, in which a certain faction in Los Osos is asking that the County put a specific project or projects on the 218 ballot. This would be in contravention of the language of AB 2701, and we would strongly recommend against such an action. We support the County's position that the 218 be limited to asking the voters if they are willing to pay for a sewer project, not a specific sewer location or design.

We are also aware that the County Clerk is concerned about having the 218 vote in November, which would conflict with the County's general election. Taxpayers Watch would support having the vote sooner than November, if it would make the process more efficient for the Elections Division.

We are cognizant of the threat of lawsuits no matter what the County chooses to do. Taxpayers Watch is well aware of the history of litigation over the sewer project. But we urge the County to continue on the current path, which is in accord with the law and with common sense.

Thank you and if you would like any further information, please contact this office.

Sincerely,



Kate M. Neiswender

cc: Supervisor Bruce Gibson
Noel King

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