

NOTICE AND AGENDA OF REGULAR MEETING

BOARD OF DIRECTORS OF THE SANTA YNEZ RIVER VALLEY GROUNDWATER BASIN EASTERN MANAGEMENT AREA GROUNDWATER SUSTAINABILITY AGENCY

HELD AT
SANTA YNEZ COMMUNITY SERVICES DISTRICT, MEETING ROOM
1070 FARADAY STREET, SANTA YNEZ, CALIFORNIA
4:00 P.M., THURSDAY, SEPTEMBER 24, 2026

Optional remote public participation is available via Telephone or TEAMS

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*** Please Note ***

The above teleconference option for public participation is being offered as a convenience only and may limit or otherwise prevent your access to and participation in the meeting due to disruption or unavailability of the teleconference line. If any such disruption or unavailability occurs for any reason the meeting will not be suspended, terminated, or continued. Therefore in-person attendance of the meeting is strongly encouraged.

AGENDA OF REGULAR MEETING

1. Call to Order and Roll Call
2. Public Comment (Any member of the public may address the Board relating to any non-agenda matter within the Board’s jurisdiction. The time for public comment allotted for each individual shall not exceed three minutes. No action will be taken by the Board at this meeting on any public comment item.)
3. Consent Agenda
 - a. Review and consider approval of meeting minutes for the previous Board Meeting. (Packet Pages: 3-5)
 - b. Review and consider approval of Financial Statements and Warrant List. (Packet Pages: 6-15)
4. Citizen Advisory Group (CAG) Meeting Report-Out
5. Action Items
 - a. Review and consider approval of GSP Periodic Evaluation and amendment to GSP to address Recommended Corrective Actions (RCAs) #5 and #6. (Packet Pages: 16-20)
 - b. Review and consider approval of Public Works Contract with low-bid Drilling Contractor for Prop 68 Grant Component 5 Monitoring Program Improvements. (Packet Pages: 21-22)
 - c. Review and consider approval of Amendment No. 2 to the Agreement with MLJ Environmental for On-Call Watermark Support Services. (Packet Pages: 23-25)
 - d. Review and consider for approval adoption of a 1-year audit cycle for the duration of the Proposition 68 Grant and consider for approval the Engagement Letter for GSA Audit for Fiscal Year ended June 30, 2026. (Packet Pages: 26-30)
 - e. Review status of well registration and provide direction on potential extension of well registration deadline and potential penalties for not registering wells.

- f. Review and provide direction on de minimis extractor determinations for metering requirements and policies and procedures for shared wells.
- 6. Informational Items
 - a. Prop 68 Grant and EMA GSA Initiatives Update
- 7. Consider Date/Time and Need for Future Meetings of the EMA GSA.
 - a. Next EMA GSA CAG Meeting Thursday, October 15, 2026 at 3:00 PM.
 - b. Next EMA GSA Special Board Meeting Thursday, November 19, 2026 at 4:00 PM at SYCSD Meeting Room.
 - c. Next Basin-Wide Joint Special Meeting Friday, December 11, 2026, at 9:00 AM at Buellton City Council Chambers.
- 8. Board of Directors Reports and Requests for Future Agenda Items
- 9. Adjournment

[This agenda was posted at least 72 hours prior to the regular meeting at 3669 Sagunto Street, Suite 101, Santa Ynez, California, and ema-SantaYnezWater.org in accordance with Government Code Section 54954. In compliance with the Americans with Disabilities Act, if you need special assistance to review agenda materials or participate in this meeting, please contact the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency at (805) 457-5065. Advanced notification as far as practicable prior to the meeting will enable the GSA to make reasonable arrangements to ensure accessibility to this meeting.]

SANTA YNEZ RIVER VALLEY GROUNDWATER BASIN EASTERN MANAGEMENT AREA GROUNDWATER SUSTAINABILITY AGENCY (EMA GSA) BOARD OF DIRECTORS

Agenda Item 3.a: Minutes of the Regular Meeting of July 23, 2026

The following is a summary of the actions taken at the SYRVGB EMA GSA Board of Directors Meeting. The official record for the meeting is the recording that can be found at:
<https://www.ema-santaynezwater.org/ema-gsa-jpa-board-meetings>

Agenda Item	Discussion or Action
1. Call to Order and Roll Call	Chair Orona called the meeting to order at approximately 4:00 PM. Daniel Heimel, Executive Director, called roll to begin the meeting. Chair Orona, Director Circle, Alternate Director Dietenhofer, Director Marymee, and Director Joos were present (00:00:01).
2. Public Comment	None (00:00:50).
3. Consent Agenda a. Review and consider approval of meeting minutes for the May 28, 2026 EMA GSA Board Meeting. b. Review and consider approval of Financial Statements and Warrant List for May-June, 2026.	Introduction of the Item (00:01:20) Board Discussion (00:01:45) Chair Orona noted that the agenda described the financial statements as covering May–June 2026 while the general ledger and bill payment list covered June 2026 only. Public Comment None Board Action (00:02:30) The Board moved to approve the consent agenda. Motion: Director Marymee Second: Director Circle Ayes: All Nays: None Passes: 5-0
4. CAG Meeting Report-Out	Introduction of the Item (00:02:55) Board Discussion (00:10:10) Public Comment None
5. Action Items	
5.a. Review and consider approval of easement for monitoring well with Chamberlin Ranch.	Introduction of the Item (00:10:50) Board Discussion (00:12:15) Public Comment None Board Action (00:17:10) The Board moved to approve the easement for the monitoring well with Chamberlin Ranch.

Agenda Item	Discussion or Action
	Motion: Director Marymee Second: Director Dietenhofer Ayes: All Nays: None Passes: 5-0
5.b. Review and approve the EMA GSA FY 2026-27 budget incorporating Board revisions proposed at the May 28, 2026 EMA GSA Board Meeting.	<u>Introduction of the Item</u> (00:17:50) <u>Board Discussion</u> (00:19:25) <u>Public Comment</u> None <u>Board Action</u> (00:20:00) The Board moved to approve the EMA GSA FY 2026-27 budget incorporating the revisions proposed at the May 28, 2026 EMA GSA Board Meeting. Motion: Director Joos Second: Director Circle Ayes: All Nays: None Passes: 5-0
6. Informational Items	
6.a. Receive presentation from Moss, Levy & Hartzheim and file the FY 2024-25 Independent Auditor's Report.	<u>Introduction of the Item</u> (00:20:50) <u>Board Discussion</u> (00:32:40) The Board directed staff to have legal counsel review the EMA GSA Bylaws to determine whether they address the two deficiencies identified in the auditor's report (adoption of an accounting policies and procedures manual and establishment of a whistleblower mechanism for suspected fraud or potential misconduct). The Board further directed that this item be brought back at the next meeting and remain a standing agenda item until the deficiencies are addressed. <u>Public Comment</u> None
6.b. Verbal Report from Executive Director on the Potential for Consolidation/Streamlining of Annual Reports	<u>Introduction of the Item</u> (00:37:40) <u>Board Discussion</u> (00:39:45) <u>Public Comment</u> None
6.c. Prop 68 Grant and EMA GSA Initiatives Update	<u>Introduction of the Item</u> (00:40:15) <u>Board Discussion</u> (00:44:10) The Board directed staff to provide a project schedule by email in advance of the next Board meeting and to present the schedule again at the next Board meeting. <u>Public Comment</u> None
6.d. Well Registration Update	<u>Introduction of the Item</u> (00:52:00) <u>Board Discussion</u> (00:56:15)

Agenda Item	Discussion or Action
	<u>Public Comment</u> (01:00:50, 01:22:20) Brian Macy Mary Heyden
7. Consider Date/Time and Need for Future Meetings of the EMA GSA.	<u>Introduction of the Item</u> (01:25:10) <u>Board Discussion</u> (01:27:38) <u>Public Comment</u> None
8. Board of Directors Reports and Requests for Future Agenda Items	<u>Introduction of the Item</u> (01:29:10) <u>Board Discussion</u> Director Marymee announced that the Central Management Area GSA Executive Director is on a leave of absence and that their legal counsel will serve as the point person. The Board directed staff to share the link to WaterOne.AI, linked here: https://gsa.waterone.ai/en. <u>Public Comment</u> (01:33:35) Mary Heyden
9. Adjournment	Chair Orona adjourned the meeting at approximately 5:39 PM (01:36:04).

EMA GSA
Balance Sheet
As of Aug 31, 2026

	Total
Assets	
Current Assets	
Bank Accounts	
1150 Five Star Bank Ckg	249,243.45
Total for Bank Accounts	\$249,243.45
Accounts Receivable	
1200 Accounts Receivable	247,953.87
Total for Accounts Receivable	\$247,953.87
Other Current Assets	
1400 Prepaid Expense	950.00
Total for Other Current Assets	\$950.00
Total for Current Assets	\$498,147.32
Total for Assets	\$498,147.32
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	260,946.17
Total for Accounts Payable	\$260,946.17
Other Current Liabilities	
2300 Deposits - Well Verification	0.00
2501 Loan from SYRWCD	112,438.75
2502 Loan from County of SB	112,438.75
2503 Loan from City of Solvang	112,438.75
2504 Loan from ID No. 1	112,438.75
Total for Other Current Liabilities	\$449,755.00
Total for Current Liabilities	\$710,701.17
Total for Liabilities	\$710,701.17
Equity	
3000 Ret Earnings	2,425.67
32000 Unrestricted Net Assets	-158,476.03
Net Income	-56,503.49
Total for Equity	-\$212,553.85
Total for Liabilities and Equity	\$498,147.32

EMA GSA

Profit and Loss
July-August, 2026

	Total
Income	
4600 Interest Income	43.95
Total for Income	\$43.95
Gross Profit	\$43.95
Expenses	
5350 Public Relations	363.68
5360 Insurance	4,892.55
5800 Legal Services	2,349.90
6400 Annual Report	1,457.50
6501 GSP - Well Measure & Report Program	23,135.06
6503 GSP - Update	24,348.75
Total for Expenses	\$56,547.44
Net Operating Income	-\$56,503.49
Net Income	-\$56,503.49

EMA GSA
General Ledger
July-August, 2026

	Distribution account	Transaction date	Transaction type	Num	Name	Description	Split	Amount	Balance	
1150 Five Star Bank Ckg										
	Beginning Balance								266,234.51	
	1150 Five Star Bank Ckg	07/21/2026	Expense		Golden State Risk Management Authority	Gsrma Payment Trace Daniel Heime	Gsrma Payment Trace Daniel Heime	5360 Insurance	-4,892.55	261,341.96
	1150 Five Star Bank Ckg	07/24/2026	Expense		PIP Marketing Signs Print	Juice Island Inc Trace Daniel He	Juice Island Inc Trace Daniel Heime	6501 GSP - Well Measure & Report Program	-2,374.28	258,967.68
	1150 Five Star Bank Ckg	07/30/2026	Bill Payment (Check)	1135	Walking M Ranches Association			2000 Accounts Payable	-7,113.95	251,853.73
	1150 Five Star Bank Ckg	07/31/2026	Deposit		Five Star Bank	Interest Deposit		4600 Interest Income	22.41	251,876.14
	1150 Five Star Bank Ckg	08/13/2026	Expense	N43377	PIP Marketing Signs Print	Juice Island Inc Trace Daniel He	Juice Island Inc Trace Daniel Heime	6501 GSP - Well Measure & Report Program	-2,374.28	249,501.86
	1150 Five Star Bank Ckg	08/25/2026	Bill Payment (Check)	ACH	Onsite Computers & Design Inc			2000 Accounts Payable	-125.45	249,376.41
	1150 Five Star Bank Ckg	08/25/2026	Bill Payment (Check)	ACH	Onsite Computers & Design Inc			2000 Accounts Payable	-154.50	249,221.91
	1150 Five Star Bank Ckg	08/31/2026	Deposit		Five Star Bank	Interest Deposit		4600 Interest Income	21.54	249,243.45
Total for 1150 Five Star Bank Ckg									-\$16,991.06	
1200 Accounts Receivable										
	Beginning Balance									247,953.87
Total for 1200 Accounts Receivable									\$0.00	
1400 Prepaid Expense										
	Beginning Balance									950.00
Total for 1400 Prepaid Expense									\$0.00	
2000 Accounts Payable										
	Beginning Balance									221,433.74
	2000 Accounts Payable	07/01/2026	Bill	0012838	MLJ Environmental, LLC	Watermark Core Module Year 1 FY 26.27		6501 GSP - Well Measure & Report Program	15,000.00	236,433.74
	2000 Accounts Payable	07/30/2026	Bill Payment (Check)	1135	Walking M Ranches Association			1150 Five Star Bank Ckg	-7,113.95	229,319.79
	2000 Accounts Payable	07/31/2026	Bill	11315	Onsite Computers & Design Inc	Office 365 email, Sophos Central email protection		5350 Public Relations	125.45	229,445.24
	2000 Accounts Payable	07/31/2026	Bill	2371	Santa Ynez Community Services District	7/23/26 & 7/30/26 Board Room Rental		5350 Public Relations	158.82	229,604.06
	2000 Accounts Payable	08/10/2026	Bill	0012904	MLJ Environmental, LLC	Watermark Core Module 7.1.26-7.31.26		6501 GSP - Well Measure & Report Program	3,386.50	232,990.56
	2000 Accounts Payable	08/12/2026	Bill	00515.009-10	GSI Water Solutions, Inc.	7/1/26-7/31/26 5-yr Periodic Evaluation		6503 GSP - Update	24,348.75	257,339.31
	2000 Accounts Payable	08/12/2026	Bill	00515.010-6	GSI Water Solutions, Inc.	7/1/26-7/31/26 Water Year 2025 Annual Report		6400 Annual Report	1,457.50	258,796.81
	2000 Accounts Payable	08/24/2026	Bill	2386	Santa Ynez Community Services District	8/20/26 Board Room Rental		5350 Public Relations	79.41	258,876.22
	2000 Accounts Payable	08/24/2026	Bill	108688	Aleshire & Wynder	7/1/26-7/31/26 Legal Services		5800 Legal Services	2,349.90	261,226.12
	2000 Accounts Payable	08/25/2026	Bill Payment (Check)	ACH	Onsite Computers & Design Inc			1150 Five Star Bank Ckg	-125.45	261,100.67
	2000 Accounts Payable	08/25/2026	Bill Payment (Check)	ACH	Onsite Computers & Design Inc			1150 Five Star Bank Ckg	-154.50	260,946.17
Total for 2000 Accounts Payable									\$39,512.43	
2501 Loan from SYRWCD										
	Beginning Balance									112,438.75
Total for 2501 Loan from SYRWCD									\$0.00	
2502 Loan from County of SB										
	Beginning Balance									112,438.75
Total for 2502 Loan from County of SB									\$0.00	
2503 Loan from City of Solvang										
	Beginning Balance									112,438.75
Total for 2503 Loan from City of Solvang									\$0.00	
2504 Loan from ID No. 1										
	Beginning Balance									112,438.75
Total for 2504 Loan from ID No. 1									\$0.00	
3000 Ret Earnings										
	Beginning Balance									2,425.67
Total for 3000 Ret Earnings									\$0.00	
Retained Earnings										
	Beginning Balance									-158,476.03
Total for Retained Earnings									\$0.00	
4600 Interest Income										
	4600 Interest Income	07/31/2026	Deposit		Five Star Bank	Interest Deposit		1150 Five Star Bank Ckg	22.41	22.41

EMA GSA
General Ledger
July-August, 2026

	Distribution account	Transaction date	Transaction type	Num	Name	Description	Split	Amount	Balance
	4600 Interest Income	08/31/2026	Deposit		Five Star Bank	Interest Deposit	1150 Five Star Bank Ckg	21.54	43.95
Total for 4600 Interest Income								\$43.95	
5350 Public Relations									
	5350 Public Relations	07/31/2026	Bill	11315	Onsite Computers & Design Inc	Office 365 email, Sophos Central email protection	2000 Accounts Payable	125.45	125.45
	5350 Public Relations	07/31/2026	Bill	2371	Santa Ynez Community Services District	7/23/26 & 7/30/26 Board Room Rental	2000 Accounts Payable	158.82	284.27
	5350 Public Relations	08/24/2026	Bill	2386	Santa Ynez Community Services District	8/20/26 Board Room Rental	2000 Accounts Payable	79.41	363.68
Total for 5350 Public Relations								\$363.68	
5360 Insurance									
	5360 Insurance	07/21/2026	Expense		Golden State Risk Management Authority	Gsrma Payment Trace Daniel Heime Gsrma Payment Trace Daniel Heime	1150 Five Star Bank Ckg	4,892.55	4,892.55
Total for 5360 Insurance								\$4,892.55	
5800 Legal Services									
	5800 Legal Services	08/24/2026	Bill	108688	Aleshire & Wynder	7/1/26-7/31/26 Legal Services	2000 Accounts Payable	2,349.90	2,349.90
Total for 5800 Legal Services								\$2,349.90	
6400 Annual Report									
	6400 Annual Report	08/12/2026	Bill	00515.010-6	GSI Water Solutions, Inc.	7/1/26-7/31/26 Water Year 2025 Annual Report	2000 Accounts Payable	1,457.50	1,457.50
Total for 6400 Annual Report								\$1,457.50	
6501 GSP - Well Measure & Report Program									
	6501 GSP - Well Measure & Report Program	07/01/2026	Bill	0012838	MLJ Environmental, LLC	Watermark Core Module Year 1 FY 26.27	2000 Accounts Payable	15,000.00	15,000.00
	6501 GSP - Well Measure & Report Program	07/24/2026	Expense		PIP Marketing Signs Print	Juice Island Inc Trace Daniel He Juice Island Inc Trace Daniel Heime	1150 Five Star Bank Ckg	2,374.28	17,374.28
	6501 GSP - Well Measure & Report Program	08/10/2026	Bill	0012904	MLJ Environmental, LLC	Watermark Core Module 7.1.26-7.31.26	2000 Accounts Payable	3,386.50	20,760.78
	6501 GSP - Well Measure & Report Program	08/13/2026	Expense	N43377	PIP Marketing Signs Print	EMA Reminder Postcard	1150 Five Star Bank Ckg	2,374.28	23,135.06
Total for 6501 GSP - Well Measure & Report Program								\$23,135.06	
6503 GSP - Update									
	6503 GSP - Update	08/12/2026	Bill	00515.009-10	GSI Water Solutions, Inc.	7/1/26-7/31/26 5-yr Periodic Evaluation	2000 Accounts Payable	24,348.75	24,348.75
Total for 6503 GSP - Update								\$24,348.75	

Accrual Basis Wednesday, September 16, 2026 04:50 PM GMT-07:00

EMA GSA

Check Detail Report

July-August, 2026

Transaction date	Transaction type	Num	Name	Description	Cleared	Amount
1150 Five Star Bank Ckg						
07/21/2026	Expense		Golden State Risk Management Authority	Gsrma Payment Trace Daniel Heime Gsrma Payment Trace Daniel Heime	Reconciled	-4,892.55
07/21/2026	Expense		Golden State Risk Management Authority	Gsrma Payment Trace Daniel Heime Gsrma Payment Trace Daniel Heime		4,892.55
07/24/2026	Expense		PIP Marketing Signs Print	Juice Island Inc Trace Daniel He Juice Island Inc Trace Daniel Heime	Reconciled	-2,374.28
07/24/2026	Expense		PIP Marketing Signs Print	Juice Island Inc Trace Daniel He Juice Island Inc Trace Daniel Heime		2,374.28
07/30/2026	Bill Payment (Check)	1135	Walking M Ranches Association		Reconciled	-7,113.95
07/30/2026	Bill Payment (Check)	1135	Walking M Ranches Association			-7,113.95
08/13/2026	Expense	N43377	PIP Marketing Signs Print	Juice Island Inc Trace Daniel He Juice Island Inc Trace Daniel Heime	Reconciled	-2,374.28
08/13/2026	Expense	N43377	PIP Marketing Signs Print	EMA Reminder Postcard		2,374.28
08/25/2026	Bill Payment (Check)	ACH	Onsite Computers & Design Inc		Reconciled	-125.45
08/25/2026	Bill Payment (Check)	ACH	Onsite Computers & Design Inc			-125.45
08/25/2026	Bill Payment (Check)	ACH	Onsite Computers & Design Inc		Reconciled	-154.50
08/25/2026	Bill Payment (Check)	ACH	Onsite Computers & Design Inc			-154.50

EMA GSA

Balance Sheet

As of May 31, 2026

		TOTAL
Assets		
Current Assets		
Bank Accounts		
1150 Five Star Bank Ckg		266,906.97
Total for Bank Accounts		\$266,906.97
Accounts Receivable		
1200 Accounts Receivable		0.00
Total for Accounts Receivable		\$0.00
Other Current Assets		
1400 Prepaid Expense		950.00
Total for Other Current Assets		\$950.00
Total for Current Assets		\$267,856.97
Total for Assets		\$267,856.97
Liabilities and Equity		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 Accounts Payable		6,165.00
Total for Accounts Payable		\$6,165.00
Other Current Liabilities		
2300 Deposits - Well Verification		0.00
2501 Loan from SYRWCD		112,438.75
2502 Loan from County of SB		112,438.75
2503 Loan from City of Solvang		112,438.75
2504 Loan from ID No. 1		112,438.75
Total for Other Current Liabilities		\$449,755.00
Total for Current Liabilities		\$455,920.00
Total for Liabilities		\$455,920.00
Equity		
3000 Ret Earnings		2,425.67
32000 Unrestricted Net Assets		-252,359.51
Net Income		61,870.81
Total for Equity		-\$188,063.03
Total for Liabilities and Equity		\$267,856.97

EMA GSA

Profit and Loss

July 1, 2025-May 31, 2026

	TOTAL
Income	
4300 Groundwater Extraction Fee	428,524.18
4500 Grant Revenue	85,127.74
4600 Interest Income	128.38
Total for Income	\$513,780.30
Gross Profit	\$513,780.30
Expenses	
5200 GSA Management/Admin	67,958.88
5320 Office Expense (incl postage)	1.25
5330 Outside Staff Support	1,418.75
5350 Public Relations	3,022.08
5360 Insurance	4,892.55
5800 Legal Services	40,221.54
6400 Annual Report	51,863.05
6501 GSP - Well Measure & Report Program	21,493.92
6502 GSP - Rate Study	20,460.00
6503 GSP - Update	176,313.72
6504 GSP - Monitoring Network (incl.GDEs)	64,263.75
Total for Expenses	\$451,909.49
Net Operating Income	\$61,870.81
Net Income	\$61,870.81

**EMA GSA
General Ledger
May 1-31, 2026**

	Distribution account	Transaction date	Transaction type	Num	Name	Description	Split	Amount	Balance
1150 Five Star Bank Ckg									
	Beginning Balance								316,779.02
	1150 Five Star Bank Ckg	05/22/2026	Bill Payment (Check)	1131	Aleshire & Wynder		2000 Accounts Payable	-6,859.74	309,919.28
	1150 Five Star Bank Ckg	05/22/2026	Bill Payment (Check)	1132	GeoSystems Analysis, Inc.		2000 Accounts Payable	-1,196.25	308,723.03
	1150 Five Star Bank Ckg	05/22/2026	Bill Payment (Check)	1133	GSI Water Solutions, Inc.		2000 Accounts Payable	-41,768.22	266,954.81
	1150 Five Star Bank Ckg	05/22/2026	Bill Payment (Check)	1134	Santa Ynez Community Services District		2000 Accounts Payable	-79.41	266,875.40
	1150 Five Star Bank Ckg	05/29/2026	Deposit		Santa Barbara County	Santa Barbara Coaut Trace Sy Riv Santa Barbara Coaut Trace Sy River Valley Gsa	4300 Groundwater Extraction Fee	4.67	266,880.07
	1150 Five Star Bank Ckg	05/31/2026	Deposit		Five Star Bank	Interest Deposit	4600 Interest Income	26.90	266,906.97
Total for 1150 Five Star Bank Ckg								-\$49,872.05	
1400 Prepaid Expense									
	Beginning Balance								950.00
Total for 1400 Prepaid Expense								\$0.00	
2000 Accounts Payable									
	Beginning Balance								50,706.63
	2000 Accounts Payable	05/08/2026	Bill	105781	Aleshire & Wynder	4/1/26-4/30/26 Legal Services	5800 Legal Services	1,620.74	52,327.37
	2000 Accounts Payable	05/12/2026	Bill	00515.009-7	GSI Water Solutions, Inc.	4/1/26-4/30/26 5-yr Periodic Evaluation	6503 GSP - Update	3,741.25	56,068.62
	2000 Accounts Payable	05/22/2026	Bill Payment (Check)	1131	Aleshire & Wynder		1150 Five Star Bank Ckg	-6,859.74	49,208.88
	2000 Accounts Payable	05/22/2026	Bill Payment (Check)	1132	GeoSystems Analysis, Inc.		1150 Five Star Bank Ckg	-1,196.25	48,012.63
	2000 Accounts Payable	05/22/2026	Bill Payment (Check)	1133	GSI Water Solutions, Inc.		1150 Five Star Bank Ckg	-41,768.22	6,244.41
	2000 Accounts Payable	05/22/2026	Bill Payment (Check)	1134	Santa Ynez Community Services District		1150 Five Star Bank Ckg	-79.41	6,165.00
Total for 2000 Accounts Payable								-\$44,541.63	
2501 Loan from SYRWCD									
	Beginning Balance								112,438.75
Total for 2501 Loan from SYRWCD								\$0.00	
2502 Loan from County of SB									
	Beginning Balance								112,438.75
Total for 2502 Loan from County of SB								\$0.00	
2503 Loan from City of Solvang									
	Beginning Balance								112,438.75
Total for 2503 Loan from City of Solvang								\$0.00	
2504 Loan from ID No. 1									
	Beginning Balance								112,438.75
Total for 2504 Loan from ID No. 1								\$0.00	
3000 Ret Earnings									
	Beginning Balance								2,425.67
Total for 3000 Ret Earnings								\$0.00	
Retained Earnings									
	Beginning Balance								-252,359.51
Total for Retained Earnings								\$0.00	
4300 Groundwater Extraction Fee									
	Beginning Balance								428,519.51
	4300 Groundwater Extraction Fee	05/29/2026	Deposit		Santa Barbara County	Santa Barbara Coaut Trace Sy Riv Santa Barbara Coaut Trace Sy River Valley Gsa	1150 Five Star Bank Ckg	4.67	428,524.18
Total for 4300 Groundwater Extraction Fee								\$4.67	
4500 Grant Revenue									
	Beginning Balance								85,127.74
Total for 4500 Grant Revenue								\$0.00	
4600 Interest Income									
	Beginning Balance								101.48
	4600 Interest Income	05/31/2026	Deposit		Five Star Bank	Interest Deposit	1150 Five Star Bank Ckg	26.90	128.38

EMA GSA
General Ledger
May 1-31, 2026

	Distribution account	Transaction date	Transaction type	Num	Name	Description	Split	Amount	Balance
Total for 4600 Interest Income								\$26.90	
5200 GSA Management/Admin									
	Beginning Balance								67,958.88
Total for 5200 GSA Management/Admin								\$0.00	
5320 Office Expense (incl postage)									
	Beginning Balance								1.25
Total for 5320 Office Expense (incl postage)								\$0.00	
5330 Outside Staff Support									
	Beginning Balance								1,418.75
Total for 5330 Outside Staff Support								\$0.00	
5350 Public Relations									
	Beginning Balance								3,022.08
Total for 5350 Public Relations								\$0.00	
5360 Insurance									
	Beginning Balance								4,892.55
Total for 5360 Insurance								\$0.00	
5800 Legal Services									
	Beginning Balance								38,600.80
	5800 Legal Services	05/08/2026	Bill	105781	Aleshire & Wynder	4/1/26-4/30/26 Legal Services	2000 Accounts Payable	1,620.74	40,221.54
Total for 5800 Legal Services								\$1,620.74	
6400 Annual Report									
	Beginning Balance								51,863.05
Total for 6400 Annual Report								\$0.00	
6501 GSP - Well Measure & Report Program									
	Beginning Balance								21,493.92
Total for 6501 GSP - Well Measure & Report Program								\$0.00	
6502 GSP - Rate Study									
	Beginning Balance								20,460.00
Total for 6502 GSP - Rate Study								\$0.00	
6503 GSP - Update									
	Beginning Balance								172,572.47
	6503 GSP - Update	05/12/2026	Bill	00515.009-7	GSI Water Solutions, Inc.	4/1/26-4/30/26 5-yr Periodic Evaluation	2000 Accounts Payable	3,741.25	176,313.72
Total for 6503 GSP - Update								\$3,741.25	
6504 GSP - Monitoring Network (incl.GDEs)									
	Beginning Balance								64,263.75
Total for 6504 GSP - Monitoring Network (incl.GDEs)								\$0.00	

Accrual Basis Monday, June 08, 2026 09:43 PM GMTZ

EMA GSA

Bill Payment List

May 1-31, 2026

DATE	NUM	VENDOR	AMOUNT
1150 Five Star Bank Ckg			
05/22/2026	1131	Aleshire & Wynder	-6,859.74
05/22/2026	1132	GeoSystems Analysis, Inc.	-1,196.25
05/22/2026	1133	GSI Water Solutions, Inc.	-41,768.22
05/22/2026	1134	Santa Ynez Community Services District	-79.41
Total for 1150 Five Star Bank Ckg			-\$49,903.62

TO: SYRVGB EMA GSA Board of Directors

FROM: Dan Heimerl, Executive Director

DATE: September 24, 2026

SUBJECT: Item 5a – Review and consider approval of GSP Periodic Evaluation and amendment to GSP to address Recommended Corrective Actions (RCAs) #5 and #6.

Background

The Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency (EMA GSA) adopted its Groundwater Sustainability Plan (GSP) in January 2022 and submitted it to the California Department of Water Resources (DWR) that same year. The GSP characterized groundwater conditions in the Santa Ynez River Valley Groundwater Basin Eastern Management Area (EMA) through 2018. The Sustainable Groundwater Management Act (SGMA) requires that a groundwater sustainability agency evaluate its GSP, and assess its implementation, at least every five years and report the results of that evaluation to DWR. DWR completed its review of the 2022 GSP and issued seven recommended corrective actions (RCAs) for the EMA GSA to consider.

GSI Water Solutions, Inc. (GSI) prepared the EMA GSA's first Periodic Evaluation. The Periodic Evaluation presents groundwater conditions for water years 2019 through 2024 relative to the sustainable management criteria (SMCs) established in the GSP, summarizes new information collected since 2022, documents the status of projects and management actions, monitoring network refinements, the exercise of GSA authorities, and outreach and engagement activities, and sets out proposed responses to DWR's RCAs.

SGMA provides the EMA GSA two principal tools at this stage: the Periodic Evaluation itself, through which the GSA reports on and responds to GSP implementation, and a GSP amendment, through which the GSA may make changes to the GSP where warranted. Of DWR's seven RCAs, three call for a substantive response from the EMA GSA in this evaluation cycle, as described in the Discussion below.

GSI presented the Periodic Evaluation and its suggested responses to the RCAs to the EMA GSA Citizen Advisory Group (CAG) at the CAG's September 3, 2026 meeting. GSI will present a similar presentation to the Board at this meeting. Accordingly, this report summarizes the findings of the Periodic Evaluation only to the extent necessary to frame the policy decisions before the Board, and does not repeat the technical analyses and methodologies presented in the evaluation itself.

Discussion

The Periodic Evaluation assesses conditions for the five sustainability indicators applicable to the EMA over water years 2019 through 2024. GSI concluded that no undesirable results occurred in the EMA during the evaluation period. In summary:

- **Chronic lowering of groundwater levels:** Groundwater levels in the Paso Robles Formation generally declined relative to spring 2018 baseline conditions through much of the evaluation period, falling below minimum thresholds (MTs) in 50 percent or more of representative wells during portions of three years between 2021 and 2023. Wet conditions in water years 2023 and 2024 drove notable recovery, including approximately eight feet of rise between spring 2023 and spring 2024. Groundwater levels in the Careaga Sand remained above MTs on average, and no dry wells have been reported within the EMA.
- **Reduction of groundwater storage:** Groundwater levels serve as the proxy for this indicator. Storage fluctuated with precipitation, increasing by roughly 6,000 acre-feet during the wet 2024 water year, with a net cumulative decline of approximately 15,200 acre-feet since 2015.
- **Degraded water quality:** Salts and nutrients were generally within acceptable limits, with the exception of sulfate and sodium, which exceeded MTs in roughly half of the wells within the monitoring network. These exceedances are not attributed to EMA GSA management activities.
- **Land subsidence:** No undesirable results have been observed.
- **Depletion of interconnected surface water:** The extent of potential interconnected surface water depletion in the EMA is undergoing additional analysis, supported by the installation of new piezometers planned for fall 2026.

The Periodic Evaluation also documents substantial progress implementing the Group 1 management actions identified in the GSP, including formation of the Joint Exercise of Powers Agreement, hiring of an Executive Director, appointment of a dedicated agricultural director to the GSA Board, continued engagement of the CAG, well permit review, the Well Registration and Metering Program, an extraction fee study, and implementation of a groundwater extraction fee. It further documents refinements to the EMA's hydrogeologic conceptual model and numerical groundwater model resulting from recent hydrogeologic investigations, and a comprehensive review of the groundwater elevation monitoring network that identified two wells for removal and several new monitoring locations to fill remaining data gaps.

Three of DWR's seven RCAs call for a substantive response from the EMA GSA in this evaluation cycle. Each is described below; GSI will present the RCAs and the supporting analysis in greater detail at this meeting.

- **RCA #4 – Chronic Lowering of Groundwater Levels:** DWR recommends that the EMA GSA (a) remove the non-drought year condition from its definition of undesirable results, (b) revise the SMCs so that they are based on seasonal low groundwater levels, and (c) complete an updated well impact analysis. The non-drought year condition is the provision under which groundwater levels below minimum thresholds during drought years do not, by themselves, constitute an undesirable result. It is the reason the 2021 through 2023 exceedances described above were not an undesirable result under the GSP.
- **RCA #5 – Degraded Groundwater Quality:** DWR recommends that the EMA GSA reevaluate its quantitative definition of an undesirable result, assess when and how GSA activities may affect water quality, and clearly convey the minimum threshold values for each representative monitoring well. As the GSP is currently written, the observed sulfate and sodium exceedances would place the EMA GSA in an undesirable result condition, notwithstanding that the exceedances are not attributable to GSA activities and that no beneficial user in the EMA reported degraded water quality during the evaluation period.
- **RCA #6 – Land Subsidence:** DWR recommends clarifying the relationship between the minimum threshold and the undesirable result for land subsidence. The GSP as adopted conflates the two, and the recommended clarification would not change either standard. No undesirable results for land subsidence have been observed in the EMA.

Recommendation

Staff recommends that the Board: (1) approve the GSP Periodic Evaluation, as presented in the Public Draft and subject to such revisions as the Board may direct and as may result from public comment; and (2) direct staff and GSI to prepare an amendment to the GSP addressing Recommended Corrective Actions #5 and #6, and to respond to Recommended Corrective Action #4 within the Periodic Evaluation without amending the GSP's sustainable management criteria for groundwater levels at this time.

Staff's recommended response to each RCA requiring action in this cycle is summarized below.

RCA	DWR recommended corrective action	Staff-recommended response
#4 – Chronic Lowering of Groundwater Levels	(a) Remove the non-drought year condition from the definition of undesirable results; (b) revise the SMCs to be based on seasonal low groundwater levels; and (c) complete an updated well impact analysis.	No GSP amendment to address this RCA. The three subparts are best treated as a single package, and an updated well impact analysis is not prudent until the well registration program is complete. Defer changes to the water level SMCs pending that analysis and a longer record of paired spring and fall

RCA	DWR recommended corrective action	Staff-recommended response
		measurements, and document in the evaluation the actions the EMA GSA is taking to manage groundwater levels through wet and dry cycles.
#5 – Degraded Groundwater Quality	(a) Reevaluate the quantitative definition of undesirable results; (b) assess when and how GSA activities may impact water quality; (c) remove the non-drought year condition (applies to the WMA and CMA, not the EMA); and (d) clearly convey MT values for each representative monitoring well.	Amend the GSP to address this RCA. Redefine the water quality MT at each representative well as the greater of 120 percent of the historic (baseline) concentration, the MCL for nitrate as nitrogen, or the water quality objective for the Santa Rita subarea, and revise the undesirable result to “more than 50 percent of these minimum thresholds in each well exceeding each minimum threshold for each 5-year evaluation period” per the Periodic Evaluation. Absent amendment, the EMA GSA would be in an undesirable result condition as defined in the GSP.
#6 – Land Subsidence	Clarify the relationship between the minimum threshold and undesirable results for land subsidence.	Amend the GSP to address this RCA. State the MT (subsidence of 0.08 feet per year or greater, based on the InSAR network and the UNAVCO CGPS station) and the undesirable result (that rate observed for three consecutive years, or subsidence causing significant and unreasonable damage) separately. No substantive change to either standard.

Taken together, the recommendation resolves an inconsistency in the GSP’s water quality criteria that would otherwise require explanation in every annual report and future periodic evaluation, responds to DWR on the two RCAs where the necessary changes are narrow and unlikely to be controversial, and preserves the Board’s ability to act on better information from a longer record of fall water level

measurements and a well impact analysis informed by the completed well registration before revising the water level SMCs.

The implementation schedule presented to the CAG anticipates an October 14, 2026 deadline for advertisement of a potential GSP amendment, a CAG meeting on October 15, 2026, a Board meeting on November 19, 2026, Board consideration of approval on January 14, 2027, and submittal to DWR on January 19, 2027. Because a GSP amendment requires notice to cities and counties not less than 90 days before the public hearing, Board direction at this meeting is necessary to preserve the schedule. Legal counsel will be available to address the amendment process and the scope of DWR's subsequent review.

Associated Materials

The Periodic Evaluation public draft, appendices, and figures are linked on the EMA GSA's website at <https://www.ema-santaynezwater.org/2026-09-24-ema-gsa-jpa-board-regular-meeting-4-00-pm>.

TO: SYRVGB EMA GSA Board of Directors

FROM: Dan Heimel, Executive Director

DATE: September 24, 2026

SUBJECT: Item 5b – Review and consider approval of Public Works Contract with low-bid Drilling Contractor for Prop 68 Grant Component 5 Monitoring Program Improvements.

Discussion

As part of Prop 68 Grant Agreement No. 4600015625 (Component 5), the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency (EMA GSA) is required to publicly advertise and award a public works contract for the installation and development of one monitoring well and two piezometers within the Eastern Management Area of the Santa Ynez River Valley Groundwater Basin. The procurement was conducted in accordance with the Uniform Public Construction Cost Accounting Act (California Public Contract Code § 22000 et seq.), with Geosyntec Consultants administering the bid process as required under its hydrogeology consultant contract.

An Invitation to Bid was publicly advertised on July 24, 2026, with bids due on August 14, 2026. Three bids were received from the following firms:

- ABC Liovin Drilling, Inc. – \$290,715
- Gregg Drilling, LLC – \$195,895
- BC2 Environmental – \$183,003

BC2 Environmental submitted the lowest responsive and responsible bid of \$183,003. BC2 Environmental holds a valid California C-57 Well Drilling Contractor license and has demonstrated relevant experience on comparable public agency projects. Geosyntec reviewed all bids for responsiveness and determined BC2 Environmental to be the lowest responsible bidder. A copy of Geosyntec's bid evaluation is included as Attachment A.

Recommendation

EMA GSA Staff recommend the Board of Directors authorize the Executive Director to execute a Public Works Contract with BC2 Environmental in the amount of \$183,003 for the installation of one monitoring well and two piezometers within the EMA.

Attachment

Attachment A: EMA GSA Drilling Contractor Bid Evaluation Sheet

EMA GSA Drilling Contractor Bid Evaluation Sheet

General Information			
Contractor Name	Gregg Drilling LLC	BC2 Environmental	ABC Liovin
Contact Info	Kandice Hulguin	Diego Torices	Alex Fuentes
Date & Time Received	8/14/2026 16:55	8/14/2026 12:58	8/14/2026 16:44
GSA Contracts Bidding On	CMA, EMA, WMA	CMA, EMA, WMA	CMA, EMA, WMA
Contractor Cost - EMA GSA	\$ 195,894.75	\$ 183,003.00	\$ 290,715.00
Checklist			
Complete & Signed Bid Schedule	yes	yes	yes
Non-Collusion Statement	yes	yes	yes
Bid-bond Form (confirm receipt by 8/21)	yes	yes	yes
Two Public Agency References	yes	yes	yes
C-57 License Proof	yes	yes	yes
List of Subcontractors	yes	yes	yes
List of Material/ Equipment	yes	yes	yes
Acknowledgement/ Acceptance of Insurance Requirements	yes	yes	yes
Health & Safety Metrics	yes	yes	yes
Proof of Workers Comp	yes	yes	yes
Cost Estimate Included?	yes	yes	yes
Review			
EMA MW	Sub Total	\$106,727	\$112,231
Number of Days	5	6	5
Drilling Method	Sonic	Mud-Rotary	Sonic
Daily Drilling Crew Fee	\$2,250	\$6,500	\$1,850
Drilling cost per foot	\$125	\$58	\$225
EMA PZ	Sub Total	\$70,844	\$60,872
Number of Days	4	4	4
Drilling Method	HSA	HSA	HSA
Daily Drilling Crew Fee	\$2,250	\$5,250	\$1,850
Drilling cost per foot	\$84	\$35	\$185
EMA Total MW & PZ (all-in)	\$195,895	\$183,003	\$290,715

SECOND AMENDMENT TO AGREEMENT BETWEEN SANTA YNEZ RIVER VALLEY GROUNDWATER BASIN EASTERN MANAGEMENT AREA GROUNDWATER SUSTAINABILITY AGENCY (“EMA GSA”) AND MLJ ENVIRONMENTAL (“MLJ”)

This Second Amendment is made and entered into this 24th day of September, 2026, (“Effective Date”) by and between EMA GSA and MLJ. EMA GSA and MLJ are sometimes individually referred to as “Party” and collectively as “Parties.”

RECITALS

A. On February 26, 2026, the EMA GSA entered into a Professional Services Agreement with MLJ for the Watermark Well Registration and Reporting Platform (the “Original Agreement”), pursuant to which MLJ implemented the Well Registration and Reporting Platform for the EMA GSA.

B. On May 28, 2026, the Parties entered into the First Amendment to the Original Agreement, which added Section 5.12 (Not Work-For-Hire) to the Original Agreement.

C. Implementation of the Well Registration and Reporting Platform is now complete. The final implementation cost totaled \$20,584.00, which is \$2,513.00 above the \$18,071.00 estimate in the original scope of work. Implementation was scoped on a time-and-materials basis, with the understanding that the final cost could vary with data integration needs, and the additional amount billed reflects only work specific to the EMA GSA’s data and configuration.

D. The EMA GSA and MLJ now desire to amend the Original Agreement to authorize payment of the additional implementation cost described above and to add an as-needed, on-call task under which MLJ will provide continuing support, customization, data updates, and related services following implementation.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants, conditions and promises contained in the Original Agreement, the Parties mutually agree as follows:

AMENDMENT

1. The Scope of Services under the Original Agreement is expanded to include on-call support and customization services, provided on an as-needed basis at the EMA GSA’s written request (email is sufficient). Such services may include, but are not limited to:
 - Platform customizations and configuration changes, including forms, workflows, dashboards, reports, and data exports;
 - Data updates and maintenance, including parcel, ownership, and well records, verification codes, and GIS or mapping layers;
 - Administrative and landowner assistance beyond the support hours included in the Watermark Core Module, including additional or refresher training for GSA staff and landowners; and

- Other technical assistance, troubleshooting, and coordination as requested by the EMA GSA.
2. The services described in Section 1 are separate from, and in addition to, the EMA GSA's annual Watermark subscription, which covers platform licensing, hosting, software maintenance, ongoing product enhancements, and the Core Module's included support and account management hours.
 3. The compensation provisions of the Original Agreement are amended by the addition of the following:

The EMA GSA will pay MLJ on a time and materials basis, at the labor classifications and hourly rates set forth in the MLJ Environmental Rate Sheet attached to the Original Agreement, in a combined amount not to exceed \$7,513.00, consisting of (a) \$2,513.00 for additional implementation services performed under the original scope of work, and (b) \$5,000.00 for the on-call services described in Section 1 of this Second Amendment. Direct expenses shall be billed in accordance with the Expense Reimbursement Schedule attached to the Original Agreement.

4. MLJ shall invoice monthly for services performed in the prior month, showing hours by labor classification and the remaining balance of the current authorization. When billings for the on-call services described in Section 1 approach approximately eighty percent (80%) of the not-to-exceed amount, MLJ shall notify the EMA GSA. Any increase to the not-to-exceed amount set forth in Section 3 of this Second Amendment shall require prior written authorization from the EMA GSA.
5. The on-call services described in Section 1 are provided on an as-needed basis with no minimum commitment, and the EMA GSA shall be billed only for such on-call services as are actually requested and performed. Either Party may discontinue the on-call services described in Section 1 upon written notice to the other Party. This Section 5 does not apply to, and shall not limit the EMA GSA's obligation to pay, the additional implementation services authorized under Section 3(a) of this Second Amendment, which services have been performed.
6. All other terms and conditions in the Original Agreement, as amended by the First Amendment, shall remain unchanged and in full force and effect.
7. This Second Amendment may be signed in counterparts, each of which shall constitute an original.

In witness whereof, the parties have caused this Second Amendment to become effective by their respective endorsements below:

EMA GSA

MLJ Environmental

By:
Dated:

By:
Dated:

August 7, 2026

To Daniel Heimel, Plan Manager

Santa Ynez River Valley Groundwater Basin
Eastern Management Area Groundwater Sustainability Agency
P.O. Box 7098
Los Osos, CA 93412

We are pleased to confirm our understanding of the services we are to provide Eastern Management Area Groundwater Sustainability Agency (the "GSA") for the fiscal year ended June 30, 2026.

Audit Scope and Objectives

We will audit the financial statements of the business-type activities and the major enterprise fund of the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency, including the related notes to the financial statements, as of and for the fiscal year ending June 30, 2026, which collectively comprise the GSA's basic financial statements. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the GSA's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the GSA's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedule

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of

your accounting records of the GSA and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the GSA's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall

compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the GSA in conformity with accounting principles generally accepted in the United States of America based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report. You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United

States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the GSA; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Moss, Levy & Hartzheim LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Moss, Levy & Hartzheim LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Adam V. Guise, CPA, is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately January 15, 2027, and to issue our reports no later than March 31, 2027.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$15,400. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of Eastern Management Area Groundwater Sustainability Agency's financial statements. Our report will be addressed to management of Eastern Management Area Groundwater Sustainability Agency. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the GSA is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to Eastern Management Area Groundwater Sustainability Agency and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,



Moss, Levy & Hartzheim LLP

RESPONSE:

This letter correctly sets forth the understanding of Eastern Management Area Groundwater Sustainability Agency.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____