

## BOARD OF DIRECTORS' MEETING ANNOUNCEMENT

DATE: Friday, July 17, 2015  
TIME: 9:00 AM  
PLACE: Carpinteria City Hall, 5775 Carpinteria Ave, Carpinteria, CA. 93013

### MEETING AGENDA (AMENDED)

1. **Call to Order, Roll Call and Introductions – Jon Sharkey**
2. **Approval of Agenda and Filing of Certificate of Agenda Posting**  
**Action:** Approve and file.
3. **Consideration and Approval of Minutes of the BEACON Meetings held on May 15, 2015.**  
**Action:** Approve and file.
4. **BEACON Officers**  
**Action:** Selection of BEACON Chair and Vice-Chair for 2015
5. **Public Comment and Other Matters not on the Agenda**
  - a. Receive public comments.
6. **Reports**
  - a. Reports from legislative offices.
  - b. Boating and Waterways.
  - c. Cal Coast.
7. **Auditor Controller Recommended Actions**
  - a. Receive and file the Unadjusted Budget-to-Actual report for the year-to-date period ending June 30, 2015 (Exhibit 1).
  - b. Receive and file the Audited Financial Statements for the Fiscal Years ended June 30, 2013 and 2014 (Exhibit 2).
  - c. Authorize the Auditor-Controller's Office to make budgetary adjustments as follows: (requires 7/10th vote):

INCREASE Other Professional and Specialized	\$ 7,000
DECREASE Contingency	\$ 7,000
8. **Update to CRSMP**
  - a. Receive a report from the Executive Director recommending strategy to develop an adaptation planning and policy toolkit for member agencies, and to update BEACON's Coastal Regional Sediment Management Plan (CRSMP) to address sea level rise and coastal resilience and support of member agencies.
  - b. Provide direction in response to Executive Director report and recommendations.
  - c. Approve an agreement with Marc Beyeler/MBA Consultants in the amount of \$7,000 to assist in developing scopes of work for the sea level rise CRSMP update and development of adaptation tools and to identify grant opportunities and assist in the preparation of grant applications to fund this effort.



A California Joint Powers  
Agency

#### **Member Agencies**

City of Carpinteria  
City of Goleta  
City of Oxnard  
City of Port Hueneme  
City of San Buenaventura  
City of Santa Barbara  
County of Santa Barbara  
County of Ventura

#### **Santa Barbara Address:**

105 East Anapamu, Suite 201  
Santa Barbara, CA 93101

#### **Ventura Address:**

501 Poli St.  
P.O. Box 99  
Ventura, CA 93001

#### **Telephone:**

(805) 662-6890

#### **Facsimile:**

(805) 568-2982

#### **Email:**

Staff@Beacon.ca.gov

#### **Internet:**

<http://www.beacon.ca.gov>

**9. Regional Sediment Management Dredging Project**

- a. Receive a report on the BEACON initiative to seek funding for a Regional Sediment Management dredging project for the three harbors within the BEACON jurisdiction.
- b. Receive direction from Board to proceed with the development of a Memorandum of Agreement (MOA) between BEACON and the three harbor district regarding the details of the proposed Regional Sediment Management dredging project.

**10. Membership Dues**

- a. Receive a report on Membership Dues.
- b. Authorize the Executive Director to send out the membership dues requests for FY1516.

**11. Executive Director's Report and Communications.**

**Adjourn to next regular meeting, September 18, 2015 at 9:00 AM in Carpinteria City Hall**

**STAFF REPORT**

Meeting Date: 7/17/15  
Agenda Item: 3

To: BEACON Board of Directors  
From: Executive Director  
Date 7/17/15

**Subject: Consideration and Approval of Minutes of BEACON Meeting held May 15, 2015.**

**REQUIRED ACTION:**

a. Approve and file.



A California Joint Powers Agency

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## BEACON BOARD OF DIRECTORS' MEETING MINUTES

**DATE:** Thursday, May 15, 2015

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**PLACE:** City of Carpinteria, Council Hearing Room  
5775 Carpinteria Avenue, Carpinteria, CA. 93013

<b>Item</b>	1	Call to Order, Roll Call and Introductions – Jon Sharkey.
<b>Minutes/ Actions:</b>		<p><b>Directors Present:</b></p> <ul style="list-style-type: none"> <li>• Jon Sharkey (City of Port Hueneme)</li> <li>• Steve Bennett (County of Ventura)</li> <li>• John Zaragoza (County of Ventura)</li> <li>• Janet Woolf (County of Santa Barbara)</li> <li>• Gregg Hart (City of Santa Barbara)</li> <li>• Jim Farr (City of Goleta)</li> <li>• Fred Shaw (City of Carpinteria)</li> <li>• Christy Weir (City of Ventura)</li> </ul>
<b>Item</b>	2	<b>Approval of Agenda and Filing of Certificate of Agenda Posting</b> Action: Approve and file
<b>Minutes/ Actions:</b>		<b>Approved.</b>
<b>Item</b>	3	<b>Consideration and Approval of Minutes of the BEACON Meetings held on March 26, 2015.</b> Action: Approve and file.
<b>Minutes/ Actions:</b>		<b>Approved.</b>
<b>Item</b>	4	<b>Public Comment and Other Matters not on the Agenda</b> a. Receive public comments.
<b>Minutes/ Actions:</b>		<ul style="list-style-type: none"> <li>• None.</li> </ul>
<b>Item</b>	5	<b>Reports</b> a. Reports from legislative offices. b. Boating and Waterways. c. Cal Coast.
<b>Minutes/ Actions:</b>		<ul style="list-style-type: none"> <li>• Director Janet Woolf indicated that she was pleased to report that last week the Coastal Commission had unanimously approved a permit for the Goleta Beach with revetment project. She wanted to thank both Councilmember Gregg Hart from the City of Santa Barbara and Councilmember Jim Farr from the City of Goleta who both spoke at the hearing in support of the project.</li> <li>• Kevin Ready, Legal Counsel for BEACON, indicated that only a 7/10 majority vote was required by the Board for the recommended Auditor Controller Items on the Agenda, not the 8/10 cited.</li> </ul>

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<b>Item</b>	6	<p><b>Auditor Controller's Recommended Actions</b></p> <p>a. Adopt Recommended Fiscal Year 2015-16 Budget (Exhibit 1).</p> <p>b. Authorize the Auditor-Controller's Office to adjust contingency for the Fiscal Year 2015-2016 budget where the Fiscal Year 2014-2015 actual year-end closing fund balance differs from the budget estimate.</p> <p>c. Receive and file the Budget-to-Actual report for the year-to-date period ending April 30, 2015 (Exhibit 2).</p> <p>d. Authorize the Auditor-Controller's Office to make budgetary adjustments as follows: (requires 8/10th vote):</p> <p>e. INCREASE- Misc Payments/Pub Ed + Travel                      \$ 3,500</p> <p>f. DECREASE- Kelp Anchor Permits                                      \$ 1,800</p> <p>g. DECREASE- SCCBEP    \$ 1,700</p>
<b>Minutes/ Actions:</b>		<ul style="list-style-type: none"> <li>• Mr. Omar Arreola of the Auditor Controller's Office provided a verbal presentation of the Action Items. The Board had no discussion.</li> <li>• All actions were approved with a unanimous (8/10) vote of the Board.</li> </ul>

<b>Item</b>	7	<p><b>FY 2015-2016 Annual Staff/Consultant Agreements.</b></p> <p>a. Approve Technical Advisor Services Contract in the amount of \$15,000 with Jim Bailard.</p> <p>b. Approve Legal Services Contract for \$12,000 with Santa Barbara County Counsel.</p> <p>c. Approve Auditor Services Contract for \$15,000 with Ventura county Auditor-Controller.</p> <p>d. Approve Program Management Services Contract with COM3 Consulting for \$47,000.</p>
<b>Minutes/ Actions:</b>		<ul style="list-style-type: none"> <li>• The Executive Director explained that BEACON operated through consultant contracts with Gerald Comati for overall program management and Jim Bailard for technical advice. In addition, BEACON has an annual contract for legal services (Kevin Ready) provided through the Santa Barbara County Counsel Office and financial/accounting services provided by the Ventura County Auditor Controller's Office. These two contracts are at cost with no overhead applied.</li> <li>• The four contracts were approved with no discussion with a unanimous vote of the Board.</li> </ul>

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<b>Item</b>	8	<p><b>Debris Basins</b></p> <p>a. Receive a report outlining a strategy for BEACON's proposed involvement with the Flood Control Agencies of Santa Barbara and Ventura Counties to support the modifications and/or removal of existing debris basins to allow enhanced sediment transportation to the coast.</p>
<b>Minutes/ Actions:</b>		<ul style="list-style-type: none"> <li>• The Executive Director explained that lion's share of sediment reaching the BEACON coast was from our creeks and rivers and that traditional debris basins obstruct the natural sediment transport down these creeks and river.</li> <li>• The ED further reminded the Board of a Santa Barbara County debris basin modification project at Gobernator Creek completed in 2012 successfully allowed the flow of sediment. With this success in mind, BEACON staff had recommended collaboration with the Flood Control Districts to secure funding for other debris basin modification or removal projects.</li> <li>• BEACON Staff has met with the Santa Barbara Flood Control District and the Ventura County Flood Control District and they are in support of this initiative.</li> <li>• Gerald Comati, Program Manager, added that both Flood Control Districts has looked at the issue of debris basin removals or modifications. The County of Santa Barbara Flood Control District has plans in place for the removal of three debris basins during the next five years and another two in the following five years.</li> <li>• Mr. Tully Clifford, the Director of the Ventura County Watershed Protection District indicated that the District has begun an assessment of what to do with existing debris basins in terms of removal, re-purposing, clean out of rock for use as construction aggregate and prioritization.</li> <li>• Gerald Comati explained that the general strategy, agreeable to both Flood Control Districts, is for each District to provide a priority list of debris basin projects (removal or re-purpose) and then together with BEACON formulate a capital projects scope of work with which BEACON can pursue grant funding from the stand point of coastal sediment benefit. If successful in securing grant funding, the Districts would provide any necessary match funds.</li> <li>• The Board requested that once staff has formulated a capital projects scope of work for use in the pursuit of grant funding, to return to the Board with a detailed presentation.</li> </ul> <p><b>ACTION.</b></p> <ul style="list-style-type: none"> <li>• The report was received and filed by the Board.</li> </ul>

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Item	9	Executive Director's Report and Communications.
<b>Minutes/ Actions:</b>		<ul style="list-style-type: none"> <li>• Director Jim Farr asked for a brief summary of the path forward for the Kelp Demonstration Project. The Executive Director explained that the permits had been secured and that Staff and Bob Kiel are investigating funding opportunities. The total funding required was in the order of \$15,000. The ED explained that BEACON could contribute to the needed funding, but typically capital funding for BEACON projects is provided through Grants. The ED explained that assuming funding is secured, the soonest the kelp anchors could be installed would be this fall. Staff will bring back a funding status report on the Kelp Anchor Project at the July Board Meeting. <b>ACTION.</b></li> <li>• Dr. Jim Bailard, Technical Advisor, reported on his attendance at a workshop meeting hosted by the USCOE in San Diego on May 12, 2015. The workshop was focused on the BEACON Regional Sediment Management projects. Jim explained that USCOE personnel from all over the County were in attendance and a brain-storming or "Value Engineering" process followed in order to identify the best approaches to delivering the BEACON RSM projects. The next step will be the development of a conclusionary report by the USCOE providing BEACON, the USCOE and funding agencies with information from which to select the best courses of action and/or projects to pursue. <u>This information will be fed into the planned Coastal Regional Sediment Management Plan (CRSMP) Amendment currently being pursued by BEACON Staff.</u></li> <li>• Director Christy Weir asked if BEACON has a sand impact ordinance. Mr. Kevin Ready, Legal Counsel for BEACON, reported that a sand ordinance had been prepared by BEACON and that it was included in the Programmatic EIR adopted by the Board in 2010 for the Coastal Regional Sediment Management Plan (CRSMP). The ordinance requires that any beach quality sand excavated as part of a construction project be transported to the coast instead of sold by contractors. None of the BEACON jurisdictions have adopted this or similar sand impact ordinances. Gerald Comati pointed out that, as prepared, the ordinance is not useful anymore because BEACON no longer holds permits for nourishment opportunities at any of its beaches and asking the contractors to secure such permits would be extremely excessive and unreasonable. Gerald suggested a modified version of the ordinance whereby contractors excavating beach quality sand are required pay to BEACON a sand impact fee similar to the sand impacts fee currently being enforced by the Coastal Commission on Coastal Projects with BEACON's jurisdiction. BEACON could then use this fee towards coastal projects. Staff will bring recommendations to the Board on this subject at the July 2015 Board Meeting. <b>ACTION.</b></li> <li>• The Executive Director reported that as an action item from the March 26, 2015 Board Meeting, Director Farr had requested a report on the for the annual membership fee structure. The analysis had not been completed but it would be presented to the Board at the July Board Meeting. <b>ACTION.</b></li> </ul>

**Meeting Minutes by Gerald Comati, Program Manager, BEACON.**

**Adjourn to next regular meeting, July 17, 2015 at 9:00 AM in Carpinteria City Hall**

**STAFF REPORT**

Meeting Date: 07/17/15  
Agenda Item: 4

To: BEACON Board of Directors  
From: Executive Director  
Date 07/09/15

**Subject:** BEACON Officers

**Required Action:**

Selection of BEACON Chair and Vice-Chair for 2015.

**Discussion:**

Board to consider rotation of a new Chairperson and nomination of a new Vice-Chair from a Ventura County member.



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**STAFF REPORT**

Meeting Date: July 17, 2015  
Agenda Item: 7

To: BEACON Board of Directors  
From: Ventura County Auditor-Controller's Office  
Date: July 9, 2015

**Subject:** Auditor-Controller Recommended Actions  
**(Recommendation c requires 7/10<sup>ths</sup> vote)**

**Recommendations:**

- a. Receive and file the Unadjusted Budget-to-Actual report for the year-to-date period ending June 30, 2015 (Exhibit 1).
- b. Receive and file the Audited Financial Statements for the Fiscal Years ended June 30, 2013 and 2014 (Exhibit 2).
- c. Authorize the Auditor-Controller's Office to make budgetary adjustments as follows: (requires 7/10<sup>th</sup> vote):
  - INCREASE Other Professional and Specialized \$ 7,000
  - DECREASE Contingency \$ 7,000

**Discussion for Recommendation a:**

Receive and file report from Ventura County Auditor-Controller's Office on Unadjusted Budget-to-Actual for Fiscal Year 2014-15 for the period ending June 30, 2015 (Exhibit 1).

**Discussion for Recommendation b:**

Receive and file the Audited Financial Statements for the Fiscal Years ended June 30, 2013 and 2014 (Exhibit 2).

**Discussion for Recommendation c (requires 7/10ths vote):**

To increase Other Professional and Specialized Services by \$ 7,000 to accommodate for Marc Beyeler's contract.

To decrease Contingency to transfer appropriations to Other Professional and Specialized Services to accommodate for Marc Beyeler's contract.



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**BEACON FUND 7125**  
**YEAR TO DATE UNADJUSTED BUDGET TO ACTUAL FY 2014-15**  
**FOR THE MONTH ENDING JUNE 30, 2015**

Org	Account Number	Title	BUDGET			ACTUAL YTD			Variance Favorable (Unfavorable)	
			Adopted Budget	Budget Mod	Revised Budget	Actual	Encumbered	Total Revenue/Obligation		
<b>UNASSIGNED FUND BALANCE</b>										
		Beginning Balance	78,413		78,413	78,413.32		78,413.32	-	
	5395	Unassigned	11,124		11,124	11,124.32		11,124.32	-	
	5395	Unassigned - Appropriated	67,289	-	67,289	67,289.00		67,289.00	-	
<b>REVENUE</b>										
9601	8911	Interest Earnings	430		430	321.17		321.17	(108.83)	75%
9601	9372	Member Dues/Assessments	103,000		103,000	103,000.00		103,000.00	-	100%
9608	9161	State Aid - CSMMP	-		-	-		-	-	0%
9614	9161	State Aid - RSM-FA	-		-	-		-	-	0%
		<b>Total Revenue</b>	<b>103,430</b>	<b>-</b>	<b>103,430</b>	<b>103,321.17</b>		<b>103,321.17</b>	<b>(108.83)</b>	<b>100%</b>
		<b>TOTAL SOURCES</b>	<b>170,719</b>	<b>-</b>	<b>170,719</b>	<b>170,610.17</b>		<b>170,610.17</b>	<b>(108.83)</b>	<b>100%</b>
<b>EXPENDITURES</b>										
9601	2072	Insurance Premiums	3,500		3,500	3,241.16		3,241.16	258.84	93%
9601	2141	Membership Dues (Cal Coast)	2,000		2,000	-		-	2,000.00	0%
9601	2159	Misc Payments/Pub Ed + Travel	3,000	500	3,500	3,862.17		3,862.17	(362.17)	110%
9601	2179	Misc Office Exp/Public Relations	1,000		1,000	-		-	1,000.00	0%
9601	2180	Spec Off Exp (Website, Teleph, Pub Info)	1,000	(1,000)	-	-		-	-	0%
9601	2199	Other Professional & Soecial Services	-	6,000	6,000	6,000.00		6,000.00	-	100%
9601	2303	Accounting Svcs - Co of Ventura	15,000		15,000	-		-	15,000.00	0%
9601	2304	Tech Advisor Svcs - J Bailard	12,000		12,000	11,248.50	751.50	12,000.00	-	100%
9601	2305	Proj Mgmt - COM3	45,000		45,000	44,990.72	9.28	45,000.00	-	100%
9601	2306	Attorney Svcs - Co of Santa Barbara	12,000		12,000	4,550.00	7,450.00	12,000.00	-	100%
9601	2307	Biennial Audit Services	5,000	3,000	8,000	7,000.00	1,000.00	8,000.00	-	100%
9601	2313	Tech Svcs - SAIC	-		-	647.86		647.86	(647.86)	0%
9601	2318	SCCBEP Permit Renewals	10,000	(4,700)	5,300	-		-	5,300.00	0%
9601	2320	Kelp Anchor Permits	4,000	(3,800)	200	105.98		105.98	94.02	53%
9601	2321	Permit/Planning Fees	-		-	-		-	-	0%
9601	2323	Admin/Legal - Bag Ban	-		-	-		-	-	0%
		<b>Overhead</b>	<b>113,500</b>	<b>-</b>	<b>113,500</b>	<b>81,646.39</b>	<b>9,210.78</b>	<b>90,857.17</b>	<b>22,642.83</b>	<b>80%</b>
9608	2313	CSMMP - Turb Study - SAIC	-		-	207.74		207.74	(207.74)	0%
		<b>Grant - CSMMP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>207.74</b>	<b>-</b>	<b>207.74</b>	<b>(207.74)</b>	<b>0%</b>
		<b>Total Overhead, Grant Expenditures</b>	<b>113,500</b>	<b>-</b>	<b>113,500</b>	<b>81,854.13</b>	<b>9,210.78</b>	<b>91,064.91</b>	<b>22,435.09</b>	<b>80%</b>
9601	6101	Contingency	57,219		57,219	0.50		-	57,219.00	0%
		<b>TOTAL EXPENDITURES</b>	<b>170,719</b>	<b>-</b>	<b>170,719</b>	<b>81,854.13</b>	<b>9,210.78</b>	<b>91,064.91</b>	<b>79,654.09</b>	<b>53%</b>
		<b>Ending Unassigned Fund Balance</b>			<b>-</b>			<b>99,880.36</b>		

Note: Amounts with "( )" in the ACTUAL column reflect FY14 accruals in excess of actual expenditures to date



**Biennial Financial Report**  
**For Fiscal Years Ended**  
**June 30, 2014 and June 30, 2013**



**Beach Erosion Authority for Clean Oceans and Nourishment**  
**Biennial Financial Report**  
**For the Fiscal Years Ended June 30, 2014 and 2013**



**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
BIENNIAL FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

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# INTRODUCTORY SECTION



**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
BIENNIAL FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

**OUR MISSION STATEMENT**

*“To address coastal erosion, beach nourishment and clean oceans within the Central California Coast from Point Conception to Point Mugu and to foster greater cooperation toward the maintenance and enhancement of the beaches within the jurisdiction of member agencies.”*

**LIST OF OFFICIALS**

**June 30, 2014**

**Board Members:**

Steve Bennett  
Christy Weir  
John Zaragoza  
Fred Shaw  
Janet Wolf  
Salud Carbajal  
Gregg Hart  
Jon Sharkey  
Carmen Ramirez  
Paula Perotte

Supervisor, County of Ventura  
Councilmember, City of San Buenaventura  
Supervisor, County of Ventura  
Councilmember, City of Carpinteria  
Supervisor, County of Santa Barbara  
Supervisor, County of Santa Barbara  
Mayor, Pro Tempore, City of Santa Barbara  
Councilmember, City of Port Hueneme  
Councilmember, City of Oxnard  
Mayor, City of Goleta

**Administrative:**

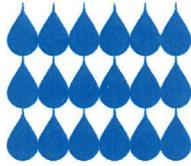
Brian Brennan  
Kevin Ready  
Jeffery Burgh

Executive Director  
Legal Counsel  
Auditor-Controller  
BEACON Chief Financial Officer

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# FINANCIAL SECTION





Charles Z. Fedak, CPA, MBA  
Christopher J. Brown, CPA

# Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

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Cypress, California 90630  
(714) 527-1818  
FAX (714) 527-9154  
EMAIL [czfco@czfcpa.com](mailto:czfco@czfcpa.com)  
WEB [www.czfcpa.com](http://www.czfcpa.com)

## Independent Auditor's Report

Governing Board  
Beach Erosion Authority for Clean Oceans and Nourishment  
Ventura, California

We have audited the accompanying financial statements of the Beach Erosion Authority for Clean Oceans and Nourishment (BEACON) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise BEACON's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of BEACON's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of BEACON, as of June 30, 2014 and 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Independent Auditor's Report, continued

In accordance with Government Auditing Standards, we have also issued a report dated May 21, 2015, on our consideration of BEACON's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit. That report can be found on pages 43 to 44.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 13 and the Budgetary Comparison Schedule – General Fund on pages 33 to 34 be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise BEACON's basic financial statements. The Project Descriptions on pages 37 to 38, Project Revenue and Expenditures on pages 39 to 40, and Project Expenditures by Category on pages 41 to 42 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise BEACON's basic financial statements. The Project Descriptions are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Charles Z Fedak = Company CPAs - An Accountancy Corporation*

**Charles Z. Fedak & Company, CPAs – An Accountancy Corporation**  
Cypress, California  
May 21, 2015

**MANAGEMENT'S  
DISCUSSION  
AND ANALYSIS**



**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

This section of the Beach Erosion Authority for Clean Oceans and Nourishment (BEACON) basic financial statements presents a discussion and analysis of BEACON's financial performance during the fiscal years ended June 30, 2014 and 2013.

**FINANCIAL HIGHLIGHTS**

- The assets of BEACON exceeded its liabilities at the close of fiscal years 2013-14 and 2012-13 by \$77,557 and \$49,322 (net position) respectively. Of these amounts, \$77,557 in FY 2013-14 and \$48,752 in FY 2012-13 (unrestricted net position) may be used to meet BEACON's ongoing obligations, and \$570 in FY 2012-13 was restricted by the grantor (restricted net position).
- BEACON's total net position in FY2013-14 of \$77,557 increased by 57% compared with FY2012-13. Total net position in FY2012-13 of \$49,322 increased by 30% compared with FY2011-12.
- BEACON's total revenue decreased by 64% or \$182,769 from \$286,077 in FY 2012-13 to \$103,308 in FY 2013-14 primarily due to completion of all grant funded projects.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to BEACON's basic financial statements. BEACON's basic financial statements comprise three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the basic financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of BEACON's finances, in a manner similar to private-sector business. The *statement of net position* and *statement of activities* use the flow of economic resources measurement focus and accrual basis of accounting. The focus and basis emphasize is on the *long-term* view of BEACON's finances.

The *statement of net position* presents information on all of BEACON's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of BEACON is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement include some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 15 to 17 of this report.

**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

**Fund Financial Statements**

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of BEACON rather than BEACON as a whole. They are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. BEACON is a single purpose, single fund entity and utilizes a governmental fund to account for its activities.

The fund financial statements consist of the balance sheet and statement of revenues, expenditures, and changes in fund balance. These are prepared on the modified-accrual basis of accounting. The government-wide statements are prepared on the full-accrual basis.

In general, these financial statements under the modified-accrual basis have a short-term emphasis and for the most part, measure and account for assets that are current financial resources, and liabilities that are expected to be liquidated with current financial resources. Specifically, cash and receivables collectible within a very short period of time are reported on the balance sheet.

Fund liabilities include amounts that are to be paid within a very short time after the end of the fiscal year. The long-term liabilities are not included. The difference between a fund's total assets and total liabilities represents the fund balance. The assigned and unassigned portions of the fund balance represents the amount available to finance future activities. For fiscal years 2014 and 2013, fund balances were assigned to finance the budgetary deficits of the ensuing fiscal years.

The operating statement for the governmental fund reports all expenditures incurred, but only those revenues that were collected in cash during the current period or very shortly after the end of the year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. When differences exist, both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The fund financial statements can be found on pages 18 to 19 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 21 of this report.

**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT**  
***MANAGEMENT'S DISCUSSION AND ANALYSIS***  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning BEACON's budgetary schedules. BEACON adopts an annual appropriated budget. Budgetary comparison schedules for the general fund have been provided to demonstrate compliance at the legal level of budgetary control. Required supplementary information can be found on pages 33 to 35 of this report.

**Supplementary Information**

Supplementary information includes the project descriptions and the schedules for revenue and expenditures by project and project expenditures by category. Supplementary information can be found on pages 37 through 42 of this report.

**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of BEACON, at the close of fiscal years 2014 and 2013, assets exceeded liabilities by \$77,557 and \$49,322 respectively, with the change primarily due to unexpended membership dues.

The following is a summary of BEACON's assets, liabilities and net position comparing FY 2013-14 with FY 2012-13, and FY 2012-13 with FY 2011-12:

Summary of Net Position Governmental Activities June 30, 2014, 2013 and 2012						
	<u>FY 2013-14</u>	<u>FY 2012-13</u>	Percent Increase (Decrease)	<u>FY 2012-13</u>	<u>FY 2011-12</u>	Percent Increase (Decrease)
Cash and investments	\$ 100,140	\$ 70,640	42%	\$ 70,640	\$ 49,368	43%
Current assets	88	32,596	(100)%	32,596	43,929	(26)%
Long-term assets	<u>-</u>	<u>-</u>	-%	<u>-</u>	<u>4,808</u>	(100)%
Total assets	<u>100,228</u>	<u>103,236</u>	(3)%	<u>103,236</u>	<u>98,105</u>	5%
Current liabilities	22,671	53,914	(58)%	53,914	55,382	(3)%
Long-term liabilities	<u>-</u>	<u>-</u>	-%	<u>-</u>	<u>4,808</u>	(100)%
Total liabilities	<u>22,671</u>	<u>53,914</u>	(58)%	<u>53,914</u>	<u>60,190</u>	(10)%
Net position						
Restricted (Bag Ban)	-	570	(100)%	570	-	100%
Unrestricted	<u>77,557</u>	<u>48,752</u>	59%	<u>48,752</u>	<u>37,915</u>	29%
Total net position	<u>\$ 77,557</u>	<u>\$ 49,322</u>	57%	<u>\$ 49,322</u>	<u>\$ 37,915</u>	30%

BEACON's total net position in FY 2013-14 of \$77,557 increased by 57% compared with FY 2012-13. Total net position in FY 2012-13 of \$49,322 increased by 30% compared with FY 2011-12.

At the end of each fiscal year, BEACON accrues all amounts owed but not yet paid by year-end. Total liabilities of \$22,671 for FY 2013-14 decreased by \$31,243, compared to FY 2012-13, primarily due to the completion of the Single Use Bag Reduction Environmental Impact Report (EIR) and the Regional Sediment Management Federal Authority (RSM-FA) Project. Total liabilities of \$53,914 for FY 2012-13 decreased by \$6,276, compared to FY 2011-12, primarily due to the completion of the Coastal Regional Sediment Management Plan (CRSMP) Ecology Study contract.

**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

The following table summarizes the changes in net position comparing FY 2013-14 with FY 2012-13, and FY 2012-13 with FY 2011-12:

Summary of Activities Governmental Activities						
	<u>FY 2013-14</u>	<u>FY 2012-13</u>	Percent Increase (Decrease)	<u>FY 2012-13</u>	<u>FY 2011-12</u>	Percent Increase (Decrease)
Revenues:						
Program revenues:						
Membership dues	\$ 103,000	\$ 103,000	-%	\$ 103,000	\$ 92,100	12%
Grant revenue	-	182,707	(100)%	182,707	48,331	278%
General revenues:						
Interest and investment earnings	<u>308</u>	<u>370</u>	(17)%	<u>370</u>	<u>335</u>	10%
Total revenues	<u>103,308</u>	<u>286,077</u>	(64)%	<u>286,077</u>	<u>140,766</u>	103%
Expenses:						
Administrative	63,156	91,964	(31)%	91,964	80,629	14%
Technical and engineering services	11,917	172,706	(93)%	172,706	56,539	205%
Advocacy	-	<u>10,000</u>	(100)%	<u>10,000</u>	<u>10,000</u>	-%
Total expenses	<u>75,073</u>	<u>274,670</u>	(73)%	<u>274,670</u>	<u>147,168</u>	87%
Change in net position	28,235	11,407	148%	11,407	(6,402)	278%
Net position, beginning	<u>49,322</u>	<u>37,915</u>	30%	<u>37,915</u>	<u>44,317</u>	(14)%
Net position, ending	<u>\$ 77,557</u>	<u>\$ 49,322</u>	57%	<u>\$ 49,322</u>	<u>\$ 37,915</u>	30%

BEACON received total revenue of \$103,308 in FY 2013-14, which is a decrease of \$182,769 when compared with FY 2012-13. This is primarily due to the completion of grant funded projects, which includes the CRSMP and RSM-FA grants from the Department of Boating and Waterways (DBAW), and EIR. Total revenue received in FY 2012-13 was \$286,077, which was an increase of \$145,311 compared with FY 2011-12, and was directly related to the activity and time spent on the CRSMP and RSM-FA projects.

In FY 2013-14, BEACON did not receive any grant revenue. All grant funded projects were completed in FY 2012-13. This resulted in a \$182,707 decrease in grants and contributions revenue as compared with FY 2012-13. In FY 2012-13 a total of \$116,707 was received from DBAW for the CRSMP, RSM-FA, and Coastal Sediment Management Master Plan (CSMMP); and a total of \$66,000 was received for EIR from Contributions and Donations of BEACON's Member Cities and Counties, and grants from Orfalea Foundation, and University of California Santa Barbara Coastal Fund, this was a \$134,376 increase when compared with FY 2011-12. As of June 30, 2013, all of DBAW grant awards were received and recognized and none were available for FY 2013-14 expenditures.

BEACON had interest and investment earnings, including the allocated portion of the County Treasurer's Pooled Investment Program's unrealized gain or loss in the fair value of investments at June 30, 2014 and June 30, 2013, of \$308 and \$370 respectively, this was a 17% decrease. Interest and investment earnings for FY 2012-13 was \$335 or 10% decrease when compared to FY 2011-12. The County Treasurer's Pooled Investment Program earned an average rate of 0.35% in FY 2013-14 for funds invested in the investment pool when compared to an average rate of 0.47% in FY 2012-13.

**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

In FY 2013-14, BEACON spent \$63,156 for administrative expenses compared to \$91,964 for FY 2012-13, a decrease of \$28,808. This was primarily due to decreases in the contract budgets for project management, the bi-annual audit, and legal services and was directly related to the completion of the CRSMP and RSM-FA projects in FY 2012-13. Administrative expenses in FY 2012-13 increased by \$11,335 as compared to FY 2011-12 expenses, primarily due to the bi-annual audit, and increase in activity and time spent on the CRSMP and RSM-FA projects.

The following is a summary of BEACON's governmental activities expenses, and the related operating grants and contributions, comparing FY 2013-14 with FY 2012-13, and FY 2012-13 with FY 2011-12:

<u>Governmental Activities</u>	<u>FY 2013-14</u>	<u>FY 2012-13</u>	<u>Increase (Decrease)</u>	<u>FY 2012-13</u>	<u>FY 2011-12</u>	<u>Increase (Decrease)</u>
Administrative	\$ -	\$ 21,660	\$ (21,660)	\$ 21,660	\$ 5,810	\$ 15,850
Technical and Engineering Services	-	161,047	(161,047)	161,047	42,521	118,526
Total Expenses	-	182,707	(182,707)	182,707	48,331	134,376
 Total Operating Grants and Contributions	 -	 182,707	 (182,707)	 182,707	 48,331	 134,376
Total Change	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

In FY 2013-14, BEACON expended no grant funds, compared to \$182,707 spent in the prior year, a decrease of \$182,707. This decrease was a result of completion of all grant funded projects in FY 2012-13. Expenditures funded by grants and contributions in FY 2012-13 increased \$134,376 as compared to FY 2011-12 expenditures of \$48,331, expenditures are directly related to activity and time spent on specific projects, in comparison FY 2011-12 had much less activity than FY 2012-13 when the CRSMP and RSM-FA projects were completed.

**OPERATING FUND BUDGETARY HIGHLIGHTS**

Due to unspent funds, BEACON had a favorable budgetary variance for FY 2013-14 and FY 2012-13 of \$76,863 and \$49,431 respectively primarily due to amounts budgeted for contingencies which were unspent. Additional budgetary information is provided on pages 33 through 35.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- During FY 2014-15, BEACON will begin strategic planning for a new model for the South Central Coast Beach Enhancement Program (SCCBEP) project and for an amendment to the CRSMP to incorporate coastal inundation and sea level projection data.
- BEACON local sponsorship, oversight or management will continue in FY 2014-15 for the following projects: Oil Piers and the Kelp Anchor Demonstration Project. No grant funding has been secured by BEACON for these projects.
- Grant funding was secured for the Rincon Parkway Nourishment Project and during FY 2014-15, BEACON will pursue an implementation plan for the project.

**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT**  
***MANAGEMENT'S DISCUSSION AND ANALYSIS***  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

In FY 2014-15 BEACON will continue to seek other grant funding opportunities to fund the projects listed above as well as BEACON's Policy and Management Initiatives.

The FY 2014-15 adopted budget totals \$170,719, with \$57,219 budgeted for contingencies. Financing Sources included revenues of \$103,430 and fund balance of \$67,289 was used to balance the budget.

**REQUEST FOR INFORMATION**

The financial report is designed to provide a general overview of BEACON's finances for all those with an interest in BEACON's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jeffery S. Burgh, BEACON Chief Financial Officer, County of Ventura, 800 South Victoria Avenue, Ventura, California, 93009.

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# **BASIC FINANCIAL STATEMENTS**



BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014 AND 2013

	FY 2013-14	FY 2012-13
<u>ASSETS</u>		
Cash and investments	\$ 100,140	\$ 70,640
Interest receivable	88	198
Due from other governmental agencies	-	32,398
Total assets	100,228	103,236
<u>LIABILITIES</u>		
Accounts payable	22,671	50,708
Accrued liabilities	-	3,206
Total liabilities	22,671	53,914
<u>NET POSITION</u>		
Restricted (Bag Ban)	-	570
Unrestricted	77,557	48,752
Total net position	\$ 77,557	\$ 49,322

See the accompanying notes to the basic financial statements

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Membership Dues</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities:				
Administrative	\$ 63,156	\$ 79,578	\$ -	\$ 16,422
Technical and engineering services	11,917	23,422	-	11,505
Advocacy	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 75,073</u>	<u>\$ 103,000</u>	<u>\$ -</u>	27,927

General Revenues:	
Interest and investment earnings	<u>308</u>
Change in net position	28,235
Net position - July 1, 2013	<u>49,322</u>
Net position - June 30, 2014	<u>\$ 77,557</u>

See the accompanying notes to the basic financial statements

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Functions/Programs</u>	<u>Expenditures</u>	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Membership Dues	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Administrative	\$ 91,964	\$ 75,756	\$ 21,660	\$ 5,452
Technical and Engineering Services	172,706	18,633	161,047	6,974
Advocacy	<u>10,000</u>	<u>8,611</u>	<u>-</u>	<u>(1,389)</u>
Total governmental activities	<u>\$ 274,670</u>	<u>\$ 103,000</u>	<u>\$ 182,707</u>	11,037

General Revenues:	
Interest and investment earnings	<u>370</u>
Change in net position	11,407
Net position - July 1, 2012	<u>37,915</u>
Net position - June 30, 2013	<u>\$ 49,322</u>

See the accompanying notes to the basic financial statements

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2014 and 2013

	FY 2013-14	FY 2012-13
	<u>General Fund</u>	<u>General Fund</u>
<b><u>ASSETS</u></b>		
Cash and investments	\$ 100,140	\$ 70,640
Interest receivable	88	198
Due from other governmental agencies	-	32,398
Total assets	\$ 100,228	\$ 103,236
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 22,671	\$ 50,708
Accrued liabilities	-	3,206
Total liabilities	22,671	53,914
<b><u>FUND BALANCE</u></b>		
Restricted (Bag Ban)	-	570
Assigned	67,289	48,529
Unassigned	10,268	223
Total fund balance	77,557	49,322
Total liabilities and fund balance	\$ 100,228	\$ 103,236
<b>Fund balance - total governmental fund</b>	\$ 77,557	\$ 49,322
Retention receivable is not available to pay for current-period expenditures, and therefore is not reported as revenues in the governmental fund.	-	-
<b>Net position of governmental activities</b>	\$ 77,557	\$ 49,322

See the accompanying notes to the basic financial statements

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	FY 2013-14	FY 2012-13
	General Fund	General Fund
<b>Revenues:</b>		
Grant revenue	\$ -	\$ 131,515
Contributions/Donations	-	56,000
Membership dues	103,000	103,000
Investment Earnings	308	370
Total revenues	103,308	290,885
<b>Expenditures:</b>		
Administrative		
Project management	44,923	56,732
Accounting services	5,857	15,000
Legal services	6,650	8,624
Audit services	-	2,700
Membership and dues	2,000	2,000
Insurance	3,251	2,899
Miscellaneous expenses	475	4,009
Total administrative	63,156	91,964
Technical and engineering services	11,917	172,706
Advocacy	-	10,000
Total expenditures	75,073	274,670
<b>Net change in fund balance</b>	28,235	16,215
Fund balance - beginning	49,322	33,107
Fund balance - ending	\$ 77,557	\$ 49,322
<b>Net change in fund balance - total governmental fund</b>	\$ 28,235	\$ 16,215
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-	(4,808)
<b>Change in net position of governmental activities</b>	\$ 28,235	\$ 11,407

See the accompanying notes to the basic financial statements

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**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30,2014 and 2013**

**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) ORGANIZATION AND OPERATIONS OF THE REPORTING ENTITY**

B.E.A.C.O.N. was established by a Joint Powers Agreement on July 1, 1986, by the Cities of Carpinteria, Oxnard, Port Hueneme, Santa Barbara, and Ventura, and the Counties of Santa Barbara and Ventura (member agencies). This joint powers agency was established under authority of Title 1, Division 7, Chapter 5 of the California Government Code (6500 et seq.). On May 14, 1999, an amended Joint Powers Agreement established a name change to Beach Erosion Authority for Clean Oceans and Nourishment (BEACON). The City of Goleta joined BEACON in fiscal year 2003-04.

BEACON is a public entity separate and apart from any Member Agency. All powers of BEACON are exercised by the Board of Directors. The Board of Directors is composed of one designated representative and one alternate from each member city, and two designated representatives and two alternates each, from the County of Santa Barbara and the County of Ventura. Each designated director and alternate must be a mayor, councilperson or supervisor.

The purpose of BEACON is to foster greater cooperation toward the maintenance and enhancement of the beaches within the jurisdiction of BEACON member agencies.

BEACON accounts for its financial position and results of operation in accordance with generally accepted accounting principles (GAAP) applicable to governmental units.

*External Investment Trust.* BEACON participates in an external investment trust fund managed by the County of Ventura Treasurer. The County Treasurer's investment pool is defined in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The external investment pool commingles the moneys of more than one legally separate entity, not part of the sponsor's reporting entity, and invests on the participants' behalf in an investment portfolio for the purpose of increasing investment earnings.

*Fund Accounting.* The accounts of BEACON are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

General Fund – The General Fund accounts for the legally authorized activities of BEACON. For financial reporting, the General Fund includes grant and investment revenues and program and administrative expenditures. The activity of an agency fund is combined with the General Fund.

**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30,2014 and 2013**

**B) NEW ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for periods beginning after December 15, 2011, improves financial reporting by addressing issues related to service concession arrangements (SCA's), which are a type of public-private or public-public partnership. The new requirements are not applicable to BEACON.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, effective for periods beginning after June 15, 2012, improves financial reporting by enhancing guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. BEACON implemented the new requirements for the fiscal year 2012-13 financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011, incorporates into GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements. BEACON implemented the new requirements for the fiscal year 2012-13 financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, effective for periods beginning after December 15, 2011, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. BEACON implemented the new requirements for the fiscal year 2012-13 financial statements.

GASB Statement No. 65, *Items Previously Reported As Assets and Liabilities*, effective for periods beginning after December 15, 2012, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. BEACON implemented the new requirements for the fiscal year 2013-14 financial statements.

GASB Statement No. 66, *Technical Corrections - 2012 – an amendment of GASB Statements No. 10 and No. 62*, effective for periods beginning after December 15, 2012, improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. BEACON implemented the new requirements for the fiscal year 2013-14 financial statements.

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GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, effective for periods beginning after June 15, 2013, improves financial reporting by state and local governmental pension plans. The new requirements are not applicable to BEACON.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014, improves accounting and financial reporting by state and local governments for pensions. The new requirements are not applicable to BEACON.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for periods beginning after December 15, 2013, establishes accounting and financial reporting standards related to government combinations and disposals of government operations and improves financial reporting by requiring that certain disclosures be made about combination arrangements and disposals of government operations. BEACON intends to implement the new requirements for the fiscal year 2014-15 financial statements to the extent that they are applicable to BEACON.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for periods beginning after June 15, 2013, improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees by requiring consistent reporting and enhanced disclosure about a government's obligations and risk exposure from extending nonexchange guarantees. The new requirements are not applicable to BEACON.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective simultaneously with the provisions of Statement 68, eliminates the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers. The new requirements are not applicable to BEACON.

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**C) BASIS OF PRESENTATION**

The basic financial statements of BEACON are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-Wide Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities and display information about the primary government (BEACON). The statements are presented on an economic resources measurement focus and the accrual basis of accounting. The Statement of Net Position includes all of BEACON's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The Statement of Activities presents changes in the net position. Under accrual basis of accounting revenues are recognized in the period in which the liability is incurred. BEACON reports only governmental type activities. The statement of activities presents a comparison of direct expenses and program revenues. Direct expenses are those that are specifically associated with a program or function. Indirect expenses are not allocated to a program or function. Program revenues include grants and contributions, and membership dues, that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not presented as program revenues are presented as general revenues.

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Fund Financial Statements

The fund financial statements consist of the balance sheet and the statement of revenues, expenditures and changes in fund balance. These statements are prepared under the modified accrual basis of accounting and the current-financial resources measurement focus. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

BEACON reports only governmental funds as follows:

General Fund – The General Fund accounts for the legally authorized activities of BEACON. For financial reporting information, the general fund includes the state grants and investment revenue and program and administration expenditures.

**D) CASH AND CASH EQUIVALENTS**

Under the Joint Power Agreement, BEACON has designated County of Ventura to act as its fiscal agent. Substantially all of BEACON's cash is held in a financial institution bank account. BEACON considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

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**E) ACCOUNTS RECEIVABLE**

BEACON considers accounts receivable to be fully collectible. Accordingly, an allowance for uncollectible accounts has not been recorded.

**F) CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, infrastructure and intangible assets, are reported in the governmental activity column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimate useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. At June 30, 2014 and June 30, 2013, there were no capital assets.

**G) NET POSITION**

*Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, and deferred inflows that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

*Restricted* – This category reflects the component of net position that is subject to constraints either by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2013, restricted net position for governmental activities totaled \$570, which was restricted by grantor. The restrictions were fulfilled by June 30, 2014.

*Unrestricted* – This category represents the net position of BEACON not restricted for any project or other purpose. Outstanding liabilities and deferred inflows that are attributable to this component reduce the balance of this category.

**H) FUND BALANCES**

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which BEACON is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

*Nonspendable fund balance* - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories or prepaid amounts and may also include the long-term receivables.

*Restricted fund balance* - includes amounts with constraints on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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*Committed fund balance* – includes amounts that can only be used for the specific purposes determined by formal action of the highest level of decision-making authority, the BEACON Board of Directors (Board). Commitments may be changed only by the Board taking the same formal action that originally imposed the constraint.

*Assigned fund balance* – includes amounts that are constrained by BEACON’s intent to be used for specific purposes. The intent is expressed by the highest level of decision-making, the Board. Assigned fund balance does not require the same formal action required for committed fund balance. The Board establishes and modifies assignments of fund balance through the adoption of the budget and subsequent budget amendments. Fund balance assignments for subsequent years' adopted budgets were \$67,289 and \$48,529 in FY 2013-14 and FY 2012-13 respectively.

*Unassigned fund balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications.

When restricted and unrestricted (committed, assigned, or unassigned) resources are available, restricted resources are generally considered to be used first, followed by committed, assigned, and unassigned resources as they are needed.

BEACON believes that sound financial management principles require that sufficient funds be retained by BEACON to provide a stable financial base at all times. To retain this stable financial base, BEACON maintains an unrestricted fund balance in its funds sufficient to fund cash flows of BEACON and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

**I) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting.

The government-wide financial statements use the flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Under the accrual basis of accounting, revenues and contributions are recognized in the period in which they are earned and become due; expenses are recognized in the period incurred.

The accompanying fund financial statements have been prepared using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet.

**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT**  
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The fund financial statements have been prepared using the modified-accrual basis of accounting. The modified-accrual basis of accounting is defined as the basis of accounting under which expenditures are recorded at the time liabilities are incurred. Revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” is defined as the amount that can be determined. “Available” is defined as collectible in the current period or soon enough thereafter to be used to pay the liabilities of the current period. The availability period is defined as six months. Revenue sources of BEACON susceptible to accrual include state grants, miscellaneous agreements, and interest on investments.

Because the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is presented which explains the adjustments necessary to reconcile fund financial statements to the government-wide financial statements.

The accounting policies of BEACON conform with generally accepted accounting principles. The following summary of BEACON’s more significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

**J) BUDGETARY POLICIES**

BEACON is required to adopt an annual budget and adheres to the provisions of the applicable sections of the California Government Code on budgetary matters, commonly known as the County Budget Act. Annually, the Board conducts a public hearing for discussion of the proposed budget. The Board adopts the final budget including revisions. Subsequent revisions, which occur during the year, are also adopted by the Board.

**K) ENCUMBRANCES**

BEACON utilizes an encumbrance system as an extension of normal budgetary accounting to assist in controlling expenditures. Under this system, purchases and other significant commitments for expenditures are recorded in order to reserve that portion of applicable appropriations. When the related goods or services are received, the encumbrance is reversed and an expenditure and liability for payment to the vendor are recorded. All unencumbered and unexpended appropriations lapse at the end of each fiscal year and become available for financing of next year’s budget. Encumbered appropriations are reappropriated in the next year’s budget. At June 30, 2014 and June 30, 2013, no encumbrance balances remained and none were reappropriated.

**L) USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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**2. CASH AND INVESTMENTS**

Cash and investments as of June 30,2014 and 2013, consist of the following:

	<u>FY 2013-14</u>	<u>FY 2012-13</u>
Total cash and cash investments	<u>\$ 100,140</u>	<u>\$ 70,640</u>

Disclosures required by GASB Statement No. 40 - *Deposit and Investment Risk Disclosures* are provided in the County's Comprehensive Annual Financial Report. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are stated at fair value. Fair value is determined based on values provided by the County's investment advisory firm. The fair value of BEACON's position in the pool approximates the value of the pool shares. For BEACON, the net change in fair value from carrying value at June 30, 2014, from June 30, 2013, is a decrease of \$99; the net change in fair value from carrying value at June 30, 2013, from June 30, 2012, is a decrease of \$189. The realized and unrealized gains and losses are included in investment earnings. However, County investments are primarily held to maturity and only actual earnings are distributed to pool participants. Therefore, the unrealized fair value gain or loss is not available for allocation except if actually realized.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of the fair value to changes in market interest rates.

At June 30, 2014, the weighted average maturity of the County of Ventura Investment Pool was 290 days.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Ventura Investment Pool has received ratings of AAf and S1+ by Standard and Poor's Ratings Services, the highest possible ratings given by the agency.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and BEACON's

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investment policy do not contain legal or policy requirements, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2014, BEACON had all of its cash pooled with the County of Ventura Treasury. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the money invested by BEACON in the County of Ventura Investment Pool).

Applicable disclosures to the County Treasurer's Cash and Investment pool, are provided in Ventura County's Fiscal Year 2014 Comprehensive Annual Financial Report. That report is available from the Auditor-Controller's Office, 800 South Victoria Avenue, Ventura CA 93009-1540, or on the County website at: <http://vcportal.ventura.org/auditor/docs/financial-reports/cafr-2014/CAFR-FY14.pdf>.

**3. RISK MANAGEMENT**

BEACON is exposed to various risks of loss related to torts; errors and omissions; for which BEACON is either self-insured, commercially insured, or a combination of both.

Insurance coverage has been obtained in the name of BEACON; there have been no claims or insurance settlements. Coverage includes \$1,000,000 in personal injury (including bodily injury and property damage), non-owned and hired automobile liability, products/completed operations, and public officials errors and omissions. The deductible is \$1,000. Also included is a sublimit of \$1,000,000 in fire damage liability with a \$1,000 deductible.

**4. RECEIVABLES**

Year-end receivables for BEACON are as follows:

	FY 2013-14	FY 2012-13
	<u>General Fund</u>	<u>General Fund</u>
Receivables:		
Interest receivable	88	198
Due from other governmental agencies	-	32,398
Gross receivables	88	32,596
Total receivables	\$ 88	\$ 32,596

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**5. ACCRUED LIABILITIES**

Accrued liabilities are the result of the implementation of DBAW's 10% retention policy, as BEACON has reserved the right to retain 10% of that portion of compensation invoiced by contractors that is to be reimbursed through DBAW's grant awards. Any retention withheld by BEACON will be released upon release of the grant funding by DBAW.

Accrued liabilities at year-end are as follows:

<u>Vendor</u>	<u>FY 2013-14</u>	<u>FY 2012-13</u>
COM3	\$ -	\$ 494
Noble Consultants, Inc.	-	2,684
James Bailard & Associates	-	<u>28</u>
Total accrued liabilities	<u>\$ -</u>	<u>\$ 3,206</u>

**6. SUPPORT SERVICES**

BEACON has no employees. BEACON contracts with the County of Santa Barbara for legal services and the County of Ventura for accounting services. A summary of amounts paid to each, as well as amounts payable at year end are as follows:

	<u>2014</u>	<u>2013</u>
Total expenditure for fiscal year ending June 30:		
County of Santa Barbara (Legal)	\$ 6,650	\$ 8,624
County of Ventura (Accounting)	5,857	15,000
Accounts payable as at June 30:		
County of Santa Barbara (Legal)	\$ 4,970	\$ 1,064
County of Ventura (Accounting)	5,857	-

**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT**  
***NOTES TO THE FINANCIAL STATEMENTS***  
**For the Fiscal Years Ended June 30,2014 and 2013**

**7. COMMITMENTS AND CONTINGENCIES**

There was no work committed to under contract but not yet performed as of June 30, 2014 and June 30, 2013.

BEACON management is not aware of any outstanding claims or litigation.

BEACON has limited revenue sources from member dues, DBAW grant revenues, and revenues from miscellaneous agreements. BEACON is dependent on continued available funding and has relied on both the payment of the annual dues by all member agencies, as well as grant and agreement reimbursements and advances, to provide cash flow. Grant expenditures are subject to audit by grantors that could result in return of funds, although management does not anticipate any questioned costs.

In FY 2013-14, the Statement of Revenues, Expenditures and Changes in Fund Balance (modified-accrual basis of accounting) reflects no grant and contributions/donations revenues in total revenues of \$103,308; the Statement of Activities-Governmental Activities (accrual basis of accounting) reflects no grant and contributions revenues in total revenues of \$103,308. In FY 2012-13, grant and agreement revenues of \$182,707 represented 64% of total revenues of \$286,077. Careful monitoring is required to assure positive fund balance, as well as positive cash positioning for payment of obligations.

**8. SUBSEQUENT EVENTS**

**California Coastal Commission**

BEACON entered into a Memorandum of Agreement (MOA) with the California Coastal Commission to address coastal project impacts to existing sediment resources. Through this MOA, when coastal project within the BEACON jurisdiction are approved through the Coastal Commission, a sand impact fee is assessed and the project sponsor must pay the fee directly to BEACON for use on BEACON sponsored coastal projects in the vicinity of the impact. In FY 2014-15 BEACON received \$60,000 in such fees for a revetment repair project at Sea Cliff. These funds are being held in a special BEACON account until an appropriate BEACON project is identified for their use.

Other Events occurring after June 30,2014 have been evaluated for possible adjustment to the financial statements or disclosures as of May 21, 2015, which is the date the financial statements were available to be issued.

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION  
(OTHER THAN MD & A)**



BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
 BUDGETARY COMPARISON SCHEDULE - ON BUDGETARY BASIS  
 GENERAL FUND  
 for the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Grant revenue	\$ 208	\$ 208	\$ -	\$ (208)
Membership dues	103,000	103,000	103,000	-
Revenues from use of money and property	<u>350</u>	<u>350</u>	<u>407</u>	<u>57</u>
Amount available for appropriation	<u>103,558</u>	<u>103,558</u>	<u>103,407</u>	<u>(151)</u>
<b>Charges to appropriations (outflows):</b>				
Services and supplies:				
Administrative:				
Project management	45,000	45,000	44,923	77
Accounting services	15,000	15,000	5,857	9,143
Legal services	19,905	12,571	6,650	5,921
Membership and dues	2,000	2,000	2,000	-
Insurance	3,500	3,500	3,251	249
Miscellaneous expenses	<u>5,000</u>	<u>5,000</u>	<u>475</u>	<u>4,525</u>
Total administrative	<u>90,405</u>	<u>83,071</u>	<u>63,156</u>	<u>19,915</u>
Technical and engineering services	<u>24,287</u>	<u>24,495</u>	<u>11,917</u>	<u>12,578</u>
Contingencies	<u>37,187</u>	<u>44,521</u>	<u>-</u>	<u>44,521</u>
Total charges to appropriation	<u>151,879</u>	<u>152,087</u>	<u>75,073</u>	<u>77,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,321)</u>	<u>(48,529)</u>	<u>28,334</u>	<u>76,863</u>
<b>Fund balance - beginning</b>	<u>49,322</u>	<u>49,322</u>	<u>49,322</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 1,001</u>	<u>\$ 793</u>	<u>\$ 77,656</u>	<u>\$ 76,863</u>

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
 BUDGETARY COMPARISON SCHEDULE - ON BUDGETARY BASIS  
 GENERAL FUND  
 for the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Grant revenue	\$ 118,250	\$ 126,515	\$ 131,515	\$ 5,000
Contributions/Donations	-	61,000	56,000	(5,000)
Membership dues	103,000	103,000	103,000	-
Revenues from use of money and property	<u>700</u>	<u>700</u>	<u>559</u>	<u>(141)</u>
Amount available for appropriation	<u>221,950</u>	<u>291,215</u>	<u>291,074</u>	<u>(141)</u>
<b>Charges to appropriations (outflows):</b>				
Services and supplies:				
Administrative:				
Project management	56,750	56,750	56,732	18
Accounting services	15,000	15,000	15,000	-
Legal services	10,000	24,905	8,624	16,281
Audit services	3,000	3,000	2,700	300
Membership and dues	2,000	2,000	2,000	-
Insurance	3,000	3,000	2,899	101
Miscellaneous expenses	<u>5,000</u>	<u>5,000</u>	<u>4,009</u>	<u>991</u>
Total administrative	<u>94,750</u>	<u>109,655</u>	<u>91,964</u>	<u>17,691</u>
Technical and engineering services	<u>123,977</u>	<u>182,701</u>	<u>172,706</u>	<u>9,995</u>
Advocacy	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Contingencies	<u>33,539</u>	<u>21,886</u>	<u>-</u>	<u>21,886</u>
Total charges to appropriation	<u>262,266</u>	<u>324,242</u>	<u>274,670</u>	<u>49,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,316)</u>	<u>(33,027)</u>	<u>16,404</u>	<u>49,431</u>
<b>Fund balance - beginning</b>	<u>33,107</u>	<u>33,107</u>	<u>33,107</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ (7,209)</u>	<u>\$ 80</u>	<u>\$ 49,511</u>	<u>\$ 49,431</u>

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 for the Fiscal Years Ended June 30, 2014 and 2013

BUDGETARY COMPARISONS AND BASIS OF ACCOUNTING

BEACON adopts a balanced annual budget and adheres to the applicable section of the California Government Code on budgetary matters, commonly known as the County Budget Act.

The Budgetary Comparison Schedule, as required by GASB 34 for the General Fund presents the original budget, final budget and actual amount. The “original budget” includes the adopted budget plus appropriations for prior year approved rollover encumbrances. The “final budget” is the budget as Board approved at the end of the fiscal year. The “actual amount” includes the actual revenues and expenditures incurred on a budgetary basis and as adjusted for the basic financial statements. Variances are provided between the Final Budget Amounts and the Actual Amounts on a budgetary basis.

This information is presented as Required Supplementary Information. Analysis of the final budget to actual variances is discussed in the Management’s Discussion and Analysis.

The budget is adopted on a basis of accounting, which is different from the generally accepted accounting principles (GAAP). The primary differences are:

- For budgetary purposes, changes in the fair value of investments are not recognized as increases or decreases to revenue. Under GAAP, such changes are recognized as increases or decreases to revenue.

The following schedule is a reconciliation of the difference between the fund balances on the actual on a budgetary basis and the GAAP basis on the fund financial statements at June 30, 2014 and 2013 :

	<u>FY 2013-14</u>	<u>FY 2012-13</u>
	<u>General</u>	<u>General</u>
Fund balance - actual on budgetary basis	\$ 77,656	\$ 49,511
Adjustment:		
Change in fair value of investments	<u>(99)</u>	<u>(189)</u>
Total adjustments	<u>(99)</u>	<u>(189)</u>
Fund balance - GAAP basis	<u>\$ 77,557</u>	<u>\$ 49,322</u>

*Level of Budgetary Control*

BEACON's expenditures are controlled at the object level (services and supplies, contingencies) and sub-object level (capital assets) within budget units for BEACON. The object level is the level at which expenditures may not legally exceed appropriations.

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# **SUPPLEMENTARY INFORMATION**



## BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT PROJECT DESCRIPTIONS

The projects for BEACON include the following:

**South Central Coast Beach Enhancement Program (SCCBEP):** This program was in place since 2005 to 2010. The program allowed for the potential annual nourishment of five pre selected beaches within Santa Barbara and Ventura Counties. Permits were secured from the resource agencies for all five beaches for a five year period. These permits expired in 2010. BEACON has abandoned a re-permitting effort for this program and instead is pursuing a new SCCBEP model related to ongoing harbor dredging operations.

**Coastal Sediment Management Master Plan (CSMMP):** The purpose of this project is to evaluate sediment compatibility issues. This project was fully funded through a Department of Boating and Waterways grant and the effort is now effectively complete. However, in 2011, additional funding for the Biological Study portion of this project was provided to BEACON through a Monterey Bay Marine Sanctuary Foundation (MBSF) grant. While most of the additional work was completed, finalization of the study occurred in 2013.

**Coastal Regional Sediment Management Plan (CRSMP):** The purpose of this project is to formulate consensus driven regional sediment management guidance and policy, under the direction of BEACON. Actual implementation of the CRSMP will restore and maintain coastal beaches and other critical areas of sediment deficient or excess, reduce the proliferation of protective shoreline structures, sustain recreation and tourism, and enhance public safety and access and to restore coastal sandy habitats. The CRSMP was adopted by the Board at the end of 2009 and in 2011, the BEACON Board approved a Programmatic EIR for the Capital Projects identified in the approved CRSMP. Work on all elements of the CRSMP was provided through the Department of Boating and Waterways. Efforts have now turned to an amendment of the CRSMP to accommodate coastal inundation and sea level rise projections. BEACON Contractors are pursuing grant funding to fund the associated technical analyses.

**CRSMP – Ecology Study:** The CRSMP Ecology Study creates an inventory and investigates the many ecological functions and services provided by open coast sandy beaches on the mainland coast of the Santa Barbara Channel. The study concurrently examines and broadly estimates the economic benefits and impacts of these ecological services. This project is funded through a Department of Boating and Waterways Grant and the work is being performed by Dr. Phil King from San Francisco State University. The Study was completed in 2013.

**Federal Authority Project:** This project will allow the State of California to receive Federal Funding for Regional Sediment Management (RSM-FA) projects. The project scope calls for the crafting of amendment language to the Water Resources Development Act (WRDA) to identify a new Federal Authority to fund RSM projects in the State of California. The proposed WRDA Amendment was not included in the WRDA Bill of 2013. Funding for this project was through a grant with the Department of Boating and Waterways. BEACON Staff continue to coordinate with representatives from the California Department of Resources to push for inclusion of the proposed RSM Federal Funding language in the next WRDA Bill.

**Single Use Bag Reduction EIR:** This project prepares an EIR for a regional single use bag reduction within the BEACON jurisdiction. The EIR was completed in 2013. The cost to prepare the EIR was funded through contributions from BEACON member agencies and private contributions.

**Kelp Anchor Demonstration Project:** This project consists of the placement of 212 kelp anchors in the Goleta Bay located between the inner and outer boundaries of the historic kelp bed. BEACON is performing as Lead Agency for the project. The re-establishment of a kelp bed in Goleta Bay is considered an environmental benefit to marine life and is consistent with BEACON's mission. As Lead Agency, BEACON has secured a California Environmental Quality Act (CEQA) exemption under CEQA Guidelines Section 15306 and has secured a Coastal Commission Permit and a Lease from the State Lands Commission. The soonest possible schedule for kelp anchor installation is now Fall of 2015. Funding requirements for the Kelp Anchor Demonstration Project are relatively small. The total project cost is estimated at approximately \$18,000. The cost of securing the project permits is being borne by BEACON. Funding for installation has not yet been identified.

**Oil Piers Project:** The Oil Piers Project is programmed in the Army Corps of Engineers (ACOE) Natural Erosion Control Development Program, Section 203 (previously Section 227) of the Water Resources Development Act (WRDA) of 2007. The project consists of the installation of an off shore artificial reef made up of sand filled geotextile bags. The ACOE is the lead on the project and all Federal funding flows through the ACOE. The project was designed in 2004 and environmental approval was secured. However, the project has evolved considerably since this initial effort. Due to delays in Federal funding and evolution in design protocols for artificial reefs, the design of the Oil Pier reef was re-started in 2009. The new design was completed in 2013 and a new environmental document is under development by the ACOE. However, this effort has been stalled due to a lack of Federal Funding. BEACON is working with the ACOE to help secure the additional funding required, however, such funding is not anticipated prior to 2016.

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
 PROJECT REVENUE AND EXPENDITURES  
 for the Fiscal Year Ended June 30, 2014

	CRSMP Ecology Study	RSM-FA	Bag Ban	CSMMP Turbidity Study	Total
REVENUE:					
GRANTS AND CONTRIBUTIONS					
Bag Ban	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL GRANTS AND CONTRIBUTIONS REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Direct reimbursables					
Bag Ban	\$ -	\$ -	\$ 570	\$ -	\$ 570
Total direct reimbursables	\$ -	\$ -	\$ 570	\$ -	570
Non-reimbursable expenditures					74,503
TOTAL EXPENDITURES					\$ 75,073

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
 PROJECT REVENUE AND EXPENDITURES  
 for the Fiscal Year Ended June 30, 2013

	CRSMP Ecology Study	RSM-FA	Bag Ban	CSMMP Turbidity Study	Total
REVENUE:					
GRANTS AND CONTRIBUTIONS					
Boating & Waterways #23	\$ 59,555	\$ -	\$ -	\$ -	\$ 59,555
Boating & Waterways #4	-	4,854	-	-	4,854
Boating & Waterways #5	-	22,879	-	-	22,879
Boating & Waterways #6	-	29,211	-	-	29,211
Bag Ban	-	-	66,000	-	66,000
Boating & Waterways #21	-	-	-	208	208
TOTAL GRANTS AND CONTRIBUTIONS REVENUE	\$ 59,555	\$ 56,944	\$ 66,000	\$ 208	\$ 182,707
EXPENDITURES					
Direct reimbursables					
Boating & Waterways #23	\$ 59,555	\$ -	\$ -	\$ -	\$ 59,555
Boating & Waterways #4	-	4,854	-	-	4,854
Boating & Waterways #5	-	22,879	-	-	22,879
Boating & Waterways #6	-	29,211	-	-	29,211
Bag Ban	-	-	65,430	-	65,430
Boating & Waterways #21	-	-	-	208	208
Total direct reimbursables	\$ 59,555	\$ 56,944	\$ 65,430	\$ 208	182,137
Non-reimbursable expenditures					92,533
TOTAL EXPENDITURES					\$ 274,670

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
 PROJECT EXPENDITURES BY CATEGORY  
 for the Fiscal Year Ended June 30, 2014

	<u>CRSMP Ecology Study</u>	<u>RSM-FA</u>	<u>Bag Ban</u>	<u>CSMMP Turbidity Study</u>	<u>Total</u>
Administration:					
COM3 Consulting	\$ <u>-</u>	\$ <u>-</u>	\$ <u>570</u>	\$ <u>-</u>	\$ <u>570</u>
Total administration	<u>-</u>	<u>-</u>	<u>570</u>	<u>-</u>	<u>570</u>
Technical:					
Total expenditures by project	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570</u>	<u>\$ -</u>	570
Non reimbursable expenditures					<u>74,503</u>
Total expenditures					<u>\$ 75,073</u>

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT  
 PROJECT EXPENDITURES BY CATEGORY  
 for the Fiscal Year Ended June 30, 2013

	<u>CRSMP Ecology Study</u>	<u>RSM-FA</u>	<u>Bag Ban</u>	<u>CSMMP Turbidity Study</u>	<u>Total</u>
Administration:					
COM3 Consulting	\$ 750	\$ 11,000	\$ 3,375	\$ -	\$ 15,125
County of Santa Barbara (legal)	<u>-</u>	<u>-</u>	<u>5,964</u>	<u>-</u>	<u>5,964</u>
Total administration	<u>750</u>	<u>11,000</u>	<u>9,339</u>	<u>-</u>	<u>21,089</u>
Technical:					
Noble Consultants	8,305	45,507	-	-	53,812
James Bailard & Associates	-	437	-	-	437
Dr. Phillip King	50,500	-	-	-	50,500
Rincon Consulting, Inc.	-	-	56,091	-	56,091
SAIC	<u>-</u>	<u>-</u>	<u>-</u>	<u>208</u>	<u>208</u>
Total technical	<u>58,805</u>	<u>45,944</u>	<u>56,091</u>	<u>208</u>	<u>161,048</u>
Total expenditures by project	<u>\$ 59,555</u>	<u>\$ 56,944</u>	<u>\$ 65,430</u>	<u>\$ 208</u>	182,137
Non reimbursable expenditures					<u>92,533</u>
Total expenditures					<u>\$ 274,670</u>

# **REPORT ON INTERNAL CONTROLS AND COMPLIANCE**





Charles Z. Fedak, CPA, MBA  
Christopher J. Brown, CPA

## Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

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### **Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Governing Board  
Beach Erosion Authority for Clean Oceans and Nourishment  
Ventura, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Beach Erosion Authority for Clean Oceans and Nourishment (BEACON) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprises BEACON's basic financial statements, and have issued our report thereon dated May 21, 2015.

#### **Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered BEACON's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BEACON's internal control. Accordingly, we do not express an opinion on the effectiveness of BEACON's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether BEACON's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The purpose of this report is solely to describe the scope of our 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 or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Char Z Fedak = Company CPAs - An Accountancy Corporation

**Charles Z. Fedak & Company, CPAs – An Accountancy Corporation**  
Cypress, California  
May 21, 2015

## **STAFF REPORT**

Meeting Date: July 17, 2015  
Agenda Item: 08

To: BEACON Board of Directors  
From: Executive Director  
Date: July 9, 2015

**Subject:** Update to CRSMP

### **ACTIONS:**

- a. Receive a report from the Executive Director recommending strategy to develop an adaptation planning and policy toolkit for member agencies, and to update BEACON's Coastal Regional Sediment Management Plan (CRSMP) to address sea level rise and Coastal Resilience and support of member agencies.
- b. Provide direction in response to Executive Director report and recommendations.
- c. Approve an agreement with Marc Beyeler/MBA Consultants in the amount of \$7,000 to assist in developing scopes of work for the sea level rise CRSMP update and development of adaptation tools and to identify grant opportunities and assist in the preparation of grant applications to fund this effort.

### **DISCUSSION:**

#### **Background**

BEACON's Coastal Regional Sediment Management Plan (CRSMP) was adopted by the Board in January 2009. The CRSMP identifies policy, studies and capital projects between Point Conception and Point Mugu. The Plan's recommendations at the time of preparation were comprehensive and established the foundation of a BEACON implementation plan for the next twenty years. However, due to the lack of reliable data at the time, the Plan did not take into account sea level rise and storm inundation. Since the adoption of the CRSMP, level rise and coastal resilience studies have been completed for the BEACON coastline.

As reported previously to the Board, staff is recommending an update to the CRSMP. The objectives of this update are to accomplish the following:

- A. Define sea level sea level rise and inundation impacts based on existing studies and new modeling.
- B. Preparation of adaptation tools and development of tool kit.
- C. Assess and redefine BEACON's roles and responsibilities in terms of delivering coastal projects and policy initiatives.

#### **A. Define sea level sea level rise and inundation impacts based on existing studies and new modeling.**

This effort can be accomplished through review and assessment of the Ventura County Vulnerability and Extreme Storm Event Modeling study,



A California Joint Powers Agency

#### **Member Agencies**

City of Carpinteria  
City of Goleta  
City of Oxnard  
City of Port Hueneme  
City of San Buenaventura  
City of Santa Barbara  
County of Santa Barbara  
County of Ventura

#### **Santa Barbara Address:**

105 East Anapamu, Suite 201  
Santa Barbara, CA 93101

#### **Ventura Address:**

501 Poli St.  
P.O. Box 99  
Ventura, CA 93001

#### **Telephone:**

(805) 662-6890

#### **Facsimile:**

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#### **Internet:**

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Meeting Date: July 17, 2015

Agenda Item: 08

Page 2

completed 2013, and a similar study for Santa Barbara County that is expected to be completed by summer 2015. These two studies will provide a comprehensive assessment of the vulnerability of the Ventura County and Santa Barbara County coastlines to sea level rise and climate change impacts. This data and additional physical modeling data from the US Geologic Survey (USGS) will provide the basis for developing a database of projected coastal inundation impacts for the complete BEACON Coast. The database can then be utilized by BEACON Member Agencies in the development of coastal projects and in Coastal Plan updates.

**B. Preparation of Adaptation Tools and Development of Tool Kit**

Implementation policy suggestions and program elements are needed for BEACON and BEACON member agencies to prepare and address projected sea level rise impacts. A range of policy and program tools will be prepared and a tools guide and matrix and toolkit developed for BEACON member agencies.

**C. Assess and redefine BEACON's roles and responsibilities in terms of delivering coastal project and policy initiatives**

The current CRSMP includes a range of specific capital projects recommended for consideration up and down the BEACON Coastline as well as policy and study recommendations. These capital projects and policy recommendations will be re-assessed in the context of the sea level rise and inundation studies referenced above. In addition, it is Staff's recommendation that BEACON, to a degree, back away from overly specific coastal capital projects within a given jurisdiction and instead focus on regional capital projects that enhance the supply of sand to the littoral cell. As BEACON member agencies consider Local Coastal Plan updates to address the sea level rise and coastal inundation predictions they can turn to BEACON as a technical resource, utilizing the information referred to under Items A. and B. above and refer to the more regionalized capital projects and policies on which BEACON will focus.

**Next Steps**

1. To accomplish the proposed CRSMP update as described above, Staff is first requesting approval from the Board of the strategy outlined above.
2. If this approval is given, Staff is requesting that the Board consider a new contract with Mr. Marc Beyeler, Principal of MBA Associates, to assist Staff in developing program work elements and scopes of works and assist in seeking out and securing grant funding for the CRSMP update effort.
3. Once Mr. Beyeler is on board, Staff will pursue grants with the objective of securing one or more in FY15/16. The target funding being sought will range from \$250,000-\$500,000.
4. The ultimate milestone objective, recognizing that the CRSMP update effort may be delivered in phases depending on the constraints and budget of individual grants, is to have the Board adopt a new updated CRSMP by the end of FY 17/18. This timeline includes time for public outreach and close coordination and interaction with the BEACON Members Agencies.

## **AGREEMENT FOR SERVICES**

This Agreement is entered into by:

**BEACON** (“Client”)

And

**Marc Beyeler** (“Contractor”)

Principal/Senior Associate

MBA Associates

111 El Camino Real

Berkeley, CA 94705

Phone: 510-316-6095

e: marcbeyeler@mac.com

### **I. SCOPE OF WORK.**

#### **A. SCOPE OF WORK (“Services”):**

1. Contractor shall participate in crafting approach for amending the BEACON Coastal Regional Sediment Management Plan (CRSMP) to accommodate Sea Level Rise and Coastal Resilience issues as well as assess BEACON’s role as the regional coastal agency.
2. Research grant opportunities to fund the amendment to the CRSMP.
3. Participate in preparation of grant applications to fund the amendment to the CRSMP effort.

B. Contractor will be responsible for all aspects of this assignment, including collecting, organizing and presenting the data. Contractor shall produce one hardcopy summary spreadsheet, an electronic file copy, and attend one meeting to present the data and information.

C. CONTRACT PERIOD: July 1, 2015 – June 30, 2016.

### **II. COMPENSATION AND EXPENSES**

A. FEES: As compensation for Contractor’s work as defined in I.A. above, Client shall pay Contractor \$7,000 for Contractor’s time and expenses related to completing this Agreement. The Contractor shall not exceed this amount and these funds shall cover all direct and indirect expenses and Contractor’s time during the Contract Period. Client shall pay Contractor a retainer of \$2,000 upon execution of this Agreement, which shall be credited toward the completion of this project.

B. EXPENSES: Client shall reimburse Contractor for expenses related to the performance of services described in this Agreement. The Client shall approve any changes to the approved budget.

C. BILLING: Contractor will submit an invoice to Client not more than monthly and will be reimbursed within 30 days of Client’s receipt.

### III. INDEPENDENT CONTRACTOR; TAXES

A. NOT AN EMPLOYEE: Regardless of any functional title or work description, Contractor is an independent contractor and not an employee of Client. If Client decides to hire the Contractor as an employee at some future date, the fee set forth in this Agreement does not set a precedent for a regular salary figure. If applicable, any regular future salary would be negotiated upon date of hire.

B. NO BENEFITS: Contractor shall not be eligible for any of the benefits paid to employees of Client, including but not limited to workers' compensation and health insurance. Contractor shall provide evidence of insurance prior to starting this assignment.

C. TAXES: Contractor agrees to be responsible for any and all filing of payment of taxes applicable to its performance of services under this Contract, including the Services, and for compliance with any and all provisions requirements arising under the tax law(s) of the State of California. No federal, state or local income tax, or any payroll tax of any kind shall be withheld or paid by Client on behalf of Contractor.

### IV. LIABILITY; INDEMNIFICATION

A. LIMITATION OF LIABILITY: Neither Client nor any of its agents, employees, representatives, directors or officers shall be liable for any personal injury to or death of Contractor or Contractor's agents, representatives or subcontractors, however caused, or any damage to or loss of property of Contractor, however caused.

B. PERMISSION TO USE INFORMATION: Client represents and warrants that to its knowledge, all data, information and documents furnished by it or its partners to Contractor for purposes of performing the Services ("Information") are accurate, and Client grants Contractor and its representatives permission to use the Information as is necessary to the performance of the Services.

C. INDEMNIFICATION: Client agrees to indemnify, protect, defend and hold Contractor and its representatives harmless from all claims, demands, suits or actions which may be asserted by any third party against Contractor for any kind of liability, including without limitation, damage or injury to property or persons, and incidental and consequential damages sustained by any third party because of the use by Contractor of Information for purposes of performing the Services, provided that Contractor promptly notifies Client of any such claim, demand, suit or action in writing and tenders to Client the opportunity to settle such claim, demand, suit or action at Client's expense and cooperates with Client in settling such claim, demand, suit or action. Client agrees to indemnify Contractor for any reasonable attorney's fees or other costs incurs in defending against such actions.

### V. CANCELLATION

Either party may terminate this Agreement upon 15 days written notification to the address listed above without penalty.

VI. OTHER

A. ASSIGNMENT: Contractor shall not assign, encumber or otherwise transfer this Agreement or any rights granted hereunder without the prior written consent of Client, which consent Client may withhold for any reason.

B. ENTIRE AGREEMENT: This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and shall insure to the benefit of and shall be binding upon the parties, their respective successors and permitted assigns.

C. AMENDMENT; WAIVER: This Agreement may be amended, modified or supplemented only written instrument signed by both parties. The failure of any party to exercise any right or option given to it by this Agreement or to insist upon strict adherence to the terms of this Agreement shall not constitute a waiver of any terms or conditions of this Agreement with respect to any other or subsequent breach.

D. ARBITRATION: The parties agree that any dispute regarding the terms of this Agreement, the performance of any party hereunder, or any other matter related hereto shall be resolved by binding arbitration to be held in San Francisco, California under the auspices and pursuant to the applicable rules of the American Arbitration Association.

E. MISCELLANEOUS: This Agreement shall be construed in accordance with the laws of California applicable to agreements made and to be performed entirely in California. Section headings used herein are inserted for convenience only and are not part of this Agreement.

This Agreement shall be effective as of July 1, 2015.

CONTRACTOR

BEACON

By: \_\_\_\_\_  
Name: Marc Beyeler  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Chair, BEACON  
Date: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
Name: Brian Brennan  
Title: Executive Director  
Date: \_\_\_\_\_

Approved as to Form and Procedure:

County Counsel

By: \_\_\_\_\_  
Senior Deputy County Counsel,  
Counsel for BEACON

By: Marc Beyeler  
\_\_\_\_\_  
Marc Beyeler  
Contractor

Date: \_\_\_\_\_

## **STAFF REPORT**

Meeting Date: 07/17/15

Agenda Item: 9

To: BEACON Board of Directors

From: Executive Director

Date 07/10/15

### **Subject: Regional Sediment Management Dredging Project**

#### **Required Action:**

- a. Receive a report on the BEACON initiative to seek funding for a Regional Sediment Management dredging project for the three harbors within the BEACON jurisdiction.
- b. Receive direction from Board to proceed with the development of a Memorandum of Agreement (MOA) between BEACON and the three harbor district regarding the details of the proposed Regional Sediment Management dredging project.

#### **DISCUSSION:**

During the last six months BEACON staff have met with the Santa Barbara, Ventura and Channel Islands Harbor Districts to discuss an initiative whereby BEACON would pursue grant funding opportunities to fund a Regional Sediment Management project to dredge excess sand from each of the three harbors. Such a project may be a more economical way for BEACON to nourish local beaches since we would be working with US Army Corps of Engineers (USCOE) contractors that are already mobilized and in the process of performing federally-authorized dredging at each harbor.

The motive for this project is to enable BEACON to increase the amount of sand on local beaches in the most cost effective and regionally responsible manner. Such a project supports BEACON's mission as well as the USCOE's objective to support Regional Sediment Management. The project will contribute immediately to the longevity and health of our coastline especially in light of projected sea level rise and coastal inundation.

Staff have also discussed the project one of the potential funding agencies, the Division of Boating and Waterways (DBAW), and they have expressed support. The initial request would be for approximately \$2M and could be considered for approval in FY16/17.

Staff is seeking the Board's direction to proceed with the development of a Memorandum of Agreement (MOA) between BEACON and the three Harbor entities to outline the objectives and path forward towards implementation of this project. The MOA will be brought back to the Board for consideration at the September Board Meeting.



A California Joint Powers Agency

#### **Member Agencies**

City of Carpinteria  
City of Goleta  
City of Oxnard  
City of Port Hueneme  
City of San Buenaventura  
City of Santa Barbara  
County of Santa Barbara  
County of Ventura

#### **Santa Barbara Address:**

105 East Anapamu, Suite 201  
Santa Barbara, CA 93101

#### **Ventura Address:**

501 Poli St.  
P.O. Box 99  
Ventura, CA 93001

#### **Telephone:**

(805) 662-6890

#### **Facsimile:**

(805) 568-2982

#### **Email:**

beacon.ca.gov

#### **Internet:**

<http://www.beacon.ca.gov>

## **STAFF REPORT**

Meeting Date: July 17, 2015  
Agenda Item: 10

To: BEACON Board of Directors  
From: Executive Director  
Date: July 9, 2015

**Subject:** Membership Dues

### **ACTIONS:**

- a. Receive a report on Membership Dues.
- b. Authorize the Executive Director to send out the membership dues requests for FY1516.

### **DISCUSSION:**

BEACON is a California Joint Powers Agency (JPA) established in 1986 to address coastal erosion, beach nourishment and clean oceans within the Central California Coast from Point Conception to Point Mugu.

BEACON is involved in an array of coastal studies and projects within its jurisdiction and works in close coordination with the Parks, Planning and Public Works Departments of BEACON's member agencies.

BEACON is staffed by a combination of specialist consultants and participation from member agency staff. Funding for BEACON comes through annual agency membership dues and, as opportunities present themselves, State and Federal grants. Specific coastal studies and project development activities are contracted out by BEACON to other agencies or consultants.

BEACON's overhead covers the cost of contract services to both members agencies and private consultants to provide program management, specific project management, contract management, coastal engineering technical expertise, accounting, auditing, legal and administrative services as well as minor miscellaneous agency expenses. Historically, BEACON has been able to utilize project specific grant funding to contribute to overhead expenses. However, in recent years grant agencies have been stricter on allowing local Agencies to use a portion of grant funds for oversight and management.

BEACON dues are set in three categories: a County rate, a large city rate for Oxnard, Ventura and Santa Barbara, and a small city rate for Carpinteria, Goleta and Port Hueneme. At the May 16, 2014, meeting, the BEACON Board of Directors approved the membership dues for FY 2014-15. Attached is the dues schedule for FY 2015-16 and BEACON staff is not recommending any change in membership dues for FY 2015-16. This schedule reflects a Board approved reduced rate for the City of Ventura in recognition of administrative staff and technical resources provided by that City.



A California Joint Powers Agency

#### **Member Agencies**

City of Carpinteria  
City of Goleta  
City of Oxnard  
City of Port Hueneme  
City of San Buenaventura  
City of Santa Barbara  
County of Santa Barbara  
County of Ventura

#### **Santa Barbara Address:**

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Santa Barbara, CA 93101

#### **Ventura Address:**

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Ventura, CA 93001

#### **Telephone:**

(805) 662-6890

#### **Facsimile:**

(805) 568-2982

#### **Email:**

Beacon.ca.gov

#### **Internet:**

<http://www.beacon.ca.gov>

August 25, 2015

«Name»  
«Address\_1»  
«Address\_2»  
«City», CA «Zip»

Subject: BEACON Membership Dues for Fiscal Year 2015-16

Dear «Name\_2»:

Enclosed is the BEACON FY 2015-16 membership dues invoice for the «Name» in the amount of «Total».

BEACON dues are set in three categories: a County rate, a large city rate for Oxnard, Ventura and Santa Barbara, and a small city rate for Carpinteria, Goleta and Port Hueneme. At the May 16, 2014, meeting, the BEACON Board of Directors approved the following membership dues for FY 2014-15:

Agency	Approved Dues for FY 2014-15
County of Ventura	\$18,000
County of Santa Barbara	\$18,000
City of Santa Barbara	\$15,000
City of Oxnard	\$15,000
City of San Buenaventura	\$10,000*
City of Carpinteria	\$9,000
City of Port Hueneme	\$9,000
City of Goleta	\$9,000
<b>Total</b>	<b>\$103,000</b>

\*Rate approved by BEACON Board in recognition of staff administrative support provided by the City of San Buenaventura.

BEACON staff is not recommending any change in membership dues for FY 2015-16.

Please submit payment to BEACON at your earliest convenience. Please contact Joanne McDonald at (805) 654-3191 if you have any questions.

Sincerely,

Brian Brennan  
Executive Director

Enclosure



A California Joint Powers Agency

**Member Agencies**

City of Carpinteria  
City of Goleta  
City of Oxnard  
City of Port Hueneme  
City of San Buenaventura  
City of Santa Barbara  
County of Santa Barbara  
County of Ventura

**Santa Barbara Address:**

105 East Anapamu, Suite 201  
Santa Barbara, CA 93101

**Ventura Address:**

501 Poli St.  
P.O. Box 99  
Ventura, CA 93001

**Telephone:**

(805) 662-6890

**Facsimile:**

(805) 568-2982

**Email:**

Beacon.ca.gov

**Internet:**

<http://www.beacon.ca.gov>