



**To:** Port of Los Angeles  
**From:** Debra Lewis-Mahon, Finance Director  
**CC:** Meghan Reese, Interim Executive Director  
**Date:** October 11, 2024  
**Re:** HCBF PCMTF – CY 2025 Budget Request and CY 2024 Annual Report

## **INTRODUCTION**

At the Harbor Community Benefit Foundation (HCBF) board meeting on October 4th, 2024, the board approved the 2025 HCBF Operating Budget and accompanying recommendations for transferring funds from the Port Community Mitigation Trust Fund (PCMTF) and China Shipping operating reserves. This budget and transfer process aim to support HCBF's 2025 operational needs and the administration of the PCMTF Round 9 grant cycle. Below is the detailed information regarding the approved budget and recommendations.

## **SUMMARY**

Harbor Community Benefit Foundation (HCBF), an independent Non-Profit organization based in San Pedro, administers the Port Community Mitigation Trust Fund (PCMTF), a fund developed as a result of the 2008 settlement of the appeal of the Port of Los Angeles TraPac terminal expansion project. Pursuant to the TraPac Memorandum of Understanding (TraPac MOU) and Operating Agreement (the "Agreement") between the City of Los Angeles acting by and through the Port of Los Angeles Board of Harbor Commissioners (BOHC), the TraPac Appellants, and HCBF, the settlement funds are administered by HCBF and held by an independent financial manager (J.P. Morgan Private Bank).

Sections 5C.iv. and 5.F. of the Agreement require HCBF to submit an annual budget and report to the BOHC regarding funding for its projects and administrative needs. The nonprofit's annual administrative budget funded by the PCMTF must be reviewed and approved by the BOHC before the release of any funds from the PCMTF.

**Harbor Community Benefit Foundation (HCBF) hereby submits a request to approve the CY 2025 Operations Budget in the amount of \$230,345.**

**Furthermore, HCBF requests to transfer the remaining balance after grant and budget allocation in JPMorgan Chase Private Bank to HCBF operations in order to close the accounts in an amount not to exceed \$5,000.**

## **CY 2025 OPERATIONS BUDGET DISCUSSION**

HCBF has two separate sources of funding for operations and programs, namely TraPac (PCMTF) and China Shipping (AQMF). The trust funds from each source are separately held and managed independently by JPMorgan Chase Private Bank and California Community Foundation (CCF), respectively.

Annual administrative expenses for the 2025 operations budget will be shared pro rata by the funds, with an allocation based on the award of grants. During CY 2025, it is forecast that PCMTF will award approximately \$370,760 in grants, while AQMF will award approximately \$2,116,185 in grants at the end of 2024, for a total of \$2,486,945 in grants. That prorated share of CY 2025 administrative expenses equates to 15% from the PCMTF and 85% from AQMF.

Thus, funding for the 2025 budget of \$230,345 shall be charged pro rata against each fund in the amount of \$34,340 from TraPac operating reserves and \$196,005 from China Shipping operating reserves (AQMF grants Round 3).

### **HCBF BOARD ACTIONS:**

At the HCBF board meeting held on October 4th, 2024, the following recommendations were approved and submitted for your consideration:

1. Approve and adopt the 2025 HCBF Operating Budget totaling \$230,345.
2. Authorize the HCBF Executive Director and Finance Director to:
  - a. Present the 2025 annual operating budget in the amount of \$230,345 to the Los Angeles Board of Harbor Commissioners (BOHC), requesting concurrent approval of the transfer of:
    - i. \$34,340 from the PCMTF to HCBF from TraPac operating reserves (prorated share of PCMTF awarded grants of \$370,760/\$2,486,945).
    - ii. Utilization of \$196,005 from China Shipping operating reserves (prorated share of AQMF awarded grants of \$2,116,185/\$2,486,945).
  - b. Execute a joint letter with the BOHC, or its designee, to authorize JP Morgan Chase Private Bank to distribute funds in one lump sum transfer from the PCMTF to HCBF, in an amount of \$405,100 to sufficiently fund PCMTF Round 9 Grants and the administrative needs of HCBF's 2025 annual operating budget.
  - c. Execute a joint letter with the BOHC, or its designee, to authorize JP Morgan Chase Private Bank to distribute the remaining balance in the PCMTF account to HCBF operations in a lump sum transfer. This transfer will occur at the time of account closure, depending on the receipt and timing of the joint letter. If the amount exceeds \$5,000, HCBF will seek additional approval from port staff before proceeding.

### **HISTORIC GRANT FUNDING – Awards approved by BOHC and HCBF:**

As of September 30, 2024, Healthy Harbor Grants and Community Benefit Grants totaled nearly 6.8 million; Studies totaled \$590,270 for a combined total from the Port Community Mitigations Trust Fund (PCMTF) of nearly \$7.4 million.

**Balances as of the end of Quarter 3, 2024:**

<b>PCMTF-funded Grants and Studies</b>	<b>Studies</b>	<b>Grants</b>	<b>Total</b>	
Off Port Impacts Study	300,000			
Healthy Harbor Grants		2,858,831		
STEAM Pilot Program		300,000		
Wilmington and San Pedro Noise Study	290,270			
Commnuity Benefit Grants (8 rounds)		3,619,175		
<b>Total Grants and Studies through 9/30/2024</b>	<b>590,270</b>	<b>6,778,006</b>	<b>7,368,276</b>	
<b>PCMTF Account Balance as of 9/30/24 (JP Morgan Market Value)</b>				<b>405,311</b>

**TRUST ACCOUNT BALANCE – PCMTF only (AQMF reported separately):**

- PCMTF – trust account – independent financial manager JPMorgan Chase Private Bank
- Trust account balance (market value without accruals for market adjustments) as of December 31, 2023 = **\$391,050**

**EXCLUSIONS:**

All PCMTF trust fund income and expenses are paid directly to and/or from the PCMTF fund. Hence, there are no projections for investment income, or expenses, reflected in the HCBF operating budget. As stewards of the trust fund, HCBF closely monitors its performance, and reconciles all PCMTF activity in its internal financial statements.

**HCBF requests that the Board of Harbor Commissioners:**

1. Review, receive and approve the audited financials for Harbor Community Benefit Foundation (HCBF) for the Calendar year ending December 31, 2023.
2. Receive and approve the 2024 YTD (as of 9.30.2024) report of activity from the PCMTF JPMorgan Chase Private Bank Trust Accounts.
3. Approve the CY 2025 Operations Budget in the amount of \$230,345.
4. Approve the transfer of the remaining balance (not to exceed \$5,000) in JPMorgan Chase Bank account to HCBF operations to close the accounts upon final issuance of round 9 grants and related HCBF 2025 budget funding.

**Attachments:**

- Audited Financials for the calendar year ending December 31, 2023 - consolidated
- PCMTF Trust Accounts 2024 YTD Report of Activity (as of 09.30.2024)
- 2025 HCBF Board Approved Operations Budget

## Harbor Community Benefit Foundation PCMTF JPMorgan Trust Account Activity Report

January 01, 2024 - September 30, 2024

Account	Date	Memo/Description	Cleared	Amount	Balance
1900.00 Trust Accounts					
1902 PCMTF					
1902.01 JPM 2001					
	Beginning Balance			\$	288,633.69
1902.01 JPM 2001	01/31/2024	Dividends & Interest on JPM 2001	Reconciled	\$ 1,295.05	\$ 289,928.74
1902.01 JPM 2001	01/31/2024	Market Value Change	Reconciled	\$ 0.00	\$ 289,928.74
1902.01 JPM 2001	02/29/2024	Dividends & Interest on JPM 2001	Reconciled	\$ 1,298.26	\$ 291,227.00
1902.01 JPM 2001	02/29/2024	Market Value Change	Reconciled	-\$ 290.94	\$ 290,936.06
1902.01 JPM 2001	03/31/2024	Dividends & Interest on JPM 2001	Reconciled	\$ 2,531.24	\$ 293,467.30
1902.01 JPM 2001	03/31/2024	Market Value Change	Reconciled	\$ 0.00	\$ 293,467.30
1902.01 JPM 2001	05/31/2024	Dividends & Interest on JPM 2001	Reconciled	\$ 1,273.98	\$ 294,741.28
1902.01 JPM 2001	05/31/2024	Market Value Change	Reconciled	\$ 0.00	\$ 294,741.28
1902.01 JPM 2001	06/30/2024	Dividends & Interest on JPM 2001	Reconciled	\$ 1,318.01	\$ 296,059.29
1902.01 JPM 2001	06/30/2024	Market Value Change	Reconciled	\$ 0.00	\$ 296,059.29
1902.01 JPM 2001	07/31/2024	Dividends & Interest on JPM 2001	Reconciled	\$ 1,286.07	\$ 297,345.36
1902.01 JPM 2001	07/31/2024	Market Value Change	Reconciled	\$ 594.69	\$ 297,940.05
1902.01 JPM 2001	08/31/2024	Dividends & Interest on JPM 2001	Reconciled	\$ 1,312.28	\$ 299,252.33
1902.01 JPM 2001	08/31/2024	Market Value Change	Reconciled	\$ 298.66	\$ 299,550.99
1902.01 JPM 2001	09/30/2024	Dividends & Interest on JPM 2001	Reconciled	\$ 1,306.45	\$ 300,857.44
1902.01 JPM 2001	09/30/2024	Market Value Change	Reconciled	\$ 599.91	\$ 301,457.35
<b>Total for 1902.01 JPM 2001</b>				<b>\$ 12,823.66</b>	
1902.02 JPM 8372					
	Beginning Balance			\$	102,416.44
1902.02 JPM 8372	01/31/2024	Interest on JPM Savings	Reconciled	\$ 23.12	\$ 102,439.56
1902.02 JPM 8372	02/29/2024	Interest on JPM Savings	Reconciled	\$ 20.32	\$ 102,459.88
1902.02 JPM 8372	03/31/2024	Interest on JPM Savings	Reconciled	\$ 20.32	\$ 102,480.20
1902.02 JPM 8372	04/30/2024	Interest on JPM Savings	Reconciled	\$ 22.43	\$ 102,502.63
1902.02 JPM 8372	05/31/2024	Interest on JPM Savings	Reconciled	\$ 21.73	\$ 102,524.36
1902.02 JPM 8372	06/28/2024	Interest on JPM Savings	Reconciled	\$ 19.64	\$ 102,544.00
1902.02 JPM 8372	07/31/2024	Interest on JPM Savings	Reconciled	\$ 23.15	\$ 102,567.15
1902.02 JPM 8372	08/30/2024	Interest on JPM Savings	Reconciled	\$ 21.05	\$ 102,588.20
1902.02 JPM 8372	09/30/2024	Interest on JPM Savings	Reconciled	\$ 21.75	\$ 102,609.95
<b>Total for 1902.02 JPM 8372</b>				<b>\$ 193.51</b>	

Cash Basis

# Harbor Community Benefit Foundation 2025 Budget

2024 Budget vs. 9 Month Actuals + 3 Month Forecast

	Actual as of Sept 30, 2024 (9 months)	3 Month Forecast (Oct-Dec 2024)	Total 2024 (9 month actual + 3 month forecast)	Approved 2024 Budget	Over+/Under- Budget by	2025 Budget
<b>6000 Functional Expenses</b>						
<b>6100 Office Expenses</b>						
6101 Merchant & Bank Fees	120	6	126	0	126	55
6102 TeleCommunications						0
6102.1 Internet	1,071	273	1,344	0	1,344	1,214
6102.2 Phone	1,739	547	2,286	1,500	786	2,442
6102.3 Video Conference	610		610	0	610	440
<b>Total 6102 TeleCommunications</b>	<b>\$3,421</b>	<b>\$820</b>	<b>\$4,240</b>	<b>\$1,500</b>	<b>\$2,740</b>	<b>\$4,096</b>
6103 Software and General Office	4,235	1,309	5,544	1,536	4,008	6,050
6104 Supplies & Equipment	4,978	0	4,978	2,538	2,440	0
6108 Printing	1,470	0	1,470	0	1,470	0
<b>Total 6100 Office Expenses</b>	<b>\$14,225</b>	<b>\$2,135</b>	<b>\$16,359</b>	<b>\$5,574</b>	<b>\$10,785</b>	<b>\$10,201</b>
6105 Rent	8,802	2,934	11,736	12,333	-597	12,910
6109 Utilities	388	195	582	0	582	641
6200 Dues & Subscriptions	278	0	278	1,250	-972	0
<b>Total 6300 Insurance</b>	<b>\$4,034</b>	<b>\$1,443</b>	<b>\$5,478</b>	<b>\$5,413</b>	<b>\$65</b>	<b>\$6,025</b>
6500 Marketing / Outreach	2,497	435	2,932	5,250	-2,318	2,904
6600 Meetings and Meals	887	0	887	0	887	0
6700 Mileage & Parking	43	0	43	300	-257	0
<b>6800 Payroll Expenses</b>						0
6801 PR Taxes	14,116	1,910	16,026	10,440	5,586	6,380
6802 Wages	160,583	23,875	184,458	116,000	68,458	87,250
6803 Workers Comp Insurance	1,241	284	1,525	240	1,285	1,254
6804 Payroll Service Fees	541	168	709	2,200	-1,491	739
6805 401k Service Fees	1,305	369	1,674	0	1,674	1,841
6806 401k Employer Match	2,057	0	2,057	4,640	-2,583	0
6807 Health Insurance Reimbursement	3,000	0	3,000	6,000	-3,000	0
<b>Total 6800 Payroll Expenses</b>	<b>\$182,843</b>	<b>\$26,606</b>	<b>\$209,449</b>	<b>\$139,520</b>	<b>\$69,929</b>	<b>\$97,465</b>
6810 Staff Development	783	0	783	0	783	495
<b>6900 Professional Fees</b>						0
6901 Accounting & Audit	19,130	0	19,130	28,000	-8,870	22,000
6902 Consultants	40,669	14,625	55,294	51,240	4,054	64,350
6903 Legal Fees	25,078	3,000	28,078	16,000	12,078	13,200
<b>Total 6900 Professional Fees</b>	<b>\$84,877</b>	<b>\$17,625</b>	<b>\$102,502</b>	<b>\$95,240</b>	<b>\$7,262</b>	<b>\$99,550</b>
6950 Taxes & Licenses	0	140	140	120	20	154
<b>Total 6000 Functional Expenses</b>	<b>\$299,658</b>	<b>\$51,513</b>	<b>\$351,170</b>	<b>\$265,000</b>	<b>\$86,170</b>	<b>\$230,345</b>
<b>Less Programmatic Costs Unrelated to HCBF Operations</b>	<b>-\$84,298</b>	<b>\$0</b>	<b>-\$84,298</b>	<b>\$0</b>	<b>-\$84,298</b>	<b>\$0</b>
<b>Total HCBF Functional Expenses</b>	<b>\$215,359</b>	<b>\$51,513</b>	<b>\$266,872</b>	<b>\$265,000</b>	<b>\$1,872</b>	<b>\$230,345</b>