



THE PORT
OF LOS ANGELES
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: OCTOBER 8, 2014

FROM: EXECUTIVE OFFICE

**SUBJECT: RESOLUTION NO. _____ - APPROVE HARBOR
COMMUNITY BENEFIT FOUNDATION'S COMMUNITY BENEFIT
GRANTS PROGRAM ROUND 2 AND THE TRANSFER OF PORT
COMMUNITY MITIGATION TRUST FUNDS**

SUMMARY:

The Port Community Mitigation Trust Fund (PCMTF) was established for the purpose of funding appropriate mitigation projects and grants addressing port-related impacts for the communities of Wilmington and San Pedro. The Harbor Community Benefit Foundation (HCBF), an independent nonprofit organization established to operate the PCMTF, is responsible for identifying qualifying projects to receive grant funding from the PCMTF and concurrence by the Board of Harbor Commissioners (Board).

The HCBF Board of Directors has confirmed its selection of projects to receive funding from the Community Benefit Grant Program Round 2, and is requesting Board approval of the award recipients and a transfer of funds from the PCMTF, in accordance with the TraPac Memorandum of Understanding (MOU) and Operating Agreement. Proposed projects will address port impacts on the local environment, access to marine and maritime education and career development opportunities, and other community resources with a Tidelands nexus in Wilmington and San Pedro. Upon approval, HCBF will transfer \$570,000 from the PCMTF to award 20 grants for the 2015 calendar year under the Community Benefit Grants Program Round 2. Upon the transfer of funds, HCBF will be financially responsible for the proposed projects and for the disbursement of funds as required program thresholds are met. No additional payments from the Harbor Department will be required to fund this request.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Approve Harbor Community Benefit Foundation's selection of 20 projects to receive awards from the Community Benefit Grant Program Round 2, funded by the Port Community Mitigation Trust Fund;
2. Authorize the Executive Director or his designee to execute a joint letter with the Harbor Community Benefit Foundation to approve the distribution of funds in one lump sum payment of \$570,000 from J.P. Morgan Private Bank to the Harbor

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Community Benefit Foundation to be used in accordance with Harbor Community Benefit Foundation's request; and

3. Adopt Resolution No. _____.

DISCUSSION:

Background/Context - On April 2, 2008, the Board approved a MOU between the City and the TraPac Appellants to resolve an appeal of the certification of the EIR/EIS for the TraPac Container Terminal Project (TraPac) to the Los Angeles City Council. At that time the Board chose to enter into a MOU with the TraPac Appellants that included not only the resolution of the appeal on the TraPac EIR/EIS but also other forthcoming environmental documents as was considered at that time. This MOU established a mechanism for calculation and payment by the Harbor Department of funds to be designated for mitigation projects consistent with the Tidelands Trust (Trust) purposes of the Harbor Revenue Fund. In addition the MOU required the creation of a nonprofit entity, the HCBF, to operate the PCMTF and oversee the grant selection and grant-making process.

On October 20, 2010, the Board approved the Operating Agreement to the TraPac MOU (Operating Agreement), between the Harbor Department, TraPac Appellants, and HCBF. The Operating Agreement serves as an extension of the TraPac MOU (MOU) and provides specific details regarding the PCMTF and the role and responsibilities of the nonprofit entity. The terms of the Operating Agreement will remain in effect as long as there is balance in the PCMTF. As of September 2014, balance of the PCMTF was \$6,298,925. The Harbor Department is required to make contributions to the PCMTF for any projects designated In TraPac MOU Exhibit B that have EIRs certified by May 31, 2016. No additional contributions are anticipated until fiscal year 2016.

HCBF Role and Responsibilities - HCBF is an independent legal entity that serves Port stakeholders as the neutral, third-party to develop and select projects for grant funding. It is through the HCBF that the Port of Los Angeles and the Community are able to jointly address a variety of off-port impacts affecting the Wilmington and San Pedro areas. Moreover, HCBF will remain the nonprofit organization to administer the PCMTF until the fund is completely spent or until all parties agree to dissolve the Operating Agreement without renewing the TraPac MOU.

HCBF must request the Board to approve the selected projects and approve a transfer of funds from the PCMTF. As the nonprofit entity responsible for the operation of the PCMTF, HCBF is solely responsible for the development of project criteria, the coordination of an ad hoc grant review committee to determine if projects have a Port nexus and meet the criteria of the MOU and Operating Agreement, and for the ongoing administration of funded projects and programs. HCBF must provide, for each project

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recommended for approval, “a Project-specific Tidelands nexus analysis that includes a description of the Port and Port-related operations to be mitigated and an analysis of how the recommended mitigation measure will address, reduce or eliminate such impacts...[and] how the recommended mitigation measure is reasonable and appropriate for an impact.” (Operating Agreement p. 6, Section 5.B.iv.) Additionally, HCBF must report on progress of previously approved grant funded projects and the balance of the PCMTF with all requests for PCMTF funding.

Community Benefit Grant Program - Since its inception, HCBF has successfully implemented an Off-Port Impact Land Use Study, a Noise Assessment in Wilmington (Phase I of the Noise Mitigation Program), and launched two competitive grant programs: Community Benefit Grants and Healthy Harbor Grants. The Community Benefit Grant Program was established in 2013, when in Round 1, 19 projects were selected to receive a total of \$506,000 in PCMTF funding.

On August 15, 2014, the HCBF Board of Directors approved 20 proposed projects to be presented for Board concurrence (Transmittal 1). HCBF staff received 63 project submissions and developed criteria and identified three categorical themes under which projects with similar goals and objectives were evaluated. They are: 1) Beautification, Stewardship & Sustainability, 2) Youth & Maritime Career Development, and 3) Community Resources with a Tidelands nexus. The HCBF ad hoc grant review committee evaluated all eligible proposals and proposed 23 projects, of which 20 were approved by the HCBF Board of Directors. Although three of the final projects were not approved at this time, the balance of services for the residents of San Pedro and Wilmington is still equitable.

Community Benefit Grants Program Round 2 Proposed Projects		
#	APPLICANT / Grant Purpose	GRANT

Theme #1: Beautification, Stewardship, and Sustainability		
1	BEACON HOUSE ASSOCIATION OF SAN PEDRO / Beautification projects and improving public access to Port at the MST Center (SP) & Terminal Island (W)	\$30,000
2	CLEAN SAN PEDRO / Widespread cleanup and maintenance of landscaped areas immediately adjacent to the Port in SP	\$40,000
3	LOS ANGELES WATERKEEPER / Oil spill response education/training	\$30,000
4	PACIFIC UNICOMM (Clean Wilmington) / Widespread cleanup & maint. landscaped areas along freight routes to create buffers between the Port and community in Wilmington	\$60,000
5	PALOS VERDES PENINSULA LAND CONSERVANCY / White Point Nature Preserve, coastal protection and training	\$48,000
6	RAINBOW SERVICES / Beautification Project on 7th Street,	\$28,000

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	aquatic themed tiled mural	
	Subtotal Theme #1	\$236,000

Theme #2: Youth and Career Development		
7	CABRILLO BEACH YOUTH SAILING / Scholarships for water skills, youth sailing & equipment	\$50,000
8	FOUNDATION FOR MARINE ANIMAL HUSBANDRY / Marine mammal care internships	\$20,000
9	FRIENDS OF CABRILLO MARINE AQUARIUM / Wetlands internships	\$6,000
10	INTERNATIONAL BIRD RESCUE / Aquatic bird internships	\$25,000
11	INTERNATIONAL TRADE EDUCATION PROGRAMS / Youth training and Internships	\$42,000
12	TWO BIT CIRCUS (Fiscal Sponsor: LA Fund) / Approx 1,600 LAUSD kids, from San Pedro & Wilmington Title I schools, attend Port of LA STEAM Carnival in Oct.	\$40,000
	Subtotal Theme #2	\$183,000

Theme #3: Community Resources		
13	COPE PREPAREDNESS / Disaster/resiliency education related to coastal and Port facilities	\$20,000
14	FRIENDS OF BANNING MUSEUM / Field trips and cultural maritime education at historical Museum	\$5,000
15	HARBOR INTERFAITH SERVICES / Community garden that filters diesel particulate matter, with drought-tolerant landscaping that thrives in coastal climates	\$11,000
16	PACIFIC BATTLESHIP CENTER / Field trips and maritime history at U.S.S. Iowa	\$20,000
17	SAINTS PETER & PAUL POVERTY PROGRAM / Small community garden that filters diesel particulate matter, with a composting bin to teach sustainability and stewardship of coastal natural resources.	\$5,000
18	SOUTH BAY CC (SBCC): Thrive LA / Community garden with 30 raised beds, transforming an empty parcel of land to improve the view scape of a port-facing site, bordered by Birch trees to filter diesel particulate matter, absorb carbon dioxide, and improve air quality.	\$45,000
19	TOBERMAN NEIGHBORHOOD CENTER / Community garden adjacent to a high-traffic corridor to improve the view scape of a direct port-facing site, bordered by Southern Magnolia, Jacaranda and Ash trees to filter diesel particulate	\$40,000

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	matter, absorb carbon dioxide, and improve air quality.	
20	TZU CHI / Teen Safety training / CERT for disasters and emergencies related to Port facilities and water-related natural disasters.	\$5,000
	Subtotal Theme #3	\$151,000

Geographical Distribution of Proposed Projects by Theme				
Port Related Themes	Both (W-SP)	Wilmington (W)	San Pedro (SP)	Total
#1: Beautification, Stewardship, and Sustainability	\$108K	\$60K	\$68K	\$236K
#2: Port and Maritime-Related Career Development	\$183K	\$0	0	\$183K
#3: Vital Coastal and Maritime Community Resources	\$20K	\$60K	\$71K	\$151K
Totals	\$311K	\$120K	\$139K	\$570K
	55%	21%	24%	

Funding the PCMTF – The PCMTF was funded primarily by contributions from the Harbor Department associated with growth in container volumes at the Port. The MOU required initial funding of \$12.04 million which included \$500,000 for organizational costs, \$6 million for air filtration systems in nearby schools, \$300,000 for an off-Port impact study, and, \$5.24 million for other projects identified in MOU Exhibit A based on the MOU formula applied to the growth projections in the TraPac EIR/EIS (\$3.50 per Twenty Foot Equivalent Unit (TEU) times 1,497,142 TEUs of additional capacity entitled by the TraPac EIR/EIS). The MOU requires subsequent deposits into the PCMTF as additional projects on the MOU Exhibit B list proceed based on additional capacity entitled under those project EIR/EISs (i.e. \$2.50 per TEU, or \$1.50 per cruise passenger, or \$.015 per ton of bulk cargo, annually). The PCMTF is also funded through growth in annual TEU counts over the prior calendar year from facilities exiting in 2007 (\$2.00 per TEU for the increase in TEUs over the prior calendar year from facilities existing in 2007).

PCMTF Balance - Use of the PCMTF by HCBF is subject to rules, restrictions, compliance, and monitoring imposed by the MOU, Operating Agreement, and Tidelands Trust Doctrine and the approval of PCMTF-funded projects and transfer of funds from the PCMTF to HCBF is subject to review and concurrence by the Board of Harbor Commissioners as well as approval as to form and legality by the Office of the City Attorney.

The funding request for Community Benefit Grants Program Round 2 is separate and in addition to the Board approved Calendar Year 2014 HCBF Operating Budget and Healthy Harbor Grants Program. The current PCMTF balance is \$6,298,925. Upon

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Board approval of the Community Benefit Grant Program Round 2, the new PCMTF balance will be \$5,728,925. A total allocation of \$2,611,000 towards combined programs for Noise Mitigation (\$185,000), Healthy Harbor Grants (\$1,350,000) and Community Benefit Grants (\$506,000 plus \$570,000 for this request) will have been made to date.

In November 2013, the Board approved HCBF's request to change the independent financial manager of the PCMTF. HCBF will request approval of their 2015 operating budget in November 2014 as part of the required annual report back to the Board, at which time an update regarding the financial performance of the PCMTF under the new independent financial manager will be provided.

Disbursement of Funds –Upon Board approval, a single transfer from the PCMTF to HCBF will be authorized by the Harbor Department's authorized signatory in the amount of \$570,000. Contracts for approved projects and all other PCMTF expenditures are to be executed solely between the Nonprofit and its vendors or grantees. Over the course of twelve months, periodic disbursements will be made from HCBF to the program recipients, based on budget requirements and achieved milestones reflected in the individual grant agreements (Transmittal 2).

Factors to be Considered by the Board of Harbor Commissioners - The Operating Agreement of the TraPac MOU sets forth the relationship between the HCBF and the Board. The Board remains the trustee of the Tidelands assets at issue, the funds in the PCMTF, and must exercise "its independent judgment to determine that [proposed HCBF] projects mitigate a direct or indirect impact from Port or Port-related operations and are consistent with the Tidelands Trust and the [TraPac] MOU." (Operating Agreement, Section 5.A)

In accordance with Section 5.C of the Operating Agreement, the Board shall consider the following factors in voting on an HCBF requested project:

- a) consistency with the TraPac MOU and the Tidelands Trust;
- b) whether the identified impact is attributable to Port or Port-related operations;
- c) whether the proposed project reasonably and appropriately mitigates, addresses, reduces, or eliminates the identified impact;
- d) that the budget and schedule for funding draw-downs from the PCMTF is appropriate for the type of project; and
- e) the substantial form of contracts which the Nonprofit proposes to enter into if the project is approved.

The Board may not arbitrarily or unreasonably decline to fund a project. Should the Board decline to fund a project recommended by the HCBF, it shall provide written findings relating to the reasons for the rejection based on the factors above.

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Staff has reviewed the request submitted by the HCBF and recommends the Board's approval of the 20 proposed HCBF Community Benefit Grants based on these factors (Transmittal 3).

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the HCBF's Community Benefits Grant Program Round 2 and the transfer of funds from the PCMTF for the identified projects and programs. This action is limited to the administrative approval for the distribution of funds. Individual projects implemented with the use of the funding will be subject to separate environmental review by the lead agency with jurisdiction over the project. Therefore, as an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

Approval of the proposed resolution will have no employment impact. The project associated with the proposed resolution is anticipated to have positive employment impact for the five-county region. However, the economic benefits cannot be quantified at present.

FINANCIAL IMPACT:

Approval of the Community Benefit Grants Program Round 2 Projects will allow a draw-down of funds from the PCMTF with no requirement of the Harbor Department to provide any additional funding. The Harbor Department has made the required contributions to the PCMTF for all eligible projects. As of September 12, 2014, the PCMTF balance, managed by J.P. Morgan Private Bank, was \$6,298,925. Upon Board approval, a lump sum of \$570,000 will be transferred from the PCMTF to HCBF, and the new PCMTF balance will be \$5,728,925.

The requested \$570,000 for Community Benefit Grant Program Round 2 awards is in addition to previously approved PCMTF transfers for the HCBF 2014 Calendar Year Operating Budget (\$475,000). A total allocation of \$2,611,000 towards combined programs for Noise Mitigation (\$185,000), Healthy Harbor Grants (\$1,350,000) and Community Benefit Grants (\$506,000 plus \$570,000 for this request) will have been made to date. Upon the transfer of funds, HCBF will be financially responsible for the proposed projects and for the disbursement of funds as required program thresholds are met.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the requested transfer of funds from the PCMTF as to form and legality including compliance with the TraPac MOU and Operating Agreement.

TRANSMITTALS:

1. HCBF Community Benefit Grant and PCMTF Transfer Request
2. HCBF Community Benefit Grant Agreement
3. HCBF Community Benefit Grant Summaries

FIS Approval: ef (initials)

CA Approval: gmc (initials)

APPROVED:



CYNTHIA M. RUIZ
Deputy Executive Director, External Relations



EUGENE D. SEROKA
Executive Director

CMR/EZ/MC/JC:ez