

DATE: APRIL 15, 2015

FROM: EXECUTIVE OFFICE

**SUBJECT: RESOLUTION NO. _____ - APPROVAL OF HARBOR
COMMUNITY BENEFIT FOUNDATION'S HEALTHY HARBOR GRANTS
PROGRAM, ROUND 4 AND THE TRANSFER OF PORT COMMUNITY
MITIGATION TRUST FUNDS**

SUMMARY:

The Port Community Mitigation Trust Fund (PCMTF) was established by the City of Los Angeles Harbor Department (Harbor Department) for the purpose of funding appropriate mitigation projects and grants addressing port-related impacts for the communities of San Pedro and Wilmington. 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 to be approved by the Board of Harbor Commissioners (Board).

The HCBF Board of Directors has confirmed its selection of seven projects to receive funding for the fourth round of the Healthy Harbor Grant Program, and is requesting Board approval of the award recipients and transfer of funds from the PCMTF, in accordance with the requirements of the TraPac Memorandum of Understanding (MOU) and TraPac MOU Operating Agreement (Operating Agreement). The proposed projects have a clear Tidelands nexus and will address the Port of Los Angeles' (Port) impact on the community by providing access to health services, supplies and educational resources for Wilmington and San Pedro. Upon approval, \$518,000 will be transferred from the PCMTF to HCBF for seven grant awards. 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 Harbor Department will be required to fund this request.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Approve Harbor Community Benefit Foundation's selection of seven projects to receive awards from the Healthy Harbor Grants Round 4, funded by the Port Community Mitigation Trust Fund;

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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 \$518,000 from J.P. Morgan Private Bank to the Harbor 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 of Los Angeles (City) and certain organizations and individuals (TraPac Appellants) that had challenged the certification of the TraPac Container Terminal Project (TraPac Project) Environmental Impact Report/Environmental Impact Statement (EIR/EIS); in order to resolve their appeal of the TraPac Project to the City Council. The MOU included not only the resolution of the appeal on the TraPac Project EIR/EIS but also addressed impacts from current and future port operations through financial contributions related to future approvals and construction of certain anticipated Harbor Department projects. This MOU established a mechanism for calculation and payment by the Harbor Department of funds to be designated for mitigation projects to address past, present and future off-port impacts from port-related operations. 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 provides specific details regarding the administration of the PCMTF and the role and responsibilities of the nonprofit entity and the Board regarding mitigation projects to be funded from the PCMTF. The terms of the Operating Agreement will remain in effect as long as there is balance in the PCMTF. After the initial funding established by the TraPac Project, funds are added to the PCMTF primarily by contributions from the Harbor Department for projects designated in TraPac MOU Exhibit B that have EIRs certified by May 31, 2016 and have notices to proceed with construction or actual construction commences. No additional contributions are anticipated until fiscal year 2016, in which \$773,500 is anticipated to be budgeted for funding into the PCMTF if construction proceeds for the Yusen Terminals project.

Use of the PCMTF by HCBF is subject to rules, restrictions, compliance, and monitoring imposed by the MOU, Operating Agreement, and Tideland 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

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approval as to form and legality by the Office of the City Attorney. As of December 2014, the balance of the PCMTF was \$5,220,948.

HCBF Role and Responsibilities - HCBF is an independent legal entity that serves as the neutral, third-party to administer the PCMTF and solicit, develop, and select projects for grant funding. HCBF must request the Board to approve the selected projects and approve a transfer of funds from the PCMTF to fund grant awards. HCBF must provide, for each project 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. Moreover, HCBF will remain the nonprofit organization to administer the PCMTF until the fund is completely spent, or HCBF is dissolved, or all parties agree to terminate the Operating Agreement or the PCMTF.

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 three competitive grant programs: Community Benefit Grants, Healthy Harbor Grants, and Harbor Schools STEAM Initiative Grants. To date, HCBF has distributed \$3,261,000 in grants to fund project designed to address Port impacts on aesthetics, air quality, biological resources, cultural resources, health risk and land use for San Pedro and Wilmington through community benefits in beautification, education/training, safety, employment opportunities, and/or community initiatives.

Healthy Harbor Grant Program – In 2011, the HCBF launched their Health Care Grant Program, and awarded \$350,000 in grant funding approved by the Board in July 2012, for four projects focused on addressing health impacts from air pollution. On June 6, 2013, the HCBF selected and the Board approved \$450,000 in Health Care Grants, Round 2 for projects also aimed at addressing health impacts from port-related sources. On March 6, 2014, the HCBF selected and the Board approved \$550,000 for a third round of grants and renamed the program, "Healthy Harbor Grants."

HCBF released Healthy Harbor Grant Program, Round 4 on October 14, 2014 announcing the availability of \$500,000 to benefit qualifying projects in the communities of San Pedro and Wilmington. Healthy Harbor Grant Program, Round 4 will fund programs demonstrating a port nexus aimed at providing increased access to diagnosis and treatment, pharmaceuticals and medical supplies, and health education and outreach. A total of 19 proposals were received and considered. With guidance from the HCBF Board of Directors' ad hoc grant review committee, seven proposals were recommended and received final HCBF Board approval on February 20, 2015. The

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HCBF Board also approved to augment funding for the Healthy Harbor Grant Program, Round 4 by \$18,000, increasing the committed program funding to \$518,000 including \$110,000 for a program based in Wilmington, \$68,000 for a program based in San Pedro, and \$340,000 for five programs benefiting both Port-adjacent communities.

Applicant	Recommended	Match	Community Served	Program
1. Buddhist Tzu Chi Medical Foundation	\$10,000	\$15,000	San Pedro and Wilmington	Health Fair, Hearing tests, Noise Impacts and Health Education
2. Coalition for Clean Air	\$68,000	\$1,238	San Pedro	Air pollution monitoring and education at Dana Middle School in San Pedro
3. Long Beach Alliance for Children with Asthma (LBACA)	\$65,000	\$343,075	San Pedro and Wilmington	Asthma prevention and treatment, Community Health Worker
4. Providence Little Company of Mary	\$80,000	\$13,000	San Pedro and Wilmington	Chronic diabetes and respiratory management in San Pedro and Wilmington
5. St. Mary Medical Center Foundation	\$110,000	\$75,462	Wilmington	Mobile respiratory healthcare clinic in Wilmington
6. The Children's Clinic	\$65,000	\$0	San Pedro and Wilmington	Community Health Worker for respiratory self-management
7. The Los Angeles Trust for Children's Health	\$120,000	\$21,625	San Pedro and Wilmington	Full-time asthma nurse for LAUSD schools
TOTAL HEALTHY HARBOR ROUND 4	\$518,000	\$469,400		

The recommended Healthy Harbor projects conform to requirements of the TraPac MOU and Operating Agreement and Tidelands Trust. A combined total of seven proposals have been selected to receive PCMTF funding based on identification of impacts from Port or Port-related operations, the ability of the proposal to mitigate the identified impact, feasibility, cost-effectiveness, organizational capacity and benefits the project proposal would provide, as explained in detail in the HCBF's March 12, 2015 Memorandum to the Harbor Department (Transmittal 1).

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PCMTF Disbursement of Funds – Upon Board approval, a single transfer from the PCMTF to HCBF in the amount of \$518,000 will be authorized by the Harbor Department's authorized signatory. 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 12 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.

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.

Staff has reviewed the request submitted by the HCBF and recommends the Board's approval of the proposed seven Healthy Harbor Grants, Round 4 based on these factors.

ENVIRONMENTAL ASSESSMENT:

The proposed action approval of the transfer of funds from the PCMTF for seven projects under the fourth round of the Healthy Harbor Grant Program in accordance with the TraPac MOU and Operating Agreement. This action is limited to the administrative approval for the distribution of funds. Individual projects implemented with the use of 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

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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:

This Board action will have no employment impact.

FINANCIAL IMPACT:

Approval of the Healthy Harbor Grant Program, Round 4 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 under the TraPac MOU. As of December 14, 2014, the PCMTF balance, managed by independent financial manager J.P. Morgan Private Bank, was \$5,220,948. Upon Board approval of the Healthy Harbor Grant Program, Round 4, a lump sum of \$518,000 will be transferred from the PCMTF to HCBF, and the new PCMTF balance will be \$4,352,948.

The requested \$518,000 for the Healthy Harbor Grant Program, Round 4 is in addition to previously approved PCMTF transfers for the HCBF 2015 Calendar Year Operating Budget (\$482,000). If approved, a total allocation of \$3,779,000 towards combined programs for Noise Mitigation (\$185,000), Healthy Harbor Grants (\$1,350,000 plus \$518,000 for this request), Community Benefit Grants (\$1,126,000), and Harbor Schools STEAM Initiative Grants (\$300,000) and a Land Use Study (\$300,000) will have been made to date (Transmittal 2). Upon the transfer of funds, HCBF will be financially responsible for the current 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 Healthy Harbor Round 4 and PCMTF Transfer Request
2. PCMTF Grant Funding Summary

FIS Approval: MB (initials)
CA Approval: CB (initials)

APPROVED:



DOANE LIU
Deputy Executive Director



FOR EUGENE D. SEROKA
Executive Director

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