

**HARBOR COMMUNITY BENEFIT FOUNDATION  
MEMORANDUM**

To: Geraldine Knatz, Ph.D, General Manager, Port of Los Angeles  
 From: Sean Hecht, Chair, Harbor Community Benefit Foundation  
 Mary Silverstein, Executive Director, Harbor Community Benefit Foundation  
 Cc: Mike Christensen, Deputy Executive Director – Development, Port of Los Angeles  
 Simon Kann, Deputy City Attorney, City of Los Angeles  
 Mark Vargas, Consultant Staff, Mission Infrastructure

Date: January 30, 2012, revised February 6 and February 7, 2012

Re: HCBF Operating Budget, YE December 31, 2012

Pursuant to Section 5C.iv. and 5.F. of the Operating Agreement (the “Agreement”) between the Harbor Community Benefit Foundation (HCBF), the TraPac Appellants, an unincorporated association, and the Board of Harbor Commissioners (BOHC), HCBF shall submit a detailed budget and report to BOHC on an annual basis regarding its annual administrative needs and requirements.

In October of 2011 the BOHC approved a transition budget, to cover the period ending March 2012, to facilitate a transfer of services from Mission Infrastructure consultant team (Mission) to permanent HCBF staff. Since then, HCBF has hired its first Executive Director, secured office space, and commenced operations at its new location: 150 W. 6<sup>th</sup> Street, Suite 100B; San Pedro, CA 90731.

On January 19, 2012, the HCBF Board of Directors reviewed and approved, by majority vote, an operating budget for the fiscal year ending December 31, 2012, and directed staff to submit the same to the Port of Los Angeles, for review and approval. Attached for your consideration please find the following:

- 1) Financials for 2011: the attached Transition Operating Budget Report for November 2011 through March 20, 2012 includes expenses incurred in 2011 for the period ending December 31, 2011 and forecasted expenses for the quarter ending March 30, 2012; and
- 2) Budget for 2012: HCBF 2012 Operating Budget, approved by the HCBF Board of Directors, for the Calendar Year Ending December 31, 2012

In November, BOHC funded \$137,500 for the five (5) month period of November 2011 through March 2012. As indicated in the enclosed Transition Operating Budget report, expenses incurred in November and December totaled \$17,500; remaining funds from the BOHC approved Transition Budget, \$120,000, have been allocated to projected expenses for Q1, ending March 30, 2012.

To complete funding for the calendar year 2012, HCBF hereby requests approval of the annual operating budget, and approval of a transfer from the Port Community Mitigation Fund to HCBF for the nine-month operating expenses covering April 2012 through December 2012.

The attached HCBF Operating Budget for Calendar Year ending 12/31/2012, projects quarterly expenses, as summarized below:

<b>HCBF Operating Budget calendar year 2012 – SUMMARY</b>				
	Qtr ending 3/30/2012	Requested 9 mos ending 12/31/2012	Total	Comments
Capital Expenditures	\$9,705	\$3,000	\$12,705	Non Recurring
Office Expenses	\$5,686	\$17,169	\$22,855	
Insurance, Marketing, Staff Development, Planning, Meetings	\$4,325	\$14,315	\$18,640	
Other	\$3,384	\$1,616	\$5,000	
Payroll & Benefits	\$66,400	\$241,600	\$308,000	Exec & Staff
Professional Services, Legal, Accounting, Audit	\$30,500	\$101,500	\$132,000	Grant Writing, Development, Evaluation, Contracts, MOU and Brown Act Compliance, Advisory, Payroll, Audit, Project & Grant Administration
<b>Total</b>	<b>\$120,000</b>	<b>\$379,200</b>	<b>\$499,200</b>	
BOHC Funded <sup>1</sup>	(\$120,000)		(\$120,000)	Q1
<b>Requested</b>		<b>\$379,200</b>	<b>\$379,200</b>	<b>Q2, Q3, Q4</b>

**Budget Highlights:**

As reflected in the attached operating budgets, **Capital Expenditures** for 2012 include initial office set up. As noted, expenses for fixtures and furniture are non-recurring. **Office Expenses** include monthly rent, ADT security, office supplies, software licenses, telecommunications and fees. **Payroll & Benefits** include executive and staff wages, payroll taxes, benefits and workers comp. Staffing plans include the Executive Director (hired December 2011), with open positions for a grant program specialist, program assistant, and a part-time bookkeeper (2.5 fte). **Professional Services, Legal, Accounting and Audit** denote the anticipated expense of legal advisory service necessary to draft and finalize contracts as well as comply with the Brown Act; professional services needed to develop project and grant documents (RFQ and RFPs); and accounting and audit services designed to properly monitor and report HCBF operations. Finally, this line item also anticipates fund development and grant writing to identify and pursue opportunities to leverage the finite Port Community Mitigation Trust Funds. With respect to Port Community Mitigation Trust Funds, the HCBF will comply with the TraPac MOU and the Operating Agreement of the TraPac MOU.

Note, fund management trustee fees are excluded from the operating budget, for transfers of Port Mitigation Trust Funds (PCMTF) to California Community Foundation (CCF). The monthly fee equals 0.5% of the fund balance. **Trustee Fees** to CCF for calendar year 2012, estimated to be \$40,800, shall be paid directly from the PCMTF managed funds.

**The HCBF hereby requests \$379,200 in operating budget funds, for the nine month period beginning April 1 and ending December 31, 2012, be approved by the BOHC for release and**

<sup>1</sup> Transition Budget funded by BOHC \$137,500 = \$17,500 for Q4 2011 plus \$120,000 Q1 2012.

**disbursement from the PCMTF funds held by the California Community Foundation, to ensure seamless operations of HCBF staff.**

It is anticipated that the HCBF will use its own discretion when managing the above mentioned funding items, which may include reasonable reallocation of funds from one task item to supplement other task items, or to keep some funds in reserve for future expenditures if not all the funding is required for operations within 2012. It is also anticipated that the HCBF Board, through its newly hired executive director, will continue to seek an annual budget-funding request from the BOHC, beginning in November 2012, for funding of the subsequent calendar year ending December 31, 2013.

HCBF Contact Information:

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Attachments: Transition Period Report (Nov 2011 thru March 2012)  
2012 Operating Budget

HCBF Board approved 2012. Jan 19

<b>Harbor Community Benefit Foundation - Year End Report 2011</b>					
<b>TRANSITION OPERATING BUDGET - NOVEMBER 2011 (STARTUP) THROUGH MARCH 2012 (PROJECTED)</b>					
	PORT Approved Transition Budget 10/13/2011	Expenses PAID thru 12/31/2011	Projected Q1 03/30/2012	Projected	TRANSITION 10/13/11 thru 3/30/2012
<b>Capital Expenditures</b>					
Office Equipment/Computer Hardware	\$	2,330	\$	5,500	\$ 7,830
Furniture and Fixtures	\$	3,379	\$	4,205	\$ 7,584
<i>Subtotal Capital Expenditures</i>	\$	5,709	\$	9,705	\$ 15,414
<b>Office Expenditures</b>					
Rent	\$	1,898	\$	2,848	\$ 4,746
Security Deposit	\$	949	\$	-	\$ 949
Cleaning Services	\$	145	\$	105	\$ 250
Communications/Phone/Internet	\$	-	\$	1,183	\$ 1,183
Mileage/Parking/Reimbursed Expenses	\$	-	\$	225	\$ 225
Office Supplies, Stationery, Printing	\$	300	\$	600	\$ 900
Software Licenses and Monthly Fees	\$	-	\$	425	\$ 425
Taxes and Licenses	\$	-	\$	300	\$ 300
<i>Subtotal Office Expenditures</i>	\$	3,291	\$	5,686	\$ 8,977
<b>Development, Planning, Public Meeting Expenses</b>					
Dues and Subscriptions	\$	-	\$	500	\$ 500
Insurance	\$	-	\$	750	\$ 750
Marketing/Advertising/Web Service	\$	-	\$	1,650	\$ 1,650
Meetings Expense	\$	-	\$	575	\$ 575
Staff Development and Training	\$	-	\$	250	\$ 250
Travel and conferences	\$	-	\$	600	\$ 600
<i>Subtotal Development, Planning, Board Expenses</i>	\$	-	\$	4,325	\$ 4,325
<b>Other/Contingency</b>	\$	147	\$	3,384	\$ 3,531
<b>Subtotal Office/Operating Expenses</b>	\$	17,500	\$	9,147	\$ 23,100
<b>Payroll Expenses</b>					
Wages, Executive	\$	7,532	\$	31,250	\$ 38,782
Wages, Staff	\$	-	\$	18,750	\$ 18,750
Payroll Taxes, Federal, State, and Benefits	\$	821	\$	16,400	\$ 17,221
<b>Subtotal Payroll Expenses</b>	\$	100,000	\$	8,353	\$ 66,400
<b>Professional Expenses</b>					
Accounting & Audit	\$	-	\$	2,500	\$ 2,500
Consultants	\$	-	\$	10,500	\$ 10,500
Legal	\$	-	\$	17,500	\$ 17,500
<b>Subtotal Professional/Consultants</b>	\$	20,000	\$	-	\$ 30,500
<b>TOTAL OPERATING BUDGET</b>	\$	137,500	\$	17,500	\$ 120,000

Transition Budget Approved October 2011

\* Reallocated from Payroll to Office Expenses \$25,247

Fees to CA Community Foundation equal to 0.5% of fund balance per annum are deducted directly from PCMTF and not reflected in HCBF operating Budget

HCBF Board approved 2012. Jan 19

**Harbor Community Benefit Foundation - Operating Budget 2012**  
**Calendar Year Ending 12/31/2012**

	Q1 03/30/2012	Q2 6/30/2012	Q3 9/30/2012	Q4 12/31/2012	2012 Annualized	Comments
<b>Capital Expenditures</b>						
Office Equipment/Computer Hardware	\$ 5,500	\$ 500	\$ 500	\$ 500	\$ 7,000	Includes Office Set-Up, non recurring
Furniture and Fixtures	\$ 4,205	\$ 500	\$ 500	\$ 500	\$ 5,705	Includes Office Set-Up, non recurring
<i>Subtotal Capital Expenditures</i>	\$ 9,705	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,705	
<b>Office Expenditures</b>						
Rent	\$ 2,848	\$ 2,848	\$ 2,848	\$ 2,848	\$ 11,392	Beacon Square Leased Office
Security Deposit	\$ -	\$ -	\$ -	\$ -	\$ -	non Recurring
Cleaning Services	\$ 105	\$ 125	\$ 125	\$ 125	\$ 480	Monthly Contract
Communications/Phone/Internet	\$ 1,183	\$ 1,200	\$ 1,200	\$ 1,200	\$ 4,783	
Mileage/Parking/Reimbursed Expenses	\$ 225	\$ 225	\$ 225	\$ 225	\$ 900	Mileage (IRS rate 0.555 cents per mile)
Office Supplies, Stationery, Printing	\$ 600	\$ 600	\$ 600	\$ 600	\$ 2,400	
Software Licenses and Monthly Fees	\$ 425	\$ 425	\$ 425	\$ 425	\$ 1,700	includes ADT Security
Taxes and Licenses	\$ 300	\$ 300	\$ 300	\$ 300	\$ 1,200	
<i>Subtotal Office Expenditures</i>	\$ 5,686	\$ 5,723	\$ 5,723	\$ 5,723	\$ 22,855	
<b>Development, Planning, Public Meeting Expenses</b>						
Dues and Subscriptions	\$ 500	\$ 500	\$ 500	\$ 500	\$ 2,000	
Insurance	\$ 750	\$ 750	\$ 750	\$ 740	\$ 2,990	Liability and Directors Insurance., Mission pd in 2011
Marketing/Advertising/Web Service	\$ 1,650	\$ 3,200	\$ 2,000	\$ 2,000	\$ 8,850	
Meetings Expense	\$ 575	\$ 575	\$ 575	\$ 575	\$ 2,300	
Staff Development and Training	\$ 250	\$ 250	\$ 250	\$ 250	\$ 1,000	
Travel and conferences	\$ 600	\$ 300	\$ 300	\$ 300	\$ 1,500	
<i>Subtotal Development, Planning, Board Expenses</i>	\$ 4,325	\$ 5,575	\$ 4,375	\$ 4,365	\$ 18,640	
Other/Contingency	\$ 3,384	\$ 519	\$ 569	\$ 529	\$ 5,000	
<b>Subtotal Office/Operating Expenses</b>	<b>\$ 23,100</b>	<b>\$ 12,817</b>	<b>\$ 11,667</b>	<b>\$ 11,617</b>	<b>\$ 59,200</b>	
<b>Payroll Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
Wages, Executive	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 125,000	Executive Director Contract Salary
Wages, Staff	\$ 18,750	\$ 32,000	\$ 32,000	\$ 32,000	\$ 114,750	Full and Part-time staff
Payroll Taxes, Federal, State, and Benefits	\$ 16,400	\$ 17,283	\$ 17,283	\$ 17,283	\$ 68,250	Taxes, benefits, workers comp
<b>Subtotal Payroll Expenses</b>	<b>\$ 66,400</b>	<b>\$ 80,533</b>	<b>\$ 80,533</b>	<b>\$ 80,533</b>	<b>\$ 308,000</b>	
<b>Professional Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
Accounting & Audit	\$ 2,500	\$ 4,000	\$ 4,000	\$ 4,000	\$ 14,500	Payroll Admin, Accounting, and Audit
Consultants	\$ 10,500	\$ 6,000	\$ 15,500	\$ 15,500	\$ 47,500	Grant Writing, Development, Evaluation and Planning
Legal	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 70,000	Advisory, Contracts, MOU Compliance and Brown Act
<b>Subtotal Professional/Consultants</b>	<b>\$ 30,500</b>	<b>\$ 27,500</b>	<b>\$ 37,000</b>	<b>\$ 37,000</b>	<b>\$ 132,000</b>	
<b>TOTAL OPERATING BUDGET</b>	<b>\$ 120,000</b>	<b>\$ 120,850</b>	<b>\$ 129,200</b>	<b>\$ 129,150</b>	<b>\$ 499,200</b>	
	<i>Q1 Transition Budget</i>				\$ (120,000)	Quarter end 3/30/2012 funded through Transition budget
					\$ 379,200	Request from Port, 9 months ending 12/31/2012

Fees to CA Community Foundation equal to 0.5% of fund balance per annum are deducted directly from PCMTF and not reflected in HCBF operating Budget, estimated to be \$40,800 in 2012