



To: Geraldine Knatz, Ph.D, General Manager, Port of Los Angeles  
From: Mark Vargas, Interim Entity Director, Harbor Community Benefit Foundation  
Cc: Sean Hecht, Chair, Harbor Community Benefit Foundation  
Date: October 19, 2011  
Re: Transition Budget for Harbor Community Benefit Foundation

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Pursuant to Section 5(F) of the Operating Agreement between the Harbor Community Benefit Foundation (HCBF) and the Board of Harbor Commissioners (BOHC), the HCBF shall submit a detailed budget and report to the BOHC on an annual basis regarding its annual administrative needs and requirements. The HCBF hereby requests transfer from the Port Community Mitigation Fund to the HCBF a four-month interim budget to cover the months between December 2011 and March 2012. The HCBF requests these interim budget funds be directly transferred to the HCBF held bank accounts, since it is likely that the transfer mechanism set up through the California Community Foundation will not yet be in place.

The HCBF Board has requests these funds to ensure a seamless transfer of services from the Mission Infrastructure consultant team (Mission) to the permanent HCBF staff. While selection of an executive director was called for in the scope of work of the Mission team, there were no funds allocated to actually paying the newly hired executive director. As the HCBF approaches hiring a full time executive director, it is imperative that the issue of having funds available for payroll and hard office costs is resolved quickly. It is critical that the funds transfer occur no later than December 1, 2011, and preferably sooner, to ensure that the HCBF will have the necessary funds available to negotiate in good faith with potential staff, and to continue payment of rent and office expenses.

This budget includes expenses totaling \$137,500. This budget number is a conservative estimate to ensure that the HCBF will have enough funds to adequately negotiate a salary for the incoming executive director, as well as to accommodate general costs to hire additional expertise, if needed. It is anticipated that the HCBF will use its own discretion when managing the abovementioned funding items, which may include reasonable transfers of funds from one task item to supplement other task items. It is also anticipated that the HCBF Board, through its newly hired executive director, will seek an annual budget-funding request from the BOHC in February 2012 for funding of the remainder of the calendar year, April 2012 – December 2012. The interim budget includes the following items:

Staff Salaries - \$100,000

The HCBF will need funds available to hire a permanent executive director and support staff in 2011. These funds include direct salary costs as well as any associated benefits and related personnel expenses for a period of four months.

The HCBF does not yet have a precise budget amount for staff salary, since an executive director and administrative staff has not yet been chosen, but the \$100,000 amount is meant to ensure that the HCBF can adequately take care of its payroll obligations during this period. Any unused funds will be rolled over into long-term salary expenses.

Office Rent, Equipment, Supplies, and Expenses - \$17,500

The HCBF has acquired office space and will need funding for monthly rent payments as well as for acquisition of office furniture, equipment, supplies, and ongoing expenses such as telephone, internet, and other common expenses. This line item includes four months of rent to ensure that office space for the HCBF is not jeopardized by a gap between this transition budget and the 2012 operating budget request.

General Consulting Services - \$20,000

The HCBF anticipates that the new executive director and support staff may also require contract consulting services in the area of legal counsel, contract administration, project management, etc. This is consistent with the language of Section 5(F) of the Operating Agreement. Again, the HCBF may decide, using its own discretion, to not use all of these funds on general consulting services, but wishes to have a reserve fund available should the HCBF and its executive director require such assistance. The HCBF does not intend to fund Mission Infrastructure or the existing interim entity consultants with these funds.