



**THE PORT  
OF LOS ANGELES**  
Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: DECEMBER 5, 2013**

**FROM: EXECUTIVE OFFICE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVE HARBOR  
COMMUNITY BENEFIT FOUNDATION'S COMMUNITY BENEFIT  
GRANT PROGRAM 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 for the communities of Wilmington and San Pedro. The Harbor Community Benefit Foundation (HCBF), a nonprofit organization established to operate the PCMTF, is responsible for identifying projects to receive grant funding and is required to report to the Board of Harbor Commissioners (Board) regarding its annual progress and for approval of transfers from the PCMTF.

The HCBF has developed a Community Benefit Grants Program and hereby requests that the Board approve its use of the PCMTF to fund a pilot program. Local community organizations whose projects were determined to address impacts from Port of Los Angeles (Port) related operations to benefit Wilmington and San Pedro communities, consistent with the Tidelands Trust, have been selected to receive the proposed grant awards. Upon approval, HCBF will award 19 grants totaling \$506,000 for the 2014 calendar year under the Community Benefit Grant pilot program.

Staff has reviewed the proposal submitted by the HCBF and recommends approval in accordance with the Operating Agreement and the TraPac Memorandum of Understanding.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Approve Harbor Community Benefit Foundation's request to use the Port Community Mitigation Trust Fund to grant awards to fund 19 Community Benefit Grants totaling \$506,000 for programs addressing Port-related impacts on aesthetics, air quality, biological resources, cultural resources, health risk and land use for San Pedro and Wilmington communities;

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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 \$506,000 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 December 6, 2007, the Board certified the Final Environmental Impact Report (EIR)/Environmental Impact Statement for the Berth 136-147 (TraPac) Container Terminal and approved the TraPac project. Subsequent to project approval, certain entities, individuals, and organizations (TraPac Appellants) appealed the certification/project approval to the City Council under the provisions of the California Environmental Quality Act (CEQA). On April 2, 2008, the Board approved the Memorandum of Understanding (TraPac MOU) between the City of Los Angeles Harbor Department (Harbor Department) and the TraPac Appellants, which provides for the settlement of the appeal and the creation and funding of a Port Community Mitigation Trust Fund to be administered by a nonprofit entity (Transmittal 2). HCBF is the nonprofit organization established to provide oversight and administration of the PCMTF, which was established for the purpose of funding projects that will protect, improve and assess public health by off-setting past, present, and future off-port impacts from port operations for the communities of Wilmington and San Pedro.

On October 20, 2011, the Board approved the Operating Agreement to the TraPac MOU (Operating Agreement), between the Harbor Department, TraPac Appellants, and HCBF, which provided specific details regarding the PCMTF and the role and responsibilities of HCBF (Transmittal 1). While the TraPac MOU has expired, the terms of the Operating Agreement will remain in effect for projects designated on TraPac MOU Exhibit B that have EIRs certified by May 19, 2016. Moreover, HCBF will continue to administer the PCMTF until it is completely spent. As stated in the Operating Agreement, use of the PCMTF by HCBF shall be subject to rules, restrictions, compliance, and monitoring imposed by the TraPac 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.

Progress of HCBF - HCBF's specific purpose in its Bylaws is "...providing mitigation projects related to impacts from operations at the Port of Los Angeles and in accordance with ...the TraPac MOU..." To that end, HCBF's mission includes to assess, protect, and improve the health, quality of life, aesthetics, and physical environment effects of the Port on the harbor communities of San Pedro and

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Wilmington. Since HCBF's inception, the organization has built a strong relationship with both the community and the Harbor Department to fulfill its duties as the operator of the PCMTF. During 2013, programs have been established regarding noise mitigation in schools, an air filtration program with Los Angeles Unified School District (LAUSD) and South Coast Air Quality Management District (AQMD), and a land use study.

HCBF also successfully launched a Healthcare Grant Program (Healthy Harbor Grants), which targeted three healthcare priorities: education, diagnosis and treatment, and pharmaceuticals and supplies. Organizations with initiatives that improve the health and wellness of the residents of San Pedro and Wilmington were encouraged to apply. In 2012, four grants were awarded for a total of \$350,000 in grant funding during Round 1. In 2013, 6 grants were awarded for a total amount of \$450,000 for Round 2. HCBF used an evidence based approach to grant making and assessing programs on their ability to produce measurable health benefits. Information regarding individual projects and project activity is described in Transmittal 3.

On September 20, 2013, the HCBF Board of Directors approved the announcement of the availability of \$550,000 for Round 3 of the Healthy Harbor Grants. The review period for Round 3 applications began on November 22, 2013 and awards will be announced in early 2014.

Community Benefit Grant Program – On June 28, 2013, the HCBF Board of Directors approved the announcement of \$500,000 in funding for a Community Benefit Grant pilot program and formed an ad-hoc Grant Review Committee. In July 2013, HCBF launched a Community Benefit Grant Program. Based on funding priorities identified in the approved HCBF 2013-2016 Strategic Plan, the pilot program was developed to fund programs and projects that address Port-related impacts on aesthetics, air quality, biological resources, cultural resources, health risk and land use for San Pedro and/or Wilmington communities through community benefits in one or more of the five following areas: beautification, education/training, safety, employment opportunities, and community initiatives.

On September 20, 2013, HCBF staff received 62 applications for HCBF's competitive program with requests totaling over \$3.2 million. An initial review of proposals was performed by the ad-hoc Grant Review Committee (Committee), comprised of three HCBF Board of Director members, to determine eligibility and responsiveness. Grant proposals were grouped into four major themes: 1) Green Space, Beautification & Community Initiatives 2) Education 3) Career Development and 4) Other Port-Related Impacts. A second review was performed by the ad-hoc Grant Review Committee and HCBF staff, where each proposal was reviewed and evaluated based on criteria listed in HCBF's Grant Proposal Evaluation form. In a final review by both the Grant Review Committee and HCBF staff, 19 program applicants were selected for recommendation to receive a Community Benefit Grant award. Proposals were considered using a Grant

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Proposal Evaluation framework that combined quantitative scoring with qualitative assessment of various program criteria including: addressing a demonstrated need, program uniqueness, partnerships, budget, sustainability, programs evaluation tools, and organizational capacity.

On November 15, 2013 the HCBF Board of Directors approved the ad-hoc committee recommendations for funding through the pilot program. Of the projects selected to receive a grant award, \$6,000 will be awarded to the Cabrillo Marine Aquarium to fund a wetlands internship program, resulting in an amended program total of \$506,000.

HCBF is proposing a diverse selection of projects that will address Port-related impacts and contribute to improving the quality of life, aesthetics, and physical environment of the San Pedro and Wilmington communities. HCBF has included for each of the 19 grant proposals recommended for approval, a Project-specific Tidelands nexus statement that includes a description of the Port-related impacts and how the proposed project will address, reduce or eliminate such impacts, as required by Section 5.B.iv of the Operating Agreement. A comprehensive list of projects is attached as Transmittal 4. The distribution of grant funding for San Pedro and Wilmington is relatively equitable, as eight awards, totaling 37% of the funds, serve San Pedro, six awards, totaling 32% of grant funds, serve Wilmington, and 5 awards, which total 30% of the grant funds, serve both communities.

Each Community Benefit Grant recipient will be required to complete and execute a Grant Agreement with HCBF (Transmittal 5). To ensure PCMTF funds are used properly and to their full potential, HCBF will require that all recipients provide a mandatory six-month progress report that includes program goals, activity, achievements, challenges, and quantitative data regarding project budget and the progress of their respective programs (Transmittal 6). Any funds that have not been fully expended shall be returned to the PCMTF so that it may be allocated for future project proposals.

In accordance with the Operating Agreement, HCBF is requesting approval of a PCMTF transfer to fund the first round of HCBF Community Benefit Grants (Transmittal 7). This program funding request is separate and in addition to the Board approved Calendar Year 2014 HCBF Operating Budget. Upon Board approval of the Community Benefit Grant pilot program, \$506,000 will be transferred from the PCMTF to HCBF, for a total allocation of \$1,491,000 in combined programs for Noise Mitigation (\$185,000), Healthy Harbor Grants (\$800,000) and Community Benefit Grants (\$506,000) to date.

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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 trustees 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 19 proposed HCBF Community Benefit Grants based on these factors.

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**ENVIRONMENTAL ASSESSMENT:**

The proposed action is of a PCMTF request to use HCBF money to award grants to projects selected under the new Community Benefit Grants Program. 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:**

Spending under the proposed grants is estimated to have minimal employment impact, supporting less than ten full-time equivalent direct and secondary jobs in the five-county region.

**FINANCIAL IMPACT:**

On September 30, 2013, the PCMTF balance was \$7,780,671. On November 21, 2013, the Board approved a transfer from the PCMTF for the HCBF 2014 Calendar Year Operating Budget in the amount of \$475,000, which does not include funding for grants. The requested \$506,000 is in addition to the previously approved \$475,000 PCMTF transfer and 100% of program funds will be transferred to the grantees as required program thresholds are met. Upon Board approval, \$506,000 will be transferred from J.P. Morgan Private Bank to HCBF for Round 1 of the Community Benefit Grants Program for a total of \$981,000 in PCMTF funds transferred to HCBF for calendar year 2014, resulting in a new PCMTF balance of \$6,799,671, excluding market changes and administrative fees.

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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.

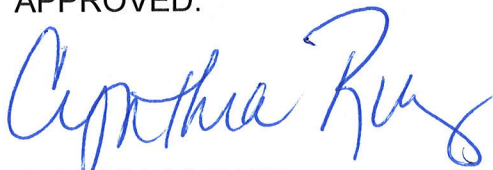
**TRANSMITTALS:**

1. Operating Agreement to the TraPac MOU
2. TraPac MOU
3. HCBF Healthy Harbor Grants Report
4. HCBF Grant Summaries
5. HCBF Grant Agreement
6. Mandatory Six-Month Progress Report
7. HCBF Community Benefit Grant Program and PCMTF Transfer Request

FIS Approval:   *KP*   (initials)

CA Approval:                      (initials)

APPROVED:



CYNTHIA M. RUIZ  
Deputy Executive Director, External Relations



GARY LEE MOORE, P.E.  
Interim Executive Director

GLM/CMR/EZ