



**HARBOR COMMUNITY  
BENEFIT FOUNDATION**

To: Gene Seroka, Executive Director of the Harbor Department  
Theresa Adams-Lopez, Port of Los Angeles  
From: Meghan Reese, HCBF  
Executive Director Gisele Fong, HCBF Board President  
Date: October 26, 2021  
Re: Air Quality Mitigation Fund- 2021/2022 Annual Budget Report

### **AQMF 2021 Annual Review / 2022 Annual Budget Report**

#### **SUMMARY**

Harbor Community Benefit Foundation (HCBF) submission, **to RECEIVE AND FILE**, of the annual Air Quality Mitigation Fund (AQMF) Annual Review for 2021 and the HCBF Board approved Budget for calendar year 2022 in the amount of **\$56,110**, including technical consultant costs, marketing and outreach, dedicated staff hours and administrative costs.

#### **ANNUAL REPORTING REQUIREMENTS**

**The purpose of this transmittal is to satisfy the annual reporting requirements of the Memorandum of Agreement.** Pursuant to Section 5.h.

“HCBF shall provide to the Executive Director of the Harbor Department an accounting of the annual administrative costs (no less than 6 months accrued, and no more than 6 months projected), coupled with an annual budget and funding request for the anticipated administrative costs for the subsequent year.”

#### **RECOMMENDATION TO THE EXECUTIVE DIRECTOR OF THE HARBOR DEPARTMENT:**

**RECEIVE AND FILE** the **Annual AQMF Report** for the period ending December 31, 2021, and the **AQMF Admin Budget** for calendar year 2022, in satisfaction of the Annual Reporting Requirements, pursuant to Section 5.h of the **Memorandum of Agreement** among the City of Los Angeles acting through the Board of Harbor Commissioners, the Harbor Community Benefit Foundation (HCBF), and the China Shipping Petitioners regarding the independent Air Quality Mitigation Program required by the China Shipping Amended Stipulated Judgment.

#### **HCBF BOARD ACTIONS**

**On October 22, 2021 the HCBF Board of Directors, by resolution:**

##### **Resolved to:**

- 1) **Approve the transfer of \$32,500** from the Bank of America AQMF Admin account to the HCBF Operations account for allowable allocated expenses for 2021 and
- 2) **Approve the 2022 AQMF Budget** in the amount of **\$56,110**, authorizing submission of the detailed budget report to the Board of Harbor Commissioners, pursuant to Section 5.h of the Memorandum of Agreement.

## FUNDING REQUIREMENTS

HCBF has sufficient funds in the Bank of America AQMF Administrative Account to fully fund the 2022 Budget, **thus will not be submitting** a request to transfer funding to the City of Los Angeles.

## HISTORY

On June 14, 2004, the City and Petitioners became bound by the Amended Stipulated Judgment (“ASJ”) to settle the case of Natural Resources Defense Council, Inc., et al. v. City of Los Angeles, et al., Los Angeles County Superior Court Case No. BS 070017, a case brought by Petitioners challenging the environmental impact report and related findings for the China Shipping Container Terminal Project at Berths 99-109 (“the China Shipping Project”).

The Parties executed the **Memorandum of Agreement** among the City of Los Angeles acting through the Board of Harbor Commissioners, the Harbor Community Benefit Foundation (HCBF), and the China Shipping Petitioners regarding the independent Air Quality Mitigation Program required by the China Shipping Amended Stipulated Judgment.

On October 24, 2016 the BOHC approved \$5,226,944 in settlement funds to be disbursed to an independent Air Quality Mitigation Program, to be administered by HCBF for the reduction of Port-related air emissions, herein referred to as the “Air Quality Mitigation Fund”, or “AQMF”.

On November 30, 2016 the BOHC approved an advance of administrative costs of \$250,000 to HCBF from the AQMF special program account, to administer development and issuance of the initial Requests for Proposal, in accordance with Section 5.g.i. Initial Payment, also referred to as “Administrative Funds.” The Administrative Funds, held by Bank of America, are maintained in a separate account, managed solely by HCBF.

In February 2017, \$5,075,176 (inc. interest and dividends) were transferred from the City to an account managed by HCBF. Disbursements from the Trust fund are reviewed and approved jointly by HCBF and the Board of Harbor Commissioners.

## 2021 AQMF BUDGET REVIEW

The approved China Shipping AQMF Budget for calendar year 2021 was **\$83,156 as reflected in the attached Annual Review, actual expenditures equaled \$42,344** with a 3-month forecast through 12/31/2021. Supporting data can be found in the attached tables:

- 1) 2022 DRAFT AQMF Budget compared to 2021 Actual Expenses (9-mo) plus 3-month forecast.
- 2) AQMF ANNUAL REVIEW: Budget VS Actual (9 mo + 3 mo estimate) as of 9/30/21
- 3) AQMF Activity 2019 through 8/31/2021 (actual) with forecast through 12/31/2021

## 2022 AQMF PROPOSED BUDGET

The HCBF Board Approved Air Quality Mitigation Fund (AQMF) Administration Budget for calendar year 2022, in the amount of \$56,110, includes anticipated technical consultant costs, marketing and outreach, dedicated staff hours and administrative costs, as detailed in the attached Annual Review. The HCBF Board approved 2022 admin budget equals \$27,046 less than the approved 2021 Budget of \$83,156. As shown, the HCBF Board anticipates active administration of the ongoing Air Quality Mitigation grant program, with an estimated award of competitive grant funds in the amount of \$2 million.

**BOARD OF HARBOR COMMISSIONERS**

Upon approval by the HCBF Board of Directors, the 2021 Annual Review and the 2022 AQMF budget will be submitted to the Board of Harbor Commissioners, with a request to receive and file.

**At this time, HCBF has sufficient funds in the Bank of America AQMF Administrative Account to fully fund the proposed 2022 Budget, thus will not be submitting a funding request to the City of Los Angeles at this time.**

<b>Compared to Total Budget of HCBF</b>						
<b>HCBF Operations</b>	<b>2021 Operating Budget</b>	<b>Actual HCBF Ops 9/30/21 (9 mo)</b>	<b>Forecast Q4/2021 (3 months)</b>	<b>Annual 2021. (9 mo actual + 3 mo forecast)</b>		<b>Variance from 2021 Budget</b>
Payroll Expenses	\$ 230,560.00	\$ 165,520.69	60,620.48	\$ 226,141.17	2	\$ 4,418.83
Indirect Costs	\$ 23,632.00	\$ 15,871.77	9,674.76	\$ 25,546.53	3	-\$ 1,914.53
Tech Consultant	\$ -			\$ -		
Accounting	\$ 25,750.00	\$ 31,986.26	1,950.00	\$ 33,936.26		-\$ 8,186.26
Insurance	\$ 4,409.00	\$ 2,030.44	676.81	\$ 2,707.25		\$ 1,701.75
Legal	\$ 6,000.00	\$ 4,325.00	1,500.00	\$ 5,825.00		\$ 175.00
Marketing	\$ 1,120.00	\$ 1,175.84	391.95	\$ 1,567.79		-\$ 447.79
<b>TOTAL</b>	<b>\$ 291,471.00</b>	<b>\$ 220,910.00</b>	<b>74,814.00</b>	<b>\$ 295,724.00</b>		<b>-\$ 4,253.00</b>
<b>Allocations based on hours dedicated by staff and contract labor</b>						
HCBF Labor and Payroll Expenses (Actual 9 mo Forecast 3) through 12/31						\$ 226,141.17
Dedicated Hrs as a Percentage of Annual Staff & Contract Labor, rounded						<b>11%</b>
<b>Total Due to HCBF for Admin of AQMF, based on agreement</b>						
Dedicated Labor and Payroll Expenses		Allocated to Program				\$ 25,052.00
Indirect Costs to be Allocated to AQMF						\$ 2,798.00
Accounting						\$ 3,250.00
Insurance						\$ 510.00
Legal						\$ 720.00
Marketing						\$ 170.00
<b>Total Due to HCBF for Admin of AQMF</b>						<b>\$ 32,500.00</b>
<b>Detail: Indirect Costs</b>		<b>Actual As of 9/30/21</b>	<b>Forecast (3 mo)</b>			<b>2021 Total</b>
6100 Office Expenses		3,599.35	1,162.46			\$ 4,761.81
6105 Rent		8,862.61	2,792.55			\$ 11,655.16
6200 Dues & Subscriptions		359.81	119.75			\$ 479.56
6600 Meetings, Meals						\$ -
6902 Consultants		3,050.00	5,600.00			\$ 8,650.00
6950 Taxes		-	-			\$ -
6960 Travel		-	-			\$ -
<b>Total Occupancy and Overhead</b>		<b>\$ 15,871.77</b>	<b>\$ 9,674.76</b>			<b>\$ 25,546.53</b>

<b>2022 AQMF BUDGET compared to 2021 - HCBF Board approved</b>						
<b>FOR DISCUSSION PURPOSES</b>						
<b>Categories</b>	<b>HCBF Board Approved 2022 Budget</b>	<b>2022 Expenses to be Paid Directly</b>	<b>AQMF allocation for HCBF Admin</b>	<b>Approved 2021 BUDGET</b>	<b>Variance (2022 Minus 2021)</b>	<b>Budget Notes</b>
Staff & Contract Labor	\$ 25,052.00		\$ 25,052.00	\$ 28,000.00	-\$ 2,948.00	
Indirect Costs	\$ 2,798.00		\$ 2,798.00	\$ 4,700.00	-\$ 1,902.00	
Tech Consultant	\$ 20,000.00	\$ 20,000.00		\$ 43,156.00	-\$ 23,156.00	2022 Contract anticipated
Accounting	\$ 3,250.00		\$ 3,250.00	\$ 3,200.00	\$ 50.00	
Insurance	\$ 510.00		\$ 510.00	\$ 600.00	-\$ 90.00	
Legal	\$ 2,000.00	\$ 1,280.00	\$ 720.00	\$ 1,500.00	\$ 500.00	Legal review of New Contracts
Marketing	\$ 2,500.00	\$ 2,330.00	\$ 170.00	\$ 2,000.00	\$ 500.00	Solicitation for Grant Applications
<b>TOTAL</b>	<b>\$ 56,110.00</b>	<b>\$ 23,610.00</b>	<b>\$ 32,500.00</b>	<b>\$ 83,156.00</b>	<b>-\$ 27,046.00</b>	
<b>2021 AQMF BUDGET compared to 2021 Actual Expenses (9 mo) with 3 mo Forecast</b>						
<b>2021 APPROVED AQMF BUDGET compared to ACTUAL</b>						
<b>Categories</b>	<b>Approved 2021 Budget</b>	<b>Estimated Direct Paid</b>	<b>Estimated AQMF allocation for HCBF Admin</b>	<b>Actual Expenses in 2021</b>	<b>Variance (Budget 2021 Minus Actual)</b>	<b>Budget Notes</b>
Staff & Contract Labor	\$ 28,000.00		\$ 28,000.00	\$ 25,052.00	\$ 2,948.00	
Indirect Costs	\$ 4,700.00		\$ 4,700.00	\$ 2,798.00	\$ 1,902.00	
Tech Consultant	\$ 43,156.00	\$ 43,156.00		\$ 9,844.00	\$ 33,312.00	Efforts Delayed by COVID
Accounting	\$ 3,200.00		\$ 3,200.00	\$ 3,250.00	-\$ 50.00	
Insurance	\$ 600.00		\$ 600.00	\$ 510.00	\$ 90.00	
Legal	\$ 1,500.00		\$ 1,500.00	\$ 720.00	\$ 780.00	
Marketing	\$ 2,000.00		\$ 2,000.00	\$ 170.00	\$ 1,830.00	
<b>TOTAL</b>	<b>\$ 83,156.00</b>	<b>\$ 43,156.00</b>	<b>\$ 40,000.00</b>	<b>\$ 42,344.00</b>	<b>\$ 40,812.00</b>	

### Administrative Funds – RECAP (2017 to 2022)

HCBF received an advance of Admin Funds in 2017 in the amount of \$250,000 to launch and oversee the initial stages of the Air Quality Grant program including engagement of technology experts, 3Cotech. Allowable allocated expenses for 2021 to be reimbursed to HCBF from the Administrative Account equates to **\$32,500**, to be combined with **estimated direct costs of \$23,610 for a total funding of \$56,110** as shown below:

AQMF ADMINISTRATIVE ACCOUNT			BALANCE
	Tech Experts	HCBF Admin	
<b>2017 Advance Received</b>			<b>250,000.00</b>
2017 Allocated Expenses		2,750.00	
2018 Direct Expenses	32,942.00		
2018 Allocated Expenses		30,083.79	
2019 Direct Expenses	51,329.00		
2019 Allocated Expenses		31,089.00	
2020 Direct Expenses (12/31)	8,301.00		
2020 Allocated Expenses		30,485.00	
2021 Direct Expenses (09/30/2021)	4,505.00		
<b>SUBTOTALS</b>	<b>97,077.00</b>	<b>94,407.79</b>	<b>191,484.79</b>
AVAILABLE BALANCE AS OF 9/30/21			<b>58,515.21</b>
Projected Totals			
2021/2022 BUDGET approved by HCBF Board	23,610.00	32,500.00	<b>56,110.00</b>
<b>ESTIMATED Funds Balance as of 12/31/2022</b>	<b>120,687.00</b>	<b>126,907.79</b>	<b>2,405.21</b>

Additional details can be found in the attached reports.

#### **AQMF Trust Fund - 2019/2021 GRANTS**

In 2018, the Air Quality Mitigation Fund (AQMF) was transferred from the Port of Harbor Commissioners to HCBF, to provide approximately **\$5 million** for projects to **reduce port-related air emissions in the San Pedro Bay area**. Projects funded by the AQMF must demonstrate achievable and quantifiable emissions reduction in San Pedro and Wilmington, within a **25-mile** boundary of the San Pedro Bay.

Launched in 2018, in Round 1, HCBF announced the availability of funding for demonstration or implementation zero emissions technologies, near-zero emissions technologies, or emission reduction technologies. Approved by HCBF and by the Board of Harbor Commissioners in November 2019, **a grant, in the amount of \$823,050 to Effenco** was approved for rapid deployment of the electric active STOP-START technology system, which provides zero-emission operation of yard tractors when equipment is idling.

This technology will be tested at the Yusen Terminal. Following is a detailed report of trust fund activity.

**Harbor Community Benefit Foundation**  
**Air Quality Mitigation Funds**  
**Grant And Administrative Commitments thru 12/31/2022**

**REVISED 10/27/2021**

Bank of America: Administrative Fund	Received	Disbursed	HCBF Admin Fees	Balance
<b>Beginning AQMF Admin Funds Balance as of 12/31/2020</b>				93,505.21
Administrative Funds transferred to HCBF for prior reporting period				
Administrative Funds (HCBF reimbursed for 2020)			(30,485.00)	
AQ Consultants paid Directly 1/1/2021 thru 09/30/2021	(4,505.00)			
Total Disbursements through 12/31/19	(4,505.00)	-	(30,485.00)	(34,990.00)
<b>AQMF Administrative Account Cash Balance Reconciled as of 09/30/21</b>				58,515.21
Air Quality Grant Awarded 2019, funded from Trust Account	823,050.00			
Disbursements to Grantees 2019 (installment)		(316,000.00)		
Disbursements to Grantees 2020 (installment)		(316,000.00)		
Grants Awarded but not Disbursed Pending Milestones/	823,050.00	(632,000.00)		191,050.00
<b>Total AQMF Cash Account (Reconciled 9/30/2021)</b>			(249,565.21)	<b>249,565.21</b>
Committed Funds (pending disbursements) as of 12/31/2021		(191,050.00)		(191,050.00)
<b>AQMF Admin Account Available Funds as of 12/31/2021 (estimated)</b>				<b>58,515.21</b>
<b>Annual Budget 2022</b>				<b>56,110.00</b>
Administrative Funds to be transferred to operations (HCBF reimbursed for 2021)			(32,500.00)	
Anticipated Direct Costs in 2022			(23,610.00)	
<b>AQMF Admin Account Available Funds as of 12/31/2022 (estimated)</b>				<b>2,405.21</b>

California Community Foundation (CCF) Trust Fund as of 9/30/2021	Grants Disbursed	Loss/Gain	Management Fees to CCF	Balance
<b>Air Quality Mitigation Fund</b>				
<b>Balance as of 12/31/18</b>				<b>5,075,175.50</b>
<b>2019: Fund Activity</b>				
Annual Management Fees pd to CCF through 12/31/19			- 24,455.00	
Annual Dividends and Interest through 12/31/19		124,868.00		
Annual Market Value Change through 12/31/19		- 1,348.00		
<b>Subtotal Investment Activity 2019</b>		123,520.00	- 24,455.00	99,065.00
<b>AQMF grants AWARDED (November 2019)</b>	- 823,050.00			- 823,050.00
<b>Balance as of 12/31/19, audited</b>				<b>4,351,190.50</b>
<b>2020: Fund Activity</b>				
Annual Management Fees pd to CCF through 12/30/20			- 20,576.01	
Annual Dividends and Interest through 12/31/2020		58,076.41		
Annual Market Value Change through 12/31/2020		- 14,316.19		
<b>Subtotal, Investment Activity 2020</b>		43,760.22	- 20,576.01	23,184.21
<b>Balance as of 12/31/20, audited</b>				<b>4,374,374.71</b>
<b>2021: Fund Activity Year-To-Date</b>				
Management Fees pd to CCF through 09/30/21 (9 months)			- 15,099.97	
Dividends and Interest through 09/30/2021 (9 months)		17,840.48		
Market Value Change through 09/30/2021 (9 months)		- 11,508.94		
Subtotal, Investment Activity 2021 (9 months)		6,331.54	- 15,099.97	- 8,768.43
<b>Balance as of 09/30/2021 reconciled</b>			4,366,315.89	<b>4,365,606.28</b>