



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

**DATE: MARCH 11, 2015**

**FROM: EXECUTIVE OFFICE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF HARBOR COMMUNITY BENEFIT FOUNDATION'S COMMUNITY HARBOR SCHOOLS STEAM GRANTS PILOT PROGRAM, COMMUNITY BENEFIT GRANTS ROUND 2, AND THE TRANSFER OF PORT COMMUNITY MITIGATION TRUST FUNDS**

**SUMMARY:**

The Port Community Mitigation Trust Fund (PCMTF) was established 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, and is responsible for identifying qualifying projects to receive grant funding from the PCMTF with concurrence by the Board of Harbor Commissioners (Board).

HCBF Board of Directors has selected 21 projects to receive PCMTF funds. Through the Harbor Schools Science, Technology, Engineering, Art, and Math Initiative (STEAM) pilot program, 18 projects will benefit 18 organizations, with an equal funding distribution of \$300,000 between San Pedro and Wilmington. Additionally, three final projects will receive a total of \$50,000 through the Community Benefit Grants Round 2 Program. All proposed projects have a clear Tidelands nexus and will mitigate, reduce, and address the Port of Los Angeles' (Port) impact on the communities of Wilmington and/or San Pedro.

HCBF's request is in accordance with the requirements of the TraPac Memorandum of Understanding (MOU) and TraPac MOU Operating Agreement (Operating Agreement). Upon approval, \$350,000 will be transferred from the PCMTF to HCBF for 21 total grant awards that will be equally dispersed between the communities of San Pedro and Wilmington. 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 the Harbor Department will be required to fund this request.

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**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Approve Harbor Community Benefit Foundation's selection of 21 projects to receive awards from the Harbor Schools STEAM Initiative and Community Benefit Grant Program Round 2, funded by the Port Community Mitigation Trust Fund;
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 \$350,000 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 and the TraPac Appellants to resolve an appeal of the certification of the EIR/EIS for the TraPac Container Terminal Project (TraPac) to the Los Angeles City Council. At that time the Board chose to enter into a MOU with the TraPac Appellants that included not only the resolution of the appeal on the TraPac EIR/EIS but also other forthcoming environmental documents as was considered at that time. This MOU established a mechanism for calculation and payment by the Harbor Department of funds to be designated for mitigation projects consistent with the Tidelands Trust (Trust) purposes of the Harbor Revenue Fund. 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 serves as an extension of the TraPac MOU and provides specific details regarding the PCMTF and the role and responsibilities of the nonprofit entity. The terms of the Operating Agreement will remain in effect as long as there is balance in the PCMTF. The PCMTF is funded primarily by contributions from the Harbor Department for growth in container volumes associated with projects designated in TraPac MOU Exhibit B that have EIRs certified by May 31, 2016. No additional contributions are anticipated until fiscal year 2016, which \$773,500 is anticipated to be budgeted.

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Use of the PCMTF by HCBF is subject to rules, restrictions, compliance, and monitoring imposed by the 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 as well as approval as to form and legality by the Office of the City Attorney. As of December 2014, the balance of the PCMTF was \$4,870,948.

HCBF Role and Responsibilities - HCBF is an independent legal entity that serves Port stakeholders 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 until all parties agree to dissolve the Operating Agreement without renewing the TraPac MOU.

Proposed Grants - 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 two competitive grant programs: Community Benefit Grants and Healthy Harbor Grants for a total community investment of \$2,611,000. HCBF is seeking Board concurrence in the new STEAM initiative, a third competitive grant program aimed at providing enhanced maritime-related educational opportunities, and in three Community Benefit Grant Round 2 projects.

HCBF released the pilot round of the Harbor Schools STEAM Initiative on August 19, 2014, announcing the availability of \$300,000, to equally benefit the communities of Wilmington (\$150,000) and San Pedro (\$150,000). STEAM grants will fund programs aimed at providing students with maritime-related educational enrichment. A total of 31 proposals were received and considered. With guidance from the HCBF Board of Directors' ad hoc grant review committee, 18 proposals were recommended and received final HCBF Board approval on February 3, 2015.

Included in this request are three remaining grant proposals from the August 15, 2014 HCBF Board action approving Community Benefit Grants Round 2. Funding for 20 of the 23 Round 2 grants was approved by the Board of Harbor Commissioners and transferred from the PCMTF in late 2014. At the time, three grant proposals were under

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continuing HCBF review. Through collaborative efforts between HCBF and the three grantees, the remaining projects totaling \$50,000 (\$35,000 for Wilmington and \$15,000 for San Pedro) also received final HCBF Board approval on February 3, 2015. With this Board approval, the combined funding in Community Benefit Grants Round 2 will be evenly distributed (50/50), as well, to the benefit of the two communities.

The recommended STEAM and Community Benefit projects conform to requirements of the TraPac MOU and Operating Agreement and Tidelands Trust. A combined total of 21 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 February 3, 2015 Memorandum to the Harbor Department (Transmittal 1).

PCMTF Disbursement of Funds – Upon Board approval, a single transfer from the PCMTF to HCBF in the amount of \$350,000 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 twelve 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 (Transmittal 2).

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.

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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 18 HCBF STEAM Grants and three Community Benefit Round 2 Grants based on these factors.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval to transfer funds from the PCMTF for 21 projects through the STEAM pilot program and the Community Benefit Grant Round 2 Program. The projects involve educational and training programs at various existing schools and institutions in Wilmington and San Pedro. 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:**

This Board action will have no employment impact.

**FINANCIAL IMPACT:**

Approval of the Harbor Schools STEAM Initiative and Community Benefit Grants Program Round 2 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. As of December 14, 2014, the PCMTF balance, managed by J.P. Morgan Private Bank, was \$4,870,948. Upon Board approval, a lump sum of \$350,000 will be transferred from the PCMTF to HCBF, and the new PCMTF balance will be \$4,520,948.

The requested \$350,000 for the pilot STEAM Grant Program and final Community Benefit Grant Program Round 2 awards is in addition to previously approved PCMTF transfers for the HCBF 2015 Calendar Year Operating Budget (\$482,000). If approved, a total allocation of \$3,261,000 towards combined programs for Noise Mitigation (\$185,000), Healthy Harbor Grants (\$1,350,000) and Community Benefit Grants (\$1,076,000 plus \$50,000 for this request), and a Land Use Study (\$300,000) will have been made to date (Transmittal 3). Upon the transfer of funds, HCBF will be financially

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responsible for the current proposed projects and for the disbursement of funds as required program thresholds are met.

**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.

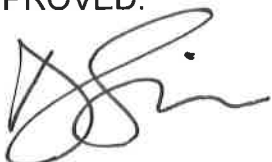
**TRANSMITTALS:**

1. HCBF Harbor Schools STEAM Initiative, Community Benefit Grant Round 2, and PCMTF Transfer Request
2. HCBF Community Benefit Grant Agreement
3. PCMTF Grant Funding Summary

FIS Approval: MB (initials)

CA Approval: CP (initials)

APPROVED:



DOANE LIU  
Deputy Executive Director



EUGENE D. SEROKA  
Executive Director

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