



To: Theresa Adams-Lopez, Port of Los Angeles
From: Meghan Reese, HCBF Executive Director
Gisele Fong, HCBF Board President
Date: October 30, 2020
Re: HCBF 2020 / 2021 Annual Operations Budget &
PCMTF Transfer

SUMMARY

Harbor Community Benefit Foundation (HCBF), an independent Non-Profit organization based in San Pedro, administers the Port Community Mitigation Trust Fund (PCMTF), a fund developed as a result of the 2008 settlement of the appeal of the Port of Los Angeles TraPac terminal expansion project.

Pursuant to the TraPac Memorandum of Understanding (TraPac MOU) Operating Agreement (the "Agreement") between the City of Los Angeles acting by and through the Port of Los Angeles Board of Harbor Commissioners (BOHC), the TraPac Appellants, and HCBF, the settlement funds are administered by HCBF and are held by an independent financial manager (J.P. Morgan Private Bank).

Section 5C.iv. and 5.F. of the Agreement require the non-profit to submit a detailed budget and report to the BOHC, on an annual basis, regarding funding for its projects and its annual administrative needs. Those portions of the nonprofit's annual administrative budget that are funded by the PCMTF shall be reviewed and approved by the BOHC prior to the release of any funds from the PCMTF to the Nonprofit.

HCBF hereby submits this request for a transfer of funds from the PCMTF in the amount of \$232,491 to HCBF's operating account, to fully fund HCBF's 2021 Annual Budget.

OPERATING BUDGET REQUEST

The approved annual Budget for 2020 was \$313,795. Based on actual spending through 9/30/20 of \$211,098 plus 3 months forecast of \$74,202 for a total of \$285,300. This results in an estimated administrative accounts carryforward savings for the year ending December 31, 2020 equal to \$28,495 [313,795 minus \$285,300 = 28,495].

Savings of \$28,495 plus a simultaneous request to transfer of \$30,485 for 2020 Allocated Expenses from AQMF, results in an administrative need of **\$232,491 to fully fund the 2021 Operations budget** (\$28,495 + 30,485 + 232,491 = 291,471) to be submitted to the City of Los Angeles, Board of Harbor Commissioners.

Harbor Community Benefit Foundation requests that the Board of Harbor Commissioners:

1. Review and consider the Harbor Community Benefit Foundation Calendar Year 2021 Operating Budget in the amount of \$291,471 (including a carry forward of \$28,495 and an AQMF reimbursement of \$30,485).
2. Approve a distribution of \$232,491 from the PCMTF to HCBF for the funding of its 2021 annual administrative needs; and
3. Authorize the Port of Los Angeles Executive Director, or its designee, to execute a joint letter with

HCBF, to implement the distribution of funds by the independent financial manager, JP Morgan Private Bank, in one lump sum payment of \$232,491, from the Port Community Mitigation Trust Fund to the Harbor Community Benefit Foundation.

HCBF BOARD ACTIONS

On October 23, 2020 the HCBF Board of Directors Resolved to:

1. Approve and adopt the 2021 HCBF Operating Budget totaling **\$291,471**;
2. Authorize the HCBF Executive Director to carry forward anticipated unused funds, in the amount of \$28,495, from the 2020 operating budget to be combined with a transfer of \$30,485 from the AQMF Administrative Funds on hand, as approved in a separate board action.
3. **Authorize the HCBF Executive Director to**
 - a) Present the 2021 annual operating budget in the amount of \$291,471 to the Los Angeles Board of Harbor Commissioners (BOHC), **requesting concurrent approval of the transfer of \$232,491 from the PCMTF to HCBF to sufficiently fund the 2021 annual operating budget; and**
 - b) Execute a joint letter with the BOHC, or its designee, to authorize JP Morgan Private Bank to distribute funds in one lump sum transfer from the PCMTF to HCBF, in an amount not-to-exceed **\$232,491**, to sufficiently fund the administrative needs of its 2020 annual operating budget.

CALENDAR YEAR 2020 and 2021 OPERATING BUDGET

Attached are the following three reports:

1. Budget Overview: 2021 DRAFT HCBF Budget
2. 2020 Budget vs. 9 mo. Actuals with 3 mo. Forecast (2 pages)
3. Port Community Mitigation Trust Fund Activity 12/31/2019 thru 09/30/2020

Budget Overview: 2021 DRAFT HCBF Budget

The 2021 Quarterly Budget closely mirrors expenses incurred in 2020. The proposed total is \$291,471, compared to \$285,300 in 2020, an increase of \$6,171, or 2.16%. The insignificant increase is found in payroll expenses in the form of a small annual cost of living increase for support staff and communications interns. No increase in salary is recommended for management.

2020 Budget vs. 9 mo. Actuals with 3-month Forecast (2 pages)

The approved budget in 2020 was **\$313,795**. Actual Expenses through 9/30/2020 equaled \$211,098, forecast expenses for Q4 equals \$74,202, for an **adjusted total of \$285,300**, a savings of **\$28,495**.

During 2020, in response to the pandemic, the HCBF Board elected **not** to meet in person, relying instead upon technology to meet virtually. Pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020 "no physical location will be accessible for public meeting or public comments." As a consequence, COVID-19 driven actions achieved unexpected savings of \$28,495 in legal fees, travel expenses, and payroll expenses by year-end.

Functional Expense Highlights:

For the year ending 12/31/2020 a savings of \$28,495 is anticipated, including but not limited to the following:

- 6100 - Office Expenses: savings \$2,461
- 6105 - Rent/Occupancy: on target, includes utilities
- 6200 - Dues & Subscriptions: savings \$2,126, did not renew SoCal Grantmakers membership
- 6500 - Marketing/Outreach: savings \$2,545, Promotions delayed due to COVID-19
- 6804 - Staff Development: savings \$1,580, Did not use due to COVID-19

6900 - Professional Fees: savings \$10,203, due to COVID-19, unable to gather in public, program delays reduced legal fees. significant change.

6960 - Travel & Conferences: savings \$6,338 Includes cancelled management travel and conference expenses

Exclusions to The Administrative Budget:

All trust fund income and expenses are paid directly to and/or from the fund. Hence, there are no projections for investment income, or expenses, reflected in the HCBF operating budget. As stewards of the trust fund, HCBF closely monitors its performance, and reconciles all PCMTF activity in its internal financial statements.

Grant funding is not reflected in the Operations Budget. Worthy of note, in 2020, HCBF released a total of \$20,500 in Discretionary Funds in the form of the Harbor Community COVID-19 Relief Fund for the benefit of the communities of San Pedro and Wilmington for pandemic related needs. Recipients included six local nonprofit organizations. HCBF discretionary funds are not associated with the Port Community Mitigation Trust Fund (PCMTF), and proposed projects were not required to relate to port impacts or mitigation.

Port Community Mitigation Trust Fund Activity 12/31/2019 thru 09/30/2020

The following table provides the account balance, through 9/30/2020, based on reconciled, unaudited, statements.

JP Morgan - PCMTF Account Balance Summary	
Beginning Balance (as of 12/31/19)	1,899,771
Contributions	
Withdrawals	(222,966)
Management Fees	0
Interest & Dividends Reinvested	18,640
Change in Investment Value	2,385
Net Increase (ex. Withdrawals)	21,025
Ending Market Value (as of 9/30) unaudited	1,697,830

The following table provides a summary of Grants and Studies funded since the trust fund was established. Pending Grants and HCBF Admin Needs for 2021 (this request) are included. The Subtotal as of 12/31/20 **does not include** a forecast of 4th quarter dividends, interest, loss/gain.

PCMTF-funded Grants and Studies	STUDIES	GRANTS	TOTALS
Off Port Impacts Study	300,000		
Healthy Harbor Grants (5 rounds)		2,168,000	
STEAM Pilot Program		300,000	
Wilmington and San Pedro Noise Study	290,270		
Community Benefit Grants (6 rounds)		3,278,206	
Total Grants and Studies through 9/30/20	590,270	5,746,206	6,336,476
PCMTF Account Balance as of 9/30/20			1,697,830
PENDING GRANT (CB7)		209,169	(209,169)
HCBF Admin Needs for 2021			(232,491)
Subtotal thru 12/31/20	590,270	5,955,375	1,256,170

Harbor Community Benefit Foundation

Budget Overview: 2021 DRAFT HCBF Budget - FOR DISCUSSION PURPOSES

Quarterly Budget Revised 10/17/2020

	Q1	Q2	Q3	Q4	Annual
INCOME					
4400 Encumbered Funds					
4401.5 PMTF Released for HCBF Ops.	232,491.00	0.00	0.00	0.00	232,491.00 Add 5,180
4401.6 AQMF Released for HCBF Admin	30,485.00	0.00	0.00	0.00	30,485.00
Total 4400 Encumbered Funds	\$ 262,976.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 262,976.00
SubTotal Income	\$ 262,976.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 262,976.00
Carryforward from prior year Savings	\$ 28,495.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 28,495.00
TOTAL INCOME including Carryforward	\$ 291,471.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 291,471.00
EXPENSES					
6100 Office Expenses					
6102 Telecommunications and Internet	660.00	660.00	660.00	660.00	2,640.00 Phones and Internet
6103 Software & Fees	450.00	450.00	800.00	450.00	2,150.00 inc. Go Daddy
6104 Supplies	60.00	60.00	60.00	60.00	240.00
Total 6100 Office Expenses	\$ 1,170.00	\$ 1,170.00	\$ 1,520.00	\$ 1,170.00	\$ 5,030.00
6105 Rent	3,075.00	3,075.00	3,075.00	3,102.00	12,327.00 894.94 + 130 avg utilities, base \$921,79 12/2021
6200 Dues & Subscriptions	0.00	0.00	324.50	175.50	500.00
6300 Insurance	1,025.01	1,025.01	1,148.71	1,210.27	4,409.00 E & O / Comm Liability
6500 Marketing / Outreach	275.00	330.00	350.00	165.00	1,120.00 Submittable, Zoom
6600 Meetings and Meals	0.00	100.00	0.00	0.00	100.00 Annual Mtg May
6800 Payroll Expenses					
6801 Taxes	4,008.98	3,449.94	4,008.98	4,008.98	15,476.89
6802 Wages	52,404.83	45,097.14	52,404.83	54,204.83	204,111.63 Interns 600 *3 plus raise (Add 5,000 Salary)
6803 Work Comp & Employee Benefits	737.01	737.01	737.01	868.08	3,079.11
6807 Retirement - Company Match	2,046.17	1,753.86	2,046.17	2,046.17	7,892.37
Total 6800 Payroll Expenses	\$ 59,196.99	\$ 51,037.95	\$ 59,196.99	\$ 61,128.06	\$ 230,560.00
6900 Professional Fees					
6901 Accounting & Audit	17,250.00	5,500.00	1,500.00	1,500.00	25,750.00 Audit in Q1, complete in Q2
6902 Consultants	900.00	900.00	900.00	900.00	3,600.00
6903 Legal Fees	1,500.00	1,500.00	1,500.00	1,500.00	6,000.00 Brown Act required
Total 6900 Professional Fees	\$ 19,650.00	\$ 7,900.00	\$ 3,900.00	\$ 3,900.00	\$ 35,350.00
6950 Taxes & Licenses	0.00	75.00	0.00	0.00	75.00
6960 Travel & Conferences	1,000.00	1,000.00	0.00	0.00	2,000.00 Audit in Q1, Annual Mtg Q2
Total 6000 Functional Expenses	\$ 85,392.00	\$ 65,712.96	\$ 69,515.20	\$ 70,850.83	\$ 291,471.00
Net Operating Income	\$ 206,078.99	-\$ 65,712.96	-\$ 69,515.20	-\$ 70,850.83	\$ 0.00

Harbor Community Benefit Foundation 2020 Budget vs. 9 mo. Actuals with 3 mo Forecast

January - December 2020

	Q1 Actual (Jan - Mar)	Q2 Actual (Apr - June)	Q3 Actual (July - Sept)	9 months Actual	Q4 Forecast	ANNUAL TOTAL with Q4 Forecast	2020 Approved Budget	2020 Variance from Budget	Notes
INCOME									
4400 Encumbered Funds									
4401.5 PMTF Released for HCBF Ops.	222,966			222,966		222,966	222,966	0	
4401.6 AQMF Released for HCBF Admin	31,089			31,089		31,089	31,089	0	
Total 4400 Encumbered Funds	<u>254,055</u>	<u>0</u>	<u>0</u>	<u>254,055</u>		<u>254,055</u>	<u>254,055</u>	<u>0</u>	
Total Income	254,055	0	0	254,055	31,245	285,300	285,300	(28,495)	Savings
Carryforward from Savings							59,740	(28,495)	
TOTAL Operations Income, inc Carryforward	254,055	0	0	254,055	31,245	285,300	313,795	(28,495)	
EXPENSES									
5999 Unrestricted Grants Disbursed									
5999.1 COVID-19 Grants		20,500	0	20,500	0	20,500	0	0	Funded by Donations
Total Unrestricted Grants Disbursed	0	20,500	0	20,500	0	20,500	0	20,500	NEW Program
6000 Functional Expenses									
6100 Office Expenses									
6102 TeleComm and Internet	763	587	697	2,047	682	2,730	3,330	(600)	Phones and Internet
6103 Software & Fees	486	429	789	1,704	568	2,272	2,700	(428)	inc. Go Daddy
6104 Supplies	38	93	33	164	55	218	1,050	(832)	
6107 Postage and Delivery				0	0	0	100	(100)	Did not use
6108 Printing				0	0	0	500	(500)	Did not use
Total 6100 Office Expenses	1,286	1,110	1,519	3,915	1,305	5,219	7,680	(2,461)	
6105 Rent	3,040	2,987	3,127	9,155	3,142	12,297	12,400	(103)	Includes utilities
6200 Dues & Subscriptions							2,630	(2,126)	Did not renew Cal Grant Makers
6300 Insurance	1,025	1,025	1,149	3,199	1,149	4,347	4,390	(43)	E & O / Comm Liability
6500 Marketing / Outreach	277	329	350	955	500	1,455	4,000	(2,545)	Submittable, Zoom

	2020					2020 Variance from Budget	Notes
	Q1 Actual (Jan - Mar)	Q2 Actual (Apr - June)	Q3 Actual (July - Sept)	9 months Actual	Q4 Forecast		
6600 Meetings and Meals	133			133	0	500	(367)
6800 Payroll Expenses							
6801 Taxes	3,829	3,354	3,913	11,097	5,713	15,840	
6802 Wages	46,038	43,846	51,154	141,038	52,954	198,000	interns 600 * 3 in Q4.
6803 Work Comp & Benefits	898	737	737	2,372	737	2,475	
6807 Retirement - Company Match	2,020	1,754	2,046	5,820	2,046	7,800	
Total 6800 Payroll Expenses	52,787	49,691	57,850	160,328	61,450	224,115	(2,337)
6804 Staff Development				0	0	1,580	(1,580) Did not use
6900 Professional Fees							
6901 Accounting & Audit	18,010	6,225	1,500	25,735	2,000	29,000	(1,265) Audit required by Port
6902 Consultants	488	300	650	1,438	2,500	4,400	(463)
6903 Legal Fees	1,675	900	1,600	4,175	1,950	14,600	(8,475) Brown Act requirement
Total 6900 Professional Fees	20,173	7,425	3,750	31,348	6,450	48,000	(10,203)
6950 Taxes & Licenses		80		80	27	500	(393)
6960 Travel & Conferences	1,662			1,662	0	8,000	(6,338) COVID-19 restrictions
Total 6000 Functional Expenses	80,382	62,647	68,069	211,098	74,207	313,798	(28,495) Savings to be used 2021
						285,300	

HARBOR COMMUNITY BENEFIT FOUNDATION (HCBF)

Port Community Mitigation Trust Fund Activity 12/31/2019 thru 09/30/2020

Port Community Mitigation Trust Fund (PCMTF), managed by JP Morgan Chase	Grants	HCBF Operations	Loss/Gain	Fees	Balance
PCMTF Balance as of 12/31/2019 - Audited					1,899,771.00
Admin Needs for HCBF Operations 2020 (funded Q1 2020)		(222,966.00)			
Management Fees pd to JP Morgan thru 9/30				0	
Accrued Dividends and Interest 1/1/2020 through 09/30/20			18,640.00		
Market Value Change 1/1/2020 through 09/30/20			2,385.00		
SUBTOTALS POSTED ACTIVITY	-	(222,966.00)	21,025.00	-	(201,941.00)
PCMTF Balance as of 09/30/2020, reconciled, unaudited					1,697,830.00
2020 Grants / Pending / Approved by HCBF Board (CB7)	(209,169.00)				
Admin Needs from PCMTF for HCBF Operations 2021		(232,491.00)			
SUBTOTALS DISBURSEMENTS PENDING	(209,169.00)	(232,491.00)	-	-	(441,660.00)
Estimated Available Balance as of 12/31/2020 (excludes Q4 Loss/Gain)					1,256,170.00

Data Disclosure

Statements from JP Morgan Chase are real time, balances available online daily

Quarterly Financials, Annual Budget and Grant Disbursements Reviewed and Approved by the HCBF Board of Directors

Prepared by RMG, LLC October 17, 2020, 1:18 pm

