



THE PORT
OF LOS ANGELES
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: JULY 12, 2016

FROM: EXECUTIVE OFFICE

**SUBJECT: RESOLUTION NO. _____ - APPROVAL OF HARBOR
COMMUNITY BENEFIT FOUNDATION'S COMMUNITY BENEFIT
GRANT PROGRAM, ROUND 5 AND THE TRANSFER OF PORT
COMMUNITY MITIGATION TRUST FUNDS**

SUMMARY:

Staff requests that the Board of Harbor Commissioners approve Harbor Community Benefit Foundation's (HCBF) selection of four projects to receive awards from the Community Benefit Grant Program Round 5 and transfer \$300,000 from the Port Community Mitigation Trust Fund (PCMTF) to HCBF. The PCMTF was established by the City of Los Angeles Harbor Department (Harbor Department) for the purpose of funding appropriate mitigation projects and grants addressing port-related impacts for the communities of San Pedro and Wilmington. The HCBF, an independent nonprofit organization established to operate the PCMTF, is responsible for identifying qualifying projects to receive grant funding from the PCMTF to be approved by the Board of Harbor Commissioners (Board).

The HCBF Board of Directors has confirmed its selection of four projects to receive funding for the fifth round of the Community Benefit Grant Program, and is requesting Board approval of the award recipients and transfer of funds from the PCMTF, in accordance with the requirements of the TraPac Memorandum of Understanding (MOU) and Operating Agreement of the TraPac MOU (Operating Agreement). The proposed projects have a Tidelands nexus and will address the Port of Los Angeles' (Port) impact on the local environment in Wilmington and San Pedro. Upon approval, \$300,000 will be transferred from the PCMTF to HCBF for four grant awards. Upon the transfer of funds from the PCMTF to HCBF, HCBF will be financially responsible for the disbursement of funds to grantees in accordance with the TraPac MOU, Operating Agreement and the Grant Agreements. The Harbor Department funded the original PCMTF, but no additional payments from the Harbor Department will be required to fund this request.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;

DATE: JULY 12, 2016

PAGE 2 OF 6

SUBJECT: APPROVE HCBF COMMUNITY BENEFIT GRANT PROGRAM, ROUND 5 AND TRANSFER OF PCMTF FUNDS

2. Approve Harbor Community Benefit Foundation's selection of four projects to receive awards from the Community Benefit Grant Program Round 5, funded by the Port Community Mitigation Trust Fund;
3. 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 \$300,000 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
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context - On April 3, 2008, the Board approved a MOU between the Harbor Department and certain organizations and individuals (TraPac Appellants) to resolve an appeal of the certification of the Environmental Impact Report/Environmental Impact Statement (EIR/EIS) for the TraPac Container Terminal Project (TraPac) to the Los Angeles City Council. The TraPac MOU provides for resolution of the EIR/EIS appeals and creation of the PCMTF designated for mitigation projects that mitigate impacts from port and port-related operations and are consistent with the Tidelands Trust and the TraPac MOU. 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 in accordance with the TraPac MOU.

On October 26, 2010, the Board approved the Operating Agreement of the TraPac MOU, among the Harbor Department, TraPac Appellants, and the HCBF. The Operating Agreement provides specific details regarding the PCMTF and the role and responsibilities of the nonprofit entity and the bylaws which govern it. The terms of the Operating Agreement will remain in effect as long as there is a balance in the PCMTF. As of April 30, 2016, the balance of the PCMTF was \$4,513,470. After the initial funding established by the TraPac Project, funds are added to the PCMTF primarily by contributions from the Harbor Department for projects designated in TraPac MOU Exhibit B that have EIRs certified by May 31, 2016 and have notices to proceed with construction or actual construction commences.

Use of the PCMTF by the HCBF is subject to rules, restrictions, compliance, and monitoring imposed by the MOU, Operating Agreement, and Tidelands Trust Doctrine. The approval of PCMTF-funded projects and transfer of funds from the PCMTF to the HCBF is subject to review and approval by the Board as well as approval as to form and legality by the Office of the City Attorney.

DATE: JULY 12, 2016

PAGE 3 OF 6

SUBJECT: APPROVE HCBF COMMUNITY BENEFIT GRANT PROGRAM, ROUND 5 AND TRANSFER OF PCMTF FUNDS

HCBF Role and Responsibilities - HCBF is an independent legal entity that serves 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 HCBF is dissolved, or all parties agree to terminate the Operating Agreement or the PCMTF.

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 three competitive grant programs: Community Benefit Grants, Healthy Harbor Grants, and Harbor Schools STEAM Initiative Grants. To date, HCBF has distributed \$4,120,000 in grants to fund projects designed to address Port impacts on aesthetics, air quality, biological resources, cultural resources, health risks and land use for San Pedro and Wilmington.

Community Benefit Grant Program – In 2011, the HCBF launched its Health Care Grant Program and awarded \$350,000 in grant funding, approved by the Board in July 2012, for four projects focused on addressing impacts from air pollution. On June 6, 2013, the HCBF selected and the Board approved \$450,000 in Health Care Grants, Round 2 for projects aimed at addressing health impacts from port-related sources. On March 6, 2014, the HCBF selected and the Board approved \$550,000 for a third round of grants and renamed the program "Healthy Harbor Grants." On April 23, 2015, HCBF selected and the Board approved Round 4 grants in the amount of \$518,000.

HCBF released the fifth round solicitation for the Community Benefit Grant Program on February 19, 2016, announcing the availability of up to \$550,000 to benefit qualifying projects aimed at addressing Port air quality impacts, Port incompatible land use impacts, and Port safety impacts. A total of eight proposals were received and considered. With guidance from the HCBF Board of Directors' ad hoc grant review committee, four proposals were recommended and received final HCBF Board approval on May 19, 2016. All four recommendations serve both communities for a total of \$300,000.

SUBJECT: APPROVE HCBF COMMUNITY BENEFIT GRANT PROGRAM, ROUND 5 AND TRANSFER OF PCMTF FUNDS

Applicant	Recommended	Community Served	Program
1. Coalition for Clean Air	\$50,000	San Pedro and Wilmington	Installation of 30 air quality monitoring stations at community-serving locations in San Pedro and Wilmington
2. Providence Little Company of Mary Foundation (PLCMF)	\$123,000	San Pedro and Wilmington	Purchase five invasive respiratory machines to improve the quality of respiratory care provided to COPD patients
3. Robert F. Kennedy Institute (RFKI)	\$52,000	San Pedro and Wilmington	Employ a community health worker to provide respiratory education, outreach and enrollment assistance in San Pedro and Wilmington
4. The Children's Clinic	\$75,000	San Pedro and Wilmington	Employ a community health worker to provide respiratory education, outreach and enrollment assistance in San Pedro and Wilmington
TOTAL	\$300,000		

The recommended Community Benefit Grant projects conform to requirements of the TraPac MOU and Operating Agreement and Tidelands Trust. A combined total of four 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, technical feasibility, cost-effectiveness, organizational capacity to complete the project, and the benefits the project proposal would provide within the communities of Wilmington and/or San Pedro, as explained in detail in the HCBF's October 22, 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 \$300,000 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.

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;

DATE: JULY 12, 2016

PAGE 5 OF 6

SUBJECT: APPROVE HCBF COMMUNITY BENEFIT GRANT PROGRAM, ROUND 5 AND TRANSFER OF PCMTF FUNDS

- 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 proposed four Community Benefit Grants, Round 5 based on these factors.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of HCBF's Community Benefit Grant Program, Round 5 projects and the transfer of funds to the PCMTF. This action is limited to the administrative approval for the distribution of funds. Individual projects implemented with the use of 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.

FINANCIAL IMPACT:

The Harbor Department originally funded the PCMTF under the terms of the TraPac MOU. Approval of the Community Benefit Grant Program, Round 5 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 April 30, 2016, the PCMTF balance, managed by J.P. Morgan Private Bank, was \$4,513,470. Upon Board approval of the Community Benefit Grant Program, Round 5, a lump sum of \$300,000 will be transferred from the PCMTF to HCBF, and the new PCMTF balance will be \$4,213,740.

Including this proposed disbursement, HCBF has allocated a total of \$4,420,000 to grantees and contractors in combined HCBF-administered program funds, including: Noise Mitigation (\$185,000), Off-Port Impacts Study (\$300,000), Healthy Harbor Grants (\$1,868,000, plus \$300,000 for Round 5), Community Benefit Grants (\$1,461,000), and

DATE: JULY 12, 2016

PAGE 6 OF 6

SUBJECT: APPROVE HCBF COMMUNITY BENEFIT GRANT PROGRAM, ROUND 5 AND TRANSFER OF PCMTF FUNDS

Harbor Schools STEAM Initiative Grants (\$306,000). Upon the transfer of funds, HCBF will be financially responsible for the disbursement of funds to grantees in accordance with the TraPac MOU, Operating Agreement and the Grant Agreements.

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.

TRANSMITTAL:

1. HCBF Community Benefit Grant Program, Round 5 and PCMTF Transfer Request

FIS Approval: MB (initials)

CA Approval: me (initials)

APPROVED:



DOANE LIU
Deputy Executive Director



FOL
EUGENE D. SEROKA
Executive Director

Author: T. Adams Lopez