



To: HCBF Board of Directors
From: Meghan Reese, Executive Director, Harbor Community Benefit Foundation
Date: September 26, 2022
Subject: HCBF Annual Operating Budget Year ending December 31, 2023 & 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 part of the 2008 settlement related to the 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 HCBF to submit a detailed budget and report to the BOHC, on an annual basis, regarding funding for its projects and funding for its annual administrative needs, **to be released from the settlement funds held in the PCMTF.**

According to the agreement, those portions of the nonprofit’s annual administrative budget funded by the PCMTF shall be reviewed and approved by both 1) the HCBF Board of Directors and 2) the Port of LA BOHC prior to the release of funds from the PCMTF.

HCBF hereby submits this request for a transfer of settlement funds from the PCMTF in the amount of \$174,014, to HCBF’s operating account, to fully fund HCBF’s 2023 Annual Budget.

BOHC REQUEST - PCMTF DISBURSEMENT RELEASE – HCBF 2023 OPERATING BUDGET

In accordance with the TraPac MOU Harbor Community Benefit Foundation hereby requests the Board of Harbor Commissioners:

1. Review and consider the Harbor Community Benefit Foundation Calendar Year 2023 Operating Budget in the amount of \$199,980;
2. Approve a distribution of \$174,014 from the PCMTF to HCBF for the funding of its 2023 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 \$174,014, from the Port Community Mitigation Trust Fund to the Harbor Community Benefit Foundation.

DISCUSSION

1. 2022 YEAR-TO-DATE REVIEW OF ACTUAL EXPENSES

On September 23, 2022, the HCBF Board of Directors reviewed and approved the annual report of operating and program expenditures for 2022 (8 months actual plus 4 months forecast). The approved annual operating Budget for 2022 was \$325,000.

Based on 8-months actual expenses of 191,451 and a 4-month forecast of \$107,583, it is projected the annual administrative expenditures will equate to \$299,034; **a net savings of \$25,966** available for future operations. A comparison of the 2022 Budget to Actual (8-month) and Forecasted (4 months) Expenditures through the calendar year ending 12/31/2022 follow:

- 6100 - Office Expenses: overage of \$2,538, attributed to utilities and office expenses
- 6300 - Insurance: overage of 1,559, inc workers comp, Directors and Officers, Liability insurance rates
- 6802 - Wages: Significant savings \$21,751, attributed to staffing levels and pay (no management raise).
- 6900 - Professional Fees: Accounting & Audit: significant savings \$9,785; new auditors
- 6902 - Professional Fees: Consultants: savings \$1,769, controlled spending
- 6960 - Travel & Conferences: savings \$2,000, cancelled management travel

2. 2023 CALENDAR YEAR OPERATING BUDGET - REVIEW AND APPROVAL

On September 23, the HCBF Board of Directors reviewed and approved a detailed 2023 Annual Operating Budget, taking into consideration the carryforward savings.

It was agreed, with the carryforward of savings \$25,966, an administrative need of **\$174,014** will fully fund the 2023 Operations budget ($\$25,966 + 174,014 = 199,980$).

2023 Budget vs. 8 mo. Actuals with 4-month Forecast

The 2023 Quarterly Budget is a notable change from the expenses incurred in 2022. The proposed annual total is \$199,980 compared to the 2022 year-end forecast of \$299,034; a decrease of \$99,054, or 33%. The decrease is found in payroll expenses.

For the year ending 12/31/2023 an overview of the major categories follows:

- 6100 - Office Expenses: remain steady
- 6802 - Wages: Significant decrease
- 6902 - Professional Fees: Consultants: Increase attributed to consultant oversight
- 6960 - Travel & Conferences: savings \$2,000 Includes cancelled management travel

EXCLUSIONS TO THE ADMINSTRATIVE 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.

HCBF BOARD ACTION

On September 23, 2022 the HCBF Board of Directors Resolved to:

1. Approve and adopt the 2023 HCBF Operating Budget totaling \$199,980;
2. Authorize the HCBF Executive Director to:
 - a. Present the 2023 annual operating budget in the amount of \$199,980 to the Los Angeles Board of Harbor Commissioners (BOHC), requesting concurrent approval of the transfer of \$174,014 from the PCMTF to HCBF to sufficiently fund the 2023 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 \$174,014 to sufficiently fund the administrative needs of its 2023 annual operating budget.

Attached reports.

1. 2022 Budget to Actual Comparison [8 months actual and 4 months forecast]
2. 2023 Quarterly Budget - approved by HCBF Board of Directors
3. Trust Fund Activity through 12/31/2022

Harbor Community Benefit Foundation
2022 HCBF Budget Comparison (8 mo actual) (09.23.22)

	2022 Budget	8 months 2022 Actual	4 months projected	Projected Total 2022	2022 Budget compared to Projected 2022	2023 Budget	2023 Budget compared to Projected 2022
Funding Sources							
Savings Carry Forward						25,966	25,966
PMTF Released for Ops. (budget minus carryforward)	292,500	292,500		292,500	-	174,014	(118,486)
AQMF Released for HCBF Ops.	32,500	32,500		32,500	-	-	(32,500)
AQMF Restricted Grants				-	-	-	-
PCMTF Grants				-	-	-	-
Total Funding	325,000	325,000	-	325,000	-	199,980	(125,020)
Funding USES							
6000 Functional Expenses							
6100 Office Expenses (Rent)	11,100	7,576	4,000	11,576	(476)	12,000	424
6102 TeleCommunications and Internet	2,500	1,757	1,000	2,757	(257)	2,280	(477)
6103 Software and General Office	2,500	2,805	1,500	4,305	(1,805)	2,400	(1,905)
Total 6100 Office Expenses	16,100	12,138	6,500	18,638	(2,538)	16,680	(1,958)
6200 Dues & Subscriptions	500	-			-	500	500
6300 Insurance	5,590	4,766	2,383	7,149	(1,559)	5,700	(1,449)
6500 Marketing / Outreach	5,000	4,569	2,300	6,869	(1,869)	6,000	(869)
6800 Payroll Expenses							
6801 Taxes at 8%	17,600	10,360	5,600	15,960	1,640	8,000	(7,960)
6802 Wages	220,000	129,989	70,000	199,989	20,011	100,000	(99,989)
6807 Benefits - Retirement Company Match @4%	8,000	5,100	2,800	7,900	100	4,000	(3,900)
Total 6800 Payroll Expenses	245,600	145,449	78,400	223,849	21,751	112,000	(111,849)
6900 Professional Fees							
6901 Accounting & Audit	35,335	15,550	10,000	25,550	9,785	28,000	2,450
6902 Consultants	8,800	3,031	4,000	7,031	1,769	22,500	15,469
6903 Legal Fees	6,000	5,848	4,000	9,848	(3,848)	7,500	(2,348)
Total 6900 Professional Fees	50,135	24,429	18,000	42,429	7,706	58,000	15,571
6950 Taxes & Licenses	75	100		100	(25)	100	-
6960 Travel & Conferences	2,000			-	2,000	1,000	1,000
Total 6000 Functional Expenses	325,000	191,451	107,583	299,034	25,966	199,980	(99,054)

Harbor Community Benefit Foundation					
2023 HCBF Quarterly Budget : Board Approved 09.23.22					
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023 Budget
Funding Sources					
Savings Carry Forward	25,966				25,966
PMTF Released for Ops. (budget minus carryforward)	174,014	-	-	-	174,014
Total Funding Sources	199,980	-	-	-	199,980
Funding USES					
6000 Functional Expenses					
6100 Office Expenses (Rent)	3,000	3,000	3,000	3,000	12,000
6102 TeleCommunications and Internet	570	570	570	570	2,280
6103 Software and General Office	600	600	600	600	2,400
Total 6100 Office Expenses	4,170	4,170	4,170	4,170	16,680
6200 Dues & Subscriptions	500	-	-	-	500
6300 Insurance	1,425	1,425	1,425.00	1,425	5,700
6500 Marketing / Outreach	1,500	1,500	1,500	1,500	6,000
6800 Payroll Expenses					-
6801 Taxes at 8%	2,000	2,000	2,000	2,000	8,000
6802 Wages	25,000	25,000	25,000	25,000	100,000
6807 Benefits - Retirement Company Match @4%	1,000	1,000	1,000	1,000	4,000
Total 6800 Payroll Expenses	28,000	28,000	28,000	28,000	112,000
6900 Professional Fees					-
6901 Accounting & Audit	9,000	7,000	6,000	6,000	28,000
6902 Consultants	5,625	5,625	5,625	5,625	22,500
6903 Legal Fees	3,000	1,500	1,500	1,500	7,500
Total 6900 Professional Fees	17,625	14,125	13,125	13,125	58,000
6950 Taxes & Licenses	100	-	-	-	100
6960 Travel & Conferences	1,000	-	-	-	1,000
Total 6000 Functional Expenses	54,320	49,220	48,220	48,220	199,980

TRUST FUND ACTIVITY THRU 12/31/2022

The following table provides a summary of Grants and Studies funded since the port community trust fund was established. Separate from the operating budget, in 2022, the HCBF Board and the BOHC jointly approved the release of funding for Grants awarded through the Healthy Harbor Initiative in the amount of \$400,000. Residual funding from the TraPac MOU of \$270,000 plus trailing interest of \$129,038 was approved by the BOHC and should be received by the end of September, 2022.

Grant Funding pending: Approved by the HCBF Board of Directors on September 23, another round of Community Benefit Grants in the amount of \$131,800 will be submitted as a separate request to the BOHC. The Forecasted Subtotal as of 12/31/22 **does not include** a forecast of 4th quarter dividends, interest, loss/gain for the trust fund, managed by JP Morgan.

PCMTF-funded Grants and Studies	STUDIES	GRANTS	TOTALS	
Off Port Impacts Study	300,000			
Healthy Harbor Grants (6 rounds)		2,858,831		
STEAM Pilot Program		300,000		
Wilmington and San Pedro Noise Study	290,270			
Community Benefit Grants		3,619,175		
Total Grants and Studies through 9/30/21	590,270	6,778,006	7,368,276	
PCMTF Account Balance as of 8/31/22			274,148	
Pending Deposit from Port (TRAPAC)			399,038	unconfirmed
PENDING GRANT (Healthy Harbor Initiative)		131,800	(131,800)	
HCBF Admin Needs for 2023			(174,014)	
Subtotal thru 12/31/22	590,270	6,909,806	367,372	

The following table INCLUDES the Air Quality Mitigation Fund managed by CCF.

TRUST ACCOUNT BALANCES		as of 8/31/22		
JP Morgan - PCMTF		274,148		
NEW FUNDS Pending from Port		270,000		
Trailing Interest estimate		129,038		
SubTotal PCMTF		673,186		
CCF - AQMF			4,356,299	
SUBTOTAL TRUST ACCOUNTS		673,186	4,356,299	
PMTF TO BE RELEASED				
Pending grants - Board Review in Progress			131,800	
Proposed HCBF Budget 2023	199,980			
SAVINGS CARRYFORWARD	25,966			
PMTF TO BE RELEASED	174,014	174,014		
ADJUSTED ACCOUNT BALANCES		367,372	4,356,299	4,723,671