



To: Port of Los Angeles  
From: Dana P. Goland, Executive Director  
Date: November 21, 2023,

**REVISED December 27, 2023**

**REVISED January 17, 2024**

**REVISED February 9, 2024**

**REVISED February 13, 2024**

**REVISED February 22, 2024**

**REVISED February 23, 2024**

Re: **HCBF PCMTF – CY 2024 Budget Request and CY 2023 Annual Report**

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## 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) and 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.

Harbor Community Benefit Foundation (HCBF) hereby submits a request to **approve** the CY 2023 TraPac Annual Review for 2023, **approve** the CY 2023 Revised budget *ex post facto* increase, **and approve** the CY 2024 Operations Budget in the amount of **\$265,000**.

Furthermore, HCBF requests the Office of the City Attorney, approve as to form and legality to ensure compliance with the MOU.

**Finally, the budget is fully funded from prorated reserves of the two funds, with no requirement for a transfer from the Port Community Mitigation Trust Fund.** Further, no portion of the TraPac PCMTF administrative cost budget is funded by China Shipping AQMF reserves.

Funding for the 2024 budget of 265,000 shall be charged against each fund in the amount of **\$34,450**, from TraPac operating reserves and **230,550** from China Shipping operating reserves (admin funds earned and unspent from AQMF grant Rounds 1 and 2).

**Accordingly, HCBF is not seeking any drawdown from the PCMTF for administrative costs at this time.**

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

1. Review, receive and approve the audited financials for Harbor Community Benefit Foundation (HCBF) for the Calendar year ending December 31, 2022.
2. Receive and approve the HCBF REVISED 2023 CY budget, in the amount of \$254,875, including ex post facto \$54,895 increase (change exceeded 10%), noting the revised budget was fully funded from TraPac operating reserves.
3. Receive and approve the 2023 CY report of activity from the PCMTF for 2023.
4. Approve the CY 2024 Operations Budget in the amount of \$265,000.

**CY 2024 OPERATIONS BUDGET DISCUSSION**

HCBF has two separate sources of funding for operations and programs, namely TraPac and China Shipping. The trust funds from each source are separately held and managed independently by JPMorgan and California Community Foundation (CCF), respectively.

Annual administrative expenses for the 2024 operations budget will be shared pro rata by the funds, with an allocation based on the award of grants.

During CY 2024 it is forecast that TraPac PCMTF could award approximately 300,000 in grants while China Shipping AQMF could award approximately 2,000,000 in grants for a total of 2,300,000 in grants. That prorated share of CY 2024 administrative expenses equates to 13% [300,000/2,300,000] from the TraPac PCMTF and 87% [2,000,000/2,300,000] from the China Shipping AQMF.

Thus, funding for the 2024 budget of \$265,000 shall be charged *pro rata* against each fund in the amount of **\$34,450**, from TraPac operating reserves and **\$230,550** from China Shipping operating reserves (admin funds earned and unspent from AQMF grant Rounds 1 and 2).

The 2024 Annual Budget total of **\$265,000** represents an increase of **\$10,125 [a total of 4%]** compared to the 2023 CY REVISED budget and the 2023 Actuals [9-months] and Forecast [3-month] of \$254,875. Functional Expense category variances include:

MAJOR CATEGORIES	2023 9-mo actual 3-month forecast	2024 Budget	VARIANCE Under / (Over prior year budget)	COMMENTS
Office Expenses	7,960	7,774	(186)	re-opened office
Rent	11,746	12,333	587	5% increase
Dues and Subscriptions	800	1,250	450	Networking, Chamber, Future Ports, Chronicle of Philanthropy
Insurance	5,384	5,653	269	5% increase
Marketing and Outreach	5,000	5,250	250	GoDaddy (website), Submittable, Box, Zoom, LinkedIn
Payroll and Benefits	129,522	137,080	7,558	Benefit Package approved by Board [Insurance stipend 6,000]
Accounting and Audit	26,375	28,000	1,625	Bookkeeping services, financial reports, mandatory audit

Consultants Program Support	51,713	51,240	(473)	Program support, work force development
Legal Fees	15,975	16,000	(25)	In-person meetings, contract negotiations with Port, grants, HR, and compliance
Licenses Taxes	400	420	20	
<b>Totals</b>	<b>254,875</b>	<b>265,000</b>	<b>10,125</b>	<b>4% increase</b>

**DISCUSSION REGARDING THE 2023 REVISED CY BUDGET:**

The 2023 Calendar Year (CY) Budget, approved by the Board of Harbor Commissioners in Resolution 22-10092, was \$199,980.

On August 25, 2023, a revised 2023 CY Budget, totaling \$254,875, was presented to and approved by the Board of Directors of the Harbor Community Benefit Foundation during a regular public meeting. As described in the attached transmittal, the necessary increase in the REVISED 2023 CY Budget was prompted by the post-Covid return to public meetings, the reopening of the San Pedro office, *and* the search for and hiring of a new Executive Director. The REVISED 2023 CY budget included an increase of \$54,895. Funding for the revised budget is covered, in full, by reserves, with **no requirement for a transfer** from the Port Community Mitigation Fund. **The REVISED 2023 CY Budget is hereby submitted to the BOHC, noting the total annual budget changed, *ex post facto*. Excerpt from the Port staff memo granting approval follows:**

“Additionally, HCBF will provide the Board prior notice of any reallocation of authorized funds that exceed 10% of the total annual budget.”

On October 27, 2023, the internal financial reports and proposed HCBF Operations Budget, for the calendar year ending 12/31/2024, **were presented to and approved by the HCBF Board of Directors.**

Further, no portion of the TraPac PCMTF administrative cost budget is funded by China Shipping AQMF reserves.

**HCBF BOARD ACTIONS:**

**HCBF Board Meeting**

On August 25, 2023, the HCBF Board

Approved and adopted the 2023 REVISED HCBF Operating Budget totaling \$254,875.

The revised 2023 CY Budget, compared to the 2023 Approved Budget, indicated an increase in spending of \$54,895, **with funding from the Port Community Mitigation Trust Funds operating reserves.**

The variance was anticipated by the HCBF board-approved increase in expenses related to 1) the shift from virtual remote operations to in-person public board meetings, 2) the search and board approval of a new Executive Director, 3) the overlap and transition of executive personnel and board approved consultant support, and 4) the re-opening of the office in San Pedro.

## 2024 PCMTF GRANT FUNDING

**The Agreement** requires HCBF to submit a detailed budget and report to the BOHC regarding funding for its projects, to be reviewed and approved by the BOHC prior to the release of any funds from the PCMTF to the Nonprofit.

Subject to Board approval, it is anticipated approximately \$300,000 will be requested for grant funds release from the PCMTF later this year.

### **HISTORIC GRANT FUNDING – Awards approved by BOHC and HCBF:**

As of September 30, 2023 Healthy Harbor Grants and Community Benefit Grants totaled nearly 6.8 million; Studies totaled 590,270 for a **combined total from the Port Community Mitigations Trust Fund (PCMTF) of nearly 7.4 million.**

#### **Balances as of the date of the end of Quarter 3 2023:**

PCMTF-funded Grants and Studies	STUDIES	GRANTS	SUBTOTAL	TOTALS
Off Port Impacts Study	300,000			
Healthy Harbor Grants		2,858,831		
STEAM Pilot Program		300,000		
Wilmington and San Pedro Noise Study	290,270			
Community Benefit Grants (8 rounds)		3,619,175		
Total Grants and Studies through 9/30/23	590,270	6,778,006	7,368,276	
PCMTF Account Balance as of 9/30/23 (JP Morgan)				384,946

## **TRUST ACCOUNT BALANCE – PCMTF only (AQMF reported separated)**

### **PCMTF – trust account – independent financial manager JP Morgan Chase**

Trust Account Balance, inc. interest and dividends, as of December 31, 2023 = \$379,901, subject to market adjustments.

### **EXCLUSIONS:**

All PCMTF trust fund income and expenses are paid directly to and/or from the PCMTF 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.

### **FISCAL IMPACT STATEMENT**

There is no impact on the Harbor Revenue Fund. There is no impact on the City General Fund.

**The CY 2023 budget and CY 2024 budget is fully funded, with no requirement for a transfer from the TraPac PCMTF at JP Morgan at this time .** Further, no portion of the TraPac PCMTF administrative cost budget is funded by China Shipping AQMF reserves.

### **Attachments:**

**Audited Financials for the calendar year ending December 31, 2022 - consolidated**

**HCBF Board Memo: August 25, 2023**

**HARBOR COMMUNITY BENEFIT FOUNDATION - CASH ACCOUNT REVIEW - OPERATIONS AND RESERVES**

<b>CASH BALANCES REVIEW</b>	<b>AUDITED</b>	<b>AUDITED</b>	unaudited	unaudited
<b>HCBF BOARD APPROVED</b>	<b>CY 2021</b>	<b>CY 2022</b>	<b>CY 2023</b>	<b>CY 2024</b>
<b>Operations Budget</b>	<b>291,471</b>	<b>325,000</b>	<b>254,875</b>	<b>265,000</b>
AUDITED: Actual, exc AQMF Direct Expenses (reported separately)	301,571	280,889	tbd	tbd
VARIANCE	(10,100)	44,111	tbd	tbd
<b>ANALYSIS OF RESERVES</b>				
Opening Balance - Cash for Operations	<b>70,468</b>	<b>325,753</b>	<b>308,288</b>	<b>58,599</b>
<b>INFLOWS FOR OPERATIONS - EXCLUDING GRANTS</b>				
<b>DRAWDOWN FROM PCMTF</b>				
Inflow - Drawdown from PCMTF	232,491	531,800		-
Inflow - Drawdown from PCMTF (for following CY)	292,500	174,014	-	-
Inflow - Drawdown from PCMTF for Grants - Audited 2021 and 2022	290,831			
Inflow - Drawdown from PCMTF for Grants - anticipated, not yet awarded				300,000
<b>SUBTOTAL DRAWDOWN FOR OPERATIONS FROM PCMTF</b>	<b>815,822</b>	<b>705,814</b>	<b>-</b>	<b>300,000</b>
Inflow - transfer of funds form donations account			5,186	
In flow - AQMF Allocated (excludes AQMF Direct paid expenses, reported separately)	30,485	32,500		230,550
Grants Payable - timing adjustment (paid December, cleared January)		60,000		
Subtotal Inflows	<b>846,307</b>	<b>798,314</b>	<b>5,186</b>	<b>530,550</b>
Outflows for PCMTF Grants Awarded - Audited 2021 and 2022	-	(531,800)		
Outflows for PCMTF Grants Anticipated, not yet awarded				(300,000)
<b>Outflows for Admin (excluding Grants)</b>				
Outflow - HCBF Operating Expenses (AQMF Direct reported separately) - audited	(301,571)	(280,889)		
Outflow - Operating Expenses (Budget, not audited, AQMF allocated)				(230,550)
Outflow - HCBF Operating Expenses (excludes AQMF Direct) - BUDGET			(254,875)	(34,450)
Subtotal Outflows	(301,571)	(812,689)	(254,875)	(565,000)
Prepaid Expenses	1,380	(3,090)	tbd	tbd
Ending Available Cash (Opening balance + inflow - outflow+prepaid)	<b>616,584</b>	<b>308,288</b>	<b>58,599</b>	<b>24,149</b>