



**HARBOR COMMUNITY
BENEFIT FOUNDATION**

To: Theresa Adams-Lopez, Port of Los Angeles
From: Meghan Reese, HCBF Executive Director
Gisele Fong, HCBF Board President
Date: October 27, 2021

Re: HCBF 2022 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 from 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 5.C. 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 administrative request for the transfer of funds in the amount of \$292,500 from the PCMTF (held at JP Morgan) to the HCBF operating account (held at Bank of America), to complete the funding of HCBF’s 2022 Annual Budget.

OPERATING BUDGET REQUEST

The Board approved HCBF Annual Operating Budget for 2021 was \$291,471. Actual spending for nine (9) months through 9/30/21 was **\$220,910**; a three (3) month forecast for the period ending 12/31/21 equals **\$74,814**, for a total anticipated spending of **\$295,724**; **a minor** variance for the twelve months ending 12,31,2021 of **(\$4,253)** as detailed in the attached annual report.

The HCBF Board has approved an Operating Budget for Calendar Year 2022 in the amount of \$325,000. After a transfer of \$32,500 from funds on hand for 2021 Allocated Expenses from AQMF, HCBF will need to transfer funds from the HCBF administered Port Mitigation Trust Fund in the amount of **\$292,500** to fully fund the 2022 Operations budget ($\$32,500 + 292,500 = 325,000$) to be jointly reviewed by 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 2022 Operating Budget in the amount of \$325,000,
2. Approve a distribution of \$292,500 from the PCMTF to HCBF for the funding of its 2022 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 PrivateBank, in one lump sum payment of \$292,500, from the Port Community Mitigation Trust Fund to the Harbor Community Benefit Foundation.

HCBF BOARD ACTIONS

On October 22, 2021 the HCBF Board of Directors Resolved to:

1. Approve and adopt the 2022 HCBF Operating Budget totaling **\$325,000**
2. Authorize the HCBF Executive Director to transfer \$32,500 from the AQMF Administrative (***funds on hand***), as approved in a separate board action.
3. **Authorize the HCBF Executive Director to**
 - a) Present the 2022 annual operating budget in the amount of \$325,000 to the Los Angeles Board of Harbor Commissioners (BOHC), **requesting concurrent approval of the transfer of \$292,500 from the PCMTF to HCBF to sufficiently fund the 2022 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 **\$292,500**, to sufficiently fund the administrative needs of its 2022 annual operating budget.

DISCUSSION:

CALENDAR YEAR 2021 and 2022 OPERATING BUDGET

Attached find three reports.

1. Budget Overview: 2022 DRAFT HCBF Budget by Quarter
2. 2021 Budget Review with 9 mo. Actuals and 3 mo Forecast, Compared to 2021
3. Port Community Mitigation Trust Fund Activity 12/31/2020 thru 09/30/2021

The 2022 Quarterly Budget closely mirrors expenses incurred in 2021. The proposed total is \$325,000 compared to \$291,471 in 2021, an increase of \$29,276, or 9.90%. The increase is found in payroll expenses in the form of new part-time staff (\$20k plus benefits) and an increase in Consulting Fees for Strategic Planning and Development (\$7,500). No increase in salary is recommended for management.

2021 Budget compared to 9 mo. Actuals with 3-month Forecast

The approved budget in 2021 was **\$291,471**. Actual Expenses through 9/30/2021 equaled \$220,910. Forecasted expenses for Q4 equals \$74,814, for an **adjusted total of \$295,724**, resulting in a minor variance of (**\$4,253**).

Functional Expense Highlights:

For the year ending 12/31/2021 an overview of the major categories follows:

- 6100 - Office Expenses: savings \$268
- 6105 - Rent/Occupancy: on target, includes utilities, savings \$672
- 6200 - Dues & Subscriptions: on target
- 6500 - Marketing/Outreach: on target
- 6900 - Professional Fees: Accounting & Audit: Auditor Rate increased, currently negotiating with Auditors; New Consultant - Strategic Planning and Development \$7,500
- 6960 - Travel: savings \$2,000 Includes cancelled management travel due to COVID-19

Harbor Community Benefit Foundation
2021 BUDGET REVIEW: 9 months Actual + 3 months Forecast
2022 DRAFT BUDGET COMPARED TO 2021

	Jan - Sept 2021	Oct - Dec 2021	2021 Total			2022 DRAFT Budget		
	Actual (9 months)	Forecast (3 months)	9 mo Actual + 3 mo Forecast ("A")	2021 Approved Budget	2021 Remaining	Proposed 2022 ("B")	\$ change from 2021 actual (B - A = "C")	% Change from 2021 actual (C/A)
INCOME								
Grant Programs funded from Trust Programs	290,831	400,000	690,831	690,831	-			
Funds Released for AQMF Direct	4,505	2,488	6,993	6,993	-			
New Funds: TraPac \$ due from Port (pending)						270,000		
4201 Carryforward from Savings	0	30,243	30,243	28,495	(1,748)	-		
4400 Encumbered Funds Released for Ops								
4401.5 PMTF Released for HCBF Ops.	232,491		232,491	232,491		292,500	60,009	25.81%
4401.6 AQMF Released for HCBF Admin	30,485		30,485	30,485		32,500	2,015	6.61%
SubTotal Encumbered Funds Released for Ops	262,976	0	262,976	262,976		325,000	62,024	23.59%
4900 Unrestricted Income	5		5	0	(5)			
Subtotal Operating Income	262,981	30,243	293,224	291,471				
TOTAL INCOME	558,317	432,731	991,048	989,295	(1,753)			
EXPENSES								
6100 Office Expenses	3,599	1,162	4,762	5,030	268	5,000	238	5.00%
6105 Rent	8,863	2,793	11,655	12,327	672	11,100	(555)	-4.76%
6200 Dues & Subscriptions	360	120	480	500	20	500	20	4.20%
6300 Insurance	2,030	677	2,707	4,409	1,702	2,840	133	4.90%
6500 Marketing / Outreach	1,176	392	1,568	1,120	(448)	5,000	3,432	218.92%
6600 Misc and Other	0		0	100	100		-	
6800 Payroll Expenses								
6801 Taxes	11,673	4,230	15,903	15,477	(426)	17,600	1,697	10.67%
6802 Wages	146,252	53,550	199,802	204,112	4,310	220,000	20,198	10.11%
6803 Work Comp	1,867	714	2,581	3,079	498	2,750	169	6.56%
6807 Retirement - Company Match	5,729	2,126	7,855	7,892	37	8,000	145	1.84%
Total 6800 Payroll Expenses	165,521	60,620	226,141	230,560	4,419	248,350	22,209	9.82%
6900 Professional Fees								
6901 Accounting & Audit	31,986	1,950	33,936	25,750	(8,186)	35,335	1,399	4.12%
6902 Consultants	550	600	1,150	3,600	2,450	1,300	150	13.04%
6903 Legal Fees	4,325	1,500	5,825	6,000	175	6,000	175	3.00%
6904 Strategic Planning and Development	2,500	5,000	7,500	0	(7,500)	7,500	-	0.00%
Total 6900 Professional Fees	39,361	9,050	48,411	35,350	(13,061)	50,135	1,724	3.56%
6950 Taxes & Licenses	0		0	75	75	75	75	
6960 Travel, Conferences	0		0	2,000	2,000	2,000	2,000	
Total 6000 Functional Expenses	220,910	74,814	295,724	291,471	(4,253)	325,000	29,276	9.90%
					-1.46%			

Notes to the financial statements:

- 1 AQMF to fund 10% of Total, consistent with prior year fundings
- 2 Rent: \$922 per month effective 12/2021. Lease exp 12/2022
- 3 Marketing: Website updates. includes new outreach program
- 4 Payroll: 2.5 FTE Staff (Mgr 120, Program Mgr 75, Support 20 (PT) staff and COLA inc. 5)
- 5 Employee Benefits: Retirement Match at 4%
- 6 Legal services (Brown Act) and Audited Financials required by Port of LA agreement
- 7 Strategic Planning & Development - 2021 Strategic Consultant pd 7,500, 2022 budget similar
- 8 Total Functional Expenses: 9.90% increase over 2021 (9 mo actual + 3 mo forecast)

Harbor Community Benefit Foundation Budget Overview: 2022 DRAFT HCBF Budget by Quarter

For Discussion Purposes

PROPOSED 2022 BUDGET ALLOCATIONS	ANNUAL	Q1	Q2	Q3	Q4	
INCOME						
<i>4300 Encumbered Funds to be Released for Grants</i>						
Air Quality Grants	2,000,000					2,000,000
Community Grants	450,000		450,000			
SubTotal Encumbered Funds Released for Grants	2,450,000	-	450,000	-	2,000,000	
<i>4400 Encumbered Funds Released for Ops</i>						
4401.5 PMTF Released for HCBF Ops.	292,500	292,500				
4401.6 AQMF Released for HCBF Admin	32,500	32,500				
SubTotal Encumbered Funds Released for Ops	325,000	325,000				
TOTAL INCOME	2,775,000	325,000	450,000	-	2,000,000	
EXPENSES						
<i>6100 Office Expenses</i>						
6102 TeleCommunications and Internet	2,970	743	743	743	743	
6103 Software & Fees	2,030	508	508	508	508	
6100 Office Expenses	5,000	1,250	1,250	1,250	1,250	
6105 Rent	11,100	2,775	2,775	2,775	2,775	1
6200 Dues & Subscriptions	500	125	125	125	125	
6300 Insurance	2,840	710	710	710	710	
6500 Marketing / Outreach	5,000	1,250	1,250	1,250	1,250	2
<i>6800 Payroll Expenses</i>						
6801 Taxes	17,600	4,400	4,400	4,400	4,400	
6802 Wages	220,000	55,000	55,000	55,000	55,000	3
6803 Work Comp	2,750	688	688	688	688	
6807 Retirement - Company Match	8,000	2,000	2,000	2,000	2,000	
Total 6800 Payroll Expenses	248,350	62,088	62,088	62,088	62,088	
<i>6900 Professional Fees</i>						
6901 Accounting & Audit	35,335	28,785	2,350	1,950	2,250	
6902 Consultants	1,300	325	325	325	325	
6903 Legal Fees	6,000	1,500	1,500	1,500	1,500	4
6904 Strategic Planning and Development	7,500	2,500	2,500	1,250	1,250	5
Total 6900 Professional Fees	50,135	33,110	6,675	5,025	5,325	
6950 Taxes & Licenses	75	75	0	0	0	
6960 Travel, Conferences	2,000	500	500	500	500	
Total 6000 Functional Expenses	325,000	101,883	75,373	73,723	74,023	
HCBF ADMINISTERED GRANT PROGRAMS						
Competitive Grants						
Community Benefit and Healthy Harbor Grants	450,000		450,000			
Air Quality Program Grants	2,000,000				2,000,000	
Total HCBF Grant Programs	2,450,000	-	450,000	-	2,000,000	
TOTAL EXPENSES	2,775,000	101,883	525,373	73,723	2,074,023	
NET INCOME	-	223,118	(75,373)	(73,723)	(74,023)	
CUMULATIVE TOTAL	-	223,118	147,745	74,023	-	

QUARTERLY BUDGET NOTES

1. Rent: \$922 per month effective 12/2021. Lease exp 12/2022
2. Marketing: Website updates. includes new outreach program
3. Payroll: 2.5 FTE Staff (Mgr 120, Program Mgr 75, Support 20 (PT) staff and COLA inc.
4. Legal services (Brown Act) and Audited Financials required by Port of LA agreement
5. Strategic Planning & Development - 2021 Strategic Consultant pd 7,500; 2022 budget similar

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. As stewards of the trust fund, HCBF closely monitors its performance, and reconciles all PCMTF activity in its internal financial statements.

Port Community Mitigation Trust Fund Activity thru 09/30/2021 with year-end forecast

The following table provides a summary of Grants and Studies funded since the trust fund was established.

Pending Grants and HCBF Admin Needs for 2022 (this request) are included, as well as an **anticipated contribution from the Port of Los Angeles, in the amount of approximately \$270,000, from TraPac settlement funds.**

GRANT FUNDING: Healthy Harbor Grants (6 rounds) includes the release of PCMT funds for the Healthy Harbor Initiative in the amount of \$290,831 earlier in 2021. Pending Grants represents the upcoming Round 8 of the Community Benefit Grants in the amount of \$400,000. Estimated **total Grant Funding in 2021 of \$690,831.**

The Subtotal as of 12/31/21 **does not include** a forecast of dividends, interest, loss/gain.

PCMTF-funded Grants and Studies	STUDIES	GRANTS	TOTALS
Off Port Impacts Study	300,000		
Healthy Harbor Grants (6 rounds)		2,458,831	
STEAM Pilot Program		300,000	
Wilmington and San Pedro Noise Study	290,270		
Community Benefit Grants (7 rounds)		3,487,375	
Total Grants and Studies through 9/30/21	590,270	6,246,206	6,836,476
PCMTF Account Balance as of 9/30/21			969,408
Pending Deposit from Port (TRAPAC)			270,000
PENDING GRANT (Healthy Harbor Initiative)		400,000	(400,000)
HCBF Admin Needs for 2022			(292,500)
Subtotal thru 12/31/21	590,270	6,646,206	546,908

HARBOR COMMUNITY BENEFIT FOUNDATION

Port Community Mitigation Trust Fund Activity 12/31/2019 thru 09/30/2021

Port Community Mitigation Trust Fund (PCMTF)	Contributions	Grants	HCBF Operations	Loss/Gain	Balance
PCMTF Balance as of 12/31/2019 - Audited					1,899,771
2020 Activity - PCMTF					
Admin Needs for HCBF Operations 2020 (funded Q1 2020)			(222,966)		
2020 Grants Community Benefit Round 7		(209,169)			
Management Fees pd to JP Morgan thru 9/30					
Accrued Dividends and Interest 1/1/2020 through 12/31/20				21,950	
Market Value Change 1/1/2020 through 12/31/20				905	
SUBTOTALS POSTED ACTIVITY	-	(209,169)	(222,966)	22,855	(409,280)
PCMTF (xx8372 and 2001) Balance as of 12/31/2020					1,490,491
2021 Activity - PCMTF year-to-date					
Admin Needs for HCBF Operations 2021 (funded Q1 2021)			(232,491)		
2021 Grants Healthy Harbor Initiative		(290,831)			
Accrued Dividends and Interest 1/1/2021 through 09/30/21				4,459	
Market Value Change 1/1/2021 through 09/30/21				(2,220)	
		(290,831)	(232,491)	2,239	(521,083)
SUBTOTALS AS OF 9/30/21					969,408
Admin Needs from PCMTF for HCBF Operations 2022			(292,500)		(292,500)
SUBTOTAL AFTER THIS REQUEST					676,908
Withdrawal Pending: 2021 Grants Under Review		(400,000)			
Contribution Pending: TraPac Funding due from Port	270,000			-	
SUBTOTAL Contribution and Withdrawal					(130,000)
Estimated Balance as of 12/31/2021 (excludes Q4 Loss/Gain)	270,000	(690,831)	(292,500)		546,908
Disclosures					
Port Community Mitigation Trust Fund (PCMTF), managed by JP Morgan Chase					
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					