

# Item 5 Attachments

This item included the following documents:

1. 2020 AQMF Budget Memo
2. AQMF 2020 Budget with 2019 Allocations

# 1. 2020 AQMF Budget Memo



To: HCBF Board of Directors  
From: Meghan Reese, Executive Director  
Date: November 8, 2019  
Re: Air Quality Mitigation Fund- 2019/20 Annual Budget Report

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#### **ITEM 5: APPROVAL OF 2020 AQMF BUDGET**

**SUMMARY:** Staff presentation of the annual Air Quality Mitigation Fund (AQMF) Budget for calendar year 2020 in the amount of \$89,700, including technical consultant costs, marketing and outreach, dedicated staff hours and administrative costs, as detailed in the Annual Review. HCBF has sufficient funds in the Bank of America AQMF Administrative Account to fully fund the proposed 2020 AQMF Budget, thus will not be submitting a funding request to the City of Los Angeles.

**Recommendation to Board: Approve the Annual AQMF Budget in the amount of \$89,700, authorizing submission of the detailed budget report to the Board of Harbor Commissioners, pursuant to Section 5.h of the Memorandum of Agreement.**

#### **HISTORY**

On June 14, 2004, the City and Petitioners became bound by the Amended Stipulated Judgment (“ASJ”) to settle the case of Natural Resources Defense Council, Inc., et al. v. City of Los Angeles, et al., Los Angeles County Superior Court Case No. BS 070017, a case brought by Petitioners challenging the environmental impact report and related findings for the China Shipping Container Terminal Project at Berths 99-109 (“the China Shipping Project”).

The Parties executed the Memorandum of Agreement among the City of Los Angeles acting through the Board of Harbor Commissioners, the Harbor Community Benefit Foundation (HCBF), and the China Shipping Petitioners regarding the independent Air Quality Mitigation Program required by the China Shipping Amended Stipulated Judgment.

On October 24, 2016 the BOHC approved \$5,226,944 in settlement funds to be disbursed to an independent Air Quality Mitigation Program, to be administered by HCBF for the reduction of Port-related air emissions, herein referred to as the “Air Quality Mitigation Fund”, or “AQMF”.

On November 30, 2016 the BOHC approved an advance of administrative costs of \$250,000 to HCBF from the AQMF special program account, to administer development and issuance of the initial Requests for Proposal, in accordance with Section 5.g.i. Initial Payment, also referred to as “Administrative Funds.” The Administrative Funds, held by Bank of America, are maintained in a separate account.

In February 2017, the aforementioned settlement funds were transferred from the City of LA to a project specific account in accordance with Section 5.a; the Independent Financial Manager is California Community Foundation (CCF).

#### **ANNUAL REPORTING REQUIREMENTS**

**The purpose of this transmittal is to satisfy the annual reporting requirements of the Memorandum of Agreement.**

Pursuant to Section 5.h.

**“HCBF shall submit a detailed [AQMF] budget and report to the BOHC, on an annual basis, an accounting of the annual administrative costs, coupled with an annual budget and funding request for the anticipated**

administrative costs [from the AQMF] for the subsequent year. Subject to the terms, conditions and limitations of this Agreement and other provisions of the law, the Harbor Department shall approve adequate funding to HCBF to meet the administrative needs of program administration.

The Harbor Department shall not arbitrarily or unreasonably decline or reduce an annual budget request from HCBF.”

## 2019 AQMF BUDGET REVIEW

The approved China Shipping AQMF Budget for calendar year 2018 was \$121,730. As reflected in the attached Annual Review, actual expenditures through 12/31/18 equaled \$63,025.79, a positive variance of \$58,704.21. Expenditures included amount for Technical Consultants, \$32,942, plus allocated expenses of \$30,083.79.

Supporting data can be found in the attached tables: 1) Hours Dedicated to AQMF, and 2) Allocated Costs based on 2018 Actual Operations through 12/31/2018, including Dedicated Project Costs

## 2019 AQMF PROPOSED BUDGET

The recommended Air Quality Mitigation Fund (AQMF) Budget for calendar year 2019, in the amount of \$98,094, includes anticipated technical consultant costs, marketing and outreach, dedicated staff hours and administrative costs, as detailed in the attached Annual Review.

You will notice, compared to 2018 Actual Expenses of \$63,026, the 2019 budget of \$98,094 is \$35,068 more than the prior calendar year. The higher projection (a 56% increase) is attributed to the anticipated ramp up of the program, including the first round of awarded grants.

## 2019 FUNDING

As noted earlier, HCBF received an advance of Administrative Funds in 2017 in the amount of \$250,000. Here’s a recap of that account:

AQMF ADMINISTRATIVE ACCOUNT	BALANCE
2017 Advance Received	250,000.00
2017 Allocated Expenses	2,750.00
2018 Direct Expenses	32,942.00
2018 Allocated Expenses (requested)	30,083.79
2018 Available Funds	184,224.21
2019 Budget	98,094

## BOARD OF HARBOR COMMISSIONERS

Upon approval by the HCBF Board of Directors, the 2018 Annual Review and the 2019 budget will be submitted to the Board of Harbor Commissioners, with a request to receive and file.

At this time, HCBF has sufficient funds in the Bank of America AQMF Administrative Account to fully fund the proposed 2019 AQMF Budget, thus will not be submitting a funding request to the City of Los Angeles.

## 2. AQMF 2020 Budget with 2019 Allocations

## HARBOR COMMUNITY BENEFIT FOUNDATION (HCBF)

### China Shipping (AQMF) Budget 2020 and Review of 2019

Reported to the HCBF Board of Directors

<b>AQMF Administrative Fund, managed by Bank of America</b>	
Beginning AQMF Admin Funds Balance as of 12/31/2018	214,308.00
Disbursements from AQMF thru 9/30/19	
AQ Consultants paid Directly	40,422.00
Administrative Funds transferred to HCBF for prior reporting period	30,083.79
<b>Total Disbursements through 9/30/19</b>	<b>(70,505.79)</b>
AQMF Administrative Account Balance as of 9/30/19	143,802.21
Forecasted Direct Expenses through 12/31/19	<b>(19,550.00)</b>
<b>Subtotal</b>	<b>124,252.21</b>
<b>REQ. AQMF TRANSFER FOR 2019 ADMIN EXPENSES</b>	<b>(31,089.20)</b>
<b>PROJECTED CARRYFORWARD BALANCE</b>	<b>93,163.01</b>
<b>Budget for 2020 Administrative Expenses</b>	<b>89,700.00</b>
Remainder	3,463.01

<b>Air Quality Mitigation Trust Fund, managed by California Community Foundation</b>	
Beginning Balance as of 12/31/18	5,075,176.00
Management Fees pd to California Community Foundation through 7/31/19	<b>(12,274.80)</b>
Dividends and Interest through 7/31/19	79,326.37
Market Value Change through 7/31/19	<b>(1,651.40)</b>
Account Balance as of 7/31/19	5,140,576.17
<b>AQMF grants pending (November 2019)</b>	<b>1,637,050.00</b>
<b>UNCOMMITTED TRUST FUNDS</b>	<b>3,503,526.17</b>

**Data Disclosure**

Statements from Bank of America are real time, balances available online daily

Statements from California Community Foundation typically received about 45 days after period end.

**Budget Reviewed and Approved by the HCBF Board of Directors**

Administrative costs may include, but are not limited to, costs for staff time managing and overseeing the implementation of this Agreement, insurance, legal costs, including limitation those related to mediation and arbitration under this Agreement, program management to ensure timely progress and oral/written reportings, contract administration for contracts and invoices, and technical staff time for review of contractor work and expertise on project work.