



To: HCBF Board of Directors  
From: Meghan Reese, Executive Director  
Date: October 22, 2021  
Re: HCBF 2021 / 2022 Annual Operations Budget - Review and Approval

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## ITEM 2. APPROVAL OF 2022 HCBF OPERATING BUDGET

**SUMMARY:** Staff presentation of the HCBF Operations Budget for the calendar year 2022 in the amount of **\$325,000** including program delivery, occupancy, marketing and outreach, professional fees and other administrative costs, as detailed in the 2022 Draft Budget Compared to Actuals, as of September 30, 2021.

The approved annual Budget for 2021 was \$291,471. It is anticipated that actual spending through 9/30/21 of \$220,910 plus 3. Months forecast of \$74,814, for a total of \$295,724, will result in a minor variance of (4,253)

Funding sources for the Operating Budget will include a simultaneous request to transfer \$32,500 for 2021 Allocated Expenses from AQMF, with in an administrative need of **\$292,500** to fully fund the 2022 Operations budget ( $\$32,500 + 292,500 = 325,000$ ) to be submitted to the City of Los Angeles, Board of Harbor Commissioners.

### Recommendation the HCBF Board Resolve to:

1. Approve and adopt the 2022 HCBF Operating Budget totaling **\$325,000**
2. Authorize the HCBF Executive Director to transfer of \$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, REVIEW, AND APPROVAL OF CALENDAR YEAR 2020 and 2021 OPERATING BUDGET

Attached find 3 reports.

1. Budget Overview: 2022 DRAFT HCBF Budget by Quarter - FOR DISCUSSION PURPOSES
2. 2021 Budget Review with 9 mo. Actuals and 3 mo Forecast, 2022 Draft Budget Compared to 2021 (2 pages)
3. Port Community Mitigation Trust Fund Activity 12/31/2019 thru 09/30/2021

### Budget Overview: 2022 DRAFT HCBF Budget - FOR DISCUSSION PURPOSES

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 Review - 9 mo. Actuals and 3 mo Forecast (2 pages)**

The approved budget in 2021 was **\$291,471**. Actual Expenses through 9/30/2021 equaled \$220,910 forecast 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 & Conferences: savings \$2,000 Includes cancelled management travel

**GRANT FUNDING:** 2021 Grant Programs includes the release of PCMT funds for the Healthy Harbor Initiative in the amount of \$290,831. Anticipated funding by year-end anticipates a round of Community Benefit Grants in the amount of \$400,000

**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 12/31/2019 thru 09/30/2021**

The following table summarizes the JP Morgan – PCMTF Account activity with a forecast of transactions through year end.

<b>TRUST FUNDS</b>	<b>Deposit</b>	<b>Grants</b>	<b>Ops</b>	<b>Balance</b>
<b>PMTF Balance as of 9/30/2021</b>				970,050
Grant Disbursement under consideration		(400,000)		(400,000)
Estimated PMTF Balance as of 12/31/21				570,050
2022 Budget - HCBF Ops			(292,500)	(292,500)
Estimated PMTF Balance as of 2022				277,550
<b>PENDING</b>				
NEW: TraPac Funding due from Port	270,000			270,000
<b>Estimated PMTF Balance as of 2022</b>	<b>270,000</b>	<b>(400,000)</b>	<b>(292,500)</b>	<b>547,550</b>

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. The Forecasted Subtotal as of 12/31/21 **does not include** a forecast of 4<sup>th</sup> quarter dividends, interest, loss/gain.

<b>PCMTF-funded Grants and Studies</b>	<b>STUDIES</b>	<b>GRANTS</b>	<b>TOTALS</b>
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	
<b>Total Grants and Studies through 9/30/21</b>	<b>590,270</b>	<b>6,246,206</b>	<b>6,836,476</b>
PCMTF Account Balance as of 9/30/21			970,050
Pending Deposit from Port (TRAPAC)			270,000
PENDING GRANT (CB8)		400,000	(400,000)
HCBF Admin Needs for 2022			(292,500)
<b>Subtotal thru 12/31/21</b>	<b>590,270</b>	<b>6,646,206</b>	<b>547,550</b>