

Metro

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA



Board Report

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Agenda Number: 17.

CONSTRUCTION COMMITTEE MAY 18, 2023

Motion by:

DIRECTORS HORVATH, DUPONT-WALKER, SOLIS, BARGER, KREKORIAN, AND DUTRA

Creation of a Permanent Business Interruption Fund Motion

Since the passage of Measure M in 2016, Los Angeles Metro has embarked on the nation's largest transportation construction program including nearly \$30 billion being invested in bus and rail operations; more than \$22 billion for local street improvements; and \$2.5 billion to keeping infrastructure in a state of good repair, with billions more from previous voter-approved transit investment measures. While transit rail construction and maintenance can create growth potential for small businesses located along transit corridors, construction can also create challenges that carry a financial impact for these businesses.

In 2014, the Metro Board of Directors authorized the agency to designate up to \$10 million annually to be used for the implementation of a Pilot Business Interruption Fund in support of small businesses impacted by rail construction between 2014 and 2022. Overall, Metro's Business Interruption Fund awarded more than \$37 million to more than 440 businesses located along the Crenshaw/LAX Transit Project, the Little Tokyo area and the 2nd/Broadway segment along the Regional Connector, as well as Sections 1, 2 and 3 of the Purple Line Extension that have been impacted by transit rail construction.

In February 2023, Directors Krekorian, Horvath, Najarian, Barger, Bass and Dupont-Walker introduced a motion seeking a comprehensive assessment of the Pilot Business Interruption Fund program, and a report back with recommendations on how the Pilot Business Interruption Fund could be applied to address local business impacts created by the construction of the East San Fernando Valley Light Rail Transit Line Project. In April 2023, the Board approved an expansion of the Business Interruption Fund to the East San Fernando Valley Light Rail Transit Project, including some program modifications based on lessons learned. The Pilot Business Interruption Fund will provide critical financial support to small businesses along the Van Nuys corridor to cover the cost of construction impacts and help pay utilities, insurance, rent or mortgage, and payroll among other expenses.

However, Metro has additional multi-year transit rail projects in the pipeline or under construction of a value of \$1 billion or greater that cause construction activity resulting in negative financial impacts to nearby small businesses that would benefit from the funding from this program.

SUBJECT: CREATION OF A PERMANENT BUSINESS INTERRUPTION FUND MOTION

RECOMMENDATION

APPROVE Motion by Directors Horvath, Dupont-Walker, Solis, Barger, Krekorian, and Dutra that the Metro Board direct the Chief Executive Officer to establish a permanent Business Interruption Fund and provide a program update in November 2023 that considers, but is not limited to, the following:

- A. Resources necessary to maintain a permanent Business Interruption Fund; and
- B. Culturally competent outreach and inclusive technical assistance to adequately support affected businesses.