



Board Report

File #: 2016-0878, File Type: Contract

Agenda Number: 23.

REVISED
CONSTRUCTION COMMITTEE
EXECUTIVE MANAGEMENT COMMITTEE
NOVEMBER 17, 2016

SUBJECT: METRO PILOT BUSINESS INTERRUPTION FUND (BIF)

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

A. AUTHORIZING the Chief Executive Officer to:

1. EXECUTE Modification No. 3 to Contract No. PS69403444 with **Pacific Coast Regional Small Business Development Corporation (PCR) to support the increased level of effort and resources for the remaining two years of the professional services contract and continuation of services to eligible “mom and pop” businesses directly impacted by the unprecedented full street closure along 2nd & Broadway segment of the Regional Connector** in the amount of \$297,616 increasing the total firm fixed contract value from \$1,965,090 to \$2,262,706;
2. INCREASE Contract Modification Authority (CMA) specific to Contract No. PS69403444 in the amount of ~~\$400~~500,000 increasing the total CMA amount from \$180,000 to \$2680,000 to support ~~potential~~ additional services related to BIF fund administration inclusive of the expansion of the BIF to directly impacted and qualifying “mom and pop” businesses along the Purple Line Extension Phase 2; and

B. RECEIVING AND FILING the quarterly status report of Metro’s Pilot Business Interruption Fund (BIF).

DUPONT-WALKER AMENDMENT to expand the Pilot Business Interruption Fund to include small businesses that may be interrupted along the Purple Line Extension Phase 2.

ISSUE

In November 2014, the Board of Directors approved the contract with PCR to serve as the fund administrator for Metro's pilot BIF which provides financial assistance to small "mom and pop" businesses directly impacted by transit rail construction along the Crenshaw/LAX transit line, Phase I of the Purple Line Extension and the Little Tokyo area of the Regional Connector Transit Project. In December 2015, the Board approved the expansion of the BIF to include eligible small "mom and pop" businesses directly impacted by unprecedented full street closures with a duration greater than 6 continuous months such as the planned work at the 2nd & Broadway segment of the Regional Connector.

Immediately proceeding the authorization to extend the BIF to directly impacted and qualifying "mom and pop" businesses within the 2nd & Broadway segment of Regional Connector, Metro executed Modification No. 1 that included additional tasks for PCR to provide BIF fund administration services for small businesses directly impacted by the unprecedented full street closure. The full street closure of 2nd & Broadway extended beyond the projected term for an actual completion date in October 2016. In accordance to Metro's BIF Administrative Guidelines businesses have 180 calendar days from the end of the quarter of direct impact to submit a BIF application. Therefore, Board authorization is necessary to support the continuation of the BIF administration services along 2nd & Broadway segment of Regional Connector through June 2017.

In addition, as Metro's contracted fund administrator continues to advance efforts for the implementation of the pilot program, the actual level of effort required for implementation of the program has been captured. Based on the demonstrated level of effort required for ongoing direct outreach, financial analysis and processing of BIF applications from submission to completion and grant award, Modification No. 3 is necessary to support the level of effort and resources for the remaining two years of the professional services contract.

DISCUSSION

During the past quarter, Metro staff and PCR continue to advance efforts for implementation of the historic pilot program. The BIF continues to achieve program milestones and successes in keeping with the objective of supporting "mom and pop" businesses ability to thrive throughout and post construction of transit rail mega projects and experience growth opportunities associated with new transit rail services. As of October 2016 Metro has awarded 283 BIF grants exceeding the total amount of \$5.4 million to directly impacted small businesses of which 90% have remained in operations six months post grant award and 94% one year post grant award. In addition, Metro has helped sustain more than 700 jobs in the business communities through the award of BIF grants to more than 100 "mom and pop" businesses along the Crenshaw/LAX line, the Little Tokyo area and 2nd & Broadway segment of Regional Connector including Phase I of the Purple Line Extension.

A. Performance and Utilization

In effort to ensure the pilot program is prudent yet provides a seamless process for applicants, Metro and PCR continue to implement a hands-on approach that provides "mom and pop" businesses access to program information through Metro hosted BIF workshops; an interactive on-line application; direct one-on-one consultation with an assigned BIF Business Advisor; and/or on-site

client appointments at either the business location, Metro’s Crenshaw/LAX Business Solution Center, Metro’s Little Tokyo Community Relations Office and/or the Little Tokyo Small Business Center co-located at Metro’s Community Relations office.

Following is a high level summary of BIF grant application quarterly metrics through CY16 Q3:

- > Total number of BIF applications received: 451
- > Total number of BIF applications approved: 269
- > Total number of BIF applications not eligible 76
- > Total number of BIF applications denied: 2
- > Total percent of BIF grants approved: 71.1%
- > Total value of BIF grants approved/awarded: \$5,205,347.98

Following is a summary of the BIF quarterly Measures of Effectiveness through CY16 Q3:

Measure of Effectiveness		Goal	Actual
1	Number of businesses referred to support services post grant award	75%	100%
2	Number of completed applications processed within 9 business days	100%	95%
3	Client satisfaction rating (via survey): <= 30 days after grant award	100%	82%
4	*Number of businesses remaining in business 6 months post grant award	100%	90%
	*Number of businesses remaining in business 12 months post grant award	100%	94%

* Post grant award data reflects 56 businesses that have remained in business 6 months post grant award and 107 businesses that have remained in business 12 months post grant award.

Additional program metrics and quarterly reports can be viewed at metro.net/bif.

B. Small Business Outreach

In the course of performing oversight and monitoring of the BIF, Metro staff continues to assess lessons learned and the overall performance of the pilot program.

Recurring themes, observations and areas of focus include:

- Direct (proactive) outreach and canvassing continue to be the most effective means to contact small “mom and pop” businesses in effort to provide information and resources on Metro’s BIF.
- The directly impacted small business community has become more receptive to Metro and PCR in light of the BIF program success in granting awards to diverse community of businesses.
- Opposition and/or challenge to the BIF in response to the eligibility requirements for

businesses to demonstrate direct impact to Metro construction (businesses located immediately adjacent to the rail corridor and directly affected by Metro construction). Metro staff continues to spearhead strategic initiatives to counter opposition to the program while demonstrating the importance to maintain adherence to the guidelines and sustain the pilot program.

In response, the following activities are ongoing and/or have been implemented.

- Metro and PCR continues to advance coordinated outreach and communication activities and strategies to reach businesses in each of the transit rail corridors.
- PCR will continue direct canvassing and continue to provide hands-on support and guidance to business owners.
- Metro and PCR program staff have participated in more than 80 community and/or construction meetings.
- Metro has hosted 33 BIF workshops throughout each of the transit project areas and small business communities.
- Metro staff launched a new BIF webpage as an opportunity to promote transparency, share latest news and program stats including highlighting the BIF's community footprint through the shared experiences from small business grantees. The webpage can be viewed metro.net/bif.
- Metro staff launched a new quarterly BIF e-newsletter for distribution to various stakeholders and constituents.

Moreover, in effort to uphold Metro's commitment to being a trusted community builder, partner and stakeholder, Metro staff will continue to assess the performance of the pilot program with the objective of supporting directly impacted businesses' ability to sustain throughout the construction period.

DETERMINATION OF SAFETY IMPACT

There is no impact to the safety of Metro's customers or employees.

FINANCIAL IMPACT

Metro staff previously identified Measure R Admin funds as the most suitable funding source to support the professional services for the implementation and administration of the BIF. Therefore, Metro will continue to fund the BIF's professional services contract for the remaining two-year activities for the total authorized amount.

The FY17 budget includes \$337,214 for the professional services contract in cost center 0691. The Office of Management and Budget (OMB) has identified available Measure R Admin funds to support funding Modification 3 in the amount of \$297,616 for the continuation of services related to the 2nd & Broadway segment of Regional Connector in the amount of \$83,229; and the fund balance supports the increase in services for a portion of year 3 through June 30, 2017. The Measure R Admin funds have been re-appropriated in Cost Center 0691 Non-Departmental Procurement; Project Number 100055, Project Name - Admin-Measure R; Task No. 06.02.

Since this is a multi-year contract, Vendor/Contract Management will be responsible for budgeting funds for FY17, FY18 and FY19 in Cost Center 0691 Non-Departmental Procurement; Project Number 100055, Project Name - Admin-Measure R; Task No. 06.02.

Impact to Budget

The source of funds for the professional services is Measure R Admin, which does not impact bus and rail operations.

ALTERNATIVES CONSIDERED

The Board could either not authorize or authorize a lower amount for Modification No. 3; however staff is not recommending this alternative because it will affect Metro's ability to allocate the adjusted level of resources to support the ongoing implementation of the pilot BIF at the necessary level of effort to provide support to the "mom and pop" businesses applying for the BIF.

NEXT STEPS

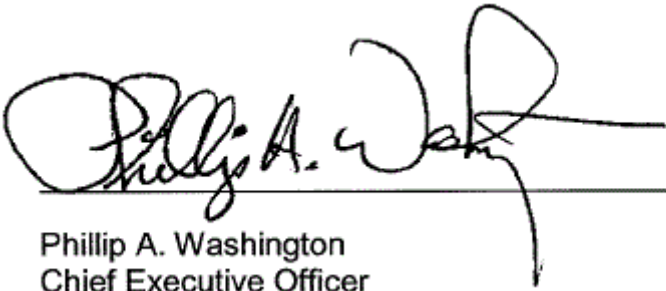
Upon Board approval, staff will execute Modification No. 3 to Contract No. PS69403444. In compliance with Board Motion 57 dated September 18, 2014, Metro staff will continue to provide reports to the Board of Directors on the status of the BIF.

ATTACHMENTS

- Attachment A - Procurement Summary
- Attachment B - Contract Modification/Change Order Log
- Attachment C - Motion 57
- Attachment D - DEOD Summary

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