



## Board Report

File #: 2019-0380, File Type: Contract

Agenda Number: 38.

### CONSTRUCTION COMMITTEE JUNE 20, 2019

**SUBJECT: METRO PILOT CRENSHAW/LAX TRANSIT PROJECT BUSINESS SOLUTION CENTER**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. EXECUTE Modification No. 3 to Contract No. PS2890900 with Del Richardson & Associates, Inc. (DRA) for professional services to support the ongoing implementation of the Metro Pilot Crenshaw/LAX Transit Project Business Solution Center (BSC) in an amount not to exceed \$582,117, increasing the total contract value from \$949,008 to \$1,531,125 and extending the period of performance for up to two years; and
- B. RECEIVE AND FILE the status report of the Crenshaw/LAX BSC.

#### **ISSUE**

On July 24, 2014, Metro's Board of Directors issued Motion 79 that authorized the CEO to establish a Metro Pilot Business Solution Center (BSC) to provide hands-on case management services and business assistance to small businesses along the Crenshaw Corridor between 48th and 60th Streets during the four-year term of the Crenshaw/LAX Transit Line Project. Since adoption of Motion 79 and implementation of the BSC, Metro has expanded the BSC to provide an increased level of services along the Crenshaw/LAX corridor. Metro has continued to provide direct, immediate, hands-on technical assistance to small and micro businesses along the Crenshaw/LAX corridor through the contracted professional services of Del Richardson & Associates, Inc.

The authorization of Modification No. 3 to Contract No. PS2890900 supports the ongoing implementation of the BSC as approved by Metro's Board of Directors, ensuring that small businesses are supported through construction of the Crenshaw/LAX Transit Project.

#### **BACKGROUND**

Upon Board authorization in 2014, Metro staff and contractor, Del Richardson & Associates, Inc., soft launched the BSC in December 2014 and formally launched the program in February 2015.

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Recognizing the BSC is a first-ever pilot program for Metro, staff has provided ongoing review and assessment of the program. After providing two years of support to small businesses along the Crenshaw/LAX corridor, in January 2016 Metro staff conducted a comprehensive program assessment. This included feedback from business owners about their experience and interactions with the BSC through a facilitated focus group, review of the program model with Metro project staff and the contractor through a facilitated project review meeting, review of the original report entitled "Recommendations for a Pilot Metro Business Solutions Center", and an assessment of program metrics such as the number of businesses along the project alignment seeking support services, the number of businesses within the BSC target area of 48th - 60th Street and external to the target area, and the areas of services, including the client demographic data. In addition, Metro staff conducted market research interviews with five small business service providers to obtain best practices and industry standards for small business assistance programs.

The program model for Metro's pilot BSC was developed through the framework outlined in the "Recommendations for a Pilot Metro Business Solutions Center" and Motion 79 that recommended the BSC provide business assistance including expert business advice, technical assistance and other focused resources for businesses in the target area of 48th - 60th Street based on construction activity of the at-grade portion of the transit rail project. As a result, the original scope of work provided focused resources such as hands-on case-management only for small businesses in the BSC target area.

Through the information, observations and lessons learned obtained during the comprehensive program assessment, as well as recognizing that more than 60% of small businesses seeking support services were outside of the predefined BSC target area, staff made enhancements to the program model and scope of work.

The result was a re-scope of the pilot program model and contract scope of work. Re-scoping the program model and contract scope of work enhanced the level of services provided to businesses located outside the target area (48th - 60th Street) along the Crenshaw Corridor, including focused one-on-one support or case management. A new re-scoped two-year contract was competitively solicited and awarded to the incumbent, Del Richardson & Associates in October 2016.

The objective of the pilot program re-scoping was to operate the pilot BSC inclusive of: (1) one-on-one focused client services for small and micro businesses located along the Corridor, (2) access to services via multiple avenues including a field and virtual (web based) presence, and (3) an outreach program for small and micro businesses on the Corridor to facilitate the utilization of available services and resources including access to other business experts and resource providers referred through the BSC. The new program model afforded Metro and the Contractor to perform one-on-one client services and outreach functions for all small businesses along the Crenshaw/LAX Transit corridor, regardless of location.

## **DISCUSSION**

The Pilot BSC program has been operational for nearly five years since the Board of Directors authorized the establishment of the program. As a result of Metro staff and the contracted program administrator's efforts, more than 400 businesses within the Crenshaw and Inglewood communities

have been contacted and more than 300 small businesses have been served by the BSC. Recognizing that Metro's BSC provides critical support through immediate, hands-on business development, technical assistance and referrals to partnering business resource providers to small businesses along the corridor during the term of construction of the Crenshaw/LAX Transit Project, ongoing operations are necessary.

Following is a summary of the BSC support services outcomes as of Q4 2018:

Total number of businesses contacted:	460
Number of businesses completing intake/ assessment:	351
Number of businesses receiving referrals:	333
Number of referrals to resource providers and/or services:	1127

Following is a summary of various BSC measures of effectiveness as of Q4 2018:

- 88% BSC clients engaged in services post intake/assessment
- 76% Businesses sustained in operations six months post BSC intake
- 75% Businesses sustained in operations 12 months post BSC intake.

Recognizing the BSC services were expanded since the inception of the original pilot program, small businesses beyond the targeted area of 48th to 60th street have been able to access business support services. The following information summarizes the small business clients' areas of service as of Q4 2018:

**Top Five Areas of Service:**

- 24% Financial services/ Metro's Business Interruption Fund
- 22% Business development
- 20% Marketing
- 20% Social media and website
- 6% Accounting management

Metro will continue to support the small business community through the continued operations of the BSC throughout construction of the Crenshaw/LAX Transit Project and early operations of the new transit services. The BSC will continue to support small businesses including focusing efforts to sustain businesses through ongoing access to support services, business education and small business experts. Additionally, the BSC's contracted program administrator will continue to provide one-on-one client services to prepare businesses for the close-out of the BSC and the opening of the Crenshaw/LAX line. Recognizing the need to begin to prepare BSC clients for the center's transition and the realization of economic opportunities that may result from the new transit rail service, the BSC staff will provide focused client services for businesses that are sustaining/stable and businesses requiring additional support. Support in these two business categories will allow the BSC to provide targeted services such as: development of client transition plans focused on long-term business planning; identification of actions and/or business solutions aligned to the client transition plans; business retention as well as referrals to business experts and resources for support post-operations of Metro's BSC.

Moreover, Metro and the BSC program administrator will continue to collaborate and identify focused support services and program activities for small businesses engaged in the BSC; and Metro staff will continue to provide proactive oversight and assessment of the pilot program and the Contractor during the final term of the center's operations.

### **DETERMINATION OF SAFETY IMPACT**

Approval of this recommendation will not impact the safety of Metro's patrons or employees.

### **FINANCIAL IMPACT**

Metro Board of Directors directed staff to identify eligible annual funds to support the annually funded pilot program. The administrative cost for the implementation of the pilot program is allocated from Measure R Administration funds. Vendor/Contract Management will be responsible for budgeting funds for FY20 and FY21 in Cost Center 0691Non-Departmental Procurement; Project Number 100055, Project Name - Admin-Measure R; Task No. 05.01 and Task Name Crenshaw BSC.

#### **Impact to Budget**

Measure R Administration funds were previously identified as eligible for this expense through prior Board of Directors authorization and approval. The annual appropriation of the funding source does not impact transit operations and/or capital projects/programs.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The implementation of the Crenshaw/LAX Pilot Business Solution Center aligns to strategic goal 3 - enhance communities and lives through mobility and access to opportunity.

### **ALTERNATIVES CONSIDERED**

1. Not executing Modification No. 3 to Contract No. PS2890900. Staff is not recommending this alternative because it will affect Metro's ability to continue to provide the identified services to small and micro businesses along the Crenshaw Corridor during the remaining term of construction of the Crenshaw/LAX Transit Line.
2. Utilizing Metro staff to operate the Pilot BSC. This alternative is not recommended, because Metro does not have the required staffing availability or dedicated resources to operate the pilot BSC.

### **NEXT STEPS**

Upon Board approval, staff will execute Modification No. 3 to Contract No. PS2890900 with Del Richardson and Associates, Inc. to support the ongoing implementation of the Metro Pilot Crenshaw/LAX Transit Project BSC.

**ATTACHMENTS**

Attachment A - Motion 79

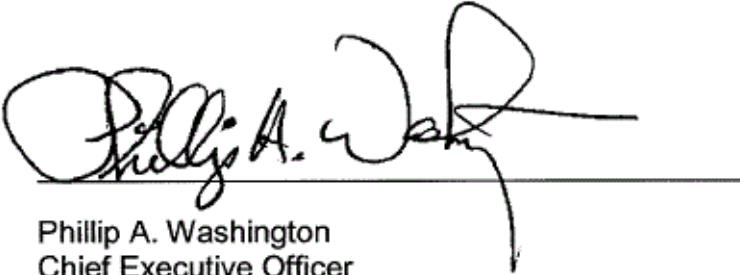
Attachment B - Procurement Summary

Attachment C - Contract Modification/Change Order Log

Attachment D - DEOD Summary

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