

**Board Report**

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**File #:** 2015-1674, **File Type:** Program

**Agenda Number:** 50.

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**EXECUTIVE MANAGEMENT COMMITTEE  
NOVEMBER 19, 2015**

**SUBJECT: BUSINESS INTERRUPTION FUND FOR UNPRECEDENTED DISRUPTION**

**ACTION: APPROVE RECOMMENDATION**

**RECOMMENDATION**

AUTHORIZING the **expansion of the Pilot Business Interruption Fund** to include funding for 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 2<sup>nd</sup> & Broadway segment of the Regional Connector transit rail project.

**ISSUE**

Metro’s Board issued Motion 57 that authorized the CEO to establish a pilot program for a special Business Interruption Fund (BIF) for “mom and pop businesses” located along the Crenshaw Line, the Little Tokyo area along the Regional Connector and Phase I of the Purple Line extension. This was based on the Board finding there is a clear nexus between construction activities and reduced business activity, especially the walk-in traffic that many of the retail businesses rely on.

An unprecedented full street closure of the 2<sup>nd</sup> & Broadway segment of the Regional Connector project is anticipated to extend more than 6 months in duration.

**DISCUSSION**

The Regional Connector transit rail project is the only project that has a distinct area identified for eligibility to participate in the BIF; which is the Little Tokyo area. In an effort to maintain adherence to the Board motion and the pilot program framework yet continue to uphold Metro’s commitment to being a trusted community builder, partner and stakeholder, Metro staff is seeking authorization to extend the BIF to eligible “mom and pop” businesses directly impacted by anticipated 6 month full street closure at 2<sup>nd</sup> & Broadway for the Regional Connector project.

The 6 month full street closure at the 2<sup>nd</sup> & Broadway area would be the longest recorded closure for a Metro rail construction project; as outlined in “The History of Full Street Closures and LA County Metro” provided as Attachment B.

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In consideration of the construction activities, it is projected that more than 100 small “mom and pop” businesses may be directly impacted. Therefore, recognizing the impact that full street closures have on small business communities, and based on early observations of impacts along the Crenshaw/LAX line and Phase I of the Purple Line extension, expansion of the BIF within the focused segment of 2<sup>nd</sup> & Broadway will provide small businesses access to financial assistance during the challenging construction period. Ensuring continued integrity of the pilot program, eligible businesses will be required to demonstrate direct impact and meet the program requirements of Metro’s BIF Administrative Guidelines.

### **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 authorized staff to identify \$10 million annually of eligible funds in support of the pilot program for approximately eight years. The anticipated program costs for expansion of the BIF to businesses directly impacted by the unprecedented full street closure at 2<sup>nd</sup> & Broadway of the Regional Connector rail project will be assumed within the existing funding authorization. However, a reassessment of the program funds may be required in the event the actual costs exceed the existing program funds authorization. The forecasted and actual cost will continue to be assessed throughout the term of the pilot program.

#### **Impact to Budget**

The proposed recommendation does not impact the current year budget.

### **ALTERNATIVES CONSIDERED**

Not authorize the expansion of the BIF program to include 2<sup>nd</sup> & Broadway of Regional Connector transit rail project for “mom and pop” businesses directly impacted by the extended full street closure. This alternative is not recommended due to the unprecedented duration of the full street closure.

### **NEXT STEPS**

Staff will continue to provide a quarterly BIF program report to the Metro’s Board of Directors.

### **ATTACHMENTS**

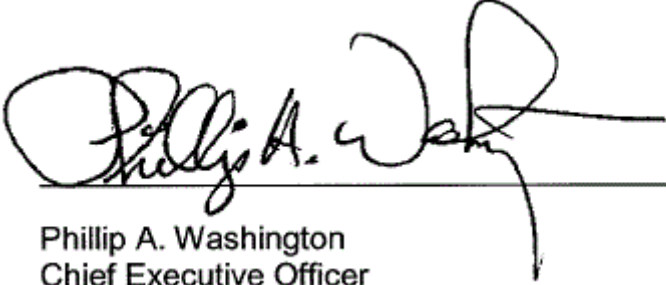
Attachment A - Board Motion 57

Attachment B - The History of Full Street Closures and LA County Metro

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