



## Board Report

File #: 2023-0493, File Type: Contract

Agenda Number: 24.

### CONSTRUCTION COMMITTEE SEPTEMBER 21, 2023

**SUBJECT: FUND ADMINISTRATOR FOR METRO PILOT BUSINESS INTERRUPTION FUND (BIF)**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to Execute Modification No. 9 to the Business Interruption Fund (BIF) Administration Services Contract No. PS56079000 with Pacific Coast Regional Small Business Development Corporation (PCR) in the amount of \$511,676 increasing the contract value from \$4,203,792 to \$4,715,468 to continue to serve as the fund administrator for Metro's Pilot BIF and extend the period of performance for up to six months (on a month to month basis) from November 1, 2023 to April 30, 2024.

#### **ISSUE**

Board authorization is requested to extend the professional services contract to support the ongoing implementation of the BIF as approved by Metro's Board of Directors. As the contract is set to expire October 31, 2023, this contract extension allows for continuity of BIF Fund Administration services while a re-issued competitive solicitation is completed.

#### **BACKGROUND**

The Pilot Business Interruption Fund (Program) was authorized by the Board in October 2014 to provide financial assistance to small "mom and pop" businesses directly impacted by Metro's transit rail construction located along the alignment of the Crenshaw/LAX Transit Project, the Little Tokyo area of the Regional Connector, and Section 1 of the Purple Line Extension. At its December 2015 meeting, the Board authorized the expansion of the BIF to include "mom and pop" businesses directly impacted by unprecedented full street closures with duration greater than six continuous months, such as the 2nd/Broadway segment of the Regional Connector. At its December 2016 meeting, the Board authorized the expansion of the BIF to include eligible businesses along Section 2 of the Purple Line Extension and in February 2019 Metro's Board of Director's authorized the expansion of the BIF to include eligible businesses along Section 3 of the Purple Line Extension.

At its February 28, 2019, the Board approved the award of Metro's BIF Administration Services Contract program in the amount of \$3,348,010, inclusive of a two-year base term, plus two (2), one-

year options. The two (2) one-year options have been exercised which concludes the initial eight-year pilot BIF program term.

Recently, at its April 2023 meeting, the Board authorized the expansion of the BIF to include eligible businesses along the East San Fernando Valley Light Rail Corridor.

## **DISCUSSION**

The contract extension for professional services for the BIF allows PCR to continue to serve as the administrator for Metro's Pilot BIF while a competitive solicitation (RFP) is re-issued for the BIF Fund Administrative Services.

The Pilot Business Interruption Fund has awarded more than 1,500 grants totaling over \$37 million provided in financial assistance to more than 445 small "mom and pop" businesses. Continuation of services allows the BIF to provide uninterrupted ongoing financial assistance to the small businesses impacted by the construction of the Purple Line Extension Sections 1, 2 and 3, and to continue project close-out activities along the Little Tokyo Area of the Regional Connector and the Crenshaw/LAX Transit Project.

While the Crenshaw/LAX Transit Project (K Line) and Regional Connector (A & E Lines) are operational, per Program Management, additional final construction activity is still being performed. Additionally, as stated in the BIF Administrative Guidelines, businesses may submit claims within, "180 calendar days from the end of the quarter in which the construction period occurred." In short, small businesses have 6 months from the end of the quarter in which they experienced construction impact to apply for grant funding.

A Small Business Prime Set-Aside solicitation (RFP) was released June 27, 2023, to re-procure the Fund Administrative services. Metro did not receive any responsive proposals resulting in an unsuccessful procurement. The solicitation has been re-issued without the application of the Small Business Prime Set-Aside program. The solicitation was re-issued on August 28, 2023.

For the re-release of the solicitation, a broader scope of outreach was performed to include all firms meeting the Community Development Financial Institution (CDFI) and/or Small Business Development Center (SBDC) criteria. In addition, the response-time for the receipt of proposals from the date of publication was increased to four weeks.

Although an unforeseen delay, the re-release of the solicitation affords staff the opportunity to align the award for the new contract with the implementation of the expansion of the Business Solution Center (BSC) expected during the first quarter 2024. Both programs have been approved by the Metro's Board of Directors for implementation along the East San Fernando Valley Light Rail Project.

Staff, in collaboration with PCR, continues to implement various outreach activities and methods to inform and educate small businesses about the BIF, including the anticipated close-out along the

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Little Tokyo Area of the Regional Connector and the Crenshaw/LAX Transit Project. Additionally, staff and PCR provide direct support throughout the application process and link businesses to other small business support services such as PCR's Small Business Development Center (SBDC) and Metro's Eat Shop Play program.

### **DETERMINATION OF SAFETY IMPACT**

The approval of the recommendations above will have no negative impact on the safety of Metro employees or passengers.

### **FINANCIAL IMPACT**

The administrative cost for the implementation of the program is allocated from Measure R Administration funds. Funds for FY24 are currently budgeted in Cost Center 0691 Non-Departmental Procurement Project Number 471101, Task 03.01. Furthermore, Diversity and Economic Opportunity has the necessary funds in the adopted FY24 Budget.

#### **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.

### **EQUITY PLATFORM**

This action will ensure Metro staff have the funding for services required to continue the implementation of Metro's Pilot Business Interruption Fund and provide financial assistance to the small "mom and pop" businesses impacted by the construction of the Purple Line Extension Sections 1, 2 and 3, and the close-out of the Little Tokyo Area of the Regional Connector and the Crenshaw/LAX Transit Project. These construction areas traverse through Equity Focus Communities (EFCs) in South Los Angeles, Little Tokyo, and parts of the Westside of the City of LA. The BIF has supported businesses within the vibrant, culturally relevant communities of Crenshaw, Inglewood, and Little Tokyo, a National Historic Landmark. As of Q2, 2023, 68% of BIF grants were disbursed to small "mom and pop" business owners from minority backgrounds.

This action will ensure that PCR staff will have the funding needed to exercise necessary outreach to the small "mom and pop" business community via door-to-door outreach, community presentations and through collaborative referrals from Metro's Eat, Shop, Play program and Metro's Construction Relations department. BIF program outreach continues to be inclusive of small business owners from diverse backgrounds, as exemplified by BIF marketing materials provided in multiple languages.

As a result of the aforementioned outreach efforts, more than 445 small "mom and pop" businesses have received direct financial assistance from the BIF. Through implementation of the BIF, Metro continues to support the ability of small businesses to survive the challenges of construction. As of Q2 2023, 88% of businesses remain open 12 months after receiving a grant. With the goal of helping

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businesses sustain operations during construction disruption, BIF financial assistance first covers delinquent fixed operating expenses including utilities, insurance, rent or mortgage and payroll.

The Diversity and Economic Opportunity Department (DEOD) did not recommend an SBE/DVBE goal for this procurement due to lack of subcontracting opportunities.

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

Approval of this item aligns to Metro strategic goal 3 - enhance communities and lives through mobility and access to opportunity, and goal 5 - provide responsive, accountable, and trustworthy governance within the Metro organization.

### **ALTERNATIVES CONSIDERED**

Staff considered utilizing Metro staff to perform the fund administration services for BIF. This alternative is not recommended, because Metro does not have the required staffing availability, dedicated resources or expertise to serve as a financial administrator such as those possessed by a community development financial institution (CDFI).

### **NEXT STEPS**

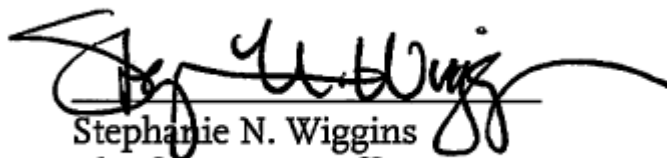
Upon Board approval, staff will execute Modification No. 9 to Contract No. PS56079000 with PCR to increase the contract value and extend the period of performance from November 1, 2023 up to April 30, 2024 while the re-issue of the procurement of the BIF Fund Administrator services is completed.

### **ATTACHMENTS**

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

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