

**Board Report**

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**CONSTRUCTION COMMITTEE
EXECUTIVE MANAGEMENT COMMITTEE
SEPTEMBER 17, 2015**

**SUBJECT: CRENSHAW/LAX PILOT BUSINESS SOLUTIONS CENTER (BSC) AND METRO'S
PILOT BUSINESS INTERRUPTION FUND (BIF) REPORT**

ACTION: RECEIVE AND FILE STATUS REPORT

RECOMMENDATION

RECEIVING AND FILING the status report on the operations of **Metro's Pilot Crenshaw/LAX Transit Project Business Solution Center (BSC) and Metro's Pilot Business Interruption Fund (BIF)**.

ISSUE

In July 2014, Metro's Board issued Motion 79 (Attachment A) which authorized the CEO to establish a Pilot Metro Business Solution Center (BSC) along the Crenshaw Corridor (Corridor). Thereafter, the Board of Directors issued Motion 57 (Attachment B) that authorized the CEO to establish a pilot program for a special Business Interruption Fund (BIF) for "mom and pop" businesses along the Crenshaw Line, Little Tokyo area along the Regional Connector and Phase I of the Purple Line Extension. Motion 57 requires Metro staff to report to the Board of Directors in September 2015 with an evaluation of the program including utilization levels and recommendations for program modification. This report covers Metro's BSC and BIF program activity through August 19, 2015.

DISCUSSION

Since the adoption of the aforementioned Board motions and the Receive and File Status Report presented on April 16, 2015, Metro's staff continues to perform a series of actions for the ongoing operations and oversight of Metro's BSC and BIF pilot projects. Both the BSC and BIF have reached milestones and achievements such as the six month operations for Metro's BSC and the award of more than \$1Million of BIF grant funds to small "mom and pop" businesses through Metro's BIF. Early observations, areas of focus for ongoing program operations including data demonstrating each programs performance have been gathered and assessed.

1. Crenshaw/LAX Pilot Business Solution Center Update

Metro staff continues to work in collaboration with the BSC Contractor, Del Richardson and Associates (DRA) for the on-going operation of Metro’s BSC. Metro’s BSC has been operational with the full complement of business technical support, referral and case management services for more than six months. The BSC provides businesses in the Crenshaw Corridor access to an array of business services through various means and pathways such as: direct referral to participating Business Development Partners and other business resource programs; enrollment and/or referral to business workshops, seminars and/or classes; including opportunities to participate in special business events and/or programs hosted by Metro’s BSC. In addition, the BSC continues to advance direct outreach and case management for businesses located within the BSC target area of 48th - 60th Street. Metro’s BSC also provides services for businesses in the southern segment of the Crenshaw/LAX project alignment through access to technical support services at the recently launched BSC satellite office in Inglewood co-located at DRA’s headquarter office.

A. Program Evaluation

The BSC has reached various project milestones and achievements from the “soft” launch in December 2014 and formal launch in February 2015. Following is a summary of key milestones and achievements:

BSC Milestones	November 2014	December 2014	February 2015	June 2015
Notice to Proceed Issued	X			
BSC Soft Launch		X		
BSC Formal Launch			X	
BSC Six Months Operations				X

BSC Achievements	March 2015	June 2015	July 2015	August 2015
BSC Direct Business Contacts >200 businesses	X			
BSC Program Metrics Defined		X		
BSC Target Area Businesses in Case Mgmt. >50%			X	
BSC Satellite Office Soft Launch				X

The BSC program staff continues to provide business technical support, referral and/or case

management services to more than 200 businesses in the Crenshaw Corridor.

Following is a summary of BSC Program Activity Metrics from December 19, 2014 through July 31, 2015:

- Total Number of Businesses Contacted: **281**
- Number of Businesses Completing Intake/Assessment Forms: **215**
- Number of Businesses in Case Management: **54**
- Number of Businesses Receiving Referrals: **212**
- Number of Referrals: **593**.

Note: Case Management services for businesses in BSC target area.

Metro staff continues to assess early observations, lessons learned and the overall performance of the pilot program through continuous oversight and monitoring.

Observations identified as areas of focus and on-going assessment are as follows:

- In review of the BSC activities, program structure and overall project scope of work, there is a need to adjust the case management strategy to enhance the efficiency, effectiveness and net benefit to small businesses enrolled in case management.
- Due to the launch of Metro's BIF there may be an unintended impact to Metro's BSC. There is an elevated interest in Metro's BIF thus leading to increased challenges for Metro's BSC to maintain small businesses' interest and commitment to the BSC services and case management process.
- Nearly 50% of businesses obtaining BSC services are outside of the BSC target area of 48th - 60th Street. This demonstrates increase demand and need for support services for businesses outside the targeted area.

In response, the following activities will be initiated:

- DRA will make program adjustments to enhance case management services and the overall case management strategy.
- Metro will continue to work with DRA for the development of performance metrics to track the effectiveness of case management services in response to program adjustments.
- Launch BSC Client Survey to obtain feedback and program assessment from more than 200 businesses participating in Metro's BSC.
- On-going development of outreach, marketing and engagement strategies for continued promotion of Metro's BSC.
- Continued outreach and education of the business community regarding the near and long-term benefits of obtaining free technical support services through Metro's BSC.
- Continue to leverage the services of Metro's BSC for businesses to obtain information about Metro's BIF and access to technical services in preparing required financial documentation for

application to the BIF.

- On-going analysis of BSC report data to track the overall performance.

*Activities will be implemented from August 2015 through November 2015.

B. Program Performance and Utilization

As a pilot project, the review and analysis of the program's qualitative and quantitative performance is an on-going activity. The BSC Performance and Utilization Report is provided as Attachment C.

C. Program Recommendations

Metro's Crenshaw/LAX Pilot Business Solution Center has been operational for more than six months and is challenged with the defined program model to provide technical support services to small businesses in the Corridor, outreach and case management to the target area of 48th - 60th Street. In response, DRA has focused efforts on modifying the existing case management strategy including a re-assessment of personnel and technical resources. In effort to present program modification recommendations, it is necessary for Metro and DRA to obtain feedback from the small business community on the quality, effectiveness and efficiency of the current level of services provided through Metro's BSC. Therefore, upon review of the BSC Client Survey results along with assessment of the modified case management strategy; Metro staff will continue to assess the program's performance over the next quarter followed by program recommendations in December 2015.

2. Pilot Business Interruption Fund Update

Metro and the BIF Contractor, Pacific Coast Regional Small Business Development Corporation (PCR) continue to advance efforts and activities for implementation of the historic pilot program. The BIF "soft launch" commenced in February 2015 and for nearly six months, Metro and PCR program staff has initiated focused outreach and communication efforts for businesses within the Crenshaw/LAX transit corridor, the Little Tokyo area of Regional Connector and Purple Line Extension, Phase I. Keeping with the objective of providing financial assistance to small "mom and pop" businesses directly impacted by Metro transit rail construction; as of August 19, 2015, Metro awarded fifty-four (54) BIF grants exceeding a total amount of \$1Million. The BIF grants were awarded to businesses in the Crenshaw/LAX transit corridor; the first of the three active transit construction projects for which the BIF provides financial assistance.

A. Program Evaluation

Metro's BIF has reached various project milestones and achievements. Following is a summary of key milestones and achievements:

BIF Milestones	December 2014	February 2015	April 2015	August 2015
Notice to Proceed Issued	X			
BIF Administrative Guidelines Final		X		
BIF Soft Launch		X		
BIF Formal Launch			X	
BIF Grant Awards > \$1M				X

BIF Achievements	April 2015	June 2015	July 2015	August 2015
BIF Grant Awards (First Awards)	X			
BIF Grant Awards >\$500K		X		
BIF Bi-Monthly Status Report Complete			X	
BIF Small Business Features Media Release				X

Metro and BIF program staff continues to advance outreach efforts to businesses within the Little Tokyo area of Regional Connector and Purple Line Extension, Phase I in preparation to the activation of transit rail construction while continuing direct outreach to businesses in the Crenshaw Corridor. In effort to ensure the BIF pilot program is prudent yet provides a seamless process for applicants, PCR has implemented a multi-prong approach that provides small “mom and pop” businesses access to program information through an interactive on-line application; direct one-on-one consultation with a BIF Program Advisor; and/or on-site client appointments at the business location including Metro’s BSC and Metro’s Little Tokyo Construction Relations office. BIF Advisors are readily accessible to provide hands-on support and guidance to business owners within the three transit project corridors. The level of commitment and effort is demonstrated through the achievements of the BIF grant application activities and BIF grant awards as of August 2015.

Following is a summary of BIF Grant Application Metrics from February 12, 2015 through August 19, 2015:

- BIF applications submitted to date: **123**
 - BIF applications approved to date: 54
 - BIF applications pending financial documents: 51
 - BIF applications deemed not eligible: 16
 - BIF applications denied: 2
- BIF applications pending online; not submitted: **29**
- BIF Grant Payments (total value): **\$1,011,295.88**

Note: Businesses that do not meet the BIF eligibility requirements and/or denied are provided a formal written letter of determination issued by PCR.

In the course of performing oversight and monitoring of the BIF, Metro staff continues to assess early observations, lessons learned and the overall performance of the pilot program. Observations identified as areas of focus and on-going assessment are as follows:

- Direct (proactive) outreach and canvassing appears 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.
- There is a degree of opposition and/or challenge to the BIF in response to the eligibility requirement for businesses to demonstrate direct impact to Metro construction (businesses located immediately adjacent to the rail corridor and directly affected by Metro construction).

In response, the following activities are ongoing:

- Metro and PCR will continue 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’s staff in coordination with Media Relations will continue a focused media relations campaign announcing the successes of the BIF program, highlight the small businesses, and share the personalized testimonials of business owners (BIF grantees) through various platforms.
- Metro will continue to assess the BIF program requirements yet keeping to the lessons learned of Houston Metro for which the BIF is modeled; holding consistent to program guidelines to ensure integrity of program.
- On-going analysis of BIF report data to track the overall performance.

In effort to uphold Metro’s commitment to being a trusted community builder, partner and stakeholder, Metro has implemented an array of communication and outreach initiatives and developed resources in support of the diverse representation of the small business community; such as:

- BIF program materials (factsheet and 4 Step Easy Guide) translated in Spanish, Korean and Japanese
- BIF workshops series launched in June 2015
- BIF program staff on-site hours in the Crenshaw Corridor, Little Tokyo area and forthcoming in Purple Line Extension, Phase I project corridor
- Access to multi-lingual interpretation and translation services.

B. Program Performance and Utilization

In addition to advancing efforts for the implementation and administration of Metro's BIF; a comprehensive bi-monthly status report inclusive of application, business demographics, financial accounting and expenditure data by project corridor including other key performance indicators has been developed for the continued assessment of the pilot program. The BIF Bi-Monthly Status Report for March 2015 - June 2015 is provided as Attachment D.

C. Program Recommendations

Metro's Pilot Business Interruption Fund has been operational for nearly six months and has demonstrated the capacity to meet the program objective to provide financial assistance to directly impacted small "mom and pop" businesses through grants to cover certain fixed operating expenses. Serving as the BIF fund administrator, PCR has established standard operating procedures and processes for the administration of Metro's BIF. The established protocols, procedures and processes include but not limited to: dedicated team of financial professionals serving as the BIF Program Manager and BIF Advisors; a formal BIF Grant Committee chaired by PCR's President/Chief Executive Officer and BIF standard operating procedures.

Recognizing the importance to develop a fiscally prudent program, Metro's BIF Administrative Guidelines require an annual audit of the program to be conducted by Metro's Management Audit Services Department (MASD). It is projected that the program audit will be conducted in early 2016. Therefore, Metro staff does not propose any program modification recommendations at this time; however staff will continue to assess the ongoing performance of the BIF and reconvene Metro's internal BIF "tiger team" to address any potential program modifications and/or refinements.

ATTACHMENTS

Attachment A - Motion 79

Attachment B - Motion 57

Attachment C - Metro BSC Performance and Utilization Report

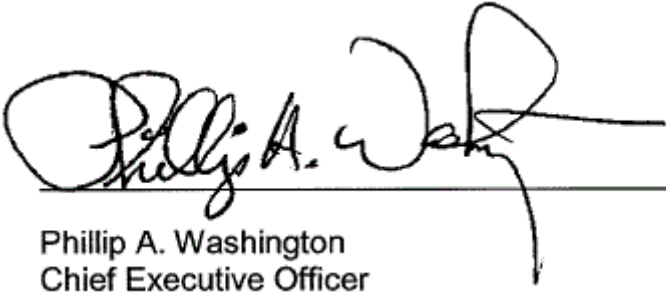
Attachment D - Metro BIF Bi-Monthly Status Report

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