

**Board Report**

File #: 2022-0696, **File Type:** Contract**Agenda Number:** 29.

**CONSTRUCTION COMMITTEE
NOVEMBER 17, 2022****SUBJECT: FUND ADMINISTRATOR FOR METRO PILOT BUSINESS INTERRUPTION FUND
(BIF)****ACTION: APPROVE RECOMMENDATIONS****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to Execute Modification No. 8 to the Business Interruption Fund (BIF) Administration Services Contract No. PS56079000 with Pacific Coast Regional Small Business Development Corporation (PCR) in the amount of \$798,631 increasing the contract value from \$3,405,161 to \$4,203,792 to continue to serve as the fund administrator for Metro's Pilot BIF and extend the period of performance from May 1, 2023 to October 31, 2023.

ISSUE

On February 28, 2019, the Metro Board of Directors 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.

Board authorization is requested to increase the second, one-year option amount by \$241,221 and extend the BIF professional services contract period of performance for six (6) months in the amount of \$557,410 to continue support of the ongoing implementation of the BIF as approved by Metro's Board of Directors.

BACKGROUND

Metro's Board of Directors authorized the Pilot Business Interruption Fund (Program) 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. In December 2015 Metro's Board of Directors 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. In December 2016 Metro's Board of Directors 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.

Businesses eligible for assistance are those located immediately adjacent to the transit rail corridors (above) that can demonstrate a loss of revenue directly related to the period of Metro construction disruption as compared to the same time in the previous year. Businesses must also have 25 or fewer full-time employees and be in continuous operation for at least two years along their respective transit rail corridor.

DISCUSSION

Metro has continued to provide financial assistance to directly impacted eligible businesses through the contracted professional services of PCR, a Community Development Financial Institution (CDFI) and Small Business Development Center (SBDC), serving as the BIF fund administrator.

The second, one-year option contract modification and a six (6) month contract extension for professional services for the BIF allows PCR to continue to serve as the administrator for Metro's Pilot BIF. The BIF has provided financial assistance to over 430 small businesses and has awarded over \$35 million dollars in BIF grant awards. Continuation of services allows the BIF to provide uninterrupted ongoing financial assistance to the small "mom and pop" businesses impacted by the construction of the Purple Line Extension Sections 1, 2 and 3, the Little Tokyo Area of the Regional Connector and for the remaining work of the Crenshaw/LAX Transit Project as stated in the Crenshaw/LAX Punch List construction items.

The contract modification to increase the second, one-year option amount by \$241,221 takes into consideration levels of service that were not anticipated in the original contract price. Due to construction delays along the Crenshaw/LAX and Little Tokyo Regional Connector projects, an increase in the level of services is needed. Services would include administrative coverage by PCR for an additional 6-month period to support any impacts caused by Punch List construction items along the Crenshaw/LAX project alignment. Additionally, the Regional Connector is slated for substantial completion in early 2023. Per BIF program guidelines, small businesses impacted by construction have 6 months post-construction to apply for grant funding. To date, PCR has processed over 1,100 applications and over \$23 million in grants have been awarded to small businesses along the Crenshaw/LAX and Regional Connector project alignments. It is expected that small businesses will continue to apply for BIF assistance during the post-construction period. Staff is also taking into consideration the level of effort necessary to support small businesses impacted by the construction activity along PLE3. Continuation of BIF services for small businesses impacted by Metro's transit rail construction demonstrates Metro's commitment to helping small businesses sustain during construction and thrive post-construction.

PCR's contract is set to expire on April 30, 2023. A six (6) month contract extension would provide staff time to initiate a new procurement, as well as the financial security to continue services while a procurement is in process. It would also ensure that there is no disruption of BIF services for small businesses that may experience construction impacts.

Staff, in collaboration with PCR, continues to implement various outreach activities and methods to inform and educate small businesses about the BIF, provide direct support throughout the application

process and link businesses to other small business support services such as Metro's Crenshaw/LAX Transit Business Solution Center (BSC), Metro's Little Tokyo Community Relation Office and/or the Little Tokyo Small Business Solution Center co-located at Metro's Community Relations office including PCR's Small Business Development Corporation; 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 FY23 are currently budgeted in Cost Center 0691 Non-Departmental Procurement Project Number 100055, Project Name - Admin-Measure R Task 06.02. Furthermore, Office of Civil Rights, Racial Equity & Inclusion has the necessary funds in the adopted FY23 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 and tools 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 Little Tokyo Area of the Regional Connector and for the close-out of construction along the Crenshaw/LAX Transit Project. These construction areas traverse through Equity Focused Communities (EFCs) in South Los Angeles, Little Tokyo, and parts of the Westside of the City of LA.

This action will ensure that PCR staff will have the funding needed to exercise necessary outreach to the small business community via door-to-door outreach, community presentations and through collaborative referrals from Metro's Business Solution Center, Metro's Eat, Shop, Play program and Metro's Construction Relations department. Furthermore, PCR's outreach will continue to be inclusive of small "mom and pop" business owners from diverse backgrounds, as exemplified by BIF marketing materials provided in multiple languages. As of Q1, FY23, 69% of BIF grants were disbursed to small "mom and pop" business owners from minority backgrounds. As a result of the aforementioned outreach efforts, approximately 430 small "mom and pop" businesses have received direct financial assistance from the BIF. This contract modification will allow PCR to continue BIF services through the contract expiration date, ensuring all potentially eligible small businesses have the opportunity to apply.

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.

NEXT STEPS

Upon Board approval, staff will execute Modification No. 8 to Contract No. PS56079000 with PCR to increase the contract value and extend the period of performance from May 1, 2023 to October 31, 2023.

ATTACHMENT

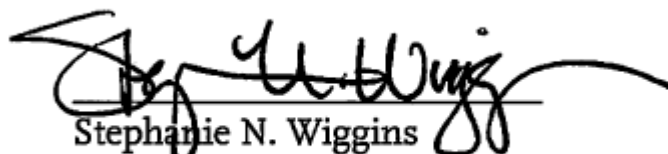
Attachment A - Procurement Summary

Attachment B - Contract Modification/Change Order Log

Attachment C - DEOD Summary

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