



Board Report

File #: 2023-0768, File Type: Contract

Agenda Number: 18.

PLANNING AND PROGRAMMING COMMITTEE

MARCH 20, 2024

CONSTRUCTION COMMITTEE

MARCH 21, 2024

SUBJECT: METRO BUSINESS INTERRUPTION FUND (BIF)

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to award a firm fixed price Contract No. PS109347 -2000 to Pacific Coast Regional Small Business Development Corporation (PCR) to serve as the fund administrator for Metro’s Business Interruption Fund (BIF) in the amount of \$5,168,773 for the three-year base term, with two, one-year options in the amounts of \$1,699,722 and \$1,761,758 respectively, for a total amount of \$8,630,253, subject to the resolution of any properly submitted protest(s), if any; and
- B. RECEIVING AND FILING the status update on Motion 17 which directed Metro staff to provide a program update that considers, but is not limited to, resources necessary to maintain a permanent Business Interruption Fund and culturally competent outreach and inclusive technical assistance to adequately support affected businesses.

ISSUE

As Metro continues to build the future of transportation in LA County, the Business Interruption Fund (BIF) continues to be an important and successful program for the adjacent impacted businesses. The BIF Fund Administrator serves a pivotal role in the delivery of Metro’s Business Interruption Fund.

The current contract for the BIF Fund Administrator expires April 30, 2024. The authorization of this professional services contract supports the ongoing administration of the BIF.

The recommendation also provides a status update as directed by Motion 17, by Directors Horvath, Dupont-Walker, Solis, Barger, Krekorian, and Dutra that directed the Chief Executive Officer (CEO) to establish a permanent Business Interruption Fund and provide a program update that considers but is not limited to, the following: A. Resources necessary to maintain a permanent Business

Interruption Fund; and B. Culturally competent outreach and inclusive technical assistance to adequately support affected businesses (Attachment A).

BACKGROUND

In October 2014, Metro's Board of Directors (Board) approved Motion 57 by Directors Molina, Dupont-Walker, Ridley-Thomas and Garcetti (Attachment B) that authorized the CEO to establish a pilot program for a special Business Interruption Fund (BIF) for small businesses including micro businesses located along the Crenshaw Line, the Little Tokyo area along the Regional Connector and Section 1 of the Purple Line Extension. Since the adoption of Motion 57 and the start of the BIF, Metro's Board authorized the expansion of the program with small businesses including micro businesses directly impacted by unprecedented full street closures with duration greater than six continuous months, such as the 2nd/Broadway segment of Regional Connector (December 2015), Sections 2 (December 2016) and 3 (February 2019) of the Purple Line Extension, and most recently along the upcoming East San Fernando Valley Light Rail Project (April 2023). Due to the success of the pilot, Metro's Board of Directors approved Motion 17 by Directors Horvath, Dupont-Walker, Solis, Barger, Krekorian, and Dutra on May 18, 2023, that directed the Chief Executive Officer (CEO) to establish a permanent Business Interruption Fund in May 2023. (Attachment A).

Program wide, as of February 29, 2024, Metro has provided financial assistance to 458 small businesses directly impacted by transit rail construction through the awarding of 1,597 grants for over \$40 million (Attachment C). Small businesses can receive multiple grants should they continue to meet program eligibility requirements and have ongoing construction impacts.

The successes of the program are demonstrated in the Measures of Effectiveness (MOEs), of which:

- 95% of businesses have remained in operation six months post grant award;
- 88% one-year post grant award; and
- 75% two-years post grant award.

Additionally, at the conclusion of construction and opening of the Crenshaw/LAX project (now the "K" Line), program data indicates that out of a total of 240 businesses that received BIF grants, 75% or 181 of those businesses remain in business. A total of 465 jobs were retained. Similarly, at the conclusion of construction and opening of the Regional Connector project, program data indicates that out of a total of 33 businesses that received BIF grants in the Little Tokyo area of the project, 60 % or 20 of those businesses remain in business. A total of 154 jobs were retained. These statistics further prove Metro's mission in helping small businesses survive construction disruption through the BIF program has been successful. BIF eligibility ended on both projects as of December 31, 2023.

Recognizing the opportunities that are created for small businesses when transit rail projects are completed and communities are connected, the BIF helps businesses sustain operations during construction disruption by first providing BIF financial assistance to cover delinquent fixed operating expenses, including utilities, insurance, rent or mortgage and payroll. This support helps to keep businesses within the communities they operate as transit infrastructure is constructed.

DISCUSSION

The BIF Fund Administrator is responsible for the day-to-day administration of the BIF, including conducting outreach to small businesses and micro businesses, processing applications, and determining business eligibility, approving, and awarding grant funds, and more. By contracting with an organization that has a Community Development Financial Institution (CDFI) designation and is a Small Business Development Center (SBDC) participant, Metro continues to ensure that the BIF is fiscally prudent with public funds and culturally competent in meeting the needs of the small business communities throughout Los Angeles County.

Established in 1977, Pacific Coast Regional Small Business Development Corporation (PCR) has been the contracted Fund Administrator since the program's launch in February 2015. Over the last nine years, PCR has demonstrated its proficiency in serving as the BIF Fund Administrator through the successful award of over \$39.5 million in grants to small businesses as well as a track record of zero findings during the annual program audit process. PCR continues to fulfill the contracted Fund Administrator role with prudence, efficiency, integrity, and care.

Also included on the PCR team is New Economics for Women (NEW), a community-based organization founded in 1985 with the mission of building economic mobility, particularly for Latinas and their families. PCR has proposed to utilize NEW's Women's Business Assistance Center located on Van Nuys Blvd. to provide local outreach including door to door canvassing, cold calls, warm calls, assist the business community in applying to BIF, disbursement of collateral materials and assistance with event hosting. PCR will be able to leverage the strong relationships and community ties that NEW has already established in ensuring a direct line of engagement into the community, language translation competency, and a high level of communication and comprehension about the BIF program that will aid PCR in a successful outreach, application submission and grant funding for the BIF program.

Working in tandem with the BIF program as another Metro construction mitigation program is the Business Solution Center (BSC). The BSC complements the BIF program by providing free, hands-on business assistance and support services to small businesses including micro-businesses impacted by Metro's construction projects. Starting in Q4 FY24, the BSC begins its phased, regional expansion to ESFV. Staff is preparing to establish a Memorandum of Understanding (MOU) with a regional operator organization which will partner with local Community- Based Organizations (CBOs) in the ESFV area to offer business assistance services to those business owners impacted by Metro's construction activities. This effort will include an emphasis on culturally competent outreach and content particularly as it relates to small business concerns, language translations and other socio-economic and environmental factors as outlined in Metro's Partnering Strategy. The regional operator will manage and ensure consistency of service delivery, data collection and high-level reporting to Metro.

Response to Motion 17

Staff has analyzed the resources necessary to maintain the permanent Business Interruption Fund as addressed in Directive A. of Motion 17 and concluded that an assessment study is necessary to provide the data to determine a framework for BIF eligibility on Metro projects. Once the framework is established, staff can then identify the resources necessary to sustain the permanent BIF.

A. BIF Assessment Study

The BIF Assessment Study will yield the following deliverables.

BIF Assessment Study	
Task 1.0 Project & Business Corridors Assessment	Task 2.0 BIF Program Expansion Framework
Analysis of the business corridors in proximity to the Measure M rail and bus rapid transit projects: <ul style="list-style-type: none"> • number of potentially impacted small businesses, • business classifications, • business revenues, • socio-economic composition including assessing disadvantaged and Equity Focus Communities (EFC), • Parcel maps for the following alignments: Southeast Gateway Line, G Line Improvements Project, and NoHo to Pasadena Bus Rapid Transit Project. 	Qualitative and quantitative research of future Measure M projects and the respective adjacent business corridors which will support the establishment of criteria as the basis of a policy to support project eligibility for the BIF program expansion. This research includes but is not limited to: <ul style="list-style-type: none"> • type of project • project cost • project schedule • recommendations for policy/procedure updates.
Schedule: May 2024 – October 2024	

Task 1.0 Project & Business Corridors Assessment

An analysis of the business corridors in proximity to the Measure M rail and bus rapid transit projects will be completed. Using BIF eligibility criteria, the scope of the study will assess the number of potentially impacted small businesses, business classifications, and business revenues, as well as assess the socio-economic composition of the business corridors, including assessing disadvantaged and Equity Focus Communities (EFCs). The study will also allow for an analysis of not only the business corridor but also the nuances of the project, taking into consideration the proposed alignment and developing parcel maps of businesses located on the identified program alignments, the anticipated construction schedule, and construction delivery method.

This type of assessment was performed for all the BIF program business corridors located along the Crenshaw/LAX Transit Project, the Little Tokyo area of the Regional Connector, Sections 1, 2 and 3 of the Purple Line Extension, and the East San Fernando Valley Line and is considered a best practice.

The information gleaned from the assessment study will help inform the development of the BIF Program Expansion Framework.

Task 2.0 BIF Program Expansion Framework

The Assessment Study will advance both qualitative and quantitative research, which will support the establishment of criteria as the basis of a policy to support project eligibility for the BIF program

expansion. This research includes but is not limited to the type of transit project, project cost, project schedule, and other important factors as identified including the need and recommendations for policy and procedure updates for BIF expansion.

This future policy will guide the process for determining which projects qualify for and benefit from implementation of the BIF program. Confirmation of this policy framework is necessary to support future forecasting of resource needs for the program. Staff are targeting completion of the study in Q2 of FY25. Staff plans to provide a BIF update, with the assessment study findings and corresponding recommendations for the policy framework, at the February 2025 Metro Board meeting.

Staff has assessed culturally competent outreach and inclusive technical assistance necessary to maintain a permanent Business Interruption Fund and adequately support affected businesses as addressed in Directive B. of Motion 17.

B. Culturally Competent Outreach and Inclusive Technical assistance as demonstrated by the BIF Expansion to the East San Fernando Valley (ESFV) Light Rail Transit Project

The BIF activities and best practices utilized along the ESFV Project represent the culturally competent outreach methods needed to maintain the permanent BIF.

Below is a summary of actions taken to advance the permanent BIF. These actions provide a clear benefit for project delivery through the development of partnerships and cohesion with Metro's other construction mitigation programs in advance of project construction activities commencing.

Once the BIF Fund Administrator is onboarded, BIF outreach will commence along the ESFV corridor. Outreach activities include one-on-one meetings with small business owners, BIF information and application workshops, and participation in community events to raise awareness of the BIF. Outreach activities will be multilingual - English and Spanish - to ensure culturally competent and inclusive engagement. This effort will advance the assessment of the ESFV corridor, which is also needed to support confirmation of the future resources that will be necessary to maintain the permanent BIF.

Additionally, Metro staff have engaged in a variety of activities that support the establishment of the BIF on the ESFV LRT Project and ensure cultural competency and inclusive technical assistance. These activities include the following:

- Partnership with Program Management & Community Relations
 - For the last year, Metro BIF program staff have begun coordinating with Program Management and Community Relations project team members. Creating these partnerships early, more than a year in advance of heavy construction, will enable more efficient advancement of the program upon contract award.
- Participation on the ESFV LRT Cultural Competency Plan Working Group
 - Metro BIF program staff are active members of the Cultural Competency Plan Working Group. The Cultural Competency Plan is a "living" document developed by the contractor to ensure respectful and sensitive engagement that recognizes the unique

attributes and environmental culture of the community affected by construction activities. The mindset embodied within the Cultural Competency Plan aligns with the needs of the BIF program as well. Staff have provided feedback on the Plan's proposed activities related to the BIF's forthcoming presence along the corridor as well as provided suggestions for how the contractor can work with the small business community in partnership with BIF.

- Engagement with the ESFV community stakeholders
 - For the last year, Metro BIF program staff participated in and presented at the quarterly Construction Update Community Meetings, CLC meetings and recurring special stakeholder briefings, such as presentations to community-based organizations (CBOs), to enable the Metro BIF program staff to gain a greater understanding of the community and its needs. This engagement helps to increase awareness and build critical partnerships for the BIF program.
 - Metro BIF staff participate in the ESFV bi-monthly Community Relations meetings with the staff of Council Districts 2, 6 and 7. These meetings have included specific presentations about the BIF program, as well as program updates. These meetings provide another opportunity to engage with city leaders, to gain support and increase awareness about the BIF program.

Inclusive technical assistance to maintain the permanent BIF is developed through engagement and partnership activities such as those performed on the ESFV project. Through the BIF's participation in working groups such as the ESFV Cultural Competency Plan Working Group as well as the BIF's active engagement with community stakeholders, staff are provided with an understanding of the needs of the business community, the partnerships available, existing efforts that support the small business community and more. Additionally, as mentioned earlier, the BIF works in tandem with Metro's BSC which provides direct support to small businesses at no cost.

Lastly, the BIF fund administrator is a designated Small Business Development Center (SBDC) providing technical support at no cost to small businesses. Supported by the Small Business Administration (SBA), SBDCs are part of a regional and national network of service providers in the Small Business Development Center infrastructure comprised of 63 networks nationwide and 7 centers located within Los Angeles County.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not impact the safety of Metro's customers or employees.

FINANCIAL IMPACT

The funding of \$1,672,375 for the award of the Business Interruption Fund Administrative Services contract is included in the FY24 Budget in cost center 0691, Professional Services, under project 471101 - BIF/BSC.

Since this is a multiyear contract, the cost center manager and BIF Director will be accountable for budgeting the cost in future years.

Impact to Budget

Board approval of this recommendation has no immediate impact on the FY24 budget. The funding for the administrative costs is Measures R and M Administration fund. The BIF transit projects are funded by Proposition C 25% and/or appropriate sources identified by the Office of Management & Budget (OMB). These funds are not eligible for bus and rail operations.

EQUITY PLATFORM

For the last nine years, Metro's BIF has provided financial assistance to small businesses impacted by the construction disruption activities of the Crenshaw/LAX Transit Project, the Purple Line Extension Sections 1, 2 and 3, and the Little Tokyo area and the 2nd/Broadway segment of the Regional Connector. These construction areas traverse through 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). BIF program outreach performed by Metro and the BIF Fund Administrator continues to be inclusive for small business owners from diverse backgrounds, as exemplified by BIF marketing materials provided in multiple languages. As a result, more than 300 small business owners from Black or African American, Hispanic or Latino, and Asian backgrounds, out of a total of 457 businesses, have received direct financial assistance. Through the BIF, Metro continues to support the ability of small businesses to mitigate the challenges of construction disruption.

Due to the lack of availability of small businesses, Metro's Diversity and Economic Opportunity Department (DEOD) did not recommend a Small Business Enterprise (SBE)/Disabled Veteran Business Enterprise (DVBE) participation goal for this procurement.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of this item aligns with Metro strategic goal 3 - enhance communities and lives through mobility and access to opportunity. The BIF is considered a long-term investment aligned with this strategic goal. Through the BIF, Metro is not only supporting communities as we build for the future but also, Metro is supporting the small business economies that result in a generation of sales tax revenue from which Metro benefits.

ALTERNATIVES CONSIDERED

Should Metro's Board of Directors choose not to approve the contract award, an alternative includes utilizing Metro staff to perform the fund administration services for BIF.

This alternative is not recommended, because Metro does not have the expertise to serve in the capacity of a fund administrator nor sufficient staff to perform these duties. In particular, Metro is not a Community Development Financial Institution (CDFI) nor a Small Business Development Center (SBDC). A CDFI designated agency provides the necessary skillsets and financial acuity to execute the grant process.

NEXT STEPS

Upon Board approval, staff will execute Contract No. PS109347-2000 with Pacific Coast Regional Small Business Development Corporation. Additionally, staff will advance the assessment study.

ATTACHMENTS

Attachment A - Motion 17

Attachment B - Motion 57

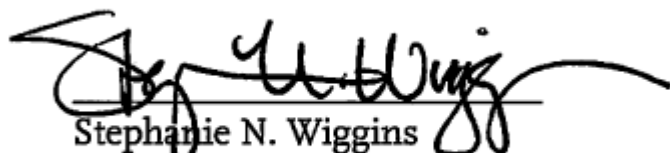
Attachment C - BIF Metrics & Measures of Effectiveness, ending February 29, 2024

Attachment D - Procurement Summary

Attachment E - DEOD Summary

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