SUBJECT: CRENshaw/LAX PROJECT BUSINESS ASSISTANCE PROGRAM

ACTION: ADOPT CRENshaw/LAX SMALL BUSINESS ASSISTANCE PILOT PROGRAM – METRO BUSINESS SOLUTIONS CENTER

RECOMMENDATION

A. Receive and File the “Recommendations for a Pilot Metro Business Solutions Center” report (Attachment A);

B. Authorize the CEO to execute a Memorandum of Understanding with the City of Los Angeles Economic and Workforce Development Department to create a Business Solutions Center providing staff and one-on-one case management for technical assistance and access to capital services for approximately 120 small businesses between 48th and 60th Streets, as well as information and referrals for businesses along the entire alignment at a walk-in location;

C. Direct staff to work with City and County to identify funding for the pilot Business Solutions Center's outreach and referral staffing and activities;

D. Provide quarterly updates to the Executive Management and Construction Committees.

ISSUE

This report was developed in response to a Board motion introduced and passed by the Board on January 23, 2014 (Attachment B). The motion required the Metro CEO to direct staff to develop a cost and staffing proposal for a pilot Business Solutions Center ("BSC") with specified services available to small businesses in the at-grade portion of the Project “and any other major surface construction work areas that could be impacted by construction of the Project.” The motion further required staff to identify applicable resources from City, County, State and Federal programs as well as private resources that could be utilized to meet local small business needs during construction.
A consultant was retained to assist staff with research and analysis. The consultant report (Attachment A) recommends creation of a program for the Crenshaw/LAX Light Rail Transit Project ("Project") with two components:

1) a pilot 15-week per year outreach program to provide business assistance services to support over 100 small and micro businesses in the at-grade portion of the Project between 48th and 60th Streets during construction of the Project, and

2) a walk-in location providing information and referrals for businesses on the entire alignment 48 weeks out of each year of construction.

Project staff has been preparing businesses and community groups with information about the Project for over a year, and has been gathering and making available business opportunities and resources since Fall 2013. As a result, staff recommends executing an agreement with the City of Los Angeles to secure the immediate services of the City's Economic and Workforce Development Department to provide small businesses with technical assistance, and access to capital where feasible.

DISCUSSION

In response to the January 23, 2014 Board motion, Metro Planning and Communications staff retained a consultant to assist with research on existing resources for small businesses in the Project construction corridor, develop recommendations and provide advisory services on implementation.

The firm of Estolano LeSar Perez Advisors ("ELP") conducted a three-part process that included defining a framework and methodology for their work, developing research and analysis summary matrices and a recommendations report. The ELP report responds to the elements of the January Board motion (Attachment B).

Note: Staff's Board report for item 74 of the January 23, 2014 Board agenda (Attachment C) identified three categories of service for small businesses: 1) Construction Mitigation, for business access, parking, signage, wayfinding, outreach and noise/dust issues; 2) Business Assistance Services, which include financial planning and advice on small business operations as well as dealing with municipal permits and regulations, and grant/loan application management; and 3) Business Loss Mitigation, which under California law is only compensable when access to a business is denied due to construction impacts.

This Board report focuses only on Business Assistance Services. Construction Mitigation is managed on the Crenshaw/LAX Project under the Board-approved Model Construction Relations program, and Business Loss Mitigation arises out of situations access to a business is prevented due to construction impacts.
1. Cost and Staffing Proposal

In response to the Board’s request for a cost and staffing proposal for a Business Solutions Center, staff notes that in order to provide a more immediate response to community businesses on the alignment during construction, the Board could direct staff to work with the City of Los Angeles to reach an agreement (MOU) with the City’s Economic and Workforce Development Department, which already provides case management, technical services and access to capital resources for small businesses.

In the alternative, ELP recommends that an RFP be issued (possibly a 3-month process) to identify an “Operator” (hereinafter “Service Provider”) with the required expertise in financial planning and advising, small business operations, grant application and management, and navigating City permit processes and regulations.

Authorizing either an MOU or an RFP would take advantage of experienced resources with established connections to the community, and allow Metro to continue to focus on its statutory mandate to plan, build and operate transportation systems. Contracting for services also comports with the actions of transit agencies in eight of nine other jurisdictions researched by staff as part of Attachment C. In those transit projects, the delivery systems for services or funding for small businesses during construction resulted from collaborations between various combinations of cities, counties, state/federal agencies, nonprofits, banks, and other stakeholders; no transit agency funds were expended for business assistance except in Houston, which used a set-aside from increased transit fares to fund loans to businesses.

Under either alternative, the Service Provider could be required to allocate two field staff and one walk-in location staffer experienced in small business operations, financial planning and advising, grant application and management, and navigating permit processes to:

- Coordinate with the Project Area Business Liaison (External Affairs) on outreach efforts;
- Staff the Business Solutions Center; and
- Establish individualized action plans to support small business needs.

The principal tasks for the two field staff would be:

- a) To conduct in-person, one-on-one interviews with each small and micro business between 48th and 60th Streets to determine the specific needs of each for services and/or access to capital;
- b) To open a case for each business in the target segment of the Project;
- c) To connect each small business to appropriate technical services and/or potential funding resources, based on the interviews;
- d) To follow each business’ progress after it is matched with services and/or funding in order to make mid-course corrections as needed;
e) To develop a quarterly report evaluating the benefits of the program to local businesses and recommending any changes needed to better meet small business needs during construction of the Project;
f) To help small businesses to formalize their operations as needed in order to qualify for loans and/or grants.

The additional staff would maintain a presence at a walk-in location to answer questions and direct business owners to resources as needed.

Staff concurs with ELP's recommendations that the Field Staff and Walk-in Location Staff should be based on the Project construction corridor, but given space limitations at Metro's Project IPMO on Crenshaw Blvd., as well as Metro budgetary considerations reviewed in section 5 below, staff recommends that the walk-in location be in a facility provided by the Service Provider on Crenshaw.

Deliverables and a requirement for the free flow of information between the Service Provider and Metro about the work Service Provider is to perform should be built into the RFP and the MOU with the contractor, and would constitute part of the quarterly report to the Board's Executive Management and Construction Committees regarding this program.

2. Coordination with Existing Programs

Coordination with existing programs would be part of the scope of work for the Service Provider. Various City, State and private technical services and funding programs are listed by ELP in its report (Attachment A, Appendix B), providing a baseline of resources that can be utilized and supplemented by the Service Provider.

3. Guidelines and Thresholds for Small Businesses to Qualify for Business Assistance

While eligibility guidelines such as gross revenue or employee numbers must be met for certain government programs in order to qualify a business for loans or contracting opportunities, ELP recommends that such guidelines should not apply to the businesses between 48th and 60th Streets seeking business assistance services from the Service Provider. The model offered by ELP for the proposed Business Solutions Center is project-specific, based on the number of businesses in this segment of the Project (approximately 120) and their existing profile (small and micro businesses) and needs. In this scenario, any legal business between 48th and 60th Streets would be eligible for outreach, case management and other services from the Business Solutions Center. (For those businesses seeking loans or grants, the eligibility requirements of the potential funding source, including micro-lenders and other non-traditional resources, will determine which businesses will qualify for funding.)
By contrast, the walk-in location would serve any legal business anywhere on the alignment by providing information and referrals, but not one-on-one case management.

4. “Project Impact Area”

The Board Motion from January 23, 2014 requests that staff define a project impact area for the at-grade portion of the Project “and any other major surface construction work areas that may impact local small businesses.” Construction impacts are anticipated for the at-grade portion of the Project (defined as the portion of the alignment between 48th and 60th Streets) for the duration of construction, although much of the work will take place in the median of Crenshaw Boulevard. Other construction impacts are anticipated for businesses along the below-grade section of the Project where tunnel-boring, excavation and street decking will occur.

Staff concurs with ELP’s recommendation to implement the proposed pilot outreach program in the at-grade portion of the project (between 48th and 60th Streets, as described in a Board-approved Motion dated July 25, 2013).

5. Cap to Funding Amounts from Metro

ELP does not recommend that Metro provide funds for loans, grants or advances to businesses in the project area. Furthermore, Metro staff’s research into transit projects in nine different jurisdictions establishes that in eight of them, no transit agency funding was provided for business assistance. On the Crenshaw/LAX Project, business loans, grants or advances are not “eligible project costs” under TIFIA restrictions on reimbursement for grantees of federal funds (reimbursement is focused on capital expenses related to design and construction). In the other jurisdictions, only non-transit government agencies and community-based service providers assisted small businesses during construction. Only one transit agency, Houston’s, provided its own funding for such efforts.

For example, City/County CDBG and General Fund dollars were the source of funding for Seattle’s program of business assistance for an economic justice community along the alignment; bank loans were used in Phoenix, Tempe, and other Arizona cities along the rail line; funding from a 7-county planning and programming agency and nonprofit community development organizations helped businesses on Minneapolis’ rail project; and an independent economic development agency provided assistance in Portland.

Funding amounts for the activities of the pilot outreach program and the walk-in center, as well as possible funding resources, are set forth in the ELP report. To summarize:

- Staffing
  - 1 walk-in staffer $108,000 @ $75/hour, 30 hours/week, 48 weeks/year
• Costs
  o 3 laptops 2,000
  o Minor tenant improvements 2,000
  o Partial rent/utils/admin spt 18,000
  o Materials/supplies 1,500

$199,000 for first year, including one-time start-up costs (3 subsequent years would be $4,000 less per year, or $195,000)

• Sources of funding
  o City, County CDBG grant
  o City, County CDBG business assistance funding
  o SBA/Small Business Development Center funding
  o In-kind goods or services

6. Technical Assistance and Funding Resources

ELP has researched small business assistance and potential small business funding resources (Attachment A, Appendix B).

Metro transit projects tend to catalyze economic development when the volume of transit riders incentivizes developers to invest and develop around stations. Staff focused ELP research on the types of assistance that existing small and micro businesses are most likely to need during construction of the Project. Staff has concluded that economic development, real estate financing and other redevelopment funding sources more properly come from City, County, State, Federal or private programs, as is the case in other jurisdictions.

For example, in Seattle, two funds were established during construction of the Center Line using City CDBG dollars and County General Fund dollars. One was for business assistance in the economic justice community section of the line, and a separate fund was mandated by the FTA for community economic development; this fund continued to be administered by a nonprofit entity well after construction on the line had concluded and the business assistance fund was closed.

The Board Motion in January 2014 called out the Clinton Economic Opportunity Initiative and Goldman Sachs’ 10,000 Small Businesses as possible private funding sources for the small businesses along Crenshaw. These programs utilize local partners such as the Valley Economic Development Center and LA Southwest College for their activities in Los Angeles. The programs focus on expansion of established businesses. The Crenshaw/LAX Project Area Business Liaison has invited the local partners to join the next meeting of the Project’s Business Resources Roundtable, a
growing group of local business service providers originally convened by the Project Area Business Liaison.

7. Implementation Plan

If the Board approves the recommendations made by ELP and this Board report, Metro's next steps would be a) to execute an MOU with an existing City agency providing business assistance, or b) draft and issue an RFP for a Service Provider, close out the RFP response period, select the Service Provider, and execute an MOU with Service Provider, or c) combine the two options.

Under all of the options, the Service Provider would commence field staff contacts with small businesses in the pilot area between 48th and 60th Streets, open a file for each business and match businesses with resources for technical services and access to capital as needed; provide staff for the walk-in location for questions and referrals for businesses along the entire Project alignment.

DETERMINATION OF SAFETY IMPACT

Adoption of a pilot program of business assistance for small businesses on Crenshaw Blvd. between 48th and 60th Streets will have no adverse impacts on safety.

FINANCIAL IMPACT

Funding for the Project Area Business Liaison currently conducting business outreach on the alignment and gathering resources for small businesses is estimated at $182,000, including benefits, workers compensation and overhead. This sum is included in the FY 2014-2015 budget in cost center number 7160 under project number 865512 (Crenshaw/LAX Transit Corridor Project.) The Business Liaison is anticipated to be maintained through project delivery in 2019.

Since this is a multi-year contract/project, the cost center director will be accountable for budgeting the Project Area Business Liaison cost in future years.

ELP recommends non-Metro funding resources for staffing and overhead for the pilot 15-week program of outreach and a 48-week per year of construction walk-in location at an estimated cost of $190,500 per year. Over the course of four years of construction, this would total approximately $785,500.

Impact to Budget

If the Board approves seeking non-Metro funding resources for the BSC staffing and activities, there would be no impact to either the Project or Metro's budgets from authorizing the pilot BSC and seeking funding for it elsewhere. (The Project Area Business Liaison is already included in the Project budget.)
If the Board chooses to use Project or Metro funds for the pilot BSC, the following considerations apply:

1. The Project’s share of Measure R is capped and fully allocated to construction;

2. If the Board chooses to consider using Project contingency funds to cover the costs of the BSC, there could be impacts on the Project. Currently, there is $173.5 million in unallocated contingency for unknowns, and $40.4 million in allocated contingency for potential design-build construction changes. The FTA and project management oversight consultant have indicated that the total amount of contingency may be low for this stage of the project;

3. Neither business loss mitigation nor business assistance are “eligible costs” for a project budget under the federal TIFIA statute;

4. If Metro unrestricted funds could be used for the proposed BSC services, there are limited sources for these (See Attachment C), and using these types of revenue would mean less funding for rail and bus service at a time when the agency has a projected deficit in 2016, and the Board this Spring approved a fare increase – only the fourth in 18 years. Using some sources would reduce funds available for operations and maintenance of Metro’s bus, rail and para-transit systems.

5. Use of Metro funds for the BSC would be precedent-setting and may have adverse financial implications for the agency as to other Metro projects. The model for the BSC is scaled to the characteristics of the businesses on the Crenshaw/LAX project alignment; as a result, costs may vary for other projects.

Source of funds

Metro’s activities as recommended in this report consist of utilizing an existing FTE – the Project Area Business Liaison – to oversee the proposed Service Provider conducting the business assistance outreach and services of the BSC. The balance of activities recommended by ELP and this report would be conducted by the Service Provider.

ALTERNATIVES CONSIDERED

The proposed pilot program of business outreach and assistance through a Business Solutions Center is unprecedented in Metro’s history. As alternatives to the recommendations, the Board could:

a) Continue to support the Board-approved Construction Relations Program to serve the needs of the business community as to access, parking alternatives, signage, noise and outreach, with no further business assistance activity;

b) Continue to utilize the Project Area Business Liaison to identify existing community-based business-related resources and match businesses with resources;
c) For immediate assistance to small businesses, work with the City of Los Angeles Economic and Workforce Development Department, an experienced business service provider, to determine the feasibility of and funding for an MOU to secure the services of that office or a subcontractor; or,
d) For a longer term response, issue an RFP to existing community-based or government agency service providers and select one to commence matching businesses with services and possible capital resources.

NEXT STEPS

Board directs staff action. If the Board adopts ELP and staff recommendations:

1. Execute MOU with Service Provider; or
2. Issue RFP and select Service Provider;
3. Service Provider begins operations;
4. First quarterly report – first quarter 2015

ATTACHMENTS

A. ELP Report
B. Board Motion re Item 74 – January 23, 2014
C. Board Report - January 23, 2014

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Recommendations for a Pilot Metro Business Solutions Center

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Executive Summary

This report is the result of a contract issued by the Los Angeles County Metropolitan Transit Authority (Metro) for Estolano LeSar Perez Advisors, LLC (ELP Advisors) to advise Metro in the structuring of a pilot Business Solutions Center (BSC), including preliminary cost estimates, and the approach to developing appropriate technical and financial services that build upon and complement existing programs and services.

In summary, the BSC envisioned here is a central point of contact for businesses to: (1) find information about the construction project, (2) detect potential problems and develop strategies to mitigate, and (3) connect to existing public, private, and non-profit business assistance programs offered at the city, county, state, and federal levels. The BSC would include a walk-in center that would be available to all businesses along the project alignment, and a pilot program of “field representatives” providing outreach to businesses along the at-grade portion on Crenshaw between 48th and 59th Streets. The mission of the BSC would be to strengthen small businesses and enhance their capabilities to take advantage of opportunities arising from the completion of major infrastructure projects. Together with Construction Relations, the BSC will help businesses persevere through the inevitable disruptions caused by construction.

ELP Advisors recommends the following for a pilot Metro Business Services Center:

- The BSC should have a physical presence with consistent staffing hours for the duration of the construction of the Crenshaw/LAX line.
- The BSC should be co-located with or in close proximity to Metro Construction Relations staff.
- The BSC should begin to offer services to businesses as soon as possible; ideally, BSC services should be offered as much as a year in advance of construction.
- BSC representatives should approach their outreach and assistance with sector-specific solutions and resources in mind.
- BSC representatives should communicate clearly and consistently with the business community about what they can offer so that they do not raise unrealistic expectations.
- The BSC should pilot an outreach strategy for the at-grade portion of the alignment on Crenshaw between 48th and 59th Streets.
- The BSC should be operated by a contractor organization chosen through a procurement process, rather than by Metro staff.
- Oversight of the BSC by Metro should reside in the External Affairs unit within the Communication Division. To that end:
  - The External Affairs organizational unit should be moved from under the Construction Relations unit.
  - A manager-level position within External Affairs should manage the external organization contracted by Metro to operate the BSC.

This report proposes performance metrics to measure the efficacy of BSC efforts on businesses. We have also included other business assistance recommendations and related ideas and concerns raised in interviews with business stakeholders.
On January 23, 2014, the Metro Board adopted a motion which directed staff to develop a Business Loss Mitigation Program for the Crenshaw/LAX project. This section responds to each item in that Motion.

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<th>Board Motion Request</th>
<th>Response</th>
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<td><strong>A.</strong> Develop a cost and staffing proposal for a pilot business solution center that includes a suite of technical experts on subjects including (but not limited to) financial planning and advising, small business operations, grant application and management, and municipal regulation.</td>
<td>The recommended staffing level of the Metro BSC for the Crenshaw/LAX project is 3 contractors: 1 for the walk-in center (for 48 weeks/year); and 2 for outreach (for 15 weeks/year). Each contractor would work 30 hours/week. Approximate cost estimates can be found in Appendix C.</td>
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<td><strong>B.</strong> Coordinate with existing city, county and federal business assistance programs and work source centers so that efforts are not duplicated.</td>
<td>The BSC would serve as a conduit to existing public, private, and non-profit business assistance programs offered at the city, county, state, and federal levels. BSC staff would facilitate connecting businesses to assistance programs by working with business owners to detect problems at the business, develop strategies to mitigate, identify appropriate assistance programs or resources.</td>
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<td><strong>C.</strong> Define clear guidelines and thresholds for small businesses that will qualify for this assistance, including (but not limited to) the following criteria: gross revenues, number of employees, independent ownership.</td>
<td>The walk-in center for the BSC would be open to all businesses along the entire project alignment. The pilot of outreach services would be conducted at and available for businesses along the at-grade portion (Crenshaw Boulevard between 48th and 59th Streets).</td>
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<td><strong>D.</strong> Define a project impact area for the at-grade portion of the Crenshaw/LAX alignment and any other major surface construction work areas that may impact local small businesses.</td>
<td>The pilot of outreach services would be conducted at and available for businesses along the at-grade portion (Crenshaw Boulevard between 48th and 59th Streets).</td>
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<td><strong>E.</strong> Propose a cap to funding amounts that MTA is willing to provide in either loans, grants, and/or advances to qualified businesses in the project area.</td>
<td>The recommended BSC does not offer direct financial assistance to businesses; rather, it assists businesses in identifying and accessing existing public, private, and non-profit sources of capital. Metro staff addressed this item in the January 23, 2014 memo to the Board titled &quot;Crenshaw/LAX Project Business Loss Mitigation Program.&quot;</td>
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<td><strong>F.</strong> Identify applicable economic development, small business assistance, real estate</td>
<td>An inventory of small business services serving businesses along the project alignment</td>
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<td>Board Motion Request</td>
<td>Response</td>
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<td>financing, and other redevelopment funding sources from city, County, State, and</td>
<td>can be found in Attachment B: Business Resources Matrix, which cross-references service providers and various types of assistance services.</td>
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<td>federal programs&amp; that can be utilized for this pilot.</td>
<td>G. Recommend an implementation plan for the Crenshaw/LAX project, including a sunset period, of items A-F at the April Board meeting.</td>
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<td>G. Recommend an implementation plan for the Crenshaw/LAX project, including a sunset</td>
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<td>period, of items A-F at the April Board meeting.</td>
<td>We recommend that the BSC, both the walk-in center and the outreach pilot program, be implemented immediately. The outreach pilot program</td>
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Section I: Introduction

Background
In January 2014, the Los Angeles County Metropolitan Transportation Authority (Metro) broke ground on the Crenshaw/LAX Transit Project, a $2 billion, 8.5-mile light rail line extending from the existing Metro Expo Line at Crenshaw and Exposition Boulevards south to the Metro Green Line. The project is slated to begin operations in 2019. It is anticipated that in the intervening years, construction activity along the alignment may adversely affect some existing businesses and exacerbate standing challenges to economic development in the impacted communities, particularly along the historic Crenshaw commercial corridor.

On January 23, 2014, the Metro board approved a motion that the CEO develop a cost and staffing proposal for a pilot business solutions center to serve local, small businesses that may be affected. In addition, the motion directed the CEO to identify and coordinate with applicable public and private small business assistance programs and funding sources; define guidelines for local small businesses that will qualify for this assistance; define a project impact area; propose a funding cap for amounts that Metro is willing to provide in either loans, grants, and/or advances to qualified businesses in the project area; recommend an implementation plan and sunset period; and report back to the board on a quarterly basis.

A staff memo to the Board titled “Crenshaw/LAX Project Business Loss Mitigation Program” dated January 23, 2014 articulated the boundaries between construction mitigation, business assistance, and business loss mitigation, discussed the legal considerations on uses of Metro funds for particular types of assistance, and explored potential non-Metro sources to fund any potential assistance programs.

On April 9, 2014, Metro issued a contract with Estolano LeSar Perez Advisors, LLC (ELP Advisors) to:

- Assist in the research and evaluation of various existing small business assistance programs and resources and assess the capacity and strength of the sponsoring entities.
- Advise Metro in the structuring of a pilot Business Solutions Center (BSC), including preliminary cost estimates, and the approach to developing appropriate technical and financial services that build upon and complement existing programs and services.

The preamble to the Board Motion states, “If successful, such a program can become a model for transit agencies across the nation.” To that end, ELP Advisors has recommended a model that is:

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1 Metro staff is developing a similar business assistance effort for Little Tokyo in response to potential impacts during construction of the Regional Connector Transit Project. However, there is a critical distinction between the Regional Connector and Crenshaw/LAX projects. Little Tokyo was determined to be subject to environmental justice impacts, which triggered a higher level of mitigation in the Final Environmental Impact Report (FEIR). The Crenshaw/LAX FEIR does not contain such a condition.
• Evidence-based,
• Measurable,
• Implementable by Metro,
• Leveraged by existing programs and resources,
• Tailored to address the real-time disruption faced by businesses in the project impact area due to construction, and
• Based on the assumption that this is to be a time-limited effort.

Previous Research
Extensive research on existing small business assistance programs and resources had already been conducted prior to the initiation of this project. This research includes:

• In October 2012, Beacon Management Group submitted to Metro their “Business Loss Mitigation Study for Crenshaw/LAX Transit Corridor” (“Beacon Report”). The study provided information about similar light rail construction projects and business mitigation efforts in other cities and recommended applying lessons learned to the local environment. The report also presented an environmental scan of businesses along the project alignment, an inventory of technical resources and financial assistance agencies serving the corridor, and recommendations for mitigation services.
• In a memo titled “Metro Construction Migration Program for Transit Projects” dated May 15, 2013, and May 16, 2013, Metro staff presented to the Planning and Programming Committee and the construction Committee, respectively, their research of various construction impact and business assistance programs implemented by North American transit properties, including Metro’s past construction impacts mitigation practices.
• On October 28, 2013, Dakota Communications conducted a Crenshaw/LAX Business Opportunities Summit, which included a poll of resource providers on their understanding of how to do business with Metro, the certification process, and outreach findings. The survey findings were released in February 2014.
• A memo for the Board Meeting on December 5, 2013 titled “Small Business Assistance Program” included staff research on mitigation and small business assistance programs in other jurisdictions.
• On January 9, 2013, Metro conducted a Business Resources Roundtable to identify the range of services, capacity, and interest of non-Metro public and private resource providers along the project alignment. Metro also surveyed Roundtable participants regarding the importance of different types of assistance programs.
Methodology

During the research and analysis phase, ELP Advisors assembled information from a variety of sources, including existing Metro research, web-based research on best practices and business assistance options, and interviews with stakeholders and business assistance providers with experience along the project alignment.

Initially, ELP attempted to identify which business types and sizes might be the most affected by construction. However, based on feedback from multiple resource providers serving the project alignment, the project team determined that the needs were specific to each business. While there are probably sector-specific solutions that can be developed and adapted for groups of businesses, it was most important to develop a process that would identify and address the needs of individual businesses.

The project team conducted research on business resource providers along the corridor, and focused on operational capacity, access to resources, type and level of commitment, and relationship to the local community. Given the large body of literature and online research previously assembled, ELP Advisors concentrated much of its research efforts on interviewing stakeholders in the community. The interview list was generated in consultation with the Metro Project Team —the Director of City of Los Angeles Government & Community Relations, the Business Liaison for the Crenshaw/LAX Project, and the PLA/CLA Manager for the Crenshaw/LAX Project —and revised as research progressed. The interview list is included in this report as Appendix A.

Based on the research conducted, ELP Advisors developed recommendations for a comprehensive but specific and time-limited business assistance strategy, including the organization, staffing, and activities of a potential BSC. In addition to building on existing resources, we analyzed gaps in such resources and considered the need for add-on options such as outreach and case management, special marketing campaigns for the affected businesses, and capacity-building. In our analysis, we explored the spectrum of viable alternatives for a targeted BSC, ranging from a large, centralized business assistance center to a smaller “command center” in combination with a team of field representatives who would bring the services directly to the affected businesses and help them connect to resources. Our recommendations can be found in Section III.

Project Impact Area and the Geographic Scope of the Pilot

ELP Advisors has developed a BSC concept that, we believe, will serve both the at-grade portion and the entire project alignment. ELP Advisors believes that, in general, the services provided by the BSC should be available to all businesses along the entire project alignment.

However, a pilot of outreach services by the BSC is recommended for the at-grade portion of the alignment, per the original Board Motion that states:

"...define a project impact area for the at-grade portion of the Crenshaw/LAX alignment and any other major surface construction work areas that may impact local small businesses...." 2

January 23, 2014 Item 74 Amendment to Board Motion

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If the pilot is successful, the outreach services can be implemented along the rest of the project alignment.

**A One-Stop Shop for Small Businesses**

From the perspective of businesses along the project alignment, especially small and micro businesses, the nuances that differentiate construction mitigation, business assistance, and business loss mitigation may be irrelevant. In general, business owners prefer one point of contact to: (1) get information about the project timetable, (2) determine potential business challenges and develop strategies to mitigate, and (3) connect to public, private, and non-profit business assistance programs offered at the city, county, state, and federal levels. The Metro Business Solutions Center can be that one-stop shop for small business during the implementation of large infrastructure projects.

The mission of the BSC will be to strengthen small businesses and enhance their capabilities to take advantage of opportunities arising from the completion of major infrastructure projects. Together with Construction Relations, the BSC will help businesses persevere through the inevitable disruptions caused by construction.

**Section II: Recommendations**

The mission of the BSC will be to strengthen small businesses and enhance their capacity to take advantage of opportunities arising from the completion of major infrastructure projects. Together with Construction Relations, the BSC will help businesses persevere through the inevitable disruptions caused by construction.

The purpose of the proposed BSC is different from, though complementary to, the work of the Metro Construction Relations team and the primary construction contractor’s construction mitigation responsibilities. However, in the eyes of most stakeholders, the line between construction mitigation and business assistance is blurry, as much of what the businesses will need during the construction period may relate to any disruption of business caused by the construction. So although there are legal boundaries of responsibility, the two areas should be in close communication to relay concerns that fall into the other’s jurisdiction.

Business assistance as we mean it here includes expert business advice, technical assistance, and access to business-serving resources. These are the types of services available through many organizations throughout the regions, including, just to name a few, economic development corporations, community development corporations, community development financial institutions, small business development centers, and the City of Los Angeles’ BusinessSource Centers. The goal of the BSC is not to provide the same services, but rather to connect businesses in a convenient and efficient manner to the type of organization or product that will serve them best. BSC activities would

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3 It is important to note that construction mitigation measures are required as described in the state Final Environmental Impact Report and federal Final Environmental Impact Statement. There is no legal requirement or framework for the provision of businesses assistance services by Metro.
therefore involve assessment of a business' needs, counseling as to available resources, a warm hand-off to the service provider, and help with follow-through as needed.

According to our interviews, certain parts of the alignment such as the southern portion will be less interested in business assistance and more reliant on construction mitigation. Closer to the airport, the businesses tend to be wholesale, big box, manufacturing, distribution, less dependent on retail-type traffic, but in need of access and parking for their trucks and customers. Many of these companies are medium sized or larger and may be more concerned with foreknowledge of the construction schedule rather than business assistance services. These businesses often have private parking but are concerned about restricted access to their own parking and for deliveries and shipments.

Most of the stakeholders we interviewed agreed that many of the small and micro businesses located along the alignment did not have the time or expertise to prepare for construction impacts in advance by adapting their business model to accommodate temporary changes in how their customers accessed their businesses. Ideally, many businesses should have access to assessment and advisory services well in advance of the actual construction in order to prepare ahead of time by, for example, setting aside a cash reserve, revising their business plans, improving rear entry access to their place of business, or creating an internet sales process.

**Business Services**

With this in mind, we recommend a Business Solutions Center that begins to offer services to businesses as soon as possible; ideally, the services would be offered as much as a year in advance of construction. These services would be proactive, helping businesses to anticipate and accommodate any disruptions that might be caused by construction. They would also help businesses position themselves for the opportunities offered when the new line is open. Services should be available to any business located along the alignment of the light rail construction or related street work or utility relocation.

The Metro Construction Relations team surveyed the alignment and found that there were approximately 650 businesses along the total Crenshaw/LAX Transit Corridor Project alignment, with over half of them employing fewer than ten people. Seventy percent of the businesses have been at their location for five or more years so are vested in their community, and 88 percent of their customer base is the general public rather than other businesses that might more easily accommodate temporary disruption of their usual practices and access routes.

**Sector Approach**

The Construction Relations team also analyzed the alignment by business sector. They found that 45 percent (246) of the total businesses were service providers; 19 percent (102) were retail; 9 percent (47) were manufacturing/distribution; and 8 percent (45) were restaurants. The other 19 percent represent a combination of other uses. While each business will have unique needs based on its size, situation, location, revenue stream, and other factors, it is likely that businesses in similar sectors will have some amount of like concerns, resources, and creative solutions available to them. Therefore, we recommend that the Business Solutions Center representatives approach their outreach and

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4 Data collected by Metro Construction Relations team.
assistance with sector-specific solutions and resources in mind (including experts in each sector). They could also host or coordinate sector-specific informational or assistance delivery seminars.

Menu of Resources
The range of possible business assistance resources is large and should include the types of activities described below. However, not all of these resources will be available to every business. Qualification may be based on the enterprise’s size, length of time in business, record keeping, financials, certifications, history and other factors. It is very important that the BSC representatives set clear and consistent expectations with the business community about what they can offer so that they do not raise unrealistic expectations. At the same time, the wealth of products and experts should mean that some kind of beneficial assistance would be available to most businesses.

- Assistance in seeking and financing temporary or permanent relocation
- Access to capital via existing loan programs
- Marketing assistance and investigation of alternative marketing venues, e.g. government and institutional contracting, entertainment industry supply/craft services, school supply, catering, export opportunities
- Development of website, social media presence, and online sales capacity
- Business plan development
- Business skills training
- Workforce training and subsidy
- Preparation for institutional and government contracting
- Other technical assistance
- Physical improvements to the business’ façade, windows, entry, rear entry, interior, or signage
- Certification as a small, disadvantaged, disabled, veteran-owned, minority-owned, and/or woman-owned business enterprise
- Tax/accounting/financial statement preparation
- Forecasting and planning for business interruption
- Product pricing and margin analysis
- Assistance in navigating and expediting local government permitting and regulatory processes

In the category of access to capital, stakeholders raised particular issues with regard to underwriting standards for small and micro businesses experiencing construction impacts. While there are a number of financing products designed for small and micro businesses, they are often too restrictive for a small business facing temporary reductions in revenue. One suggestion raised during interviews was that the City create a loan guarantee program for these businesses during construction to help them access existing financing products. Another suggestion was that existing City and County loan programs revise their underwriting standards to make financing more accessible to small and micro businesses in these circumstances.

A matrix of resources for small businesses is included in this report as Attachment B. We envision that this matrix could be a useful tool for BSC staff.
Access to Business Services

Walk-in Center

Based on our interviews, we recommend that the Business Solutions Center be tailored to this specific activity and have a physical presence and consistent staffing hours for the duration of the construction of the Crenshaw/LAX line. While it is important that the BSC not duplicate resources that already exist in the area, our interviewees expressed a strong preference for a walk-in center where they could go for information and connections to business assistance resources. They stated that it should be located as conveniently as possible to the potentially highly-impacted businesses along Crenshaw, preferably on Crenshaw Boulevard itself.

We also recommend that the Business Solutions Center be co-located with or in close proximity to Metro Construction Relations staff so that the two entities can remain in close communication about issues that fall within the other’s area of expertise and legal jurisdiction. Desired attributes for the walk-in center include:

- Temporary, for the length of construction of the line
- Parking available and easily accessible to the BSC
- Staffed — not a self-serve kiosk
- Operating consistently at least 30 hours per week, with some evenings and/or weekend hours available each month, depending on demand.
- Co-located with Construction Relations or a business assistance contractor
- Access to private one-on-one counseling space, as required for some types of business assistance, and to a conference room
- Telephone and computer and wifi connections available
- Reception services

Some of the locations suggested include the Crenshaw/LAX Integrated Project Management Office, LA City’s Economic and Workforce Development Department South Los Angeles site office directly next door on Crenshaw, and a space, if a suitable one is available, at the Baldwin Hills Crenshaw Plaza.

Outreach

Particular concern has been focused on the potential construction impacts facing businesses located along the at-grade, center-running portion of the Crenshaw/LAX alignment on Crenshaw Boulevard between 48th and 59th Streets. The Beacon Report used 2010 Dun and Bradstreet data to determine the number and size of businesses on Crenshaw between Vernon and Slauson, which is roughly the same area. That data identified 125 businesses located along that stretch, 84 (67 percent) of which are

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5 In particular, the BSC should not supplant the many existing relationships and services already provided to businesses along the alignment by various business assistance organizations. Rather, the BSC should coordinate closely with business assistance providers in the area to support and reinforce existing relationships.
“micro businesses” with fewer than five employees – typically the most vulnerable to business disruptions.⁶

All of the interviewees who addressed this issue affirmed that small and micro business owners are less likely than others to seek out off-site business assistance services because of the day-to-day demands of running their businesses. Many of these business owners do not belong to local organizations such as chambers of commerce or business improvement districts and do not regularly attend community meetings. Interviewees agreed that their experience showed them that door-to-door outreach was the most effective – and often the only – way of reaching these businesses, at least initially, until a trusting relationship developed.

Because of the specific needs and attributes of businesses along this segment of the alignment, and because Metro has stated its desire to design a business assistance program that is effective and a replicable model, we recommend that the Business Solutions Center pilot an outreach strategy for the at-grade portion of the alignment. If successful and economically feasible, it could be expanded to other areas of the alignment with similar concerns.

The outreach strategy we recommend consists of two BSC field representatives working approximately 30 hours per week for 14 weeks of each year of the project (beginning up to one year before construction starts) to visit each business and perform the following functions:

- Assess the specific needs of each business
- Counsel businesses on services available and assist in accessing them
- Assist businesses in connecting to the BSC and other existing place-based resources such as BusinessSource Centers, small business development centers, and community development corporations.
- Gather program baseline and ongoing data regarding each business’ financial stability and services used.

Assuming the recommended fourteen weeks annually is divided into two outreach cycles of seven weeks each, and assuming that each business uses on average three hours of field representative time per cycle and that each field representative can see approximately ten businesses per week, the two field representatives could assess and counsel each business in this focus area approximately twice per year.

**Online Appointment System**

Both the walk-in center and field representatives should have appointment schedules online so that a business owner can schedule a consultation at his or her convenience as an alternative to dropping in to the center or waiting for a visit from a field representative.

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Referrals by Construction Relations Staff

Construction Relations and project hotline staff should be knowledgeable about the hours, location, and contact info for the Business Solutions Center so that they can make referrals where business assistance services may be helpful. In addition, we recommend that Construction Relations staff confer with Business Solutions Center staff biweekly to exchange information about particular problems that might be addressed by joint solutions.

Procurement of an Operator

We recommend that the Business Solutions Center be operated by a contractor organization chosen through a procurement process, rather than by Metro staff. We believe that this is the most effective approach for the businesses to be served because contractor organizations can be chosen with strong connections to the affected community. It supports the concept of a temporary Business Solutions Center tailored to a particular project area for a period limited to pre-construction and construction activities. This approach will also maximize the capacity of business service providers to leverage resources and thus expand the benefits of the program.

We recommend that the following criteria be built into the evaluation of proposals:

- Ability to leverage funding
- Ability to leverage programming and resources
- Ability to leverage staff time.
- Experience serving businesses who are located along the alignment
- Collaborative proposals and service partnerships
- Ability to provide qualified staffing for walk-in center and outreach, as described above
- Strong knowledge of and access to business assistance resources in city
- Experience working with local government departments on behalf of businesses
- Track record in providing meaningful services that have tangible outcomes for businesses
- Experience assessing and assisting small and micro businesses
- Bilingual capacity
- Proposed plan to serve businesses along this alignment

The operator should also propose a location for the walk-in center based on the aforementioned recommendations for the walk-in center. Approximate cost estimates for the proposed Metro BSC, including both one-time start-up and annual costs, are included as Attachment C.

Other Business Assistance Recommendations

Our interviewees described two ideas for creative solutions that do not fit squarely within the rubric of the BSC and/or which fall under other jurisdictions and would need to be approached in partnership with local government agencies and nonprofit organizations:

Enhance the Physical Environment for Post-Construction Opportunity

While there will be physical disturbances during the construction period, there will also be new infrastructure and potentially new customers coming through the area when the light rail project is complete. Several individuals recommended that the business owners use the construction period not
only to shore up their operations, but also to improve their physical appearance through façade improvements and other capital investments.

One organization that has significant experience working with distressed neighborhoods on improvements and beautification is the Los Angeles Neighborhood Initiative (LANI). Specializing in stakeholder-driven, public-private initiatives to improve transportation and pedestrian corridors and revitalize business districts, LANI could potentially work with businesses, the Mayor’s office, council and supervisorial districts, and other stakeholders to envision, fund, and implement physical improvements in concert with the construction of the light rail line.

Leverage the Virtual Counselor Network

The City is piloting a new way for business owners to obtain specialized business assistance (including in other languages) from providers around the city without actually traveling to numerous or distant locations. The Virtual Counselor Network (VCN) connects business owners by phone or video chat in real time to participating experts who are located elsewhere.

We recommend that the Metro BSC work with the City to leverage the Virtual Counselor Network that is being established for the City’s BusinessSource Centers. The walk-in center should have a computer portal to the VCN that the on-site counselor can use to connect business owners to City-wide business assistance capacity. Similarly, the BSC field representatives could connect to the VCN via laptops while working off-site with the businesses and thus link to a much wider array of resources.

Related Ideas and Concerns Raised in Interviews

While many of these issues are fundamentally the domain of construction mitigation, the following suggestions emerged from our interviews with stakeholders, businesses and service providers:

- Improve the pedestrian experience during construction by having crossing guards at difficult intersections, posting greeters and/or security guards at strategic locations along Crenshaw both to enhance security and provide friendly sources of information about rerouted pedestrian traffic, repairing street lighting, and increasing police presence in areas where people feel unsafe walking or parking due to a perception of higher crime activity.
- Loosen City signage restrictions during construction so that business owners can post larger and more prominent signs while their businesses and regular signage are obstructed by construction.
- Enforce street vending regulations to improve access to and visibility of licensed businesses.
- Create an application for mobile devices showing up-to-date parking and traffic information and commercial promotions.
- Install LED or lighted signs to direct drivers to alternate parking.
- Offer valet parking/parking shuttle/curbside service/DASH service.

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7 For more information, see www.lani.org.
8 For more information, see http://www.lamayor.org/mayor_garcetti_announces_businesssource_virtual_counselor_network_with_citi_community_development_and_housing_opportunities_collaborative and http://virtualcounselornetwork.org, both accessed on June 26, 2014.
• Work with the City of Los Angeles to explore the possibility of temporary relief from the City’s gross receipts tax and reductions in utility charges.
• Seek out opportunities for Metro to procure local goods and services for events focused on this area, including catering, printing, etc.
• Invite local artists to create more descriptive and appealing signs and banners for mesh construction screens to attract passers-by to the businesses behind the screens.

Section III: Governance

ELP recommends that oversight of the BSC by Metro reside in the External Affairs unit within the Community Relations Department in the Communications Division. Our rationale is as follows:

1. The services of the proposed BSC are a natural extension of the existing functions of External Affairs. External Affairs is currently responsible for small business outreach, with an emphasis on connecting these business owners with contracting opportunities and assistance services.
2. The Metro area responsible for BSC oversight should be closely aligned with Construction Relations. The BSC and Construction Relations would share the same client base, employ many of the same analytical and problem-solving techniques when assessing business needs, and require close coordination to provide seamless service as clients/businesses transition from general business preparation to construction preparation. Key to a smooth transition would be a reliable flow of information between the two units. For example,
   a. The BSC could leverage knowledge of Construction Relations staff and research on past or other projects to establish base templates/plans for preparation activities.
   b. Construction Relationships could leverage research, plans, and relationships established by the BSC when devising specific strategies to mitigate construction disruptions.
3. The Communications Division has a template for the sharing of staff and information between organizational areas. The Public Outreach Team is an existing template whereby the Communications Division and the Engineering & Construction Division share and coordinate resources with goals that include conducting public outreach and maintaining stakeholder communications.

The External Affairs organizational unit should be moved from under the Construction Relations unit. Due to legal considerations, Construction Relations duties should be organizationally segregated from BSC activities. However, to maximize opportunities for a seamless customer experience, both the External Affairs and Construction Relations units should be located under the same organizational umbrella, and ideally report to the same organizational manager. As a corollary, both organizational units should move in tandem; for example, if Construction Relations is matrixed to Engineering & Construction using the Public Outreach Team paradigm, External Affairs should also be matrixed to Engineering & Construction.
A manager-level position within External Affairs should manage the external organization contracted by Metro to operate the BSC. In addition to contract compliance, this oversight position will focus on ensuring a steady flow of communication and information between the BSC contractor and appropriate internal Metro areas, especially Construction Relations. Metro should contract with an organization that has a proven record of providing business assistance in the project area to leverage existing relationships and organizational credibility.

Section IV: Performance Metrics

The challenge in establishing performance metrics is distinguishing between the effects of BSC activities from the effects of everything else, including the local and regional economy, events and circumstances not related to construction, and the underlying resilience of the individual business enterprises. Some businesses may fail for reasons that have nothing to do with construction.

Consequently, a first priority for the BSC, especially the outreach staff, will be to establish baseline data for businesses along the segment. Data points may include, but are not limited to, gross receipts, number of employees, and tenure (e.g. years in business).

Ideally, it would be possible to identify existing statistics to serve as proxy “control groups” (e.g. health and performance of small businesses in the greater Los Angeles region) to measure economic changes theoretically unrelated to construction. Such statistics may not exist or be easily attainable, but ELP Advisors recommends that this question be researched during any implementation phase.

Indicators should include, but not be limited to:

- Change in gross receipts
- Change in number of employees
- Count and Percentage of small businesses touched
- Count and Percentage of small businesses that utilize BSC services
- Survey (qualitative) of business owners and property owners re BSC efficacy

Performance should be measured:

- Prior to construction
- Every six months after start of construction, up to two years after end of construction

Tracking data required to support the aforementioned performance indicators include:

- Gross receipts
- Number of employees
- Tenure
- Business type (e.g., service, retail, food, manufacturing)
- BSC service utilized (e.g., assessment, referral)
• Assistance program/resource utilized (e.g., access to capital, technical assistance, marketing)

**Section V: Conclusion**

Due to their already lean business operations and profit margins, small and micro businesses often face great challenges when normal business operations are disrupted. Our research revealed that business owners want information about the coming disruption, help detecting potential problems, and a hand connecting to assistance programs and services. Metro staff, especially in Construction Relations and External Affairs, continues to demonstrate a proven ability to think out of the box to help small businesses develop strategies to persevere through disruptions caused by the construction of major infrastructure projects. ELP Advisors believes that this pilot Business Solutions Center will add to the resources available to these businesses to shore up their operations and position themselves for future opportunities once construction is complete. If successful, this holistic approach to business assistance could prove a model for transit construction projects to come.
Appendix A: Interview List

ELP Advisors conducted informational interviews with multiple business stakeholders with regard to the Crenshaw/LAX Transit Project. The list of interviewees was compiled in consultation with the Metro Project Team, and augmented with recommendations from interviewees. Due to the compressed timeframe for research, effort was made to minimize duplication without compromising breadth. ELP Advisors and the Metro Project Team made good faith efforts to contact and schedule interviews with all on the list; however, due to scheduling conflicts, some of the suggested interviews were not conducted prior to generation of this report.

Interviews were conducted with:

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<th>Stakeholder</th>
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<tr>
<td>Andersen, Constance</td>
<td>Director, Small Business Development Center, Pacific</td>
<td>6/9/2014</td>
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<td></td>
<td>Coast Regional (PCR)</td>
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<td>Battle-Bey, Marva</td>
<td>Executive Director, Vermont Slauson Economic Development</td>
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<td>Development Corporation</td>
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<td>Cabrera-Johnson, Debbie</td>
<td>Program Director, Los Angeles County Office of Small</td>
<td>6/6/2014</td>
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<td>Business</td>
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<td>Castillo, Sylvia</td>
<td>Retail Banking external Affairs Manager, Union Bank</td>
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<td>Caufman, Robin</td>
<td>Asst. Director, Administration, Communications &amp; Outreach, Minneapolis Metro Transit</td>
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<td>Cote, Rose</td>
<td>Business Outreach Coordinator, Business and Job Resources Center, LAWA</td>
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<td>Dixon, Christine</td>
<td>District Director, Constituent Service Center, City of Los Angeles Council District 8</td>
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<td>Dupont-Walker, Jaqueline</td>
<td>Board Member, Metro, Executive Director, Ward Economic Development Corporation</td>
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<td>Duru, Chamberlain</td>
<td>Vice President, Membership, LAX Coastal Chamber of Commerce</td>
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<td>Espejo, Faith</td>
<td>Director of Programs &amp; Operations, Housing Opportunities Collaborative</td>
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<td>Hahni, Veronica</td>
<td>Executive Director, Los Angeles Neighborhood Initiative (LANI)</td>
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<td>Hernandez, Randal</td>
<td>Vice President, Public Affairs, Union Bank</td>
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<td>Katona, Karly</td>
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<td>Kerman, Ann</td>
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<td>LaSalle, David</td>
<td>Hawthorne Chamber of Commerce</td>
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<td>Paajan, Appaswamy</td>
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<td>Pallais, Noel</td>
<td>Legislative Deputy, Office of Bernard Parks, City of Los Angeles Council District 8</td>
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<td>Parks, Bernard</td>
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<td>Prom, Lucy</td>
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<td>Randle, Dorothy</td>
<td>Executive Director, Business Resource Center, Office of Current Price, City of Los</td>
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<td>Ross, Armen</td>
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Interviews not conducted as of June 30, 2014:

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<td>Cooley, Warren</td>
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<td>Fulcher, Arna</td>
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<td>Santifer, Rhonda</td>
<td>Director, Special Projects, Urban League Los Angeles</td>
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ELP Advisors considers the stakeholders who have yet to be interviewed to be important representatives of the community. Should the Metro Board decide to proceed with the pilot BSC, ELP Advisors recommends that interviews be continued during the implementation phase.

Also considered for the interview list were Dakota Communications, the Clinton Global Initiative, and the Goldman Sachs 10,000 Small Businesses Program; however, ELP Advisors concluded that information available online or in reports was sufficient for the purposes of this report.
## Appendix B: Business Resources Matrix

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<th>Financial Assistance</th>
<th>Marketing and Sales</th>
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### Services Offered

- Technical Assistance
- Financial Assistance
- Marketing and Sales
- Training and Workshops
- Additional Information

### Additional Information

- [Website](http://www.advantagecdc.org/corporation)
- [Website](http://www.losangelesworks.org/franchise)
- [Website](http://www.banksingjsb.com/)
- [Website](http://www.calexchangepc.org/)
- [Website](http://www.chnahousing.org/)
- [Website](http://www.cdloans.com/)
- [Website](http://www.laschools.net/)
- [Website](http://www.lacity.org/)
- [Website](http://www.lacity.org/)
### Appendix B: Business Resources Matrix

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<tr>
<th>Service or Resource Provider</th>
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*Note: Links are dynamic and may change over time.*
### Appendix B: Business Resources Matrix

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<th>Business Networking</th>
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<th>Municipal Infrastructure Assistance</th>
<th>Support for Invention Assistance</th>
<th>Trade Representation Assistance</th>
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<th>Service or Resource Provider</th>
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## Appendix B: Business Resources Matrix

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<tr>
<th>Service Resource Provider</th>
<th>Phone</th>
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<tr>
<td>Valley Economic Alliance</td>
<td>818-703-7000</td>
<td><a href="mailto:vaec@valley.org">vaec@valley.org</a></td>
<td><a href="http://www.valley.org">www.valley.org</a></td>
<td>610 3 S. Western Ave, Los Angeles, CA 90047</td>
<td>Incentives may Include: Work Opportunity Tax Credit, Business Equipment Interest Development Authority (BIDA) Loan Program</td>
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Appendix C: Approximate Cost Estimates for the Metro BSC

One-time start-up costs:

- Laptops (3) $2,000
- Minimal tenant improvements $2,000

Total estimated one-time start-up costs: $4,000

Annual costs:

- 1 consultant to staff walk-in center\(^9\) $108,000
- 2 outreach field representatives\(^10\) $67,500
- Share of rent, utilities, & administrative support\(^11\) $18,000
- Materials and supplies $1,500

Total estimated annual cost: $195,000

Total estimated cost for the first year (start up + annual): $199,000

Potential sources of funding could include:

- County or City community development block grant
- County or City community development block grant business assistance funding
- Small Business Administration/Small Business Development Center funding
- County or City “boomerang” funds (reallocation of property tax increment)
- In-kind goods or services

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\(^9\) Estimated at $75/hour, 30 hours/week, 48 weeks/year.
\(^10\) Estimated at $75/hour, 30 hours/week, 15 weeks/year per each consultant.
\(^11\) Estimated at $1,500 per month.
MOTION BY:
DIRECTOR JACQUELYN DUPONT-WALKER, MAYOR ERIC GARCETTI
AND SUPERVISOR MARK RIDLEY-THOMAS

Item 74 – Crenshaw/LAX Project Business Loss Mitigation Program
MTA Business Solution Center

On Tuesday, January 21, MTA officially broke ground on the $2 billion Crenshaw/LAX Transit Project.

This project will bring much needed high-quality transit to the Crenshaw District and South Los Angeles, as well as provide critical connections to MTA's existing rail system and LAX.

During construction there will be significant impacts to existing businesses in an area that has existing challenges with economic development, which is why MTA has recommended a small business assistance pilot program.

However, MTA's proposal does not go far enough in creating a robust and innovative business assistance and solutions center.

The Crenshaw/LAX Project provides an opportunity for MTA to think bigger and create a national example for how transit agencies can work with communities impacted by major construction projects.

Such a program needs to be led by a qualified group of talented, innovative, and cutting edge experts who have experience in financial planning, grant application and management, business operation, and bureaucratic red-tape.

It will also need to have strict definitions, criteria, and guidelines for businesses who qualify for assistance.

If successful, such a program can become a model for transit agencies across the nation, especially as the federal government continues to look at transportation as a primary economic development tool.

MTA can look at successful small business assistance programs such as the Clinton Economic Opportunity Initiative and Goldman Sachs’ 10,000 Small Business Initiative for guidance.

(CONTINUED)
I THEREFORE MOVE THAT THE MTA CEO:

1. Develop a cost and staffing proposal for a pilot business solution center that includes a suite of technical experts on subjects including (but not limited to):

   a. Financial planning and advising
   b. Small business operations
   c. Grant application and management
   d. Municipal regulation;

2. Coordinate with existing city, county, and federal business assistance programs and work source centers so that efforts are not duplicated;

3. Define clear guidelines and thresholds for small businesses that will qualify for this assistance, including (but not limited to) the following criteria:

   a. Gross revenues
   b. Number of employees
   c. Independent ownership;

4. Define a project impact area for the at-grade portion of the Crenshaw/LAX alignment and any other major surface construction work areas that may impact local small businesses;

5. Propose a cap to funding amounts (based on public and private sector research) that MTA is willing to provide in either loans, grants, and/or advances to qualified businesses in the project area.

6. Identify applicable economic development, small business assistance, real estate financing, and other redevelopment funding sources from City, County, State, and Federal programs, as well as private resources such as the Clinton Economic Opportunity Initiative and Goldman Sachs' 10,000 Small Business Initiative that can be utilized for this pilot;

7. Recommend an implementation plan for the Crenshaw/LAX project, including a sunset period, of items 1 – 6 at the April 2014 board meeting.

8. Report back on a quarterly basis on the pilot program to MTA’s Executive Management and Construction Committees, including quantitative and qualitative evaluation and recommendation on applicability to other MTA Transit Construction Projects.
SUBJECT: CRENSHAW/LAX PROJECT BUSINESS LOSS MITIGATION PROGRAM

ACTION: ADOPT CRENSHAW/LAX SMALL BUSINESS ASSISTANCE PILOT PROGRAM; DECIDE WHETHER OR HOW TO IMPLEMENT A BUSINESS LOSS MITIGATION PROGRAM FOR THE PROJECT

RECOMMENDATION

The Board previously requested staff to report back with findings and recommendations with regard to adopting a business loss mitigation program for businesses in the Crenshaw/LAX Transit Project construction corridor. This Report recommends that the Board provide direction to staff regarding whether to use non-Metro or Metro resources to fund such a program, and consider a new pilot program to support small businesses in the at-grade portion of the Crenshaw/LAX Light Rail Transit Project ("Project") between 48th and 60th Streets before and during construction of the Project. This pilot program would utilize the first-ever Metro Project Business Liaison to:

a) Coordinate Business Resources Roundtable ("Roundtable") participants to provide non-Metro public and private resources for small businesses in the project corridor (See Discussion under 4 (a) below);

b) Match construction corridor businesses with Roundtable non-Metro business assistance services; and,

c) Identify and direct non-Metro business loss mitigation funding resources to small businesses to support their operations during construction.

ISSUE

At issue is whether or how Metro should implement a business loss mitigation program to address potential impacts of construction of the Crenshaw/LAX Light Rail Transit Project ("Project") on small businesses between 48th and 60th Streets. In addition, consideration should be given to how such a program would be funded for the Crenshaw/LAX and other Metro projects.
Based on extensive research on business loss mitigation efforts, and on a review of the outcome from the first ever Metro Business Resources Roundtable ("Roundtable") convened by the Project Business Liaison earlier this month, staff concludes that if the Board chooses to authorize a business loss mitigation program for the Crenshaw/LAX project, a fiscally responsible and prudent approach — followed by 8 of 9 other jurisdictions that implemented such a program — would depend on identifying non-Metro public and private funding sources to establish it. Using Metro funds — contingency reserves or some unrestricted Metro funding sources — to fund a business loss mitigation program would have implications for Metro bus and rail operations and capital project budgets going forward.

DISCUSSION

(1) Background

At the Board’s December 5, 2013 meeting, the Board received and filed a Status Report (Attachment B) on actions taken by Metro staff in response to Board Motion 19.1 on July 25, 2013 (Attachment A). Staff has further refined the terminology used with respect to programs to address construction impacts of the Crenshaw/LAX project. This Board Report refers to:

- ‘Construction mitigation’ — services currently provided under the Board-adopted Model Construction Relations Program (May 2013) (See section (2) (a) below);
- ‘Business assistance’ — services such as accounting and business planning;
- ‘Business loss mitigation’ — advances, loans or grants to compensate for lost revenue caused by construction impacts on business operations.

Pursuant to the July 25, 2013 Amended Board Motion 19.1 (Attachment A), Metro staff has investigated business loss mitigation programs in connection with construction of transit projects in various metropolitan areas, including Seattle and Minneapolis, among others. Of nine programs reviewed, only Houston’s transit agency used its own revenue sources — transit fare revenues — for business loss mitigation grants. The programs are summarized in Attachment C.

(2) Construction Impacts

There is no dispute that construction of this transit project may impact local business operations in the construction corridor.

(a) Construction Mitigation

Based on experience, the most likely construction impacts will be access and parking issues, followed by noise, vibration and dust. These issues can be addressed to a
reasonable extent by Metro's Model Construction Relations Program, adopted by the Board in May 2013. These construction mitigation activities appear in the FEIS/FEIR approved by Metro and the FTA for the Crenshaw/LAX project. This program of construction mitigation has been implemented on other Metro projects, and has been implemented by the Construction Relations team on the Crenshaw/LAX project.

Construction mitigation activities include:

- Working with the community and local government on hours of construction;
- Working with the community and local government on signage and way-finding;
- Conducting community outreach and sharing construction updates via meetings with community stakeholders and utilizing traditional print and radio as well as social media;
- Planning traffic routes and business access for businesses in the construction zone;
- Implementing a Destination Discounts program; and,
- Identifying alternative parking resources where possible.

These activities are the norm for Metro and other transit agencies reviewed in Attachment C.

(b) Business Assistance

The businesses in the at-grade segment of the Crenshaw/LAX project would further benefit from the activities of the first-ever Metro Business Liaison assigned to a Metro project. Some of these activities are listed in Attachment D. A Business Needs Survey has been developed by the Business Liaison (Attachment E).

(c) Business Loss Mitigation

Once construction begins, business revenue may be adversely impacted, although causation may not be clear, especially with businesses that are already financially fragile. Following are three ways that Metro could address potential business losses in the construction corridor between 48th and 60th Streets, followed by a discussion of the pros and cons of each:

- Non-Metro funds provided before and during construction: Utilize the project's Business Liaison to identify, mobilize and direct non-Metro funding partners from the existing Roundtable and other potential resources to individual businesses to provide business loss mitigation funds;

- Metro funds provided before construction (advances/grants/loans): Use Metro unrestricted funds separate from the Crenshaw/LAX project budget in order to provide lump sum advances against future receipts, or grants or loans to cover a portion of anticipated losses attributable to construction of the project;
- **Metro funds provided before and during construction (claims):** Use Metro unrestricted funds in a separate account in order to pay approved claims for lost revenue. (But see (3) below for possible Metro/contractor and other issues if Metro pays certain types of claims.)

### (3) Legal Considerations on Uses of Metro Funds

If access is maintained to local businesses, Metro has no legal obligation to compensate businesses for any losses they may sustain as a result of appropriate and reasonable construction activities. (Compare inverse condemnation, where businesses may receive compensation for lost revenues due to construction activities that effectively prevent access to businesses for a significant period of time.) Additionally, the California Constitution prohibits public agencies from lending their credit or making gifts of public money to an individual or corporation except for legitimate public purposes. Metro’s statutory authority requires that its public funds be used solely for public transportation purposes.

The Crenshaw/LAX project is principally funded with Measure R funds and a federal TIFIA loan to be repaid from future Measure R revenues. Measure R funds may be used for “construction-related expenses.” It is not clear that such expenses would include business loss mitigation funding. In any event, the Crenshaw/LAX project’s share of Measure R is capped (see (4) (b) (2) below) and fully allocated to construction. Also, the Project budget is “federalized” with the addition of TIFIA and other federal funding. A business loss mitigation program is not an “eligible project cost” as defined in the TIFIA statute. The rationale behind this law is that grantees of federal funds should be reimbursed for true capital expenses related to actual design and construction. Use of the budget for business loss mitigation could jeopardize the TIFIA funding.

Even if the federal restrictions were not an issue, all of the Project’s budget and contingency is allocated to construction of the project, and the current Crenshaw/LAX project budget does not include amounts for business loss mitigation. In addition, the contractor on the Project will be obligated to defend claims against Metro for business losses; if Metro pays such claims it could compromise its ability to seek reimbursement from the contractor. Taking into account all of these issues, staff concludes that new Metro funds would need to be found and put into a separate ‘pot’ of money to fund such a program for this Project. Businesses along other projects’ construction corridors that anticipate construction impacts from other Metro projects may request comparable funding.
(4) **Should the Board authorize use of Metro funds for a business loss mitigation program?**

It should be noted that in nine other jurisdictions reviewed (Attachment C), only one transit agency directly funded a business loss mitigation program — Houston — which funded $5 million of interest-free loans with 1 cent of transit fares collected over 18 months. See (b) below, and Attachment C.

(a) **Use of Non-Metro Funding sources**

One argument in favor of using non-Metro funding sources to develop business resources for the Crenshaw/LAX businesses between 48th and 60th Streets is that no extraordinary legal constraints would limit activities of the Crenshaw/LAX project's Business Liaison in such efforts - and fiscal impacts on both Metro's and the project's budgets would be minimized since a Business Liaison has already been assigned to this activity. While there is no legal obligation for Metro to provide business loss mitigation due to construction impacts where access to businesses is maintained, the Board could choose to direct the Project Business Liaison to further develop and expand the roster of Business Resources Roundtable participants that might be interested in funding a business loss mitigation program that could include advances against future receipts, loans, or business interruption or business relocation grants.

For example, at the January 9, 2014 meeting of the first Roundtable, community development organizations, City of LA, the County of Los Angeles and other governmental and nonprofit agencies met to learn about the project and consider becoming partners for providing business assistance services. (See Attachment F) Several of the representatives at this meeting could be viable candidates to fund a business loss mitigation program. Such partners could follow the Seattle example (see (b) below) and establish eligibility requirements and base year revenues by requiring 2+ years of tax returns or other documentation, as well as a business license. If a Crenshaw/LAX corridor business could not meet eligibility requirements set by the funding partner, the Business Liaison could match other business assistance resources to the businesses to help formalize their operations and meet the funding partner’s eligibility requirements for business loss mitigation funding.

The Crenshaw/LAX Project's Business Liaison developed the Business Needs Survey, Attachment E, for businesses along the Crenshaw/LAX Project construction corridor. This survey will be distributed to businesses on or after January 15, 2014. The Board could direct the Project Business Liaison to begin a matching process between local businesses and potential business assistance providers, and further direct the Business Liaison to identify and direct to local businesses potential business loss mitigation funders who participated in the Business Resources Roundtable held on January 2014.
(b) Use of Metro Funding Sources

Staff researched business loss mitigation programs in 9 other jurisdictions across the U.S. (Attachment C) Two of these programs are examined here:

Houston - This transit agency is the only one to use its own revenues to provide a business loss mitigation program. The agency's Board approved a $5 million business loss mitigation program along three rail lines currently under construction. The program is funded by a one-cent deduction from transit fares collected over an 18-month period, and businesses that qualify based on sales and proven financial losses can receive direct payments from Houston Metro of up to $25,000. The program has spent almost $3.2 million, with 174 businesses along one line receiving $10,819 each on average. City of Houston provided SBE assistance and partnered with a nonprofit for free business consulting.

The Houston project is still under construction so there is as yet no complete data on business survival or failure rates, and LA Metro staff has not obtained data on baseline versus current financial status or on the size or stability of the businesses that have received assistance in Houston. Further research is also needed to determine the legal basis for Houston Metro's development of this business loss mitigation program.

With respect to use of transit fares to fund a business loss mitigation program on the Crenshaw/LAX project, staff notes that there is a projected operating deficit in 2016 for this agency; for this and other reasons fare revenues are not recommended as a source to fund a business loss mitigation program on the Crenshaw/LAX project.

Seattle – Seattle had a robust business loss mitigation program, however, the transit agency did not directly fund business loss mitigation payments. Pursuant to an amended FTA Record of Decision, the Rainier Valley segment of the Central Line project was determined to be an Environmental Justice (EJ) community as compared to the rest of the project. Based on this designation, the Amended ROD provided for creation of a nonprofit by the City of Seattle, King County and Sound Transit. The nonprofit was funded with two accounts. One account, the Supplemental Mitigation Account (SMA), provided funding for business assistance services, business interruption and business reestablishment grants, and loans for working capital. This account was funded by City of Seattle and King County with CDBG and general funds, and administered by Sound Transit; it closed at the end of construction. The other account, the Community Development Account (CDA) was for community development activities, funded with CDBG funds, and is still administered by the nonprofit. (See Attachment C)

A total of 310 businesses in the Rainier Valley project segment were eligible for SMA funding. Of these, 181 received some portion of the $15 million SMA fund between 2003 and 2008. In all, 47 businesses closed, and 18 of these had received SMA funding.
In contrast to Seattle's Rainier Valley segment, and according to the FTA's guidelines, the Crenshaw/LAX project corridor was not designated as an EJ community because the entire alignment is consistent in its economic and ethnic characteristics, and the project would not create disproportionate adverse effects on low income or minority populations. This distinction, as well as the fact that Sound Transit did not directly fund the business loss mitigation program, are factors to be considered in determining whether to use Metro funds for a business loss mitigation program on the Crenshaw/LAX project.

If, instead of approving staff's recommendations to utilize non-Metro funding sources, the Board chooses to use Metro funds for a business loss mitigation program including grants and loans, Board direction is needed to determine how much funding to provide, from what funding sources, and under what process payments would be made.

(1) How much funding to provide?

There are 102 small or micro-businesses that have been identified to date operating in the at-grade portion of the Crenshaw Corridor between 48th and 60th Streets. Approximately three-quarters of these are retail trade and services which are dependent on walk-up and drive-up consumers as opposed to business-to-business activities. There are currently an additional 16-20 vacant storefronts in the at-grade portion of the construction corridor which are beyond the scope of a business loss mitigation program at this time.

In order to determine how much funding to provide to existing businesses as either lump sum advances or grants based on a claims process during construction, a business loss mitigation program will depend on establishing a baseline of business revenues for each business in the portion of the construction corridor between 48th and 60th Streets. At a minimum, a business survey would be needed. Such a survey, created by the Project Business Liaison, will be circulated in the business community beginning on or after January 15, 2014. (Attachment E).

Staff notes that business revenues change from year to year even without construction, cash-based businesses may have difficulty documenting revenues year-over-year,
future receipts are difficult to estimate due to a changing business environment before, during and after construction, and comparison construction projects are different in their characteristics, duration and impacts. The community resources represented by participants in the initial Metro Business Roundtable appear to be well-suited to following up on the initial survey, conducting any additional business surveys and helping businesses to formalize their operations in order to document revenues.

A Metro-funded budget for a business loss mitigation program would include additional administrative costs for staffing and overhead, as well as an amount to cover lump sum advance payments or claims made during construction for lost business revenue, business interruption or business relocation assistance.

Administrative costs would include salaries, workers compensation, benefits and overhead (office space, office equipment, phone, supplies) for staff to administer the program, establish eligibility requirements for businesses seeking business loss mitigation assistance, work with businesses to meet eligibility requirements, allocate funds pursuant to Board direction either in lump sum advances or by establishing and conducting a claims process for claims made during construction, including verifying causation between construction and lost business revenue.

The amount of lump sum advances against future receipts, or grants or loans as payments for claims made during construction for lost revenue, business interruption or business relocation depends on availability of permissible Metro funding sources.

(2) From what sources could Metro business loss mitigation funding come?

To set up a Metro-funded business loss mitigation program for this project the Board could take certain unrestricted Metro funds normally used for other purposes and repurpose them for a business loss mitigation program. There are limited sources of unrestricted funds at Metro:

- Some General Fund sale/leaseback funds (used to cover certain transactional costs and replacement of leased rolling stock over the lease term)

- Fare box revenues (used to partially fund the costs of providing bus and rail service).

Using fare box revenues to fund a business loss mitigation program on the Crenshaw/LAX project would mean less funding for the bus and rail service that is a core part of Metro's mission to provide a transportation system for LA County, under circumstances where the agency has a projected deficit in 2016. Use of these funds would necessitate a greater fare increase than is currently contemplated at Metro. Fare box revenues are not recommended as a source for funding a business loss mitigation program.
Staff considered three other possible sources of funding for a business loss mitigation program: Props A 35% and C 40% direct revenues, Crenshaw/LAX Project contingency funds, Measure R project funding, and Measure R Capital Project Contingency Funds.

Use of Prop A 35% revenue is restricted to rail capital and operations. Prop C 40% is used for bus and rail operations, capital, and Access Services. In order to decide whether to use money from Prop A 35% or Prop C 40% for a business loss mitigation program the Board should consider whether there is a sufficient nexus between a business loss mitigation program and the successful completion of the construction project. It is also important to consider that any funds approved for the business loss mitigation program will reduce funding available for the operations and maintenance of Metro’s current and future bus, rail, and para-transit systems.

During construction of the Red Line, the Board approved use of Prop A 35% revenues for business loss mitigation loans when a sinkhole developed on Hollywood Boulevard, resulting in complete closure of a portion of that street as repairs were made. Metro placed Prop A 35% funds on deposit with a bank, and City of Los Angeles deposited a portion of its local return so that the bank would make loans to businesses to mitigate business losses due to the closure. Essentially, loans were made to counteract the effects of inverse condemnation, where a catastrophic, unforeseen event resulted in no access to businesses on the boulevard. Most of these loans, made in anticipation of more business activity once the project was completed, were written off, i.e., drawn by the bank against Metro’s deposits when businesses did not repay the loans.

In contrast to the circumstances in Hollywood, access to businesses in the at-grade portion of the Crenshaw/LAX project is anticipated to be maintained throughout construction, so there is no legal requirement for compensation to businesses.

Staff concludes that the combination of the difficult construction completion nexus determination(s) and the negative impacts to Metro’s operating systems provides a reasonable basis to recommend that the Board decline to use Proposition A 35% and Proposition C 40% funds for a Business Loss Mitigation program on this project. The Board could revisit this recommendation and reconsider use of these funds for a Business Loss Mitigation response if circumstances arise that require such an action.

Staff requests direction from the Board as to whether Prop A 35% or Prop C 40% funds which are allocated to completion of transit projects, maintenance and other operational needs should be used to create a business loss mitigation program.
While there are $200 million in contingency funds in the Crenshaw/LAX project budget used to cover cost increases on the project, reducing the contingency to cover business loss mitigation advances, loans or grants could result in reduction or withdrawal of federal grant and/or TIFIA loan funds since business loss mitigation is not an eligible use under the federal grant and TIFIA loan statutes. Use of project contingency funds would also greatly increase the risk of a project budget overrun.

The Board’s Unified Cost Management Process and Policy for Measure R Projects caps Measure R project funding at the amount identified for each project in the Expenditure Plan approved by voters. If increases in Crenshaw/LAX Project cost estimates are sought in order to fund a business loss mitigation program, the Board must approve a plan of action to address the increase at the project level, i.e. with value engineering or scope reductions, etc. before Measure R Contingency Funds may be used.

Measure R Capital Project Contingency Funds are subject to a Board - adopted Fiscal Responsibility Policy, under which use of these funds must be consistent with delivering Measure R projects in the manner and on the schedule promised to the voters. Consistent with the Measure R Expenditure Plan and Ordinance, Capital Project Contingency Funds are used primarily for debt service. Use of such funds for a business loss mitigation program on the Crenshaw/LAX Project could reduce the amount of bond funding Metro can secure for projects because less funding would be available to pay down bond interest – thus reducing funding available for Metro projects. Use of Measure R Contingency Funds for a business loss mitigation program could also reduce Metro’s ability to pay down its debt in a timely manner.

Finally, there are no surpluses from other Metro projects in the subregion to consider using for business loss mitigation on the Crenshaw/LAX project.

(Also see Financial Impacts, below.)

All of Metro’s projected resources through 2039, including the unrestricted funds, are programmed in its Long Range Transportation Plan. Based on the discussion above, staff concludes that in order to pay for a business loss mitigation program with Metro funding sources, more operating efficiencies will be needed at Metro and in Metro projects and programs, or cuts to projects and programs funded by direct revenues from Prop A 35% and/or Prop C 40%, or more fare increases, or all of these.

Use of Metro’s limited unrestricted funds (Prop A 35% and C 40% direct revenues, sale/leaseback funds, fare box revenue) to fund a business loss mitigation program would:

- Leave Metro projects and programs with fewer budget resources to meet project or program needs;
• Require a funding arrangement that would not compromise either federal funding for the Project, or Metro's ability to seek payout reimbursements from the contractor, which is obligated by its contract with Metro to defend claims against the agency;

• Set a precedent for future Metro projects, opening the door to requests for lump sum advances, grants, loans or claims for business losses by all businesses in every construction corridor, creating uncertainty in Metro and project budgets.

3 What process could be used to allocate business loss mitigation funds to businesses?

If the Board chooses to authorize Metro funding for a business loss mitigation program, it could approve lump sum advances against future receipts, grants or loans prior to construction2, or direct staff to establish a claims process for business loss mitigation grants or loans during construction. (See (1) above.)

DETERMINATION OF SAFETY IMPACT

Adoption of a pilot program of business assistance in the Crenshaw/LAX Project corridor - whether or not it includes a business loss mitigation component - will have no adverse impacts on safety.

FINANCIAL IMPACT

Funding of $182,000, including benefits, workers compensation and overhead for the Business Liaison currently leading efforts to identify and match business assistance resources for small businesses in the Crenshaw/LAX Project corridor between 48th and 60th Streets is included in the FY 2013-2014 budget in cost center number 7160 under project number 865512, Crenshaw/LAX Transit Corridor Project. The Business Liaison position is anticipated to be maintained through project delivery in 2019.

Since this is a multi-year project, the cost center manager will be accountable for budgeting the cost in future years.

At this time, if the Board authorizes the Business Liaison to seek non-Metro funding for business loss mitigation staff anticipates no additional financial impact on the agency.

If the Board chooses to set up a separate funding source in order to fund a business loss mitigation program for the project, the financial impact for the agency would be the level of funding authorized by the Board, with reduced resources available for other Metro projects or programs.

2 Note that with respect to advances, it is possible that not all businesses will be adversely impacted by construction, and using limited public funds to pay advances or loans to small businesses based on future receipts that may not materialize is a policy decision for the Board.
Impact to Budget

Bus and rail operating and capital budgets may be impacted by use of unrestricted Metro funds for a business loss mitigation program.

Source of funds:

Non-Metro Funding – no impact.

Project Contingency Funds – Use of the Crenshaw/LAX project’s contingency funds to fund a business loss mitigation program would jeopardize TIFIA funding and would reduce available funding for other Crenshaw/LAX project construction needs.

Prop A 35% and/or Prop C 40% revenues - Nevertheless the Board could choose to use Prop A 35% or C 40% revenues for this purpose. Doing so would adversely impact funding for Metro’s bus and rail operations or other capital.

General Fund – Sale/Lease Back Funds 2015 – Funds from this source are not restricted, but much of the money is on deposit in escrow accounts pledged as collateral for certain insurance purposes; some amounts are still needed by Metro to cover transactional costs related to restructuring and/or termination of the active transactions, as well as periodic replacements of leased rolling stock that becomes damaged over the remaining years of the leases.

Fare Revenues – See 4(b)(2) above.

ALTERNATIVES CONSIDERED

Instead of adopting the staff recommendation to provide direction regarding a pilot project that includes a new Business Assistance Program developed by the project’s Business Liaison, and identification and mobilization by the Business Liaison of Roundtable and other non-Metro funding sources for a business loss mitigation program, the Board could:

(1) Use unrestricted Metro funding sources to provide lump sum advances, grants or loans to address anticipated losses before construction begins;

(2) Use unrestricted Metro funding sources and approve guidelines for resolution of claims for business losses sustained during construction; or,

(3) Decline to direct staff regarding adoption of a business loss mitigation program, leaving the Model Construction Relations Program previously adopted by the Board in May 2013 in place, along with business
assistance activities by the Project Business Liaison to match community resources with business needs.

The Crenshaw/LAX project funding is 100% allocated to construction and contingency reserves. There are constraints on uses of Metro funding sources such as Measure R and Project contingency, and using the few unrestricted funding sources at Metro to adopt a business loss mitigation program on the Crenshaw/LAX project could have long-term consequences for other Metro projects and programs.

It is worth highlighting that the Crenshaw/LAX Project Business Liaison is already working with government and private community partners that are capable of providing — for the first time on a Metro project -- a broad menu of business assistance services and business loss mitigation funding. Matching these community resources with small businesses will help to address the Crenshaw business community's concerns about construction-related impacts in a transparent and inclusive process.

**NEXT STEPS**

The project Business Liaison and Construction Relations team will:

- Continue to implement Metro's Board-adopted Model Construction Relations Program;

- Based on the results of the Business Resources Roundtable meeting held on January 9:
  - Work with Roundtable members to establish resources for both business assistance, and business loss mitigation funding if approved by Metro Board;
  - Expand Roundtable membership to include banks, other nonprofits and government agencies;
  - Develop an Action Plan for matching resources with businesses;
  - Organize subsequent meetings with community resource providers who attended Roundtable (banks, community development organizations, and public and private funders and service providers);

- Maintain contact with small businesses in the construction corridor to refine priority needs for assistance for each business;
  - Continue with business outreach and activities to match each business between 48th and 60th Streets with appropriate services, resources and funding arising out of the Roundtable session(s) and other contacts;
• Determine what will constitute a ‘successful' assistance program/establish goals and milestones/build in flexibility to address varying needs;

• If the Board chooses to authorize the Business Liaison to seek non-Metro funding for a business loss mitigation program, continue to meet with City and County of Los Angeles leadership to identify potential funding opportunities for business loss mitigation and other support for businesses in the construction corridor;

• If the Board chooses to add permissible Metro funds to the project budget to fund a business loss mitigation program, establish such a program, including a claims administration process;

• Report to the Board at monthly meetings on progress toward goals.

ATTACHMENTS

A. July 2013 Board Motion 19.1
B. December 2013 Receive and File Status Report
C. Program Review of Business Loss Mitigation Programs in Other Cities
D. Business Liaison and Construction Relations Team Activities
E. Business Needs Survey
F. Business Resources Roundtable Participants

Prepared by: Ellen Isaacs, Director, City of Los Angeles Government & Community Relations, (213) 922-2488
JC Lacey, Business Liaison, Crenshaw/LAX Project (213) 922-7264
Miriam Long, PLA/CLA Manager, Crenshaw/LAX Project (213) 922-7249
Noelia Rodriguez  
Chief Communications Officer

Arthur T. Leahy  
Chief Executive Officer
Amendment to Item 19 by Supervisor Mark Ridley-Thomas
Metro Construction Committee
July 18, 2013

Small Business Loss Mitigation Program

Public transit construction, particularly at grade and on busy streets, can cause significant disruptions to existing businesses. Metro has traditionally had a program of providing support services to these businesses to assist them with marketing, parking and other logistical challenges during transit construction.

Other cities across America, including, for example, Seattle and Minneapolis, have instituted more robust programs, including financial assistance, to help businesses that are impacted by the disruptions of transit construction. Evidence confirms that these business loss mitigation programs have been successful in assisting many businesses, particularly small and locally-owned businesses, through the challenges of transit construction.

The recently approved Crenshaw/LAX Transit Corridor will involve construction through historically and commercially significant neighborhoods along Crenshaw Boulevard. A portion of the construction will be at grade, from approximately 48th Street to 60th Street, where special sensitivity is required to support the existing business community.

I THEREFORE MOVE THAT:

1. Metro continue to investigate successful Business Loss Mitigation Programs in Seattle, Minneapolis and other metropolitan areas, and to catalog and evaluate specific programs that are proved to be successful.

2. Prepare recommendations for a Small Business Loss Mitigation Fund specifically targeted to assisting small and locally-owned businesses along the Crenshaw/LAX Transit Corridor between 48th Street and 60th Street in Los Angeles.

3. Report back to the Board in 60 days with these recommendations.
REGULAR BOARD MEETING
DECEMBER 5, 2013

SUBJECT: SMALL BUSINESS ASSISTANCE PROGRAM

ACTION: RECEIVE AND FILE STATUS REPORT

RECOMMENDATION
Receive and file status report on development of pilot program to assist small businesses between 48th and 60th Streets during construction of the Crenshaw/LAX Light Rail Project.

ISSUE
In Board Motion 19.1 (July 25, 2013) (Attachment A), the Board asked Metro's CEO to direct staff to investigate successful business loss mitigation programs in connection with construction of transit projects in various metropolitan areas; evaluate programs that were successful; and, take other actions to explore possible funding for a program to assist small businesses along the Crenshaw corridor between 48th and 60th Streets in Los Angeles during construction of the Crenshaw/LAX Light Rail Transit Project. Staff has completed the requested investigation and this status report provides an update on its findings. Due to changes in executive staffing at Metro and the associated need for review of the proposed initiative, staff anticipates completing the additional actions requested by the Board in time for the January Board meeting.

DISCUSSION
Background – Construction Mitigation and Small Business Assistance Programs
Staff review of programs in other jurisdictions revealed that there is a distinction between "construction mitigation" programs and "small business assistance" programs. Construction mitigation efforts addressed signage, way-finding, construction notices, outreach, access and parking alternatives. Small business assistance consisted of additional funding for grants and loans, as well as business counseling services - all provided by government and community partners other than the transportation agencies building the transit projects. Small business assistance in the latter context can be
characterized as community development, above and beyond construction mitigation. This distinction is critical to understanding the scope of programming that could be offered by Metro and others to help small businesses during construction.

Metro is legally constrained by federal, state and local (Measure R) funding conditions which require funds to be used in accordance with the terms of specified transportation programs and projects. Of note, the small business assistance programs that provided direct financial assistance resulted from partnerships with cities, counties, institutions and nonprofits which provided the funding. Of the nine jurisdictions studied, only Houston set aside a portion of transit operating revenue from fares in order to provide loans.

Research Results

After researching and evaluating mitigation and small business assistance programs as requested (Attachment B), two key components were crucial to the success of several programs (where success was defined as preventing vacant storefronts and keeping most businesses going during construction):

1. A central point of contact (such as a nonprofit, a city government or a bank partner) for facilitating matching of resources with small businesses was an effective way to empower business communities in transit construction corridors before, during, and in some cases after construction of a project.

2. Non-transportation agency partners provided consulting and funding opportunities. Both the clearinghouse and the addition of non-transportation agency services and funding opportunities enabled businesses to sustain operations during construction.

Based upon this research, staff maintains that in addition to Metro's Model Construction Relations program adopted by the Board in July 2013 (Attachment C), small business assistance for the Crenshaw corridor should focus on leveraging Metro's investment in this construction project and the hiring of the first ever Business Liaison on a Metro transit project. This Business Liaison's mission would be to prioritize matching small businesses with resources in three categories:

1. Existing construction mitigation programs offered by Metro or its contractors;

2. Existing programs to assist small businesses offered by public or private community partners; and,

3. Potential funding resources made available through new partnerships with City, County and other governmental agencies and departments, the non-profit sector and the private sector.
NEXT STEPS

1. The Crenshaw/LAX Project Business Liaison will identify and seek input from small businesses and civic organizations in the Crenshaw Corridor on potential needs of small businesses before and during construction of this project. If possible, the Business Liaison will obtain information that could help to qualify each small business for business loans or grants.

2. To leverage Metro's investment in the Crenshaw/LAX Light Rail Project, the Business Liaison will explore potential partnerships with Crenshaw Corridor cities and the County of Los Angeles, as well as with other public and private agencies and organizations, to fund a pilot program of small business assistance for the Crenshaw Corridor.

3. For the January 2014 Board meeting, the Business Liaison, Chief Communications Officer and Metro staff will present to the Board findings and recommendations for a small business assistance program in the Crenshaw Corridor. The goal is to create a model program that can be a template for other Metro transit projects.

ATTACHMENTS

Attachment A – Board Motion 19.1 (July 25, 2013)
Attachment B – Matrix of Mitigation and Small Business Assistance Programs in other jurisdictions
Attachment C – Model Construction Relations Program adopted by Board (July 25, 2013)

Prepared by: Ellen Isaacs, Director, Community Relations, (213) 922-2488
Roderick Diaz, Director, Countywide Planning and Development, (213) 922-3018
Miriam Long, Community Relations Manager, (213) 922-7249
19.1 APPROVED RIDLEY-THOMAS MOTION that:

A. Metro continue to investigate successful Business Loss Mitigation Programs in Seattle, Minneapolis and other metropolitan areas, and to catalog and evaluate specific programs that are proved to be successful.

B. Metro shall work with the City of LA and the County of LA to explore possible funding for such a program if it is deemed feasible and seek public and private partnerships to facilitate in this effort.

C. Prepare recommendations for a Small Business Loss Mitigation Fund specifically targeted to assisting small and locally-owned businesses along the Crenshaw/LAX Transit Corridor between 48th Street and 60th Street in Los Angeles.

D. Report back to the Board in 60 days with these recommendations.

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31. AWARDED a ten-year firm fixed rate contract, Contract No. OP133337106, to Clean Energy for the Operation and Maintenance (O&M) services of Compressed Natural Gas fueling stations at Divisions 2, 8, 9 and 15 for an amount not-to-exceed $24,958,700 effective August 1, 2013.

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32. AWARDED a 24-month, firm fixed price contract under Bid Number 93-0039 to the following lowest responsive and responsible bidder for bus differentials for an amount not-to-exceed $4,346,606 inclusive of sales tax and a one-year option:

A. Axtech for line items 1 (Oil Seal), 2 (Seal Assembly), and 6 (Hub Assembly w/Studs) for a total contract value of $794,561;

(Continued on next page)
## Summary of Construction Mitigation and Small Business Assistance Programs Associated with Selected Transit Projects in the United States

<table>
<thead>
<tr>
<th>City/Region</th>
<th>Associated Project</th>
<th>TYPES OF CONSTRUCTION MITIGATION AND BUSINESS ASSISTANCE PROGRAMS</th>
<th>Source of Funds for Direct Financial Assistance</th>
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<tr>
<td>Dallas, TX</td>
<td>LRT System Expansion</td>
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<td>Denver, CO</td>
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<td>Houston, TX</td>
<td>LRT on 3 corridors</td>
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<td>Set-aside from transit fares</td>
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<td>Minneapolis, MN</td>
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<td>No-interest forgivable</td>
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<td>Block Grants (CDBG) ($43 million)</td>
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<td>San Jose, CA</td>
<td>Reconstruction of Downtown Transit Mall</td>
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<td>San Jose Redevelopment Agency</td>
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SUBJECT: METRO CONSTRUCTION MITIGATION PROGRAM FOR TRANSIT PROJECTS

ACTION: APPROVE STAFF RECOMMENDATION TO ESTABLISH METRO’S CONSTRUCTION RELATIONS MODEL AS THE STANDARD PROGRAM IN SUPPORT OF CONSTRUCTION MITIGATION FOR ALL TRANSIT PROJECTS

RECOMMENDATION

Staff recommends the Board approve a Model Construction Relations Program that has been deployed in support of all major transit projects commencing with the Orange Line. Approval of this Model will establish the agency’s commitment to implement those mitigation measures identified in the Final Environmental Impact Statement and Final Environmental Impact Report (FEIS/FEIR) for each project. The Model Construction Relations Program is structured to conform with the expenditure guidelines set forth in the Federal Transportation Administration 2 CFR Part 225.

Staff recommends that clear agency guidelines be provided to aid in managing public expectations for the scope and breadth of project activities that may be conducted to address the rigors and impacts of construction as the projects proceed. It is necessary to ensure that any such activities are consistent with federal and state funding requirements and that mitigation measures are consistent with the obligations set forth in the adopted environmental documents as they are implemented in the affected communities.

ISSUE

During the outreach phase of a project, the public is made aware of the potential impacts that accompany construction of a new transit system. These impacts may include, but are not limited to, noise, dust, access, visibility, potential parking limitations...
and traffic detours. These impacts are documented in the FEIS/FEIR which describe the adopted set of mitigation activities to be implemented during the course of construction.

**DISCUSSION**

**Metro's current practice on Major Capital Projects – Construction Relations**
Currently Metro manages construction mitigation measures through its Project and Construction Management team in conjunction with the chosen Contractor and Construction Relations, a specialized group within Regional Communications that assembles a team to be matrixed to each major project. Its goals are to assist Metro’s Project Delivery Department in conducting public outreach and work with Construction Management to maintain stakeholder communications while the Contractor implements its construction mitigation program. The structure for management of mitigation through Construction Relations is included in the Project Management Plan submitted to and approved by the FTA when federal funding is involved. This plan includes staffing recommendations as well as identification of roles and responsibilities for liaison functions to the community, the project team and intra-departmental coordination with other communications departments such as public relations, design and marketing.

As a member of the Project Management Team, Construction Relations advises the Project Director on communications and outreach strategies and provides oversight on, intradepartmental communications for external messaging that includes approval and production that aligns with the agency’s communications protocols.

**Pre-Construction Coordination**
In advance of construction commencing, Construction Relations assists the Project Director with the following:

- Continue coordination with any community based committees that have been formed in advance of or may be formed during the construction phase of the project.
- Liaison with community stakeholders and the Contractor on the coordination of preconstruction.
- Prepare public notifications for advanced utility relocation, geotechnical borings and the locating of utilities. Facilitate outreach with stakeholders and elected officials in support in coordination with Metro’s Third Party Group in obtaining night time noise variances, peak hour and holiday moratorium exemptions.

**Business Surveys and Options for Promotion**
In advance of construction start, Construction Relations compiles a catalog of existing businesses immediately adjacent to the project alignment where most construction activity is anticipated to occur. These surveys include:

- Profiles that identify facility access options, and how each business operates, receives deliveries, and serves its customer base. This information becomes part of the Construction Relations data base and has ongoing utility during the course
of construction as the Contractor develops work plans in compliance with jurisdictional authority and other third party interests.

- Construction Relations has learned through project experience that local businesses reap benefits by encouraging businesses to participate in a Project Area Discount Program whereby businesses in project areas may promote free of charge on the project website. Construction Relations then seeks opportunities to drive web viewers to businesses along the project alignment to support local business.

Residents Preparation
Through a Construction Safety Awareness Training Program, Construction Relations seeks to educate the public on how to co-exist with major construction in their community. Various materials are used to reach the diverse demographics of the community's stakeholders.

Facilities Preparation
In dealing with large institutional facilities such as schools, health care or community centers, Construction Relations has found that in establishing advance coordination between the Construction Relations team and the facility often ensures that special access or environmental issues are better coordinated with Project and Contractor staff. This coordination may include special departments within school districts as well as site facility operations management, and may result in changes in access routes due to construction activities with the intent to reduce interruptions to the operation of the facility or those who rely on its services.

Public Outreach
Utilizing a full range of communication tools tailored to diverse communities, a strategic outreach plan is created to advise the public of construction activities. Methods include door-to-door distribution, email blasts and use of various social media. Public Outreach consists of providing the public advance notice of construction activities taking place on the public rights-of-way and providing construction progress updates, which the Project will also provide through the Project website. Providing the information in advance of construction fosters good will for the project with the community and allows the public to plan around the construction.

While construction notices are issued in advance for planned events that may generate an impact to the public (i.e. noise, vibration, road closures, and detours), Construction Relations also notifies the public of unplanned events (such as accidents or unanticipated project related closures/detours) through social media and the project website. Various other outreach methods and collateral material consisting of fact sheets, videos, renderings or other materials are developed to educate the public about a specific activity, a new phase of construction, or to promote project milestones. These materials are typically used to translate complex construction activities to the general public. Updates are also made available to the public through regularly scheduled Construction Progress Community Meetings.
**Stakeholder Communications**
In conjunction with the Project Team, Construction Relations provides briefings to stakeholder groups and elected officials on upcoming activities, and communicates changes to scheduled work activities. Construction Relations continually strives to provide as much advance notification as possible to all stakeholders on construction activities. On an annual basis, a general look-ahead is developed as an important tool for preparing the community and all stakeholders on what can be expected and what milestones will be achieved. This brings focus to strategies for communication as well as the facilitation of palliative measures related to construction impacts.

**Construction Impact Mitigation Program**
The Construction Impact Mitigation program is designed to facilitate the communication about construction related impacts between stakeholders, facilities, businesses, residents, Metro and its Contractor and assuring that contractors coordinate with Construction Relations and Metro’s Third Party group on all 3rd Party access needs and communications. This includes:
- Working with stakeholders, facilities, businesses and residents, project management and contractors to try and find ways to reduce alleged impacts, including but not limited to environmental issues such as noise, vibration, dust, visibility, access, etc.
- Facilitating the communication of property owner’s complaints and concerns to the contractor through documentation and tracking of such complaints, transmitting property owner directed field reports with photographs and property owner developed supporting documentation.

Residents and business owners who believe they have been adversely impacted by construction are responsible for specifying their allegation to the Contractor. As all public concerns are directed first to the Construction Relations staff, this is usually the first step in noting a concern and alerting the Contractor of the alleged impact. In some situations the resident/business may greatly benefit from some form of simple assistance such as coordination of construction activity schedules or repositioning of equipment.

If the nature of the concern may require more complex action, there is a protocol for Construction Relations to engage the support and direction of Metro’s Construction Manager and the Contractor. All calls from the public are logged and maintained in a database that is maintained as part of the project record keeping by Construction Relations.

**Contractor Controlled Insurance Program (CCIP)**
Under a CCIP, the contractor is required to obtain its own insurance and also to handle all of the claims resulting from construction of the project, as well as bear the related liability. Under the CCIP, which is a contract requirement, the contractor purchases a separate project insurance policy to support its contractual obligation to indemnify, defend and hold Metro harmless.
In addition, under a CCIP, the contractor and its carrier are responsible for investigating and resolving all damage complaints on a project. Construction Relations engages in liaison activities through initiation of a field report documenting a business or resident’s information related to their complaint about the construction activities and officially transmits the report to the contractor. The contractor is expected to respond to complaints and hopefully resolves claims in a reasonable amount of time. Once a claim is filed, resolution of the claim rests with the Contractor’s insurer.

Complainants are provided copies of the field reports. Once submitted, Metro no longer has a role and the contractor is responsible for evaluation, research and resolution of all claims.

Complaints
Business, resident and facilities complaints related to worksite maintenance, dust abatement, the protection of existing structures near the worksite and compliance with mitigation measures identified in the project’s environmental documents, prompt contractor response to community complaints, and provision of early written notice of disruptions that cannot be effectively resolved are managed and facilitated through Construction Relations in partnership with project management and the Contractor. The Contractor is also required to coordinate traffic plans with the local jurisdictions, ensure reasonable access to driveways and pedestrian traffic, and comply with the Project’s and local jurisdictions’ construction noise and vibration control standards.

Impacts to Business During Construction
Metro’s on-site Construction Relations Team is in the field daily to observe construction activities and take note of the measures that have been committed to by the Contractor to mitigate impacts. Construction Relations staff are readily available to the businesses to provide information and support for communications strategies and to seek solutions that result in the least amount of impact to customer access during construction. The preliminary surveys of businesses conducted prior to construction start prove useful in developing these strategies. Typically, these strategies address parking, visibility, access and customer communications and business promotion.

Impact to Business vs. Business Revenue Loss
Clarifying the limits of what business owners can expect from their alleged business losses is an essential part of managing public expectations. Metro has no legal mechanism or funding identified for augmenting alleged loss of revenue by businesses during the course of construction. This understanding has been consistent throughout Metro’s projects, from the Blue Line, Red Line, Green Line, Orange Line and the Gold Line. This is not an approved project expenditure by either the FTA or the State as project grant funding partners. A claim from a business that alleges its business has been disrupted or damaged due to circumstances arising from the construction of the Project would have to be presented through a formal claims process under the Contractor Controlled Insurance Program.
Assessment of Metro's Current Construction Mitigation Program

Throughout the course of Metro's build-out of our transit system, the agency has consistently provided a quality Construction Relations Program that has as its goal to ensure an extremely high level of communication and coordination between local affected communities, Metro and its selected Contractors. Early participation by the Construction Relations team during the environmental process aids the Project by becoming acquainted with the community and its leaders, occasionally involving the formation of stakeholder community based committees. The full integration of the Construction Relations team with the Project Management team and the Contractor in the field provides optimum performance opportunities to serve all of the public interests associated with each project. This coordinated approach has served the region well and will continue to serve Metro and its constituents well for many years to come.

DETERMINATION OF SAFETY IMPACT

Approval of this item will ensure that safety, through successful outreach, remains paramount in the communities where Metro transit construction is occurring.

FINANCIAL IMPACT

Approval of staff recommendation for a Model Community Construction Relations Programs for transit projects establishes a program that will be consistent in execution and considered integral to project success and will continue to be funded and covered within the approved project budget as outlined herein.

ALTERNATIVES CONSIDERED

Alternatives that include any measures not specifically covered in the FEIS/FEIR and considered eligible for funding through the full funding grant or state funding guidelines would require further study and identification of potential funding sources and potential equity issues that would be applied to all Metro projects.

NEXT STEPS

Continue with implementation of Model Construction Relations Program on all Transit Projects as approved.

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Program Review

Based on a review of nine transit projects in cities across the county, staff has concluded that business loss mitigation efforts were funded in all but one case by City, County and non-transit agency community funding resources.

(1) **Seattle** - No business loss mitigation funding was directly provided by Sound Transit. Seattle's nearly $50 million program consisted of business assistance, business loss mitigation grants and advances ($28 million) and community development ($21 million). The program of business assistance and business loss mitigation was funded by City CDBG and General Funds, and King County general funds – administered by Sound Transit. This program funding account closed on completion of construction. (The community development fund was/is administered by a nonprofit community development organization.)

(2) **Minneapolis** - Minneapolis' program of business loss mitigation for construction impacts of the Central Corridor Light Rail Project was funded by community partners through the 7-County planning and programming agency known as the Metropolitan Council (similar to SCAG), and a collaborative of community development organizations. No business loss mitigation funding was provided by Metro Transit.

(3) **Houston** - Houston's transit agency Board approved a $5 million business loss mitigation program of interest-free loans funded by a one-cent deduction from transit fees collected over an 18-month period. City of Houston provided SBE assistance and partnered with a nonprofit for free business consulting.

(4) **Phoenix** - Phoenix and other cities along a new light rail line developed separate loan programs and partnerships with banks to assist businesses in the corridor with lines of credit and loans through city programs. No business loss mitigation funding was provided by Valley Metro.

(5) **Portland** – Portland Development Commission, an independent economic development agency provided funding for small business assistance through the Cascadia Revolving Fund. No business loss mitigation funding was provided by Tri-Met, but a Lunch Bus Program (see Salt Lake City, below), coupons for local employees, as well as construction mitigation measures were offered and found to be helpful. Out of 106 eligible businesses, 18 applied for loans, 16 were approved, and 12 loans were actually made; half of these 12 could have qualified for loans at a regular bank, and all but two were strong or moderately strong businesses.
(6) San Jose – San Jose Redevelopment Agency provided funding for a business loan program. No business loss mitigation funding was provided by Valley Transportation Authority.

(7) Dallas – Dallas provided no direct financial assistance; its transit agency provided community outreach, traffic re-direction and parking accommodations. No business loss mitigation funding was provided by Dallas Area Rapid Transit.

(8) Denver – Denver’s transit agency (Denver RTD) provided no business loss mitigation funding; RTD provided community outreach, traffic re-direction and parking accommodations as well as a marketing program called TransOptions that offered several transportation strategies: carpooling, vanpooling, public transit, alternative work schedules, walking and biking. Transit passes and vanpool subsidies were provided by Denver RTD and Colorado DOT.

(9) Salt Lake City – Salt Lake City’s transit agency provided no direct financial assistance; the agency, City of Salt Lake and project contractor provided coupon, radio and print advertising as well as media assistance for small businesses. For example, the Utah Transit put together a lunch bus program to take people from different areas to the restaurants along the alignment for lunch. Buses were full, and this activity took place 5-6 times over the construction period. Another interesting feature of Salt Lake’s program provided business owners with control over contractor bonuses. Up to $1 million dollars was available to the contractor and would be paid quarterly if community representatives approved the contractor’s performance. A Community Hotline was set up for any complaints or concerns and the contractor was to respond immediately. The community acted responsibly, traffic was always moving and businesses had access.

Seattle and Minneapolis Program Details

(1) Seattle

The Seattle program of business loss mitigation was part of a complex funding and implementation mechanism that was folded into the federal Record of Decision for the Central Line light rail transit project. A section of the project alignment traverses a commercial area in Rainier Valley, an ethnically diverse and economically depressed collection of microbusinesses and surrounding residential neighborhoods, which gave rise to concerns that construction would adversely impact the businesses. To address these concerns Sound Transit, King County and the City of Seattle created the nonprofit Rainier Valley Community Development Fund (RVCDF) in 2002.

According to the RVCDF Operating Plan (Attachment D), “the purpose of the RVCDF was to address the construction impact of light rail, support projects developed in the light rail corridor that enhance transit ridership, and support broader community
development in the Rainier Valley.” (Id.at pg.10) There were two legal constraints governing the use of funds:

(a) The Washington State Constitution prohibits the gifting and lending of public funds (state or local taxpayer dollars) to private entities (individuals, for profit and nonprofit organizations) except for necessary support of the poor or infirm. Transfer of state or local funds had to be consistent with this constitutional provision.
(b) The use of funds originating from a Washington State or local government entity must conform to that entity's specific statutory authority.

The RVCDF Operating Plan notes on pg. 10 that Sound Transit is authorized to develop and operate a public transportation system. Permissible uses of funds originating from Sound Transit included supplementing the mitigation of impacts from light rail construction and enhancing ridership through TOD (publicly owned projects only). Funds originating from Sound Transit could not be used to assist the poor and infirm in any way inconsistent with Sound Transit's statutory authority.

In contrast, the City's and County's authority could include assistance to the poor and infirm - so public funds from these jurisdictions could be used to fund privately owned residential real estate development if it benefitted low-moderate income people.

**Funding Sources for Rainier Valley Community Development Fund (RVCDF)**

To address the funding constraints described above and meet community objectives, funding for the RVCDF came from King County and City of Seattle, and was divided into two accounts with specified purposes: a Supplemental Mitigation Account (SMA) and a Community Development Account (CDA).

**Supplemental Mitigation Account (SMA)**

The SMA was partially funded by King County with $7 million under a Tunnel Agreement between Sound Transit and King County. An additional $21 million for the SMA came from City of Seattle General Fund and CDBG grants under the Seattle Agreement with Sound Transit, for a total of $28 million in the SMA. This sum satisfied Sound Transit's commitment to the SMA over an 8-year term. The SMA was administered by Sound Transit, and provided business reestablishment and business interruption grants, as well as working capital, tenant improvement and equipment advances (to be repaid). Transit oriented development (public infrastructure improvements associated with private developments) was also supported by the SMA. In order for small businesses to be eligible for advances/loans from the SMA, they were required to provide tax returns and financial statements or proxy documentation for each year of operation up to three years. The SMA was closed at the end of construction in 2009.

**Community Development Account (CDA)**
The CDA was funded with $21 million from City of Seattle's CDBG grant. Its activities focused on relocation and receiving site development (property advances), pre-apprenticeship training for transit, TOD for privately owned developments, and community development. The RVCDF continues to work on community development in the Rainier Valley using funding from this account.

(2) Minneapolis

The Metropolitan Council is the regional policy-making body, planning agency and provider of essential services for the Twin Cities metropolitan region. The Council makes policy in the areas of parks, transportation, wastewater and water, housing and planning. In the area of transportation, a Council unit known as Metro Transit provides system planning and programming, regional transportation services (bus, rail) and transit services for people with disabilities.

Mitigation activities to assist businesses during construction of the 11-mile Central Corridor light rail line were initiated under the terms of an amended ROD following a Supplemental Draft EIS released this year. This line began construction in 2011 and is set to begin operations in 2014.

Funding Sources for Business Assistance and Business Loss Mitigation

Minneapolis' program of business loss mitigation for construction impacts of the Central Corridor light rail project has been funded by community partners through the 7-county Metropolitan Council.

$15 million in funding was committed by the Metropolitan Council, the City of St. Paul, the Neighborhood Development Center and City of Minneapolis for construction impacts mitigation (construction access planning, community outreach coordination, communications planning and signage, parking assistance); business assistance resources and services provided by seven agencies in a collaborative (business improvement, business resources, business preparation, business marketing); and business support ($4 million for a small business loan program and a parking loan program); alley improvements, lighting, street amenities, façade improvements.

Metro Transit itself has provided cooperative advertising and transit fare passes. (pgs. 2-4, Quarterly Status Report on Implementation of Mitigation Measures - CCLRT Construction-Related Business Impacts, July-September 2013) Metro Transit provided no direct funding toward small business loss mitigation.

A survey of businesses affected by the light rail construction was conducted in the first year of construction at the request of the Central Corridor Funders Collaborative, on behalf of the Business Resources Collaborative; this survey focused on determining
how well services and strategies to mitigate business losses during construction met the needs of the businesses in the construction corridor.
Crenshaw/LAX /Business Liaison and Construction Relations Team Activities

- Interim Project Management Office (IPMO) - Opened to jointly house contractor and Construction Relations team on project alignment for close coordination of construction activities and community outreach;

- Business Liaison - Outreach to over 100 small businesses between 48th and 60th Streets to establish relationships and make preliminary assessment of needs relating to construction;

- Metro Business Opportunities Summit - Organized by project team and staffed by Metro departments; attended by over 300 community businesses seeking information about jobs, careers and business opportunities with Metro;

- Business Profile - Prepared list of businesses along project alignment including information about their hours of operation, access and parking needs for customers and deliveries;

- Business Needs Survey - Distributed to over 100 businesses between 48th and 60th Streets, with responses anticipated from most by end of January 2014;

- Business Resources Roundtable - Gathered business services providers and potential funding partners for business assistance and business mitigation efforts;

- Action Plan - In development; follows up on Roundtable event and will provide resources to match with small businesses in the at-grade portion of the Project

- Meetings - Business Liaison and Construction Relations project team attendance and presentations at regular meetings with community stakeholders, including the Community Leadership Council, elected officials, businesses, business and community organizations, schools, religious institutions, and neighborhood groups;

- Pre-construction coordination - by Construction Relations staff with community stakeholders in connection with utility relocation and other activities;

- Parking Study - Monitoring to determine options for alternative parking arrangements along or near the alignment during construction

- Construction Safety Awareness Training Program - Preparation for safety training with community groups;

- TOD Tours;

- Weekly Sentinel newspaper column announcing resources for Small Business Owners, Training Opportunities, Careers and more

- Business Construction Briefings - Have begun for local organizations.
CRENSHAW/LAX TRANSIT PROJECT
Small Business Survey

Contact Info:

Business Name
Address
Primary Contact
Title
Phone number
Email Address
Website

Background:

1. Please describe your business in 1 or 2 sentences
2. Who are your primary customers (demographic)?
3. What is your primary product or service?
4. Are you the full owner?
5. Is your business a franchise?
6. Since what year have you been in operation at this location?
7. Do you rent, lease or own your space?
   
   When does your lease expire?
   
   Is your lease month-to-month?
8. Do you have a business license?
9. Do you have a written business plan?

Marketing:

10. How do you currently market your business?

11. Do you plan to purchase (additional) signage during construction of the Crenshaw/LAX Transit Project?

12. Do you have an online presence?

13. Do you currently purchase TV, radio, or print advertising? Other?

14. Do you utilize Social Media (Twitter, Facebook, etc.)?

15. How effective would you say your current advertising efforts are in reaching new customers and increasing business?

   1) Not Effective 2) Somewhat Effective 3) Very Effective

   Please explain:

16. How effective would you say your current promotional efforts are in reaching new customers and increasing business?

   1) Not Effective 2) Somewhat Effective 3) Very Effective

   Please explain:

17. What is the area that needs the most improvement in your marketing efforts?

18. Why do you think your customers keep coming back to you?

Outlook:

19. Do you expect your business will be operating in its current location in 5 years?

   If not, why?

20. Do you expect your business to increase, decrease, or stay about the same over the next 5 years? 10 years?

   Please explain:
21. What types of funding sources are available to you?

21. Have you filed tax returns for the last 3 years?

   If not, can you document income in some other way?

22. What are your biggest concerns during construction of the Crenshaw/LAX Transit project?

23. Are you open to exploring different ways of conducting business?

Business Programs:

24. Have you ever participated in business assistance programs offered by government,
   non-profit or any other organizations?

   Which organization(s)?

   What were the outcome(s)?

25. For each item below, please tell me if you think it would be
   1) Not Helpful    2) Somewhat Helpful    3) Very Helpful

   BUSINESS ASSISTANCE INITIATIVES                      EFFECTIVENESS
   a. Free business consultation, 1-on-1                1    2    3
   b. Access to low-interest loans                     1    2    3
   c. Grants writing workshops                          1    2    3
   d. Technical Assistance, marketing/ad’s/promotions  1    2    3
   e. Free technology upgrades workshop                1    2    3
   f. Construction contractor services                  1    2    3
   g. Business plans and marketing workshops            1    2    3
   h. Free tax advice                                   1    2    3
i. Free water and energy efficiency upgrades 1 2 3
j. Free Small Business /DBE certification workshops 1 2 3
k. How To Do Business with Metro workshops 1 2 3
l. Free Employer Services/ Employee development 1 2 3
m. Transit Oriented Development (TOD) tours 1 2 3

Parking:
26. How many employees work at your location?
27. Does your business have dedicated parking (lot)?
28. Do you currently utilize street /curbside parking during business hours?

THANK YOU!

Your participation is appreciated. Please return this document at your earliest availability via email or fax. For questions, please contact:

JC Lacey
Business Liaison
Metro Community Relations
Email: LaceyJ@Metro.net
Phone: 213.922.7264
Fax: 213.922.8868
Crenshaw/LAX Business Resources Roundtable

RSVP's (Internal Document ONLY)

LOCAL GOVERNMENT/BOARD
1. L.A. County Office of Small Business - Debbie Cabreira-Johnson, Director
2. L.A. City Economic & Workforce Development - Jan Perry, Interim General Mgr
3. Office of Mayor Garcetti - Tonna Onyendu, South L.A. Area Representative
4. Councilmember Bernard Parks - Noel Pallais and David Roberts, Economic Development

STATE OF CALIFORNIA
5. Governor's Office of Business & Economic Dev - Lilian Conroe, Senior Permit Specialist
6. California EDD - Eddie Purutas, Workforce Services Manager
7. California BOE (2) - Mike Gipson, Chief of Staff and Rafael Zuniga, Regional Outreach

ACCESS TO CAPITAL
8. Small Business Administration - Patrick Rodriguez, Economic Development Specialist
9. P.A.C.E. - Joy Elliott, Director of Real Estate and Community Development

TECHNICAL ASSISTANCE
10. Pacific Coast Regional - Myron Perryman, Vice President
11. Vermont-Slauson EDC (2) - Terry Gubatan and Chipo Marangwanda, Biz Dev Loan Officers

LOCAL SMALL & MICRO BUSINESS RESOURCES
12. LADWP - Kecia Washington, Small Business Direct Install Program GM
13. Business Resources Group - Sharon Evans, President & CEO
14. NAMC - Ted Booker, Business Manager
15. DBE Worldwide - Denise Williams, Principal Business Consultant
16. UAW-Labor Employment Training Corp - Roy Kim, Construction Coordinator

CHAMBERS OF COMMERCE
17. Inglewood Area Chamber of Commerce - Erick Holly, Vice President
18. LAX/Coastal Chamber of Commerce - Chamberlain Duru, Vice President

CDFI'S (COMMUNITY DEVELOPMENT FINANCIAL INSTITUTES)
19. West Angeles CDC - Tunua Thrash, Executive Director
20. First Community Development Corp - Arna Fulcher, Executive Director
OTHER
21. Consultants - Kevin Murray (TBD)
22. Los Angeles Urban League - Rhonda Santifer, Director of Entrepreneurship

METRO STAFF
23. Noelia Rodriguez - Chief Communications Officer
24. Anne Kerman - DEO, Community Relations
25. JC Lacey - Business Liaison, Community Relations
26. Miriam Long - PLA Manager, Diversity & Economic Opportunity
27. Kinya Claiborne - Community Relations Manager, Regional Communications