Metro Grants Keep Doors Open

**TRANSPORTATION:** Local firms receive $18M so far

By HOWARD FINE Staff Reporter

Four years ago, Cary Jordan moved his family restaurant Jordan’s Hot Dogs from Watts to Crenshaw Boulevard in Hyde Park, banking on a planned light rail line connecting the neighborhood directly to Los Angeles International Airport and the transit riders it would bring.

What Jordan didn’t bank on were the years of construction and trench work outside the restaurant’s entrance that have kept customers away. During the first year of construction in 2015 and 2016, Jordan said the commotion sent revenues plunging roughly 50 percent to about $40,000.

A grant program funded by the Los Angeles County Metropolitan Transportation Authority helped Jordan turn things around.

The program, aimed at mom-and-pop businesses, covers some of the lease, utility and other overhead costs to offset lost revenue during construction. It has a cap of $50,000 per year per business. Jordan submitted documentation of his revenue loss and

**INSURANCE BROKERAGE FIRMS**

Ranked by 2018 L.A. County revenue

See page 10

**#1 BEST BANK IN CALIFORNIA**

on Forbes America’s Best Banks

Member FDIC
Funds: Metro Grants Give Businesses Lifeline

Continued from page 1

received a grant of $25,000. “Before we received that money, I was continuously borrowing money from my family to keep the business afloat,” Jordan said. “That $25,000 enabled me to keep my doors open and to remain at this location during the construction,” Jordan said.

Since then, Jordan has received another $25,000 grant.

700-plus grants

In total, the Business Interruption Fund has awarded more than $18 million to 300 businesses since it began four years ago, according to a progress report on the program issued last month. The transit agency had budgeted $10 million a year for the grant program.

The fund first targeted businesses along the Crenshaw corridor impacted by construction of the Crenshaw-LAX rail line, then spread to the Regional Connector project in downtown and the Purple Line subway extensions in the Miracle Mile and Beverly Hills.

On Feb. 28, the transit agency’s board voted to expand the program again to include businesses impacted by Purple Line construction from Beverly Hills to Westwood. The board also voted to award a $1.6 million, two-year contract to the Kent Kronenberger-based Pacific Coast Regional Small Business Development Center to administer the fund.

Shalongo Boldt, the transit agency’s deputy executive officer of diversity and opportunity, said the agency would like to be paying out more. In the four years the Los Angeles program has operated, Baldwin said the total grants have never hit the annual $10 million budget cap.

“There’s a little less demand for the grants than we originally anticipated,” she said.

To qualify, a business must have been at the impacted location for at least two years, have no more than 25 employees and show documentation of revenue loss since construction began. Businesses generating more than 60 percent of revenue from alcohol sales are not eligible, nor are cannabis businesses nor chain-operated stores. The grants can be used by the businesses to pay for fixed operating expenses including utilities, rent, insurance and payroll.

Subway impact

Of the $18.5 million in grants awarded in the program’s first four years, just over $10 million went to businesses along the Crenshaw-LAX Line. About $4.6 million went to businesses along the Wilshire corridor Purple Line subway extension, and nearly $3 million went to downtown businesses near the construction zone for the Regional Connector project.

Applicants’ Pizarron, which received a strip mall on Wilshire Boulevard a block east of La Brea Ave., first suffered revenue losses when utility undergrounding work started more than four years ago, co-owner Justin De Leon said. Losses deepened in 2017 as Wilshire Boulevard near La Brea closed completely during construction. De Leon said the pizzeria recently received its third annual grant of nearly $50,000 from the fund. “If we hadn’t received the grants, we probably would have had to reduce our operating hours, which would have reduced our revenue even further,” De Leon said.

Not enough?

One downtown business owner affected by the Regional Connector construction said the grant money has been helpful though not enough to cover all the revenue loss. Andre Bonyadian, who owns and operates a Quizzos Corp. franchise in a strip mall in Little Tokyo, said that when construction began, its revenue plunged between 30 percent and 40 percent. Transit agency staff encouraged Bonyadian to apply for the program, and he received his first grant in 2016.

“That money came just in time,” Bonyadian said. “If it hadn’t come, I likely would have had to close the business.”

The funds weren’t quite enough to offset his losses, so Bonyadian said he’s adopted other cost-cutting measures, such as reducing staff and making his own produce pickups from nearby markets instead of having it delivered.

While Bonyadian was able to make adjustments to keep his business open, other business owners receiving the grants did not fare as well.

Agency responsibility

Experts differ on whether direct payments are the best way to make up for lost revenues. “Because it’s the transit agency’s construction activity that is causing the revenue drops among these businesses, the agency should bear the responsibility for offsetting this negative esteeming a facial recognition ‘smart lock’ for doors. Earlier this year, company executives were pleasantly surprised when they arranged a kick off event to raise $10 million in a Kickstarter campaign.

Still, Elprocroo Inc. President Vincent Zhou said the facial recognition lock may not be ready for the consumer market because the technology is still too expensive. The price tag for one of the devices could be at least $370, he said, adding that the fingerprint version of the lock is slightly more affordable.

For now, the company plans to target wholesale customers like hotels and property managers. “We are trying to ease people into the idea of facial recognition,” Zhou said.

Biometrics: Local Firms Exploring Applications

Continued from page 1

Sensors’ fingerprints, allowing them to quickly pass through security checkpoints and board their flights. But developers of the new technologies, including several local companies, are finding it difficult to get U.S. consumers to warm to the everyday use — and cost — of biometric scanning and facial recognition in other applications.

“There’s a lack of conversation around biometrics, but in practical use cases, it’s still in its infancy,” said Ryan Disraeli, chief executive of Marina del Rey-based fraud prevention firm TeleSign Inc.

In 2017, TeleSign discontinued its biometric program BehaviorID, which monitored users’ online interactions with services and websites, cross-referencing them with a database to identify irregular behavior. Ultimately, TeleSign redirected its efforts to products that were selling better.

“The maturity of biometrics needs to develop,” Disraeli said.

New growth

Biometric and facial recognition technologies have been around since the early 1990s, but recent breakthroughs in their development will drive faster growth in the market in the coming years, industry sources say.

According to research and analysis outfit Allied Market Research, the global facial recognition market will generate $9.6 billion in revenue by 2022, growing 21 percent over the time period from 2016 to 2022. Government security is driving much of the expansion, particularly for facial recognition applications, analysts say.

Passenger-based digital security firm Cogent Inc., founded in 1990 by Ming Hsieh, works on government and commercial projects. The company has changed hands a few times since its founding, and its current owner, Gemalto, is expected to close a sale of its assets to French security firm Thales Group for roughly $5.8 billion by the end of this month.

For many years, Cogent has worked with government contractors, including Northrop Grumman Corp., to develop technology for the Homeland Security Department’s Homeland Advanced Recognition Technology (HART) biometrics program. “What we provide is a very powerful core technology that has extreme capabilities for doing facial recognition,” said Daniel Asraf, a vice president with current Cogent parent company Gemalto.

Cogent’s technology has been in use at the American Airlines Inc. terminal at LAX since December 2018, employing biometrics to cross-check boarding passengers with DHS’s system, the company said.

According to Gemalto, its Live Face Identification System achieved a 99.4 percent accuracy rating during a 2018 Homeland Security test.

Airport security

LAX launched a pilot program to test biometric technologies in November of 2017. The airport is planning to seek bids for the development of automated boarding gates that use the technology, according LAWA’s Chief Innovation Officer Justin Erbacci.

Erbacci said Portuguese firm Vision Box now runs three biometric gates at the Tom Bradley International Terminal as part of the pilot.

New York City-based Alclear (doing business as Clear) pays a fee to the airport agency to operate several kiosks at security checkpoints. Customers who register and pay for the service can speed through security by scanning their biometric data.

Consumer potential

Beyond the airport, some local companies are testing the market for other consumer applications of biometric and facial recognition technology.

Elprocroo Group Inc., based in City of Industry, is developing a facial recognition “smart lock” for doors. Earlier this year, company executives were pleasantly surprised when they arranged a kick off event to raise $10 million in a Kickstarter campaign.

Still, Elprocroo Inc. President Vincent Zhou said the facial recognition lock may not be ready for the consumer market because the technology is still too expensive. The price tag for one of the devices could be at least $370, he said, adding that the fingerprint version of the lock is slightly more affordable.

For now, the company plans to target wholesale customers like hotels and property managers. “We are trying to ease people into the idea of facial recognition,” Zhou said.