



Board Report

File #: 2019-0380, File Type: Contract

Agenda Number: 38.

CONSTRUCTION COMMITTEE JUNE 20, 2019

SUBJECT: METRO PILOT CRENSHAW/LAX TRANSIT PROJECT BUSINESS SOLUTION CENTER

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. EXECUTE Modification No. 3 to Contract No. PS2890900 with Del Richardson & Associates, Inc. (DRA) for professional services to support the ongoing implementation of the Metro Pilot Crenshaw/LAX Transit Project Business Solution Center (BSC) in an amount not to exceed \$582,117, increasing the total contract value from \$949,008 to \$1,531,125 and extending the period of performance for up to two years; and
- B. RECEIVE AND FILE the status report of the Crenshaw/LAX BSC.

ISSUE

On July 24, 2014, Metro's Board of Directors issued Motion 79 that authorized the CEO to establish a Metro Pilot Business Solution Center (BSC) to provide hands-on case management services and business assistance to small businesses along the Crenshaw Corridor between 48th and 60th Streets during the four-year term of the Crenshaw/LAX Transit Line Project. Since adoption of Motion 79 and implementation of the BSC, Metro has expanded the BSC to provide an increased level of services along the Crenshaw/LAX corridor. Metro has continued to provide direct, immediate, hands-on technical assistance to small and micro businesses along the Crenshaw/LAX corridor through the contracted professional services of Del Richardson & Associates, Inc.

The authorization of Modification No. 3 to Contract No. PS2890900 supports the ongoing implementation of the BSC as approved by Metro's Board of Directors, ensuring that small businesses are supported through construction of the Crenshaw/LAX Transit Project.

BACKGROUND

Upon Board authorization in 2014, Metro staff and contractor, Del Richardson & Associates, Inc., soft launched the BSC in December 2014 and formally launched the program in February 2015.

Recognizing the BSC is a first-ever pilot program for Metro, staff has provided ongoing review and assessment of the program. After providing two years of support to small businesses along the Crenshaw/LAX corridor, in January 2016 Metro staff conducted a comprehensive program assessment. This included feedback from business owners about their experience and interactions with the BSC through a facilitated focus group, review of the program model with Metro project staff and the contractor through a facilitated project review meeting, review of the original report entitled "Recommendations for a Pilot Metro Business Solutions Center", and an assessment of program metrics such as the number of businesses along the project alignment seeking support services, the number of businesses within the BSC target area of 48th - 60th Street and external to the target area, and the areas of services, including the client demographic data. In addition, Metro staff conducted market research interviews with five small business service providers to obtain best practices and industry standards for small business assistance programs.

The program model for Metro's pilot BSC was developed through the framework outlined in the "Recommendations for a Pilot Metro Business Solutions Center" and Motion 79 that recommended the BSC provide business assistance including expert business advice, technical assistance and other focused resources for businesses in the target area of 48th - 60th Street based on construction activity of the at-grade portion of the transit rail project. As a result, the original scope of work provided focused resources such as hands-on case-management only for small businesses in the BSC target area.

Through the information, observations and lessons learned obtained during the comprehensive program assessment, as well as recognizing that more than 60% of small businesses seeking support services were outside of the predefined BSC target area, staff made enhancements to the program model and scope of work.

The result was a re-scope of the pilot program model and contract scope of work. Re-scoping the program model and contract scope of work enhanced the level of services provided to businesses located outside the target area (48th - 60th Street) along the Crenshaw Corridor, including focused one-on-one support or case management. A new re-scoped two-year contract was competitively solicited and awarded to the incumbent, Del Richardson & Associates in October 2016.

The objective of the pilot program re-scoping was to operate the pilot BSC inclusive of: (1) one-on-one focused client services for small and micro businesses located along the Corridor, (2) access to services via multiple avenues including a field and virtual (web based) presence, and (3) an outreach program for small and micro businesses on the Corridor to facilitate the utilization of available services and resources including access to other business experts and resource providers referred through the BSC. The new program model afforded Metro and the Contractor to perform one-on-one client services and outreach functions for all small businesses along the Crenshaw/LAX Transit corridor, regardless of location.

DISCUSSION

The Pilot BSC program has been operational for nearly five years since the Board of Directors authorized the establishment of the program. As a result of Metro staff and the contracted program administrator's efforts, more than 400 businesses within the Crenshaw and Inglewood communities

have been contacted and more than 300 small businesses have been served by the BSC. Recognizing that Metro's BSC provides critical support through immediate, hands-on business development, technical assistance and referrals to partnering business resource providers to small businesses along the corridor during the term of construction of the Crenshaw/LAX Transit Project, ongoing operations are necessary.

Following is a summary of the BSC support services outcomes as of Q4 2018:

Total number of businesses contacted:	460
Number of businesses completing intake/ assessment:	351
Number of businesses receiving referrals:	333
Number of referrals to resource providers and/or services:	1127

Following is a summary of various BSC measures of effectiveness as of Q4 2018:

- 88% BSC clients engaged in services post intake/assessment
- 76% Businesses sustained in operations six months post BSC intake
- 75% Businesses sustained in operations 12 months post BSC intake.

Recognizing the BSC services were expanded since the inception of the original pilot program, small businesses beyond the targeted area of 48th to 60th street have been able to access business support services. The following information summarizes the small business clients' areas of service as of Q4 2018:

Top Five Areas of Service:

- 24% Financial services/ Metro's Business Interruption Fund
- 22% Business development
- 20% Marketing
- 20% Social media and website
- 6% Accounting management

Metro will continue to support the small business community through the continued operations of the BSC throughout construction of the Crenshaw/LAX Transit Project and early operations of the new transit services. The BSC will continue to support small businesses including focusing efforts to sustain businesses through ongoing access to support services, business education and small business experts. Additionally, the BSC's contracted program administrator will continue to provide one-on-one client services to prepare businesses for the close-out of the BSC and the opening of the Crenshaw/LAX line. Recognizing the need to begin to prepare BSC clients for the center's transition and the realization of economic opportunities that may result from the new transit rail service, the BSC staff will provide focused client services for businesses that are sustaining/stable and businesses requiring additional support. Support in these two business categories will allow the BSC to provide targeted services such as: development of client transition plans focused on long-term business planning; identification of actions and/or business solutions aligned to the client transition plans; business retention as well as referrals to business experts and resources for support post-operations of Metro's BSC.

Moreover, Metro and the BSC program administrator will continue to collaborate and identify focused support services and program activities for small businesses engaged in the BSC; and Metro staff will continue to provide proactive oversight and assessment of the pilot program and the Contractor during the final term of the center's operations.

DETERMINATION OF SAFETY IMPACT

Approval of this recommendation will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

Metro Board of Directors directed staff to identify eligible annual funds to support the annually funded pilot program. The administrative cost for the implementation of the pilot program is allocated from Measure R Administration funds. Vendor/Contract Management will be responsible for budgeting funds for FY20 and FY21 in Cost Center 0691Non-Departmental Procurement; Project Number 100055, Project Name - Admin-Measure R; Task No. 05.01 and Task Name Crenshaw BSC.

Impact to Budget

Measure R Administration funds were previously identified as eligible for this expense through prior Board of Directors authorization and approval. The annual appropriation of the funding source does not impact transit operations and/or capital projects/programs.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The implementation of the Crenshaw/LAX Pilot Business Solution Center aligns to strategic goal 3 - enhance communities and lives through mobility and access to opportunity.

ALTERNATIVES CONSIDERED

1. Not executing Modification No. 3 to Contract No. PS2890900. Staff is not recommending this alternative because it will affect Metro's ability to continue to provide the identified services to small and micro businesses along the Crenshaw Corridor during the remaining term of construction of the Crenshaw/LAX Transit Line.
2. Utilizing Metro staff to operate the Pilot BSC. This alternative is not recommended, because Metro does not have the required staffing availability or dedicated resources to operate the pilot BSC.

NEXT STEPS

Upon Board approval, staff will execute Modification No. 3 to Contract No. PS2890900 with Del Richardson and Associates, Inc. to support the ongoing implementation of the Metro Pilot Crenshaw/LAX Transit Project BSC.

ATTACHMENTS

Attachment A - Motion 79

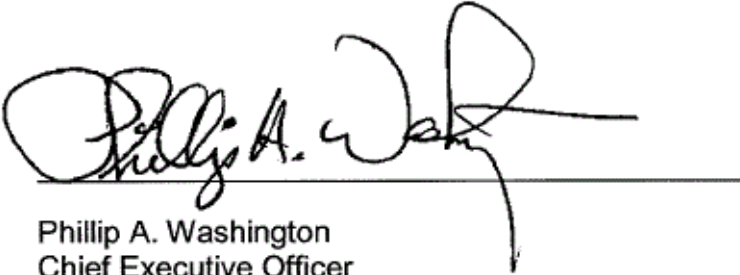
Attachment B - Procurement Summary

Attachment C - Contract Modification/Change Order Log

Attachment D - DEOD Summary

Prepared by: Jessica Spearman, Sr. Transportation Planner, Diversity and Economic Opportunity, Vendor/Contract Management, (213) 418-3266
Shalonda Baldwin, Interim Executive Officer, Diversity and Economic Opportunity, Vendor/Contract Management, (213) 418-3265

Reviewed by: Debra Avila, Chief Vendor/Contract Management Officer (213) 418-3051



Phillip A. Washington
Chief Executive Officer

**Motion by Supervisor Mark Ridley-Thomas, Mayor Eric Garcetti and Director
Jacquelyn Dupont-Walker**

**Implementation of a Pilot Business Solution Center for the Crenshaw/LAX Line
Relates to Item 79**

July 24, 2014

Since construction began on the Crenshaw/LAX Line Project (the Project) earlier this year, doing business on the Crenshaw Corridor (the Corridor) has become more challenging for businesses and patrons. Many businesses are already experiencing significant impacts created by construction activities, specifically at the intersections of Crenshaw Boulevard and Martin Luther King Jr. Boulevard and Exposition Boulevard where work is underway to lay the groundwork for future underground stations. Businesses between 48th Street and 60th Street, where the line will run at-grade, are also anticipated to face significant challenges when construction begins on that segment.

Under both Federal and State law, Metro is prevented from providing direct cash subsidies to businesses unless access to the business is denied due to construction impacts. While this has not technically been the case on the Corridor, there is a clear nexus between construction activities and reduced business activity, especially the walk-in traffic that many of the retail businesses rely on.

In April 2014, Metro retained a consultant to assess and provide recommendations on how to address the economic impacts of construction activities on small businesses on the Corridor. The consultant's report encourages the development of a pilot Business Solution Center that would provide direct sector-specific technical assistance to businesses along the Corridor to help them through construction activities. Services that could be provided to businesses include financial planning and advice on small business operations as well as dealing with municipal permits and regulations, legal assistance, marketing and grant/loan application management. The consultant specifically suggests that a pilot effort be established to provide proactive and hands-on business assistance to support the over 100 businesses at the at-grade portion of the

Project between 48th and 60th Streets, as well as a walk-in location along the Corridor for which businesses along the entire rail alignment can receive information, resources and referrals.

The establishment of a Business Solution Center would meaningfully enhance Metro's construction and external relations protocol. While serving as a relatively nominal financial investment for Metro, it would go a long way in helping to build the capacity of small businesses to survive the construction period and ultimately contribute to a vibrant transit corridor upon completion of the Line. If the Metro Board wants to pursue future funding measures to fully build out the system, it will be fundamental that we demonstrate to local small businesses that we are a committed partner during construction periods. This pilot Business Solution Center can serve as a model for such an effort, and to do so, it is essential that Metro partner with a capable and well established service provider to roll-out these services as quickly as possible. Furthermore, it is consistent with Metro's Construction Impact Response Program (CIRP) which was developed in response to construction on the Gold and Red Lines in the 1990s. The CIRP program provided various forms of relief for businesses including economic support and rapid response teams. These resources should also be made available for the Crenshaw Corridor.

The pilot Business Solution Center would also complement Metro's other ongoing efforts to address business' needs during construction. For example, Metro continues to modify construction signage based on the feedback of surrounding business' to highlight the names of businesses, parking locations and to clarify that businesses are open during construction. In addition, Metro is finalizing a communications strategy to promote an "Eat, Shop and Play Local" campaign during construction.

WE THEREFORE MOVE THAT THE BOARD OF DIRECTORS:

1. Receive and file the "Recommendations for a Pilot Metro Business Solution Center";

2. Authorize the CEO to immediately solicit proposals to establish a Pilot Metro Business Services Center along the Crenshaw Corridor that includes a physical presence with consistent staffing hours for the duration of the construction of the Crenshaw/LAX Line, as well as a Business Solutions Outreach Strategy for the at-grade portion of the alignment on Crenshaw between 48th and 60th Streets and other locations that are determined to be significantly impacted by construction activities, and authorize the CEO to execute a contract with the most responsive and qualified bidder, with the objective of beginning operations by October 2014;
3. Direct the CEO to identify up to \$250,000 and amend the current budget to fund the initial year activities, with an overall project budget expected to be approximately \$1,000,000, to be included in future budgets for fiscal year 2016, 2017 and 2018 at \$250,000 per year;
4. Direct the CEO to report back in September on a plan to utilize existing Full-Time Equivalent position(s) to staff the Business Solutions Center.
5. Direct the CEO to incorporate the following elements into the Pilot Business Solution Center Program:
 - a. A single point-of-contact or case management approach for each business; and
 - b. A 72 hour quick response plan.
6. Direct the CEO to establish an additional mitigation menu and criteria based on MTA's previous Construction Impact Response Program that includes:
 - a. Marketing campaigns for impacted businesses;
 - b. Rent and mortgage subsidies to businesses;
 - c. A low-interest loan fund that is accessible to small and micro-businesses;
 - d. Report back to the Board in September with funding recommendations;
7. Direct the CEO to report back on a Post-Construction Façade Improvement Program in conjunction with the approved Design-Build Contract for the Crenshaw/LAX Transit Line;
8. Direct the CEO to report back on the feasibility of establishing Memorandums of Understanding with local business and community stakeholder groups, as has been

done in Denver, Colorado, to ensure that we are maximizing community involvement and engagement as it relates to construction activities;

9. Direct the Diversity and Economic Opportunity Department to manage and oversee the Business Solution Center Project; and
10. Provide quarterly updates to the Executive Management and Construction Committees on the Pilot Business Solution Center and the “Eat, Shop and Play Local” campaign beginning in September 2014.

PROCUREMENT SUMMARY

**METRO PILOT CRENSHAW/LAX TRANSIT PROJECT
BUSINESS SOLUTION CENTER/ PS2890900**

1.	Contract Number: PS2890900		
2.	Contractor: Del Richardson & Associates, Inc.		
3.	Mod. Work Description: Professional services to support the ongoing implementation of the Metro Pilot Crenshaw/LAX Transit Project Business Solution Center (BSC)		
4.	Contract Work Description: Professional services to support the ongoing implementation of the Metro Pilot Crenshaw/LAX Transit Project BSC		
5.	The following data is current as of: 5/1/19		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	10/27/2016	Contract Award Amount: \$849,008
	Notice to Proceed (NTP):	11/03/2016	Total of Modifications Approved: \$100,000
	Original Complete Date:	11/02/2018	Pending Modifications (including this action): \$582,117
	Current Est. Complete Date:	07/03/2021	Current Contract Value (with this action): \$1,531,125
7.	Contract Administrator: Lily Lopez		Telephone Number: (213) 922-4639
8.	Project Manager: Shalonda Baldwin		Telephone Number: (213) 418-3265

A. Procurement Background

This Board Action is to approve Contract Modification No. 3 issued for professional services to support the ongoing implementation of the Metro Pilot Crenshaw/LAX Transit Project Business Solution Center (BSC) for up to an additional two years with focus on supporting businesses for transition and/or referral to existing service providers for ongoing business assistance and development.

This Contract Modification was processed in accordance with Metro's Acquisition Policy and the contract type is firm fixed price.

On October 27, 2016, the Board awarded a two-year firm fixed price Contract No. PS2890900 to Del Richardson & Associates, Inc. in the amount of \$849,008 to operate the Metro Pilot Crenshaw/LAX Transit Project BSC.

Refer to Attachment B – Contract Modification/Change Order Log for modifications issued to date.

B. Cost Analysis

The recommended price has been determined to be fair and reasonable based upon an independent cost estimate (ICE), technical analysis, a cost analysis, fact finding, and negotiations. Some direct labor rates were re-negotiated to current market rates and fee remained unchanged.

Proposal Amount	Metro ICE	Negotiated Amount
\$620,696	\$392,166	\$582,117

The ICE was based on an estimate from the current level of effort and projected levels to be performed during the remaining term of the Pilot BSC. Metro did not adequately estimate the anticipated level of effort that such a program would require to provide focused client support in preparation of the BSC’s transition and close-out due to the unique attributes of the project and the technical and expert level of services that are performed to deliver an adequate level of support to more than 300 diverse small businesses; services within various functional areas such as information technology, web design and social media related services to support businesses in the development of e-platforms, business websites and e-commerce systems including business planning and other areas related to business sustainability.

Metro staff successfully negotiated a cost savings of \$38,579 from the proposed price.

CONTRACT MODIFICATION/CHANGE ORDER LOG
METRO PILOT CRENSHAW/LAX TRANSIT PROJECT
BUSINESS SOLUTION CENTER/ PS2890900

Mod. No.	Description	Status	Date	\$ Amount
1	Continuation of services and extension of period of performance through May 6, 2019.	Approved	10/31/2018	\$100,000
2	Addition of DVBE subcontractor and extension of period of performance through July 2, 2019.	Approved	04/18/2019	\$0
3	Ongoing implementation of the BSC and extension of period of performance through July 3, 2021.	Pending	Pending	\$582,117
	Modification Total:			\$682,117
	Original Contract:		11/03/2016	\$849,008
	Total:			\$1,531,125

DEOD SUMMARY

**Metro Pilot Crenshaw/LAX Transit Project
Business Solutions Center / PS2890900**

A. Small Business Participation

Del Richardson & Associates, Inc., an SBE Prime, made a 62.37% Small Business Enterprise (SBE) and a 3.09% Disabled Veteran Business Enterprise (DVBE) commitment. The project is 75% complete. SBE participation is at 59.71%, representing a 2.66% SBE shortfall. Del Richardson & Associates, Inc. explained that it will meet or exceed its SBE participation on the proposed modification work it will perform with its own workforce. Del Richardson & Associates, Inc. is exceeding its DVBE participation at 3.89%. Furthermore, the Prime has listed an additional DVBE firm to perform a new scope of work that identified in this proposed modification. The Prime expects to meet or exceed both the SBE and DVBE commitments at the end of the contract.

Notwithstanding, Metro Project Managers and Contract Administrators, will work in conjunction with DEOD to ensure that Del Richardson & Associates, In. is on schedule to meet or exceed its SBE/DVBE commitment. If Del Richardson & Associates, Inc. is not on track to meet its small business commitment, Metro staff will request that firm submit an updated mitigation plan. Additionally, key stakeholders associated with the contract have been provided access to Metro's tracking and monitoring system to ensure that all parties are actively tracking Small Business progress.

Small Business Commitment	SBE 62.37% DVBE 3.09%	Small Business Participation	SBE 59.71% DVBE 3.89%
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	SBE Prime	% Commitment	% Participation¹
1.	Del Richardson & Associates, Inc.	62.37%	59.71%
	Totals	62.37%	59.71%

	DVBE Subcontractors	% Commitment	% Participation¹
1.	It Is, LLC	3.09%	3.89%
2.	Servexo	ADDED	0%
	Totals	3.09%	3.89%

¹Current Participation = Total Actual amount Paid-to-Date to SBE/DVBE firms ÷ Total Actual Amount Paid-to-date to Prime.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy (LW/SCWRP) is not applicable to this modification.

C. Prevailing Wage Applicability

Prevailing Wage is not applicable to this modification.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.

Metro Pilot Crenshaw/LAX Transit Project Business Solution Center



Construction Committee
June 20, 2019

Pilot Program Goal

- ***Metro's Goal: Help small businesses continue to thrive throughout construction and post construction.***
- Immediate, hands-on business assistance and support services to small businesses along the Crenshaw/LAX Transit Project.
- Services include technical assistance, business development and referrals to partnering business resource providers.



Program History

- **Metro's first-ever pilot business resource center:**
 - Board Authorization: July 2014
 - BSC soft launch: December 2014
 - BSC formal launch: February 2015
 - Pilot program model re-scope: October 2016

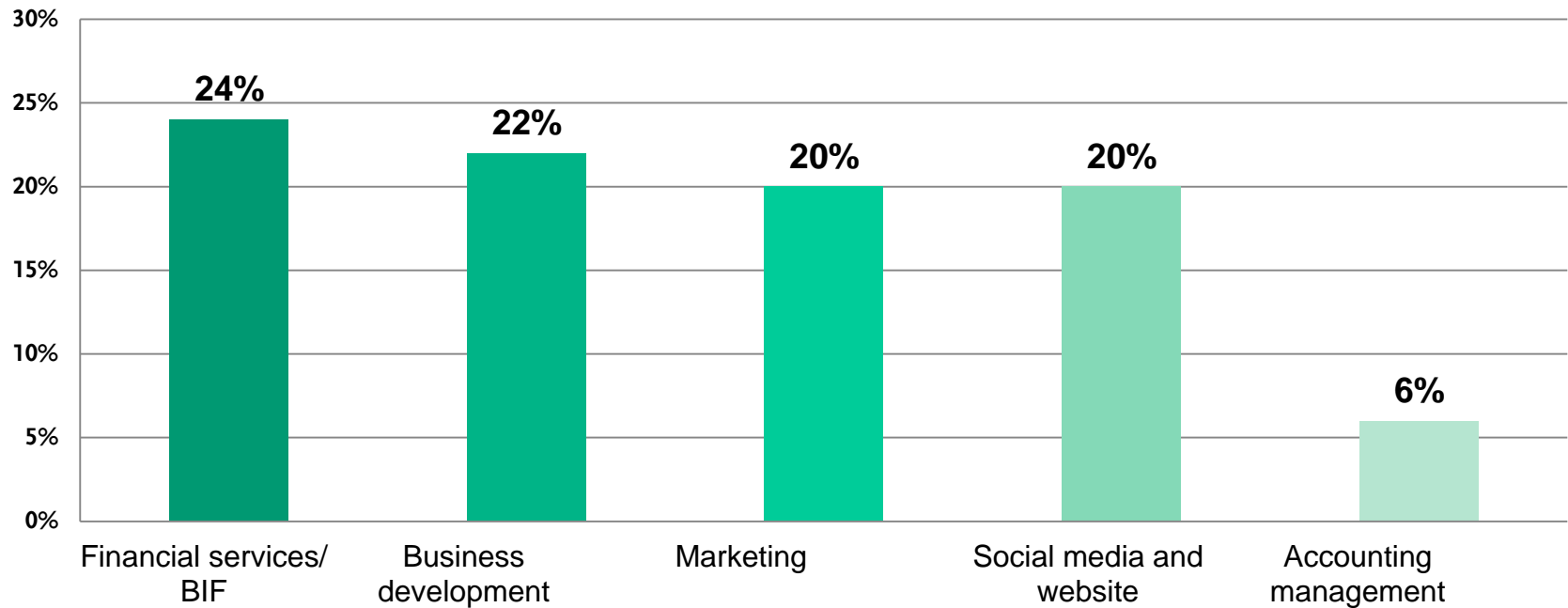
Facts at a Glance

- **As of December 2018:**

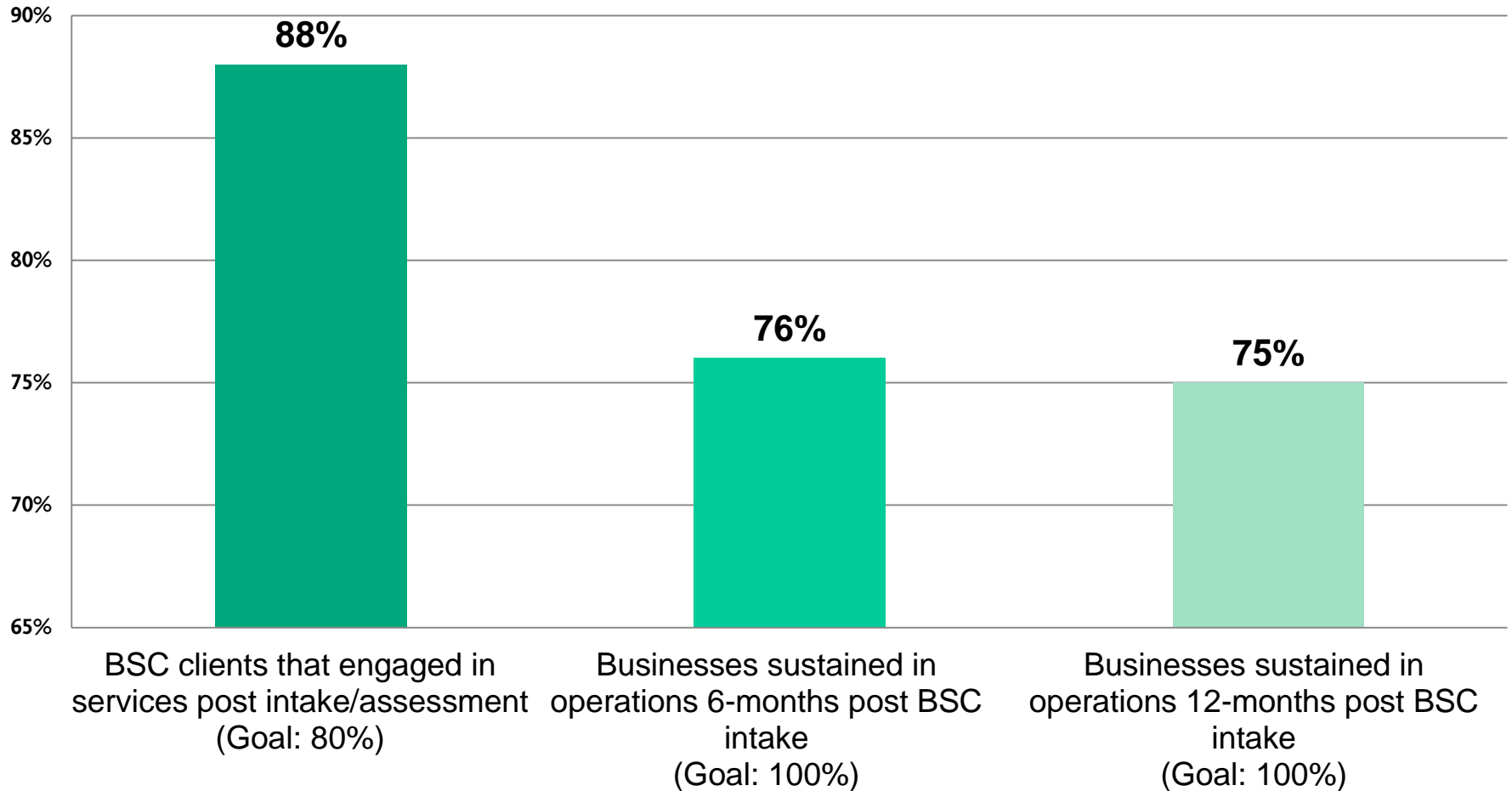
- More than 450 businesses contacted
- Over than 350 businesses completed intake/assessment
- More than 300 business referred to resource providers, small business experts and/or other service providers
- More than 1,100 business referrals

Areas of Service

Top Five Areas of Service - Alignment



Measures of Effectiveness



Business Spotlight



“The Metro Business Solutions has been very instrumental in assisting Jordan's Hot Dogs. The BSC has and continues to provide much needed help with grant funding, website design, social media, advocacy and a host of other support services. Most importantly staff are honest, knowledgeable, and available to assist when needed. Thank you Metro Business Solution Center.”

Cary Jordan, Owner

Business Spotlight



"I would like to thank the Metro Business Solution Center for all the support provided during the construction of the Metro line. We truly appreciate the assistance. On behalf of Shop & Save, I thank you."

Mayra Hernandez, Owner

Next Steps

- Execution of contract modification
- Ongoing focused support services for small businesses engaged in the BSC focusing on client transition plans, long-term business planning and actionable business solutions
- Continue proactive oversight and assessment of the pilot program during the final term of the center's operations
- Implement final program events/ activities in preparation for transition Pilot BSC and opening of Crenshaw/LAX line



Thank you