

Business Interruption Fund Implementation Update

Actions Initiated as of October 2, 2014

	Activity	Outcome	Activity Date (From Date of Board Motion)
✓	Established Cross Function Team	Ongoing focus on BIF approach and implementation strategy	October 3, 2014
✓	Conducted Peer Review of Houston Metro's Business Assistance Fund Program	Gathered information on program structure and lessons learned	October 13, 2014
✓	Retained the Services of Dedicated Counsel	Retained counsel to oversee development of business loss claims processes	October 14, 2014
✓	Facilitated Meeting with DB Contractors	Engaged DB Contractors	October 15, 2014
✓	Identified Approaches for the Administration of Business Interruption Fund (BIF)	Identified approaches for administration of fund	October 17, 2014
✓	Identified Eligible Funding Sources	Defined funding source options and project restrictions	October 21, 2014
✓	Drafted Scope of Work for Business Loss Claims Management Consultant	Developed scope for: drafting desk procedures, audit requirements and release documents and other required forms for claims process	October 22, 2014
✓	Developed CDFI Exploratory List	Contacted four CDFIs to explore external (outsource) approach; received a preliminary proposal from one CDFI currently under consideration	October 29, 2014

Approaches to Fund Administration

- **Outsource (External)**

- **Community Development Financial Institution (CDFI)**

Opportunity to leverage financial expertise and establish partnership with local provider

- **Contacted CDFIs: Pacific Coast Regional (PCR), Local Initiative Support Corporation (LISC), Enterprise Partners and Genesis LA**

- ✓ 1 Preliminary Proposal Submitted: PCR

- ✓ 1 Pending Further Assessment: LISC

- ✓ 1 Declined: Enterprise Partners

- ✓ 1 No Response: Genesis LA

- **Considerations Under Review:**

- Experience in community and economic development including small business financial support services

- Experience with disaster relief and/or emergency gap financing

- Experience and familiarity of Los Angeles County, mom and pop businesses and community involvement

- Demonstrated resources and capacity to administer fund

- Potential Sole Source procurement

Approaches to Fund Administration

- **In-Source (Internal)**

- **Third Party Claims Administrator (TPA)**

- Opportunity to leverage existing agreement with current tort liability TPA and computer system vendor

- **Initiated actions in parallel to exploration of CDFI approach:**

- ✓ **Developed statement of work to identify a Business Loss Claims Management Consultant to advise BIF program guidelines and required forms**
 - ✓ **Initiated discussions with existing TPA Contractor to provide as-needed services and staffing for the immediate and near term administration and processing of BIF claims**
 - ✓ **Contacted FEMA experts to explore disaster relief/recovery procedures applicable to current business impacts (climate)**

- **Considerations Under Review:**

- Experience with business loss claims**
 - Experience with disaster relief and/or emergency response**
 - Experience and familiarity with Metro's tort claims process, DB Contractor Agreements including CCIP program**
 - Demonstrated resources and capacity to administer claims**



Preliminary Program Guidelines

• Leverage Houston Metro Guidelines

- **Business Definition:** Micro/Small Business (mom and pop) defined as for-profit business with 25 employees or fewer
- **Geographic Location:** Located immediately adjacent to the rail alignment of three distinct rail transit projects: Crenshaw/LAX, Little Tokyo area of Regional Connector and Phase I of Purple Line (Westside)
- **Eligibility:** Business must meet the predefined eligibility requirements such as: in good standing with all local, state and federal taxes, must be pre-qualified to participate in program, must not exceed any predefined annual gross revenue including others eligibility requirements under consideration
- **Eligible Expenses:** Costs may be requested to cover business expenses limited to: utilities, insurance, rent or mortgage payments, payroll or other documented business related expenses based on BIF program determination
- **Disbursement Threshold:** Multiple request may be filed. In no event will the amount paid exceed a maximum of \$50,000 annually per business or exceed 60 percent of annual business revenue loss

• Program Goals:

- Develop a simple yet credible process
- Promote efficient eligibility determination including application and appeals process
- Promote streamlined process for prompt disbursement
- Final program guidelines will be developed through collaboration of the Business Loss Claims Management Consultant, TPA and/or CDFI and Metro



List of Eligible Funds by Type

Fund Type	Eligible Project Cost?	Eligible Admin. Cost?	Source
Federal/State	No	No	FTA/Caltrans
Measure R Admin.	No	Yes	Measure R
Measure R TCSF*	Yes	No	Measure R
Prop C 25% Direct	Yes - Crenshaw only	Yes - Crenshaw only	Improve. Rail ROW
Prop C 25% Bond	No	No	Metro Treasury
Prop C 40% Direct	Yes - Crenshaw only	Yes - Crenshaw only	Metro Reform Act
Prop A 35%	Yes - Crenshaw only	Yes - Crenshaw only	Metro Reform Act
Advertising	Yes	Yes	
Leases	Yes	Yes	
Bus Fares	Yes	Yes	
Rail Fares	Yes	Yes	

*Transit Capital Sub-Fund

- **Recommended Fund Source:** Measure R Admin funds will support program start up costs for administration expenditures (e.g. legal, professional services, resources (personnel and infrastructure)). Further assessment required to determine the availability of funds to be allocated to support the Business Interruption Fund.

Next Steps

Actions For Completion – November 13, 2014

Implementation Strategy inclusive of:

- Define Administration Approach
- Draft Preliminary Guidelines
- Develop Preliminary Application
- Determination of Funding Source Complement
- Establishment of Policy Framework
- Development of Schedule/Timeline
- Identification of Resources

Report to Board of Directors – November 13, 2014

- Present Implementation Strategy
- Submit Board Report
- Action: Approve administration approach and related procurement actions, fund source & resource requirements (1 FTE – Director of BIF Program)

