

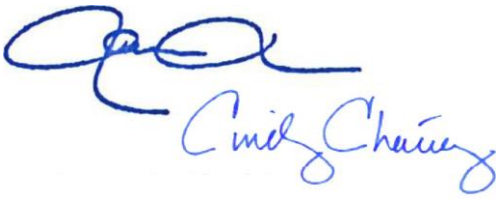
MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Capital Program Committee

FROM: Director Raul Peralez
Director Cindy Chavez

DATE: November 26, 2018

SUBJECT: Referral to Administration - Business Interruption Fund Study for BART
Phase II



We request staff to:

1. Undertake the process to procure an expert third-party consultant study of a Business Interruption Fund (BIF) for BART Phase II in which the scope should include but not be limited to:
 - a. Funding structure and allocation, and,
 - b. Comparative data of financial assistance models from comparable major transit projects
2. With assistance from the third party consultant, create a baseline with which to be able to gauge impacts once the project commences.
3. Following completion of a study, report back to the Board with recommendations for consideration.

DISCUSSION:

While we are relieved that all parties have agreed to the less intrusive boring method of Single Bore, it does not necessarily mean there will be no impacts to the surrounding businesses along the BART Phase II corridor. In a major transit project that will introduce for the first time underground tunneling through San Jose and Santa Clara, there are always elements that are unpredictable. We have seen that firsthand with the Alum Rock Bus Rapid Transit project, in which was well-planned but encountered major construction problems that created substantial damages on adjacent businesses, many local and minority owned. The result was the creation of a Small Business Sustainability Program to respond and providing between \$1,000 to \$50,000 in

financial assistance. There were many lessons learned from the project including the necessity to be proactive rather than reactive.

The concept of a BIF is not alien to major transit projects. The most prominent being Los Angeles Metro's BIF which provides financial assistance to "small 'mom and pop' businesses located along the Crenshaw/LAX Transit Project, the Little Tokyo area and the 2nd/Broadway segment along the Regional Connector and Section 1 and Section 2 of the Purple Line Extension that are impacted by transit rail construction." The purpose is to cover operating expenses that have been impacted due to potential lost revenue from construction. Whether VTA would like to adopt the same model or explore a different one, it would be prudent first to study and determine how a BIF would fit into the overall construction management strategy for BART Phase II. Regardless of the model, the creation of a baseline is especially important for the small businesses that may be operating on a mostly or all cash basis and do not have proper tax forms and/or books to back up their earnings.

We would like to thank staff for their work up to this point in their Construction and Outreach Management Plan. We appreciate the efforts to proactively position activity in ways to minimize impacts. However, a project this monumental in scale should have all tools considered including how to make a business that may be severely impacted whole again.