

# EAST VALLEY Tribune

## Cities plan to survive light-rail construction

By Garin Groff, Tribune  
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Thousands of business owners in the Valley will soon face a dreadful reality: Their customers will have to endure 20 miles of road construction that will last two years.

For corporate businesses, the proposition of Metro lightrail construction is unpleasant but survivable. For mom-and-pop merchants, the drop in business could translate into bankruptcy.

Light-rail officials have offered a slew of experts, advice and programs to help. But they haven't offered what some businesses say they'll need most — money.

That's changing.

Businesses in Tempe will soon be able to borrow up to \$20,000 at reduced rates and Phoenix is looking at a similar idea. No loan or credit program is in place for Mesa, but one is still possible.

Tempe's program is thought to be the first of its kind among communities that have built light-rail lines. The Chamber of Commerce decided to create the program because the city has so many businesses that don't have deep pockets.

"We're trying to help these mom-and-pop, locally owned businesses that really are going to be hit by the construction process," said Eric Emmert, the chamber's vice president of public affairs.

Tempe has about 370 businesses along the rail path, of which 143 are eligible. The chamber will only offer the program to independently owned merchants who also agree to work with business consultants from a nonprofit group called the Service Corps of Retired Executives.

Through the chamber, businesses can tap into \$20,000 of credit from Tempe Schools Credit Union. The line of credit is better than a loan because businesses only pay interest on money they draw out, as opposed to paying interest on a loan that could be larger than needed.

The interest is 1 percent above the prime rate. This low rate is key to making the program useful because it won't drown businesses in debt, Emmert said. That's been a stumbling block in other cities, Emmert said. He pointed to Portland, which offered loans to merchants when it built a light-rail line. The interest rates were so high that not a single business borrowed money.

Tempe's City Council will need to create a \$100,000 fund in case businesses default. The council will consider that later this year.

Phoenix officials are working with financial institutions on a similar program, said Ruben Landa, Valley Metro Rail's public involvement coordinator.

Mesa hasn't decided if it will make loans or credit available to businesses. The city still has time because construction won't start until next year, said Kevin Wallace, Mesa's transportation planning administrator.

Several business owners said they like the line of credit offer, even if they don't know yet if they'll need to borrow.

"I think that's going to be very helpful," said Rudy Atanassov, owner of Rinaldi's on Third in Tempe. "That is a decent amount of money."

Mesa business owner Michael Lougheed said he'd like a similar program in his city. Lougheed expects to lose all walk-in customers at his Hacienda Litho Print & Copy on Main Street. That's 30 percent of his business.

He's worried it could be tough to repay a loan, because he's skeptical that business will recover when construction is done. But Lougheed, who has done printing for Valley Metro Rail, said he'd at least like the city to offer credit or loans.

"I would take a look at it to see if that's something that would be helpful," Lougheed said. "Something is better than nothing at all."

The \$1.3 billion system is set to open from west Mesa to Phoenix in late 2008.