

REQUEST FOR INFORMATION FOR
SF LENDS
SMALL BUSINESS CREDIT CAPACITY REFERRAL PROGRAM
June 2023

CONTACT: Amanda Wentworth, Amanda.wentworth@sfgov.org

Schedule

Proposal Phase	Date
RFI issued	Friday, June 16, 2023, 12:00 PM
Questions deadline	Friday, June 23, 2023, 12:00 PM
Answers posted online	Friday, June 30, 2023, 5:00 PM
Deadline to submit RFI	Friday, July 14, 2023, 5:00 PM Friday, August 11, 2023, 5:00 PM
Notification of Intent to Include on Referral List	Week of July 31, 2023 Week of August 28, 2023

Intent of this RFI

It is the intent of the City and County of San Francisco (the City) to identify and select the most qualified financial product(s) presented by Respondent(s) that will best match the needs of certified Local Business Enterprise (LBEs), and lease holders of CCSF property.

Anticipated Term of Qualification

Through this RFI, the City will create a Referral List comprised of qualified financial products which it will provide to CCSF LBEs and lease holders of CCSF Property. Each qualified financial product will be monitored and evaluated on an ongoing basis and may be removed from the Referral List should the City determine utilization of the Product is not sufficient to meet the needs of the program or small business applicants. Financial products selected for qualification to be included on the Referral List must be available to participating businesses for application from September 1, 2023 through June 30, 2025. Should the product be discontinued during this period, participating financial institution must notify the City prior to discontinuation to be removed from the Referral List.

City-Respondent Communication

To ensure fair and equal access to information about this RFI, email your questions to amanda.wentworth@sfgov.org.

Questions must be in writing and received before 12:00 PM on Friday, June 23, 2023. No questions will be accepted after this time.

A summary of questions and answers pertaining to this RFI will be posted on the Treasurer's website at <https://sftreasurer.org/about-us/request-proposals>.

Background

San Francisco is the fourth largest city in California and serves as a center for business, commerce and culture for the West Coast. The City and County of San Francisco (the “City”), established by Charter in 1850, is a legal subdivision of the State of California with the governmental powers of both a city and a county under California law. The City’s powers are exercised through a Board of Supervisors serving as the legislative authority, and a Mayor and other independent elected officials serving as the executive authority. Key public services provided by the City include public safety and protection, public transportation, water and sewer, parks and recreation, public health, social services and land-use and planning regulation. The heads of most of these departments are appointed by the Mayor and advised by commissions and boards appointed by City elected officials.

Elected officials include the Mayor, Members of the Board of Supervisors, Assessor-Recorder, City Attorney, District Attorney, Public Defender, Sheriff, Superior Court Judges, and Treasurer. The eleven-member Board of Supervisors is elected through district elections. The eleven district elections are staggered for five and six seats at a time and held in even-numbered years. Board members serve four-year terms and vacancies are filled by Mayoral appointment.

At the center of CCSF’s banking operations is the Office of the Treasurer & Tax Collector (“TTX”). TTX serves as the banker, tax collector, collection agent, and investment officer for the government of San Francisco.

CCSF is structured in 61 distinct departments. The banking needs of the various departments vary considerably. TTX works closely with all these departments to determine their banking needs and coordinate with CCSF’s banking partners to deliver the necessary services and is the primary fiduciary and contractor for bank and non-bank financial services agreements. TTX establishes and publishes Citywide banking, cash management and payment processes, and TTX will be the primary point of contact during the (5) year term for the Referral List resulting from this RFI.

Similar to many government entities, CCSF has a robust Local Business Enterprise (“LBE”) Ordinance to facilitate growth of its local small businesses and economy. The LBE program is an essential part of CCSF’s contracting. LBE contracting requirements are a part of the City government procurement process and LBEs receive a bid discount or rating bonuses when competing for government contracts. There are over 1,000 certified LBEs in the City and County of San Francisco and in fiscal year 2019-2020, LBE participation totaled \$249 million in contracts or subcontracts.

LBEs are certified by the City’s Contract Monitoring Division based on the requirements in San Francisco Administrative Code. LBE Certification criteria includes operational independence, a principal place of business in San Francisco, proof of experience, and gross receipts within a specified economic threshold. Each LBE certification category receives a size designation based on the average annual gross receipts of the business. The size designations are Micro, Small, or SBA. Micro is the smallest economic designation. The micro economic threshold maximum for their average gross receipts cannot exceed \$1.25 to \$10 million depending on the industry. They

are prioritized via bid discounts, sub-contracting goals, and micro-set asides in most City contracts. More information on LBE's and the certification process available here: <https://sfgov.org/cmd/sites/default/files/FileCenter/Documents/9819-LBE%20Certification.pdf>

Statement of Need

While one central purpose of the SF Lends Small Business Credit Capacity Referral Program (“Program”) is to provide critical cash to CCSF LBEs and tenants, the serving and provisioning of appropriate banking products to support growth for the business is an equally critical objective.

The combination of business capacity and rigor of contracting, invoicing and payment terms are challenging for small businesses. In addition, many small businesses are underserved due to a wide array of reasons, including but not limited to:

- Systemic racial barriers to financial institutions;
- Limited knowledge and competency of navigating complex banking terms; and
- Experiences with predatory products, which yield lower than average credit scores.

The program is seeking to qualify and compile a list of one or more financial products, to which it can refer LBEs and lessors of CCSF real estate to apply for a loan or line of credit directly with the financial institution. Note, the Referral List will serve for referral purposes only, and inclusion of one or more financial products on this Program's Referral List will not constitute a direct contractual relationship between any financial institution and CCSF. Nor will inclusion on the Referral list guarantee any loan outcome for applicants referred via this Program.

Financial institutions are encouraged to request contract or lease documents from the entities to support their needs of understanding the businesses pipeline. Many CCSF LBEs may have a direct contractual relationship with CCSF and/or be a listed subcontractor on a CCSF contract. There are also instances where the contractual relationship is with a development agency performing work for CCSF even though CCSF is not listed on the contract. In any and all of these cases, the financial institution will have direct real time access to confirm that the business is a listed LBE with us.

Program Overview

SF Lends seeks to support small businesses, by supporting their access to a loan or line of credit and the ability to open a business bank account. The program's desired outcomes include expansion of financial capacity, improved short-term cash flow, improved credit scores and establishment of a strong relationship between the small business and a well-reputed financial institution. This program will allow small businesses to develop an understanding of how banks approach credit, risk and small business lending.

CCSF seeks to compile a list of qualified financial products to which they can refer small businesses for their credit capacity needs. To best meet the needs of the small businesses, CCSF is seeking to qualify financial products with flexible and competitive terms, matching or demonstrating the ability to closely meet much of the following criteria:

- Small business applicants with a range of annual gross receipts (may be as low as \$1.25MM (depending on industry));
- As few as 3 years in business;
- Minimum debt to service coverage ratio 1.20;
- Owner FICO score 640;
- Approximate amounts available ranging from \$25,000 to at least \$100,000 (loan and/or line of credit);
- Does not restrict use of funds for specific purposes (I.e. provides broad working capital versus a loan for single, dedicated use);
- Competitive interest and fees; and
- User friendly features, such as an online banking, key point of contact for this type of customer, and in-language supported available in Spanish, Cantonese, and/or Mandarin.

To support small business applicants in their applications for financial products on the Referral List, CCSF will provide enhanced support to the applicants. This support includes but is not limited to free credit counseling for business owners, provided by TTX's [Office of Financial Empowerment](#), and loan packaging assistance, provided by the SF [Small Business Development Center](#) (SBDC). Additional wrap around business technical assistance will be available through the SBDC as requested by the business. All business technical assistance provided in relation to this Program will be free of charge for participating small businesses.

Once referred to apply for qualified financial products on this list, small business applicants are expected to undergo all the financial institution's standard underwriting and application procedures. Approval for a loan, line of credit, and any other financial product is at the sole discretion of the financial institution providing the financial product(s) upon review of their application.

Small businesses eligible to receive a referral through the program's Referral List will be LBEs or hold leases with city departments. In addition, to qualify for CCSF technical assistance and a referral to one or more qualified financial products on the Referral List, the small business must:

- Possess a valid San Francisco Business license;
- Be a for-profit business located in San Francisco and in good standing;
- Have no City and County of San Francisco tax liens or judgements;
- Be business in operations for at least three years;
- Business and business owners are not in bankruptcy nor have not filed for bankruptcy protection;
- Applicant is not presently suspended, debarred, proposed for debarment, declared ineligible or voluntarily excluded from participation by an Federal or State department or agency; and
- No history of conviction or pending legal action for any financial crime

Initial departments who intend to make use the Referral List for their contracted small businesses include, but are not limited to the Port of San Francisco, SF Airport, SF General Services Agency (including SF Public Works), SF Public Library, and SF Recreation and Parks Department.

RFI Submission Requirements

1. Time and place for submission of responses: All materials must be submitted electronically via email. Responses and all related materials must be received by ~~12:00 PM, Friday, July 14, 2023~~, **Friday, August 11, 2023, 5:00 PM.**

Responses are to be emailed to Amanda Wentworth, Office of the Treasurer and Tax Collector, amanda.wentworth@sfgov.org. Responses submitted by mail or fax will not be accepted. Late submissions will not be considered. Responders should download and utilize the accompanying *Written Proposal* MS Word document to maintain the format.

2. The following items must be included in your response package:
Complete and concise responses to all the following fields and inquiries in the order specified below:
 - a. Proposer Information (completed form)
 - b. Minimum Qualifications (completed form)
 - c. Product Terms (completed form for each individual financial product being submitted for consideration)
 - d. Small Business Support and Customer Experience (Up to 4-page response)
 - e. Social Responsibility (Up to 2-page response)

All parts, pages, figures, and tables should be numbered and clearly labeled. Marketing and sales type information should be excluded from the response. These materials will be collected after the solicitation period closes for any product that qualifies for the Referral List.

Evaluation Criteria and Selection Process

This section describes the guidelines for analyzing and evaluating the responses. It is the Treasurer's intent to select Respondents that will provide the best overall financial products to match the needs of this program. This RFI does not in any way limit the Treasurer's right to solicit for similar or identical services if, in the Treasurer's sole and absolute discretion, it determines the responses are inadequate to satisfy its needs.

1. Evaluation team: City representatives will serve as the Evaluation Team responsible for evaluating responses. Specifically, the team will be responsible for the evaluation and rating of the Responses.
2. Minimum qualifications: Any response that does not demonstrate that the Respondent meets the minimum qualifications by the RFI deadline may be considered non-responsive and, therefore, not be evaluated or considered eligible for inclusion in the Referral List. Respondents are required to confirm in writing with the form provided in this solicitation that these minimum qualifications have been met. Final determination that a Respondent meets the minimum qualifications rests solely with the Treasurer. The Treasurer may, at its discretion, utilize internal or external resources to confirm that a Respondent meets the minimum qualifications.
3. RFI Evaluation Criteria: Responses will be evaluated in accordance with the information provided by the Respondent and the criteria below.

- a. Minimum Qualifications (Pass/Fail)
 - b. Product Terms (65 points)
 - i. *Note: If submitting multiple financial products for consideration, each financial product will be evaluated and scored independently, for a total of 65 points per product. Resulting score for each product will be combined with other evaluation criteria scores for the Respondent. CCSF will then inform Respondent about whether each individual financial product has been qualified for the Referral List. Respondents need not submit separate proposals for each individual financial product.*
 - c. Small Business Support and Customer Experience (25 points)
 - d. Social Responsibility (10 points)
4. Other Terms and Conditions: The Treasurer will select the most qualified and responsive Respondent(s) and financial product(s). The Treasurer may select any number or combination of Respondent(s) and financial product(s). The selection of any firm or financial product for the Referral List does not guarantee that selected firm will receive loan applications via referrals through this program. The Treasurer reserves the right to remove any financial product from the Referral List without cause.