

REQUEST FOR PROPOSALS

Administration of the City and County of San Francisco Small Business Revolving Loan Fund

February 2009

Deadline for Submitting Applications:

5:00 p.m., Friday, March 13, 2009

Submit one original and 3 copies of the completed application to:
Mayor's Office of Community Investment
(now merged with the Office of Economic and Workforce Development)
1 South Van Ness Avenue, 5th Floor
Attention: Christina Garcia
HAND DELIVERY RECOMMENDED



**REQUEST FOR PROPOSALS
FOR
ADMINISTRATION OF THE CITY AND COUNTY OF SAN FRANCISCO
SMALL BUSINESS REVOLVING LOAN FUND**

I. Introduction

The Mayor's Office of Community Investment (MOCI, now merged with the Office of Economic and Workforce Development (OEWD)) is seeking to provide funding to a community-based organization that provides microloans to entrepreneurs and small businesses residing in San Francisco for the purpose of operating the City and County of San Francisco Small Business Revolving Loan Fund (RLF). The grant term will be a 24-month period from April 15, 2009 through April 14, 2011.

Funds for the RLF are being made available through federal Community Development Block Grant (CDBG) and Economic Development Administration (EDA) Title IX funds. Successful applicants must comply with all relevant CDBG and EDA regulations and policies.

The objectives of the RLF are to support:

- Economic development efforts directed at revitalizing targeted neighborhoods throughout the City as identified in the City and County of San Francisco Consolidated Plan and the City's Neighborhood Marketplace Initiative, and
- Job creation and retention efforts that create and/or retain permanent full-time jobs filled by low- to moderate-income San Franciscans; and
- Investment and economic growth where other financing sources are not available.

II. Notice of Funding Availability

This is a Request for Proposals (RFP) from OEWD/MOCI announcing that \$800,000 will be made available for:

- **Capital and operating expenses for the administration of the City and County of San Francisco's Small Business Revolving Loan Fund, which provides microloans to entrepreneurs and small businesses that create and retain jobs for low-to-moderate income San Francisco residents.**
 - **RLF microloans must not exceed \$50,000 and must target low- to moderate- income entrepreneurs and/or small businesses that create and retain jobs for low- to moderate- income San Francisco residents.**



- **Eligible RLF operating expenses for the purpose of RLF administration include, but are not limited to, applicant screening, loan underwriting, loan servicing, fiscal services, and business technical assistance. The RLF operating expenses reimbursed by OEWD/MOCI must not exceed 15% of the total committed OEWD/MOCI microloan capital.**

Income and loan repayments maintain the RLF to make dollars available to future borrowers and support administration of the RLF.

As resources become available, additional funds may be added to the RLF. RLF loan amounts and terms may be adjusted accordingly with prior approval by OEWD/MOCI.

OEWD/MOCI reserves the option to award single or multiple agency awards.

III. **Priorities, Eligibility and Requirements**

A. Priority

Priority will be given to agencies that currently provide similar microfinance lending services and demonstrate the ability to deliver services through collaborative efforts, particularly with the City and County of San Francisco and community-based business technical assistance and entrepreneurship training organizations.

B. Eligibility

All applications must comply with each of the following:

1. Applicants must be San Francisco-based or operate a San Francisco office; must be a 501(C)(3) non-profit corporation registered with the Internal Revenue Service; and must be in good standing with the State of California's Registry of Charitable Trusts.
2. Applicants must demonstrate a history and track record of providing microloans and related lending services to San Francisco's communities.
3. Applicants must identify how they will address the cultural and linguistic diversity issues of San Francisco's population.
4. Successful applicants must comply with all applicable local and federal government regulations.



C. Specific RLF Portfolio, Borrower Eligibility, and Administration Requirements

RLF Portfolio:

1. RLF microloans must not exceed \$50,000.
2. Interest rates on RLF microloans must be fixed and cannot exceed 6%.
3. RLF microloan terms must be no longer than 5 years, fully amortized.
4. RLF microloans can be used for start-up expenses, equipment, tenant improvements, working capital, and marketing.
5. RLF microloans may not be used for personal expenses, debt consolidations, debt refinancing, or research/development of new products.
6. RLF microloans must be reviewed by OEWD/MOCI for their potential impact to the environment based on the National Environmental Protection Act (NEPA) prior to approval. Additionally, certain properties, because of their historic significance, may require further review under Section 106 of the National Historic Preservation Act.
7. RLF microloans used for tenant improvements (construction and/or renovation) must comply with all applicable environmental review clearance, bidding procedures, and Davis-Bacon prevailing wage requirements.
8. The RLF portfolio default rate must not exceed 15% of the total outstanding microloan capital.
9. The total RLF microloan portfolio must create/retain at least one full-time equivalent job that is filled by a low- to moderate-income San Francisco resident for every \$35,000 in total expenses (capital and operating).

RLF Borrower Eligibility:

1. A RLF borrower must operate a business that is located within the boundaries of the City and County of San Francisco, and
2. A RLF borrower must create or retain at least one full-time equivalent job that is filled by a low- to moderate-income San Francisco resident (CDBG public benefit standard), and
3. Borrowers must meet the following minimum financial conditions:
 - a. Debt Coverage Ratio: 125%



- b. Loan to Value Ratio: 75%
- c. Equity Injection: 15%

RLF Administration:

1. The RLF administrator is responsible for the full operation of the RLF, including outreach/marketing of the program, intake/applicant processing, microloan underwriting, microloan closing/disbursements, microloan servicing, and overall RLF financial management and reporting.
2. The RLF administrator will work with a designated OEWD/MOCI representative to define additional priorities, selection criteria, and approval process for RLF loans on an annual basis.
3. The RLF administrator must comply with all relevant CDBG and EDA regulations and policies.

IV. Evaluation Criteria

OEWD/MOCI will evaluate the proposals based on the following factors and criteria:

1. Based on track record, the extent to which the applicant demonstrates the capacity to effectively administer the RLF and produce measurable outcomes.
2. The extent to which proposed microlending activities and microloan products meet priorities, eligibility and requirements outlined in the RFP and align with local and national best practices.
3. The extent to which strategies and activities exhibit cultural competencies reaching and working with populations that are lower-income and racial/ethnic minorities.
4. The extent to which the proposal outlines specific, measurable and realistic outcomes for the targeted population.
5. The extent to which budget is reasonable and funds are leveraged and add capacity to existing services.
6. The extent to which the applicant's Board of Directors has sufficient management and leadership experience to provide direction to the organization to successfully carry out its programs; and has adequate representation of program beneficiaries.



V. Additional RLF Administrator Requirements

The use of City funds is subject to numerous local, state, and federal requirements. A few of the requirements are listed below and are briefly summarized.

- **Accessibility:** Programs and services must be accessible to persons with disabilities. Program access can be achieved in many cases without having to alter the existing facility.
- **Non-Discrimination:** Agencies must comply with federal and SF Human Rights Commission prohibitions against discrimination in fair housing and equal employment opportunity, and in awarding contracts. Agencies must also comply with the Equal Benefits Ordinance for domestic partners.
- **Procurement:** Projects must comply with conflict of interest regulations, and regulatory procedures for obtaining and contracting for goods and services.
- **Ineligible Reimbursements:** Funds for activities occurring prior to the commencement date of the grant agreement cannot be reimbursed.
- **Political Activity:** Funds may not be used for political activity.

VI. Technical Assistance

A. Technical Assistance

Applicants with questions regarding this RFP or completing the application may contact Christina Garcia at (415) 701-5559 or christina.garcia@sfgov.org.

B. Review Process and Schedule

All submitted proposals will be initially screened by a committee composed of OEWD/MOCI staff to determine completeness and eligibility. Ineligible proposals will be eliminated at this stage. OEWD/MOCI staff will evaluate all complete and eligible proposals. The OEWD/MOCI Director will make the final selection of the agency(ies) to be awarded a grant(s).

C. Timeline

March 13, 2009	Proposals due to MOCI office
March 31, 2009	Agency(ies) notified of award
March 31, 2009 – April 15, 2009	Contract negotiation and certification
April 15, 2009	Program begins



Note: Successful applicants will be required to execute and meet the provisions of a grant agreement. Final RLF borrower eligibility and microloan underwriting standards must be approved by OEWD/MOCI. Additional documentation, including an annual work plan and an annual budget, must be completed and approved by OEWD/MOCI prior to any funds being committed or spent. Successful applicants will be expected to participate in OEWD/MOCI's online programmatic and financial reporting system. Expenses incurred prior to start of the contract are not eligible for reimbursement.



APPLICATION INSTRUCTIONS

- Please be as succinct as possible. Reviewers will not consider text beyond the indicated text limitations and/or space provided.
- No handwritten proposals will be accepted. Proposals must be typed or computer generated. The font must be at least 10 point.
- Pages should be standard 8-1/2" by 11". All copies should be double-sided.
- Original signatures must be in blue ink on the original set.
- Use the application checklist to ensure your package is complete.
- Do not bind proposals or submit extra materials not requested.
- Substantially incomplete, faxed, or late applications will not be considered. **Hand delivery is recommended.**

Application Deadline:

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5:00 p.m., Friday, March 13, 2009

One original and 3 copies of the completed proposal should be submitted to:

Mayor's Office of Community Investment

(now merged with the Office of Economic and Workforce Development)

1 South Van Ness Avenue, 5th Floor

San Francisco, CA 94103

Attn: Christina Garcia

Hand Delivery Recommended



The following checklist identifies all RFP forms and other items to be required for submission. Use this checklist to put together the proposal packet for submission. One original and three copies of the RFP must be submitted. One copy of these must have original signatures in blue ink.

Application *(one original and three copies)*

- Applicant Background Information Form
- Proposal Narrative
- Budget Worksheet

Additional required items for applicants not currently receiving CDBG funding *(one copy attached to the original set):*

- Articles of Incorporation, including all amendments
- Organizational by-laws, including all amendments
- Evidence of federal tax-exempt 501(c) (3) status



APPLICANT BACKGROUND INFORMATION

(Please type all responses no smaller than 10 pt font)

Organization Name: _____

Street Address: _____ San Francisco, CA 941 _____

Project Location (if different): _____ San Francisco, CA 941 _____

Main Phone: _____ Fax : _____

Executive Director: _____ Telephone: _____ x _____

Board President: _____ Telephone: _____ x _____

Contact Person: _____ Telephone: _____ x _____

Fax: _____ Email: _____

Amount requested under this Application:

RLF Microloan Capital: \$ _____

RLF Administration (____%) \$ _____

Total RLF Request: \$ _____

Total 2007-08 Agency Budget: \$ _____

I certify that the information provided in this application is true:

Signature of Executive Director Date

I certify that the Board of Directors has approved the submittal of this application:

Signature of Board President Date



Proposal Narrative Format (the narrative should not exceed ten pages)

1. Background and Need:

This section should provide a description of the:

- Applicant's specific microlending experience serving small businesses and low- to moderate-income entrepreneurs in San Francisco, including current portfolio size, default rate, and average amount of loan,
- Need for the type microloan products being proposed, and
- Need for the microloan products in the proposed targeted neighborhoods and/or business sectors in order to primarily benefit low- to moderate-income entrepreneurs and job seekers.

2. Proposed Activities:

This section should describe the proposed RLF program, including marketing/outreach, type of microloan products, underwriting standards/criteria, loan servicing, and technical assistance. This section should also describe how the proposed RLF activities will address the needs highlighted in the previous section. Key information should include:

- Proposed RLF activities, services, and microloan products,
- Lending philosophy/mission,
- Borrower eligibility criteria and loan underwriting standards,
- Marketing and outreach strategies to ensure connection with targeted communities,
- RLF management standards and default rate,
- Role of collaborations/partnerships with City and County of San Francisco, San Francisco community-based organization(s), and key stakeholders in the RLF, and
- Any fees/costs to clients would be associated with RLF and justification for fees/costs.

3. Objectives and Outcomes:

This section should list specific objectives for the proposed RLF and include specific activities and outcomes for each objective.

- Objectives describe the activities that will be performed to execute the RLF. Objectives should be described in a way that gives a specific timeline for their completion.
- Outcomes are the changes or benefits for individuals, small businesses, and communities that result from the proposed activities. Examples of outcomes for the RLF include: 1) number of microloans funded, 2) number of jobs created/retained, 3) number of businesses starting and/or expanding, or 4) number of loans fully repaid.



4. **Evaluation:**

This section should describe how the RLF will be monitored for financial stability, lending success, and progress toward the proposed objectives and outcomes. Describe how the impact of the proposed RLF on San Francisco entrepreneurs, small businesses, and employees will be evaluated. Include a description of how data is used to tailor and improve services to meet the communities' needs.

5. **Organization Capacity:**

Describe the applicant's ability to implement the proposed RLF, including the primary staff that will implement the RLF. Provide a list of the organization's Board of Directors, including name, neighborhood, and affiliation/occupation.

