

June 2, 2023



Treasurer & Tax Collector
CITY AND COUNTY OF SAN FRANCISCO

SF Lends Credit Referral Program

In partnership with Office of Small Business and City Administrator's
Contract Monitoring Division



Why is the program needed?

- Uplift racial equity in the small business space and enrich the overall ecosystem of small local businesses
- Enhance small business growth with solid financial instruments
- Evolve financial institutions' approach to small business lending and lending to people of color, immigrant and first-time owner businesses
- Recognize inherent challenges facing small businesses contracting with government institutions, including subcontracting
- Move small business financing on par with established businesses and away from self and family financing as the primary source of capital



Recent Positive Results

San Francisco has seen positive results from recent similar small business lending efforts.

- OEWD's Business Assistance Loans - \$55M+ across 841 loans
- 86-100% of loans are current in their active repayment or paid in full
- Loan Programs:
 - Small Business Revolving Loan Fund (2017 – present)
 - Emerging Business Loan Fund (2014 – present)
 - African American Revolving Loan Fund (2020)
 - SF Hardship Emergency Loan Program (2020-2021)
 - Latino Small Business Relief Fund (2020-2021)
 - California Rebuilding Fund (2020 – present)



Requirements

SF Lends will focus on certified LBEs that meet specific requirements.

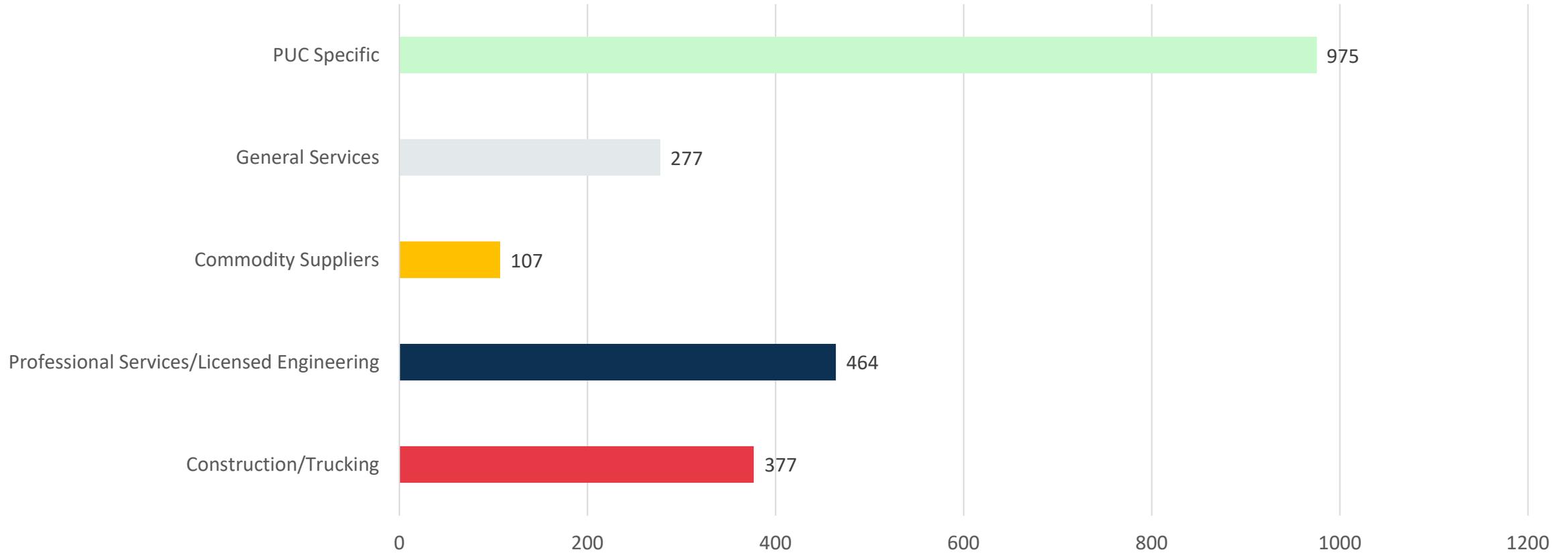
- ✓ Headquarters in San Francisco or Regional Service Area
- ✓ 6 months in San Francisco
- ✓ Operational Independence
- ✓ Proof of Experience
- ✓ Owner License (if license is required)
- ✓ Business Tax returns for five years
- ✓ Site Visit



Current LBE Demographics



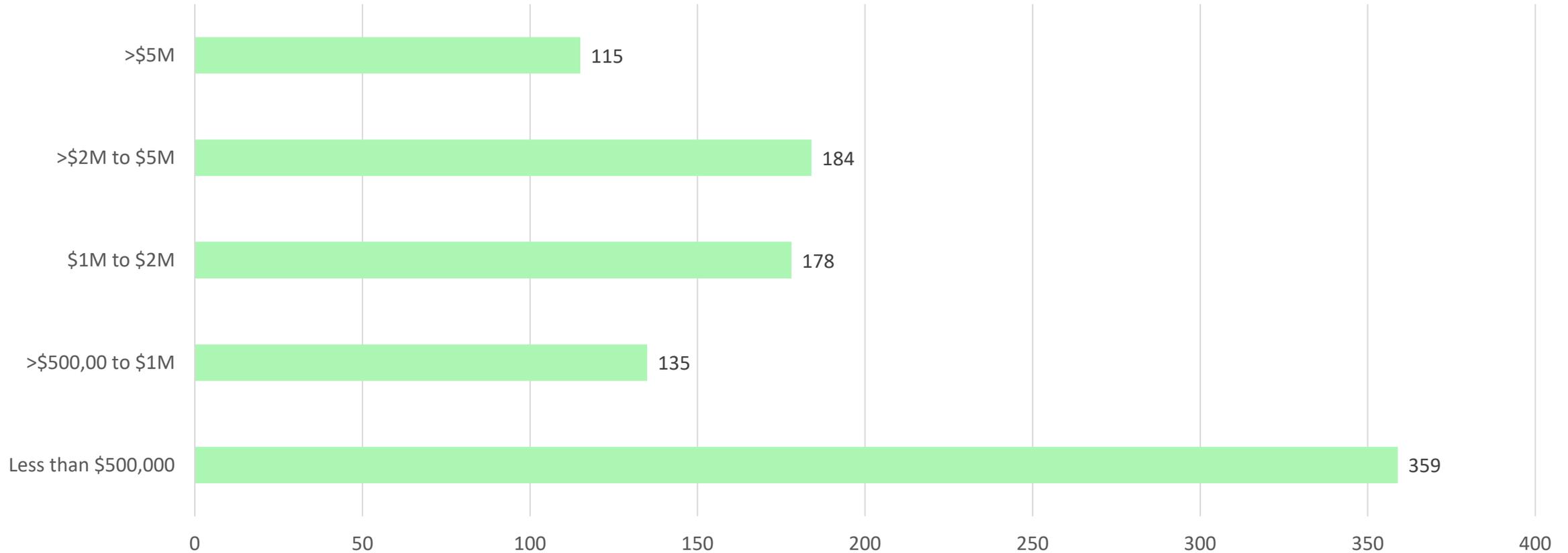
Number of Firms by Industry



Current LBE Demographics



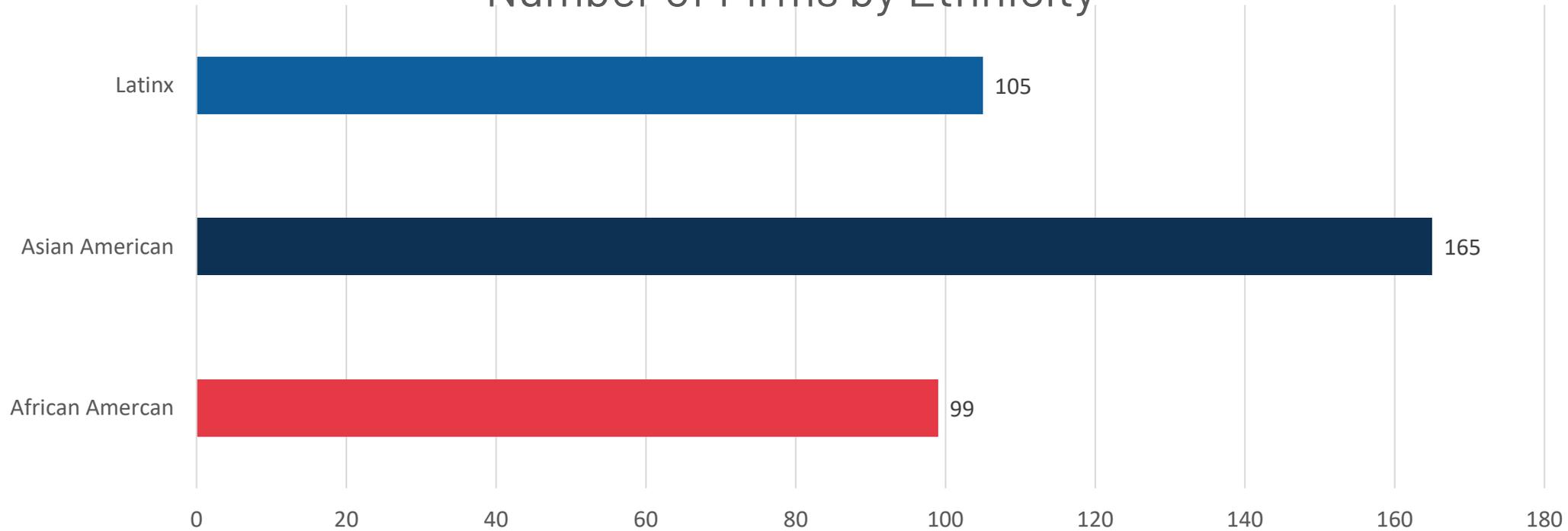
Number of Firms by Gross Receipts





Current LBE Demographics

Number of Firms by Ethnicity



Percentage of Firms by:

41% - BIPOC

20% - Women Owned

20% - Neither BIPOC nor Women Owner/Decline to State



Current Benefits of the LBE Program

- Prime Contractor: Bid Discounts/Rating Bonus
- Micro Set-Aside Contract Opportunities
- Subcontractor: Small Business Inclusion requirements
- Opportunities on Private Public Projects with small business inclusion programs
- Contractor Development Program for Technical Assistance
- Mentor Protegee Program
- Bond Guarantee Program



Engagements with the City & County



- Direct Contract with City & County
- Listed Subcontractor for City & County
- Unlisted Subcontractor for City & County-related to development agencies
- Property leaseholder for City-owned property



SF Lends Focus

- CCSF-certified LBE and Micro LBEs

SF Lends is a credit capacity referral program:

- Office of Contract Monitoring Division communicates to all certified businesses
- City agencies refer certified LBEs to pre-qualified bank product(s)
- SBDC and TTX offer certified LBEs technical assistance as needed

About Our Partners



	Mission	Program Role	Website
SF Small Business Development Center	Empower now and next-generation entrepreneurs with a prepared, growth mindset - through transformative insights, resources, and guidance.	Business intake and technical assistance, including loan packaging	https://www.sfsbdc.org/
SF Office of Financial Empowerment (TTX)	Convene, innovate, and advocate to strengthen the economic security and mobility of all San Franciscans.	One-on-one credit counseling for business owners	https://sfgov.org/ofe/
Contract Monitoring Division	Enforce programs promoting diversity and equality on contracts for the City and County of San Francisco.	Coordinating Local Business information for program referral	https://sf.gov/departments/contract-monitoring-division

Initial List of Participating City Agencies



Port of San
Francisco

Public Works

San Francisco
International
Airport

San Francisco
Public Library

Recreation
and Parks
Department

How does the program work?



Small Business Completes LBE Certification with CMD
Business owner receives letter of certification



CMD and contracting city agencies share SF Lends referral list with certified LBE
LBE may access technical assistance from SBDC and/or OFE



LBE applies for credit product from SF Lends referral list
FI reviews application and approves or denies (may refer for technical assistance)



Quarterly check-in to share aggregate referrals outcomes, anticipated volume, areas for improvement (TTX, SBDC, FI(s), CMD)



Desirable Product Features

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:

- Qualified applicants with annual gross receipts as low as \$1.25M (depending on industry);
- As few as 3 years in business;
- Minimum debt to service ratio coverage 1.20;
- Owner FICO score 640;
- Loan or line of credit amount available approximately \$50,000-\$100,000;
- 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 application process, key point of contact for this type of customer.



CCSF & Bank Relationship

- Regular meetings to review utilization
 - Feedback on quality
 - Feedback on experience – servicing, usability
 - Feedback/discussion on deeper capacity building
- Aggregate data – number of applicants; number successful with product, etc
- Promotion of SF Lends
- Opportunity and roadblocks to deepen businesses relationships with the bank

Next Steps



June 2023

Request for Information
(RFI) released

Due: July 2023

Late Summer 2023

Referral Program Kick-
Off with CCSF agencies
and FI(s)

Marketing collateral
produced by CCSF

Fall 2023



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Questions?
