



CITY OF CLEVELAND  
Mayor Justin M. Bibb

Request for Proposals for a

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# Minority Business Credit Enhancement Fund

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April 2023  
*City of Cleveland  
Department of Economic Development  
601 Lakeside Avenue, Room 210  
Cleveland, Ohio 44114*

April 12, 2023

Dear Respondents:

The City of Cleveland ("City"), through its Department of Economic Development ("Department"), is currently soliciting proposals from qualified organizations and teams ("Service Provider" or "Service Providers") for the creation and implementation of a Minority Business Credit Enhancement Fund ("Fund"). The selected Service Provider will enter into an agreement with the City to create a revolving loan fund that will provide flexible lines of credit for construction firms owned and controlled by individuals from groups with historical under-representation in the construction industry. In conjunction with proposed lending activities, the selected Service Provider will also be expected to provide bonding and technical assistance services designed to help contractors increase their capacity.

An optional pre-submission webinar will be held on Friday, April 28, 2023, at 10:00 AM EST. Service Providers wishing to be considered in the selection process must submit an electronic copy of their proposal **no later than 5 PM EST, Friday, June 9, 2023**. No proposals will be accepted after that date and time unless the City extends the deadline by a written addendum.

Electronic copies may be submitted to Isabel Espinal at [iespinal@clevelandohio.gov](mailto:iespinal@clevelandohio.gov) with the subject line "Proposal for the Minority Business Credit Enhancement Fund."

The City reserves the right to reject any or all proposals or portions of them, to waive irregularities, informalities, and technicalities, to re-issue or to proceed to obtain the service(s) desired otherwise, at any time or in any manner considered in the City's best interests. The Department may, at its discretion, modify or amend any provision of this notice or the RFP.

Should you have any questions regarding this solicitation, please contact Isabel Espinal at 216-664-4274.

Sincerely,



Tessa Jackson  
Director of Economic Development  
City of Cleveland

## Overview

The City is requesting proposals from qualified organizations and teams for the creation and implementation of a Minority Business Credit Enhancement Fund (“the Fund”).

### Background

Despite the fact that the City of Cleveland’s Minority Business Enterprise (MBE) subcontractor participation requirements fall below those of similarly-sized cities with comparably diverse populations, city-supported projects often fail to meet participation goals.

Given that contractor payments on large and publicly-funded projects are typically disbursed via a predetermined schedule, and only after the expenses have been incurred, one of the biggest challenges that MBE contractors face in becoming “ready, willing and able” to participate in these projects is access to sufficient working capital to meet their payrolls and material purchasing requirements.

Black-owned businesses, overall, also tend to start out with far less capital, whether from investments or bank loans, than white-owned businesses do. According to McKinsey’s US Small Business Pulse Survey, 42% of minority-owned small businesses report difficulties obtaining business credit versus 29% of total respondents; while the Initiative for a Competitive Inner City (ICIC) reports that those who are able to obtain credit, often pay higher loan interest rates and secure lower loan amounts than their non-minority-owned counterparts.

## Opportunity

The City of Cleveland is seeking to use \$5,000,000 in American Rescue Plan Act (“ARPA”) funding to create a program that will address the long-standing economic inequities in the construction industry exacerbated by the pandemic. As conceived, this RFP centers around leveraging programmatic and financial partners to create an initiative that marries training, capacity building and capital access to increase the pool of Cleveland-based<sup>1</sup>, ready, willing and able minority contractors.

The City of Cleveland is requesting proposals for a program that will:

1. Expand the pool of qualified contractors from the historically unrepresented backgrounds, and help existing firms grow and become competitive for large-scale and City-supported contracting opportunities;
2. Ensure an adequate pipeline of MBE contractors to participate in ARPA and Infrastructure Investment and Jobs Act (“IIJA”) related spending on home repair and rehabilitation, residential and commercial development, and infrastructure projects; and
3. Create generational wealth-building opportunities for minority developers and contractors.

As envisioned, the City’s ARPA funds will be leveraged as a credit enhancement for a revolving loan fund capitalized with private and nonprofit sector matching funds. The resulting loan fund will be used to provide flexible lines of credit for construction firms owned and controlled by individuals from groups that have been historically under-represented in the construction industry.

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<sup>1</sup> “Cleveland-based” means a business that is located in the City of Cleveland.

In addition to lending activities, it is anticipated that the Fund sponsors will provide bonding and technical assistance aimed at helping contractors increase their capacity to pursue larger projects.

The City recognizes that the scope and specificity of this request may require a cross-disciplinary team consisting of multiple partners. As proposals will be evaluated based on the respondent relevant experience with and strategy for performing the activities outlined in the scope of services, respondents whose capabilities are limited to only one or two of the three activities—lending, bonding and technical assistance—are encouraged to identify partners capable of providing the remaining services.

## Requested Scope of Services

### 1) LENDING SERVICES

At a minimum, the selected Service Provider is expected to create a fund and manage lending activities associated with financing credit-worthy construction firms that are owned and controlled by individuals from groups with historical under-representation in the construction industry. The Service Provider may utilize the ARPA funding to provide credit enhancements for loans made to eligible businesses.

### 2) BONDING ASSISTANCE

At a minimum, the selected Service Provider is expected to provide a plan for working with agents and surety companies to provide guarantees for bid, performance, and payment bonds issued by the latter.<sup>2</sup>

### 3) TECHNICAL ASSISTANCE

At a minimum, the selected Service Provider is expected to create a technical assistance program which would support contractors in navigating how to increase their capacity and improve their credit worthiness in order to participate in the loan program. This may include but is not limited to: workshops, classroom sessions, coaching and mentoring, or small group support. Prospective Service Providers should include in their proposals what types of programming and the content/curriculum they would likely include in the technical assistance programming.

## Proposal Process and Guidance

The Request for Proposal (RFP) response, at a minimum, should include:

### 1. PROPOSAL COMPONENTS

#### A. Executive Summary (1 page)

The Service Provider should include a brief introduction to the organization(s) and an expression of interest in this project. Clearly indicate contact information, including phone and email, for the primary contact individual. If the Service Provider is partnering with another Service Provider(s) to execute any phases of this work, this should be clearly indicated here.

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<sup>2</sup> There are four types of surety bonds: 1) Bid Bond — Guarantees that the bidder on a contract will enter into the contract and furnish the required payment and performance bonds if awarded the contract; 2) Payment Bond — Guarantees that suppliers and subcontractors will be paid for work performed under the contract; 3) Performance Bond — Guarantees that the contractor will perform the contract in accordance with its terms and conditions; and 4) Ancillary Bond -- Ensures requirements integral to the contract, but not directly performance related, are performed.

**B. Project Team (20 Points)**

The Service Provider should include a description of the Service Provider's organization, including information regarding its primary business, its background and history, its organizational structure, the number of employees, and commitment to diversity. This section should contain any additional information about the organization that will assist in understanding the qualifications of the organization. It is highly desirable that there be a local component to the Service Provider team to facilitate response time to matters that require on-site reviews. The Service Provider should note if it is a Minority Business Enterprise, Female Business Enterprise, and/or Cleveland Area Small Business Enterprise.

If the organization is a privately-held corporation, a listing of all stockholders, their interest in the company as related to percentage of ownership, and their interest, if any, in the operations of the entity must be included.

The Service Provider should also submit an organizational chart of the organization's leadership and key project personnel. Service Providers may include project personnel names, roles, and unique benefits the team brings to this project.

Service Providers should include resumes of program team leadership and key personnel for this work.

If the Service Provider is partnering with another Service Provider(s) to execute any phase of this work, they should include the aforementioned details for each organization.

**C. Fund Capitalization Strategy (30 Points)**

The Service Provider's lending match ratio and ability to leverage the City's contribution will be considered in the selection of the Service Provider.

**D. Service Delivery Strategy (35 Points, Total)**

The Service Provider should include a description how they intend to achieve the goals of this project, with specific descriptions of information gathering, evaluation, prioritization design, and documentation, and of their management, and technical approach taking into account the unique project goals and constraints. Include a specific and complete list of proposed deliverables for each part enumerated above and a detailed conceptual project schedule.

- Lending Strategy (15 Points)
- Bonding Assistance Strategy (10 Points)
- Technical Assistance Strategy (10 Points)

**E. Relevant Project Experience (15 Points)**

The Service Provider should include overviews for up to five (5) programs or initiatives demonstrating the ability to successfully deliver the required services. Please include past experience creating or managing lending programs that target minority-owned and operated businesses. (1 page per program)

If the Service Provider is partnering with another Service Provider(s) to execute any phases of this work, there should be at least one (1) relevant program/initiative for each Service Provider.

**F. Capacity to Perform Work (1 page)**

Provide a description of the Service Provider's capacity to perform the requested services by describing the team's current workload, including consideration for current City project workload, and the availability of the staff to meet required schedules. Identify all projects currently being worked on by the staff the Service Provider intends to assign to this project and stage of development. Describe the methods utilized to track work progress, budgets, and deadlines. Describe any support personnel or technical resources the Service Provider plans to use to assist in performing work as required on schedule, and within budget.

If the Service Provider is partnering with another Service Provider(s) to execute any phases of this work, please indicate such and how the work will be divided.

**G. References (3 pages)**

The Service Provider should provide three (3) verifiable positive references, which may include but are not limited to ability, performance of previous contracts and service, integrity, character, reputation, judgment, experience, efficiency, delivery and professionalism. If the Service Provider is partnering with another Service Provider(s) to execute any phases of this work, there should be at least one (1) reference for each Service Provider. Ideally, Service Providers will provide letters of support, but contact information for references is sufficient if not.

**H. Special Commendations (optional)**

The Service Provider shall provide any other pertinent data, information and other extraordinary circumstances which will clearly demonstrate their unique ability to provide the required services in a manner not detailed previously within this RFP.

**I. Certificate of Insurance**

Submit a Certificate of Insurance form indicating limits of professional services (errors and omissions) and general liability coverage as a separate attachment to their Proposal, and shall at all times during the term of the contract resulting from this RFP, maintain the following insurance coverage:

- a. The insurance company or companies providing the required insurance shall be authorized by the Ohio Department of Insurance to do business in Ohio and rated "A" or above by A. M. Best Company or equivalent. The Successful Service Provider, as Service Provider, shall provide a copy of the policy or policies and any necessary endorsements, or a substitute for them satisfactory to and approved by the Director of Law, evidencing the required insurances upon execution of the contract.
- b. Professional liability insurance with limits of not less than \$200,000.00 for each occurrence and subject to a deductible for each occurrence of not more than \$25,000.00 per occurrence and in the aggregate, and if not written on an occurrence basis, shall be maintained for not less than two (2) years after satisfactory completion and written acceptance of the services under the contract.
- c. Workers' compensation and employer's general liability insurance as provided under the laws of the State of Ohio.
- d. Statutory unemployment insurance protection for all of its employees.
- e. Such other insurance coverage(s) as the City may reasonably require.

## 2. FEE PROPOSAL

The Fee Proposal shall be submitted as a separate pdf document from the Services Proposal. *If the Fee Proposal is not submitted as a separate PDF, the Service Provider's proposal will be disqualified.* Content for this part of the Proposal Submission shall be organized as follows:

### A. Compensation

The Service Provider's proposal shall indicate the proposed fee for the service as defined previously and shall include an appropriate amount for reimbursable expenses as follows:

Total Compensation: \$

Reimbursable Allowance: \$

Total Compensation (Components + Reimbursable): \$

***Note: Proposals that include total fees in excess of 7.5% of the fund's total capitalization (City ARPA funds + Service Provider match) will not be accepted***

### B. Reimbursable Expenses

Reimbursable expenses shall be accounted for and reimbursed according to the City of Cleveland Professional Services Contracts Reimbursable Policy included in Attachment C of this RFP. The Service Provider shall identify all items along with estimated costs for any reimbursable expenses required to complete for each Component of the project. This shall include, but is not limited to: deliveries, postage, printing, reproduction, geotechnical services, surveys, testing, fees, review fees, permits, special inspection fees and any other approved expenses usually associated with this type of project. Reimbursable expenses, including Service Provider fees, shall be billed at cost invoiced, without any mark-up. Costs for mileage, travel, parking, tolls, lodging, meals and dues/membership fees to professional societies/organizations are NOT eligible for reimbursement and will not be considered. No qualification of the financial offer will be accepted. Reimbursable Expense Allowance amounts not expended in a previous Component may only be carried over to subsequent Components after written approval.

### C. Professional Services Fee Proposal

The Fee Proposal shall indicate the makeup of your proposed fee including hourly rates, direct costs, overhead, profit, and indirect expenses based upon the total estimated hours to be spent to provide the services. In a separate PDF file titled 'Professional Services Fee', which is to be attached separate from the main proposal package PDF file, the interested Service Provider shall submit one (1) digital copy via email of the interested Service Provider's Professional Services Fee. Included in the file, in addition to the Lump Sum Fee broken down as described above, shall be a separate breakdown of the Service Provider Team's Hourly Rates based upon discipline(s), classification(s) and staffing.

Although Service Providers' proposed fees are not the deciding factor in the selection of the Service Provider, it will be evaluated with other criteria herein and submitted with the proposal.

### D. Non-Competitive Bid Contract Form (Attachment A)

### E. Equal Opportunity Documentation (Attachment B)



Enclosed is the Mayor's Office of Equal Opportunity Cleveland Area Business Code Notice to Bidders & Schedules - Attachment B. The Service Provider must complete and sign each of the Schedules 1 through 4 as per the instructions. The Cleveland Area Business Code, Chapter 187 of the Codified Ordinances Cleveland, Ohio, 1976, is incorporated in and made part of the RFP, and any resulting contract by this reference, as fully as if attached. Refer to Attachment. This document is also available at [ClevelandOhio.gov/oeo](http://ClevelandOhio.gov/oeo).

### **Submission Requirements**

Each Service Provider that wishes to be considered for selection to perform the Scope of Services described in this RFP shall submit to Isabel Espinal at [iespinal@clevelandohio.gov](mailto:iespinal@clevelandohio.gov) two separate, non-editable pdf files, one labelled "Services Proposal\_Firm Name", and one titled "Fee Proposal\_Firm Name."

All proposals shall contain concise written material and illustrations. Legibility, clarity, and completeness are essential.

Each Service Provider, in preparing their proposal, should consider all applicable laws and available industry guidelines as applicable

### **Tentative Timeline**

The City anticipates it will, but neither promises nor is obligated to, process proposals received according to the following schedule:

Advertise Request for Proposals	April 12, 2023
Pre-Submission Meeting	April 28, 2023, 1 PM EST
Deadline for Submitting Questions	May 5, 2023, 5 PM EST
Deadline for Submitting Proposals	June 9, 2023, 5 PM EST
Selection of Finalists	Week of June 19, 2023
Finalist Interviews	Week of June 26, 2023
Selection of Service Provider	Week of July 3, 2023
Begin Contract Negotiations	Week of July 3, 2023
Contract Submitted to City Council for Approval	TBD

The City reserves the right to refuse any submission not delivered by the deadline. Proposals or unsolicited amendments to proposals arriving after the closing will not be accepted.

### **Pre-Submission Meeting**

A non-mandatory pre-submission meeting will be held on Friday, April 28, 2023, at 1:00 PM EST via Microsoft Teams. At that time, interested parties may ask questions pertaining to this Request for Proposals. Those planning to attend the pre-submission meeting must register by 5:00 PM on the DAY BEFORE, April 27, 2023, via e-mail to [iespinal@clevelandohio.gov](mailto:iespinal@clevelandohio.gov). When registering, it will be necessary to provide the names of all attendees. It is also advantageous to provide e-mail addresses for all attendees, although it is not required. Proposers are encouraged to attend the conference although attendance is not mandatory. A link and call-in information will be emailed to all registrants the morning of Friday, April 28.



### **Questions and Communications**

All communications will be formalized. Questions, including if this RFP should contain any discrepancies or omissions, or if the intended meaning of any part of this RFP is unclear or in doubt, may be submitted in writing to [iespinal@clevelandohio.gov](mailto:iespinal@clevelandohio.gov) and will be accepted until 5 PM EST on May 5, 2023. All questions and answers will be shared with prospective Service Providers. Email subject line shall be: "Minority Business Credit Enhancement Fund RFP Questions."

## **Selection Process**

### **Evaluation of Proposals**

The City will evaluate all complete proposals based upon the information and materials contained within, and scored based on the point values assigned to each category. The highest-scored proposal(s) shall then be deemed finalists; if necessary, the City reserves the right to expand the number of finalists in the event of ties.

### **Finalist Interviews**

Based on preliminary scoring of point-based items described above, the City may create a short list of Service Provider(s) and conduct interviews as warranted. The City will notify the Service Providers selected for interviews by phone and email. The interview will not discuss pricing. These interviews shall be at no cost to the City of Cleveland.

## **Additional Information and Requirements**

1. Mailing List and Notifications: The mailing list used to distribute this RFP is NOT exclusive. Qualified firms not on the list are encouraged to submit proposals for consideration and/or participate as team members. To assure that all modifications, notices and addenda are received, all interested firms that are included and not included on the list should notify Isabel Espinal, via e-mail at [iespinal@clevelandohio.gov](mailto:iespinal@clevelandohio.gov) of their interest in the project, using the subject line: "Minority Business Credit Enhancement Fund Interested Party." Said modifications, notices and addenda will be issued to those firms that have made their interest known. Firms that fail to confirm their interest risk not receiving important information regarding the project. The City will require the selected Service Provider Team to abide by this RFP and any subsequent modifications, notices and addenda.
2. The City will not be responsible for any costs, expense or burden incurred by Service Providers in the preparation and submission of proposals.
3. Proposals submitted are not made publicly available until the contract has been awarded by the City of Cleveland. All proposals and supporting materials as well as correspondence relating to this RFP become property of the City of Cleveland when received. Any proprietary information contained in the proposal should be so indicated. However, a general indication that the entire contents, or a major portion, of the proposal is proprietary will not be honored.
4. By submission of a proposal, the Service Provider acknowledges that it is aware of and understands all requirements, provisions, and conditions in and of this RFP and that its failure to become familiar with all the requirements, provisions, conditions, and information either in this RFP or disseminated either at a pre-proposal conference or by addendum issued prior to the proposal submission deadline, and all circumstances and conditions

affecting performance of the services to be rendered by the successful Service Provider will not relieve it from responsibility for all parts of its Proposal and, if selected for contract, its complete performance of the contract in compliance with its terms. Service Provider acknowledges that the City has no responsibility for any conclusions or interpretations made by Service Provider on the basis of information made available by the City. The City does not guarantee the accuracy of any information provided and Service Provider expressly waives any right to a claim against the City arising from or based upon any incorrect, inaccurate, or incomplete information or information not otherwise conforming to represented or actual conditions.

5. No organization, firms, or individuals seeking award of a contract under this solicitation may initiate or continue any verbal or written communications regarding the solicitation with any City officer, elected official, employee, or other City representative without permission of the Division of Purchasing named on the solicitation, between the date of the issuance of the solicitation and the date of final contract award by the City of Cleveland. Violations will be reviewed by the Director of the Division of Purchasing. If determined that such communication has compromised the competitive process, the offer submitted by the organization, firm, or individual may be disqualified from consideration for award.
6. The City of Cleveland reserves the right to reject any or all proposals, in whole or in part, to request clarifications, to negotiate changes in the scope of services, and to waive any technicalities as deemed in its best interest.
7. One (1) electronic file of your proposal should be submitted to [iespinal@clevelandohio.gov](mailto:iespinal@clevelandohio.gov). One (1) separate fee schedule shall be submitted in a file saved as "Services Proposal\_Firm Name." Proposals must be signed by an official who has authorization to commit organization resources or include a separate letter of support from the official with authorization to commit organization resources.
8. Under the laws of the State of Ohio, all parts of a proposal, other than trade secret or proprietary information and the fee proposal, may be considered a public record which, if properly requested, the City must make available to the requester for inspection and copying. Therefore, to protect trade secret or proprietary information, the Service Provider should clearly mark each page - but only that page - of its proposal that contains that information. The City will notify the Service Provider if such information in its proposal is requested, but cannot, however, guarantee the confidentiality of any proprietary or otherwise sensitive information in or with the proposal. Blanket marking of the entire proposal as "proprietary" or "trade secret" will not protect an entire proposal and is not acceptable.
9. The City is not responsible for any explanation, clarification, interpretation, representation or approval made concerning this RFP or a Proposal or given in any manner, except by written addendum. The City will mail, e-mail, or otherwise deliver one copy of each addendum issued, if any, to each individual or firm that requested and received a RFP. Any addendum is a part of and incorporated in this RFP as fully as if originally written herein.
10. Proposals and fee schedules shall be emailed to Isabel Espinal at [iespinal@clevelandohio.gov](mailto:iespinal@clevelandohio.gov) with the subject line "Proposal for the Minority Business Credit Enhancement Fund."

11. Questions and requests for information should be directed to Isabel Espinal at [iespinal@clevelandohio.gov](mailto:iespinal@clevelandohio.gov) or 216-664-4274.

## **Attachments**

**Attachment A: Non-Competitive Bid Contract Form**

**Attachment B: Equal Opportunity Documentation**

**Attachment C: Reimbursable Expenses**