

CITY VENDOR INITIATIVE VENDOR IMPACT FUND

Since the onset of the COVID-19 pandemic, Mayor Lori E. Lightfoot has worked to ensure that all businesses have access to emergency capital to assist in the current economic downturn. Among those who have difficulty accessing capital are minority-owned, women-owned, and other underserved certified vendors and contractors of the City of Chicago.

To combat these long-standing structural inequities and give disadvantaged firms better access to affordable financing, Mayor Lightfoot is launching a new *City of Chicago Vendor Impact Fund*.

The Vendor Impact Fund is seeded through \$10 million from **Community Reinvestment Fund (CRF)** and \$14.3 million from **Goldman Sachs**. The **City of Chicago** will contribute up to \$1.2 million to provide technical assistance and help facilitate the creation of the program.



The \$25 million fund will support both *PPP loans* and *SBA 7(a) eligible loans* and be available for a variety of uses including *project financing as well as working capital*. All loans will be issued by CRF.

TOTAL FUND SIZE
\$25 MILLION

- ★ **SBA PPP loans** – Low-interest and 100% forgivable SBA loans for short-term working capital – *Application process must be completed by March 31, 2021*
- ★ **SBA 7(a) loans** – SBA loans for working capital & longer-term capital investments

	PPP Loans	7(a) Loans	Eligibility Criteria
Term	5yrs	Max 10–25yrs	Preference for MBE or <u>other</u> certified vendor or contractor with the City of Chicago (MBE, WBE, BEPD, VBE)
Interest Rate	1%	SBA Loan Rates ¹	
Loan Size	Up to \$2M	Up to \$5M	Preference to businesses located in the City, with 50%+ of employees located in the City, particularly in disadvantaged areas
Forgivable	Yes	No	
Collateral	No	Yes	Active City contract (including a prime vendor or subcontractor) 2+ years of operating history
Best Use	Short-term	Long-term	

¹ subject to negotiation, depending on type of loan and market rates at the time

Loan applications open on **Wednesday, March 10th, 2021**

CITY OF CHICAGO

PROMPT PAYMENT INITIATIVE

The City of Chicago is committed to ensuring that all vendors are paid in an efficient and timely manner for all services rendered and goods delivered. Most importantly for our small, mid-sized, minority- and women-owned businesses, prompt payment is essential to encouraging participation on City projects and to continued business growth. In order to address this need, Mayor Lori E. Lightfoot has directed the City's Department of Finance (DOF) and Department of Procurement Services (DPS) to form a Prompt Payment Working Group to develop a comprehensive set of recommendations to improve the City's payment processes and ensure timely payment to our vendor community.

The Prompt Payment Working Group will build on critical work that is already underway. In August 2020, DOF and DPS developed a pilot program to review existing processes for the City's four major infrastructure departments that manage construction contracts – the Department of Assets and Information and Services (AIS), the Chicago Department of Aviation (CDA), the Chicago Department of Transportation (CDOT), and the Department of Water Management (DWM). The pilot program required that these departments track specifically identified contracts through the payment process, with a focus on the following areas of review:

The areas of review include:

- evaluating and identifying redundancies which cause delays in payments,
- creating standardized city-wide policies to address payment processing time,
- reviewing existing retainage policies;
- evaluating contractual payment terms for opportunities to include compressed timelines for invoice submissions; and
- identifying any other areas that affect and contribute to increased processing times.

Preliminary work identified bottlenecks in two areas, which have already resulted in the implementation of more efficient processes and more frequent distributions. The pilot will continue through April 2021.

In addition to the completion of this pilot program, the Prompt Payment Working Group will examine opportunities for upfront or other alternative payment options; review enhancements to existing payment systems that allow vendors to upload invoice packages into the payment review system; and analyze and develop process improvements to help track and monitor invoices and further streamline payments.

The Working Group will report its recommendations to the Mayor no later than June 30, 2021. Members of the Prompt Payment Working Group include the Chief Procurement Officer, the City Comptroller, staff from DPS, DOF, the Department of Law, and the Mayor's Office, with participation from AIS, CDA, DWM, CDOT, and other operating departments as necessary.

**CERTIFIED FIRM UTILIZATION GOALS AND REPORTS
BUSINESS DIVERSITY PROGRAM INFORMATION**

The City of Chicago seeks to provide a level playing field and equal access for all contractors and subcontractors, including certified firms, to participate in city contracting. As well, the City wants to understand how diverse firms are being utilized on both City contracts and non-City contracts and make the private sector an equal and accountable partner in building a more diverse Chicago.

The first major component of the Executive Order is to require contractors to submit projections as to when and to what extent in the schedule of contract performance the certified firms are expected to be used on contracts that contain certified firm participation goals.

- Relatedly, contractors will also be required to submit quarterly reports on the usage of certified firms throughout the duration of the contract, comparing actual usage with projected usage, and including an explanation and recovery plan if participation is materially below the projected usage.

For the second major component of the Executive Order, contractors that have agreements with the City (including redevelopment agreements) will be required to submit annual reports that contain a description of the Contractor's Business Diversity Program, or report the lack thereof, and include any available information as to its expenditure on goods and services from minority-owned firms and women-owned firms during the prior calendar year.

- Contractors shall submit their reports to the City office designated by the Mayor from time to time by July 1st of each year.
- Additionally, for reports due this year, information shall be provided regarding expenditures in calendar years 2019 as well as 2020.
- The Chief Procurement Officer (CPO) shall cooperate with Assist Agencies to promote those agencies' and the City's efforts to encourage and enhance business diversity on an ongoing basis.
- After sufficient information has been gathered, the CPO, Deputy Mayor for Neighborhood and Economic Development, and Chief Equity Officer shall make recommendations to the Mayor regarding future programs related to diverse participation on City Contractors' non-City business and similar initiatives.