



REQUEST FOR INFORMATION (RFI)

EVALUATION OF BUSINESS ATTRACTION AND RETENTION INCENTIVES TO MAKE PHILADELPHIA MORE COMPETITIVE

Issued by:

The City of Philadelphia ("City")

Department of Commerce

Responses must be received no later than 5:00 pm Philadelphia local time

on Wednesday, May 17, 2017

James F. Kenney, Mayor

Harold T. Epps, Commerce Director

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REQUEST FOR INFORMATION: EVALUATION OF BUSINESS ATTRACTION AND RETENTION INCENTIVES TO MAKE PHILADELPHIA MORE COMPETITIVE

I. RESPONSE CALENDAR

Posting of RFI	April 19, 2017
Deadline for questions, clarification, or requests for additional information	May 1, 2017
Response due date	May 17, 2017

II. RFI CONTACT INFORMATION FOR QUESTIONS, CLARIFICATION AND REQUESTS FOR ADDITIONAL INFORMATION

All questions concerning this RFI must be submitted via email no later than 5:00 pm on Monday, May 1, 2017 prior to the response due date and directed to:

Sylvie Gallier Howard, Chief of Staff, Department of Commerce: Sylvie.GallierHoward@phila.gov

Responses to such questions and requests shall be at the City’s sole discretion and nothing in the RFI shall create an obligation on the City to respond to the submitting party or at all. At the City’s sole discretion, responses may be posted on the City’s website without formal notification to prospective Respondents.

The City may, at its sole discretion, issue addenda to this RFI containing responses to questions and requests for information, clarifications of the RFI, revisions of the RFI, or any other matters that the City deems appropriate. Addenda will be posted on the City’s website at <http://www.phila.gov/rfp/Pages/default.aspx> (“Additional Opportunities”). It is the Respondent’s responsibility to monitor the Additional Opportunities site for Addenda and to comply with their terms.

Oral responses by a City employee or agent of the City are not binding and shall not in any way be considered as a commitment by the City.

If a Respondent finds any inconsistency or ambiguity in the RFI issued by the City, the respondent is requested to notify the City in writing by 5:00 pm, Philadelphia, PA, local time on Monday, May 1, 2017.

III. PURPOSE OF REQUEST FOR INFORMATION

The primary purpose of this Request for Information (RFI) is for organizations to provide the Department of Commerce (Commerce) with information regarding their experience compiling and organizing tax

reduction/credits, abatements and business incentive data as well as experience synthesizing and analyzing such data to develop conclusions and recommendations regarding such practices. The ultimate goal of this analysis is to determine the relative impact of economic incentive practices on Philadelphia's economic growth, as compared to one another and as compared to the absence of such incentives.

Information provided by Respondents will help to define a scope of work that Commerce can share with potential funding sources and may be used to develop a request for proposals to carry out the analysis of business attraction and retention incentives, benchmark Philadelphia against peer organizations, conduct an environmental scan of best practices and lessons learned in other cities, and develop recommendations for Philadelphia to become more competitive. The information obtained in this RFI will also help to determine any need for phasing of this work, estimated cost, and a viable timeline.

Commerce encourages all organizations that may be interested in partnering with Commerce to prepare a response to this RFI in order for the City to plan, identify, and raise sufficient resources for such a project. Response from qualified Respondents will outline best practices and resources required to gather the necessary data, methodology for analysis and measurement of impact, process for selecting peer cities, and strategy for developing recommendations.

Responses to this RFI are considered non-binding, and are used to assist the City in performing information gathering for planning purposes. Responses to this RFI will help shape a future scope of work, but are not a requirement to be considered for contracting. A prior response to this RFI will have no bearing on the selection process of any future Request for Proposals (RFP) that may be issued by the City following the RFI process.

IV. BACKGROUND ON THE NEED FOR A STUDY

One of the core functions of the City of Philadelphia's Department of Commerce is to attract and retain businesses in order to foster job creation. Other cities, in the U.S. and abroad, utilize a menu of tools to increase competitiveness, including a competitive tax structure, tax credits and abatements, incentive packages, targeted workforce investments, and more. Over the last few decades, Philadelphia has used a combination of tax reduction, tax credits, business incentive packages, targeted tax abatement programs (such as Keystone Opportunity Zones), tax-increment financing, and workforce development grants, to name the bulk of Philadelphia's current strategies. In recent years, business incentives have been subject to increased scrutiny and, in some cases, more skepticism about their return on investment. Philadelphia has continued to reduce the Business Income and Receipts Tax (BIRT) and wage tax and piloted different modalities of the Job Creation Tax Credit (JCTC), while the Commonwealth of PA has reduced incentive offerings for businesses and publicly questioned the continuation of its Keystone Opportunity Zone program (KOZ). Given the shifting dynamics of resources and a need to better understand what actions will best accelerate economic development, the City of Philadelphia Department of Commerce expects to commission an analysis of existing programs to determine the impact of our current practices and to seek strategic recommendations. The goal is to aggregate data by program type to measure the return on investment of our programs, what level of activity would have occurred absent the incentive, and ultimately to make strategic changes that will

maximize return and ensure that our interventions truly meet the City's goal of being a competitive city where businesses choose to locate and grow.

Furthermore, recently passed legislation (Bill No. 161015) requires the Department of Commerce to commission such a study by July 2018. Thereafter, the Department of Commerce will commission a report covering changes in the business and regulatory climate, every three years.

The City anticipates the following activities will be part of completing such a study:

1. DATA COLLECTION: The study is expected to include an analysis of data for selected incentive programs, including utilization and impact. The Department of Commerce is seeking to analyze the utilization and impact of the following business attraction/ retention programs over the last five to ten years:

- Job Creation Tax Credit Program
- Forgivable loan program (loans made to businesses based on an agreed upon job count)
- Keystone Opportunity Zone (KOZ)
- Tax Increment Financing (TIFs)
- Workforce Development Training grants (through Philadelphia Works)
- Jumpstart Philly tax exemption for new businesses
- 10-year real estate tax abatement
- Market-based sourcing tax treatment, currently applied to IT companies

The evaluation of each program shall include:

- Number of applicants/participants
- Value of Incentives Approved
- Value of Incentives Claimed
- Net Impact on Tax Collections
- Outcomes versus Initial Intention (ex. jobs promised versus jobs created, increase in property value, impact on gross city product, increased tax revenue, investment in blighted geographies...)
- Sensitivity/But For Analysis – To understand the relative utility of each program, provide
 - o Expected Outcomes and Tax Collection Absent the Incentive (But For)
 - o Expected Outcomes with Reduced Level of Incentive
 - o Expected Outcomes with Increased Level of Incentive

2. SELECTION OF PEER CITIES: The study will identify peer cities against which Philadelphia will be benchmarked. A methodology must be established to determine the best cities for this purpose, potentially including some cities outside of the United States.

3. ECONOMETRIC ANALYSIS: A thorough review and analysis of all collected data is to be carried out in order to determine the impact and effectiveness of each program as well as to gauge what impact would not have taken plus in the absence of such programs.

4. FUTURE RECOMMENDATIONS: Based on the analysis of each program, the scan of programs used by other cities and the competitive analysis incorporating all of the above data points, the study shall provide recommendations for increasing the competitiveness of Philadelphia, specifically addressing the programs researched as well as any new programs to be adopted.

5. FINAL REPORT: The provider shall provide a written report that includes data and information pertaining to the utilization of each program listed above over the last five years. The report should include the number and size of businesses accessing each program by year as well as the corresponding economic development impact, as defined by each program. Impact should include job creation numbers, salary ranges by job, tax revenue collected by the City, investments in under-utilized real estate, etc.

The City of Philadelphia will grant access to account-level Business Income and Receipts, Wage, Earnings and Net Profits, and Real Estate Tax data. Account-level data may only be accessed on site at the Department of Revenue and in accordance with all federal, state, and local taxpayer confidentiality laws. Aggregate data may be taken off-site upon approval by the Department of Revenue.

V. ANTICIPATED TIMELINE

Bill 161015, requiring the development of such a study, establishes a deadline of July 1, 2018 for this study. Commerce aims to determine the steps required for completing such a study and a reasonable expectation for this deliverable as part of this RFI.

VI. SUBMISSION REQUIREMENTS

THE RFI SHOULD ADDRESS THE FOLLOWING QUESTIONS:

1. ORGANIZATIONAL PROFILE:

- a. Business identification information, including name, business address, telephone number, website address, federal taxpayer identification number or federal employer identification number.
- b. Primary contact information for organization.
- c. Description of the organization's background, significant experience and any other information about the organization that is deemed pertinent to this RFI.
- d. Is the organization a certified minority or women-owned company?

2. PERSONNEL INFORMATION:

- a. Organization's senior staff and titles
- b. Number of part-time and full-time employees
- c. Names of partner organizations with whom organization may partner or subcontract

3. METHODOLOGY

- a. Describe the methodology that the organization would utilize to conduct this research and analysis.
- b. Describe the data that the organization would need to access. Specify the number of years of data that would be considered.
- c. Describe the process for selecting peer cities.

4. COST PROPOSAL:

- a. Please provide a detailed cost proposal, with a line-item breakdown of the cost for specific services and work products contemplated. The proposed price must include all cost that will be charged to the City for services and tangible work products your organization proposes to perform and deliver to complete the project.
- b. Provide a budget and budget narrative, breaking down the cost by category of work.

5. TIMELINE:

- a. Please provide a timeline detailing each phase or activity projected for this study.

6. ADDITIONAL REQUIREMENTS:

- a. For non-profit applicants, IRS 501(c)3 Determination Letter and most recent IRS Form 990
- b. For all applicants, proof of liability insurance

VII. HOW TO SUBMIT

Respondents must submit their responses electronically to:

Sylvie Gallier Howard, Chief of Staff, Department of Commerce

Sylvie.GallierHoward@phila.gov

Responses must be received no later than 5:00 pm Philadelphia local time on Wednesday, May17, 2017.

VIII. CONFIDENTIALITY AND PUBLIC DISCLOSURE

Respondents shall treat all information obtained from the City which is not generally available to the public as confidential and/or proprietary to the City. Respondents shall exercise all reasonable precautions to prevent any information derived from such sources from being disclosed to any other person. Respondents agree to indemnify and hold harmless the City, its officials and employees, from and against all liability, demands, claims, suits, losses, damages, causes of action, fines and judgements (including attorney's fees) resulting from any use or disclosure of such confidential and/or proprietary

information by any Respondent or any person acquiring such information, directly or indirectly, from the successful Respondent.

IX. RIGHTS AND OPTIONS RESERVED

In addition to the rights reserved elsewhere in this RFI, the City reserves and may, at its sole discretion, exercise any or more of the following rights and options with respect to this RFI if the City determine the doing so is in the best interest of the City:

1. to decline to consider any response to this RFI (“Response”); to cancel the RFI at any time; to elect to proceed or not to proceed with discussions or presentations regarding its subject matter with any Respondent and with firms that do not respond to the RFI; or to reissue the RFI or to issue a new RFI (with the same, similar or different terms);
2. to waive, for any Response, any defect, deficiency or failure to comply with the RFI if, in the City’s sole judgement, such defect is not material to the Response;
3. to extend the Submission Date/Time and/or to supplement, amend, substitute or otherwise modify the RFI at any time prior to the Submission Date/Time, by posting notice thereof on the City web page(s) where the RFI is posted;
4. to require, permit or reject amendments (including, without limitation, submitting information omitted), modifications, clarifying information, and/or corrections to Responses by some or all Respondents, at any time before or after the Submission Date/Time;
5. to require, request or permit, in discussion with any Respondent, any information relating to the subject matter of this RFI that the City deems appropriate, whether or not it was described in the Response or this RFI;
6. at any time determined by the City, to discontinue discussions with an Respondent or all Respondents regarding the subject matter of this RFI, and/or initiate discussions within other Respondent or with vendors that did not respond to the RFI;
7. to do any of the foregoing without notice to Respondents or others, except such notice as the City, at its sole discretion, may elect to post on the City web page(s) where this RFI is posted.

This RFI and the process described are proprietary to the City and are for exclusive benefit of the City. Upon submission, Responses to this RFI shall become the property of the City, which shall have unrestricted use thereof. Responses may be subject to public disclosure under the Pennsylvania Right-to-Know Law. However, a “record that constitutes or reveals trade secrets or confidential proprietary information” is exempt from access by a requestor under that law. Ultimate determination of the application of that exemption cannot be assured, but Respondents are advised to mark clearly any portion(s) of any submittal believed to qualify for that exemption. By submitting its Response, the Respondent agrees to these terms.