



CITY AND COUNTY OF DENVER

DENVER
THE MILE HIGH CITY
MICHAEL B. HANCOCK
MAYOR

**HUMAN RIGHTS AND COMMUNITY
PARTNERSHIPS**
Denver Office of Strategic Partnerships
IN COOPERATION WITH
DEPARTMENT OF GENERAL SERVICES
Purchasing Division
www.denvergov.org/purchasing

WELLINGTON E. WEBB
MUNICIPAL OFFICE BUILDING
201 WEST COLFAX AVE.,
DEPT. 304, 11TH FLOOR
DENVER, CO 80202
PHONE: (720) 913-8100
FAX: (720) 913-8101

Buyer: Michael Romero
Phone: 720-913-8122

REQUEST FOR INFORMATION

Request for Information No. 7151

Social Impact Bonds

SCHEDULE OF EVENTS

| | | | |
|---------------------------------|--------------------|------------|------------|
| • RFI Issued | September 3, 2013 | | |
| • Deadline to Submit Questions | September 20, 2013 | 3:00 P.M. | |
| • Forum Registration Deadline | September 20, 2013 | 3:00 P.M. | |
| • Forum for Questions | September 25, 2013 | 4:00 P.M. | Local Time |
| • Response to Written Questions | October 1, 2013 | | |
| • RFI Due Date | October 15, 2013 | 12:00 P.M. | Local Time |

Vendor offers to furnish to the City and County of Denver the information in accordance with the specifications and subject to the Terms and Conditions described herein.

VENDOR SIGN HERE

Company Name: _____

By: _____
(Printed or Typed Name)

(Signature)

Signature constitutes acceptance of all Terms and Conditions listed on this form and all documents attached.

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SECTION A: GENERAL INFORMATION & PROPOSAL INSTRUCTIONS

A.1 BACKGROUND AND SCOPE:

The City and County of Denver, hereinafter referred to as the City, desires to solicit information relating to Social Impact Bonds and their potential use and benefit to the City and County of Denver.

A.2 SUBMISSION OF PROPOSALS:

Submit one (1) original email submittal via email: socialimpactbonds@denvergov.org. The email should include the following separate attachments: (1) searchable PDF of written response, (2) signed cover sheet (page one of this RFI), and (3) completed Respondent Information Sheet (Section F of this RFI).

A.3 FORUM FOR QUESTIONS

The Denver Office of Strategic Partnerships will facilitate and lead a forum event to outline the ideal structure and components of a written response and address questions regarding social impact bonds and the RFI processes. Specific information on the forum is below:

Date: Wednesday, September 25th
Time: 2:00pm to 4:00pm
Location: Old Supreme Court Chambers, Colorado State Capitol
200 E Colfax Ave, Denver, CO 80203

Registration requests for the forum should be sent via email to: socialimpactbonds@denvergov.org by September 20, 2013.

The email should include the following:

- Organization name;
- Name, title, and contact information for as many as two participants.

A.4 RFI QUESTIONS/ INQUIRIES

The City shall not be bound by and the Vendor shall not request or rely on any oral interpretation or clarification of this RFI. Therefore any questions regarding this RFI are encouraged and should be submitted in writing by email to: socialimpactbonds@denvergov.org by 3:00PM on September 20, 2013. Select questions will be addressed at the forum for questions. Responses to all questions will be released on October 1, 2013 and posted at: <http://www.denvergov.org/strategicpartnerships>

All communications regarding this RFI shall only be through the email listed above.

A.5 ADDENDA

In the event it becomes necessary to revise, change, modify or cancel this RFI or to provide additional information, addenda will be issued to all recipients of this RFI.

A.6 RFI CONDITIONS AND PROVISIONS

This submittal must be submitted by email by a duly authorized official of the proposing company. The completed proposal (together with all required attachments) must be emailed to socialimpactbonds@denvergov.org on or before the time and date of the deadline shown on page one.

The City reserves the right to postpone or cancel this RFI, or reject all submittals, if in its judgment it deems it to be in the best interest of the City to do so.

The City shall not be liable for any costs incurred by vendor in the preparation of submittals or for any work performed in connection therein.

A.7 GRATUITIES AND KICKBACKS:

It shall be a breach of ethical standards for any person to offer, give, or agree to give any employee or former employee (within six months of termination from City employment), or for any employee or former employee (within six months of termination from City employment) to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding of application, request for ruling, determination, claim or controversy, or other particular matter, pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore.

It shall be a breach of ethical standards for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime vendor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order.

In the event that any gratuities or kickbacks are offered or tendered to any City and County of Denver employee, the submittal shall be disqualified and shall not be reinstated.

SECTION B: INTENTION AND INFORMATION

Issuance and Intent: This RFI is exploratory in nature in that the City is seeking a variety of good ideas from providers in the community about what interventions seem to have impact and also might save government money in the future. It is being conducted to solicit information about best practices, ideas, tools, and recommendations from interested parties concerning social impact bond opportunities. It is not a bid solicitation and there is no guarantee that the information gathered from this outreach effort will result in a future solicitation for services. Responses to this RFI should not anticipate a future procurement or application request. However, this RFI does serve to alert the community of items of interest to the City regarding social impact bond contract opportunities.

Incurring Costs: The City will not be liable for any costs incurred by any respondent pertaining to the preparation for or participation in the Roundtable Discussion or for preparation and submittal of any written responses to this RFI.

Evaluation: Responses to this RFI may be reviewed and evaluated by any person(s) at the discretion of the City, including independent consultants retained by the City now or in the future.

Additional Information: The City retains the right to request additional information from respondents and may, at its sole discretion, elect to request formal presentations from certain vendors which will include the detailed requirements and criteria for the procurement and be based, at least in part, on the responses received to this RFI. The Denver Office of Strategic Partnerships may request further explanation or clarification from any and all respondents during the review process.

Public Record: All responses to this RFI will be public record under the Colorado Public (Open) Records Law, C.R.S. 24-72, regardless of confidentiality notices set forth on such writings to the contrary.

SECTION C: OVERVIEW

REQUEST FOR INFORMATION

Social Impact Bonds

For City and County of Denver, Denver's Office of Strategic Partnerships

OVERVIEW:

As part of Mayor Michael B. Hancock's mission to create a world-class city where everyone matters, the Denver Office of Strategic Partnerships ("DOSP") acts as a catalyst between the public and nonprofit sectors in order to engage in innovative and collaborative work. Part of this effort includes mobilizing and leveraging resources to support cost-effective and successful social interventions.

DOSP is issuing this Request for Information as a part of its continued efforts to develop collaborative partnerships between the non-profit, public and private sectors that will provide effective services to Denver communities, reduce costs to taxpayers, and accelerate innovation in ameliorating social problems. Specifically, DOSP is seeking information from providers, intermediaries, and investors on a new way of financing social programs, called "social impact bonds" or "pay-for-success" contracts. Toward this end, DOSP is soliciting information from potential partners as well as from interested citizens about the areas of government activity where success-based contracting strategies have the potential to improve outcomes and reduce costs. If the City decides to go forward, the information obtained from this RFI will be used to develop a Request for Proposals that is targeted at the most promising applications of the social impact bond strategy.

BACKGROUND:

Social impact bonds, also referred to as "pay-for success contracts," are an innovative approach to improving outcomes and reducing costs for contracted government services. Social impact bonds are contracts in which a substantial portion of the payment is conditioned on the achievement of specific outcomes based on defined performance targets. Unlike typical pay-for-performance contracts, social impact bond contracts often ask contracted parties to raise upfront capital and only reimburse such upfront capital expenses if an independent evaluator determines that performance targets have been achieved. If outcomes are achieved, the initial investors are reimbursed for the entire cost of the program plus risk premium payments. Ideally, the payments are made when government and/or societal savings are realized due to the program's effectiveness. Programs in which potential governmental savings are larger than the cost of the program are strong candidates for the social impact bond model.

While there are many different structures that satisfy the principles of social impact bond contracts, the common characteristics include:

- Rigorous measurement of desired goals and outcomes, validated by an independent party;
- Performance-based payments made by the government, only if outcomes are met; and
- Private-sector upfront financing.

Since the initiation of the first social impact bond program in Peterborough, England in 2010, several American cities and states have initiated studies or pilot programs involving this financing model. Additionally, the United States federal government has signaled its interest in exploring social impact bond programs. In its fiscal year 2014 budget request, the Obama Administration requests nearly \$500 million to support "pay-for-success" programs, including a \$300 million fund to be administered by the Treasury Department incentivizing the development of social impact bonds by state and local governments.

The Denver Office of Strategic Partnerships has been offered and accepted pro bono technical assistance from the Harvard Kennedy School of Government Social Impact Bond Lab, supported by a grant from the Rockefeller Foundation, to help the Office conduct analysis and coordinate the social impact bond policy process over the next 12 months.

Additional information on the social impact bond model can be found at <http://hks-siblab.org/>.

POLICY AREAS OF INTEREST

The Denver Office of Strategic Partnerships has identified several policy areas that are priorities for the administration and may be appropriate for a social impact bond contract. While the **City is interested in any service program** that would produce positive social outcomes, there is particular interest in the following areas:

| Policy Area | Possible Interventions and Cost Savings |
|---------------------------|--|
| <i>Early Childhood</i> | <ul style="list-style-type: none"> ▪ Early intervention programs to improve kindergarten readiness, including interventions that operate at the community level; wrap around services for special populations of young children to improve readiness; early mental health interventions to prevent needs for later special education; language development programs to improve academic readiness; community home visiting programs to promote health, improve kindergarten readiness, and reduce childhood developmental delays. |
| <i>At Risk Youth</i> | <ul style="list-style-type: none"> ▪ Reducing recidivism rates for youth who are part of the juvenile justice system; diversion programs aimed at keeping at-risk youth out of the juvenile justice system; reduced dropout rates; increased graduation rates; reducing disconnected youth ages 16-24 who are out of school and unemployed; increased rates of foster care youth achieving permanent placement; and stable housing and transition solutions for youth aging out of the foster care system. |
| <i>Supportive Housing</i> | <ul style="list-style-type: none"> ▪ Providing housing and services to homeless families to reduce crime, teen pregnancy, welfare costs, and foster care costs. ▪ Reducing chronic homelessness. ▪ Moving persons with disabilities and/or mental illness from institutions into community settings and housing programs that are aimed at reducing recidivism into the correctional system. |
| <i>Front-End Users</i> | <ul style="list-style-type: none"> ▪ Providing a range of services (including supportive housing) to the City’s most expensive users of city services in order to decrease jail costs, law enforcement costs, and emergency medical services. ▪ Reduce chronic homelessness and rates of criminal recidivism. ▪ Finding proper care for persons with health problems, mental illness and/or drug/alcohol abuse problems. |

SECTION D: INFORMATION SOLICITED

The City and County of Denver, through the Denver Office of Strategic Partnerships, requests feedback on the following topics:

I. *Promising Interventions for the Social Impact Bond Structure:*

- 1. What is the size and characteristics of your proposed target population and what is the size of a possible social impact bond pilot program?**
- 2. What are the most promising policy areas and interventions that would improve social outcomes in Denver while resulting in reduced costs for the City?**

Please describe the specific types of interventions you are proposing, how the intervention fits within the social impact bond model, the costs of each intervention, outcomes you predict can be achieved through each intervention, and the types and amount of governmental savings you believe each intervention will achieve. Do your cost savings projections rely upon involvement from the other government entities (state or federal government, school districts, or other possible government payers)?

- 3. What evidence exists to support your projected outcomes or impact and potential reduced costs?**

Please describe existing programs inside or outside of Denver and the results they have been able to achieve, and other available evidence demonstrating outcomes and potential cost reductions.

II. *Structure of the Social Impact Bond Contract and Performance Measures:*

- 1. How should the social impact bond contract be structured to accommodate your proposed intervention(s) or similar interventions?**

Please describe the partners needed for your proposed intervention, possible roles of an intermediary or subcontractor(s), and any other governmental entities that would be essential to the success of your program or the realization of governmental savings (i.e. the state, other counties, or a school district).

- 2. How should the social impact bond contract be measured?**

Please describe the time duration needed to accomplish the intervention's outcomes and cost reductions, and the specific outcomes measurements that can be used to evaluate performance.

3. What types of private investors could support the proposed social impact bond contract?

Please describe the types of funders who have supported your program in the past, and what new investors may support this initiative and what types of investments structures might be used to support the intervention.

III. *Other Social Innovation Financing Structures the City Should Consider:*

1. Are there other government services that should be examined for opportunities to restructure traditional program financing in favor of funding based on performance goals and targets?

Please describe alternative structures or different services that the City should consider in creating innovative solutions to social problems.

2. What other information would be useful to the City as it looks to draft a more detailed procurement solicitation on a social impact bond pilot program?

3. What services do you offer that have impact and could save money for the City, but you lack sufficient evaluation resources to demonstrate effectiveness and cost savings?

SECTION E: RESPONDENT SUBMITTAL INSTRUCTIONS

WRITTEN SUBMISSIONS

Detailed responses to some or all of the information solicited should be emailed, in *searchable PDF form*, no later than 12:00PM MT on October 15, 2013 to socialimpactbonds@denvergov.org.

Please include information about your organization and experience with social impact bond contracts, service provision, or social investment, as well as contact information for a representative from the organization who can speak to your response.

Please limit responses to ten pages and any appendices to five pages.

For respondents choosing to submit a written response, please include the following sections:

- (1) **Executive Summary**—A succinct summary of the target population, proposed intervention, cost of the program, areas of savings (governmental and societal), and projected savings and benefits. Please provide specific numbers where applicable.
- (2) **Background**—Brief overview of you or your organization’s background, including but not limited to (i) experience working with governmental entities and (ii) the implementation of successful initiatives in any of the areas outlined above, and (iii) the disclosure of any actual or potential conflicts of interest that may arise if you or your organization is selected to perform the obligations solicited through future procurement opportunities that are similar in nature to information disclosed during this request for information process.
- (3) **Answers to Information Solicited**—Responses to any or all of the following topics:
 - a. Promising Interventions for the Social Impact Bond Structure
 - b. Structure of the Social Impact Bond Contract and Performance Measures
 - c. Other Social Innovation Financing Structure the State Should Consider:
- (4) **Additional Information**—Any additional information you would like to provide.

SECTION F: RESPONDENT INFORMATION

| Information | Vendor | | | | | | | | | | | | |
|---|---|---|--|--------------------------------|--|-------------------------------------|----------------------------------|--------------------------------------|--|--------------------------------------|-------------------------------------|--|-----------------------------------|
| | Business Name _____ | Tax ID # (TIN or SSN) _____ | | | | | | | | | | | |
| | Business Address _____ | Telephone Number _____ | | | | | | | | | | | |
| | City, State Zip _____ | Fax Number _____ | | | | | | | | | | | |
| | Order Address (If different from above) _____ | Email _____ | | | | | | | | | | | |
| | City, State, Zip _____ | Ordering Email (If different from above) _____ | | | | | | | | | | | |
| | Remittance Name _____ | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; padding: 5px;">Vendor Entity Type (check one)</th> </tr> <tr> <td style="padding: 5px;"><input type="checkbox"/> Individual</td> <td style="padding: 5px;"><input type="checkbox"/> LLP/LLC</td> </tr> <tr> <td style="padding: 5px;"><input type="checkbox"/> Partnership</td> <td style="padding: 5px;"><input type="checkbox"/> Sole Proprietor</td> </tr> <tr> <td style="padding: 5px;"><input type="checkbox"/> Corporation</td> <td style="padding: 5px;"><input type="checkbox"/> Government</td> </tr> <tr> <td style="padding: 5px;"><input type="checkbox"/> Exempt/Non-Profit</td> <td style="padding: 5px;"><input type="checkbox"/> Employee</td> </tr> </table> | | Vendor Entity Type (check one) | | <input type="checkbox"/> Individual | <input type="checkbox"/> LLP/LLC | <input type="checkbox"/> Partnership | <input type="checkbox"/> Sole Proprietor | <input type="checkbox"/> Corporation | <input type="checkbox"/> Government | <input type="checkbox"/> Exempt/Non-Profit | <input type="checkbox"/> Employee |
| | Vendor Entity Type (check one) | | | | | | | | | | | | |
| | <input type="checkbox"/> Individual | <input type="checkbox"/> LLP/LLC | | | | | | | | | | | |
| | <input type="checkbox"/> Partnership | <input type="checkbox"/> Sole Proprietor | | | | | | | | | | | |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Government | | | | | | | | | | | | |
| <input type="checkbox"/> Exempt/Non-Profit | <input type="checkbox"/> Employee | | | | | | | | | | | | |
| Remittance Address _____ | | | | | | | | | | | | | |
| City, State, Zip _____ | | | | | | | | | | | | | |
| Dun & Bradstreet Number _____ | | | | | | | | | | | | | |
| SIC Code and/or NAICS Code _____ | | | | | | | | | | | | | |
| Disadvantaged Business Enterprise (DBE) <input type="checkbox"/> Yes <input type="checkbox"/> No Type (check all that apply) <input type="checkbox"/> DBE Disadvantage Business Enterprise <input type="checkbox"/> MBE Minority Business Enterprise <input type="checkbox"/> WBE Women Business Enterprise <input type="checkbox"/> SBE Small Business Enterprise <input type="checkbox"/> SBEC Small Business Enterprise Concessions <input type="checkbox"/> ACDBE Airport Concession Disadvantage Business Enterprise <input type="checkbox"/> Other: _____ | Certification Source _____ Certification Number _____ Certification Beginning Date _____ Certification Expiration Date _____ | | | | | | | | | | | | |