Better Buildings Neighborhood Program Southeast Consortium Process Evaluation Phase 2

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Introduction

The Southeast Energy Efficiency Alliance (SEEA) contracted with Cadmus to evaluate its portfolio of 13 programs, collectively known as the Southeast Consortium, under the U.S. Department of Energy's Better Buildings Neighborhood Program (BBNP). In 2010 SEEA received seed funding DOE under the BBNP, enabling communities in eight states and the U.S. Virgin Islands to serve as sub-grantees to launch local programs intended to dramatically increase the effectiveness of building retrofits. Each city program's leadership designed and implemented a program based on its unique market context, experience, and partnerships in its respective cities; thus, no two programs were alike.

Cadmus reported initial findings for evaluation research conducted in 2012 in a detailed Interim Report (April 2013), examining: the design, delivery, and market effects of each program; and initial findings in assessing program tracking data.

In the Interim Report, Cadmus noted the programs that actively built community partnerships appeared best positioned for long-term viability. Program managers hoped relatively new financing options would boost program participation, and most continued to consider their long-term sustainability plans. SEEA agreed focusing on these partnerships, financing options, and sustainability plans would prove valuable in the second stage of process evaluation to identify lessons learned that could aid future energy-efficiency initiatives.

During the last six months of the DOE grant period, Cadmus conducted interviews with program staff and with utility and lender partners. Table 1 summarizes the interviews conducted for this report.

Table 1. Interviews Conducted for Final Evaluation Report

Active Programs	Program Staff	Utility Partner	Lender Partner
Atlanta, GA	X		
Carrboro/Chapel Hill, NC	X	X	
Charleston, SC	X		
Charlotte, NC	X		
Charlottesville, VA	X		
Huntsville, AL	X	X	X
Nashville, TN	X	X	X
New Orleans, LA	X		

Cadmus limited this research to ongoing programs. As the final months of the grant period approached these programs had successfully overcome the initial challenges of designing the program, setting incentive levels, generating awareness, and training contractors. Most have shifted from a focus on program design and grassroots marketing to sustaining and strengthening their operations[1].

[1] The authors note that when sub-grantees were selected for BBNP funding, utility-sponsored energy efficiency programs in the Southeast were more limited in number and in scope than for many other BBNP grantees. Thus,

Four of the thirteen original programs closed before the end of the grant. Decatur's and Jacksonville's programs were viewed by SEEA as less likely to result in cost-effective savings from retrofits. The U.S. Virgin Islands struggled to generate uptake, and administering the program was more challenging than expected due to geographic distance. The Hampton Roads program was closed because of possible financial irregularities. These programs were not awarded additional funding by SEEA, and closed once they had used up their original funds. Table 2 shows the date of closure and retrofit accomplishments of the four closed programs.

Table 2. Closed Programs

Program City	Total Retrofits	Date of Closure
Decatur	54	Winter 2011
Hampton Roads	62	Winter 2011
Jacksonville	206	Fall 2012
U.S. Virgin Islands	2	Spring 2012

Atlanta's single-family residential program also closed, though new staff started working on the program in October 2012 to close out the existing applications and to operate a multifamily program. Because there was ongoing activity, the Atlanta SHINE program was included in our Phase II evaluation.

This report summarizes our findings, beginning with a summary of the program achievements as of April 2013 and design changes made. The remainder of the report focuses on lessons learned in:

- Developing effective program partnerships;
- Offering financing as a tool to promote program participation; and
- Program sustainability beyond the initial grant funding.

many SEEA BBNP sub-grantees needed to design brand new programs, and focused heavily on program design during the first year of the grant period.

Findings

Program Design Changes

All sub-grantees, except for Charlotte, which utilized BBNP funds to add to their existing commercial retrofit grant program, initially established their programs to include common design elements:

- A set of rebate options;
- A network or team of contractors;
- A marketing program;
- Reporting systems; and
- A quality assurance protocol.

Charlottesville, Charleston, Carrboro, Chapel Hill, and Huntsville used one entity to handle all program components. The Atlanta, Nashville, and New Orleans programs' were designed to capitalize on existing utility rebate programs. Each of these sub-grantees worked with the existing program to provide the following:

- Marketing for the utility rebate program (Atlanta, Nashville, and New Orleans);
- Additional incentives (Atlanta and Nashville); or
- Contractor network management (New Orleans).

Program managers all reported their programs achieved some level of success with the model they chose, with four of the nine nearly meeting or surpassing target numbers of complete retrofits, and generating momentum for energy efficiency in their areas. Table 3 and Table 4 illustrate the retrofit accomplishments of all programs in residential, multifamily, and commercial categories as of July, 2013.

Table 3. Residential Retrofit Total as of July, 2013*

Sub-grantee	Total Single Family Retrofits	Total Multifamily Retrofits (Units)	Retrofit Target	% of Target Complete
Atlanta	297	8	553	55%
Carrboro	10	19	104	28%
Chapel Hill	115	96	428	49%
Charleston	127	0	300	42%
Charlotte	N/A	490	200	245%
Charlottesville	1018	0	589	173%
Decatur	54		54	100%
Hampton Roads	62		100	62%
Huntsville	685		400	171%

Jacksonville	206		380	54%
Nashville	510		375	136%
New Orleans	129		317	41%

*These numbers are not final

Table 4. Commercial Retrofit Total as of April, 2013*

Sub-grantee	Total Retrofits	Retrofit Target	% of Target Complete
Carrboro	5	5	100%
Charlottesville	8	7	114%
Jacksonville	4	0	N/A
U.S. VI	2	3	67%

*These numbers are not final

In the grant's final months, the remaining nine programs altered incentive levels offered, narrowed the scope of their marketing approach, and began to rethink how they worked with contractors, based on their program's maturity and lessons learned during the early part of the grant period. For example, Huntsville staff reported that many participants chose to utilize only the window rebates. In an effort to encourage more whole-house retrofits, Huntsville WISE decreased the window rebates. The change only occurred in the last few months, but program staff reported that they believe it is encouraging installation of additional measures. Table 5 lists major changes the remaining sub-grantees initiated during recent months.

Table 5. Program Changes After February 2013

Active Programs	Incentives	Loan Product	Planned Status After BBNP
Atlanta, GA	Eliminated program incentives in fall 2012; continuing marketing Georgia Power rebates.	SEEA is considering shifting \$100,000 to \$120,000 into a support fund for a commercial PACE program in Atlanta.	Closing program.
Carrboro/Chapel Hill, NC	Discontinued incentives.	SEEA buy-down on loans no longer available. PowerSaver loans continue, but are not actively marketed.	Closing program; introducing a new program through a regional alliance.
Charleston, SC	Maintaining current incentives.	SEEA buy-down on loans no longer available. PowerSaver loans continue, but are not actively marketed.	Continuing program with private foundation funding at least through fall 2013.
Charlotte, NC	Continuing to offer grants only.	Charlotte continues to hold \$200,000 loan pool and has made one loan.	Continuing the program with outside funding.

Active Programs	Incentives	Loan Product	Planned Status After BBNP
Charlottesville, VA	Phasing out BetterBasics incentives out after BBNP funding ends.	PowerSaver loans will continue to be offered through the end of the PowerSaver period.	Continuing program with outside funding.
Huntsville, AL	Reduced incentives for windows.	None supported by SEEA funding.	Nexus Energy Center wishes to continue the program, but no firm plans established beyond expiration of State Energy Program (SEP) funds in September 2013.
Nashville, TN	Eliminated program incentives, continuing marketing Tennessee Valley Authority (TVA) rebates	Loan products with The Housing Fund will be offered at least through September 2014, marketed by Hands On Nashville. SEEA has authorized an additional $35,000 to be shifted from program administration to the loan fund.	Operating loan program only, through Hands On Nashville.
New Orleans, LA	Began offering additional incentives with BBNP funds in Spring 2013.	Loan product offered by Fidelity Homestead Savings Bank supported by loan loss reserve, and will continue past end of grant.	Currently, Global Green staff are working with Entergy-New Orleans to evaluate the possibility of the utility absorbing the marketing, outreach, and contractor network aspects of the program, currently managed by Global Green.

Partnerships

In the interim report, Cadmus observed that partnerships cultivated by sub-grantees enabled the programs to leverage the connections, skills, and resources of local organizations to quickly start their programs or to expand the breadth of their services beyond the organization's core competencies.

As programs matured, program managers in Nashville, Charlotte, Carrboro, Chapel Hill, Charlottesville, and New Orleans reported their most active partners now factored into the programs' long-term plans. In many cases, these partners shared a common goal or vision with the program (as discussed in a later section).

All eight program managers interviewed (with one program manager responsible for Carrboro and Chapel Hill) reported partnerships continued to be critical for program success: no program was fully self-sufficient. Programs most commonly partnered with local government and other community nonprofits, utilities, or lenders. Each sub-grantee program leveraged a partner's resources for funding, outreach, administrative support, or program infrastructure. Even though programs received funding that met their direct administrative and programmatic costs, all programs leveraged their BBNP funding (as required) by reaching out to local organizations and institutions, as described in greater detail below.

Local Government and Community Partners

While municipal departments operated programs in Nashville, Charlotte, and Atlanta, these and other programs explored ways to collaborate with other city offices or community nonprofits having a similar mission to further economic development and neighborhood revitalization.

For example, the Nashville Mayor's Office, which administered the city's program under BBNP, cultivated relationships with community organizations sharing a common vision: providing an energy-efficiency option for every homeowner in the Nashville area, regardless of income. The mayor's office worked with Hands On Nashville, a volunteer management nonprofit organization that already offered a low-income direct-install program, to win competitive grant funding and to market the Nashville Energy Works Program. In parallel, the mayor's office worked with The Housing Fund, a local community development financial institution (CDFI), to develop a loan product for low- and middle-income Nashville residents. As with Hands On Nashville, The Housing Fund goals naturally fit with those of Nashville Energy Works; Hands On Nashville was selected through an RFP process to assume program administration. The city transferred program management and loan marketing responsibilities to Hands On Nashville in May 2013.

City of Charlotte CB Retro staff reported that complementary funding opportunities offered by other city departments served as natural partners for the CB Retro grant because they encouraged grant applicants to maximize their energy- and cost-savings opportunities. For example, applicants to the CB Retro program often received funding from the Security Design Grant and Façade Improvement Grant programs, housed within other the City of Charlotte offices. The complementary programs also provided a model for CB Retro to learn from in redesigning its program after BBNP funds are no longer available. Program staff are considering revising the CB Retro program design to more closely match the Security Design Grant, which requires a property audit, during which time an auditor makes recommendations about energy-efficiency and property improvements.

Utilities

As utilities are relatively well-funded and have an interest in energy efficiency, they served as natural partners or sponsors for the sub-grantee programs. Even where utilities did not participate under a formal agreement, programs often leveraged utility program offerings.

However, programs experienced mixed success in working with their local utilities. The three utilities Cadmus interviewed reported primarily becoming involved with BBNP programs to leverage the programs to achieve their internal goals. Utilities reported the following perceived benefits in working with a sub-grantee program:

- Testing a pilot energy-efficiency retrofit program;
- Utilizing a grassroots marketing approach; and
- Accessing additional funds for marketing and incentives.

Where relationships worked well, utilities described communications with BBNPs as "excellent" and, at a minimum, a Memorandum of Understanding (MOU) guided the relationship. Partners interviewed in North Carolina and Tennessee cited the importance of taking the time to document each parties' role. Though agreements could be simple MOUs, and not necessarily binding, they served to clarify expectations for both parties.

Where relationships did not work well, the utility staff Cadmus interviewed noted that they felt BBNP program staff did not understand the utility and did not communicate effectively. In one instance, utility staff described disagreements over the relationship's purpose as well as over roles and responsibilities, resulting in eventual dissolution of the relationship. The utility staff thought this might have been avoided with a written agreement between utility and sub-grantee, noting: "It's got to be on paper to lay out expectations. Everything kept changing and that makes us uncomfortable." Another utility representative reported that even when the utility and the program tried (unsuccessfully) to clarify each party's role, absence of a formal agreement resulted in limited commitment to the relationship.

In our interim report from April 2013, Cadmus noted that changing guidance from the DOE made it difficult for sub-grantees to adapt, given the time horizon in which sub-grantees were expected to perform. The changes were also a challenge for the utilities. Two of three utility staff interviewed reported frustration with the programs for frequently changing their requirements. Utility staff at one institution cited this as an obstacle in developing a relationship with the program. According to one utility representative: "Requirements for the grant were not communicated well by DOE to ground level. That created problems between [the program] and [the utility]. Perceptions were that [the program] changed what they wanted, but really it was DOE." Due to their size and decision-making structure, utilities generally could not adjust as rapidly as sub-grantees to meet changing requirements.

Another utility noted the different reporting requirements presented a particular challenge: "We had a way to track [activity], [but the program] kept on asking additional questions. We had to produce multiple reports with different filtering, and then cross-check to make sure they were accurate. Tracking back specifically was difficult."

Some utility relationships simply took a long time to establish. New Orleans probably provided the best example of this. Over the course of several months, NOLA WISE staff managed to transform an initially cool relationship with the area's major electricity provider in the area, Entergy. Working closely with Entergy, the state regulator, a city council person, and SEEA, New Orleans WISE redesigned its program to mesh with the Entergy model rather than the state tax credit, and offered additional incentives, such

as residential and commercial loans. It now operates the Entergy call center, and is in discussions regarding the possibility of Entergy absorbing the NOLA Wise program in Spring 2014.

Contractors

As noted in the interim report, contractors played an important role in marketing programs and in completing energy-efficiency upgrades. Contractors still serve as the primary marketing channel for all programs, excepting Charlotte and Nashville. Programs in Huntsville and Charlottesville, however, have expanded the involvement of other market actors, such as appraisers and real estate agents.

Some programs have found they provide significant value to contractors, such that contactors will pay to participate in their program. In Charlottesville, LEAP staff are planning to introduce a set of fees for contractors in the coming months, including an annual fee, a per project fee, and a lead generation fee. Huntsville program staff are considering asking contractors to contribute to an annual fee that covers the marketing and lead generation services of the Nexus Energy Center.

Program staff reported other recent changes:

- NOLA WISE experienced turnover in its small contractor network when the program fired a contractor not meeting customer service expectations. The program continues to seek ways to improve the level of customer service and trust offered by the program's contractors—a central feature of the NOLA Wise program.
- In Charlotte, program staff reported developing an audit requirement to provide education around energy efficiency as well as better estimations of energy savings. The program seeks an outside party to serve as auditor, but has not yet identified this partner.
- Through their SEP funding, Charlottesville and Huntsville have conducted educational seminars for realtors and appraisers. Charlottesville reported that realtors have shown interest in learning about energy-efficient homes, but have not generated many program participation leads.

Using Financing for Program Promotion

One of the most anticipated experiments in the BBNP was the introduction of specially targeted financing products to reduce barriers to energy retrofits. Several sub-grantee programs in the Southeast Consortium successfully worked with local lenders offering a complementary loan product, often in exchange for the program assuming some risk through a loss reserve or other mechanism. Cadmus' interim report discussed these loan products in greater detail. This report takes a more in-depth look at the outcome of providing a specialized loan product in terms of promoting retrofits.

Among the programs that established lending programs earlier, Charlottesville continues to maintain a strong relationship with its lender partner, and the loan product in Jacksonville continues to be available, despite the elimination of the interest rate buy-down funding. Other programs added new options mid-way through the grant period. In Huntsville, Abundant Power launched its loan product, supported by a loan loss reserve from the State Energy Program, in March 2013, and seven participants have already used the loan product. Program staff reported their encouragement from what they considered a promising start. Nashville's lending partner is still hopeful that their specialized product, targeted to low- and middle-income families, will begin to see greater uptake once the transition of program administration from the Mayor's Office to Hands On Nashville is complete.

Lenders, unlike most utility partners, joined the program with a strong sense that the relationship could provide them with one or several well-defined benefits. Lenders joined to:

- Take advantage of subsidies;
- Branch into new markets;
- Provide additional services for their members (in the case of credit unions); or
- Add services complementary to their mission (in the case of CDFIs).

Lenders Cadmus interviewed reported mixed success from their participation. In several of the final interviews (as well as interviews in the earlier evaluation research), program staff and lenders noted disappointing loan program results to date. NOLA Wise program staff reported approximately 15% of participants utilized the loan option offered by Fidelity Homestead Savings Bank. According to program staff, the bank expected a higher participation level, and expressed disappointment with this participation. Program staff in Nashville, Charleston, and Chapel Hill expressed similar feelings about their loan products. While results may not be at the level hoped or expected, the number of retrofits financed is not inconsequential. Because not all programs track loan data, we are unable to provide exact numbers, but across all sub-grantee programs, retrofits financed through a related loan program are estimated at between 100 to 200 loans.

Notably, all lenders are nonprofit organizations, except for Abundant Power and Fidelity Homestead Savings Bank. Though a for-profit organization, Abundant Power is highly specialized to operate in the energy-efficiency sector. SunWest established PowerSaver programs in Charleston and Carrboro/Chapel Hill, but due to no lending activity, SunWest returned the loan loss reserve funds to SEEA in May 2013. Although these are also a subsidized loan product, program staff does not have established relationships with the lender, and report little to no marketing activity.

Even when lenders are willing to create and offer a loan product, they are often not willing to invest in marketing the product until the market is proven. Program staff in Nashville, New Orleans, and Huntsville reported their lender partners did not want to be involved in the product's marketing, shifting the full responsibility to the programs. This unwillingness to take on a marketing role has contributed to a deteriorating relationship between NOLA WISE and Fidelity. North Carolina program staff report they have not communicated with the SunWest programs, nor have they seen promotion and little engagement with contractors (contractor outreach has been sub-contracted to EGIA).

Energy-efficiency loan products in Charlottesville, Huntsville, and Nashville appear to be the most successful or poised for success. These programs gain longevity from:

- Dedicated loan loss reserves that cover some risk as the market develops;
- Established lenders with a mission or expertise related to program goals; and

- Strong relationships between program and lender staff.

Sustainability Planning

The end of BBNP funding presents a significant challenge for most of the nine remaining programs. BBNP has created entire organizations, paid for new staff positions, and made generous, attention-getting incentive packages possible. No programs have found the means to secure funding at the level provided through BBNP, either through their own revenue generation activities or through outside sources; hence all programs must adjust. Charlotte once again presents the exception, as the BBNP provides only a small part of the program's overall funding.

As each program faces a unique set of circumstances, each is adjusting in a different manner. Some programs are reducing incentives, eliminating staff, and shifting tasks to other organizations. Others are expanding to access new revenue or funding sources or to merge with other initiatives.

Funding

Government agencies at the regional and statewide level have emerged as a continuing source of funding for some programs. Government grants will allow at least four programs to maintain their operations:

- As LEAP received a grant through the SEP program shortly after receiving the SEEA grant, it has planned assuming an extended duration of grant funds. In partnership with the two other SEP-funded programs in Virginia, LEAP recently won additional grant monies from the Virginia Department of Mines, Minerals, and Energy to operate a state-wide program.
- Nexus Energy Center, which implements Huntsville's program, also has funding through SEP, which will continue to fund that program for another year. Funding provided through SEP helped establish an energy-efficiency loan product which made seven loans in less than three months.
- Sustainability Institute, the implementer of the Charleston program, received a grant in early 2013 from the cities of North Charleston and Charleston to maintain its program and expand its boundaries.
- Charlotte's program has always been mostly funded by other government grants, and will continue to have funding for the near future.

These additional grant funds have allowed these programs to continue their program operations somewhat intact, though Charleston has phased out rebate incentives.

Two programs reported they would have liked SEEA's assistance in developing program marketing pieces to be shared with potential funders, including a sub-grantee's own city council. Both program managers interviewed identified situations where it would have been helpful to reference earned media in a national publication to tell the story of SEEA BBNP accomplishments within a national context, and to enable sub-grantees to seek additional partners or funding in their areas.

The City of Charlotte manages its own funding, but does so as a pass through entity, serving, essentially, as a grant-making body. Though it will continue in this role, counter to what other government-programs are doing, Charlotte plans to add an auditor service to its program.

In addition to leveraging regional and grant funds, program managers in Charlottesville, Charleston, and Huntsville seek to generate their own funding by charging fees for services. LEAP has developed one of the more comprehensive plans, identifying several services for which it may charge fees:

- A participation fee;
- A per-lead fee; and
- A per-project fee.

Huntsville has drafted an agreement with Abundant Power to collect a per-loan fee of 1%, an arrangement similar to the administrative fee Nashville would collect from loans made through the Housing Fund energy loan, and is considering an annual participation fee. Charleston offers audit services for a fee.

BBNP grant funding requirements did not allow fees; hence the viability of these models cannot yet be known. While fees may cover some program costs, program staff do not expect fees to cover all costs. Similarly, in Huntsville, the loan program made possible by SEP funds is so new that it may not generate significant funds for some time, and the program seeks additional grants opportunities to provide the bulk of its short-term administrative funding.

New Business Models

Most sub-grantees initially established their programs to include common design elements discussed in the *Program Design Changes* section of this report. This all-encompassing model offered several advantages for starting up complex programs, such as allowing all program elements to be developed relatively quickly, with minimal negotiation, in a cohesive manner, and to be presented to market with clear and consistent messaging.

However, the model also puts considerable stress on the organization to maintain capacity and a large, long-term revenue stream. To make services more sustainable over time, program staff found ways to restructure their programs. Often, this has required eliminating services or shifting them to other organizations. Occasionally, programs have absorbed services offered by other organizations to streamline delivery for both groups. Table 6 presents summarizes how each program model has changed, followed by more detailed discussion of the changes.

Table 6. Sustainability Strategy

Program	Closing Down	New Management	Reduced Scope Of Programs	Expanding Services	Expanding Geography	Use of Fees
Atlanta, GA	X					
Carrboro/Chapel	X	X	X			

Hill, NC						
Charleston, SC				X	X	X
Charlotte, NC				X		
Charlottesville, VA				X	X	X
Huntsville, AL			X		X	X
Nashville, TN		X	X			X
New Orleans, LA		X (not finalized)			X (not finalized)	

Government Management

Direct government management of program activities has not proven a sustainable model. During the Southeast Consortium's initial phase, many government agency sub-grantees sought to administer their own programs directly. Over the first few months, however, Chapel Hill/Carrboro, Charleston, and Decatur transferred some or all program administration to a third party with more direct experience in grassroots outreach or energy efficiency. Only Atlanta, Nashville, and Charlotte operated by a municipal department for the entire grant period.

In BBNP's final months, municipalities' roles as program managers are reshaped or phased out:

- Atlanta is shutting down its program completely.
- Nashville transferred program administration to a local nonprofit organization.
- Carrboro/Chapel Hill are closing out their current activities, resulting in the end of the cities' formal involvement in the programs. CESI, the program implementer, is in talks with Advanced Energy and others to establish a regional alliance to carry forward certain program aspects of the program, but plans have not been finalized.

Again, Charlotte proves the exception, where city managers never undertook daily management of a traditional, multifaceted energy program. Rather, they simplified the process, requested proposals for projects to achieve energy savings, and limited their role to reviewing project specifications and allocation and oversight of funds—typical functions for a government agency. Unlike other government agencies, Charlotte hopes to continue its program in a similar manner, assuming it receives anticipated funding from the City. Charlotte program managers plan to become more involved in the details of the projects they fund by contracting with an energy auditor to review proposals, assist contractors, and, they hope, provide more energy-efficiency education to applicants through the process.

Expanding Programs

Programs with additional outside funding beyond the SEEA BBNP will be able to carry on their administrative functions. LEAP used new funding to expand its territory through partnerships with other Virginia community programs. By serving a larger customer base, the program expects administration costs to represent a smaller proportion of the budget, allowing more funds to be dedicated to incentives, marketing, contractor training, and other services. The program also worked with the UVA CCU, its lender partner, to extend financing to its BetterBasics customers.

Sustainability Institute also anticipates receiving new grants funds, provided by the cities of Charleston and North Charleston. They plan to expand to the surrounding county, fitting the program more logically with the metro area. This will aid the region's contractors in marketing the Sustainability Institute-administered program, as they will be able to offer it to more customers.

Both Charleston and LEAP noted some structural changes would have happened earlier, but were prohibited under the terms of the BBNP grant: LEAP would have instituted boundary changes and a fee structure, and Charleston would have expanded its territory.

Reduction and Transfer of Services

For programs not receiving outside grant funding, more expensive services must be cut back or shifted to an organization willing to take them on. Due to their expense, rebates often are one of the first services cut. Not only must a program provide rebates, but their administration requires extensive processing, data tracking, and customer support.

If a program eliminates its own rebate offer, it can focus on driving people to the existing utility rebate program, achieving a dramatic savings in staff time and money. In other cases, utility rebates may not be available.

- For Charleston and Nashville, rebate reductions prove logical and manageable, either because the local utility already provides meaningful rebates, or because the program rebates, even at a reduced level, have not discouraged participation.
- Charlottesville maintains funding to continue providing a reduced rebate amount, as the area experiences small, infrequent utility rebates.

Some programs plan to retain less costly aspects, such as workforce development or grassroots outreach and marketing. Programs maintaining their outreach roles look to partner with area organizations conducting similar missions, in an attempt to add force to their outreach efforts in the absence of expensive marketing tools (such as rebates). Huntsville partners with the Cornerstone Initiative, an organization with strong ties to individual neighborhoods. NOLA WISE has been reaching out to organizations provide water management services.

Organizations that are shifting services, such as the municipal sub-grantees, do not have funding available to offer potential partners, such as CESI. Therefore, they must rely on relationships with organizations with similar missions to operate the service. Hands On Nashville is interested in the program design, because its mission is to support projects benefitting the community. Chapel Hill/Carrboro is also looking for a partner with a parallel mission to pick up where the cities leave off once they have closed their BBNP operations.

Conclusions and Recommendations

Partnerships

- During the early part of the grant period, partnerships helped provide cities with expertise, connections, brand recognition, and a community foundation. Other nonprofits, the real estate community, and economic development and housing agencies clearly can play important roles.
- Utilities Cadmus interviewed offered differing perspectives regarding whether or not sub-grantee programs added value to their efforts. New Orleans is the only program that can attribute direct influence in utility program offerings (not performance), where Entergy began requiring Building Performance Institute (BPI) certification for its contractors after Global Green began requiring the training.
- Where present, formal agreements clarified expectations, roles, and responsibilities. Agreements also served to lay the groundwork for commitment to a relationship or cause that helped partners undergo unexpected challenges.
- Utility partners referenced changing program requirements as a challenge in fostering communication and trust between utilities and programs. In the interim report, contractors expressed similar concerns.

Recommendations

1. For future partnerships, SEEA should consider providing a prototype MOU and assisting sub-grantees in developing MOUs or other written agreements to help establish expectations.
2. SEEA should also develop protocols for setting expectations and effectively communicating changes in program requirements to contractors, utilities, and other partners.

Using Financing for Program Promotion

- Determine whether loan products offer useful tools for promoting energy-efficiency upgrades has proven difficult. Lending results vary by program, data was not readily available, and, for some programs, loan products have not had a full year to ramp up.
- Lenders continue to offer energy-efficiency loan products, but several do not market them, and program staff and lenders believe that marketing is needed to generate interest.
- The reluctance of lenders to spend money on marketing the loan product may be due to the lenders perceived high risk in offering these new products, despite subsidies from BBNP. While subsidies help lenders offset the cost of capital and defaults, lenders still must cover their administrative costs. To maintain lower interest rates than they would normally offer, lenders need a high volume of customers. Going forward, if loan volumes do not increase, some programs may shut down, despite dedicated loss reserves.
- Financing did not drive participation as much as expected, with only two programs reporting strong response (Jacksonville, Charlottesville). New Orleans experienced average participation (15%), while Nashville did not have any participation. Most lenders, with high expectations of

loan volumes, did not feel their expectations had been met. Despite the perceived lack of performance, most loan products will outlive the BBNP grant funds.

- Where loan products persist and succeed, financing may provide a potential revenue source to fund other program activities.

Recommendations

1. Any financing program should be evaluated over at least three full years of implementation. Though programs eventually must demonstrate their value, lenders are willing to grant them overlong start-up periods, provided they receive subsidies or have their risk mitigated.
2. Programs should consider marketing of loan products, and not rely on the lender. Though low-cost to an organization with established communication networks, local, community-based promotion of an energy efficiency loan product can be a valuable service to a lender. SEEA could assist programs with examples of terms for obtaining a small fee or loan percentage to support their marketing activity.

Sustainability Planning

- The most common program model, integrating nearly all program components under one roof, though effective as a start-up, proved unsustainable without large amounts of external funding. Program sustainability appears more driven by the depth of partnerships and the diversity of funding than program structures or rebate amounts.
- As noted in the interim report, SEEA continued to serve an important regional policy support role by creating and leveraging relationships, partnerships, and agreements that sub-grantees would find difficult to effect on their own. SEEA's assistance in resolving issues between sub-grantees and lender and utility partners has played an instrumental role in establishing a foundation for program sustainability for a few programs (particularly in New Orleans).
- Several program managers identified situations where it would have been helpful to have supporting media that demonstrated Southeast Consortium accomplishments to potential funders, partners, or a city council. They had hoped SEEA could attract national media attention that could raise the profile of each city's accomplishments and provide perspective on what each BBNP has achieved in comparison to other innovative cities.
- Government agencies proved ill-equipped to manage complex programs on a day-to-day basis if such actions fall outside their usual routines and capabilities of their systems. They can, however, provide funding and oversight to others better suited to manage operations, and provide a valuable city endorsement for prospective customers.
- As administrative funding streams become exhausted, programs can consolidate to use available funding more efficiently. One administrative organization can cover a large footprint with little added cost.
- Smaller organizations without outside funding can best manage a single, low-cost activity, rather than supply a great deal of diverse expertise. Less expensive activities, such as maintaining a

contractor network, can provide revenue to support the organization. Marketing and outreach for loan products can also be a for-fee service.

- Diverse program services can be maintained by separate organizations and still work cohesively. Allowing small organizations to focus on grassroots marketing, while a utility contributes rebates, marketing, and maintaining a contractor network, and a third-party lender contributes a funding product, allows each organization to leverage its own expertise, keeps all parties involved, and allows each organization to operate at a scale with which it is comfortable.

Recommendations

1. Programs should continue to seek partners and to leverage existing partnerships. Rather than assuming they cannot continue without grant funding, grantees should look for partners to take on critical tasks and for organizations to contribute to outreach.
2. Programs should consider their services' monetary value, and evaluate ways in which the programs can collect fees to maintain operations.
3. SEEA should continue to identify strategic areas where it can support local programs, such as utility relationships, financing, and regional policy issues.
4. SEEA could work to attain earned media by publicizing the efforts of sub-grantees (even after BBNP funding has expired) to assist programs in telling their story to potential partners, funders, or even a city council.