

## BluEcon Project Management

Managing Green Economy Projects During Difficult Economic Times

Gregory Sills, Project Manager

# Green Opportunities, Inc. (GO) How Equitable Funding Created Green Jobs

Achieving Equitable Financing Workshop

Strategies to Empower Community Organizations

Charlotte, NC

February 2, 2011

GO: From Equitable Funding To Green Jobs

Early Peek At Our Analysis On How  
We Created Jobs

**Mini-Case Study # 1**  
**The 2010 HACA Weatherization**  
**Project**

# GO: From Equitable Funding To Green Jobs



Asheville GO



# GO: From Equitable Funding To Green Jobs



GO Energy Team



- **A GO-owned and operated “microenterprise”** designed to provide energy-related training and employment opportunities for our target audience
- **Provides low-cost (or free) energy audits** and weatherization services to community members

# GO: From Equitable Funding To Green Jobs

**Funding, Financing  
Recruiting, Training, Supervising  
Green Collar Work Crews**

**GO Experience in Weatherizing 1,121 public  
housing units in 2010**

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## 4 Players

**EEC (Energy & Environmental Consultants, Inc)**

**GO (Green Opportunities)**

**HACA (Housing Authority of City of Asheville)**

**Siemens AG**

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## Roles & Relationships

**HACA (Housing Authority) = Client**



**Siemens AG = Prime GC in Germany/Atlanta**



**EEC = 1<sup>st</sup> Tier SubContractor in Maryland**



**GO = 2<sup>nd</sup> Tier SubContractor in Asheville,NC**

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## Roles & Relationships

HACA (Housing Authority) = Client

**RED** ↑

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**FLAG** ↑

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***“MO” Modus operandi***

HACA: ***HUD Section 3 Requirements, Budget***

Siemens AG: ***Efficiency / Maximize profit per unit  
contracted***

EEC: ***Efficiency / Access local ‘Labor Ready’ Temp Labor***

GO: ***Change Lives, Create Opportunity, Provide Support***

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## Financial Resources

**HACA:** HUD ARRA Weatherization

**Siemens AG & EEC:** Standard for-profit contracting

**GO:** Community Development Block Grants,  
State 'Restricted Support', EEC Contract,  
Bank Line of Credit (LOC), CDFI Loan  
DOL Pathways from Poverty Grant.

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## **GO Financial Resources**

### Per Accounting Rules

- Community Development Block Grants (ARRA boosted)
- State Restricted Support
- Bank Line of Credit secured by contract receivables

### Also Leveraged :

- DOL Pathways from Poverty Grant
- NCIF (Capital Fund) Loan secured by contract
- DOE Weatherization Assistance Program (WAP-ARRA boosted)

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## Outcomes

- ✓ 5 months of negotiations/planning
- ✓ May through November 2010
  - 28 community resident hired into work crews
  - \$98,000 in direct wages paid (B4 taxes)
  - 1,121 public housing units weatherized
  - \$177,500 in overall HACA contracting

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## Outcomes

- ✓ May through November 2010
  - 28 community resident hired
  - \$98,000 in direct wages paid (B4 withholdings)
  - OTJ Training provided
  - 28 residents earned paychecks
  - Intake & Case Management provided
  - Cross-Placements: GO TT, GO ET WAP, ABCCM

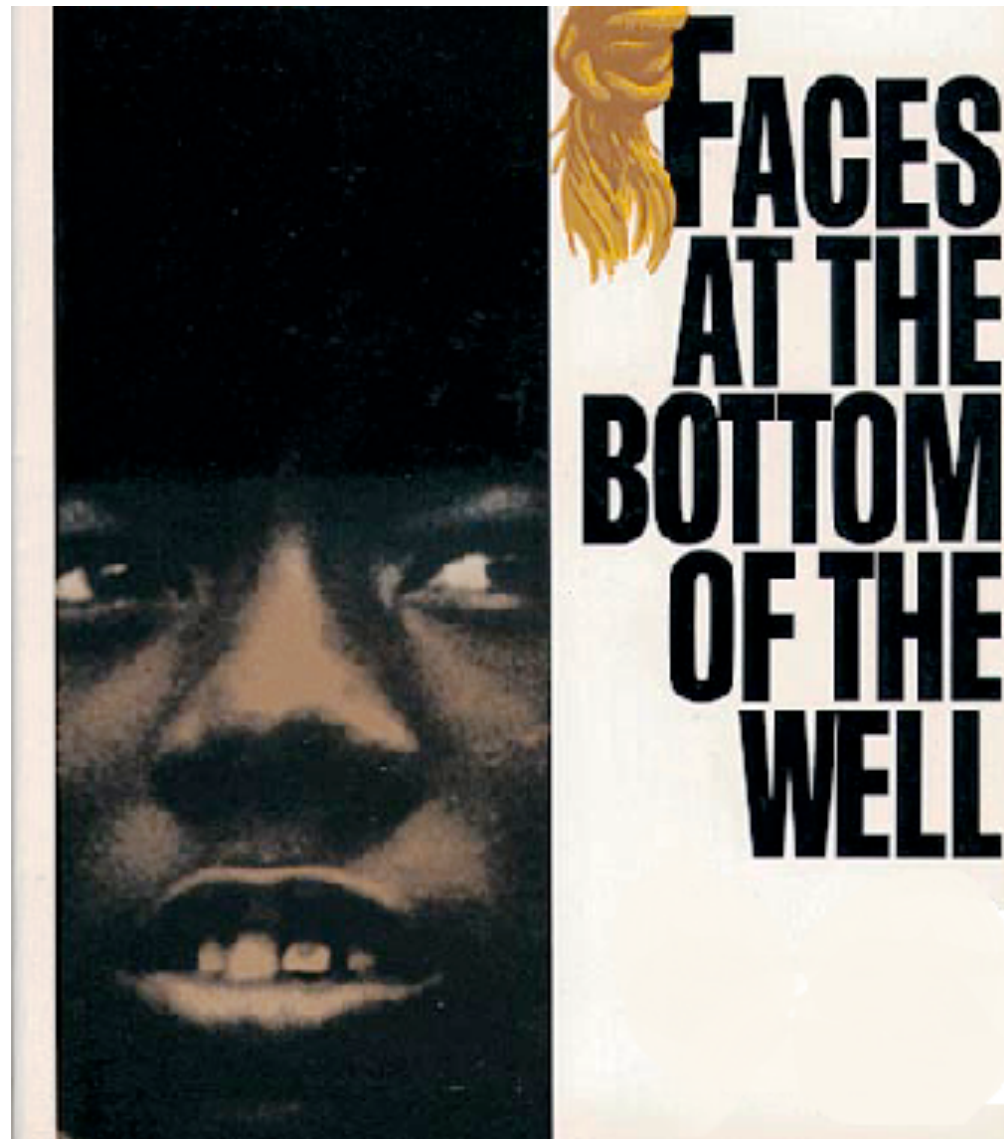
# GO: From Equitable Funding To Green Jobs

28 HACCA Crew Members – Intake Assessments

Barriers to Employment

11 categories tracked

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## GO: From Equitable Funding To Green Jobs

28 Crew Members – Intake Assessments

84 aggregate barriers based on 11 categories of  
Barriers to Employment

Most Common Barrier: Status as Ex-Offender (19)

Next Common Barriers: No Access to Car/Bus (13)

No Drivers License (12)

Least Frequent Barriers: Basic Literacy & No Access to  
Childcare (0); Lacking Stable Housing (3)



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## **Barriers to Employment**

**28 HACA Crew Members**

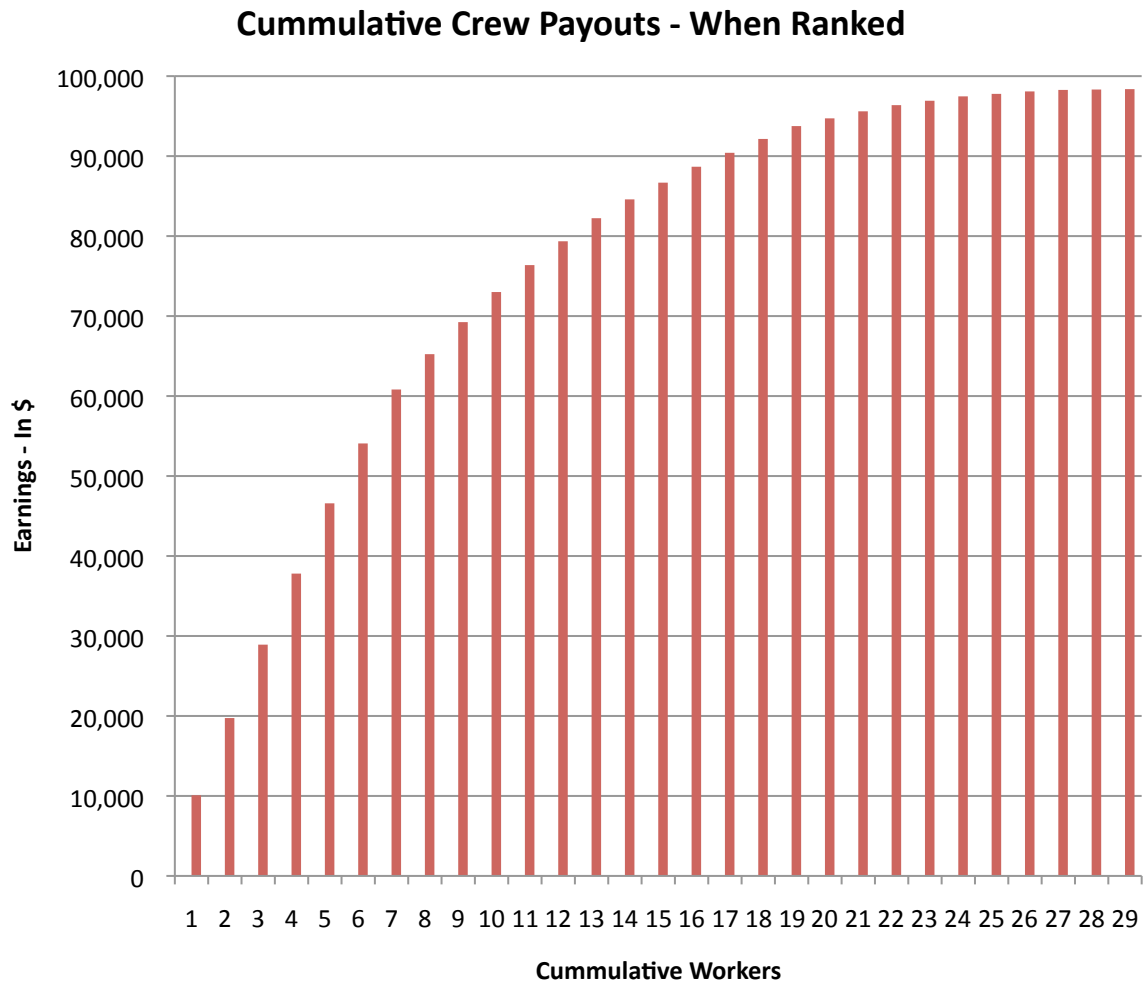
**Compared to**

**95 non-HACA GO members (2008-2011)**

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	<b>HACA</b>	<b>Non-HACA</b>
<b>Ex-Offender Status</b>	<b>66%</b>	<b>48%</b>
<b>No Access to Car/Bus</b>	<b>45%</b>	<b>24%</b>
<b>No Drivers License</b>	<b>41%</b>	<b>43%</b>
<b>Financial Literacy</b>	<b>38%</b>	<b>30%</b>
<b>Access to Healthcare</b>	<b>38%</b>	<b>22%</b>
<b>Lack Work Experience</b>	<b>21%</b>	<b>22%</b>
<b>Lacks GED/HS Diploma</b>	<b>20%</b>	<b>17%</b>
<b>Probation/Related</b>	<b>14%</b>	<b>17%</b>

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## Total Contracts for HACA Work

### Income

Weatherization Services: \$177,500

### Expenses:

Worker Wages & Stipends \$100,000

Insurance, job supplies, etc \$38,000

GO Staff & Consultants \$45,000

Net: (Accounting) \$- \$5,500 LOSS

GO Staff receive no benefits; most staff meet income rqrmts for LIHTC or Section 8 housing.

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## **Best Practices - Begin Project Planning Early** *preliminary*

Avoid 'Labor-Ready' model-based contracting when training is required

Secure 'Mobilization Fee" to avoid severe cyclical cash flow

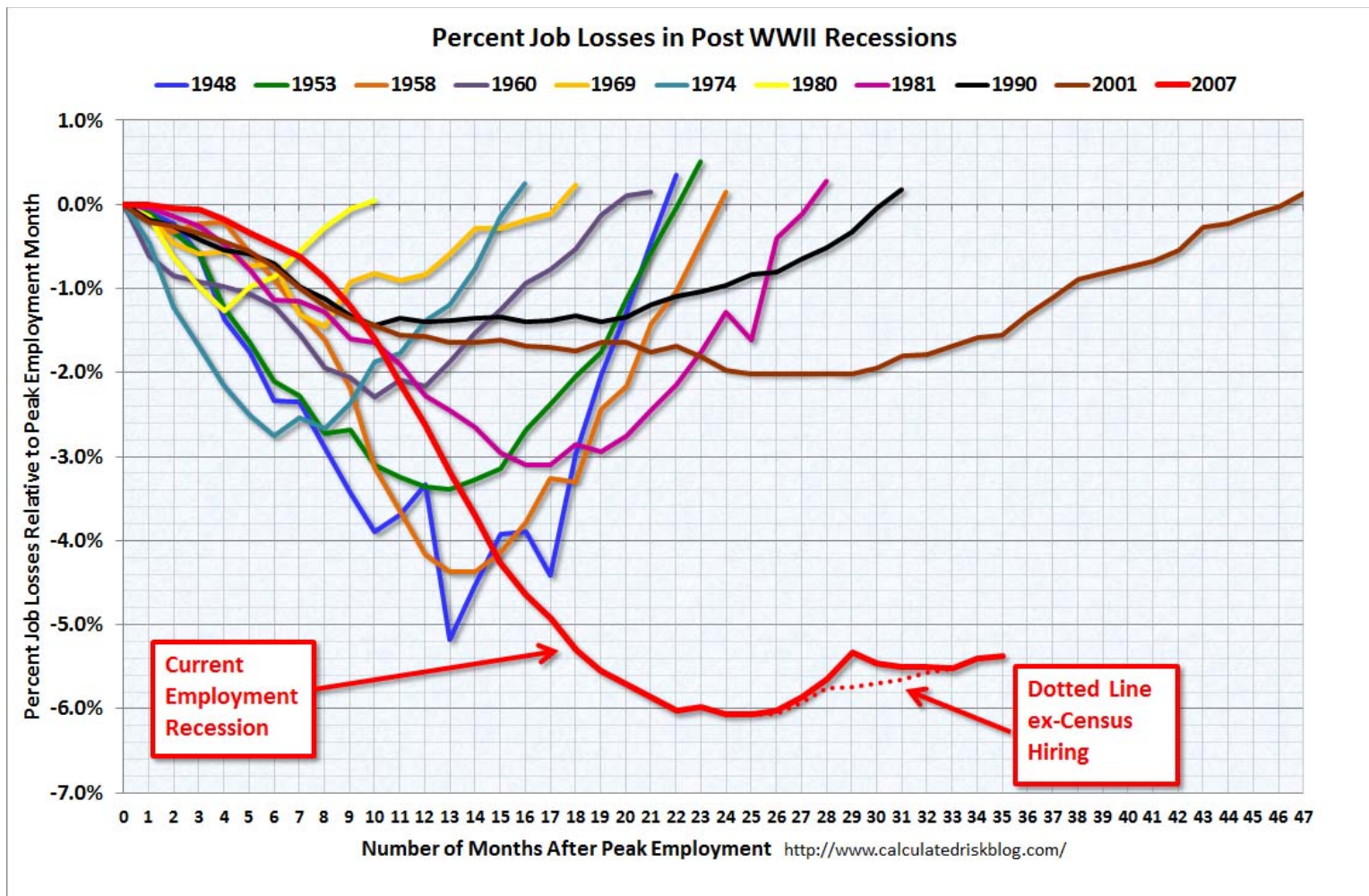
Pursue Most Flexible Funding

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- What Happens Next For The HACA Work Crews?
- How Can Funding Be More Socially Equitable?
- Insights for HUD, EPA , Dept of Transportation, DOE, DOL, and other federal agencies
- Insights for Local Government
- Insights for Community Revitalizers

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## The Economy Intrudes for At-Risk Communities



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## **For At Risk Communities**

**No sustained job growth for the foreseeable future.**

**GO was blindsided by .. but is adapting to:**

NO Recovery in Business Sponsorships of Apprentices

NO Recovery in Local Green Building (Single homes)

NO Jump in market demand from HOME STAR Energy

Retrofit Act of 2010

NO Jump in market Demand from proposed local P.A.C.E.  
model

NO Financing tool for homeowners/facilities to seeking  
energy retrofits

NO Recovery in conventional home construction

NO Recovery in real estate lending



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## To Help Communities Replicate GO's Green Collar Job Successes

Maximum Transparency on Status of Public Funding Sources:  
Always Publish History on Dollars Awarded / Dollars Requested, Ratios  
Allows Practitioners to Judge Their RFP/Grant Bid Bets

Anticipate the Costs of Removing Barriers to Employment

Better Educated on Economic Conditions in 'At Risk' Communities

Better Educated on Funding Flexibility To Meet Job Creation

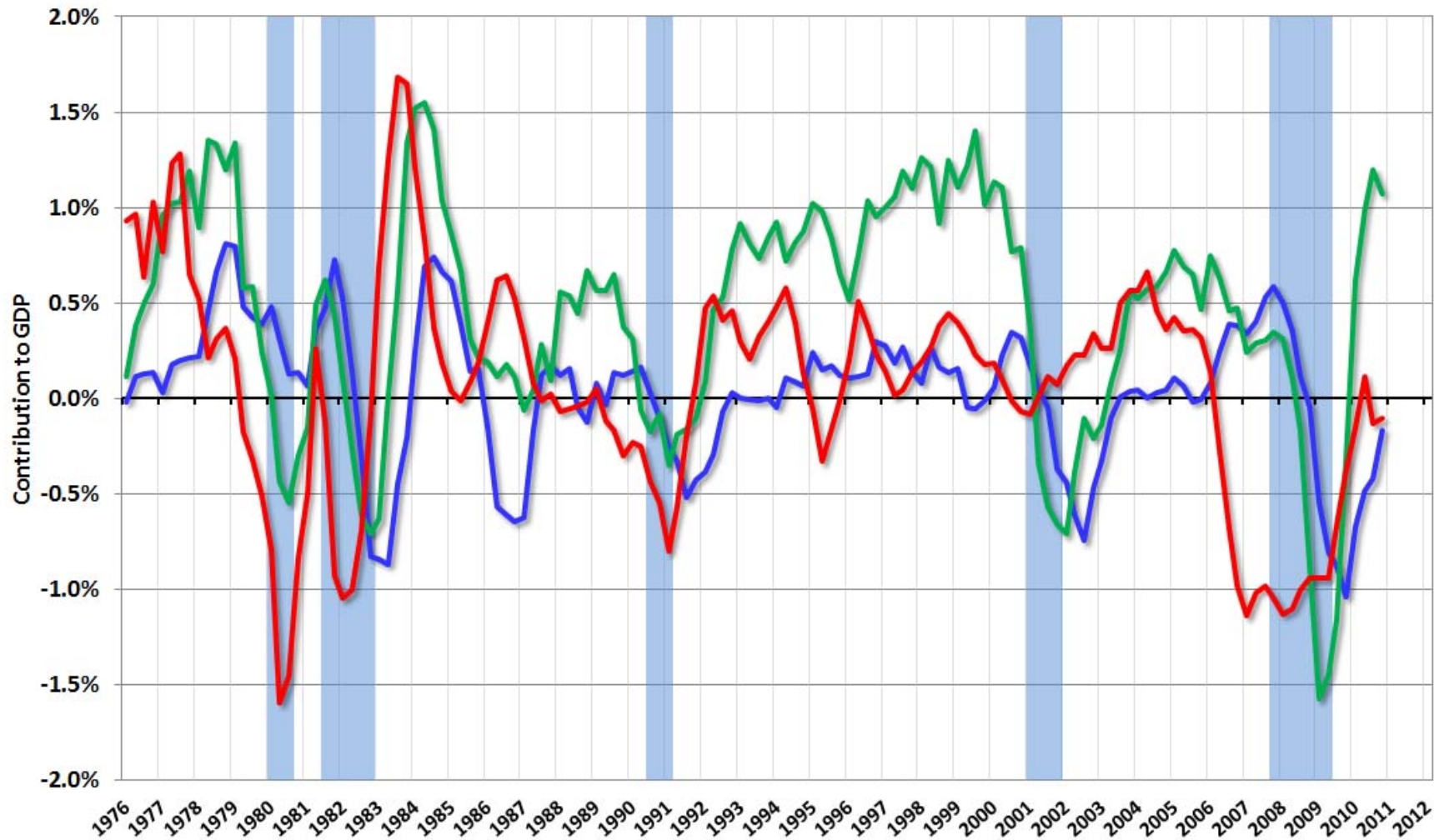
More Pilot Projects & Demonstration Projects Create Data & Practices

GO \$900K budget: Contracting, Certified Training, Social Enterprise, MZN, MHO, Reid – 10-fold in 20 months!

**GO & SCALABILITY: More Flexible Funding for Capacity Building**  
**SCI 2010 Missed Big Opportunities**

### Investment Contributions to Percent Change in Real GDP, Rolling 4 Quarters

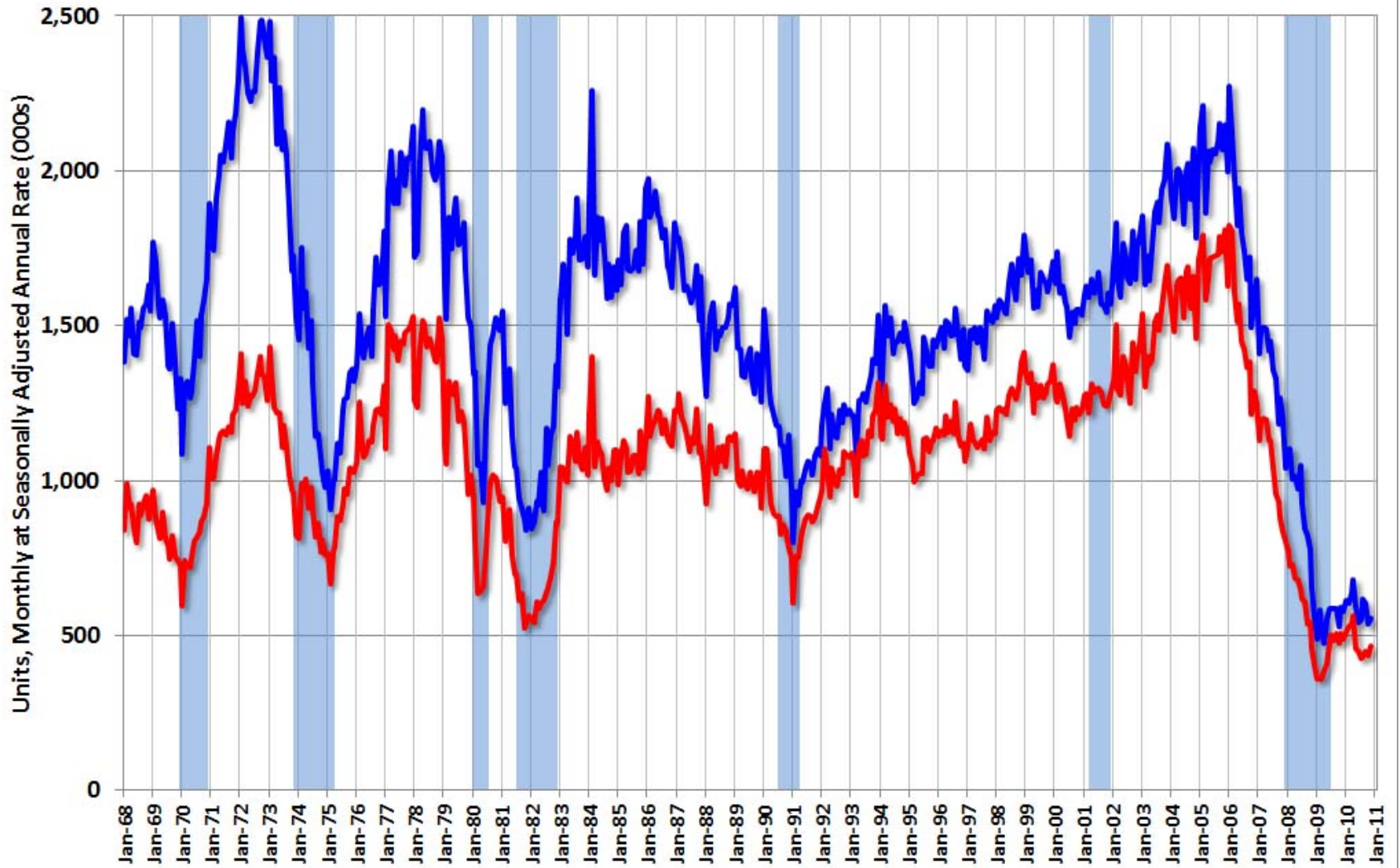
Recessions    Nonresidential Structures    Equipment and software    Residential



<http://www.calculatedriskblog.com/>

### Housing Starts: Total and One Unit Structures

Recession Total Starts One Unit Structures



<http://www.calculatedriskblog.com/>

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## **To Help Communities Replicate GO's Green Collar Job Successes**

Maximum Transparency on Status of Public Funding Sources:

Allows Practitioners to Judge Their RFP/Grant Bid Bets

Due Diligence on Scalability-Flexibility of Funding

PLUS....

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Three key lessons emerged from MIT CoLab's research on Impact of ARRA Funds:

1. **Many city governments are using the stimulus money to cover budget shortfalls** rather than to develop meaningful partnerships and projects that could jumpstart a green economy.
2. Agencies that are receiving federal stimulus money through preexisting federal grant processes have **few incentives to partners with community-based organizations**, and this lack of collaboration makes it less likely that their projects will have wider impact.
3. Competitive grant applications that were **not built off of existing federal grants** and that were **open to community-based organizations**, like Pathways out of Poverty, **provided opportunities**.

<http://web.mit.edu/colab/work/LTSMemo.pdf>

Community Innovators Lab – “Leveraging The Stimulus”

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To Help Communities Replicate GO's Green Collar Job Successes  
In At-Risk Communities

## **Do Your Due Diligence!**

### **Understand/Challenge/Improve**

Job Forecasts from proposed projects

Performance of Workforce Boards

local employers as advisory councils

Leveraging funding from banks, CDFIs, credit unions

Congressional & state legislative support

Understand the local budget environment

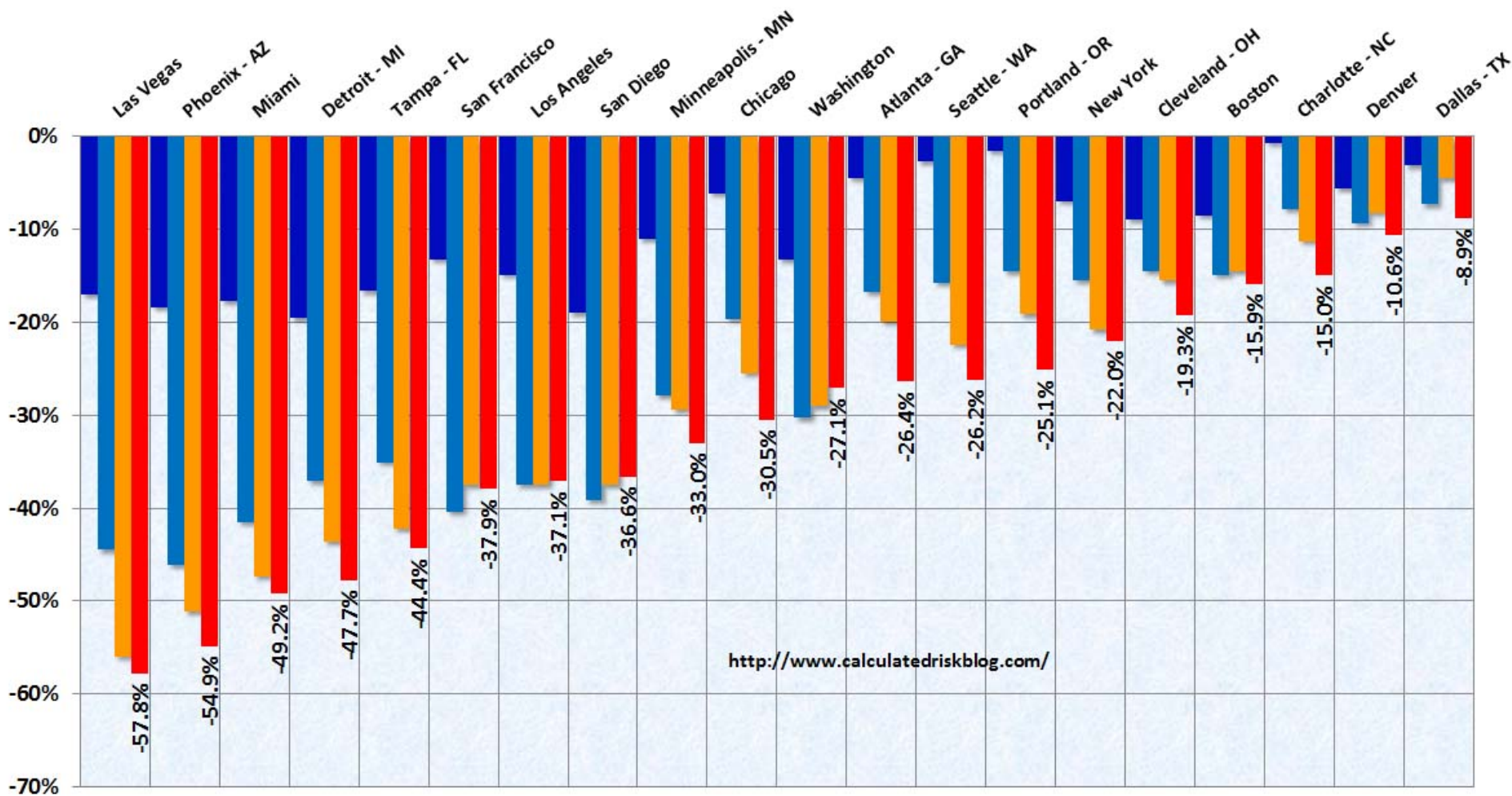
Via Due Diligence: Avoid Weak Partners / Struggling

Banks/ Desperate ravenous local govt coffers

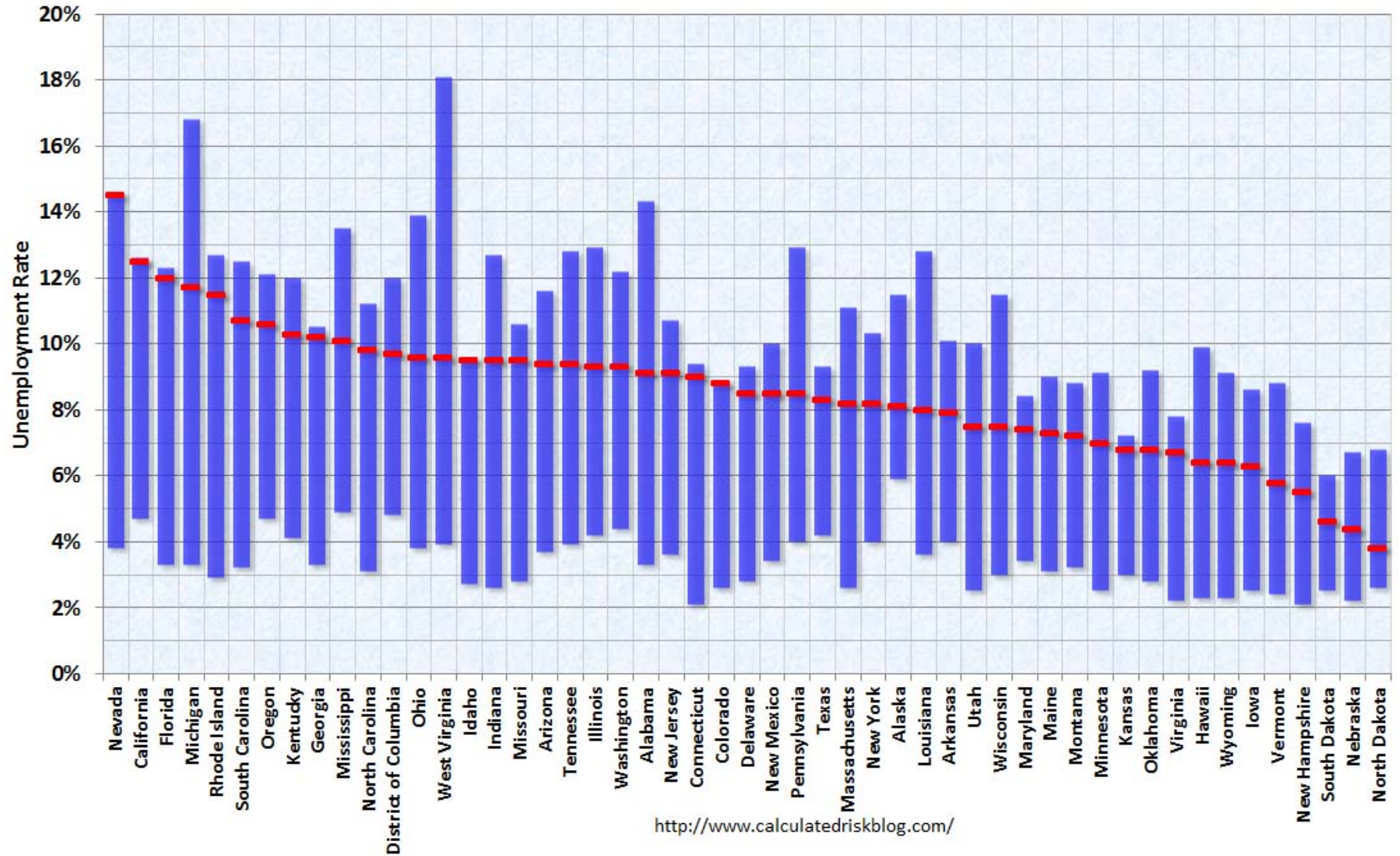


### Case-Shiller Price Cumulative Declines from Peak (SA), Year and City

■ through Dec 2007   
 ■ through Dec 2008   
 ■ Through Dec 2009   
 ■ Through Nov 2010

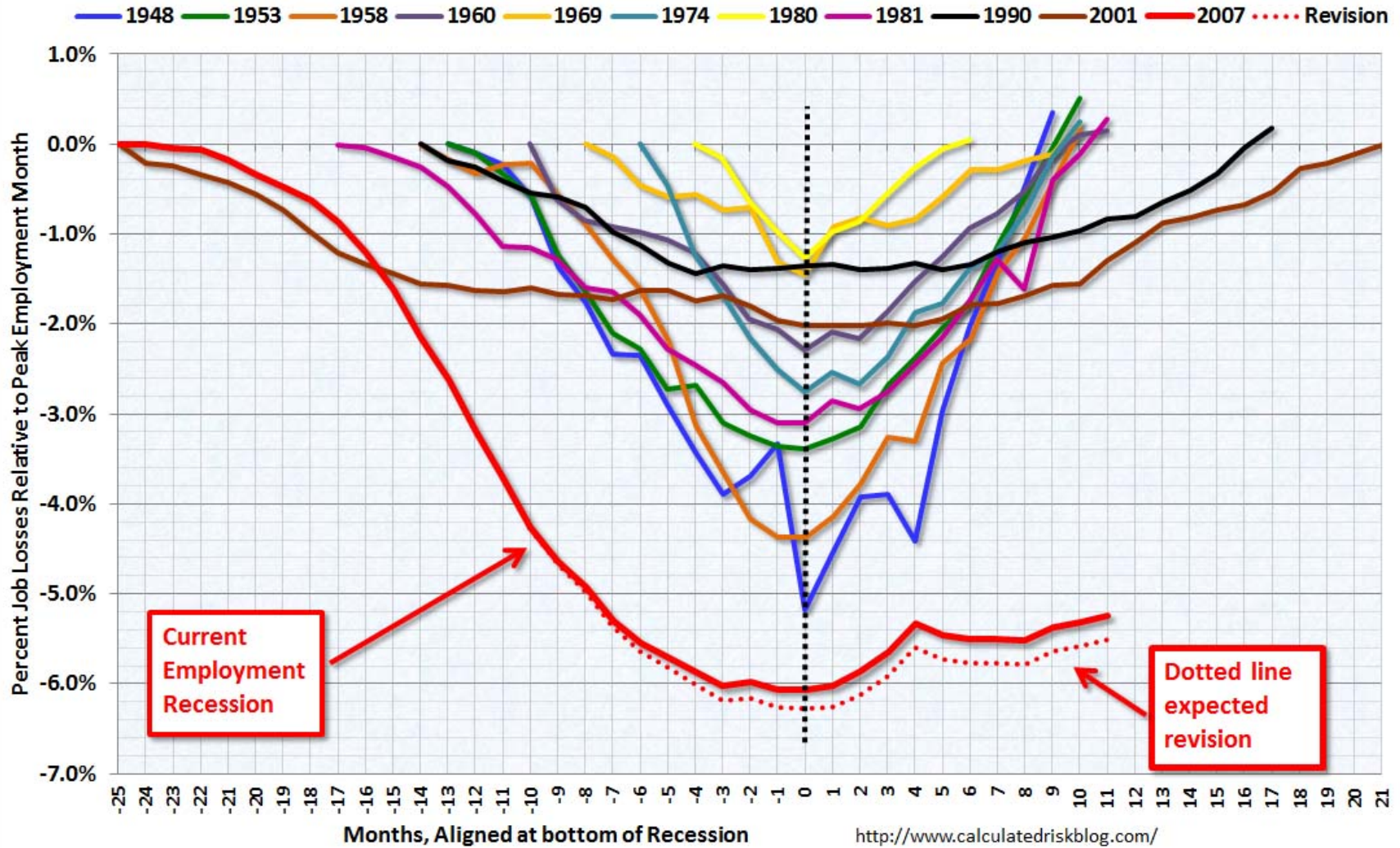


State Unemployment Rates: High, Low and Current (since Jan 1976, Source: BLS), December 2010





### Percent Job Losses in Post WWII Recessions, aligned at maximum job losses



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**Gallup Poll: 41% of Unemployed Think a Job Offer Will Come Within 4 Weeks;  
57% Would Accept a Job Under \$24,000**

Mish Global Economics Analysis - January 28, 2011 11:36 AM

In one of the most overly optimistic survey results I have ever seen, a Gallup poll shows that slightly over 4 in 10 unemployed expect to get a job within 4 weeks.

As of December 2010, there were 14.5 million unemployed.

There were an additional 8.9 million working part-time for economic reasons.

**If 41% of the unemployed got a job in the next 4 weeks, the economy would have to create 5.95 million jobs, either full or part-time.**

**If 34% of the underemployed got a full-time job in the next 4 weeks, the economy would have to create an additional 3.03 million full-time jobs.**

**Those expectations are simply not going to happen.**

This economy will struggle to generate 5.95 million jobs with an additional 3 million full-time jobs in the next 4-5 years (not weeks)

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HUD CDBG: Input into Local 5-Year Plan

HUD forecasts on Future Funding? Will local govt's re-purpose funds?

Son-of-ARRA ???

EPA & HUD: Sustainable Communities & Livable Communities Funding

2010 local awards = boost for govt urban planners payrolls

Expected impact on local job creation, green-or-otherwise ?

EPA: Area-Wide Brownfield Pilot Planning Grant

Creative role for GO: Planning for 'Greening The Black Church'; then Boost

Market Demand

EPA: Local Grant Administrator & Brownfields Job Training RFP

EPA: Targeted Brownfield Assessment.

GO Leveraging CDBG As-We-Meet

WHERE IS THE CAPACITY BUILDING ? Local govt/agency

Due Diligence on Capacity Building

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For GO & Other Practitioners in At-Risk Communities  
Due Diligence on Pitfalls/Perils and Pursuing/Locating Funding &  
Contracts

Start Early

**Due Diligence** on Concept, Partners, Funding, Placement Projections  
REVEALED *“Mobilization Fee”*

**Educate** Partners on True Costs, Training Timelines, Start-Up Curves,  
Performance Curves, Economic Conditions

**“Cash for Caulking” aka Home Star - R.I.P. ?**

**Property-Assessed Clean Energy –PACE - R.I.P. ?**

**Relationships:** With Firms, Vendors, Volunteers, Supporters (esp.  
Elected Official)

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