

April 8, 2013

Francis J. Murray Jr.
President & CEO
New York State Energy Research and Development Authority (NYSERDA)
17 Columbia Circle
Albany NY 12203

Dear President Murray:

We write with suggestions for the design of the forthcoming RFP of the Green Jobs Green New York (GJGNY) Outreach Program.

We're pleased that NYSERDA has designated \$5.23 million to continue funding the constituency-based organization (CBO) outreach role, and thank you for this decision. This was welcome news, and allows us to build on the progress made so far in connecting low-to-moderate income homeowners and rental tenants to energy efficiency improvements, and green jobs trainees to employers.

Our suggestions are based on our experience operating GJGNY over the past years. We believe they will strengthen the RFP and the pool of applicants, and we hope we can work together as the RFP process moves forward. We've divided our suggestions into seven categories.

1. PERFORMANCE-BASED PAYMENT

We recommend eliminating the performance-based payment system, and instead make the contract 100% reimbursable by line-item budget. We suggest that energy efficiency outreach performance be judged and measured by four key metrics: leads, approved audit applications, completed audits and retrofits completed. For workforce recruitment performance, we recommend workforce leads, referrals to training, completed training and successful job placements. Finally, if partnerships between outreach CBOs and workforce CBOs have been formed to help each other meet their respective goals, we recommend the creation of another metric that measures this for both CBOs. NYSERDA can cancel a contract at the end of year one, if it is unsatisfied with performance on any of these metrics.

Funding stability is of utmost importance to ensure quality and uninterrupted delivery of GJGNY outreach services. A 100 percent reimbursable line-item budget is a better way to guarantee this. Within this contract structure, NYSERDA still could monitor performance by tracking CBO progress on the four metrics described above. As an incentive to CBOs, we suggest that NYSERDA consider offering priority preference in future RFPs, to CBOs who reach or exceed their targets for these metrics.

However, if NYSERDA does choose to continue a performance-based payment system, we recommend a reduction in the performance payment from 25 percent of the contract to 10 percent of the contract.

If NYSERDA takes this route, CBOs should be required to cover 100% of program and personnel costs within 90 percent of their budgets. The remaining 10% could then act as a true bonus payment. It would be released when CBOs hit their performance targets for completed retrofits and trainees connected with contractors/employers.

We welcome the opportunity to further discuss this recommendation or other approaches to implementing a performance-based payment system. Our primary goal is to ensure stable funding that supports community outreach and assistance and workforce recruitment.

2. AGGREGATION

We maintain the utmost commitment to implementing program-wide job standards for GJGNY, and call upon NYSERDA to work with CBOs and contractors to make this a reality.

We urge NYSERDA to continue to include aggregation as an option in the upcoming RFP, while also offering CBOs the option to propose an approach similar to aggregation, but which still creates community benefits. Aggregation is a tool that allows CBOs to leverage partnerships with local home performance contractors to create pathways for emerging workers into training and family sustaining jobs. The foundation of aggregation is the ability of CBOs to leverage their lead generation activities to create community benefits offered by contractors, such as price discounts on retrofit projects and better wages and benefits for their workers.

With or without aggregation, we recommend NYSERDA strengthen the creation of community benefits by upgrading the referral system to give CBOs access to reservation numbers, with customer consent. NYSERDA should also provide funding to CBOs who have piloted successful aggregation models, to offer peer-to-peer technical assistance on implementing aggregation. Such assistance has already been invaluable to CBOs in the field.

Working with NYSERDA, aggregation CBOs have developed powerful accountability monitoring systems, such as DOL-sponsored certified payroll reporting protocols and participatory stakeholder roundtables. CBOs and NYSERDA can track compliance, provide support to contractors, and report on community benefit outcomes that fulfill the legislative intent of Green Jobs-Green NY.

The current aggregation models share common features but permit CBOs to experiment and innovate based on local needs and conditions. This balance between standardization and innovation should carry forward into the next RFP. Aggregation has demonstrated replicable benefits:

- Energy retrofit projects are completed in a more reliable and shorter timeframe
- CBOs have greater control over the retrofit pipeline, and by extension program deliverables
- CBOs can better manage customer, contractor, and workforce relationships and expectations more comprehensively
- Good paying jobs with benefits are being supported

When NYSERDA evaluates aggregation proposals within a respondent's overall proposal, we also recommend that the increased administrative responsibilities and spending that CBOs incur

to deliver its benefits is recognized as an investment, and not seen as making the proposal less cost effective.

3. STREAMLINED RFP APPLICATION PROCESS

We recommend a shorter and more streamlined RFP to make the application process more efficient for both CBOs and NYSERDA, while achieving the same goals. Our recommendations seek to save time, avoid duplication and focus on the most essential information needed for the proposals. Here are several suggestions to do this:

- Allow CBOs to submit their proposals electronically, which many government agencies now allow.
- In any case, eliminate the requirement for CBOs to submit ten copies of the proposal.
- Accept the eligible CBO status that proposers obtained under RFP 2038 as valid for this upcoming RFP.
- Eliminate the requirement to seek bids or written cost estimates for developing the budgets included in the proposals. This may be duplicative and difficult to do if there will be a short deadline to respond to the RFP, as expected. Instead, NYSERDA could acknowledge that the budgets are developed in good faith and preliminary. They can be subject to final negotiation if a CBO is selected.
- For the staffing plan, eliminate the requirement to include the number of hours each staff person or subcontractor will spend on each task and the total hours per task.
- Automatically generate the strategic plan required for the CBOs from the digital RFP proposal, with the option to edit or customize if a proposer has been accepted.

4. GJGNY AND EMPOWER PROGRAMS

Given the introduction of the \$20 referral fee of EmPower customers, we recommend further integration of the CBO role within the GJGNY and EmPower programs. The referral program represents NYSERDA's ability and willingness to align program resources to better position GJGNY CBOs as points of entry for NYSERDA's portfolio of residential energy efficiency programs by low-to-moderate income communities. In the normal course of their outreach, CBOs come into contact with EmPower eligible households and are already providing in-kind assistance to enroll them into the program. With the next RFP, NYSERDA has the opportunity to more fully integrate CBO outreach within the GJGNY and EmPower programs by:

- Adding uncommitted EEPS EmPower funding or other resources into the GJGNY CBO outreach budget;
- Allowing CBOs to claim EmPower retrofits as part of their GJGNY deliverables

Greater integration of the CBO role will also help NYSERDA and the state meet its 15x15 energy efficiency goal.

5. PROPOSAL EVALUATION

We suggest including a table listing the corresponding percentages and/or points for each factor that NYSERDA will use to judge a proposal. While RFP 2038 listed criteria in order of importance, we recommend that the upcoming RFP include corresponding percentages and/or points that exactly reflect the priority NYSERDA will attach to each criterion. Proposers

should also have the chance to define their improvement strategies to meet any deliverables that were partially completed in prior contracts.

6. LENGTH OF CBO CONTRACTS

We recommend NYSERDA make the CBO contracts good for two years in the new RFP, with the option to extend annually for up to an additional 2 years. These contract terms would offer NYSERDA and the CBOs flexibility in how to sustain the CBO role in the future.

7. CONNECTING CBOs TO GJGNY RESOURCES

NYSERDA should consider including a discussion of how CBOs would be able to connect to the GJGNY marketing budget and NYSERDA's \$24 million in new GJGNY workforce development funds. CBOs are interested in marketing resources that can support their in-house work to customize standard NYSERDA GJGNY marketing materials. CBOs also want to connect residents to the workforce providers and transitional jobs programs supported by the new \$24 million in GJGNY workforce development funds.

We look forward to discussing these seven suggestions and recommendations with you before the RFP is made final and released. Please don't hesitate to contact Lisa Tyson, Director, Long Island Progressive Coalition (LIPC) at 516-541-1006, x11 if you have any questions or need more information.

In the long term, we also hope NYSERDA will work with state leaders to identify a permanent funding stream to support the CBO outreach role.

NYSERDA and the CBOs have forged a partnership that increases GJGNY's and other state administered energy efficiency services (e.g. EmPower; AHPwES; HPwES) into areas of the state with only limited program participation up until the passage and implementation of GJGNY.

The current \$6 million for CBO outreach is drawn from NYSERDA resources acquired through GJGNY's enacting legislation. This funding is integral to the success of GJGNY during its initial few years. The program financing generally can become progressively more self-supporting, reducing pressure on NYSERDA's annual budget deliberations.

The CBO role would be enhanced and strengthened if NYSERDA and state decision makers worked toward a finance model that provided ongoing revenue through the Systems Benefit Charge (SBC) financing stream, RGGI or some other permanent source.

Yours truly,

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