

City Energy Project: A Model for Maximizing Impact

The City Energy Project (CEP) is a national initiative to create healthier and more prosperous American cities by improving the energy efficiency of large buildings. It employs a distinctive model that makes extensive use of networks and regional partners to keep costs low and to ensure “high to medium” touch support at the most local level possible. To assess the suitability of the CEP model for other projects aiming to effect complex, cross-sectoral change on a similar scale, The Kresge Foundation commissioned this analysis based upon a comprehensive mid-term evaluation of CEP conducted by Ross Strategic in 2016. Specifically, this analysis addresses the following:

- Aspects of the model that are highly valuable
- Aspects of the model that create vulnerabilities
- Potential adjustments that could increase the effectiveness of the model

Funders, non-profit partners, and future program implementers may find this memo useful when considering future projects, particularly those that, like CEP, have a model policy or playbook that could be piloted across multiple cities and then fine-tuned and adopted more broadly; programs involving an initial experimental phase where tools, resources, and knowledge gained can be applied to subsequent program phases to increase their efficiency; and programs that are complex in terms of political will, requirements for technical support, and implementation.

CITY ENERGY PROJECT AT A GLANCE

The City Energy Project (CEP) is a project jointly implemented by the Institute for Market Transformation (IMT) and Natural Resources Defense Council (NRDC) and funded by Bloomberg Philanthropies, Doris Duke Charitable Foundation, and The Kresge Foundation. CEP empowers twenty cities to implement locally designed energy efficiency strategies and fosters peer-to-peer sharing of knowledge and best practices. Each city receives technical and strategic assistance to design, plan, and implement a suite of solutions that advance local sustainability goals, with the assistance of staff working onsite. The various measures promoted by the project work in concert to create benefits greater than any single policy or program could achieve.

CEP consists of two distinct phases that, taken together, aim to catalyze market transformation through city-level policy and program support.

Phase I (2013-2016): activities centered on overall project and resource development, recruitment of ten participating cities, City Advisor onboarding, policy and program design, policy adoption, and program implementation.

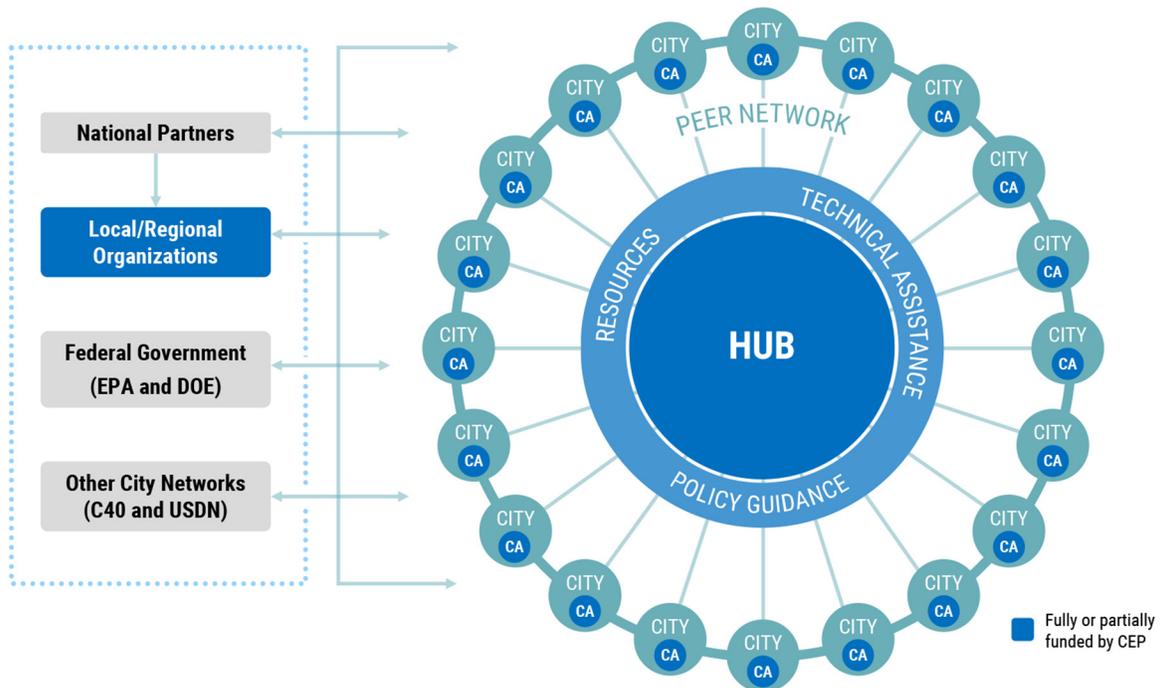
Phase II (2016-2018): added another ten cities for a total of twenty CEP cities, but differs from Phase I in several ways: co-funding City Advisor positions with the cities; shorter timeframes for policy adoption; and making use of lessons and resources from Phase I to streamline policy and program design, adoption, and implementation.

CEP MODEL

The CEP model is comprised of a central “hub” working with a distributed network of cities and partners—the “spokes” (see Figure 1 below). The Hub, which is staffed by experts at IMT and NRDC, provides technical resources, policy and program guidance, and assistance in developing local and national partnerships that aid in policy and program design, passage, and implementation. At the same time, an embedded staff person – the City Advisor (noted as CA in Figure 1 below) – works at the local level to develop relationships, policies and programs, and implementation plans that deploy the knowledge, experience, and capacity of local organizations who serve as implementation partners.

To build the capacity of the individual cities and accelerate the process, CEP covered 100% of the salary and benefits for the City Advisor position in the Phase I cities and covers 30-70% of City Advisor salaries in Phase II¹. While Phase I City Advisors were predominantly employees of IMT and NRDC, embedded in city government, the majority of Phase II Advisors are City employees or contractors. Hub staff facilitates peer-to-peer exchange of City Advisors through regular phone calls, webinar, and occasional in-person convenings and trainings.² In both Phases, support for City Advisors was coupled with discretionary funds for all participants to support specific investments in policy design, advocacy, and implementation.³

Figure 1. CEP Hub-and-Spoke Model



¹ CEP covered 100% of Phase II City Advisor salaries in 2016 (for the few cities that hired their Advisor that year); the Project covers on average 50% of Phase II City Advisor salaries in 2017 and 2018, providing flexibility within a 30-70% match range to cities where needed.

²Melissa Wright, Julie Hughes, Hilary Firestone. *The City Energy Project: A Model for Rapid Energy Efficiency Policy Change in Major U.S. Cities*. Presentation given at 2016 ACEEE Summer Study on Energy Efficiency in Buildings.

³ In Phase I, CEP provided all the cities equal amounts of discretionary funds; in Phase II CEP provided discretionary budget based on need, which proved to be an important strategic shift that has resulted in more effective deployment of resources.

CEP employs a comprehensive policy and program framework with mutually reinforcing components as well as standardized tools, model ordinances, data platforms, strategic guidance materials, and technical resources for cities to more efficiently initiate startup activities. An important objective of CEP is to establish model policy and program frameworks in a critical mass of cities that catalyze the adoption of similar policies and programs in other cities nationwide without the current level of support provided by national foundations.

Funders and implementers hope the lasting legacies of CEP include making building energy efficiency policies and programs “business as usual” in any city, and catalyzing market adoption of energy efficiency among building owners and operators as they see the benefits of tracking and reducing energy use. Funders and implementers are working toward an “exit path” in which substantial funding and technical support are no longer needed to sustain momentum for energy efficiency in the marketplace.

Through analysis of strengths and vulnerabilities of the current model, as well as observations on replicability, longevity, and overall program value, actionable recommendations were developed to help funders and planners considering new projects determine whether a model like CEP may be a good fit.

MODEL STRENGTHS

Six aspects of the current CEP model that are particularly valuable are listed below; these core model strengths should be strongly considered for future model iterations based on their demonstrated value. It should be noted, however, that in some cases, strengths can become vulnerabilities if they are not adequately supported or maintained.



1. **Dedicated staff** (i.e., City Advisor) who provide needed expertise and capacity for conducting day-to-day work, which may not otherwise happen in the city environment where priorities constantly change. The City Advisor is an important liaison between the city, Hub staff, and myriad stakeholders, who can keep the ball moving and champion the program internally and externally.



2. **Creation of a new cohort of city-level experts** in benchmarking policy and related programs—as well as lessons, models, and tools—that non-CEP cities and city networks are eager to access. Experiences and results from participating cities provide the “proof of concept” and business case for CEP helping to both build support within those cities,⁴ while simultaneously fostering replication in cities that may not otherwise consider adopting similar policies or programs.



3. **Customized technical assistance** provided by Hub staff appropriate to the specific circumstances of cities, helping cities design policies appropriate to their context. Hub staff can also track issues across cities, helping to identify shared challenges where a new tool, resource, or best practice could be developed and disseminated.

⁴ In half of the CEP cities, the city budgets now include new energy policy positions that did not exist before the program.



4. **Partnership with local and national organizations** to increase capacity and reach more broadly. National partners help to build broad market support and amplify key messages through their local chapters and affiliates, while local partners support the stakeholder engagement process, training needs, and advocacy efforts and can also be a source of fundraising for continuation of the work.



5. **A robust peer network** that builds trust and facilitates collaboration, knowledge exchange, and evidence-based problem solving. The peer network grows smarter as new partners join the effort.



6. **Reduction of barriers to entry** for Phase II and other cities and greatly facilitated replication and progress toward market transformation resulting from work conducted and resources developed by the first suite of cities in Phase I.

MODEL VULNERABILITIES

Four recurring themes representing model vulnerabilities and their implications are listed below. Vulnerabilities are defined as threats to program longevity, failure to adhere to established timelines for completing project milestones, or unanticipated draining of staff resources.

1. **Program instability due to shifting political priorities.** In some cases, new leadership can disrupt the policy and program adoption and/or implementation trajectory. For example, if policy is under development but not yet passed, it may be at risk if a new leader (e.g., mayor) does not champion or otherwise support passage. If a new leader takes office after the policy passes but is not yet fully implemented, the risk is that the policy is not implemented well or with dedicated resources, in which case maximum effect (energy savings, in the case of CEP) will not be achieved. Conversely, if new leadership establishes a different set of political priorities after the hard work of implementation and engagement of market actors and local partners have been established, the path toward achieving program outcomes may be unaffected.
2. **Dependence on externally-funded city staff.** The city is overly dependent on a staff person (in the case of CEP, the City Advisor) who is externally funded. When that funding ends, the position and person are withdrawn from the city and the program fades away if the city is unable to identify alternative means of funding to continue to support the position.⁵
3. **Increasing and unsustainable demand on Hub staff.** As the project evolves with less philanthropic support and, at the same time, engages more cities, growing demands on project staff and resources will be required. The CEP “high touch” technical assistance model does not scale well, as staff and resources become stretched too thin and thus, their effectiveness declines.

⁵ Half of Phase 1 cities found funding for the City Advisors to stay on in some capacity.

4. **Difficulty for cities with less capacity or political/stakeholder support to implement playbook components adapted from successful practices of “early adopting” cities.** Lessons/resources from Phase I and Phase II do not necessarily apply to other cities and use of the playbook does not become common practice.

RECOMMENDATIONS TO MAXIMIZE MODEL EFFECTIVENESS

Assessing the extent to which the CEP model is sustainable over the long term is challenging because no two cities implementing the model are exactly alike: each brings a unique city context and set of strengths and weaknesses that are differently influenced by various model aspects. Nevertheless, this analysis uncovered several themes regarding potential adjustments to the model that could increase long-term program success. These are laid out below along with accompanying recommendations. It worth noting that many of these recommendations are being piloted in Phase II, providing the opportunity for continued learning regarding the most effective ways to implement the model.

1. **Explicitly build real-time learning into the model to most effectively shift structure and/or management in response to what is working and what is not.**

Recommendation: Build a culture of intentional, continuous improvement. Create space for program stakeholders including City Advisors, city officials, Hub staff, and funders —through the peer network or similar mechanisms— to share feedback, think strategically and collaboratively, and incorporate lessons at regular intervals.

2. **If multiple cities are involved that reflect different political views on a shared agenda, allow flexibility over the project timeline to enable all cities to follow.**

Recommendations: (1) Emphasize upfront assessment and planning customized to cities’ particular needs and circumstances; (2) be flexible about expectations and outcomes; (3) set interim milestones and explicit decision points about whether to continue work or not.

3. **Develop a “playbook” that is both specific – focusing on one primary goal, such as policy passage—and flexible enough that different cities initiate or pilot different activities based on what they believe will work best in their city environment/context.**

Recommendations: (1) Identify the parts of the playbook that have been most effective, by city or grantee, and then share that information broadly with the next round of cities/grantees; (2) lean hard on the peer-to-peer network for discussions around the playbook, what works, what has been less effective for some cities, etc.; (3) build in flexibility to allow grantees to test different strategies and “fail forward”; (4) consider including different pathways or options within the playbook, based on city characteristics/conditions.

4. **If policy passage is one of the primary goals, prepare for stakeholder opposition as much as possible ahead of time.**

Recommendation: Consider what opposition looks like by sector and by city. Equip program staff with responses to potential concerns and other messaging before outreach begins, and invite the people most likely to be affected by the policy at the outset.

- 5. To provide value to cities that are not part of the project, identify and disseminate key resources (e.g., guides, templates, tools, model language), lessons/practices, and case studies that they can use.**

Recommendations: (1) To improve access to, and utilization of, these resources, create a user-driven, curated/vetted repository of resources; this online repository would require robust search and query functions to ensure its usefulness and utilization; (2) Hub staff should continually assess and refine the resources most generalizable and useful for a broader set of cities so they know what to put in the curated repository.

- 6. Define and clearly communicate an exit strategy to cities and partner organizations early on to help them prepare to support longevity efforts sooner rather than later.**

Recommendations: (1) Early on, develop plans for how externally-funded staff will be funded after initial funding is no longer provided (e.g., cultivate commitments with local foundations and other stakeholders like utilities, build funding into city budgets); (2) make plans to transition programs from sustainability/mayor's office into more operational departments (e.g., building departments in the case of CEP) to "embed" programs in city operations.

- 7. As program funding transitions from foundation-based support to city-based/local sources, and the network grows to include cities along the full spectrum of policy adoption and implementation, it will be important to ensure that peer learning is targeted effectively.**

Recommendation: The structure could be tailored to create cohorts of cities in similar phases, while responding to specific interest by facilitating webinars on desired topics as well as bilateral conversations and mentorship between cities.

- 8. Administrative instability and other external threats are unavoidable with any multi-year project, but CEP's experience has shown that certain steps taken in anticipation of political/departmental instability could have a protective effect on future projects.**

Recommendations: (1) Employ a concerted effort to encourage national market players and local partners to lay the groundwork locally and help negate local industry affiliation opposition; (2) give strategic forethought to the department where the program will be housed and where it is most likely to thrive; (3) embed project goals into a city's long-term strategic/sustainability plans.

CONCLUSION

CEP has so far proven to be a largely effective endeavor, but also operationally resource-intensive. A deeper understanding of the strengths and vulnerabilities of the CEP model offers insights and lessons as the project transitions into its latter stages, and partners consider options for encouraging and supporting replication of building energy efficiency policies and programs when program funding ends. In addition, recognizing opportunities for enhancing the model provides funders and implementers of future projects the ability to make strategic, evidence-based decisions on the best approach to take to maximize impact and accelerate broad-scale change.