

# Small Commercial Efficiency Programs for Nonprofits

## A guide to program design and implementation.

Nonprofits are good targets for efficiency programs as typically they are under pressure to reduce expenses, and they often occupy inefficient buildings that needlessly waste energy, water and other resources. Frequently, these nonprofits do not have facility managers, and few nonprofits understand basic green maintenance or sustainability strategies. They often find it difficult to take advantage of efficiency incentives from government agencies and utilities. And even when they do, many nonprofits lack the capital to make substantive efficiency improvements. The resulting financial and operational burdens can negatively impact a nonprofit's capacity to advance its core mission.

To address this problem Southface partnered with local and national foundations to develop programs that would demonstrate the economic and environmental benefits of high-impact energy and water efficiency improvements in nonprofits facilities. The program's ultimate goals are to reduce annual utility expenses and improve facility conditions allowing nonprofits to apply financial savings towards their core mission services.

The following factsheet provides guidance for identifying stakeholders, defines key process components and shares lessons learned from two efficiency programs targeting nonprofits that occupy small commercial buildings, Grants to Green and the Nonprofit Energy and Water Efficiency (NEWE) Initiative.

## Program Design

Before launching a nonprofit efficiency program, it will be necessary to research your community to determine the specific needs, community interest, and potential for local nonprofit participation. This type of "community assessment" will also support identification of core stakeholders including:

1. Funders
2. Environmental Organizations
3. Foundations
4. Utilities
5. Local Governments
6. Colleges and universities

These core stakeholders can also inform development of an Advisory Committee, which can provide strategic oversight and guidance on the initiative. Advisory Committee affiliations should be diverse and could be from an existing group at your organization.

## Core Program Components:

Southface nonprofit efficiency initiatives consist of three core components: capital, technical assistance and a nonprofit or foundation partner. Some combination of the three is the demonstrated path for replicating a nonprofit efficiency program.

1. **Capital** - Funding to support program operations and provide implementation grants is needed. Funding sources will vary in each community and can include the following:
  - a. Foundations
  - b. Utility rebates
  - c. Green revolving funds
  - d. PPESCO, BEST fund
  - e. Nonprofit match

2. **Technical Assistance** - An energy partner or environmental sustainability organization is needed to provide:
  - a. Benchmarking
  - b. Facility assessments
  - c. Reporting that outlines recommended projects and savings projections
  - d. Implementation planning and quality assurance
  - e. Data analysis

Utilities can provide facility assessments. However, the technical assistance partner is not only providing engineering services, they need to be program partners willing to teach the nonprofits as well as learn from them.

3. **Nonprofit or foundation partner** - A nonprofit or foundation partner is needed to vet potential participants. For the Grants to Green initiative, the Community Foundation for Greater Atlanta vets nonprofits according to foundation guidelines. For the NEWE Initiative, the participant vetting is handled by the nonprofit partner organization using internal readiness criteria.

## Typical Program Cycle

A typical program cycle for nonprofit efficiency programs should include the following modules:

1. **Marketing and outreach** - Partnering with a nonprofit or foundation optimizes the potential for a healthy applicant pool.
2. **Participant vetting and selection** - This will be based on a combination of the guidelines and organizational readiness criteria set by the nonprofit or foundation partner and technical criteria, e.g. utility data benchmarking, set by the technical assistance partner.
3. **Building assessments** - Each assessment will inform relative impacts of operational adjustments, an implementation project list identifying the efficiency upgrade opportunities with associated costs, projected savings and return on investment.
4. **Implementation planning** - The technical assistance partner should support the program participants by vetting contractors and suppliers and reviewing bids to ensure work will meet the recommended specifications. You might also guide budget development to consider a mix of resources such as in-kind donations and utility rebates.
5. **Funds distribution** - Funding should be distributed based on the guidelines of the party responsible for distributing the funds. Official documents should include project timelines, fund distribution schedules and tracking, monitoring and evaluation requirements.
6. **Quality assurance and project monitoring** - The technical assistance partner will monitor projects and programs should require post-installation inspections. ENERGY STAR Portfolio Manager should be used to measure the performance of the implemented projects for a set period of time.
7. **Evaluation** - Nonprofit efficiency initiatives should collect quantitative and qualitative data before, during, and after assessments and project implementation. This is critical to measure program impact and changes in a participants green knowledge, practices and policies. Impact is track in two key areas:
  - a. Monthly cost savings - nonprofits should track utility consumption and cost information in ENERGY STAR Portfolio Manager.
  - b. Behavior change – utilize surveys and case studies to track outcomes.
8. **Communications** - All partners should have a communications plan to demonstrate program impact via websites, success stories, social media, etc.

While the modules listed above are typical, the execution of each will vary depending on your nonprofit or foundation partner.

## Key Considerations

Lessons learned from these programs have informed continued process refinement. Recurring themes include:

1. **Vetted contractor pool** - Lack of local contractor expertise was identified as a primary energy consumption driver during ACBI research. It is important to work with a vetted contractor pool with experience in or willingness to learn the nuances critical to successful implementation of energy and water efficiency projects. Incorporating simple project recommendation and final inspection checklists into project documents is currently being tested.
2. **Participant efficiency training** - Lack of nonprofit staff and management understanding of their building's utilities cost and how facility use can impact utilities is a major barrier to energy and water efficiency. It is imperative to educate participants throughout the process and provide recognition opportunities to encourage continued engagement. Examples of recognition opportunities include the EPA's National Building Competitions, local efficiency programs (Better Buildings Challenge), national sustainability awards programs and program-specific metrics reported to all participants. This reinforces that projected savings are dependent upon building staff.
3. **Implementation verification** - The technical partner should establish a baseline of "good care" to support the participant and successful implementation. However, recognize that opportunities for enhanced support services exist based on the complexity of the project(s) and the participants capacity.
4. **Participant leadership** - A Green Champion is a required team member for both of Southface's nonprofit efficiency initiatives. Green Champions are the main contact at each organization – they are responsible for coordinating the program requirements including but not limited to entering building data, completing surveys, participating in learning opportunities and "championing" sustainability at their organizations. At least once per year, Grants to Green hosts a networking/educational opportunity for all of the program Green Champions.

## Next Steps

A variety of tools and support services are available to start a nonprofit efficiency initiative in your area. In addition to the details provided in this factsheet, Grants to Green developed a "replication" toolkit that is available at [grantstogreen.org](http://grantstogreen.org). Based on our success partnering with local and national foundations to develop nonprofit efficiency initiatives, Southface is able to support your community and partners with program design, development, implementation and evaluation of a framework that suits your available resources.

You can also access many of Southface's efficiency resources at [www.southface.org/programs/acbi](http://www.southface.org/programs/acbi). These include self-assessment toolkits, savings calculators, prescriptive solutions, fact sheets and case studies.