



Better Buildings Residential Network  
Program Sustainability Peer Exchange Call:  
*Operating as a Prime Contractor*

Call Slides and Discussion Summary

May 9, 2013

# Agenda – Operating as a Prime Contractor

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- Call Logistics and Roll Call
- Introducing the Better Buildings Residential Network
- Poll on Future Call Topics
- Discussion
  - What experiences has your program had operating as a prime contractor?
    - Or, If you are considering adopting more of a prime contractor model, what questions or concerns do you have about it?
  - What are the advantages of operating as a prime contractor?
  - What are challenges with the prime contractor model, and what are strategies for overcoming them?
  - Other questions about operating as a prime contractor or related topics?

# Participating Programs & Organizations



- Austin, TX
- Charleston, SC
- Cincinnati, OH
- Connecticut
- Kansas City, MO
- Michigan
- San Diego, CA
- Washington
- Building Science Energy Services (MI)
- Davis Energy Group (CA)
- Delta Institute (IL)
- Terra Green CDC (CA)
- WARM Training Center (MI)
- West Michigan Environmental Action Council

# Program Experience: SustainableWorks (Washington State)



- SustainableWorks functions as a general contractor. The program works with subcontractors who are not permitted to subcontract the work again. The program itself does most of the auditing, project management, and coordinating bids for specialized subcontractors.
- SustainableWorks operates on a combination of grant funding, charitable contributions, fee-for-service, and small amounts of government funding.
  - The general contracting work pays for itself.
  - Pricing is established through an annual process.
  - Controlling scheduling allows the program to generate demand.
- Lessons Learned:
  - Being a 501(c)3 non-profit organization with a core mission, such as a triple bottom line mission, is essential to this model.
  - This model works well for high density areas but not as well in rural areas.
  - Bundling work for specialty contractors works very well. Feeding work to general contractors does not work as well.

# Program Experience: Michigan and Charleston, South Carolina



## Michigan (DTE Energy Home Performance Pilot Project):

- This program's model relies on a central core of general contracting, robust community outreach and marketing, and generating leads by working with partners such as non-profits and specialty contractors.
- This approach relies on partnerships, rather than building a program from the ground up. The model provides a fair volume of work for contractors, ensuring their continued interest in the program.
- Pricing is set through a fee for providers of the leads, from which contractors are assigned work, as opposed to a bidding process. This fixed-pricing model relies on trust from the contractors.

## Charleston WISE, South Carolina:

- This program is in its early stages of developing a prime contractor option; it is also in the process of transitioning to fee-based services.
- The model will be based on the program serving as general contractor for building performance, with a current focus on remodeling that could eventually evolve to new construction as well.

# Program Experience: Greater Cincinnati Energy Alliance (GCEA)



- GCEA is not a prime general contractor, but serves in a hybrid role, providing project management and serving as the point of contact for the homeowner through project completion.
  - The program manages projects all the way through the point of the homeowner signing the contract, at which point the work is turned over to a contractor.
  - Contractors are also welcome to bring their own leads into the program if they did not want to serve as the general contractor.
- Quality assurance is performed by the program at the end of each project. In some cases, the program must serve as arbiter of QA concerns between homeowners and contractors, but it strives to consistently maintain good relationships with contractors in those cases.

# Discussion Highlights: Issues and Opportunities with Operating as a Prime Contractor

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- **Liability Concerns:** General liability insurance is hefty, but is necessary in a model like SustainableWorks where the program is responsible for the work the subcontractors complete. It was not necessary for SustainableWorks to set up an LLC.
- **Response from Contractors:** Some contractors view programs that function as general contractors as competitors. Programs can dispel this assumption through outreach, partnership-building, and workforce training and development assets. Once contractors see the benefit that the program can have for the community, it can be easier to establish goodwill and build partnerships.
- **Fee-based Model Rates:** The transition to a 100% fee-based model relies on setting fixed rates based on market rates.
- **Contractor Membership:** In SustainableWorks' program, contractors are not seen as program members, but are encouraged to join home performance trade organizations and local unions. Partnering with trade organizations helps speed the transition to a fee-based model.

# Potential Future Call Topics

- Potential Future Call Topics and Interest from Participants:
  - Low Cost Program Management Strategies & Software: 70%
  - Revenues and Fees – Leveraging other Programs (e.g., CDBG): 60%
  - Utility Partnerships – Programs Providing Services to Utilities: 50%
  - Long-Term Sustainability of Loan Funds: 50%
- Participants suggested the following additional topics:
  - Combining solar and home performance
  - Capturing energy efficiency savings from commercial to be used for residential