

# SmartWorks Evaluation

SmartWorks is a suite of Franklin County economic development programs designed to provide flexible financing and technical assistance in a number of key policy areas: energy, infrastructure, and workforce. Business Development Advisors (BDA) has been asked to evaluate the successes and shortcomings of the three SmartWorks programs in conjunction with development of the County's Economic Development Strategic Plan (EDSP).

This evaluation describes the objectives for each program and addresses their fit with Franklin County's strategic priorities, proposes a primary metric associated with the objectives, and reports relevant data for the primary and other descriptive metrics. Additional program details are also provided for context. The evaluation is based on interviews with program managers and participants plus a detailed review of program documents, policy guidelines, annual reports, and project data provided to BDA by the Economic Development and Planning Department.

BDA's review indicates that the SmartWorks programs are well-run, consistent with Franklin County's strategic priorities, and are generating desired outcomes. However, in some cases, the volume of activity and accompanying results have fallen short of expectations. A slow start is to be expected and is not necessarily a cause for concern. It takes time to create a program with appropriate rules safeguarding the use of taxpayer funds, to raise awareness of the program among potential applicants, and to identify good projects that can generate the desired results. Economic development groups that rush through these steps in the interest of getting money out faster often regret their haste as weak governance and poor-quality projects undermine their efforts.

After nearly five years, some programs have gained their footing and are poised to meet the county's expectations. Others merit reconsideration. Further, the economic development environment in Franklin County and the Columbus region continues to evolve. As many of the county's regional partners are re-examining their strategic plans, it is an appropriate time to assess whether the SmartWorks programs continue to fill unmet needs in the region or whether new priorities suggest new approaches.

## Summary of Findings

### EnergyWorks

EnergyWorks' primary objective is to increase energy efficiency in existing and new facilities in Franklin County. EnergyWorks funds facilitate investments that reduce energy use in Franklin County's commercial buildings.

Since 2015, Franklin County has granted \$4.5 million to the Columbus-Franklin County Finance Authority (CFFA) for EnergyWorks. CFFA has been able to package the money provided by Franklin County with other financing mechanisms to expand the total pool of funds available for lending. CFFA has leveraged the \$4.5 million into \$6.9 million via a bond issuance, which in turn has been used to close on over \$10 million in loans or bond financing for 11 projects in Franklin County.

**Energy usage is expected to be reduced an average of 41%** among the 11 EnergyWorks financed projects, with a range of 15% - 77%. The accompanying **annual energy savings are estimated at \$539,000.**

Strategy	Results	Unique Niche	Leverage	\$ Deployed

### InfrastructureWorks

InfrastructureWorks’ primary objective is to encourage and accelerate public sector investment in infrastructure projects that result in economic growth and job creation. InfrastructureWorks provides loan financing to political subdivisions within Franklin County for this purpose. The program is structured as a revolving loan fund that provides below market rate financing to cities, villages, and townships in Franklin County.

Since 2015, Franklin County has appropriated and made available \$14 million for InfrastructureWorks. The program has provided loan financing for 6 projects involving funding commitments of \$5,675,000. This financing leveraged \$12.8 million in additional local funds.

As of August 2018, **360 jobs have been created by three projects** supported by infrastructure that received program financing. InfrastructureWorks **financing per job to date is approximately \$6,400.** Estimated **cost savings to Franklin County’s subdivisions are \$300,000-\$400,000.** The financed infrastructure projects **improve quality and safety, enhance reliability, and lower costs to help sustain and attract businesses.**

Strategy	Results	Unique Niche	Leverage	\$ Deployed

### PeopleWorks

PeopleWorks’ primary objective is to increase the placement of Franklin County residents who receive social services into jobs that pay a wage sufficient to no longer require public assistance. The program provides a matchmaking service connecting businesses and employment candidates and offers three grant programs that provide resources to train new hires.

Since 2015, Franklin County has appropriated \$2 million to the EDP for PeopleWorks. The EDP has negotiated 6 grant projects involving funding commitments of \$1,184,500 and has disbursed \$273,200. The training and placement requirements for these projects run through 2023.

Since the program’s creation, PeopleWorks grant funding has supported the **training and hiring of 227 individuals, 141 of whom had been receiving public assistance.** However, approximately one-third of those were later terminated. Of those 141 participants, **71 were receiving public assistance as of November 2018.** The **cost per job placement to date is \$1,203.** All placements earned at or above the target wage established for each project, typically \$12-\$15/hour but as high as \$21/hour.

Strategy	Results	Unique Niche	Leverage	\$ Deployed

## Options for Consideration

Options for improving the SmartWorks programs depend not only on the evaluation findings but the strategic direction Franklin County economic development efforts will take. Questions raised during this evaluation process have concerned how well the programs perform, but also whether they are the best use of county funds. The answer to the latter question is to be determined as the county completes its economic development strategic planning process. The options presented below, therefore, should be considered preliminary.

### EnergyWorks: Transition

The EnergyWorks program has performed well and is consistent with strategic priorities, but the market has evolved and it appears that many of the county's objectives can be achieved through both private and other CFFA financing options. Assuming CFFA remains an important local player in energy finance for commercial properties, it is not yet self-sufficient as the early returns have only begun to replenish the loan fund. Considering ways to pursue unmet energy efficiency priorities for housing and industrial properties may be another transition option.

### InfrastructureWorks: Build

InfrastructureWorks has performed slowly but surely, is achieving its cost-savings and investment objectives, and is consistent with strategic priorities. Program participants from Franklin County have praised its value and ease of use. Preparing for growth is already established as a regional priority among elected leaders and economic development stakeholders. InfrastructureWorks can serve as the platform for engaging, preparing, and helping Franklin County's political subdivisions make wise infrastructure investment decisions to support growth in a manner consistent with their own and regional economic development priorities.

### PeopleWorks: Rethink

Despite significant effort and multiple attempts to revamp the program offerings to serve the intended market, the PeopleWorks program has not successfully accomplished its objective and much of the funding in its pay-for-performance structure has not been disbursed. It is important to note that the objective it set out to meet is very difficult to achieve and remains a challenge for most organizations. Options include eliminating the program and redirecting funds to another priority (workforce or otherwise), continuing to fund organizations like Per Scholas with an established track record (though this may not be a unique role), or building on other county efforts (such as Building Futures, initiatives serving the previously incarcerated, or a new policy direction to be provided by the poverty study). Additional options are likely to emerge from the strategic planning process.

# EnergyWorks

## Description

EnergyWorks is designed to increase the energy efficiency of existing and new facilities, resulting in lower energy costs, fewer carbon emissions, and economic growth in Franklin County.

The EnergyWorks program is an ongoing partnership with the Columbus-Franklin County Finance Authority (CFFA) to capitalize the Columbus Region Energy Fund, which provides loan financing to Franklin County businesses and nonprofit organizations for cost-effective energy efficiency improvements. EnergyWorks funds are granted to the CFFA and may be combined with other financing mechanisms (especially PACE) to get energy efficiency projects “across the finish line.” Financing assistance encourages energy efficiency investments because it offsets the relatively high upfront costs that are required before ongoing, longer-term cost savings are realized.

The projects financed with EnergyWorks primarily involve the retrofit of existing buildings in use in Franklin County but have also included improvements to or redevelopment of derelict buildings and efficiency upgrades that exceed building code standards in new construction. Eligible uses of funds include but are not limited to heating and cooling systems, electricity improvements, and energy distribution technologies. Funds may be provided as a loan or bond financing with terms that have ranged from 12-19 years.

Since 2015, Franklin County has granted \$4.5 million to CFFA for EnergyWorks (\$1.5 million/year in 2015, 2017 and 2018. Funds were not appropriated in 2016 because at that time 2015 funds had not yet been spent. ).

CFFA has been able to package the money provided by Franklin County with other financing mechanisms to expand the total pool of funds available for lending. Specifically, CFFA has leveraged the \$4.5 million into \$6.9 million via a bond issuance, which in turn has been used to close on over \$10 million in loans or bond financing for 11 projects in Franklin County.

## Objective

### **Increase energy efficiency in existing and new facilities in Franklin County**

This program’s objective supports the following Franklin County strategic priorities:

- Commitment to environmental sustainability as expressed by Commissioners<sup>1</sup>
- Recommendations from the Franklin County Energy Study to reduce energy consumption in homes and businesses by 20%<sup>2</sup>
- Regional commitment to improving energy efficiency in residential and commercial buildings<sup>3</sup>

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<sup>1</sup> <https://commissioners.franklincountyohio.gov/news/2017/franklin-county-receives-national-recognition-for-and-june-2017-franklin-county-resolution-on-sustainability>

<sup>2</sup> <http://www.morpc.org/news/franklin-county-energy-study-points-toward-the-future/>

## Results

EnergyWorks has provided financing to enable investments that reduce energy use in Franklin County commercial facilities. **Energy usage is expected to be reduced an average of 41%** among the 11 EnergyWorks financed projects, with a range of 15% - 77%. The accompanying **annual energy savings are estimated at \$539,000**.

The County's Energy Study includes a recommendation to reduce energy consumption in homes and businesses by 20%. The annual energy savings percentages from with EnergyWorks funded projects exceed that amount in eight out of eleven cases.

### Other descriptive metrics:

As of September 2018:

- For every \$1 of EnergyWorks spending, the estimated value of energy savings is \$1.76
- The average EnergyWorks contribution to a project is \$630,000
- Among the 11 financed projects, 9 are retrofits of existing buildings, 1 is a redevelopment, and 1 is new construction
- Loan repayments of over \$220,000 (principal and interest) have been made to CFFA

## Example and Pipeline

525 Metro Place in Dublin is the most recent project financed with EnergyWorks funding. This retrofit project involved approximately \$934,000 from EnergyWorks structured as a twelve-year loan and is estimated to result in a 33% reduction in energy use.

The **current pipeline** includes 7 commercial projects with total demand for energy financing that would exceed \$9.3 million. Six projects are located in Columbus and one is in Sharon Township.

## Successes and Shortcomings

EnergyWorks contributions have capitalized the CFFA Energy Program. After a slow start while the project pipeline was built, the EnergyWorks funds have been leveraged and deployed for 11 qualifying projects. The pipeline and demand for financing have been growing.

The projects are expected to achieve their energy saving objectives. CFFA collects data for some projects on actual energy use and savings, but it is still too early to use this information to assess whether those savings match expectations, and this data has not yet been reported. Going forward, CFFA may consider if it can use the Energy Star Portfolio Manager<sup>4</sup> to track energy usage for commercial buildings where its funding has been used. This tool can be used to track energy consumption and would allow benchmarking, which would provide useful additional insights into program performance.

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<sup>3</sup> insight2050 Scenario Metrics

<sup>4</sup> EPA's [online energy management and tracking tool](#) enables the measurement and tracking of the energy and water performance of any building over time.

One challenge area that was identified is the need to establish special assessment districts for each PACE project. Summit County, OH, has created a county-wide Energy Special Improvement District. It is worth exploring whether this approach would have a greater impact on the number of property owners pursuing energy savings investments than would additional funding from the county.

After reviewing other energy efficiency financing programs in Ohio<sup>5</sup>, it does not appear that other energy districts or finance authorities receive county-level contributions. Instead, supporting PACE financing and establishing Energy Special Improvement Districts appear to be the norm. Similarly, most benchmark communities outside of Ohio examined for this assessment do not appear to provide appropriations for commercial energy efficiency programs. As other capital providers and funds have entered the PACE market, the county may not need to sustain a long-term financial commitment to the Energy Fund in order for the county to experience continued reductions in energy use. This may create the opportunity to transition the county's focus to other energy efficiency priorities that are not being met through current programs, including assisting industrial properties and low-income households, as identified in the 2018 Energy Study.

## Options

- Use Energy Star Portfolio Manager to track and report on outcomes
- Plan for a transition away from county funding since other financing options have become available and more program income from repayments will become available for use
- Examine the viability of a county-wide Energy Special Improvement District
- Focus resources on other unmet needs in the energy efficiency market, by focusing on other property types such as small businesses, low-income households, and/or industrial properties

Strategy	Results	Unique Niche	Leverage	\$ Deployed
Good	Good		Good	Good

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<sup>5</sup> NEO Advanced Energy District, Development Finance Authority of Summit County, NOPEC, NEODFA, Lake County Ohio Port and Economic Development Authority

# InfrastructureWorks

## Description

InfrastructureWorks provides loan financing to political subdivisions within Franklin County for public infrastructure projects that support economic development. The program is structured as a revolving loan fund that provides below market rate financing to cities, villages, and townships. InfrastructureWorks keeps costs down for municipalities and accelerates beneficial projects.

InfrastructureWorks may support any publicly owned infrastructure (including transportation, energy, water and telecommunications) that is related to a project that will encourage economic growth, create and/or retain jobs, and/or increase sales tax revenues. The program fills a financing gap for economic development related infrastructure investments that fall between those that are small enough to be easily financed from a municipality's general funds and those that are large enough to merit bond financing. Projects generally are valued in the \$2.5-\$5 million range.

Loans are capped at 50% of total project cost and may reach up to \$1,000,000 (depending on the current available fund balance); however projects deemed to be "catalytic" in nature can exceed \$1,000,000 in financing.<sup>6</sup> The loan funds are distributed as reimbursements for eligible costs. Each loan is repaid with interest by the borrowing municipality, typically over a ten-year period.

In 2016, Franklin County adopted an open cycle for applications because the original semiannual funding rounds inadvertently restricted community interest and ability to access funds. At this time, the County also increased the maximum loan amount and made the City of Columbus an eligible, but limited, applicant.

This program is also referred to as the Franklin County Infrastructure Bank (FCIB).

Since 2015, Franklin County has appropriated and made available \$14 million to the EDP for InfrastructureWorks (\$3.5 million/year for 2015-18).

To date, InfrastructureWorks/FCIB has provided loan financing for 6 projects involving funding commitments of \$5,675,000. This financing has leveraged \$12.8 million in additional local funds.

## Objectives

**Encourage and accelerate public sector investment in infrastructure projects that result in economic growth and job creation.**

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<sup>6</sup> See - Draft Internal Plan & Guidelines document resulting from the 2016 program changes.

"Catalytic projects are those that will foster significant economic development and/or involve significant cooperation between multiple jurisdictions and other public entities. Should the current available balance of the FCIB exceed \$2,000,000, projects that have been determined to be catalytic in nature by EDP, the Loan Advisory Board, and the Board of Commissioners would have access to a maximum loan amount that is equal to 50% of the infrastructure project costs, up to 50% of the current available balance of the FCIB. Catalytic projects are subject to increased review and scrutiny, including by County Administration"

The loan recipient (municipal government) reports job creation data to Franklin County annually. Job creation commitments must be met over a four-year period.

The primary program objective is to support projects that result in job creation, but several other expected outcomes have also been articulated<sup>7</sup>:

- Increase capital investment and taxes generated
- Leverage other financing and funding sources (ratio of other funds to FCIB financing)
- Shift infrastructure investment to those with greater direct economic impact
- Provide financing for smaller projects and gap financing for larger projects
- Build EDP's financing expertise
- Become a self-sustaining fund by the end of the five year capitalization period

This program's objectives support the following Franklin County strategic priorities:

- Promote job creation, strategic economic development, and fiscally sustainable government operations<sup>8</sup>
- Coordinate economic development with other local governments<sup>9</sup>
- Fill gaps in economic development programming to support the growth and development of political subdivisions within Franklin County<sup>10</sup>
- Assist in the establishment or expansion of industrial, commercial, or research facilities<sup>11</sup>
- Support the regional commitment to job creation and capital investment<sup>12</sup>

## Results

As of August 2018, **360 jobs have been created** by three projects supported by infrastructure that received InfrastructureWorks financing.

- City of Upper Arlington Municipal Fiber Network: 250 jobs
- City of Whitehall North Hamilton Road: 90 jobs
- Village of Marble Cliff Cardigan Avenue: 20 jobs

Job tallies are an important but insufficient economic development indicator for a program like InfrastructureWorks. Infrastructure financing programs are one type of economic development work that helps generate a broader set of **community and business benefits** that can be reported. Accordingly, the Ohio State Infrastructure Bank includes project descriptions summarizing financed improvements in its Annual Report.

Benefits from infrastructure upgrades include more attractive, functional, and safe business districts, which enables commercial and industrial growth. InfrastructureWorks-supported projects include:

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<sup>7</sup> FCIB Policy Brief, October 2014

<sup>8</sup> <https://commissioners.franklincountyohio.gov/roles>

<sup>9</sup> Ohio Revised Code Section 307.07

<sup>10</sup> Economic Development Department Philosophy and Goals

<sup>11</sup> Ohio Revised Code Section 307.64

<sup>12</sup> Columbus Region Performance Dashboard



- Marble Cliff – waterline improvements to reduce the number of breaks, assure water flow to residents, serve the Highway Business District, and attract and maintain businesses.
- Whitehall – improve several aspects of a jobs corridor to enhance road safety and quality to serve existing businesses and support new jobs and future investments in a redeveloping area.
- Grandview Heights – improve streets and provide pedestrian amenities to accommodate expected growth in jobs and residents; supports ongoing development projects that have generated increased traffic and required upgrades.
- Grove City – roadway improvements to improve safety and reduce congestion along with water and sanitary sewer installations to support a planned medical facility plus other medical, hospitality, retail and logistics opportunities

InfrastructureWorks has also helped finance local fiber networks to 1) improve service and lower costs to local government and their partners (such as school districts), and 2) provide superior service to businesses and, in some cases, offer inexpensive, high-speed connectivity as an incentive to attract new businesses. New research has begun to quantify the value to local governments of increased broadband speed, suggesting that a 1% increase in broadband speed causes household income to rise by 0.113% and housing permits by 0.036%.<sup>13</sup> Within Franklin County, Dublin attributes thousands of jobs to its ability to offer free fiber to companies. Relevant projects funded by InfrastructureWorks include:

- Grove City – installation and operation of a fiber network to serve government needs, partners such as the school district and SWACO, and current and future businesses, all at a lower cost.
- Upper Arlington – installation of a fiber network to serve public institutions (local government and partners, such as schools) and private organizations, including a medical facility and commercial businesses in a redeveloping area of the city. The network will ultimately be available to residents. The network will lower costs and is expected to help attract more new businesses.

Another InfrastructureWorks objective is to **reduce project financing costs** for Franklin County's political subdivisions. The program's low interest rates save Franklin County's cities and villages money compared to the cost of bond debt. Rough estimates based on the difference in the FCIB interest rate (1.26-1.9%) compared to bond issuance interest rates (generally 2.4-4%) suggests a **total cost savings exceeding \$300,000** across the program. FCIB fees are also lower, resulting in additional savings of an estimated 1.5% per \$1,000,000 project, compared to financing the project entirely through a bond issuance.

Accessing InfrastructureWorks funds also allows municipalities to preserve their local debt capacity (since a smaller portion of the project is funded with bonds), use FCIB money as part of their local match to access other grant or loan funds (thereby reducing their upfront cost and further leveraging the FCIB contribution), and access funds faster to accelerate the project start date (relative to other funding sources). Grantees have praised the program's ease of use and

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<sup>13</sup> Greasing the Data Engine: Economic Impact and Legislative Success of Information and Communication Technologies (ICT) at Local and National Levels. Aindrila Chakraborty, University of Connecticut. June 2018.

customer service, emphasizing the program's value to locations with small staffs that may not have extensive financing expertise.

## Other descriptive metrics

- Six projects have received InfrastructureWorks financing. Three have not yet reported job creation data.
  - 3 approved in 2015
  - 1 approved in 2016
  - 2 approved in 2017
- The total job creation commitment associated with these 6 projects is 887 by 2021
- The three projects that have provided data have reached 360 out of their total commitment of 390 jobs. Their full job commitment must be met by October 2019.
- Spending per job: \$6,400
  
- Total value of funded projects: \$18.5 million (\$5.7 million from InfrastructureWorks)
- Funds leveraged: \$12.8 million
- Total Available to Lend: \$8.3 million (\$14m-\$5.675m)
- Loan repayments to date: \$360,000
- Loan Range: \$125,000 - \$2,000,000
- Loan Average: \$945,833

Repayments on their own are not likely to make the FCIB self-sustaining by the end of 2019. Total repayments (interest and principal) for 2017-2019 will be \$1,140,312 – sufficient for one “average” project. When combined with the total “available to lend,” FCIB should have enough funds for the next few years given past lending levels, but the total may not be sufficient for an expansion in demand.

## Example and Pipeline

The City of Grove City Municipal Fiber Network is the most recent InfrastructureWorks-funded project. The project involves the construction of a 10 Gbps Fiber Optic Network to connect the Central Ohio Fiber Network, which previously did not extend south of I-70. The network will be operated by the City of Grove City in partnership with several other local entities. The Fiber Network will support a new Ohio Health facility and is also anticipated to help Grove City attract new investment in the manufacturing and advanced fabrication sectors. Franklin County approved a \$2 million loan to the City, which will leverage \$2.8 million in other sources of funds and includes a commitment to create 100 jobs by August 2021.

The **current project pipeline** includes 2 projects in the pre-application stage and 3 in preliminary discussions.

## Successes and Shortcomings

InfrastructureWorks is well-managed, supports multiple county priorities, and is generating positive results whether measured by jobs, community and business benefits, or cost savings to Franklin County subdivisions. The EDP is responsive and has implemented changes to make the program easier for municipalities to use, including implementing an open application cycle

and raising the maximum loan amount. It has developed a scoring template to facilitate upfront project review.

However, the volume of lending activity has been less than expected and substantial funds remain unspent. Given the positive feedback from program participants on value and ease of use, it does not appear that demand is held back by overly complicated administrative rules. Instead, it is likely many of the intended recipients are not yet aware of or are not yet comfortable with this relatively new financing mechanism. Several stakeholders have mentioned the lack of staffing and financing expertise at the village and township levels. Accordingly, the EDP may need to devote more resources to conduct outreach to build the project pipeline.

Regional growth projections give this program new urgency and new opportunity. Economic development stakeholders and county leaders have consistently noted that the region must prepare for expected growth, and, specifically, that Franklin County’s political subdivisions are a critical component of any successful regional approach. They must either step up and guide growth in ways that are consistent with their own economic goals, or they will find themselves with less say over how that growth will affect their communities. At the same time, there is concern that staff and leadership at the village and township level may lack the capacity to be fully prepared. InfrastructureWorks and the EDP can play a leadership role to engage and prepare Franklin County’s political subdivisions to make infrastructure investment decisions that are beneficial locally and regionally.

## Options

- Consider preparing a more complete Annual Report modeled on the State Infrastructure Bank
- Conduct more outreach to promote the program. Two specific suggestions from past participants include speaking at the monthly meeting of local finance directors organized by MORPC and the local government conference organized annually by the state auditor.
- Use InfrastructureWorks to leverage a broader conversation with Franklin County subdivisions on preparing for growth in a manner consistent with local economic development priorities
- The broader conversation may include transportation investments. Explore how InfrastructureWorks may interact with Transportation Improvement Districts in the region, as the County considers whether to pursue TIDs.

Strategy	Results	Unique Niche	Leverage	\$ Deployed

# PeopleWorks

## Description

PeopleWorks facilitates private sector employment and training for low-income residents who currently receive public assistance. The program provides a matchmaking service connecting businesses and employment candidates and offers three grant programs that provide resources to train and hire participants.

- **Workforce navigation (matchmaking):** Serves local employers interested in hiring individuals receiving social assistance by connecting Franklin County social service recipients to the employer. EDP has worked with 36 county, non-profit, and other public agencies to facilitate recruitment of candidates.
- **New Employee Training Grant (NET-G):** Reimburses employers up to 25% of the cost of training new hires. “The primary goal of the NET-G program is to provide a pathway for individuals to acquire the job skills needed to maintain full-time employment and leave public assistance.” The typical grant term has been 3-5 years to meet placement goals. (*Hire then train*)
- **Innovative Partnership to Upskill a Trade Training Grant (INPUT-G):** Reimburses business-led industry groups (INPUTs) up to 25% of the cost to train job seekers in their industry. The training must result in a full-time job for trainees who finish the program. This grant is not limited to individuals who receive public assistance, but the goal is placement of program graduates into jobs with a wage or salary high enough to no longer require public assistance. (*Train then place*)
- **Career Oriented Continuing Education and Placement Training Grant (CONCEPT-G):** Reimburses educational and non-profit organizations up to 25% of costs for training and placing public assistance recipients into employment. However, this grant is not limited to individuals who receive public assistance. The required minimum enrollment for training programs is 10 trainees. The goal is placement of program graduates into living wage employment. The typical grant term is 3 years to meet training and placement goals. (*Train then place*)

Since 2015, Franklin County has appropriated \$2 million to the EDP for PeopleWorks (\$500,000/year for 2015-2018).

Under the PeopleWorks program, the EDP has negotiated 6 grant projects involving funding commitments of \$1,184,500 and has disbursed \$273,200. The training and placement requirements for these projects run through 2023. As of November 2018, 227 of the required 834 job placements have been met.

## Objective

**Increase the placement of Franklin County residents who receive social services into jobs that pay a wage sufficient to no longer require public assistance.<sup>14</sup>**

This program's objective supports the following Franklin County strategic priorities:

- Improve the economic welfare and economic opportunities of the citizens of Franklin County<sup>15</sup>
- Promote job creation and provide supportive health and human services<sup>16</sup>
- Use EDP programs to play a role in lifting residents out of poverty<sup>17</sup>
- Contribute to a decreased need for public spending, especially on social services, through EDP programs
- Support the regional commitment to increasing per capita income and reducing the poverty rate<sup>18</sup>

## Results

Since the program's creation, PeopleWorks grant funding has supported the training and hiring of 227 individuals. 66 of the original 227 placements were terminated, resulting in **161 active placements (71%)**.

PeopleWorks requires placements prior to reimbursement, so the program placement rate is 100%. Pay-for-performance is not the standard structure for workforce training programs; good target placement rates for workforce programs serving adults are clustered around 80%.<sup>19</sup> A detailed study of similar<sup>20</sup> programs (including Per Scholas) revealed a range of 30-60% for placements in specified industry sectors. Further, 60-80% of participants from these programs were still employed full-time after two years.<sup>21</sup> This suggests that the 71% active placement rate for PeopleWorks is well within the range one would expect.

An estimated 141 (62%) of total placements were individuals who had been receiving public assistance. 51 of these have a status of terminated, resulting in approximately **90 active placements for individuals who were receiving public assistance**.

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<sup>14</sup> "All components of PeopleWorks will be evaluated based on the number of public recipients successfully placed and retained in full time, sustainable living wage employment." Ch. 5 Franklin County PeopleWorks Program Summary, 2/13/15.

<sup>15</sup> Ohio Revised Code Section 307.64

<sup>16</sup> <https://commissioners.franklincountyohio.gov/roles>

<sup>17</sup> Economic Development Department Philosophy and Goals

<sup>18</sup> Columbus Region Performance Dashboard

<sup>19</sup> For example, see the Per Scholas annual report and Alexandria/Arlington Regional Workforce Council target placement rates.

<sup>20</sup> WorkAdvance is a New York City program implemented by four different providers, including Per Scholas. "WorkAdvance goes beyond the previous generation of employment programs by introducing demand-driven skills training and a focus on jobs that have career pathways. . . . A major component of the WorkAdvance model . . . is training offering industry-recognized certifications, reflecting the hypothesis that skill acquisition is necessary for advancement. The model also requires providers to be far more employer-facing than traditional training programs. . . ."

<sup>21</sup> Encouraging Evidence on a Sector-Focused Advancement Strategy. Two-Year Impacts from the WorkAdvance Demonstration. MDRC. August 2016.

**All placements earned at or above the target wage established for each project**, typically \$12-\$15/hour but as high as \$21/hour. The average wage for placements across projects ranged from \$11.73/hour to \$24.78/hour.

Franklin County data indicate that of the 141 PeopleWorks participants who had an active case number when placed, **71 were receiving public assistance during November 2018.**

## Other descriptive metrics

As of November 2018:

- 16 employers hired an estimated 130 employees after working with the Workforce Navigation service
- \$694,500 has been awarded and \$77,700 disbursed through the NET-G program to three grantees. These grantees have committed to 494 jobs, with 104 placements to date
- No money has been awarded through the INPUT-G program
- \$490,000 has been awarded and \$195,500 disbursed through the CONCEPT-G program to three grantees. These grantees have committed to 340 jobs, with 123 placements to date

Most grant terms are still ongoing. One CONCEPT-G grant started in 2015 has been completed, resulting in 13 placements compared to 100 that were projected. The other grantees continue to demonstrate incremental gains. There has been one new grantee since November 2016.

The cost per job placement to date is \$1,203. If all program commitments are met, the cost per placement would be slightly higher at \$1,420. This is a low cost per placement because the program rules limit reimbursements to 25% of costs. By way of comparison, the building Futures program cost per placement appears to be \$10,000-\$11,000.

## Example and Pipeline

Fortuity Calling, which provides inbound third-party call center services to companies, is the most recent PeopleWorks-funded project. Franklin County approved a \$500,000 NET-G grant for the company to train and hire 300 eligible individuals over a 5-year period beginning in May 2018 into jobs paying \$11-\$15/hour.

The **current project pipeline** includes 14 active employers, 3 placement agencies, and 3 future employers/training programs.

## Successes and Shortcomings

The PeopleWorks programs have made progress toward their stated objectives and resulted in benefits to Franklin County residents. PeopleWorks funding has led to successful outcomes (job placements) at a relatively low cost. The program is well-run and thoroughly documented.

Overall, however, PeopleWorks has had a limited impact on the challenge it set out to address. The number of projects, distributions and placements since 2015 has been low. The program is under-subscribed, with approximately \$800,000 in available funding that has not been obligated.

There are currently no applicants (beyond one extension request) and the pipeline of active prospects has remained small even as the program has become more established.

The relatively small benefit (reimbursement for 25% of eligible training costs) may deter businesses from applying, and some may find it difficult to ensure compliance with the program rules. One grantee interviewed for this project was very positive about the county's support but noted that the reporting requirements and pay-for-performance structure were unique among funders, increasing the administrative burden associated with documenting compliance with the PeopleWorks grant terms.

The program evolved from its original intent of meeting the hiring needs of employers by connecting them with potential workers who are currently receiving social services. Its recent projects, including Fortuity Calling, are grants to organizations that train and place individuals (who tend to have low incomes or barriers to employment but are not necessarily receiving social services) in employment. In these cases, the EDP no longer serves as the connection to local employers.

This shift to a social services orientation from an employer-centered focus has been sensible given the core objective of helping individuals who receive social assistance to find jobs that pay well. Training alone is often inadequate, while ongoing support and wraparound services before, during and after placement are needed for successful placements. However, it is not clear that the EDP is the best organization for this role – or that this role is the best fit for the EDP.

The five-year program sunset date and the current county focus on poverty initiatives give Franklin County the opportunity to consider other options for this funding that may generate greater impact relative to its core objective: helping Franklin County residents earn a good wage to move people out of poverty.

## Options

Within PeopleWorks, options could include:

- Raise the funding limits beyond 25% of costs and ease some administrative reporting requirements
- Return to the original intent of serving employers' training needs, with less focus on placements for individuals on social assistance
- Eliminate INPUT-G. This program element has not been used and there is no evidence of demand for the program.
- Eliminate the matchmaking component of the Workforce Navigator position. While the EDP did generate some interest among some employers, the larger challenge was identifying ready-to-work individuals from social service agencies that were good candidates for placement. This process generated a limited number of leads and placements, but it was not efficient and has been superseded by the grant-making elements of PeopleWorks.

Thinking beyond PeopleWorks:

- Redirect funds to another priority (workforce or otherwise)
  - Continue to fund organizations like Per Scholas that have an established track record in accomplishing training and placement objectives. However, this

approach may not be compelling as it would move the EDP workforce activities from a “doing” role to a “funding” role.

- Serve as the regional source for non-traditional/very flexible funds for workforce needs not allowable through other sources of workforce training dollars.
- Build the next iteration of the EDP’s workforce activities around other county efforts (such as Building Futures, initiatives serving the previously incarcerated, or a new policy direction to be provided by the poverty study)
- Consider a sector-specific training and career pathway initiative, for example, within the logistics and distribution industry and possibly tied to incentive offers
- A grantee suggested the need for a “ready to hire” initiative aimed at employers that would complement the “ready to work” training programs
- Additional options are likely to emerge from the strategic planning process

Strategy	Results	Unique Niche	Leverage	\$ Deployed



# Appendix:

## Review of Program Assessment Metrics

A challenging element of economic development program evaluation is defining goals in such a way that they can be measured. For this assessment, BDA has considered the EDP mission, SmartWorks program goals and guidelines, data that is currently collected and reported, and additional indicators related to individual program objectives to identify the metrics for the SmartWorks evaluation. This Appendix summarizes our analysis of these indicators for their suitability for the program evaluation based on:

- Fit with goals and objectives
- Data availability
- Cost of obtaining/maintaining data
- Data validity and quality
- Appropriate timeframe

**EDP Mission:** To be the best county community and economic development organization in the State of Ohio through the use of innovative public policy and programs that make significant and lasting contributions to enhance the quality of life for our residents.

**SmartWorks:** The goal of SmartWorks is to provide innovative solutions, in the niche areas of the local economic development landscape not being served by our municipal and township partners, in order to help foster economic growth throughout the entire County. In their current configuration, the SmartWorks programs are designed to provide flexible financing and technical assistance in key policy areas: energy, workforce, and infrastructure.

### Energy Works

EnergyWorks is designed to increase the energy efficiency of existing and new facilities, resulting in lower energy costs, fewer carbon emissions, and economic growth in Franklin County.

#### Review of Potential Metrics

	Fit with goals and objectives	Data availability	Cost of obtaining/maintaining data	Data validity	Appropriate timeframe
<b>Projected reduction in energy usage by project</b>	Yes	Good – ASHRAE Level II audit	Minimal – obtained through audit	Good – consistent, established source	Yes
<b>Projected cost savings from reduced energy usage by project</b>	Yes	Good – ASHRAE Level II audit	Minimal – obtained through audit	Good – consistent, established source	Yes
<b>Actual decrease in</b>	Yes	OK - some data post-	Minimal – some is collected already but	Good – data based on	OK – cost savings not

	Fit with goals and objectives	Data availability	Cost of obtaining/maintaining data	Data validity	Appropriate timeframe
<b>costs and/or energy use</b>		closing is collected but not for all projects <b>OPTION: Use Energy Star Portfolio Manager to track</b>	may not be tracked and reported	utility bills	seen immediately; must be tracked over time
<b>Financial returns to county</b>	N/A	Good – interest and principal repayments are tracked	Minimal – already collected	Good – based on agreement	Yes
<b>Total Resource Cost test OR Program Administrator costs test</b>	OK – more useful for program comparison than individual program analysis	Good – calculation based on existing data (projected outcomes)	Minimal	Good	Yes
<b>Funds leveraged</b>	OK – but not outcome focused	Good – tracked by CFFA	Minimal – already collected and reported	Good	Yes
<b>Job creation</b>	N – program; Y - EDP	Weak – job creation not tracked	Modest – Jobs data for energy efficiency initiatives generally modeled based on spending	OK – jobs created would be temporary construction positions; model output on job creation could therefore be misleading	Yes

For programs financed through the American Recovery and Reinvestment Act of 2009, five energy efficiency/renewable energy metrics were articulated<sup>22</sup>:

- Energy saved or generated - measured as year over year reductions in demand that is attributable to an EE program. Projected energy savings data are collected and reported. Some actual energy savings data are collected and reported, but as the program matures, additional actual results should be reported.

<sup>22</sup> Nrelreport5-11.pdf (State Support for Clean Energy Deployment: Lessons Learned for Potential Future Policy April 2011).

- GHG emissions reductions – N/A
- Energy cost savings
  - Total Resource Cost test – total cost (customer and state contributions) against the value of lifetime energy savings
  - Program Administrator costs test (compares program costs against the cost of energy not purchased due to the EE program)
- Funds leveraged
- Job creation

## Infrastructure Works

InfrastructureWorks provides loan financing at below market rates to political subdivisions within Franklin County for public infrastructure projects that support economic development. The program is structured as a revolving loan fund. InfrastructureWorks keeps costs down for municipalities and accelerates beneficial projects.

The program's ultimate objective is to support economic growth and job creation. While infrastructure spending of itself creates some of these benefits, the real gains are indirect. Infrastructure investments contribute to economic growth and job creation by improving the environment in which businesses operate and residents live, thereby increasing competitiveness and improving quality of life.

To assess infrastructure financing's effect on economic growth and job creation, it is helpful to think about how those indirect benefits come to pass. Below, we present a simple logic model exercise to demonstrate the connection between the program and the desired outcomes.

The county provides funds for InfrastructureWorks

. . . so that the county's political subdivisions can finance infrastructure faster and at a lower cost

. . . so that jobs can be created, residents experience better service (such as less congestion, greater safety), and businesses are encouraged to locate and grow in areas with improved infrastructure

. . . so that communities are prepared for economic opportunities and can achieve their growth and job creation objectives.

The logic model suggests that appropriate metrics are related to 1) financing terms for political subdivisions, and 2) jobs and community benefits derived from infrastructure investments.

### Review of Potential Metrics

	Fit with goals and objectives	Data availability	Cost of obtaining/maintaining data	Data validity	Appropriate timeframe
<b>FINANCING</b>					
<b>Cost savings to County political subdivisions (effect on bond ratings; enable access to other grants)</b>	Yes	Good – differential between IW rate and interest rate for bonded debt	Minimal	Good – both rates are documented though not always exactly comparable	Yes
<b>Time savings by accelerating projects</b>	Yes	Weak – effect on timing is not clear	Moderate – estimates could be made based on likelihood of using other grant and debt options	Poor – requires many assumptions	Yes
<b>Funding leveraged</b>	Yes	Good – required part of application	Minimal	Good – financing sources documented	Yes
<b>ECONOMIC AND COMMUNITY BENEFITS</b>					
<b>Job creation</b>	Yes	Good – required reporting from public subdivisions	Minimal for county; likely some collection costs for the subdivisions (especially if many small businesses as opposed to one major employer)	Not clear. Appears to depend on businesses self-reporting in response to queries; may be checked against tax data but process may vary by location	OK – job creation effects may exceed required jobs reporting period
<b>Economic Growth Outcomes</b> <b>Sales tax generation</b> <b>Related private investment</b>	Yes	Weak – addressed on Review Tool but no required reporting on these factors	Minimal for county; likely some collection costs for the subdivisions	Likely good	OK – benefits may exceed reporting period

	Fit with goals and objectives	Data availability	Cost of obtaining/maintaining data	Data validity	Appropriate timeframe
<b>Community/Social Impacts</b> <b>Expected benefits from project (e.g. less congestion, greater safety, improved reliability, better access, lower costs)</b>	OK – see logic model	Good – application describes rationale and expected benefits from improvements	Minimal – can track and document the investment Also use Q 3A and 4A from Review Tool to rate expected impact	OK - Would require assumption that the investment had the intended impact and achieved expected benefits	OK – benefits may exceed the required reporting or even loan period

Job counts seem like an incomplete measure of the economic and community benefits generated by the InfrastructureWorks-supported investment because the “resulting” jobs are created by businesses locating near the infrastructure improvements, not the infrastructure itself. Further, the infrastructure investments funded to date include road, water, sewer and fiber network projects. There is not a single metric appropriate to assess the broader economic effectiveness of these different types of investments. Therefore, the recommendation is to expand the descriptive information provided by project to complement the financial details. This approach is in keeping with the Annual Report of the State Infrastructure Bank.

Notwithstanding the importance (and difficulty) of measuring economic and community benefits, the State Infrastructure Bank (SIB) Annual Report provides a good template that could be modified for ongoing reporting for the Franklin County Infrastructure Bank. The SIB report includes:

- Financial Section – statement of revenues and expenditures; balance sheet
- Loan/Bond Section – 1) project characteristics, including brief description, location/borrower, total project cost, construction/procurement and completion dates; 2) loan characteristics including date, amount, interest rate, term, purpose and repayment source(s); and 3) total funding sources.
- Active Project List and loan details
- Graphs of activity over time and by type and purpose
- SIB Project Info for highlighted projects
- SIB Project Maps

## People Works

PeopleWorks facilitates private sector employment and training for low-income residents who currently receive public assistance. Its objective is to place Franklin County residents who receive social services into jobs that pay a wage sufficient to no longer require public assistance.

### Review of Potential Metrics

	Fit with goals and objectives	Data availability	Cost of obtaining/maintaining data	Data validity	Appropriate timeframe
<b>Number of placements</b>	Yes	Good – quarterly reports from companies (excellent tracking)	Minimal – grantees submit requested data	Good – individual level reporting; pay stub verification	Yes
<b>Number of active placements</b>	Yes	Good – quarterly reports from companies (placements - terminations)	Minimal – grantees submit requested data	Good – individual level reporting; pay stub verification	Yes
<b>Number of individuals on public assistance who have been placed via PW</b>	Yes	Good – case numbers and whether receive benefits within 30 days pre or post enrollment by individual	Moderate (?) – provided by grantee or by individual receiving training?	Good – case numbers can be verified with JFS	Yes
<b>Number of participants who are no longer on public assistance</b>	Yes	Good – data from JFS	Moderate – research task beyond normal scope of JFS/EDP activities	Good – data by case number	Yes – but provides a snapshot for that time only; may not reflect long-term experience
<b>Number of individuals hired via PW earning the target wage</b>	Yes	Good – data provided by company with	Minimal - grantees submit requested data	Good – supporting documentation provided	Yes
<b>Percentage of placed individuals who are still working</b>	Yes	Moderate – must use third party source	Moderate – must access Equifax work number data for each individual	Work number data from Equifax may not cover all individuals	Yes – but provides a snapshot for that time only; may not reflect long-term experience