

Creating a Legacy Project Through PGW P3

How City Council Can Leverage a Public Private Partnership (P3) with Chariot Companies to Support Energy Innovation and Development in Philadelphia's Emerging New Energy Economy



Chariot Companies

Ernest G. Green
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March 10, 2015

Council President Darrell Clark
Philadelphia City Council
c/o Special Committee on Energy Opportunities
Philadelphia, PA 19107

Re: Support Letter for Chariot Companies' Public Private Partnership (P3) with the City of Philadelphia and Philadelphia Gas Works (PGW)

Dear Council President Clark:

I am grateful to you, members of City Council and the Special Committee on Energy Opportunities for allowing me the opportunity to provide written testimony expressing my strong support for Chariot Companies, a diversified minority-owned Philadelphia-based company, to be selected to participate in a Public Private Partnership (P3) with the City of Philadelphia and Philadelphia Gas Works (PGW). Due to scheduling conflicts, I am unable to testify before you today.

Chariot Companies serves as a portal for upward mobility and wealth creation through its educational and training platform and is a trusted organization that has secured partnerships with the country's landmark institutions. Chariot Companies' vision creates new, or improved workforce development programs providing enriched energy educational and training platforms connecting supply chain needs to meet demand for employment in Philadelphia's expanding energy industry. Chariot also makes the 'economic case' for new revenue growth. As the City of Philadelphia considers P3's, I respectfully request that Chariot Companies receive full, fair and due consideration for this opportunity.

John Henry is a courageous, bold and visionary leader that approached me in August, 2012 with a business plan that leverages the natural resources of Pennsylvania's Marcellus Shale to catalyze an Energy Hub in Philadelphia by intentionally connecting economic value chains within the energy ecosystem to build a broad framework benefitting both industries and low-wealth communities.

I became among the first to accept a position on Chariot's Board of Managers. Perhaps the most compelling reason for my decision was John's ability to synthesize many "systems" into one thoughtful, fully integrated, operational value chain that creates shared-value among many stakeholders. Not only did John challenge traditional notions and practices, he conceived and personally drafted a set of strategic Energy Action Plans to serve as the blueprint for Philadelphia and other communities. It comes as no surprise that John is working with industry players to export Chariot's framework abroad to emerging market countries in Africa and South America.

In my view, Chariot Companies is addressing one of the last vestiges of the civil rights movement – a movement in which I played a small part. At a time when Philadelphia is establishing itself as an Energy Hub, the potential for Philadelphia's low-wealth communities to benefit from, and participate in, the potential economic watershed emerging from the burgeoning energy industry is unprecedented. A Chariot P3 will build upon established action plans and/or programs that provide the tools needed to overcome the barriers that have constrained Philadelphia's emergence as an Energy Hub. A partnership also will help build new markets for Philadelphia and the U.S. by expanding trade and supporting the emergence of middle-class consumers. And we know that stable economies are less vulnerable to crises and crime.

Accordingly, I believe that Chariot Companies has the vision, experience and only comprehensive action plan to provide unprecedented, narrowly tailored strategies and solutions to a P3 with the City of Philadelphia. I appreciate your time and attention, and respectfully ask that if you have any questions, comments, or concerns, please feel free to contact me directly.

Sincerely,



Ernest G. Green

Ernest G. Green

- U.S. Assistant Secretary of Labor for Employment and Training
- Former Managing Director of Public Finance for Barclay's Capital (formerly Lehman Brothers)
- "75 Most Powerful Blacks on Wall Street" Black Enterprise Magazine
- Director of A. Philip Randolph Education Fund
- Chairman of the Historically Black Colleges and Universities Capital Financing Advisory Board
- NAACP Spingarn Medal
- National Urban League's Frederick Douglas Freedom Medal
- Congressional Gold Medal
- Quality Education for Minorities (QEM) Network
- Chariot Companies Board of Managers

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Ernest G. Green





The Vision

A movement is afoot in Philadelphia. Empowered by Marcellus Shale, the region is in the nascent stages of an emerging new energy economy promising to bring economic growth and prosperity.

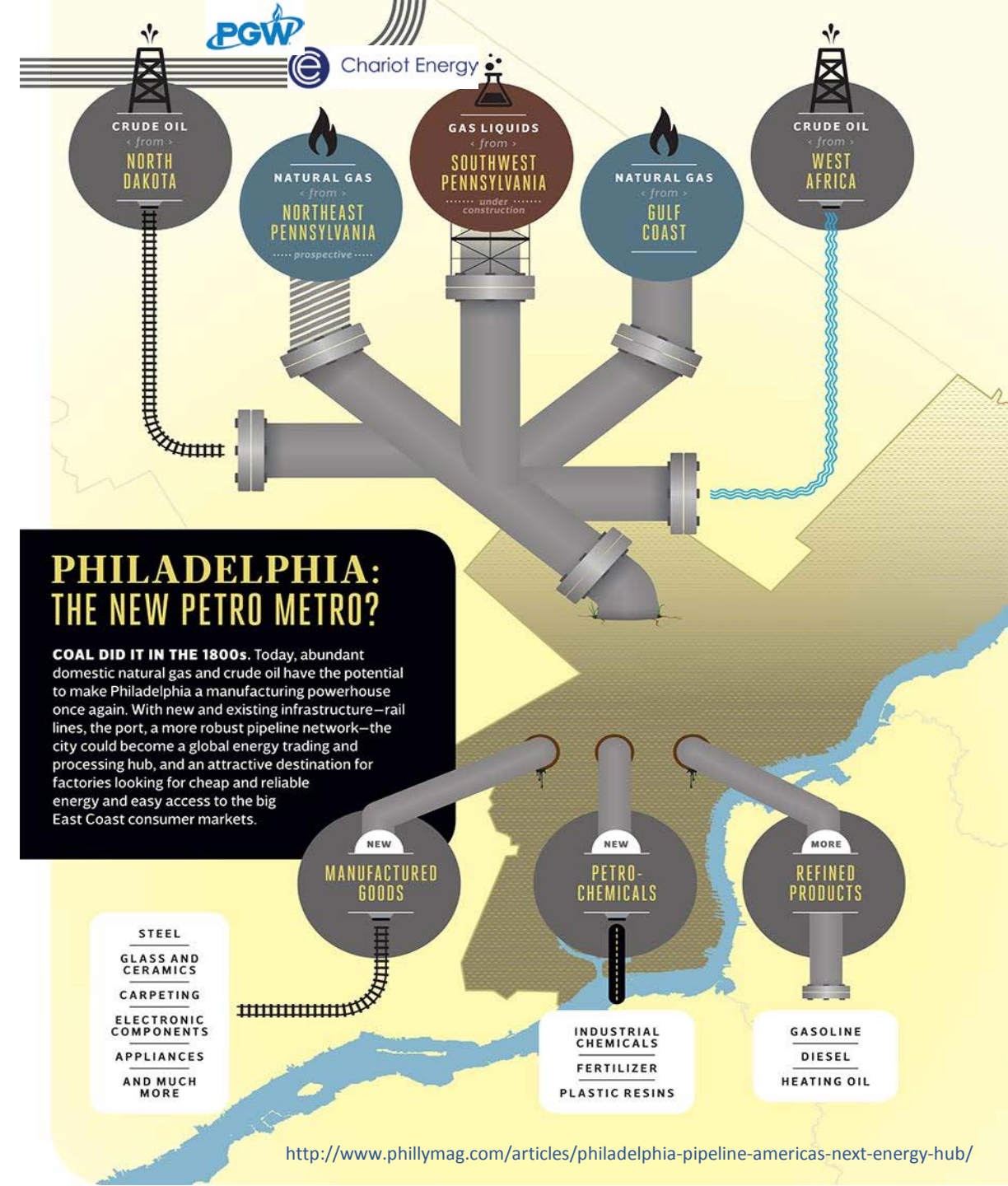
In anticipation, Chariot sparked a synergistic movement in 2011 to serve new needs, improve efficiency, create differentiation and competitive advantages and expand markets, while also changing the socio-economic landscape of all Philadelphians.

The Vision

The new PGW, if it's in the hands of the right visionaries, can leverage Philadelphia's location, educational institutions and transportation networks—including its world-class ports. The responsible build-out of those LNG facilities... would make Philadelphia a jobs juggernaut... That translates into growth for all to share, jobs, and increased tax revenue for the city and its schools.

Michael Krancer, Esq.,
Energy Leader at Blank Rome, and former Secretary
of The PA Department of Environmental Protection.

<http://www.forbes.com/sites/michaelkrancer/2014/02/26/how-philly-becomes-the-silicon-valley-of-energy-if-it-nails-the-sale-of-philadelphia-gas-works/>





The Opportunity

Moving to a more integrated approach to empowering Philadelphia working class families and people of color is not an easy approach for the oil and gas industry. The social and cultural issues that affect these communities' ability to benefit from an energy hub in Philadelphia lie outside their core business expertise.

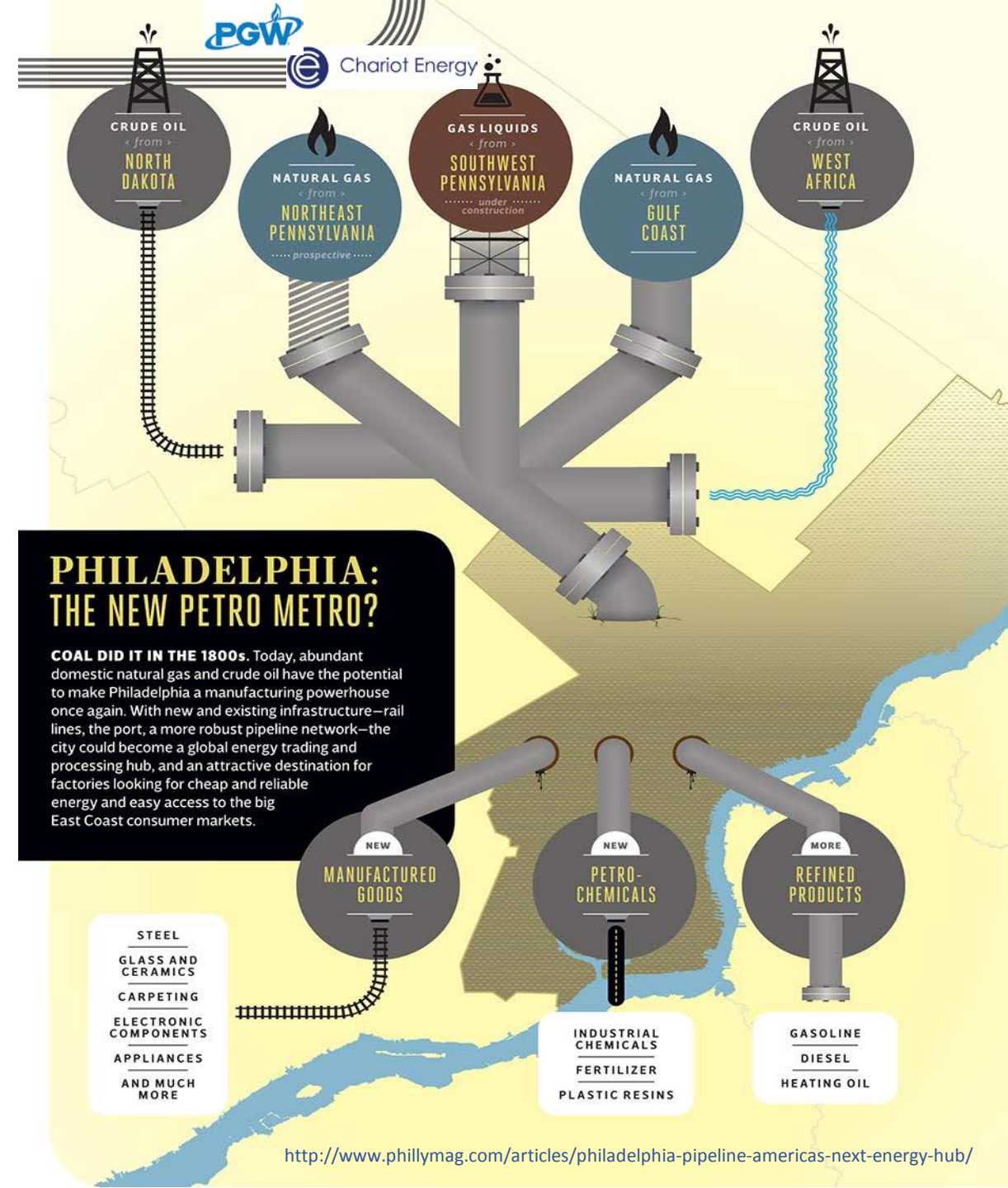
Companies have often overlooked opportunities to meet societal needs and misunderstood how societal harms and weaknesses affect value chains. Their field of vision has simply been too narrow. What has been missed is the profound effect that People, Place and Process can have on productivity and innovation.

The Opportunity

“Poverty affects not just the poor but the entire city in terms of lost resources and revenue spent on related services...Even the most affluent Philadelphians who have little fear of ever becoming poor are paying for the city’s poverty...it is essential to provide a well-educated workforce that attracts employers. Investing more in education is a crucial ingredient in reducing poverty.”

Alexandro A. Alvarez

<http://mobile.philly.com/news/opinion?wss=/philly/opinion&id=294465641>



<http://www.phillymag.com/articles/philadelphia-pipeline-americas-next-energy-hub/>



The U.S. energy sector is a massive enterprise of interconnected and interrelated systems. Philadelphia is fortunate to have a network of celebrated national labs and universities, sophisticated financial industry, and talented entrepreneurs supported by incubators and accelerators.

Within this diverse ecosystem, there are many opportunities, both to leverage a PGW Public Private Partnership (P3) to use the natural resources, infrastructure and geographic location of Philadelphia to create an economic vehicle that will impact all sectors of the Philadelphia economy and social fabric.

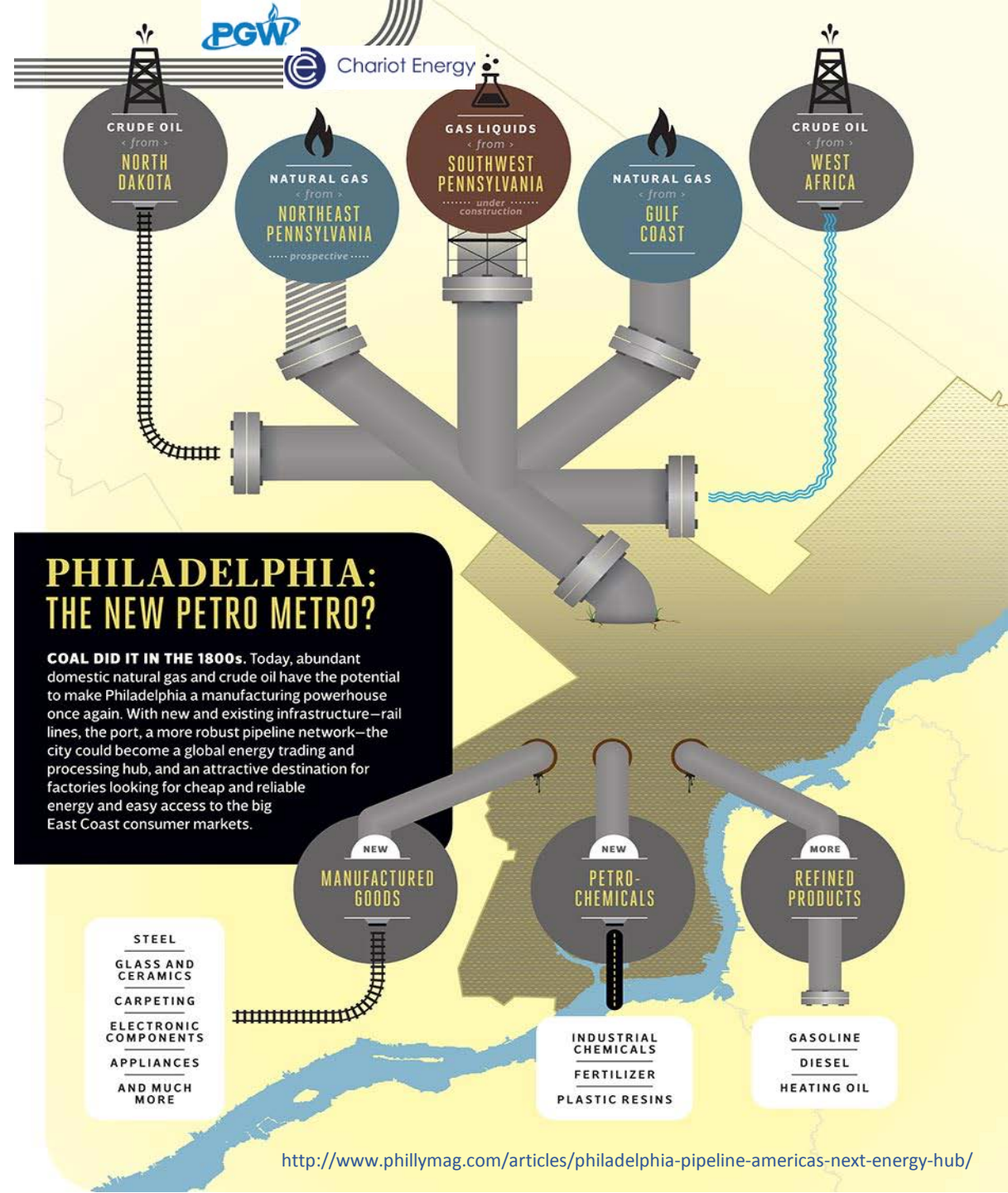
Call to Action

"What is an energy hub? Let's start with what it is not. An energy hub is not a business plan. That means it is not just about building pipelines to bridge an infrastructure gap that would benefit a limited set of firms. Nor is an energy hub a sectoral strategy. That means it is not just about a set of inter-industry connections creating a value chain stretching from upstate and upstream gas wells to gathering pipelines to processing and storage facilities to transmission pipelines to more processing and storage facilities to distribution pipelines to consumers of fuel and feedstock to producers and consumers of intermediate and final products...A true energy hub creates value by connecting things in ways that makes them worth more than the sum of the parts. The hub is... the center of a wheel connected to gears that transform the same pedal power into higher speeds."

Dr. Mark Alan Hughes,
Director, Kleinman Center for Energy



Policy <http://www.phillymag.com/citifed/2015/01/14/inside-take-hell-energy-hub/#VIFfupJdaRyrLdp8.99>
Chariot Companies





Differentiation

In the traditional market-based approach, each link in the value chain is essentially transactional. In contrast, Chariot's shared value creation model is a strategy of creating economic value in a way that creates value by addressing society's needs and challenges. Change occurs not just at the level of an organization or industry, but also the entire value chain in diverse ecosystems.

In our P3 effort, each party brings different skills and resources to bear on developing programs that are more powerful than any program that either party could develop alone by coming together to develop new practices.

We must, with surgical precision, define the objectives, outcomes, measurements and oversight of the P3.

Societal needs, not just conventional economic needs define markets, and social harms can create internal costs.



Collaborate Locally, Empower Globally

The Five Conditions of Collective Impact Through P3

- **Common Agenda** (shared vision for change that includes a common understanding of the problem and a joint approach to solving the problem through specific agreed upon actions)
- **Shared Measurement** (All agree on ways success will be measured and reported, with a list of indicators identified and used for learning and improvement)
- **Mutually Reinforcing Activities** (A diverse set of stakeholders across-sector and industries, coordinate a set of differentiated activities through a mutually reinforcing plan)
- **Continuous Communication** (Frequent and structured open communication to build trust, assure mutual objectives, and create common motivation)
- **Backbone Support** (An independent, funded staff dedicated to the initiative provides ongoing support by guiding the initiative's vision and strategy, supporting aligned activities, establishing shared measurement practices, building public will, advancing policy, and mobilizing resources).

Source: Collective Insights for Collective Impact; Stanford Social Innovation Review (2015)

The background of the slide is a photograph of a wind turbine. The large, white, curved blades of the turbine are visible, extending from the top left towards the center. The support structure, including a thick vertical tower and several diagonal bracing beams, is made of dark metal. The sky in the background is a vibrant orange and yellow, suggesting a sunset or sunrise. The overall tone is warm and industrial.

P3 Downstream Revenue Growth Potential and Social Safeguards

A P3 with Chariot could deliver 3 avenues for creating shared value that are mutually reinforcing:

- (i) Enhancing the cluster enables more local procurement and less dispersed supply chains;
- (ii) New products and services that meet social needs or serve overlooked markets requires new value chain choices in areas such as production, marketing and distribution; and
- (iii) New value chain configurations will create demand for equipment and technology that promote and save energy, conserve resources and support communities.



Upstream Supply Capacity & Savings Potential by Diversifying PGW's Gas Supply Portfolio

Grow top-line and net revenues from traditional regulated services and emerging competitive market opportunities thereby optimizing the value of PGW's LNG Assets.

Upstream Supply Capacity & Savings Potential by Diversifying PGW's Gas Supply Portfolio

Diversifying PGW's gas supply portfolio could potentially lower the cost of gas, resulting in lower customer gas bills, especially for those 70,000 Philadelphians that struggle to pay their bills.

An aerial photograph of a city and a large body of water. A yellow dashed line highlights a specific area in the city, which appears to be a mix of residential and commercial buildings. The line starts near the top right, goes down, then left, then down again, and finally left towards the bottom left. The city is densely packed with buildings, and the water is a dark blue-grey color. A bridge is visible in the lower right, crossing the water.

Downstream Revenue Growth and Social Safeguards

Increase energy efficiency of all PGW customers with a particular focus on those enrolled in the Customer Responsibility Program.

A low-angle shot of a wind turbine's tower and nacelle against a vibrant sunset sky with orange and yellow clouds. The turbine's structure is silhouetted against the bright light.

Shared Value Creation and Social Impact

Economic and social imperatives require that energy innovation and deployment be an integral part of Philadelphia's new energy economy. Investments in a broader set of energy innovation and deployment strategies and opportunities have the potential to generate a much wider range of positive outcomes that benefit all Philadelphians and PGW ratepayers.

It is time that the link between our market based energy actions be welded to a policy of ensuring that Philadelphians can afford enough energy to keep their home safe family healthy (Appendix A: Utility Trust Fund White Paper).





Local Roots, Global Impact

Passion is the currency of creation and the energy that comes with diverse stakeholders collaborating to address specific community issues can be a powerful force for change.

Chariot is managed by a seasoned team of energy, infrastructure, real estate and investment professionals who average more than 30 years of experience in each discipline. We are a local minority-owned firm with a real live stake in Philadelphia. We have a shared-interest and stake in improving the lives of ALL Philadelphians.



Local Roots, Global Impact

The members of our Executive Team, Board of Managers and our Advisory Board bring a wealth of diverse, world-class experience, insight and agility, entrepreneurial spirit, track record of fiduciary responsibility and shared vision into dedication, transparency and shared value creation to a PGW P3.

Chariot's Team

															
John Henry Founder Chairman & CEO	Cecilia M. Cardesa-Lusardi Chief Strategy Officer	Ernest Green Senior Advisor	Melvin Clark Jr. Senior Advisor	John Reese Senior Advisor	J. Scott Perkins Board Member	Rev. Dr. W. Wilson Goode, Sr. Senior Advisor	Seabron Adamson Senior Advisor	Kelly D. Williams Board Member	La Fonte Nesbitt, Esq. Special Counsel	Rev. Mark Scott Board Member	Conrad Garcia, Esq. Special Counsel	Bishop Melvin E. Clark, Sr. Advisory Board Member	William Dudley Gregorie Advisory Board Member	Wallace Truesdale Advisory Board Member	Debby Waid Advisory Board Member

Our Past Shapes Our Future, World-Class Insight, Experience,

Recognition and Highlights of Executive Team – Energy

- First African-American Chairman of the Pennsylvania Public Utility Commission
- Expert testimony in international arbitration proceedings regarding energy sector disputes in Latin America, China, Canada, Federal Energy Regulatory Commission, the Ontario Energy Board, and state public utility commissions.
- Senior Technical Advisor to the U.S. Department of Energy
- Executive Committee and Board of Directors of the Independent Power Producers of New York and Electric Power Generation Association of Pennsylvania
- Energy Star Award for Excellence Energy Efficient Affordable Housing from the U.S. Department of Energy and Department of Housing and Urban Development

Our Past Shapes Our Future, World-Class Insight, Experience,

Recognition and Highlights of Executive Team – Financial Expertise

- “75 Most Powerful Blacks on Wall Street,” Black Enterprise Magazine
- Past Chairman of the National Association of Securities Professionals
- Representative for the U.S. Department of State at the United Nations Trade and Development Conference

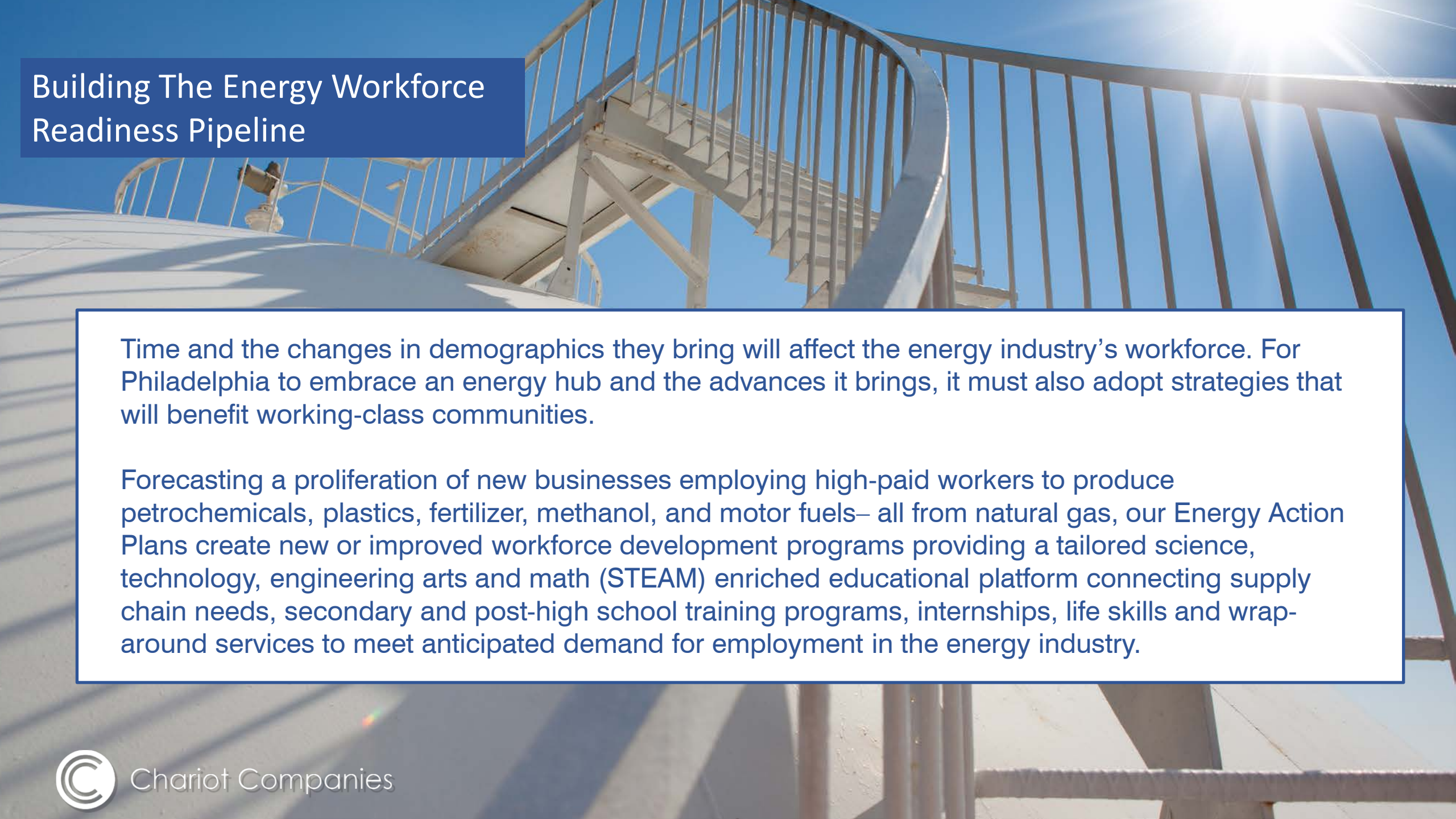
Recognition and Highlights of Executive Team – Community, Economic Development

- United Nations Commission on the Status of Women (51st & 57th Sessions Delegate)
- Executive Committee of the Congressional Black Caucus Institute’s 21st Century Council
- Executive Deputy of the New York State Public Service Commission
- Secretary of Education appointment as Chairman of the African Development Foundation

Our Past Shapes Our Future, World-Class Insight, Experience,

Recognition and Highlights of Executive Team – Presidential Appointments

- Congressional Gold Medal, the highest honor given to a U.S. civilian (Clinton Administration)
- White House Task Force on Minority Business Enterprises (MBEs)
- Presidential appointment as Assistant Secretary of Labor (Carter Administration)
- Presidential appointment as Assistant Secretary of Education (Clinton Administration)
- Presidential appointment as Associate Director of Outreach for White House Office of Faith-Based and Community Initiatives (Bush Administration)
- Presidential appointment to the Board of the Pennsylvania Avenue Development Corporation
- Presidential appointment to the United Service Organization
- Presidential appointment to Overseas Private Investment Corporation



Building The Energy Workforce Readiness Pipeline

Time and the changes in demographics they bring will affect the energy industry's workforce. For Philadelphia to embrace an energy hub and the advances it brings, it must also adopt strategies that will benefit working-class communities.

Forecasting a proliferation of new businesses employing high-paid workers to produce petrochemicals, plastics, fertilizer, methanol, and motor fuels– all from natural gas, our Energy Action Plans create new or improved workforce development programs providing a tailored science, technology, engineering arts and math (STEAM) enriched educational platform connecting supply chain needs, secondary and post-high school training programs, internships, life skills and wrap-around services to meet anticipated demand for employment in the energy industry.

Building The Energy Workforce Readiness Pipeline

FACTS

- Philadelphia is the poorest among the nation's 10 biggest cities.
- 26 percent of Philadelphians, or nearly 395,000 residents are living in poverty.
- 15 percent of adults and 5 percent of children do not have health insurance.
- 39 percent of Philadelphia's children live in poverty.
- 2/3 of Philadelphia's children are eligible for child-care subsidies, yet only 1/3rd receives them.
- 20 percent of Philadelphians eligible for food stamps or the Earned Income Tax Credit aren't enrolled.
- Each year, 86,784 students drop out of the School District of Philadelphia, the eighth largest school district in the U.S. by enrollment – 131,362 students in public schools and 60,774 students in charter schools.
- Many of the students who finish high school do not successfully transition into post-secondary education or livable-wages. And the stakes are getting higher: by 2018, an estimated 63 percent of jobs will require post-secondary education.
- Only 29 percent of Americans rated their country's K-12 education in science, technology, engineering and mathematics (known as STEM) as above average or the best in the world.
- By international standards, our performance in science is even worse. According to results from the most recent PISA assessment (released in 2012), 15 year-olds in the U.S. ranked 35th out of 64 countries.





Chariot Summer Energy Academy (SEA), is a **workforce development program** providing a tailored science, technology, engineering, arts, and math (**STEAM**) enriched educational platform connecting supply chain needs, secondary and post-high school training programs, internships, life skills and wrap-around services **to meet anticipated demand for employment** in the upstream, midstream and downstream segments of energy industry (Appendix B: Summer Energy Academy Program).

- It is a **systems thinking** approach to energy and environmental education.
- It is an action plan for dealing with concerns over the **aging of workforce** population in energy
- It is a tool for the **transfer of organizational memory** and **talent development** at a corporate level
- It insures a qualified **workforce replacement pipeline** through the adoption of internationally benchmarked STEAM-based curricula.

Chariot LABS



THE BARNES FOUNDATION



Chariot Energy

Trusted community members. We are a community development entity. We have broad and deep networks and a high degree of trust among members of those organizations.

Strategic, culturally grounded players. We understand the cultural, social, political, business and religious obstacles to creating change.

Experienced Navigators. We have extensive experience in steering our way through business and community issues.

Partner Program Providers. We collaborate with numerous partners to collaborate on multi-faceted issues that impact working class families.

Cost-Efficient Partner. Chariot is a highly efficient service provider.



Chariot Companies

Let's Make History Together



A wide-angle photograph of the Philadelphia skyline at night, viewed from across the water. The city lights are reflected on the water's surface. The sky is dark with some clouds. The text is overlaid on the right side of the image.

Headquartered in Philadelphia, PA, Chariot Companies, LLC is a minority-owned, mission-based diversified community development entity with five core business platforms focused on economic, social and racial equity. We bring creative, thoughtful and innovative win-win strategies, designs and structures to communities leading to shared-value, job-creation and sustainable economic growth.



Chariot Companies