NEW YORK STATE OF OPPORTUNITY. | Homes and Community Renewal

Office of Housing Preservation

NEW YORK STATE WEATHERIZATION ASSISTANCE PROGRAM

POLICY and PROCEDURES MANUAL

Revised April 2017

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Section 1.00: Overview

The purpose of the Weatherization Assistance Program (WAP) is to install energy efficiency measures in the homes of income-eligible persons, especially homes occupied by the elderly, persons with disabilities, and children. Funds are targeted to the most cost- effective conservation measures, determined from an on-site energy audit of the building. The program is intended to reduce national energy consumption, particularly of imported oil, and to reduce the impact of higher energy costs on low-income families.

Sub Section 1.01: About the Weatherization Assistance Program

In New York, Homes and Community Renewal (HCR) administers the program through a network of highly skilled subgrantees that provide program services in each of the state's 62 counties. Subgrantees provide energy-efficiency services through their own trained crews and/or by subcontracting work to local contractors. Energy-efficiency measures funded through the program include air sealing to prevent air infiltration and reduce drafts, insulation to reduce heat loss, and modifications to heating systems. The program assists all types of housing units: single-family homes, mobile homes, and apartment buildings with hundreds of units.

HCR leverages the program with other federal, state, and local and private resources to provide comprehensive service and achieve greater results. HCR receives funding from the US Department of Energy (DOE) and the US Department of Health and Human Services (HHS), through the Low-Income Home Energy Assistance Program (HEAP), to fund the WAP. Home Energy Assistance Program (HEAP) funds are made available to the program through an agreement with the New York State Office of Temporary and Disability Assistance (OTDA).

Sub Section 1.02: Policy & Procedures Manual

The WAP Policy and Procedures Manual (PPM) has been prepared by HCR's Office of Housing Preservation (OHP) and is intended for use by HCR and subgrantee staff. It incorporates information contained in federal and state regulations and in the WAP State Plan.

The PPM was designed as a comprehensive reference on policy and procedures for the management of the WAP and is incorporated into the funding agreement between HCR and program subgrantees. Failure to comply with requirements set forth in this manual may result in a default of the agreement, and subgrantees that don't comply may be subject to sanctions or other penalties. The PPM also:

- provides information regarding WAP policy mandated by the federal and state government.
- outlines required procedures necessary for operation of the WAP.
- includes exhibits and charts to clarify requirements and procedures.
- provides instruction for completion of required forms.

The PPM is reviewed and revised as needed. Policy changes identified in the annual WAP State Plan are included in the manual. Input from staff and program users is considered when making changes to the PPM.

The PPM is organized into eight sections:

- Section One provides an overview of the program.
- Section Two details administrative requirements that subgrantees must follow in operating the program.
- Section Three contains procedures for accepting applications from eligible households and determining eligibility.
- Section Four concerns special procedures for documenting owner eligibility and assisting rental properties.
- Section Five covers the technical requirements for evaluating buildings to be assisted, installing energy conservation measures, ensuring that health and safety issues are addressed, and quality assurance procedures.
- Section Six addresses certain building conditions that may preclude assistance, and other related services.
- Section Seven provides the payment and reporting requirements.
- Section Eight covers procurement rules that apply to the program.

Sub Section 1.03: Program Organization

State Administration

HCR administers the WAP in New York State through its Office of Housing Preservation. OHP staff are assigned to HCR offices in Albany, Buffalo, New York City, and Syracuse. Contract administration, policy planning and reporting, technical assistance, and logistical support functions are administered from the central office in Albany. Regional field operations office staff provide technical monitoring and assistance to subgrantees and report to the field operations manager.

The Fiscal Compliance Unit has responsibility for fiscal compliance issues, including review of internal audits performed by state and federal entities, fiscal field monitoring and other fiscal compliance matters. Fiscal Compliance Unit staff report to the fiscal compliance manager, under the general supervision of the program director.

The Training & Technical Assistance (T&TA) Unit is responsible for the preparation and delivery of T&TA to staff and subgrantees. T&TA activities are designed to improve all areas of program operation. Training for subgrantees is available on all technical, regulatory, and fiscal aspects of the program. T&TA is typically delivered by technical service subgrantees or through other contracted services.

Weatherization program management staff are responsible for compliance with federal program requirements, development of policy initiatives, and general program administration. Program management is also responsible for reporting, payments, contact processing, and intergovernmental coordination. The Reporting Unit is responsible for contract administration and reporting, tracking allocations, payment processing, and other similar functions. It also maintains the Weatherization Data Collection and Reporting System (the Database) which is used to track program activity (see Section 7). These units report to the program director.

Subgrantees

In accordance with 10 CFR Part 440, an entity that receives a grant of funds from HCR to manage a weatherization project is considered a WAP subgrantee.

HCR enters into contracts with subgrantees to perform WAP services within specified service areas throughout the state. HCR may also select statewide or regional subgrantees on a temporary or permanent basis to serve targeted portfolios. All areas of New York State are covered by the subgrantees.

Any changes to the service area of a subgrantee must be submitted to HCR for prior approval. HCR will review the request to ensure that no part of the state is left unserved and to avoid unnecessary duplication.

HCR enters into contracts with subgrantees for a term of up to five years. The contract identifies the minimum number of dwelling units to be weatherized during each annual budget period. The contract requires the work to be performed in accordance with all regulations, policy and procedures, and priorities set forth in this manual and all other contract documents. Subgrantees

may have a variety of organizational structures in place; however, the organizational structure of a subgrantee is subject to the approval of HCR as part of the budget and contract approval process.

Sub Section 1.04: Funding

The New York State WAP has two principal funding sources: DOE and HHS.

DOE distributes funding to the states based on a formula which takes into account income-eligible population and climate conditions, as established in the federal regulations. Policy and procedures of the WAP are governed by federal statute and implementing regulations set forth in Title 10, Code of Federal Regulation Parts 440 and 600 as well as periodic grant guidance from DOE.

New York's WAP allocation from DOE is distributed to subgrantees through a formula consistent with the federal regulations. The ratio of each county's heating and cooling degree days to the New York State average is the first factor in the allocation formula. The second factor is determined by dividing the number of income-eligible persons in each county by the total number of income-eligible persons in the state, which yields a percentage of the total income-eligible persons for each county. These two factors are multiplied to determine the final percentage for each county, which are then delineated in the WAP State Plan.

Funds are also made available on a competitive basis at times, to meet specific program goals.

Additional funds for WAP are provided through OTDA, which receives an allocation of HEAP funds from HHS to assist eligible households in meeting home energy costs. In accordance with legislation passed by the NYS Legislature in 1992, 15% of the HEAP funds received by the State are targeted for weatherization and energy-related repairs. A portion of this funding is provided to HCR for WAP, in accordance with a Memorandum of Understanding (MOU) with OTDA.

Sub Section 1.05: Policy Advisory Council and Subgrantee Task Force

As required by federal regulations, a Policy Advisory Council (PAC) assists in the development and implementation of the WAP and advises HCR on a broad range of issues relating to WAP. The PAC is broadly representative of organizations that provide services to low-income persons in New York State, and also includes individuals with technical expertise in building science or related areas. PAC members are appointed by the Commissioner of HCR or his/her designee. PAC meetings are held regularly throughout the contract/budget period. Travel by PAC members to PAC meetings is reimbursed by HCR.

A Subgrantee Task Force consisting of subgrantee representatives (usually weatherization directors) from across the state provides an opportunity for local program operators to meet, identify, discuss, and resolve a wide variety of program issues. Subgrantee Task Force meetings are held periodically during the year, and may be either statewide or regional in scope. Although the Task Force has no authority in law or regulation, it is an important source of communication for the identification and development of program and policy issues.

Sub Section 1.06: State Plan

A WAP State Plan is developed annually by HCR as part of the State's application for federal WAP funds. The State Plan is used as an overall guide for program operation and outlines the State's objective for the expenditure of funds received from DOE and OTDA. It identifies the local subgrantees contracted to carry out the State's WAP activities, projects the allocation to be awarded to each local subgrantee, and lists the number of units expected to be weatherized during the annual budget period.

Before the State Plan is submitted to DOE for approval, it is reviewed by the PAC, and public hearings are held to obtain comments. The hearings provide an opportunity for subgrantees, local leaders, WAP beneficiaries, and other interested persons to comment on program operations, community needs, and subgrantee performance. Subgrantees are encouraged to publicize the hearings to WAP participants. The final State Plan is submitted to DOE for approval after consideration of comments received. The approved State Plan becomes a part of the WAP contract.

Section 2.00: Weatherization Program Administrative Requirements

The purpose of this section is to set forth general administrative requirements of the WAP in New York State.

Sub Section 2.01: Subgrantee Roles and Responsibilities

Subgrantees administer the WAP on the local level. They are the first point of contract for low income households, who are the primary beneficiaries of WAP assistance. They are also the contact for multi-family building owners, who are also partners in the weatherization process. Subgrantees perform most of the functions that are necessary to meet program goals and follow procedures to ensure compliance with all program requirements.

Subgrantees are responsible for ensuring that WAP funds are only expended on eligible activities and on behalf of eligible households. They are responsible for meeting energy efficiency and technical performance goals of the program, and for educating assisted households, building owners and supervisors, and maintenance staff. Together with HCR and other program partners, subgrantees foster the technical advancement of the program and provide the public "face" of weatherization. Subgrantees are also responsible for cooperating with HCR in providing information to DOE, to other State agencies such as the Office of the State Comptroller and OTDA, and to the public.

Subgrantees, by contract with HCR, are responsible for meeting all of the terms and conditions of this manual and other contract documentation. Any subgrantee with questions on any provision in this manual is encouraged to contact HCR.

Sub Section 2.02: Required Subgrantee Documentation

HCR is required to keep certain documentation on file for each subgrantee. The following documentation must be submitted to HCR by each subgrantee and must be revised and updated annually:

For all subgrantees

- Subgrantee incorporation papers, including any amendments to date;
- Subgrantee's current corporate by-laws;
- List of the current members and officers of the board of directors as well as their mailing addresses and their terms of office;
- List of individuals authorized to sign contracts and amendments on behalf of the subgrantee;
- Proof of current compliance with the requirements of the Department of Law, Office of Charities Registration, or proof of exemption from requirement;
- Incentive award criteria from subgrantee personnel manual;
- Applicable indirect cost rate approval documentation;
- Evidence of required insurance (see Sub Section 2.03);
- Documentation that subgrantees are making good faith efforts to comply with rules for hiring new staff in accordance with the OTDA MOU as follows:
  1) When hiring new employees subgrantees shall employ, to the maximum extent practical, public assistance recipients referred by local departments of social services to subgrantees funded with HEAP and DOE funds; and
  2) Advise subgrantees of the availability of programs to promote employment of public assistance recipients and encourage subgrantees to list job openings with local department of social services;
- Organizational code of conduct;
- An operations plan that describes the subgrantee's procedures for implementing the WAP;
- The subgrantee's outreach and intake plan, that shows how applications are prioritized for assistance, including renter-occupied multi-family buildings;
- The subgrantee's process for resolving complaints and contractor disputes, including provisions for arbitration (see Sub Section 2.22); and
- A current organizational chart showing management hierarchy and division of responsibilities.

Additional document for units of local government

- A letter, on appropriate letterhead and signed by the chief elected official, stating that the organization is a division, office, department, etc. of a unit of local government.

Additional document for Native American tribal organizations

- A letter, on appropriate letterhead and signed by the chief executive officer of the organization, stating that the organization is a Native American tribal organization.

Sub Section 2.03: Insurance Requirements

The subgrantee shall purchase and maintain such insurance as will protect the subgrantee and HCR from claims set forth below which may arise out of or result from the subgrantee's operations or performance of the work, whether such operations be conducted by the subgrantee, a subcontractor, or anyone directly employed or acting as an agent by either for whose act any may be liable. The New York State Division of Housing & Community Renewal (DHCR) and the New York State Office of Temporary and Disability Assistance and their officers, employees and agents must always be identified as named insured. Subgrantees must also require their subcontractors to carry these levels of insurance.

Coverage must be provided for the following:

- Claims under Workers' Compensation, disability benefit, and other similar employee benefit acts;
- Claim for damages because of bodily injury, occupational sickness or disease, or death of its employees;
- Claims for damages because of bodily injury, sickness or disease, or death of any person other than its employees;
- Claims for damages insured by personal injury liability coverage which are sustained (a) by any person as a result of an offense directly or indirectly related to the employment of such person by the subgrantee or (b) by any other person;
- Claims for damages, other than to the work itself, because of injury to or destruction of tangible property, including loss of use resulting there from;
- Claims for damage because of bodily injury of any person or property damage arising out of the ownership, maintenance, or use of any motor vehicle; and
- Claims for damages due to loss of money or other property sustained through any fraudulent or dishonest acts committed by any board members (officers) or employers.

The insurance required by this section shall be written for not less than any limits of liability specified below or required by law, whichever is greater. Such insurance shall also include contractual liability insurance applicable to the subgrantee's obligations as provided for the agreement between HCR and the subgrantee.

1. Workers' Compensation Limits
   (a) State……..……..Statutory
   (b) Applicable Federal (e.g., Longshoremen's)……..Statutory
   (c) Employer's Liability……....$500,000 to Unlimited

2. Comprehensive General Liability (including Premises – Operations; Independent Contractor's Protective; Products and Completed Operation Broad Form Property Damage)
   (a) Bodily Injury (each occurrence)……$500,000*
   (b) Property Damage (each occurrence)…..……$500,000*

   *instead of the $500,000 per occurrence limits in 2 (a) and (b), the subgrantee may opt to obtain $1,000,000 Single Limit Liability coverage for bodily injury and property damage.

3. Completed Operations and Products Liability shall be maintained for two years after final payment.

4. Comprehensive Automobile Liability
   (a) Bodily Injury
      (1) Each person…….……Statutory
      (2) Each occurrence……...Statutory
   (b) Property Damage (each occurrence)……Statutory

5. Fidelity Bond
   A Blanket Employee Honestly Bond shall be maintained with DHCR as named insured, with a blanket rider for non-compensated board members (officers) in an amount which represents the larger of $100,000 or 30% of the total single-year budget amount.

6. Umbrella Liability Insurance: Commercial Excess Liability Insurance in the amount of $1,000,000.

7. Pollution Occurrence Insurance (POI)
   Although no longer required, HCR suggests that all subgrantees and their subcontractors carry POI. Recommended basic minimum limits of coverage are $500,000 per occurrence and $500,000 aggregate for the policy term, with a $2,500 deductible per occurrence.

Certificates of Insurance in accordance with minimum requirements set forth above must be on file with HCR indicating coverage prior to commencement of the work. These certificates shall identify DHCR as the certificate holder and additional insured, and must contain a provision that the insurer shall give notice that the coverage afforded under the policies will not be cancelled and HCR's interest will not otherwise affected until at least thirty days prior written notice has been given to HCR.

Should any the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions.

Sub Section 2.04: Bank Account Requirements

Insured bank accounts

In order to ensure that all WAP funds are properly safeguarded, WAP funds must be deposited in either a financial institution insured by the Federal Deposit Insurance Fund Corporation or a credit union insured by the National Credit Union Share Insurance Fund. This applies to both the subgrantee's WAP account and the owner investment account. WAP funds shall not be comingled with owner investment funds. Owner investment funds must be held in a separate bank account (see Sub Section 4.04 for more information on owner investment requirements). No funds received directly from HCR or owner or Program Income sources can be at risk by being deposited in a money market, certificate of deposit, bond, or other uninsured financial instrument.

Interest-Bearing Accounts

Non-profit organizations must maintain advances of federal funds in interest-bearing accounts, unless one of the following applies:

- The recipient receives less than $120,000 in federal awards per year;
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of $500 per year on federal cash balances;
- The depository would require an average or minimum balance so high that it would not be feasible within the expected total cash resources.

The interest earned by non-profit organizations from federal advance funds from the WAP must be remitted quarterly to HCR. HCR will forward remittances to DOE.

Government organizations are not required to maintain advances of federal funds in interest-bearing accounts; however, if a government organization opts to use an interest-bearing account to deposit advances of federal funds, it is then required to remit interest in excess of $100 per year to HCR on a quarterly basis.

Sub Section 2.05: Contract Management

The WAP contract between HCR and the subgrantee is written for a period of up to five years. These contracts are divided into budget periods, each typically for one year beginning April 1 and ending on March 31 of the following year. Annual budgets are based on estimated production of a minimum number of units at a set cost per unit (CPU). The CPU is calculated by adding the cost of labor, materials, and program support for an assisted unit. The required production (minimum number of units to be assisted by the subgrantee) is referred to as the "production goal" or "contract goal." Some special initiatives may have budget periods that are longer or shorter than one year.

The subgrantee is responsible for meeting the production goal regardless of participation in any other projects that they may enter into. Funds utilized for coordinated projects (see Coordinated Work, Sub Section 2.10) that do not result in additional completed WAP units must be repaid to HCR or used to complete additional WAP units during the budget period, or before any additional WAP funds are requested from HCR.

Subgrantees are required to monitor their expenditures and production throughout each budget period and make adjustments necessary to complete their production goal and fully expend their budget period allocation.

Federal rules state that reimbursement to the subgrantee cannot exceed actual expenditures on weatherized dwelling units. A subgrantee that expends less than the CPU established in the contract budget must complete additional dwelling units in order to be eligible for reimbursement of the full budget amount.

Subgrantees should assess their expenditures and production each month, and again 90 days prior to the end date of the budget period. This assessment should review expenditures and production to date, as well as any anticipated expenditures and production through the end of the budget period. If the total projected expenditures or production for the budget period has changed significantly from the last approved budget for that budget period, or if the projected expenditures within budget categories vary significantly from the last approved budget for that budget period, HCR regional office staff should be consulted to determine whether a budget amendment is necessary. It is the responsibility of the subgrantee to analyze their budget and manage production and expenditures accordingly. See Sub Section 2.06 for additional information on budget amendments.

Sub Section 2.06: Budget Amendment

Subgrantees are required to submit a budget amendment to reflect any adjustment to a budget category that is in excess of 10% of their total allocation for the budget period or that includes additions in personnel. The subgrantee's assigned program and fiscal representatives should be consulted.

Budget amendments that involve adjustments to budget categories in excess of 10% of the total allocation for the budget period should be realized and submitted 60 days prior to the end of the budget period.

The Unaudited Financial Statement is to be used to reconcile budget categories within 60 days of the end of the budget period.

An amendment is required whenever capital equipment purchases are made after the initial budget approval. If capital equipment funds will not be expended during the annual budget period, a budget amendment will be required to reallocate the funds to the current program year budget categories, which will increase the contractual unit production goal.

It is the responsibility of the subgrantee to analyze their budget at regular intervals to manage production and expenditures accordingly, and to request budget amendments in a timely manner when necessary.

Sub Section 2.07: Staff Functions/Titles

In general, there are two categories of subgrantee staff activities: administration and labor. Staff members in titles assigned to the administration category perform management, fiscal, and support functions. Staff in titles assigned to the labor category may have direct project contact with individual applicant qualifying, may develop weatherization work scopes, or may work at a building site in oversight and actual delivery of weatherization services. In some instances, staff in administration titles may charge a portion of their time to labor if they are directly involved with individual applicants or performing work at the building site.

The following lists identify titles that may be charged to the WAP contract. Use of any other title for contract purposes must be approved by HCR. Please note that titles must correspond to the functions of the employees. Where a title is charged to both administration and labor, the proportionate share for each title must be approved by the HCR program field representative. Personnel charging salaries to both administration and labor categories must maintain a daily log identifying labor-related activities. This daily log must be submitted to the HCR fiscal representative for review at the time of the review of payroll. Titles must correspond to the functions of the employee.

All the WAP job descriptions/hiring records and personnel files must be available for review upon request by either the HCR program or fiscal field representative.

Titles with Salaries Allocated 100% Administration:

- Accountant
- Account Clerk
- Bookkeeper
- Clerk
- Comptroller
- Deputy/Assistant Director
- Director
- Executive Director
- Fiscal Director
- Grants Manager
- Fiscal Auditor/ Officer
- Human Resources/Personnel Specialist Office Manager
- Secretary

Titles with Salaries Allocated 100% Labor:

- Building Analyst
- Carpenter
- Construction Manager/Crew Chief
- Crew Foreman
- Crew Laborer
- Multi-family Building Specialist
- Multi-family Hydronic Heating System Specialist
- Crew Mechanic

Energy Auditor/ Technician Inspector/ Field Representative
Intake Worker
Installer
Technician/Specialist/Specialist Heating
Technician/Specialist Insulation
Inventory Clerk
Production Coordinator Program Coordinator
Data Manager/Data Entry (WAP portion only)
Receptionist (WAP portion only)
Weatherization Director (may be allocated as either 100% Labor or proportionally to both Labor and Administration)

Titles with Salaries Allocated Proportionately to both Administration and Labor:

Administrative Assistant
Data Manager
Deputy/Assistant Weatherization Director
Clerk/Inventory
Clerk/Office
Director/Housing
Director/Weatherization
Director/Outreach
Maintenance Worker
Receptionist
Weatherization Director (may be allocated either as 100% Labor or proportionally to both Labor and Administration)

Sub Section 2.08: Electronic Data Collection, Management, Transfer

Subgrantees must have the capability to collect and mange WAP data electronically, using the current Weatherization Payment and Reporting System. In addition, subgrantees must be capable of transferring and receiving WAP data, spreadsheets, and HCR documents electronically as well as connecting to the internet. All HCR text documents are currently created with Microsoft Office Word 2010 or newer.

The following are recommended minimum standards, but the subgrantee should not specify or select equipment based solely on the minimum.

Equipment standards

Computer
Recommended – 2 GHz or faster 64 bit (x64) processor, 4 GB RAM, 250 GB Hard Drive, CD or DVD drive, 2 USB port(s); Windows 7.0 or newer operating system; Microsoft Office 2010, including Word and Excel; minimum disk space: 231 MB.

The PC will need a video card capable of displaying a minimum of 800 X 600 pixels with 16- bit color and a CD-R/W or DVD drive to install the subgrantee version of the Database software and the Sybase SQL Anywhere 10 software.

Data Back-Up System
In addition to the subgrantee's centralized, network back-up system, the subgrantee is required to have a local, digital storage backup system connected to the principal computer where the Database is installed.

Printer
An ink-jet or laser printer capable of printing the Consolidated Weatherization Status Report (CWSR) and other WAP reports is required.

Network Card/Data Connection
The computer must have an Ethernet network card, with the capacity to download large documents and updates to the Database, and some form of data connection, such as cable, DSL, wireless, or satellite.

Electronic mail capability
E-mail capability must include the ability to send and receive text messages and multiple files to and from HCR. High-speed Internet service is recommended.

Local area networks (LAN)
The only LAN supported is TCP/IP network protocol running over an Ethernet connection. This is generally built into the operating system and is part of Microsoft Windows.

Database Management Software (DBMS)

To run the Database, the system must have SQL Anywhere 10 DBMS software. HCR supplies this software on a CD, if needed. Note: SQL Server DBMS cannot be used.

Knowledge Standards

Employees installing or operating the electronic data collection, management, and transfer system must be proficient in the use of Windows 7.0 or greater; in file management using Windows Explorer, including creating, opening, moving, or deleting files and folders; and in the use of electronic mail systems, the subgrantee's operating systems, and Internet access. The costs for training and obtaining qualified consultant services in these areas is an allowable expenditure in the T&TA, program support or administration lines. HCR does not provide assistance with standard Database or network installation issues or routine operational matters associated with the Database.

Sub Section 2.09: Coordination with Other Programs

HCR encourages WAP subgrantees to partner with local housing and energy program administrators, local governments, and other federal and state agencies to leverage WAP resources with other resources whenever possible. HCR's policy requiring local housing program administrators to conduct energy audits on assisted projects is an example of the potential benefits to HCR applicants from coordination between WAP subgrantees and housing agencies.

HCR's Office of Housing Preservation will periodically publish lists of state- and federally-financed properties that are priorities for WAP assistance. Lists of housing providers participating in other HCR programs may also be made available. HCR recommends that where WAP will be leveraged with other development subsidies to preserve and enhance affordable housing, subgrantees should engage the housing provider as early as possible. Coordination will be necessary to integrate WAP work into the larger project, and energy audits can be a useful tool to help define priorities in the overall scope of work. Both parties should be familiar with the goals and restrictions of all of the financing sources and should discuss in advance how the subgrantee's work will be coordinated within the construction schedule.

HCR WAP staff is available to help subgrantees collaborate with other housing providers. Subgrantees should contact their HCR program field representative or regional supervisor when leveraging resources, particularly if the property to be weatherized includes federal or state financing. WAP supervisors will work with other programs and offices within HCR to maximize resources, coordinate approvals, and avoid delays.

HCR is committed to an open and flexible approach to work strategically with WAP subgrantees and local partners to maximize resources, save energy, and preserve affordability.

Although coordination is strongly encouraged, subgrantees are reminded that there are core program principles that must be maintained as follows:

- Assisted households must be eligible under WAP rules; all WAP policy must be followed.
- There must be an approved WAP energy audit (EA-QUIP, TREAT, or TIPS) with an evaluation of energy-related health and safety (H&S) conditions, analyzing existing building conditions and building energy use. There must also be a written scope of the work that documents the work that will be funded by WAP and the work that will be funded by other sources. For more information on energy audits and work scope development, see Section 5.
- Material and installation standards must meet WAP requirements.

When coordinating with other programs, subgrantees must determine how the WAP work scope (which must be based on the energy audit) will be integrated with other work that will be done on the building. Generally, this will require additional inspections and analyses that are paid for with other sources of funds. The WAP energy audit is not intended to be a comprehensive analysis of all of a building's mechanical and architectural systems. That level of building analysis is beyond the mission of the WAP. The WAP energy audit is driven by the federal

requirements of the program and provides a comprehensive analysis of the energy systems providing heat, hot water, and lighting to the building's heated envelope.

The concern for the structural integrity of the building is limited to how it affects the performance of the energy systems. As such, the WAP energy audit generally does not focus on the condition of the roof, sidewalls, windows, plumbing, and electrical systems as discreet components but looks at them from the perspective of how they might impact or adversely affect the energy work proposed for the building's energy systems. Since WAP can only fund work where the savings-to-investment ratio (SIR) is 1.0 or greater, the program is limited to activities and work that primarily focus on energy savings. Other work needed in the building that does not meet WAP priorities must be paid for with other funds.

Sub Section 2.10: Coordinated Work

Subgrantees may enter into agreements with outside funding sources and combine WAP funds with other resources to provide more comprehensive energy efficiency work on eligible buildings. This is considered coordinated work. All such initiatives require written prior approval from the HCR regional supervisor (Form #20B). These requests will be approved or disapproved on a case by case basis depending on the specific circumstances of each initiative. A letter must accompany the request for approval and state the following minimum terms and conditions:

- The type of households to be served (re-weatherization, first time served, specific priority group);
- Program that WAP is coordinating with (e.g., NYSERDA EmPower program);
- The amounts of WAP funds invested by budget category (materials, labor, program support, other);
- Type of energy audit that will be used to identify the work;
- Size/scope of project initiative; and
- Scope of work, estimated investment in the building to be assisted.

WAP resources (materials, tools, staff, etc.) may be used to perform coordinated work and the initial cost can be charged to the WAP. All costs incurred by WAP subgrantees in accomplishing a coordinated work scope must be reimbursed by the outside funding source.

When reporting job costs to the Database, it is important to keep in mind the following:

- All funds expended in the course of providing services to WAP-assisted households must be documented in the Database.
- All Program Income funds expended within the WAP contract are considered leveraged funds and are to be recorded as such.

The following conditions must be met when performing coordinated work:

1. A copy of any written agreement that the subgrantee enters into with other funding sources for coordinated work must accompany the written request for prior approval to participate.
2. All assisted households must meet WAP income eligibility limits.
3. The building analysis process described in Section 5 must be followed for the WAP portion of the work scope.
4. All work, whether funded by WAP or by other sources, must be performed in accordance with all WAP standards.
5. Other than work classified as supplemental work (see below), all costs incurred must be reported in the Database along with WAP-funded work as work completed with contract funds.

Supplemental work is work performed on an eligible unit that received WAP funds after September 30, 1994 that is done in conjunction with the programs administered by NYSERDA to benefit low-income households.

Supplemental work may include additional energy-related repairs, replacement of appliances and equipment not covered by the WAP work scope when the unit was originally assisted by the WAP, minor building improvements that enhance the scope of services being provided to the household, and other related measures.

Units that receive supplemental work may also be eligible as coordinated projects for the WAP but require prior approval from the HCR regional supervisor in accordance with the above requirements before commencing any work.

NYSERDA may provide an advance of funds to subgrantees participating in their programs to cover costs incurred in performing this work. Work performed as part of a NYSERDA program is not considered coordinated work unless WAP funds are expended to complete the work and costs are charged to the WAP. If WAP funds are used to pay for work that will be reimbursed by NYSERDA, the rules on coordinated work apply and the reimbursement of those funds is considered Program Income.

If no WAP funds are used, subgrantees are required to notify HCR prior to participation in the NYSERDA program, and to report on supplemental work performed when requested by HCR representatives.

Sub Section 2.11: Program Income

Program Income is gross income earned by the recipient that is directly generated by supported activity or earned as a result of WAP activities. Program Income includes income from fees for services performed, the use or rental or real personal property acquired under the federally-funded project, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and from payments of principal and interest on loans made with WAP funds. Interest earned on advances of DOE funds is not Program Income. Rules concerning the remittance of such interest can be found in Sub Section 2.04. Program Income does include rebates, credits, discounts, etc., or interest earned on any of them.

Program Income funds include funds received for coordinated work and funds received from rental of WAP tools and equipment for fee-for-service activities. Before Program Income funds can be expended, a Program Income budget be entered in the data base for HCR approval. The plan must be prepared at the beginning of the annual budget period and may be modified during the budget period.

- Program Income funds must be accounted for separately and expended before any other program funds are spent.
- Up to 10% of the Program Income funds may be used for T&TA.
- A minimum of 80% of the funds received must be used for labor, materials and program support, in compliance with DOE regulations.
- Program Income received within an annual budget period must be entered on the Program Income tab in the Database. These funds must be spent before any other funds are requested from HCR.
- Subgrantees must report on the receipt and expenditure of Program Income on a quarterly basis, using the Database.
- DOE will maintain a reversionary right to all tools and equipment purchased with Program Income.
- All Program Income received during a given budget period must be identified in the Unaudited Financial Statements.
- Interest income earned on Program Income funds may be retained by the subgrantee, and shall be used at the discretion of the subgrantee's board to further the corporate purposes of the subgrantee organization.

Sub Section 2.12: Incentive Compensation

Incentive compensation can be an important benefit for the WAP. It can help attract and maintain qualified employees. It can also serve as a motivator for maintaining high employee performance, fostering the willingness to participate in various initiatives involving more attention to detail and coordination, possibly completing more production, or achieving significant energy savings beyond what can reasonably be expected under normal circumstances.

The federal regulations allow this cost. OMB Circular A-122, Attachment B, Paragraph 7 (i), states:
"Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc. are allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment."

HCR will only recognize incentive compensation when the following conditions are met:

1. The incentive may not be provided to officers, executive directors or senior staff.
2. Subgrantee personnel policy and procedures manual must discuss the treatment of this benefit.
3. The cost for incentive compensation must be included in the initial budget for the budget year.
4. The amount of the compensation must be pre-determined and reasonable. There must be a relationship between the compensation and the act to earn it. Employees eligible for such an award must be those whose job functions are directly responsible for achieving the stated goals (individuals actually doing the work as opposed to administrative personnel or others who have no direct bearing on the outcome of program performance). Compensation payments should reflect the percentages of time charged to the budget.
5. The payment of the compensation is not an avoidance of a fund balance. The payment of the incentive compensation is made with funds received from the final voucher reimbursed from HCR and is the last expenditure for the contract year.

Sub Section 2.13: Fee-for-service Activities

HCR encourages subgrantees to seek out other resources to address the energy and affordable housing needs of low-income households in their community. WAP subgrantees may sometimes engage in activities that provide service to low-income and other households across the State under contract to utilities or other public agencies such as NYSERDA. These activities must be performed on a fee-for-service basis by the subgrantee where:

1. services are provided to households that are not eligible for WAP (e.g., do not meet WAP income eligibility limits).
2. services are not coordinated services provided in conjunction with WAP for an eligible household.

Subgrantees who engage in fee-for-service activities are reminded that their primary responsibility in accordance with the terms and conditions of their contract with HCR is the implementation and operation of the WAP. WAP subgrantees are required to provide the highest quality service to assisted households, while meeting all federal and state requirements and providing work of the highest quality.

The following minimum requirements must be met by WAP subgrantees engaging in fee-for-service where WAP-funded staff, materials or other resources are shared in order to continue to receive WAP funding from HCR:

1. Subgrantees must notify the HCR regional supervisor, in writing, of any fee-for-service activity prior to commencement of that activity, and must complete the Fee for Service Worksheet (Form #13) for each project.
2. Subgrantees must enter into written agreements for any fee-for-service activities and provide the HCR regional supervisor with a copy of that written agreement. Prior approval to participate in fee-for-service activities must be obtained from the HCR regional supervisor (Form #20B).
3. Subgrantees must establish a separate and distinct operation to perform fee-for-service work, and must establish and maintain separate accounting records for this work. All fee-for-service activities must be supported by books and records separate and distinct from those required for the WAP. HCR staff must be provided with access to these books and records upon request.
4. Subgrantees must notify the HCR regional supervisor, in writing, of any fee-for-service activity where federally-funded tools, equipment, facilities, or shared staff are planned to be used to complete fee-for-service activities.
5. Subgrantees operating fee-for-service activities that utilize tools and equipment purchased with federal WAP funds must pay rental fees to the WAP in accordance with prevailing rates established by private tool and equipment rental firms in the surrounding area. These rental fees are considered Program Income.
6. Subgrantees operating fee-for-service activities out of facilities paid for with federal WAP funds must ensure that the WAP is reimbursed for the use of those facilities.
7. The use of vehicles purchased with WAP funds may be allowed; if vehicles purchased with WAP funds are used in a fee-for service operation, the WAP account must be reimbursed for use of the vehicle at the IRS mileage rate.

8. Rental of WAP tools and equipment is only permitted if a price list for a standard list of "tool kits" that are needed for the tasks that the WAP tools and equipment are used for has been established. This price list must be used by the subgrantee as the basis for the cost for the specified tasks and the rental cost for the WAP tools and equipment. Subgrantees must reimburse the WAP program on a monthly or quarterly basis, in consultation with HCR regional supervisor, using information collected regarding the fair market value for use of tools and equipment during the period.

Subgrantees must comply with all federal and state labor regulations (including prevailing wage requirements, when applicable) regarding the employment and relevant of staff in activities outside the normal scope of their employment and relevant overtime compensation. It is not sufficient to claim that staff is performing fee-for-service activities on nights and weekends. These activities must be documented by payroll records that show that staff are working on these activities at times other than those covered by the WAP contract. In cases where fee-for-service activities are performed by staff funded by the WAP during times budgeted in the WAP contract, the program budget must be adjusted accordingly.

Subgrantees engaged in fee-for-service activities may not advance WAP funds to pay for staff salaries, materials, subcontracts, or any other expenses incurred as a result of fee-for-service activities. Subgrantees may not pay for these activities through the WAP in the first instance. This would constitute a loan of public funds to a private enterprise which would be providing it with an unfair advantage over potential competitors. Subgrantees must fully fund these types of activities with non-program funds.

Subgrantees must be familiar with the provisions under the DOE Financial Assistance Rule [10 CFR Part 600.432 (c) (3)], which regulates the use of equipment acquired with grant funds. Specifically, it states that "a subgrant must not use equipment acquired with grant funds to provide service for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted or contemplated by Federal statute."

Funds received as a result of fee-for-service activity are considered agency income, not Program Income; therefore, the use of these funds is unrestricted from the perspective of the WAP. However, subgrantees should be careful to make sure that the receipt of these additional funds does not legally affect their not-for-profit status, which would affect their subgrantee status.

Subgrantees should also involve their accountant and counsel in setting up fee-for-service components to make sure that all financial and legal matters are established and maintained as separate and distinct "arm's-length" entities from the federally-funded WAP.

Subgrantees that are using tools and equipment purchased with WAP funds as part of a fee-for-service activity are encouraged to use earned agency income to purchase the necessary tools and equipment for this activity. It is expected that subgrantee fee-for-service components will be limited to three years. In any case, where a subgrantee proposes to continue to rent these tools and equipment from the WAP beyond three years from the date when the fee for service component first originated, approval must again be obtained by the HCR regional supervisor.

Sub Section 2.14: Training and Technical Assistance

Subgrantees are encouraged to budget a portion of each allocation of funds for T&TA to develop a qualified work force capable of providing the highest quality weatherization services. Subgrantees are allowed to utilize a portion of their total allocation for this purpose. The Training and Technical Assistance Detail Sheet (Form #36) must accompany any initial budget that allocates funds to T&TA, as well as any budget amendment that reflects a change in those costs or to the T&TA plan, detailing the plan for the expenditure of those funds. Subgrantees are reminded that allocating for T&TA is part of the budget process and are encouraged to utilize these resources to maintain and improve program operations across all levels of the WAP.

Subgrantees may also use up to 10% of any Program Income funds received for T&TA activities indicated in the table below. A separate Training and Technical Assistance Detail Sheet (Form #36) must be completed for T&TA activities funded with Program Income and must be presented to the HCR regional supervisor for approval with the Program Income Expenditure Plan (Form #1). Once a budget is approved, copies of these signed forms must be kept on file by the subgrantee with their executed budget.

The activities listed below can be considered eligible T&TA costs, but can also be charged as either Administrative costs or, in some cases, Program Support costs. Subgrantees should consult with their HCR regional supervisor for approval to use Program Support for these types of T&TA activities.

Conferences	Registration, travel, and lodging costs for conferences, seminars, workshops, and on-site training.
Staff Training	Costs incurred to provide training and professional certification for subgrantee staff.
Weatherization Equipment	Purchase of weatherization equipment.
Membership and Subscriptions	Membership fees for weatherization-related organizations and subscriptions to trade papers and magazines.
Computer/Electronic Media	Purchase of computer/electronic media equipment, any necessary related software, and the cost of training subgrantee staff to operate the equipment.
Energy Data Collection and Analysis	Costs directly related to gathering, compiling, or copying information to be used in providing fuel usage and savings analysis data, the cost of devices used to calculate fuel usage, and the cost of inputting data for a Database to track previously-weatherized units.
Applicant/Client Education	Development and distribution of educational materials for applicant education meetings, workshops, presentations, videos, and other client education activities.

Subgrantee Staff Certifications

HCR requires that subgrantee personnel in certain professional positions be certified by the Building Performance Institute (BPI). Subgrantees must ensure that any individual holding a staff position that requires certification meets certification requirements no later than 18 months from the time they are assigned to the position. If the individual fails to become certified after the 18-month period, HCR will review and decide, on a case-by-case basis, to recommend to the subgrantee that the individual either be allowed to remain in their position while pursuing their certification or be assigned to another position.

HCR program field representatives will review the status of subgrantee staff certification compliance during monitoring visits and will issue written findings to subgrantees that are not in compliance with certification requirements. See Sub Section 2.17 for more information on HCR monitoring and field visits.

All WAP units reported to DOE as complete must be inspected to ensure compliance with the specifications outlined in the Standard Work Specifications (SWS). All quality control inspections performed by subgrantees in single-family (1-4 units) projects are required to be conducted and signed off by a certified Single-family Quality Control Inspector (QCI) to ensure compliance with the specifications outlined in the SWS. Multi-family (5 or more units) projects are required to be inspected and certified by a post inspector who has received a successful evaluation from our T&TA providers (AEA or NYSWDA) for the Multi-family QCI course based on the NREL Multifamily QC Inspector Job Task Analysis, which can be found at: http://www.nrel.gov/docs/fy14osti/60537.pdf .

Subgrantees are advised to allocate sufficient resources for staff training so that they are prepared to meet all required certifications in a timely manner. The cost to subgrantees for certifications or training may be charged to either the T&TA line and/or to the Program Support line of the WAP budget.

Subgrantees should be aware that DOE facilitated development of national guidelines for home energy retrofits that include SWS and skill standards for energy retrofit workers. The Guidelines for Home Energy Professionals (HEP) project is a collaborative effort between DOE, the National Renewable Energy Laboratory (NREL), and the home energy performance industry. The project assists the industry by defining quality work through SWS, an accredited training process, and advanced professional certifications for workers. The certifications are to be administered by BPI. NREL's four major energy upgrade job classifications are Energy Auditor, Retrofit Installer Technician, Crew Leader, and QCI.

The following certifications apply to subgrantees that deliver single-family projects (**1-4-units)**:

- All post inspectors are required to be BPI-certified as an NREL Single-family QCI.
- Subgrantees that complete more than three mobile/manufactured homes a year are required to have an auditor who is a BPI-certified Manufactured Housing Professional on staff to review and approve all audits of manufactured homes.
- A subgrantee that conducts structural repairs on mobile/manufactured homes is required to have at least one crew leader with the NYS Manufactured Housing Mechanic

certification in order to be in compliance with NY State Code Enforcement requirements. That person must remain on-site while repairs are being made to the unit.

- Subgrantees are required to have a building auditor certified as a BPI Building Analyst OR as an NREL Energy Auditor; the costs of certification will be recognized as an eligible T&TA expense. Auditors are encouraged to pursue BPI Envelope Professional certification, and training for that certification is an eligible expense, but it is not a required certification.
- Auditors of 1-4 unit buildings are also required to have a BPI Heating Professional certification. This certification will assure that the auditor understands basic building science and how to test and evaluate heating systems. This requirement can also be met by becoming a certified NREL Energy Auditor.
- Subgrantee crew leaders are encouraged to pursue certifications for NREL Retrofit Installer and NREL Crew Leader designations. These certifications are not required at this time; however, they will be recognized as an eligible T&TA expense.

The following certifications or approvals apply to subgrantees that deliver multi-family projects **(5 or more units)**.

- All multi-family post inspectors are required to receive a successful evaluation from one of our T&TA providers (AEA or NYSWDA) for the Multi-family QCI course based on the NREL Multifamily QC Inspector Job Task Analysis.
- Subgrantee multi-family auditors are required to be BPI-certified as a Multi-family Building Analyst Professional OR can meet this requirement by becoming a certified NREL Multi-family Energy Auditor, which will be recognized as an eligible T&TA expense.
- Subgrantees seeking multi-family self-auditing status must meet the auditing criteria listed in Sub Section 5.05 (Criteria for Multi-family Self-auditing Agency Designation) to be certified as a multi-family self-auditing agency.
- All Weatherization Directors for subgrantees that administer a program where more than 50% of the units assisted are in multi-family buildings are required to attend training based on the Job Task Analysis (JTA) developed for the NREL Multi-family Retrofit Project Manager designation.
- All Weatherization Directors for subgrantees that administer a program where 50% or more of the units assisted are in multi-family buildings are strongly encouraged to complete the curriculum based on the NREL Multi-family QC Inspector Job Task Analysis, which will be recognized as an eligible T&TA expense.
- Contractors who go through "Clean Boilers" program training (see Sub Section 8.11) are required to get BPI-certified as a Multi-family Advanced Heating Plant Professional before they can bid on WAP work.

<u>Mandatory Subgrantee Staff Training</u>

The WAP T&TA unit sponsors training throughout the year on a variety of topics. Training is often offered through HCR's technical support subgrantees, NYS Weatherization Directors Association (NYSWDA) and Association for Energy Affordability, Inc. (AEA). When topics involve a change to existing WAP policy and procedures (e.g., air sealing standards, changes to audit protocols, etc.) or emphasize an important program area, subgrantee attendance may be

mandatory. In this case, the subgrantee is required to assign the most appropriate person to attend.

If a sponsored training is regional in nature or is otherwise limited to a certain group of subgrantees, HCR will inform subgrantees if their attendance is required. If a subgrantee has any doubt regarding attendance, their HCR program field representative should be consulted.

The mandatory training sessions and the personnel required to take them are listed in the table below. If a subgrantee hires a new employee into any of these positions or a current employee transfers into any of these positions, it is required that they receive the mandatory training within 12 months of their start date.

Training must be repeated every 3 years by subgrantee personnel who occupy these positions. Compliance with this program requirement will be monitored by field staff in their field visit reports. Any agencies that are not in compliance will be referred to the WAP T&TA unit (Form #47) to arrange for mandatory training for appropriate staff members.

Subgrantee staff who are required to take the training listed in the next column	Mandatory Training
Weatherization directors, energy auditors, post inspectors, crew chiefs, and crew personnel	1-day Basic Air Sealing
Weatherization directors, energy auditors, post inspectors, crew chiefs, crew personnel and heating technicians	1-day Basic Health & Safety
Weatherization directors and all staff who may come in contact with lead-based paint while performing their duties	1-day Lead-safe Weatherization Practices
Weatherization directors and all staff who may come in contact with lead-based paint while performing their duties	1-day EPA Lead Renovator Certification
All staff who work on weatherization job sites	OSHA 10-hour Training*

*In accordance with DOE's WAP memorandum #003, effective October 2014, HCR has eliminated the OSHA 30-hour training as a requirement for crew leaders and other supervisory personnel; however, it is still an eligible T&TA expense if agencies choose to pursue this advanced training.

The WAP T&TA unit will only approve training programs offered by AEA, NYSWDA, or HCR. Subgrantees may pursue training not listed above that is offered by other organizations and include it on the Training and Technical Assistance Detail Sheet (Form #36) if the training offered will assist them in furthering their skills as they relate to WAP activities, maintaining or earning certifications, etc.; however, this does not eliminate the need to attend HCR-sponsored training in the future and subgrantees should budget accordingly.

Requesting Technical Assistance

Requests for T&TA can be initiated by the subgrantee or an HCR representative on the T&TA Request/Approval (Form #47). Include the type(s) of assistance needed and the name(s) of staff to be trained and submit forms electronically to the T&TA unit supervisor for review. Be sure to cc your regional office representative on all requests.

WAP will provide T&TA to all subgrantees as follows:

- Routine technical assistance covering programmatic aspects of operations can be provided by the HCR program field representative during monitoring visits or any time the subgrantee encounters a problem. If the program field representative identifies major problems that indicate a need for more extensive technical assistance, s/he can request assistance on Form #47, as described above. Technical assistance related to the actual installation of WAP measures will be provided by experienced staff and/or a T&TA unit member when deemed necessary.
- On-site training will be conducted as needed or when requested. These field training or monitoring sessions, providing hands-on experience, are conducted by T&TA unit staff or technical support subgrantees for subgrantee staff or heating system technicians who perform H&S tests and repairs. These sessions will reinforce classroom training that has already been conducted and will provide updated information as it becomes available.
- HCR-sponsored classroom training on a variety of topics will be offered throughout the year by the T&TA unit or through NYSWDA or AEA. When topics involve a change to existing WAP policy and procedures or emphasize an important program area, attendance may be mandatory.

Any time training is offered, the subgrantee is expected to select the most appropriate person(s) to attend. When training is mandatory, subgrantees are required to send the appropriate person(s) to that training session.

Subgrantees are encouraged to regularly monitor the training calendars of NYSWDA and AEA at these links:
NYSWDA: https://www.nyswda.org/training/training-calendar/

AEA: http://aea.us.org/calendar.html

Statewide training may be scheduled by the T&TA unit when it is reported or determined that mandatory training is needed for reasons such as changes in DOE requirements. Subgrantee staff that is appropriate for the training will be required to attend.

Sub Section 2.15: Travel

Travel directly related to the weatherization of dwelling units may be charged to the Program Support line of the WAP contract. Other travel, (for example, to attend training), is to be budgeted and charged to either the T&TA or administrative categories.

Out-of-state travel for subgrantee personnel, when charged to the WAP contract, requires prior approval by the HCR regional supervisor (Form #20B) if not included in the T&TA Plan.

Travel costs for Policy Advisory Council (PAC) members to attend PAC meeting will be reimbursed directly by HCR upon submission of a State Travel Voucher in accordance with State travel procedures.

Sub Section 2.16: Prior Approvals for Certain Expenditures or Work

Prior written approval from HCR is required for the activities listed below. Those approvals should be recorded for prior approval using the appropriate form, as indicated below. A copy of each prior approval granted will be maintained in the subgrantee contract file in the HCR Albany office.

Prior approval by the HCR weatherization program director is required for:

- Weatherization of a structure owned or managed by a subgrantee, Board member, employee, or relative before the audit or any funds are invested. (Form #20A).
- Weatherization of a building outside of a subgrantee's specified service area in a joint venture to complete a building with another subgrantee (Form #20A).
- Purchasing or leasing a vehicle with WAP funds (Form #23, also signed by the HCR regional supervisor and DOE).

Prior approval by the HCR regional supervisor (all on Form #20B) is required for:

- Weatherization of a multifamily building with less than 66% of units occupied by eligible households.
- Weatherization of a group home.
- Out-of-state travel by subgrantee staff using WAP funds.
- Purchase of capital equipment over $2500.
- Heating system replacement where the type of fuel used will change.
- Participation in any coordinated program initiatives.
- Participation in fee-for-service/WAP-related initiatives.
- Any waiver of or other change to the required amount of owner investment in a building.

Prior approval by the HCR program field representative is required for:

- Replacement of a heating appliance under any circumstances (Form #16).
- Replacement of a heating appliance where such replacement is not justified in the applicable energy audit (Form #16 and Form #20C).
- A variation of more than 20% from the recommended sizing of a heating system (Form #16 and Form #20C).
- Use of the TIPS energy audit to audit buildings originally constructed with 1-4 units that now have 5 or more units that are not individually heated (Form #20C).
- Expenditures exceeding $2,000 for vehicle maintenance costs, per vehicle, per repair, per contract (Form #20C).
- Use of the estimated blower-door methodology due to potential H&S concerns (Form #20C).
- Re-weatherization of a unit weatherized after September 30, 1994 (Form #20C).

Prior approval by the HCR fiscal compliance manager (both on Form #20D) is required for:

- Waiver of procurement process when units are to be transferred from one budget period to another when procurement has already been done.
- Non-competitive procurement.

Sub Section 2.17: Program Field Representative Review/Visit

The field visit is an integral part of monitoring the WAP, along with desk audits and other off-site management reviews that HCR staff performs. Field visits to subgrantees are conducted by HCR program field representatives to ensure compliance with applicable rules and quality of completed work. Visits include both file reviews, usually done at the subgrantee's office, and on-site inspection of assisted buildings.

HCR program field representatives conduct several visits to each subgrantee each year; visits usually are completed in one to three days. The regional supervisor will typically accompany program field staff on visits to each subgrantee at least once each year. For subgrantees considered to be at higher risk of non-compliance, the frequency of program field visits may be increased.

The program field visit objectives include the following:

- Verify the program is properly managed and adequately staffed.
- Verify outreach to potential applicants is conducted in all areas of the subgrantee service territory, and that owner-occupied and renter-occupied buildings are both given the opportunity to apply for assistance.
- Verify applicants are being selected in accordance with subgrantee written policy and with federal and state rules.
- Verify the energy audits are performed correctly, the recommended work scopes correspond to audit findings and correctly prioritize measures and the opportunity to save energy is maximized.
- Verify the subgrantee is correctly identifying H&S issues and taking proper actions to correct them, that the subgrantee defers work on buildings with serious health or safety issues and applicants and owners are properly notified of H&S concerns.
- Verify measures and materials specified in the work scope were installed and that proper documentation is on file to support all work performed.
- Verify work is being performed in a high-quality manner in accordance with Standard Work Specifications, local codes, and all other federal and state requirements.
- Verify all dwelling units are QC inspected before submission to HCR for payment, and that the subgrantee has evidence that all work was done as claimed.
- Identification of any problem areas requiring additional T&TA.

The findings of each program field visit are recorded on a Program Field Visit Report (PFVR) and in the central Weatherization Payment and Reporting System. These findings are used by HCR program management to evaluate subgrantee performance and are aggregated in an annual evaluation. See Sub Section 2.20 for more information on annual subgrantee evaluations.

Signatures of the HCR program field representative and a subgrantee representative are required on each PFVR. A copy of the signed PFVR is left with the subgrantee, and the original is submitted to the regional supervisor. Upon review of the PFVR, the program field representative, in consultation with the regional supervisor, may determine that additional training or technical assistance is needed by the subgrantee. The regional supervisor will request this training from the HCR T&TA unit.

HCR program field staff conducts on-site inspections on a minimum of 10% of the dwelling units that are presented for certification during the budget period. Where indicated by prior performance or finding, the percentage of inspections may be increased.

During a field visit the HCR program field representatives conduct one or more of the following reviews:

1. Examination of Applicant Files
   a. Review of the applicant file prior to certification of the dwelling unit to verify the eligibility and materials and labor expenditures entered in the Database. Documentation subject to review includes:
      - Application for assistance and income eligibility documentation
      - Eligibility notice to household
      - Owner Agreement
      - Utility release form
      - Energy audit and supporting data
      - Work specifications
      - Subcontractor agreements
      - Inspection reports
      - Materials invoices
      - Any change orders (Form #7) or explanations of deviation from the work scope
      - Documentation of infiltration reduction as a result of blower-door-assisted infiltration reduction protocols
      - Documentation of lead-safe work (LSW) practices and measures to address other H&S conditions.
   b. After review of files, verification that all required information in the Database was properly entered, including unit information, applicant Social Security number and demographic data, work start and ends dates, material and labor costs, and data on air infiltration following completion of work.
2. Inspection of a sample of completed dwelling units.
   a. Exterior:
      - Inspection of the general condition of the structure including the foundation and major building components
      - Inspection of sidewall insulation, if included on work scope
      - Inspection of any related repairs, including roof work, if accessible
      - Inspection of any other visible exterior conditions that could impact performance of installed measures.
   b. Interior:
      - Inspection of living spaces, attic, basement, crawl spaces, and other areas as needed to verify that the work scope was appropriate and that work was performed in accordance with applicable standards and specifications
      - Inspection of the unit ventilation system
      - Inspection of all interior work called for in the work scope to determine that it was completed in accordance with HCR standards

- Review of building files to verify that all required pre- and post- tests were performed in accordance with HCR standards, including the heating system and combustion appliance zone (CAZ) tests, and that the unit was properly characterized
- Review of pre- and post-weatherization air sealing data.

c. Inspection of any repairs performed, to verify that they were incidental, and designed to protect or supplement WAP measures, including:
   - Installation of ventilation equipment
   - Heating distribution/fuel system repair or replacement or chimney repair/replacement
   - Domestic hot water repair/replacement
   - Electrical system upgrades, including lighting fixture replacement and ground fault circuit interrupter installations
   - Roof repairs.

3. Interview a member of the assisted household, to ask about their experience with the work and whether they have noticed any changes in comfort or energy costs.
4. Provision of technical assistance in one or more of the following areas:
   - Eligibility, outreach, and referral
   - Energy auditing, building analysis, inspections, and work scope development
   - Technical issues, such as heating system work
   - Subcontractor selection and management
   - Compliance with federal and state program rules
   - H&S practices
   - Contract and production management
   - Reporting
   - Leveraging activities and procedures
   - Inventory management and tracking
   - Procurement.
5. Assessment of leveraging efforts, including review of documentation associated with other funding sources and inspection of work completed with leveraged funds to assure quality control.

At each program field visit, the subgrantee must have its blower-door, steady-state efficiency (SSE) kit, H&S equipment, and a staff person knowledgeable about instrumented audits available. The use of the blower-door for monitoring provides the program field representative with consistent data for the evaluation of air sealing work. The subgrantee must have applicant eligibility documentation available in the field during HCR site visits. The subgrantee should have more than one staff person knowledgeable about the location of dwelling units, files, invoices, and contracts, to ensure availability of required documentation.

Within 60 days after the end of each budget period, the HCR program field representative may perform all or a portion of the following procedures:

- Update and export from the subgrantee Database any buildings that need to be moved from or into the budget period being closed out.

- Enter in the subgrantee Database and export any onsite inspection and certification dates not previously recorded.
- Run the In-Progress Report from the subgrantee Database to verify that all buildings charged to the budget period being closed out have been completed, attached to a Cumulative Financial Report (CFR), and exported. (The subgrantee should export any "in-progress" buildings that have been completed. Any "in- progress" buildings that were not completed must be moved to the next budget period.)
- After all buildings or changes to buildings being charged to the budget period being closed out have been exported, run the Building Certification and Inspection Report from the subgrantee Database to verify that these buildings have been certified.
- From the subgrantee system, run a final Building Certification and Inspection Report and a Data Confirmation Report for the budget period being closed out.
- After all building data has been imported into the central Database, run the Building Certification and Inspection Report (MOR-1) and the Agency Building Cost by Source (BLR-8) report from the central Database and verify that the data on these reports match the data on the Building Certification and Inspection Report and the Data Confirmation Report run from the subgrantee Database. Any discrepancies will need to be found and updates may need to be made in the subgrantee Database, the central Database, or both, and the reports run again to verify that the data in both systems match.

Prior to or during the HCR program field representative's arrival, the subgrantee should print a Unit Cost/Performance Report from the Database for each CFR that will be presented during that field visit. This report summarizes and organizes certain costs and technical information for each job as they are presented for certification for one-to-four unit buildings.

Following each field visit, a brief exit interview may be scheduled with the executive director or designee. The WAP PFVR and the Consolidated Weatherization Status Report (CWSR) must be signed by the subgrantee's authorized staff at the end of the visit. These reports serve as official notification to the subgrantee regarding the status of the program.

Sub Section 2.18: Fiscal Field Representative Review/Visit

HCR fiscal field representatives make periodic on-site visits to each subgrantee, during which they review the subgrantee's books, records, and relevant source documents to ensure compliance with federal and state guidelines and with generally accepted accounting principles, and to verify costs claimed on Cumulative Financial Reports submitted by the subgrantee. These reviews are conducted on expenditures of WAP funds, owner contributions and Program Income. The subgrantee must make all of its books and records readily available for review by the HCR fiscal field representative. Records of leveraged funds may also be reviewed when subgrantees use WAP resources in conjunction with these funds.

HCR fiscal field representatives also sometimes provide T&TA, with a view toward improving subgrantee fiscal responsibility and accountability and contributing to the ongoing review of a subgrantee's internal control procedures.

During each fiscal field visit, the HCR fiscal field representative examines a sample of the subgrantee's payment requests to ensure consistency and proper vouchering. At the conclusion of each fiscal field visit, the HCR fiscal field representative discusses the results of the review with the subgrantee's executive director or duly approved representative and prepares a written summary of the review outlining the scope of the review, any finding, corrective actions, recommendations, and subgrantee responses or comments. A copy of the Fiscal Monitoring Summary (FMS) is presented to the subgrantee representative for signature, and a copy is left with the subgrantee. The original signed FMS is submitted by the fiscal field representative, with the relevant work papers, to the fiscal field operations supervisor.

If a material problem is noted, the findings are reported to the fiscal field operations supervisor. Serious issues may require corrective actions to be taken by the subgrantee and will be documented in the FMS. Subsequent visits by the fiscal field representative will verify that any problems have been corrected or that additional corrective actions are necessary. If, as a result of a field visit, it is determined that any claimed costs are not allowable, the subgrantee will be afforded the opportunity to correct the matter. If the correction is not made, or if reimbursement has already been made for the cost in question, subsequent payments may be reduced accordingly.

During a fiscal field visit, representatives may perform one or more of the following reviews:

1. Verifying reported expenditures by comparing periodic expenditure reports to subgrantee books and records.
2. Reviewing the reporting and documentation of Program Income and leveraged funds.
3. Reviewing owner investment account and trial balances.
4. Reviewing source documentation for purchases of any items charged against the WAP.
5. Reviewing distribution of costs charged to more than one program.
6. Matching payroll costs for consistency with the latest approved budgets.
7. Reviewing records to trace material purchases from invoices to inventory or to specified jobs and to programmatic reports.
8. Reviewing bid procedures and records.

9. Reviewing subcontract agreements, analyzing payment schedules to subcontractors, and verifying payments made to subcontractors.
10. Reviewing cash balances.
11. Reviewing the subgrantee's internal control structure.
12. Reviewing the subgrantee's compliance with insurance requirements.
13. Reviewing and testing the subgrantee's safeguarding of fixed assets.

Each subgrantee should have certain documents available for the HCR fiscal field representative to review, including:

1. The current agreement between HCR and the subgrantee, with the latest approved budget or budget amendment.
2. Copies of subcontracts let to complete WAP work.
3. Lease agreements for leased equipment or facilities.
4. Bids, solicitations for bid, notifications of bid awards, and vendor lists.
5. Copies of required reports.
6. Books of account, including:
    a. Cash disbursements.
    b. Cash receipts.
    c. Payroll sheets or ledgers.
    d. General ledger.
    e. General journal.
    f. Monthly general ledger trial balances.
    g. Monthly reconciliation to budget.
    h. Checking account reconciliations.
    i. Bank account authorization signature cards.
    j. A list of all unpaid bills tied to the appropriate budget line item for which the cost was incurred.
7. Invoices for purchases made with WAP funds, owner contributions, Program Income, and leveraged funds, where applicable.

Sub Section 2.19: Required File Documentation

The following documents must be maintained in each building file by all subgrantees in an organized manner so that they are readily accessible for review by HCR representatives at any time. HCR has provided model files to aid subgrantees with file organization; subgrantees are strongly encouraged to use this model file format. Each form referenced below is available on the HCR Web site or from regional offices.

1. Weatherization Application (Form #4) completed and signed by the applicant or designee, along with copies of acceptable documentation verifying eligibility for each assisted unit. See Section 3 of this manual for more information. Documentation of household eligibility must be conducted by the subgrantee prior to an energy audit and the weatherization of any dwelling unit, including those in multi-family rental buildings. Multi-family units may not be weatherized until documentation is obtained for all eligible tenants and the building is determined to be eligible.
2. Proof of ownership (including a copy of most current property tax bill with section, block, and lot identified).
3. Owner Agreement completed and signed (Form #8A: Single-family Building Owner Agreement; Form #8B: One-to-four Unit Building Owner Agreement; or Form #8C: Multi-family Building Owner Agreement).
4. Signed Preliminary Agreement (Form #6) and Tenant Synopsis of the Owner Agreement (Form #9) for all rental unit files.
5. Energy Information (part of Form #4). Use Form #5 for any building with more than one unit and/or more than one person paying the energy bills. The form must be completed and signed by the individual whose name appears on the fuel bills.
6. Copy of utility bills for the unit(s) or the building. Utility bills showing the past two year's usage must be obtained for each building.
7. Copy of a Notice of Eligibility on subgrantee's letterhead (Form #51) that was sent to the applicant. In multi-family buildings, where tenants pass through a common entrance, the Notice of Eligibility need not be sent to each applicant, but rather may be posted in a conspicuous place in the building.
8. Completed Building Work Summary (BWS-Form #19) signed and dated by the applicant, the applicant's designee, or the owner/agent, as well as by the subgrantee's inspector.
9. A copy of the Heating Appliance Tag (Form #39) showing pre-testing, contractor testing (if work is done by a subcontractor), and post-testing.
10. Invoices for completed WAP work, including all materials purchased and any subcontracted materials or labor.
11. Prior approval form (Form #20A, Form #20B, Form #20C, or Form #20D) when required.
12. NYS Historic Preservation Office (SHPO) response letter for any buildings submitted to that office for review.
13. Reports that document the TIPS building analysis for buildings where a TIPS analysis was conducted (see Section 5 for more information on building analysis and energy audits):
    a. Audit Package.
    b. Household Questionnaire (Form #11).

c. Indoor Air Quality Tests for 1-4 Units (Form #12).
d. Multi-family Indoor Air Quality Tests, if applicable (Form #14).
e. Blower-door documentation (showing pre [Form #49], interim [Form #50], and post [BWS-Form #19] testing).
f. In-unit Materials Summary Sheet (Form #45).
g. Heating Appliance Tag (Form #39).
h. Health and Safety Notification (Form #15), if appropriate.
i. Heating appliance sizing documentation.

14. Documentation of the EA-QUIP Building Analysis (for buildings with five or more units) or a statement that, due to the building configuration or project funding, a TIPS or TREAT audit was conducted. See Section 5 for more information on building analysis and energy audits.
15. Justification for Heating Appliance Replacement (Form #16) is required for ALL buildings when replacing a heating appliance and/or system.
16. Copies of bids and Bid Summaries (Form #25) for subcontracted work.
17. Copies of executed subcontractor agreements (Form #33 or approved substitute).
18. Documentation of LSW practices used as well as when they were used.
19. Copies of any lead testing results and results of other H&S tests conducted on the building.
20. Reports of each interim inspection. A tracking log or data sheet must be in each building folder for each program field representative and must include date of visit, name of person conducting the inspection, and all observations/findings as it relates to work quality/quantity, apartments/common areas, contractors present, etc. This information should be accurate as of the date of the interim inspection and should come from the field staff's personal logs.
21. Statements of Completion (Form #43) for all work completed on multi-family buildings.

Sub Section 2.20: Comprehensive Annual Subgrantee Evaluations

As required by DOE, an annual evaluation of each subgrantee is conducted following the end of the program year. This evaluation consists of two areas: program and fiscal. The combined results of the evaluation may affect future funding of subgrantees. Each subgrantee is rated in the following areas:

- Program management
- Outreach
- Building assessment
- Operations
- Quality assurance
- Reporting and recordkeeping
- Production
- Leveraging
- Financial stability
- Procurement
- Regulatory compliance

For findings of non-compliance or other areas where HCR finds that subgrantee performance should improve, subgrantees are required to submit a corrective action plan. HCR may take additional actions, including recommendations for T&TA, to address deficiencies noted in the annual evaluation. Subgrantee annual evaluations are also used to identify areas of program deficiencies requiring T&TA across the entire state.

Subgrantee annual evaluations include a summary of subgrantee reviews conducted during the course of the contract year. Any material deficiencies of a program and/or fiscal nature will be handled immediately when possible, with an appropriate course of action. Any non-material findings will be handled through the work plan.

Sub Section 2.21: Conflict of Interest

Each subgrantee must maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts (2 CFR 200.112). No subgrantee employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his/her immediate family, his/her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the subgrantee shall neither solicit nor accept gratuities, favors, or anything of monetary value from subcontractors or parties to sub-agreements (e.g., agreements governing procurement of materials). The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the subgrantee.

Subgrantee staff that act in a decision-making capacity with respect to WAP funds or are in a position to influence a decision (such as staff that determines the work scope on an assisted building) may not directly benefit from the investment of WAP funds. WAP funds may not be invested in buildings owned by officers, employees, or agents of the subgrantee, including investment in rental property owned by officers, employees, or agents, except as described in the following paragraph.

Assistance may be provided for residential units occupied by employees of the subgrantee who qualify as low-income and are not employed in a decision-making position provided that:

- all other program rules and guidance are adhered to.
- the subgrantee can demonstrate that the employee was not provided with greater opportunity to learn about the program or apply for assistance than other members of the community.
- prior approval is granted by HCR (Form #20A) in accordance with Sub Section 2.16 of this manual.

Subgrantee staff acting either as individuals or on behalf of an outside contracting firm may not solicit or provide contractor services to low-income households who have received or been deemed eligible for WAP services. Low-income households seeking work from private contractors should be advised to consult with other sources. Also, subgrantee staff that offers other energy or building repair services for a fee to the general public may not also perform these same services for the subgrantee.

Any subgrantee staff member who originally establishes a relationship with the household as a representative of the WAP must not transition that relationship to one where they subsequently become a private contractor for the household. Subgrantee staff engaged in private contractor work are also prohibited from using subgrantee tools, vehicles, and equipment to perform this work, and must have their own privately owned tools, vehicles, and any other equipment when doing any contractor work not otherwise prohibited.

Subgrantees set up to perform services through a fee-for-service arrangement are not prohibited from providing such services as long as the subgrantee, and not an employee acting as an independent contractor, is paid for the service in accordance with all appropriate requirements related to this type of arrangement.

The following examples illustrate conflicts of interest that must be avoided by subgrantees:

Example A
The auditor from Subgrantee A goes to the home of an applicant to perform an inspection before the WAP work is begun. While explaining to the applicant what the WAP will provide, the auditor indicates that new prime windows will not be included in the scope of work, in response to questions by the applicant. The auditor remarks that he could install new windows but the cost would have to be paid by the applicant.

The applicant states they would be willing to pay for new windows. The auditor responds that he could do this work for the applicant. The applicant agrees, and the auditor returns at a later date and completes this installation as a private contractor.

This is clearly a conflict of interest on the part of the auditor. While the subgrantee's code of conduct may not prohibit the auditor from engaging in any related outside business, under no circumstances should the auditor engage in or solicit business from an assisted household. When a subgrantee operates a fee-for-service component to their program in accordance with the guidance provided elsewhere in this manual, they may install windows through a separate agreement, following prior approval by HCR, but subgrantee staff operating their own business may not contract separately with an applicant.

Example B
An ad is placed in a newspaper advertising contractor services. The person providing these services is the director of the local WAP subgrantee and performs other contracting services on a part-time basis. The ad does not mention the local WAP program.

A homeowner seeing the ad is interested in having their roof replaced and calls the contractor. A price is agreed, and while replacing the roof the contractor mentions that he is also the director of the local WAP.

The homeowner has never heard of the program but applies and is deemed eligible and is placed on the waiting list. Now that this homeowner has become a WAP applicant, the WAP director can no longer engage in any private contractor work for the homeowner.

The initial agreement to install the roof might violate the subgrantee's code of conduct; therefore, the WAP director should first determine that outside employment is in fact permitted by the subgrantee. When the homeowner becomes a WAP applicant, a clear conflict of interest exists. The home owner must be referred to other contractors for any work that is outside the WAP scope of work.

Example C
An employee of the subgrantee also has an automotive service and repair business that she operates after regular business hours. This subgrantee employee cannot bid on or perform automotive repair work or provide other services or products to the subgrantee.

Example D
The subgrantee weatherization coordinator tells some subgrantee staff that additional funding will soon become available and that an outreach event will be conducted by the subgrantee the following week. He tells them that if they get on the list now, they will have a better chance of getting assistance than if they wait until the outreach event.

This is a conflict of interest because subgrantee staff who received advance notice of the outreach event would receive assistance sooner than other eligible households in the community. The subgrantee should not accept applications from employees that are aware of the outreach event until after the event is held and must notify HCR immediately if this principle is violated.

Sub Section 2.22: Dispute Resolution

Subgrantees are encouraged to adopt procedures for resolving disputes that arise with owners of assisted buildings, tenants, subcontractors, or others involved in providing WAP services. The HCR owner and subgrantee agreements require parties to utilize both mediation services and arbitration in resolving disputes.

When a subgrantee disputes a decision or has exhausted efforts to resolve an outstanding issue with HCR, the subgrantee may request an administrative review. The opportunity for such administrative review is offered at the sole discretion of HCR and is not available as a matter of right or as a substitute for the customary program decision- making process.

The purposes of the administrative review process are to:

- assist the parties involved in a dispute to present their respective positions.
- ensure that all disputed decisions are impartially examined.
- provide the basis for administrative determination and resulting actions by HCR.

To request an administrative review, a subgrantee must submit a written application to:

Office of Legal Affairs
NYS Division of Housing and Community Renewal
38-40 State Street
Albany, NY 12207

The application for an administrative review must include:

- a brief statement of the matters asserted
- a brief description of each subject dispute
- a reference to any particular statues, law, or rules involved
- a brief description of the remedy sought.

Upon receipt of the application, the HCR Office of Legal Affairs will assign a staff person as review administrator, who may then request additional information to complete the review. The review administrator will conduct an impartial examination of the record and will issue a report on the findings of the record. This report will be nonbinding; however, it will contain a recommended decision and will be forwarded to the HCR Deputy Commissioner or designee. On consideration of the report, the Deputy Commissioner will issue a final decision within 20 days from the date the review administrator's report is received.

Sub Section 2.23: Subgrantee Termination

Subgrantees receive WAP funds at the sole discretion of HCR. HCR may terminate an agreement with a subgrantee for failure to comply with the terms and conditions of the agreement if HCR determines that the termination would be in the best interest of the State. HCR may also, at its discretion, choose not to renew an agreement with a subgrantee that has expired.

Reasons for termination include, but are not limited to, the following:

- Work performance fails to substantially conform to the requirements of the contract documents
- Subgrantee refusal to proceed with the work
- Disregard for laws, rules, ordinances, or regulations of the local public jurisdiction.
- Misuse of dedicated account funds
- Failure to notify HCR of fraud or the allegation of fraud, embezzlement, misappropriation, abuse of funds, declaration of bankruptcy, fiscal insolvency, or the failure of a subgrantee to maintain its status as a going concern.
- Disregard for competitive bidding
- Conflict of interest.

Whenever an HCR representative uncovers significant problem areas with the work or actions of a subgrantee, the HCR representative must document such problem areas and provide a report to the HCR regional supervisor and the fiscal field operations supervisor. Upon review, those supervisors will determine actions needed to resolve the situation and inform the fiscal compliance manager and the program director. If the problems can be resolved immediately at the local level, the regional supervisor will transmit a copy of the report to the subgrantee weatherization director and executive director and there will be no further action if the problems are corrected within 30 calendar days or an acceptable corrective plan is submitted.

When the problems are of such a nature that they cannot be resolved immediately at the local level or they are not resolved within 30 calendar days, the HCR regional supervisor will prepare a memorandum with all of the following information:

- A summary of the issue
- A presentation of all facts relevant to the problem
- A list of possible positions that HCR may take on the issue
- The implications of the various above-mentioned positions
- A recommendation on actions to be taken.

Copies of all correspondence and relevant documentation must be attached to this memorandum and submitted to the fiscal compliance manager. S/he will review these materials with appropriate program, fiscal, and legal staff, and will transmit a “Subgrantee Warning Notice” to the subgrantee board chairperson and executive director. The “Subgrantee Warning Notice” will cite specific section(s) of the WAP contract where compliance is in question with a requirement that the subgrantee provide a written plan within 15 calendar days for curing the alleged non-compliance.

If no response is received within 15 calendar days, the plan for resolving the alleged non-compliance is unacceptable to HCR, or if, subsequently, the plan is not followed, a "Notice of Default and Intention to Terminate" the contract may be transmitted to the subgrantee board chairperson, weatherization director, and executive director. Failure by the subgrantee to respond to the "Notice of Default and Intention to Terminate" within 15 calendar days will result in the issuance of a "Notice of Termination" of the WAP contract. With the "Notice of Termination," a public hearing will be scheduled to inform the public of the termination of the subgrantee and to identify a new subgrantee to provide service to the affected area.

Notwithstanding any of the above, HCR may suspend or terminate a contract without prior written notice upon a finding of substantial non-compliance or substantial breach of contract.

Termination, as used in this section, does not include contract non-renewal. HCR has no obligation to renew a subgrantee agreement that has expired. A decision by HCR not to renew an agreement with an existing subgrantee may be made when funding is not available or not sufficient to provide a subgrantee with funding, or when HCR determines that it would be in the best interest of the State not to renew the agreement. The notification process described above only applies to contract termination and does not apply to contract non-renewal.

Section 3.00: The Weatherization Process: Outreach, Application and Selection

The purpose of this section is to outline the process that subgrantees must follow to accept and review applications for assistance. This process includes community outreach, applicant intake, income eligibility determination, and collecting required documentation to verify applicant and building eligibility. This section is intended to explain the process that subgrantees must follow to identify households and buildings that are eligible for assistance and properly document eligibility.

The section begins with a description of the full process for soliciting eligible WAP projects, performing required tests and reviews to ensure that the building can safely be assisted in compliance with federal and state rules, completing the work, and verifying that all quality checks have been properly completed. Sections 4 and 5 provide additional information on the process for determining building eligibility, analyzing existing building conditions and preparing scopes of work, entering into agreements with building owners, and inspecting completed work to ensure quality.

Subgrantees must complete the following actions to select and complete weatherization projects. While not all of these actions are required for every building that is assisted, each step must be documented to show compliance. The items subgrantees must complete to confirm eligibility, determine work scopes, and complete work on owner-occupied single-family buildings, including manufactured housing, are listed first. The action items for buildings containing rental units are listed separately. Each of these items is discussed in more detail in Sections 3, 4, or 5 of this manual.

For owner-occupied single-family buildings, including manufactured housing:

1. Outreach/intake.
    a. Subgrantee (SG) conducts outreach to solicit applications from eligible households.
    b. Households apply, and if demand exceeds available funds are placed on wait list.
    c. As assistance becomes available, SG reviews application and determines whether additional information is needed.
    d. SG verifies income and documents eligibility.
    e. SG certifies eligibility by signing the application.
    f. SG notifies client of the eligibility status.
2. Owner education conducted.
3. Audit/inspection/related tests.
    a. Building energy use data collected.
    b. Initial inspection of building.
    c. Health and safety tests conducted.
    d. Client education provided.
    e. Issue EPA's pamphlet "Renovate Right."
    f. Building analysis completed.
    g. Audit report prepared.
4. Historic preservation review.

   a. Building status determined – is NYS Historic Preservation Office (SHPO) review needed?
   b. If no, proceed to step 5.
   c. If yes, building information is sent to SHPO for review.
   d. SHPO comments received and considered in comparison with audit recommendations.
5. Work scope and cost estimate developed.
6. Bid documents prepared for any work that will be subcontracted (note that bids are sometimes conducted on an annual basis, instead of a project basis).
   a. Bids issued.
   b. Pre-bid meeting held.
   c. Bids received.
   d. Bids evaluated – work scope changed if necessary (go back to #5).
   e. Bids awarded.
7. Owner Agreement executed.
8. Subcontractor agreement(s) executed.
9. Local approvals obtained (e.g., building permits, utility connections).
10. H&S clearances obtained.
11. Owner provided with 3-day notice that work will proceed.
12. Construction phase.
   a. Work scheduled.
   b. Materials ordered (or requisitioned from subgrantee inventory).
   c. Work begins.
   d. Interim inspection(s) conducted.
   e. Change orders (Form #7) issued for any unforeseen conditions (must be approved by production coordinator or weatherization director).
   f. Work completed.
   g. Final (post) inspection conducted and documented by quality control inspector.
   h. If unit passes inspection, proceed to item #13.
   i. If unit fails, complete additional work, document and re-inspect.
13. Subcontractors request payment.
   a. SG obtains release of liens from subcontractor prior to issuing payment.
   b. Subcontractor paid.
14. Project presented to HCR for certification and payment.
   a. Building included on Consolidated Work Summary Report (CWSR) that is submitted to HCR.
   b. HCR monitoring visit/inspection conducted.
   c. If building is rejected by HCR, adjust report and remove costs from Database.
   d. If building is certified, proceed to next step.
15. Provide warranties to owner.
16. Provide owner with additional educational materials.
17. Certify final costs with any adjustments needed at close of budget year.

The process for renter-occupied buildings (where the owner is NOT an eligible household occupying one of the units) is as follows:

1. Owner outreach.

   a. Subgrantee (SG) conducts outreach to solicit owners of potential weatherization projects.
   b. Owner submits letter of interest to SG.
   c. SG issues notice acknowledging to building owner that weatherization application process will begin.
2. Owner and tenant education conducted.
   a. Building owner notifies tenants of weatherization project.
   b. Owner schedules tenant meeting, where appropriate.
   c. Educational materials including information on scheduling and access to apartments provided to tenants.
   d. Tenant Synopsis of the Owner Agreement (Form #9) provided to tenants.
3. Application and eligibility.
   a. Subgrantee determines and documents tenant eligibility. Generally, this will require acceptance of an application from each tenant household.
   b. SG reviews each application, determines whether additional information is needed.
   c. SG verifies income and documents eligibility.
   d. SG confirms tenant eligibility for all units to be assisted and issues written notice to owner that building meets program eligibility guidelines.
4. Audit/inspection/related tests.
   a. Owner signs Preliminary Agreement (Form #6), to authorize SG to have audit conducted.
   b. Owner pays building analysis/qualification fee.
   c. Building energy use data collected.
   d. Inspection of building by audit team.
   e. SG or their representative conducts any energy-related H&S testing needed.
   f. Where necessary, owner conducts additional building tests to identify health or safety issues.
   g. Building analysis completed.
   h. Audit report prepared.
5. Historic preservation review conducted.
   a. Building status determined – is SHPO review needed?
   b. If no, proceed.
   c. If yes, building sent to SHPO for review.
   d. SHPO comments received and considered in comparison with audit recommendations.
6. Work scope and cost estimates.
   a. Initial work scope prepared.
   b. Cost estimate prepared.
   c. Preliminary budget prepared.
   d. Budget delineates owner contribution and any items that will be paid by other sources.
   e. Owner share of costs finalized.
   f. WAP Commitment Letter (Form #41) is issued, providing written assurance by owner that they are willing to proceed.
7. Bid documents prepared for any work that will be subcontracted (RFP issued in some cases).

   a. Bids issued.
   b. Pre-bid meeting held.
   c. Bids received.
   d. Bids evaluated – work scope changed if necessary (go back to #6).
   e. Bids awarded.
8. Owner Agreement executed.
   a. Owner pays construction management fee (CMF), if applicable.
   b. Written commitment of other funding provided by owner to SG.
9. Subcontractor Agreement (Form #33) executed.
10. Any required local approvals obtained (building permit, etc.).
11. Any required H&S clearances obtained.
12. Owner provided with 7-day notice that work will proceed.
13. Construction phase.
   a. Work scheduled.
   b. Materials ordered or requisitioned from SG inventory.
   c. Work begins.
   d. Interim inspection(s) conducted by SG.
   e. Change Order (Form #7) issued for any unforeseen conditions (must be approved by production coordinator or weatherization director and by building owner).
   f. Work completed.
   g. Final (post) inspection conducted and documented by quality control inspector.
   h. If building passes inspection, proceed to item 14.
   i. If building fails, correct cause of failure, document and re-inspect.
14. Subcontractor payment.
   a. SG obtains release of liens from subcontractor(s).
   b. Statement of Completion (Form #43) signed by SG and/or subcontractor(s).
   c. Payment issued to subcontractor (holdback released).
   d. Building Work Summary (Form #19) completed and signed by owner.
15. Project presented to HCR for certification and payment.
   a. Building(s) included on CWSR that is submitted to HCR.
   b. HCR monitoring visit/inspection.
   c. If building is rejected by HCR, adjust CWSR and remove costs from data base.
   d. If building is certified by HCR, proceed to next step.
   e. Holdback released to subcontractor.
16. Warranties provided to owner (with a copy to tenant if pertaining to in-unit measures).
17. Post-completion educational materials provided to owner and tenants.
18. Certify final costs with any adjustments needed at close of budget year.

Sub Section 3.01: Outreach – Promotion

Subgrantees have an obligation to make sure that all eligible households in their service area have access to program services and to affirmatively market the program to those least likely to apply. When promoting the WAP, subgrantee publications and advertisements must include statements and/or information that HCR is the funding agency.

It is essential that subgrantees provide outreach so that all eligible households in their service area, including those with concentrations of minority groups or others that are not likely to apply without targeted outreach, are aware of the program. This may include outreach to neighborhoods or areas other than the one in which the subgrantee is located. The subgrantee outreach function should ensure that WAP information is readily available at all local human services and governmental agencies serving low-income persons and that staff of those agencies are familiar with WAP. HCR has Spanish-language outreach materials available, and in some areas subgrantees may need to make arrangements to conduct applicant services in languages other than English or Spanish.

Subgrantees need to have an adequate number of applicants available in order to provide WAP services to the number of dwelling units projected for any given year. In areas of the state where subgrantees have a difficult time obtaining enough applicants to fulfill their contractual commitment to HCR, outreach for applicants will play an essential role in the continuation of a separate WAP contract for that service area. In cases where outreach fails to produce an adequate number of applicants, HCR is committed to working with the subgrantee and adjoining subgrantees to consider the consolidation of service areas or to make other arrangements to provide services in that area. Subgrantees should not limit their waiting lists for assistance based on anticipated funding availability.

All subgrantees must conduct outreach during the contract year. Outreach efforts must be made to provide information regarding the nature and existence of the program, eligibility requirements, the application process, and accessing the program.

Outreach efforts should be aimed at other public and private organizations providing similar services as well as directly to the public through various types of public service announcements.

Subgrantee must have written protocols in their operations manuals describing their outreach efforts and applicant selection process that address the demographics of their service area with specific reference to how they identify and serve owners and renters and other populations with special needs. Subgrantees with service areas that include neighborhoods or census tracts where a majority of eligible households live in rental housing must be able to demonstrate that they have taken affirmative steps to provide assistance to applicants occupying rental housing. These steps may include targeted outreach to owners of rental housing; coordination with municipal building officials, planning departments, or code enforcement officials to develop strategies to provide assistance to buildings with an identified need for energy conservation assistance; or coordination with community organizations that provide services, including tenant advocacy services, to low-income tenants in the neighborhood or census tract.

Sub Section 3.02: Priorities for Assistance

Subgrantees must have written policy in their operations manuals outlining how they prioritize and select households and buildings to be weatherized. HCR may request to review such policy at any time during the annual budget period.

Service to eligible households must be provided on a first-come, first-serve basis, with priority given to the following types of households:

- Elderly, Persons with Disabilities and Children: Households that include members who are elderly, have disabilities, or are children under 18.
- Federal or State declaration of a disaster: Applicants in areas that have been designated as a disaster by the State or Federal government.
- High use and high-burdened HEAP recipients: HEAP recipients with high energy use and high energy burden.

Subgrantees may be required to leverage WAP funds with other federal and state resources and to prioritize affordable housing assisted by HCR.

Weatherization subgrantees are not authorized or funded through WAP contracts to provide "no-heat" emergency services, except when authorized by HCR. All inoperable or unsafe heating emergencies which occur during the heating season must be referred to the appropriate local departments of social services (LDSS).

Subgrantees must include protocols for assisting multifamily buildings in their outreach and selection policy. Generally, multifamily buildings that will be assisted during the program year must be identified prior to the start of the program year so that the impact on other households waiting for assistance is clear. In areas where eligible households primarily live in multifamily rental buildings, the subgrantee must have a clear written policy for outreach to building owners, maintaining a pipeline of buildings that will be assisted and selecting buildings that will proceed.

All subgrantees must maintain a waiting list of applicants that have contacted the agency to apply for assistance. It is a best practice to utilize a pre-application to screen applicants for eligibility. It is not acceptable to only maintain a waiting list of applicants that have been completed the eligibility process and are ready to proceed to audit.

Sub Section 3.03: Services to Agency Employees and Board Members

Subgrantees should be aware that service to employees and relatives of employees may appear as a conflict of interest. As such, subgrantees must obtain prior approval from HCR's Weatherization program director, using Form #20A.

Subgrantees must have written policy in their operations manuals outlining how they prioritize and select agency employees, relatives of agency employees, and income-eligible board members for service. Senior agency staff may not receive WAP assistance. Board members may not apply for assistance while they are serving on the board, but may receive assistance if they applied before becoming a board member.

At a minimum, the following policy and procedures must be followed when providing weatherization services to employees, relatives of employees, or board members. Failure to adhere to the following policy and procedures may result in a partial or total disallowance of all costs associated with the work conducted:

- A completed, signed, and dated application must be on file documenting the income eligibility of the applicant and the unit to be weatherized.
- Prior Approval Form #20A must be approved by the HCR Weatherization program director to provide weatherization. This approval must be obtained after the applicant is approved by the agency and before the audit is done.
- The applicant must be placed on the subgrantee's waiting list (after HCR approval is given) and not be moved ahead of other applicants because of any special considerations other than those available to any other applicants in similar circumstances.
- The weatherization work scope must be prepared based on a DOE-approved energy audit.
- The investment in the building to be weatherized must conform to the energy audit conducted and the subsequent work scope that was determined.
- The weatherization work performed, including any repairs and H&S work, must be consistent with the approved energy audit and work scope, in accordance with all HCR standards.
- A copy of the approved Form #20A must be sent to the assigned HCR program field representative. The HCR program field representative will attempt to inspect the unit before certification by HCR.

Sub Section 3.04: Interagency Referrals

Prior to the commencement of the budget period, subgrantees should meet with representatives of their LDSS and their area office for the aging to establish the number of referrals that will be given priority on the subgrantee's waiting list. Referring agencies should be encouraged to target the neediest households, in accordance with OTDA and NYS Office for the Aging (SOFA) procedures.

Interagency referral facilitates the provision of weatherization services to elderly households and those receiving public assistance, as well as to applicants referred to subgrantees by an area OFA, an LDSS, a Neighborhood or Rural Preservation Company (N/RPC), or another housing or community service agency. All referrals will be completed using the WAP Interagency Referral (Form #37), a carbonless four-part form.

Applicants referred to subgrantees on this referral form have been deemed income-eligible by the referring agency. The subgrantee is not required to perform additional eligibility verification and may proceed with providing services. Eligibility documentation must be maintained by the referring agency and is subject to inspection by HCR or other agencies having jurisdiction.

Referring agencies should prioritize all WAP requests according to procedures described in Section 3.02 and refer the priority households to the subgrantee using the WAP Interagency Referral.

Instructions:
The subgrantee will initially receive the yellow, pink, and goldenrod copies of the referral form. The referring agency will have retained the original (white copy) for its records. The subgrantee has thirty (30) working days to complete and return the pink copy to the referring agency.

- All information regarding the applicant and household eligibility must be completed and certified by a representative from the referring agency. The reference number will be assigned by the referring agency.
- If the form has blank sections or is incomplete, the referring agency should be contacted immediately.
- The subgrantee must review past WAP files to determine whether the unit was weatherized previously. If it was weatherized, this information should be entered on the form and the pink copy returned to the referring agency.
- If the unit requires re-weatherization, the subgrantee should refer to Sub Section 6.05 (Re-weatherization), or the work should be funded through other sources, such as LDSS emergency funds, when possible. Complete the customary subgrantee applicant intake.
- If the application process cannot be completed, the appropriate box in the lower half of the form should be checked and the form returned to the referring agency.
- Upon completing the application process and scheduling the energy audit, the expected date when the audit will be conducted should be recorded on the form and the pink copy returned to the referring agency.
- When the work has been completed, the completion date and the cost of the project should be recorded in the comments portion of the form and the goldenrod copy returned to the referring agency.

Sub Section 3.05: Weatherization Application

A Weatherization Application (Form #4) must be maintained in the building file for each household that applied for WAP assistance . Applications should be noted as eligible or ineligible, and there must be an application for every unit in each assisted building, except for buildings on the US Department of Housing and Urban Development (HUD), list where other procedures apply. For those buildings, Form #44 (HUD-listed Multi-family Building Data Intake) must be completed.

Each completed application must include:

- A signed Weatherization Application (Form #4). A Spanish-language version (Form #4S) is also available.
- Income or categorical eligibility documentation for all household members (see Section 3.07, below).
- Social Security number of the applicant head of household.

Energy Information

The Energy Information section of Form #4 must be completed for each owner-occupied building to be weatherized. This section provides information regarding the servicing of the building/unit's heating plant (whether there is an alternate or adjunct heating system and the type of fuel used). It also identifies the utility that supplies electric services.

If the building has more than one occupied unit and tenants are responsible for paying for some utilities, Energy Information Form #5 must be completed by the head of household or designee for each occupied unit to be weatherized.

Each of these forms must be signed by the person named on the fuel/electric service bill for that building/dwelling unit. This allows the fuel/electric service provider to release information on the recipient's bills, past and future, to the subgrantee. This information is necessary for the subgrantee and HCR to assess the amount of reduction in fuel/electric service expenditures resulting from the provision of WAP services. This information is also required for any post-fuel/electric service consumption analysis required by HCR and any coordinated projects that may be developed. For master-metered buildings, the owner should complete the form and provide the required information.

Privacy Protection Law Provisions

Every applicant for WAP must be provided with a copy of the Personal Privacy Protection Law Provisions. State Law requires that individuals providing confidential information affecting their eligibility be advised of their rights under the Personal Privacy Protection Law Provisions.

If the building has more than one occupied unit and tenants are not required to complete a Weatherization Application, the Personal Privacy Protection Law Provisions (Form #3) must be provided to all tenants.

Applicants should be asked if they understand the Personal Privacy Protection Law Provisions before they sign the application.

Sub Section 3.06: Applicant Intake in Rental Buildings

To weatherize a building containing rental units, a subgrantee must obtain applications from tenants occupying each unit in the building to be weatherized, except vacant units and those in buildings identified by HUD that are included on a list of eligible projects published by DOE. Please note that information on units occupied by households that are not otherwise eligible for assistance must also be collected, if less than 100% of the units in the building have been documented as eligible. For any building where tenants pay utility costs directly, fuel release forms (Form #5) will also be required to conduct the energy audit. See below for more information on "HUD-listed" buildings.

All units in a building are considered to be WAP-eligible once the overall building has been deemed income-eligible for WAP services. Please see Sub-section 4.01.02 for additional information on qualifying a rental building for assistance.

A homebound applicant may also use an authorized representative to complete and sign the application and other WAP documents. The applicant is required to name his/her authorized representative and give the representative written permission to apply on his/her behalf. Identification must be obtained from the authorized representative. The representative must sign all forms using his/her own name and the applicant's name (e.g., Mary Brady for Jane Doe).

Proof of eligibility provided by the owner of a rental building or owner's agent does not constitute acceptable documentation. The subgrantee must verify this documentation independently. See below for income verification procedures for applicants in publicly-assisted buildings.

Applicants in a rental building who request services due to a no-heat or unsafe heating situation must be referred to the LDSS or local buildings department for assistance. When the heating problem has been corrected, the applicant may then be considered eligible for services under WAP. In all rental buildings, provision of a heating system in good working order is the responsibility of the building owner. Income-eligible landlords with an unsafe heating system may be assisted by WAP.

In buildings that have received funding from or are supervised by HCR, HUD or the US Department of Agriculture Rural Housing Service, and where tenants are required to complete HUD Form 50058, Form 50059 or Form 50059e, or an equivalent income-eligibility application, building eligibility can be documented by use of these forms. The information on the form must be current for the tenant in residence at the time of weatherization and "Part VIII-Certification" must be signed and dated by the head of the household. The building management agent must provide public notification to the tenants that WAP services are proposed and provide tenants with an opportunity to indicate that they do not want their personal information provided to the WAP subgrantee. If there is no opposition, the subgrantee may complete the WAP application, have the building management agent sign the application as the tenant representative with an original signature, and place a copy of the form in the tenant information package.

When assisting buildings that have been provided with an allocation of low-income housing tax credits or certain other federal, state, or local housing assistance programs where tenants are required to submit annual notarized income affidavits which are subject to comparison with NYS tax records, subgrantees may accept such affidavits as proof of income eligibility, if the affidavits are maintained by the building manager, and with prior approval of the HCR regional supervisor. The tenants must be afforded the above notification and privacy requirements before the subgrantee may proceed.

HUD-Listed Multifamily Buildings

DOE and HUD have entered into a memorandum of understanding to simplify the income certification process for multi-family buildings. DOE published a final rule in the Federal Register on January 25, 2009, amending 10 CFR Part 440.22 (75 FR 3847). As a result of the Final Rule, if a multi-unit building is under an assisted or public housing program, is identified by HUD or USDA, and is included on a list published by DOE, that building will meet certain income-eligibility requirements and may also satisfy one or both of the procedural requirements to protect against rent increases and undue enhancement of the weatherized building as indicated by the list under WAP, without the need for further evaluation or verification.

As a result of the Final Rule, if a publicly-assisted multi-family housing or Low-income Housing Tax Credit (LIHC) property is identified by HUD and included on one of three published lists, it is deemed to meet certain eligibility criteria. By having a property listed on one of these three lists, the WAP subgrantee can reduce the review and verification process necessary to weatherize the buildings. The buildings identified on the lists must still meet all other applicable eligibility requirements.

Required documentation for a listed building includes:

- Completed Form #44, used to collect demographic data for those multi-family buildings that are on the HUD list. The collection of applications for each household in buildings on the HUD list is not necessary.
- Copy of the Preliminary Agreement (Form #6).

DOE has posted the list of eligible properties on their Web site at:

http://energy.gov/eere/wipo/housing-and-urban-development-multifamily-properties-eligible-weatherization-assistance.

Sub Section 3.07: Eligibility

WAP is designed to benefit low-income persons, particularly the elderly, disabled, and families with young children. Under DOE regulations, states must set eligibility for participation in the WAP at either 200% of the Federal Office of Management and Budget poverty level or at the state's HEAP income-eligibility level. OTDA has adopted 60% of the state median income level as eligibility for HEAP, and HCR uses the same criterion for WAP.

Some households are considered categorically-eligible due to eligibility determinations made by another governmental entity or through participation in another program that has, by definition, eligibility requirements that are as or more restrictive than the eligibility requirements for WAP.

Any individual or household that is not considered categorically-eligible, based on proof that the applicant meets the eligibility criteria described in Sub Section 3.07.01, must meet the income-eligibility criteria for WAP, based on proof that the household income is at or below the level set for WAP eligibility (see Sub Section 3.07.02).

A vacant unit may also be considered for WAP service only when the building has been assisted by a federal, state, or local government program that restricts occupancy to households with incomes that qualify for weatherization, and there is a reasonable expectation that the unit(s) will be occupied by such a household within 180 days following completion of the project.

A determination of applicant eligibility will remain in effect and no new documentation will be required for one year from the initial date of determination, unless the subgrantee receives information that the applicant is no longer eligible. If it is established that the applicant intentionally provided false information regarding eligibility, all WAP work must be stopped and closed out at the cost incurred, and the subgrantee should contact the HCR representative.

A determination of eligibility for a multi-family building will remain in effect for one year from the date the applicant was first determined income-eligible. If WAP work is not started within one year from that date, all applications that have expired or are expected to expire prior to commencement of WAP work will need to be updated to re-establish eligibility. Recertification of eligibility must occur at least every 12 months. Questions about the eligibility issues must be directed to the regional supervisor.

Sub Section 3.07.01: Categorical Eligibility

Supplemental Security Income
A household is categorically-eligible for WAP assistance if, at the time of the application, that household receives Code A Supplemental Security Income (SSI Living Alone).

Acceptable Documentation: Award letter; copy of SSI check; Report of Confidential Social Security Benefits Information form (SSA#2458).

Public Assistance
A household is categorically-eligible for WAP assistance if, at the time of application, any member of that household receives Safety Net or Family Assistance benefits. Applicants who pay their own heat or are on voucher fuel payment and have high fuel bills will have priority over applicants who have heat included in their rent.

Acceptable Documentation: Interagency Referral completed by an LDSS; an LDSS computerized printout received by recipient when re-certified; LDSS monthly budget worksheet with date, signature, and job title of LDSS personnel; LDSS Letter of Eligibility; in New York City multiple-dwelling units, a building printout by address from the New York City Human Resources Administration, copy of Electronic Benefit Transfer (EBT) card with a current debit purchase receipt.

Food Stamps
A household is categorically-eligible for WAP assistance if, at the time of application, at least one member of that household is receiving recurring Non-public Assistance (NPA) Food Stamps.

Acceptable Documentation: Letter or notice from LDSS stating that the household has been determined eligible. A food stamp identification card alone is not sufficient documentation.

Categorical eligibility does not apply to NPA food stamp recipients in the following living situations: individuals temporarily housed in a hotel or motel, residents of congregate care facilities such as nursing homes and intermediate care facilities, and residents of shelters.

HEAP - Regular Benefits
A household is categorically-eligible for WAP assistance if, at the time of application, the household has received or been notified that they are eligible to receive the regular HEAP benefit for the current HEAP Annual Heating Season which runs from November through March of the following year. Receipt of Emergency HEAP benefits and any associated change in eligibility for those benefits does not qualify an applicant for categorical eligibility for WAP.

Acceptable Documentation: Letter or Interagency Referral (Form #37) from the LDSS, a local office for the aging, or a HEAP alternative certified stating that the household has been determined eligible for HEAP regular benefits. To be categorically-eligible, an applicant or household must have already applied for and been determined eligible for HEAP regular benefits. Persons who have not yet applied for HEAP benefits must either be income-eligible or apply for WAP after their HEAP regular benefits eligibility status has been established.

Households Residing in Certain HUD- or USDA-assisted Multi-family Buildings

If a multi-unit building is regulated under an assisted or public housing program, is identified by the HUD or USDA, and is included on a list published by DOE, that building will meet certain income-eligibility requirements, and may also satisfy one or both of the procedural requirements to protect against rent increases and undue enhancement of the weatherized building as indicated by the list under WAP, without the need for further evaluation or verification.

Sub Section 3.07.02: Income Eligibility

When an applicant is not categorically eligible, eligibility for WAP assistance must be determined on the basis of household income. Household income is defined as total cash receipts before taxes from all sources, including, but not limited to:

- Money wages, commissions, or salaries before any deductions (e.g., taxes and garnishees).
- Income from self-employment or from self-owned farm or business after allowable deductions for farm or business expenses. In the case of dairy farmers, gross income credited from milk companies, not income received, must be considered the base from which allowable business expenses may be deducted to determine eligibility for WAP.
- Regular payments from Social Security including Social Security payments for minors; Unemployment Insurance Benefits; Veteran's Benefits; Veteran's Survivor's Benefits; pensions; regular insurance or annuity payments; or strike benefits from union funds. Current award letters or other documentation must be provided upon request. The net Social Security income after deductions is considered for WAP eligibility. This means that the Part B Medicare amount is not included as income, consistent with the methodology used by LDSS.
- Social Security or Veteran's Survivor's Benefits received by students. Retroactive lump sum payments for Social Security or Railroad Retirement Benefits should be prorated within the specified time frame.
- Alimony and military family allotments or other regular support from an absent family member or someone not living in the household. Alimony paid as in-kind income (e.g., rent) must be counted as income to the recipient. Life use of a dwelling provided through an estate should not be calculated as income.
- Dividends, interest, rents, royalties, or income from estates or trusts which are received during the month of application. If the income covers a time period longer than the current month, pro-rate the interest income by dividing the number of months covered by the check (e.g., quarterly dividend check – divide by 3).
- Housing allowances paid to military personnel.
- The interest-only portion of a mortgage payment or land contract payment made to an applicant, and payments on the principal of a mortgage held by an applicant are not considered income.
- Income from individual retirement accounts (IRAs) for the month of application, whether a monthly payment or a lump-sum withdrawal. Lump-sum IRA withdrawals should be pro-rated on a 12-month basis.

The WAP income eligibility limits are typically updated annually in October. When updates become available, HCR will notify all subgrantees by e-mail and post the current limits on its Web site, www.nyshcr.org. WAP subgrantees are authorized to use these limits for determining WAP eligibility.

Sub Section 3.07.03: Computation of Income

Subgrantees must ensure that correct income verification procedures are followed.

Subgrantees must obtain income documentation from applicants as follows:

- For salaried applicants, use the most recent four weeks prior to the date of the application.
- For applicants who are self-employed, use business records for three months prior to the date of the application.

Documentation may consist of a combination of information sources, (e.g., pay stubs, statement from employer). To arrive at a monthly-income figure, the following conversion factors must be used:

- Multiply weekly income by 4.3; multiply bi-weekly income by 2.15.
- For applicants paid twice a month, multiply semi-monthly income by 2.0.
- If the applicant's/household's gross weekly income varies, average the applicant's household's weekly income for the previous four weeks and multiply the average wage by 4.3 to arrive at a monthly figure.

W-2 statements are acceptable documentation for determining total earnings.

When an applicant cannot document income sources (e.g., applicant claims to meet living expenses by taking odd jobs or selling personal items or handicrafts), the subgrantee should make a written record of the verbal information provided by the applicant regarding amount of income, source, frequency or dates paid, and type of goods or services for which income is/was received, and have the applicant sign and date the statement before a notary public. It is appropriate to ask for supporting documentation, such as copies of the most recent IRS tax returns, to verify such claims.

A notarized statement to document WAP income eligibility should be used only in exceptional situations, i.e., no formal or other documentation exists. When zero or unusually-low income is claimed, the HEAP Zero Income or Unusually-Low Income Worksheet must be completed.

In no instance should subgrantee WAP personnel act as the notary when documenting income eligibility for an applicant.

Sub Section 3.07.04: Income Documentation

Income Source	Acceptable Documentation
Alimony	Court order; pertinent pages of separation agreement or divorce decree that identify the applicant and amount of alimony. (If court-ordered payments are not being received by the applicant, a notarized statement to this effect will be accepted.)
Annuities	Statement from issuing organization.
Direct Deposits	Copies of 2 or more bank statements listing the date and amount of deposit; letter from local bank stating source and amount of direct deposit income; verification of income from benefit source.
Dividends or Interest, as regular source of income	Statement from bank or brokerage firm.
Estates or Trusts, as regular source of income	Fiduciary statement or current statement from bank or brokerage firm.
Gambling or Lottery Winnings (net)	Statement of net winnings.
Insurance Proceeds or Dividends, as regular source of income	Statement from insurance company (note: one-time insurance payments or compensation for injury are not considered income.)
HUD Form 50059	Copy of the current form for the tenant.
Pensions, Government or Private	Award letter; copy of checks; letter from administrative agency.
Rents	Income tax form; rent receipts; notarized statement from applicant listing each apartment and the rent received per month, as well as the description and amount of deductible expenses. When the tenant is a family member and is paying no rent to the owner, a notarized statement should be received from the tenant and signed by the owner stating that no rents are being collected.
Royalties	Income tax return; current statement from company issuing checks.
Self-employment Income	Business records for 3 months prior to the date of application; IRS form for income from previous year; notarized statement of gross adjusted income, including list of deductions and amounts, for previous 3 months.
Social Security Benefits	Award letter; checks; statement from bank or brokerage firm (if direct deposit); SSA Form 2458 (Report of Confidential Social Security Benefit information).

Income Source	Acceptable Documentation
Strike Benefits	Award letter; copy of checks; letter from union.
Training	Award letter; copy of checks; letter from appropriate administrative agency.
Unemployment	Notice of Benefit Rate letter (Form Benefits L0403x).
Veteran's Benefits	Award letter from Veterans Administration of Department of Defense; copy of check.
Wages and Salaries before Deductions	Letter from employer on company stationery; wage, earnings, or pay stubs; any combination of the above to document total earnings for 4 weeks prior to date of application; W-2 statements.

Sub Section 3.07.05: Income Exclusions

The following income sources should not be included in total monthly income for purposes of determining eligibility:

- Cash Over Which the Household Has No Control
  Cash, including, but not limited to, reimbursement for expenses incurred in connection with employment (e.g., gas mileage provided) and reimbursement for medical expenses (e.g., Medicare payment for doctor bills).

- Loans
  All are excluded, including reverse-annuity mortgage and home-equity conversion payments.

- Child Support
  Child support payments, whether received by or paid by the applicant, are not added to or deducted from applicant income in order to determine eligibility.

- Dependent Student Income
  Earnings of full-time high school students aged 17 or younger should not be included in the household's income; however, the income of dependent students over the age of 18 and enrolled for at least 12 credit hours in an institution of higher education should be treated in the following manner:
  - Income received by students from federal and/or state grants and/or loans is excluded as income.
  - Earnings of a student living at home are excluded as income in determining a household's eligibility; however, students living at home are included in the household count.
  - Earnings of a student enrolled at an institution of higher education and living away from home during normal periods of class attendance and recess are excluded as income in determining a household's eligibility; however, these students are included in the household count. A student's status may be further tested by whether the student lives at home during normal vacation periods or is claimed as a deduction on the household's income tax. Students 18 and over must submit documentation of student status and it must be placed in the applicant file.

- Farm and Business Expenses
  Allowable deductions for farms and businesses include only the cost of doing business. If the enterprise is a partnership, the percentage owned by the applicant should be established by documentation. The adjusted gross income figure listed on an applicant's income tax return should not be used in determining income from small businesses/farms since the IRS allows deductions for depreciation, personal business and entertainment expenses, income tax, personal transportation, purchase of capital equipment, and payments on the principal loans. Business records required by law should be used to document gross income and business costs for the three calendar months prior to the month of application and pro-rated for an average gross monthly income.

- Rental Property Costs
  The following costs for rental property may be deducted from the owner's income, if documented:
  - Interest paid to purchase income-producing property.
  - Insurance premiums.
  - Taxes paid on income-producing property.
  - Heating and/or utility costs paid for income-producing property where rent includes heat and/or utilities.
  - Improvements and/or repairs necessary to maintain the property as income-producing.

  Note: To determine the allowable deduction for an improvement, use the life expectancy of the improvement and pro-rate the cost (e.g., a new roof costs $5,000 and has a life expectancy of 15 years). The $5,000 roof would be prorated at $333 per year or $27.75 per month. To determine the allowable deduction for a repair, divide the cost of the necessary repair by 12 months, e.g., a $500 repair to a roof would be $41.67 per month.

  If the owner/applicant also resides in the income-producing property, the applicant's allowable costs should also be prorated. For example, an applicant with a three-unit dwelling who resides in one of the units would receive two-thirds of the allowable costs deducted from his/her gross rental income. Applicants who do not reside in the income-producing property would have 100% of their documented allowable costs deducted from their gross rental income.

  Depreciation, payments on the principal of income-producing property, and net losses are not allowable deductions in determining income for eligibility.

- Lump-sum Payments
  Non-recurring lump-sum payments which are to be excluded from income in determining eligibility include, but are not limited to: income tax refunds; rebates or credits; retroactive lump-sum insurance settlements; and, lump-sum income from the sale of property.

- Special Energy Assistance Payments
  Home energy assistance, either in cash or in-kind, provided by a private non-profit organization or by an entity whose revenues are primarily derived on a rate of return basis and regulated by a federal or state government body, is not to be considered as income.

- Payment for Foster Children and Foster Care Adults
  Payments provided for care and maintenance of foster children or adults are not considered income. Foster children and foster-care adults (e.g., individuals 18 years of age or older, who are socially, physically, or mentally handicapped and placed in a community-based care setting approved by appropriate state agencies or local social services agencies) are not counted as members of an applicant’s household.

- Roomer and/or Boarder Payments
  Roomers and boarders are not counted as household members, and their gross income is excluded from the household's income; however, payments made by the roomer/boarder to the household are included in the household income.

- Holocaust Survivors Payments
  Restitution payments from foreign governments to survivors of the Holocaust are excluded as income.

- Income Committed to Health-Care/Homemaker Services
  The amount which an applicant pays an employee for household work or health care is not an allowable deduction from gross income except in the following cases:
  - Health Care Services: Income used to pay for in-patient hospital care, in-patient care in a skilled nursing facility, or home health care, which is also counted toward Medicaid eligibility, is exempted as income. For income exclusion purposes, home health care means payments made for home nursing services rendered by a person (other than a family member) who is qualified to provide services such as assistance with personal hygiene, dressing, feeding, or household tasks, and who has been appropriately trained and is supervised by a registered professional nurse.
  - Housekeeper/Homemaker Services: Reimbursements for housekeepers or homemakers under Title XX of the Social Security Act are not considered as income for eligibility purposes. Those services include assessing the need for, arranging for, providing and evaluating the provision of personal care, home management, and incidental household tasks by a professionally-trained homemaker.
  - In-Kind Services**:** When an applicant has an employee residing in the household to assist in household work and health care, the employee's income should not be considered in determining the household's eligibility nor is the employee included in the household count. No monetary value may be attached to any in-kind contribution which the employee provides to the household.

Sub Section 3.07.06: Eligibility of Special Groups

Roomers/Boarders

The eligibility of roomers or boarders depends upon whether the building in which they live is a commercial enterprise or a non-commercial enterprise; however, in no case is the spouse of an applicant or a dependent child under the age of 18 to be considered a lodger/boarder.

Individuals residing in a commercial enterprise (SRO, hotel, motel, licensed rooming/ boarding house) as roomers, boarders, or room-and-boarders are to be considered individual households (renters), and may apply for WAP through the normal application process.

Individuals residing in a non-commercial enterprise (private home) are not eligible to apply for WAP as individuals apart from the host household. This applies to relatives and children over the age of 18, as well as to non-related individuals who pay for room only, board only, or room-and-board in private homes. If the host household applies for WAP, the roomer/boarder's weekly or monthly payments to the household must be included in the household's income; however, the roomer/boarder is not included in the household count, and the roomer/ boarder's income is not included in the household's income.

Student Head of Household

For the purpose of receiving WAP in his/her own right, a "student" shall mean a person who has completed his/her K-12 education, is now enrolled for at least 12 credit hours in an institution of higher education, is living separate and apart from his/her family, and is not claimed by his/her family as a dependent. In the case of students age 21 and under, documentation (such as the income tax form of the applicant's parents) must be obtained to establish financial independence. No student living in a dormitory is eligible for WAP. Gifts, scholarships, grants, and loans which are used specifically for tuition and other educational expenses are excluded from income in determining eligibility for WAP. Income from any source which is used for living expenses must be included in the household's income. Documentation of student status must be collected and kept in the applicant file.

Dependent Students

Full-time college students who remain dependents are counted as members of their family's household, regardless of their temporary absence during school terms. Their income (except Social Security income or Veteran's Survivor's Benefits) is exempted from consideration in determining the family's total income. Full-time high school students age 18 or younger and who are temporarily living away from their principal residence in order to attend school should be included in their family's household count. Documentation of student status must be collected and kept in the applicant file.

Group Homes and Shelters

Prior written approval by the HCR regional supervisor (Form #20B) is required for the weatherization of any shelter or group home. WAP funds should be leveraged with any other funding that may be available. Documentation of ownership by a non-governmental, not-for-profit agency and of the type of population living in the group home or shelter, (e.g., homeless, domestic violence victims, developmentally-disabled, etc.) must be submitted

prior to receiving approval. A copy of this documentation must be maintained in the job file(s).

A shelter is a dwelling unit or units whose principal purpose is to house, on a temporary basis, individuals who may or may not be related to one another and who are not living in nursing homes, prisons, or similar institutional care facilities.

A group home is a single unit in which three or more people, not related by blood or marriage, reside and share eating facilities. In addition, a group home must have a clearly definable identity which distinguishes it from more informal, family-type settings. A group home may be either a temporary or a permanent residence.

If a building is a group home or shelter, a subgrantee may classify the building as more than one dwelling unit. A dwelling unit within a group home or shelter can be classified either by counting each single floor of the building or by counting each 800 square feet of living space. For example, a group home that houses 12 adults in a three-story structure of 4,000 square feet could be counted as either three units since it has three floors or five units by square footage (4,000 sq. ft. divided by 800 sq. ft. per unit = 5 units). A separate application and documentation of income eligibility must be received for each dwelling unit, regardless of how units are counted.

Documentation of income or categorical eligibility is required for permanent group homes, such as those for developmentally-disabled individuals. This can be accomplished by obtaining a written statement from the operator of the home which lists the residents and the nature and amount of their income, if any.

Temporary Resident Aliens

The WAP application includes a statement signed by the applicant that no member of the household is barred from receiving WAP services because of Temporary Resident Alien status. Unless an applicant states that he or she is covered by this regulation, no further action is required by the subgrantee. If an applicant indicates that he or she is a temporary resident alien, the HCR regional supervisor should be contacted for further guidance.

Unemployed, Strikers, Seasonal Workers

For applicants whose regular, recurring income would render them ineligible for WAP, but who are laid off or unemployed for three months or less during the year, eligibility for WAP services would be based upon this average monthly income amount. The applicant's total annual income should be divided by 12 to yield an average monthly income figure.

Examples of this type of worker are those who have a reasonable expectation of returning to work within a three-month period and include, but are not limited to, seasonal construction employees, teachers and other contract employees, and strikers. This provision does not apply to individuals who have been fired from their jobs, whose jobs have been abolished, or who are in a permanent lay-off status.

Self-Employed

In determining income eligibility for self-employed applicants, "earned income" means the net profit from a business enterprise, a business operated from out of the home, or farming. Net profit is the gross income received, less the business expenses (e.g., total cost of the production of the income). To compute income eligibility, this net profit should be averaged for the three calendar months prior to the month of application. Subgrantees may use the LDSS Self-Employment Worksheet to document income.

Such income includes earnings over a period of time for which settlement is made at one given time, as in sales of farm crops, livestock, or poultry or lump-sum payments for services rendered over a period of more than one month. Such income should be prorated over the period covered by the income (e.g., sale of an annual farm crop should be divided by 12 to yield an average monthly figure, and this amount added in to each of the three months used to determine average monthly income).

Those expenses directly related to producing the goods or services and without which the goods or services could not be produced must be deducted from the total income; however, depreciation, personal business or entertainment expenses, income tax, personal transportation, capital equipment purchases, and payments on the principal of loans must not be deducted.

Sub Section 3.08: Notice of Eligibility

Applicants must receive written notification, on subgrantee official letterhead, of their eligibility status within thirty days of completed application submission to the WAP subgrantee. A copy of the applicant's Notice of Eligibility must be placed in the subgrantee's files. In multi-family buildings where a notification is posted, one copy should be in the building file.

SAMPLE NOTICE OF ELIGIBILITY (use Form #51)

[Date]

[Name and address of applicant]

Dear _____:

Your application for weatherization services has been reviewed, and we are pleased to inform you that you are eligible for the Weatherization Assistance Program (WAP) based on the information that you provided.

Your application will remain valid and in our active files for twelve months from the date of this letter. If we are unable to serve you within this 12-month period, we will contact you to obtain updated information and/or documentation for your file, to ensure that you are still eligible for WAP services. You are required to notify us of any changes in the information supplied in your application as they occur and before the start of weatherization services. This includes any changes to your phone number or if you move from this residence.

Due to the number of households already on our waiting list for WAP services, we anticipate that we will be contacting you to schedule an energy audit of your home in approximately _____ [weeks/months/years, whichever applies]. Our staff will contact you at that time to arrange a date and time for our auditor to meet with you and conduct the audit.

Please contact us in the WAP office at _____ [phone number of contact person] if you have any questions or need to update your information.

Sincerely,

[Name and title of person reviewing applications and preparing this letter]

Incomplete Application

In cases where eligibility cannot be determined because applicants have not provided all required documents or have not signed where required, a follow-up letter should be sent requesting the missing information and/or documents.

SAMPLE INCOMPLETE APPLICATION NOTIFICATION (use Form #52)

[Date]

[Name and address of applicant]

Dear _____:

Your application for weatherization services has been reviewed by our office; unfortunately, we are unable to make a final determination of your eligibility for the Weatherization Assistance Program (WAP) because you have not completed the application process.

[Examples of items to request]

- You need to provide additional information/documentation, as noted:
  _____
- Your application requires signatures.
- You have failed to respond to written notices sent on _____ [date(s)].
- Other: _____

Please contact us in the WAP office at _____ [phone number of contact person] if you have any questions or to update your application. When you submit the requested information, we will finalize your application and notify you of your eligibility status.

Thank you for your interest in the WAP.

Sincerely,

[Name and title of person reviewing applications and preparing this letter]

Sub Section 3.09: Notice of Ineligibility

Applicants must receive written notification, on subgrantee official letterhead, of their eligibility status within thirty days of completed application submission to the WAP subgrantee. A Notice of Ineligibility must include the reason(s) for denial of WAP services. A copy of the applicant's Notice of Ineligibility must be placed in the subgrantee's files. In multi-family buildings where a notification is posted, one copy should be in the building file.

SAMPLE NOTICE OF INELIGIBILITY (use Form #53)

[Date]

[Name and address of applicant]

Dear _____:

Your application for Weatherization Application Program (WAP) services has been reviewed by our office. Based on the information that you have provided, the application has been denied for the following reason(s):

[Examples of reasons for denial]

- Your income exceeds the WAP Income Limits for this program year.
- Your home was previously weatherized on _____ [date]. According to the WAP Policy and Procedures Manual, a residence that was weatherized after September 30, 1994, cannot be re-weatherized.
- Other _____.

If you wish to appeal this denial, please notify us, in writing, stating the reason(s) for your appeal. Upon receipt of this notification, your letter and application will be reviewed, and you will be notified of the final decision of your eligibility status.

Please contact us in the WAP office at _____ [phone number of contact person] if you have any questions. Thank you for your interest in the WAP.

Sincerely,

[Name and title of person reviewing applications and preparing this letter]

Sub Section 3.10: Appeals of Ineligibility

The appeals process for ineligibility determination is as follows:

1. Applicant will notify the subgrantee, in writing, of intent and reason for appeal.
2. Subgrantee will submit the applicant's file and appeal letter to the HCR regional supervisor.
3. The HCR regional supervisor will review the file and notify the applicant and subgrantee in writing of the eligibility determination decision.

Section 4.00: The Weatherization Process: Owner Participation and Tenant Protections

This section provides information on subgrantee agreements with owners and subcontractors and rules for owner participation in rental properties, including required tenant protections. Procedures for qualifying buildings and for securing owner investment in rental buildings are described, as is the policy on fees that subgrantees are permitted to charge owners of assisted rental properties in certain circumstances.

Agreements to install WAP measures, "Owner Agreements," are executed after the building is determined to qualify for weatherization assistance and an assessment has been conducted to determine the most cost-effective investments of WAP and other energy-efficiency funds in the building. The amount of WAP funding that will be invested in the building and any required owner investment must also be determined before the Agreement is executed. Often, health and safety testing and other public approvals are required before work can begin, and those steps generally must also be completed before an Agreement is executed. For more information on building assessments, the allowable level of investment of WAP funds, and related concerns, refer to Section 5.

Sub Section 4.01: Building Qualification

Any building assisted with WAP funds must be qualified before any work is installed. Qualification includes documenting ownership, verifying that the building was not previously assisted with WAP funds, and, for multi-family buildings, establishing that the building meets the specific requirements established by rule for rental projects.

Sub Section 4.01.01: Documentation of Ownership

Verification of ownership must be obtained for all buildings, regardless of whether they are owner-occupied or rental properties. The following documents are acceptable proofs of ownership:

- Copy of deed showing the name of the owner
- Copy of mortgage or mortgage payment book or statement from the mortgage holder;
- Real estate tax bill or receipt for the address being weatherized (or NYS Office of Real Property Services records)
- Chattel mortgage (allowable for mobile homes only)
- School tax bill or receipt for the address being weatherized
- Written statement from the local tax assessor's office, county or tribal clerk, or deeds commissioner
- Mobile home bill of sale
- Copy of an executed land contract, life tenancy agreement, or life lease.

The address on the proof of ownership must be the same as the address at which the unit to be weatherized is located.

Sub Section 4.01.02: Multi-family Building Qualification

In accordance with 10 CFR Part 440.22 (b)(2) subgrantees must maintain documentation to show that not less than 66% of the dwelling units in a multifamily building with five or more units are eligible dwelling units, or will become eligible dwelling units within 180 days, under a federal, state, or local government program for rehabilitating the building or making similar improvements to the building. For two, three and four-unit buildings, a minimum of 50% of the units must be documented as eligible units, or, if vacant, will become eligible within 180 days under a federal, state, or local government program for rehabilitating the building or making similar improvements to the building. This determination must be completed before the Owner Agreement is executed. If the above conditions are met, the entire building, including common areas, may be weatherized.

Subgrantees may assist multi-family buildings with five or more units where between 50% and 66% of the units are occupied by eligible households with prior approval by the regional supervisor. In considering a request to approve assistance to a building where less than 66% of the units are occupied by eligible households, the regional supervisor will consider the following:

- Whether the investment of WAP funds in the building will result in a significant energy efficiency improvement because of the upgrades to equipment, energy systems, common space or the building shell;
- Whether the building currently has high-energy use with potential for significant savings;
- Whether tenants pay electric or heating fuel costs directly;
- The extent to which other funds beyond the required owner match are leveraged to complete the project.

Subgrantees using the 50% eligibility criteria should exercise caution when utilizing flexibility in this area. When any doubt exists about whether a building meets the criteria for 50% eligibility, the 66% threshold must be used.

Once a building has been determined to qualify, any measure that would improve the energy efficiency of the entire building may be installed in any building unit (following the usual procedures from prioritizing cost-effective measures described in Section 5). Subgrantees are reminded that DOE guidance (WPN 16-5) limits average cost-per-unit calculations to eligible units. While this is calculated on a contract-wide basis, subgrantees must keep this limit in mind when determining the investment level for a particular building to meet their budgeted cost-per-unit requirement and avoid disallowed costs.

Sub Section 4.01.03: Assisting Building with Vacant Units

Vacant dwelling units in a building containing rental units may be assisted with WAP funds, and counted towards the qualifying threshold, provided that each unit will be occupied by an income-eligible household within 180 days of the certification of the completion of the work, **and** the vacant unit is being assisted under a federal, state, or local government program for rehabilitating the building or making similar improvements to the building. Any vacant unit that does not meet this provision shall not be counted towards the qualifying threshold. The subgrantee must obtain a copy of the agreement between the owner and the federal, state, or local agency that is funding the rehabilitation of the unit before entering into an agreement to provide WAP funds. The owner shall include in Exhibit A dwelling units which have been so designated, noting them as vacant-eligible.

Sub Section 4.01.04: Previously-assisted Buildings

Buildings that received assistance with WAP funds after September 30, 1994, are not eligible to receive additional investments of WAP funds except in certain circumstances. Subgrantees must verify that each building applying for funds has not been previously assisted prior to executing an Owner Agreement.

Sub Section 4.02: Owner Agreements

Subgrantees must enter into an agreement with the owner of an assisted building before any work funded by WAP may be done on the building, regardless of the type of building. The agreement must use one of the prescribed HCR forms described below. There are different agreement forms for large and small buildings containing rental units and for single-family buildings occupied by eligible households (including manufactured housing and mobile homes). For rental buildings, a Preliminary Agreement (Form #6) must also be executed before a building analysis or energy audit is conducted, and before tenant eligibility determinations are begun. Each of these forms is described in more detail later in this Section.

For single-family buildings occupied by a qualifying household (including mobile homes) a Single-family Building Owner Agreement (Form #8A) must be executed between the subgrantee and the owner. For buildings with rental units, use the One-to-four Unit Building Owner Agreement (Form #8B) for buildings with fewer than 5 units and the Multi-family Building Owner Agreement (Form #8C) for larger buildings. These agreement forms, described below, provide certain protections for the tenants, the subgrantee, and the owner. They list eligible units and rents charged, note any vacant units, and detail the work scope, including the individual work items that the subgrantee is responsible for and any work the owner agrees to complete.

The terms and conditions of the Owner Agreement should be thoroughly reviewed with the building owner prior to signing. It is the responsibility of the owner to understand the Agreement, and the responsibility of the subgrantee to make sure the owner has all information needed to understand the Agreement and to answer any questions the owner has or that arise in connection with the Agreement.

Sub Section 4.02.01: Preliminary Agreement

The subgrantee must execute the Preliminary Agreement (Form #6) with the owner or their authorized representative before the building assessment and eligibility processes begin. This form provides protection for the subgrantee and lists pertinent federal and state requirements that the owner will be subject to and rights that the owner will enjoy. The form also serves as documentation for collection of the Building Assessment and Qualification Fee (see Sub Section 4.05). When the Preliminary Agreement is executed, the subgrantee must also provide the owner with a copy of the Weatherization Assistance Program Information (Form #29) and a copy of the appropriate Owner Agreement form (see following sections). In no case should the subgrantee enter the building to conduct the building analysis or to collect documentation before the Preliminary Agreement form is signed.

Sub Section 4.02.02: Term of Owner Agreement

For buildings that include rental units, the Owner Agreement is to be written for a minimum of two years when the cost of heat is paid by the assisted household and not less than five years where the cost of heat is included in the rent paid by eligible tenants to the building owner. A subgrantee may negotiate a longer term where the owner agrees to maximize the benefits to the tenants. Any change to the term of the Owner Agreement must be approved in advance by HCR.

Sub Section 4.02.03: Single-family Building Owner Agreement

Prior to investment of any WAP funds in an owner-occupied single-family building, a Single-family Building Owner Agreement (Form #8A) must be executed. The Agreement must be signed by an official of the subgrantee who has the authority to enter into agreements that financially obligate the subgrantee organization and by the legal owner of the property to be assisted. If the property owner is not also an eligible household occupying the unit as its primary residence, the One-to-four Unit Building Owner Agreement (Form #8B) must be used.

The single-family agreement describes the start and end dates for the work; lists owner rights and obligations, such as providing access to work areas and receiving adequate notice before any work is begun; and subgrantee obligations, such as completing the work in a timely and professional manner. It includes Exhibit A, which details the planned work scope (Form Exhibit B). Supplemental information on the WAP is also provided to the owner at the time the Agreement is executed to provide a full understanding of how work will proceed and what to expect during installation.

Sub Section 4.02.04: Life-use Agreements (Single-family)

When an applicant for WAP assistance occupying a single-family dwelling has an executed land contract or life-tenancy or life-lease agreement that grants them use of the property for an extended period, such documentation may be accepted as confirmation of "ownership" if the requirements of this section are met. An executed copy of the agreement(s) must be presented to confirm proof of ownership and meet the conditions outlined below.

Income-eligible applicants occupying single-family units that present documents that meet all of the terms and conditions listed below may be considered "property owners" for the purposes of WAP building eligibility.

The documentation must meet the following conditions:

- The entire agreement must be in writing.
- It must describe the property sufficiently to be able to identify it.
- It must identify the parties to the agreement (e.g., seller/purchaser or grantor/grantee).
- It must clearly state any financial remuneration provided by the occupant to the grantor of the agreement.
- It must contain all of the terms of the parties' agreement, including who is responsible for maintaining and repairing the property.
- It must be signed by the parties, have their signatures notarized, and be filed with the county clerk's office in the county where the property is located.
- It must provide that the purchaser or life tenant is responsible for payment of all taxes on the property.

Life-use agreements are permitted for single-family owner-occupied buildings only. A life-use agreement will not be accepted as proof of ownership for buildings containing rental units.

Sub Section 4.02.05: One-to-four Unit Building Owner Agreement

The One-to-four Unit Building Owner Agreement (Form #8B) is used for buildings containing from one to four dwelling units, where one or more of the units is occupied by an eligible household that is not the owner of the property (i.e., the household rents the unit it occupies). The Agreement must be signed after the building analysis and eligibility determinations have been completed, the owner investment and work scope have been determined, and before any WAP materials are installed. The Agreement must be signed by an official of the subgrantee who has the authority to enter into agreements that financially obligate the subgrantee organization and by the legal owner of the property to be assisted.

The one-to-four unit agreement describes the start and end dates for the work; lists owner rights and obligations, such as providing access to work areas and receiving adequate notice before any work is begun; lists subgrantee obligations, such as completing the work in a timely and professional manner; and details the work scope in Exhibit B of the Agreement. The Agreement also covers any associated fees that the subgrantee has or will collect from the owner, such as the Building Analysis and Qualification (BAQ) fees and construction management fees (CMFs) and the disposition of those fees in the event that funds remain at the end of construction. More information on fees is covered in Sub Sections 4.05 and 4.06 of this manual. Information on the WAP is also provided to the owner and all tenants at the time the agreement is executed to provide a full understanding of how work will proceed, what to expect during construction, and tenant rights and protections.

Sub Section 4.02.06: Multi-family Building Owner Agreement

The Multi-family Building Owner Agreement (Form #8C) must be used whenever WAP funds are invested in a building or project with five or more dwelling units. It is an agreement between the owner of the building to be weatherized and the subgrantee, with the eligible tenants named as third-party beneficiaries.

The Agreement must be signed after the building analysis and eligibility determinations have been completed, owner investment level and work scope have been finalized and recorded in this document, and before any WAP materials are installed. The Agreement must be signed by an official of the subgrantee who has the authority to enter into agreements that financially obligate the subgrantee organization and by the legal owner of the property to be assisted or an authorized representative.

Similar to the other Agreement forms, the Multi-family Building Owner Agreement describes the start and end dates for the work; lists owner rights and obligations, such as access to work areas and notice provisions; lists subgrantee obligations, such as completing the work in a timely and professional manner; and details the work scope in Exhibit B. The agreement also covers any associated fees that the subgrantee has or will collect from the owner, such as the BAQ fees and CMFs and the disposition of those fees in the event that funds remain at the end of construction. More information on fees is in sub sections 4.05 and 4.06 of this manual. Information on the WAP is also provided to the owner and all tenants at the time the agreement is executed to provide a full understanding of how work will proceed, what to expect during construction, and tenant rights and protections.

All provisions of the Owner Agreement are required and none may be waived by the subgrantee. The subgrantee may negotiate additional provisions, such as additional tenant protections or an agreement by the owner to invest more than the minimum required owner investment (see Sub Section 4.04.04). These provisions must be attached as a separate exhibit to the Agreement. Any change or addition to the Agreement must first be approved by HCR.

Sub Section 4.03: Tenant Protections

WAP owner agreements place restrictions on buildings that receive investments of WAP funds. These restrictions are in force for a period of not less than two years where the cost of heat is paid by the assisted tenant, and not less than five years where the cost of heat is included in the rent:

- An owner of a building assisted with WAP funds may not raise the rent of any units in the building based on the investment of WAP fund in the building.
- An owner of a building assisted with WAP funds may not evict or involuntarily remove any tenant in a weatherized unit for the same period, if the tenant complies with all on-going obligations and responsibilities to the owner.

These restrictions are outlined in the Tenant Synopsis (below).

If the owner violates either of these restrictions, it shall be considered an event of default of the Owner Agreement, and the owner will be billed by the subgrantee for a share of the amount of the WAP investment in the building.

Tenant Synopsis of the Owner Agreement

All tenants in a rental building that is being weatherized must be given a copy of the Tenant Synopsis of the Owner Agreement (Form #9). This is a plain-language explanation of the Owner Agreement and notifies the tenants of their rights under the Owner Agreement. The Tenant Synopsis should be completely filled in before the tenant is given a copy of the document.

The Tenant Synopsis explains that rent increases are restricted for the term of the Owner Agreement, that the restrictions carry forward to new tenants during the term, and that successive owners are bound by the restrictions if the building is sold. It lists the conditions under which the owner may increase the rent and other rights that tenants have, including the ability to file a claim in court against improper rent increases and the right to view a copy of the Owner Agreement for the building in which the tenant resides. Subgrantees must provide one copy of the Owner Agreement to any tenant that requests it.

Sub Section 4.04: Owner Investment

Rental property owners participating in the WAP are required, with certain exceptions, to invest their own resources toward the cost of completing the estimated work scope. The conditions of the owner investment are outlined below. A building analysis (energy audit) must be completed to establish the estimated cost of the proposed work scope prior to determining the amount of the owner investment. The estimated work scope cost is used to determine the WAP investment level and the share of the project costs that will be paid by the owner. The estimated work scope cost is sometimes referred to as the Work Scope Investment Level.

For rental buildings, owner investment requirements fall into three categories depending on the type of building and whether the building meets the requirements for reductions in assessed valuation pursuant to Section 581-a of the New York State Real Property Law. These requirements are detailed in the following sub sections. Investments are classified as either direct or indirect, as defined below. All work claimed as owner investment is subject to the same material and work quality standards as work installed with WAP funds.

All non-cash owner investments must be approved by the HCR program field representative on Form #20C prior to finalizing the Owner Agreement. This signed form must be included in the building file.

Sub Section 4.04.01: Owner Investment for One-to-four Unit Buildings

For buildings that do not that meet the requirements for reductions in assessed valuation pursuant to Section 581-a of the New York State Real Property Law and which have fewer than five units, the owner must make an investment of no less than 25% of the estimated cost of completing the work scope, unless the building is occupied by the owner as his or her primary residence and the owner qualifies for WAP assistance as a low-income household. No less than 40% of the owner investment (or 10% of the total amount of the estimated cost of completing the work scope) must be in the form of a direct investment. The remainder of the owner investment may be made as an indirect investment.

Sub Section 4.04.02: Owner Investment for Multi-family Buildings

For buildings that do not meet the requirements for reductions in assessed valuation pursuant to Section 581-a of the New York State Real Property Law and which have five or more units, the owner must make an investment of no less than 25 % of the estimated cost of completing the work scope. At least 80% of this owner investment (i.e., 20% of the total work scope) must be made as a direct investment; the remaining 20% of the owner's investment may be in the form of an indirect investment.

Sub Section 4.04.03: Buildings Eligible for RPL Section 581-a Reduction

For buildings with any number of rental units that are eligible for WAP and that meet the requirements for reductions in assessed valuation pursuant to Section 581-a of the New York State Real Property Law, owners are required to provide a provide a reduced investment of 15% of the total cost of the work scope. However, subgrantees may also accept voluntary investments from such owners that exceed this level, subject to the provisions of the following sub section.

Sub Section 4.04.04: Negotiating Additional Owner Investment

Subgrantees must make sure that owners understand their obligation to pay a share of the cost of installing weatherization measures, including the minimum required owner investment level for the type of building being assisted. Subgrantees may encourage owners to provide additional investment in buildings beyond the required minimum level to increase energy savings that result from the WAP project. Leveraging additional funds may enable owners and subgrantees to complete measures in the work scope that would otherwise not be considered cost-effective or lower-priority measures for which sufficient funding is not available.

Subgrantees should document any concessions provided to the owner to obtain a higher level of investment, such as a faster completion date or higher quality of materials. However, in no case may a subgrantee waive or amend any program rule or provision of this manual in return for a higher investment level. Any concession or modification of the work scope or agreement to provide higher-quality materials requires prior approval by HCR.

Owners of buildings subject to the 581-a assessment reduction may be encouraged to provide owner investment to achieve a larger scope of work and increase the resultant energy savings, but the subgrantee must be careful to make sure that the owner understands that additional investment is optional.

Sub Section 4.04.05: Direct Investment

Direct investment refers to cash investments in the project and loans and grants obtained by the owner to pay a portion the cost of completing the estimated work scope. Direct investment also includes materials provided by the owner that will be installed as part of the work scope when the cost of the materials can be verified and is valued according to procedures in Sub Section 4.04.07. Subcontracted labor paid for by the owner can be considered a direct investment, when the subgrantee is able to verify costs and work quality, but the owner's own labor time or that of his crew, or similar in-kind work, is considered indirect investment.

When the owner's work is to be completed by the subgrantee, either by staff employed by the subgrantees or by subcontractors under agreement with the subgrantee, the owner must provide funds for this work prior to the start of WAP work and the subgrantee must hold the funds in escrow until they are needed to pay legitimate expenses associated with the project. Requirements for escrow accounts are described below.

All non-cash direct investments must be approved by the HCR program field representative on Form #20C prior to finalizing the Owner Agreement. This signed form must be included in the building file.

Sub Section 4.04.06: Indirect Investment

Indirect investment is in-kind investment provided by the owner or work previously completed by the owner on a building being assisted by WAP. In-kind investment is work that will be completed by the owner or the owner's work crews as part of the WAP work scope. Indirect investment may also be credited as part of an owner's contribution for certain types of work completed not more than one year prior to the date of the Owner Agreement. Work completed prior to execution of the Owner Agreement must, in the subgrantee's judgment, be work that would have contributed to the effectiveness of the proposed work scope or would have been included in the work scope had it not been completed before the assessment of the building was conducted.

Indirect investment may be credited for the cost of materials installed prior to execution of the Owner Agreement or for the cost of any subcontracted labor the owner paid for installation of those materials. Work completed prior to the date of the Agreement may only be credited when the subgrantee has documented the value of the work using commonly-accepted practices. Receipts for materials installed and subcontracted labor costs to install weatherization materials must be provided to the subgrantee and retained in the building file along with the proposed WAP work scope. Work quality and materials must meet the requirements discussed in Section 5 of this manual.

The subgrantee may recognize in-kind work that will be completed after the Agreement is executed as an indirect owner contribution. Labor and materials costs may only be credited for the types of work listed below. All work must be documented as required in Sub Section 4.04.07.

The subgrantee may provide construction management services for in-kind work (see Sub Section 4.06), but must not provide labor or other services for work that the owner is claiming as part of the owner contribution.

The following work is allowed as either direct or indirect owner investment:

- Installation of weatherization measures listed in Appendix A of 10 CFR Part 440.
- Incidental repairs necessary for the effective performance or preservation of WAP materials.
- Additional **energy-related** measures such as improvements to the building shell and mechanical and building systems that benefit the health, safety, or security of assisted households.

The following work is only allowed as direct owner investment:

- Any incidental work necessary to complete the WAP work scope, such as trash removal, preparation and painting of boiler rooms, electrical work needed to provide required connections for heating systems controls, smoke alarms, carbon monoxide (CO) detectors, and boiler room lighting.
- Lead abatement and other hazardous material mitigation to assure that WAP work can be conducted in a safe manner.

All indirect investments must be approved by the HCR program field representative on Form #20C prior to finalizing the Owner Agreement. This signed form must be included in the building file.

Where the owner's work includes measures having a lower priority of cost-effectiveness than those performed by the subgrantee, all of the owner's work must be completed prior to HCR certification, except where a performance bond has been provided to the subgrantee to guarantee completion of the owner's work. In cases where a performance bond has been provided, all work must be completed within the budget period unless approved in writing by the HCR regional supervisor.

Subgrantees should encourage owners to take advantage of other funding for energy-efficiency improvements that may be available from utility companies or public agencies such as NYSERDA. For such funding to be credited as an owner investment, the subgrantee must obtain a copy of the agreement between the owner and the source of funding that stipulates that the funding is available for the weatherization project. Grants or utility program funds that are received directly by the subgrantee for use in the project generally will not be credited as owner investment. Subgrantees with questions should contact their HCR representative. Where an owner is obtaining private financing to pay for their investment, the subgrantee should review the terms of the financing to ensure that funding is actually available for the work proposed.

Sub Section 4.04.07: Documenting Owner Investment

The owner investment must be documented in the Owner Agreement. The source and amount of the direct investment provided by the owner must be supported by letters of credit, funding commitments, or loan or grant agreements, and when paid, the subgrantee should maintain cancelled checks or evidence of transfer of funds in the building file. The subgrantee must verify the value of any indirect investments claimed in the Owner Agreement as described above.

The Weatherization Work Scope (Exhibit B of Form #8B or Form #8C) must be used to document the value of owner work claimed as indirect investment. The subgrantee must also keep original invoices, digital photographs, and other documentation on file to support the value of the work claimed as match and to show that the workmanship and materials meet WAP standards.

When an owner provides work by his/her own crews as an indirect investment, the work must be documented by the subgrantee using records of time the owner's crew worked on the project and wages paid by the owner. Materials contributed by the owner may only be credited towards an indirect investment when the owner provides receipts showing the actual cost of the materials.

Sub Section 4.04.08: Owner Investment Accounts

All required owner investment must be in place before any work is begun. All direct investment must be paid by the owner to the subgrantee when the Owner Agreement is executed. Any credit for indirect work that occurred prior to execution of the Owner Agreement must be acknowledged in writing when the Agreement is executed. Costs incurred by the owner in the performance of the owner's portion of the work are not to be paid by the subgrantee with HCR WAP funds. The subgrantee shall not perform labor for owner work that is credited as owner investment on a fee-for-service basis or in any other capacity.

All funds placed in the custody of the subgrantee by the owner shall be placed in an escrow account established by the subgrantee solely for this purpose. No funds other than owner investment funds are to be placed in the escrow account, except as provided below. The subgrantee should execute an agreement with the owner governing terms of withdrawals from the escrow account. Funds deposited in the owner investment account may not otherwise be disbursed without written authorization from the owner which sets forth the name and address of the payee and the exact amount and purpose of the disbursement, unless specifically allowed in an escrow agreement. Any such provision in an agreement is subject to HCR approval and must comply with all applicable state and local laws.

Interest earned on the principal deposited in the owner investment account shall remain in the account until the close of the current annual budget period. This total interest amount must be retained by the subgrantee and used no later than the end of the subsequent budget period to increase the scope of weatherization services or it must be deducted from the total allowable expenses under the current budget.

Owner's funds must be released promptly in accordance with a schedule developed in the subgrantee's negotiations with the owner. The schedule shall be part of the Agreement between the subgrantee and the owner (Form #8B or Form #8C). Failure to disburse owner funds promptly or to pay contractors within a reasonable time could be the basis for findings of non-compliance or sanctions.

BAQ fees collected in advance from owners of multi-family buildings must also be placed in the escrow account. See Sub Section 4.05 for more information on BAQ fees.

Sub Section 4.04.09: Waiver of Owner Investment

HCR may waive or reduce the required owner investment in circumstances of owner financial hardship, upon request by the subgrantee. The request for a waiver must be submitted to the regional supervisor before an Owner Agreement is executed. The request must be accompanied by documentation of the financial condition of the building or operating constraints that justify waiving or reducing the owner's contribution. The subgrantee must verify that a hardship exists with an analysis of the justification provided by the owner.

In general, a waiver based on financial hardship may be provided in any of the following situations:

- The most recent building(s) financial audit reveals a negative cash flow.
- The owner documents a lack of available credit by providing evidence from at least two lending institutions that an application for credit to provide the owner investment was denied.
- The building was affected by a natural disaster (that was declared by the federal or state government) and building reserves and other owner resources were depleted repairing damage caused by the disaster (in such cases, subgrantees should consider whether work done to respond to damage can be credited as indirect investment).
- The owner documents insufficient building reserves and provides justification to show that failure to fund reserves is not a result of poor management of the building, by submitting the two most recent financial audits of the building or ownership entity. The audits must contain unqualified opinions to support the audit findings.

If the HCR regional supervisor provides approval to waive the owner investment, the building may be assigned a normal priority in the subgrantee's work schedule. HCR may also waive owner investment when it is determined to be in the public interest to do so.

Sub Section 4.05: Building Analysis and Qualification Fees

A portion of the required owner investment is collected from the owner by the subgrantee as a BAQ fee. Subgrantees may only collect a BAQ fee from rental building owners that will otherwise be required to contribute an owner investment to pay for a portion of cost of installing the WAP measures, except as provided below.

The BAQ fee may not exceed the lesser of the subgrantee's actual costs for BAQ or $500, for single dwelling unit (rental) buildings, $1000 for two- to four-unit buildings, or $500 per unit for buildings with five or more units. Fees charged should also not exceed customary fees charged for audits and qualification for the building type and amount of work required. The fee must be used to cover the expenses the subgrantee has incurred in connection with this building.

A reduced BAQ fee may be charged in buildings that meet the requirements for reductions in assessed valuation pursuant to Section 581-a of the New York State Real Property Law. In these buildings, subgrantees may charge owners a flat BAQ fee of $100 per unit that will then be credited as an owner contribution if the building receives WAP assistance.

Subgrantees may not charge their HCR contract for any costs incurred in analyzing or qualifying buildings that are paid for by a BAQ fee. The costs for analyzing and qualifying costs incurred by maximum allowable BAQ fee can be paid for with WAP funds.

Any BAQ fees collected by a subgrantee must be recorded in the Preliminary Agreement (Form #6). BAQ fees collected for a building where an Owner Agreement is subsequently executed must be applied towards the owner investment for the building.

Any fund balance remaining in an owner investment account at the end of a budget period as a result of retained BAQ fees is considered Program Income for the next budget period. Use of retained BAQ fees is subject to the requirements for using Program Income. See Section 7 of this manual for more information on Program Income.

When a subgrantee has collected a BAQ fee from a building owner and the audit is conducted but no additional WAP funds are invested in the building, the fee may be retained by the subgrantee as Program Income, and the owner must be provided with a copy of the audit report and any other information collected to support the proposed work scope. If the building receives an investment of WAP funds, this audit fee becomes part of the owner's investment that is applied to the building.

If 18 months have passed and an Owner Agreement has not been executed, the subgrantee must obtain a letter from the owner stating that he or she is still interested in receiving WAP services. If the owner declines or is no longer interested in receiving WAP assistance, the owner must be provided with a copy of the audit and the subgrantee may retain the audit fees, subject to Program Income rules.

Written notice must be provided to the HCR regional supervisor within 30 days from any determination not to proceed with an investment of WAP funds in a building where a BAQ fee was collected. The notice must provide the reason why the building was not assisted.

Sub Section 4.06: Construction Management Fees

Subgrantees may charge owners a CMF as partial reimbursement for expenses associated with managing a multi-family construction project. The CMF must not exceed 10% of the amount of the direct investment that the owner will be required to invest in the project. A CMF may only be collected for projects where an Owner Agreement has been executed and WAP funds have been invested.

The subgrantee may also charge the owner a CMF for work the subgrantee is managing that is independent of the WAP-funded work scope, provided that such work qualifies as a WAP investment and was found to be more cost-effective than the WAP-funded work. The subgrantee must ensure that all work that is the basis for a CMF collected from an owner meets WAP requirements. The subgrantee is responsible for completing all of the tasks included in the Multi-family Construction Management Responsibilities (Sub Section 5.04.03), including monitoring and inspecting work funded by owner contributions.

The 10% management fee is above and beyond other funds received for weatherizing the building and must be specified in the Owner Agreement at the time the Agreement is signed. For completed projects where the owner's required investment is less than the amount actually received, and it is necessary to provide a refund to the owner, the subgrantee must also refund a prorated portion of the CMF.

Funds received as a CMF may be used for any eligible WAP administration cost, or for additional Program Support costs. CMF income is subject to WAP reporting and audit procedures and must be charged to the management fee ledger account during the budget period. CMFs cannot be expended until the building is certified and all work funded by all sources is completed. CMF revenue must be accounted for separately. CMF revenue and expenditures are tracked on Construction Management Fees Tracking (Form #21).

CMFs earned in one budget period are to be expended by the end of the following budget period. Any balance remaining becomes Program Income for the subsequent budget period and all Program Income rules apply. Also, DOE maintains a reversionary right to all tools and equipment purchased with CMFs.

Sub Section 4.07: Subcontractor Agreements

Subgrantees that use subcontractors to complete work on assisted buildings must follow the procurement procedures contained in Section 8 of this manual and must execute an agreement with each subcontractor for the specific work to be completed. Subgrantees that subcontract for work performed with WAP funds must use the Subcontractor Agreement (Form #33). This form binds the parties to follow HCR rules in completing WAP-funded work and provides for certain rights and remedies in the event of default or non-performance by a subcontractor. Subgrantees are responsible for ensuring that the provisions of the Subcontractor Agreement are enforced. Subgrantees may not enter into side agreements with subcontractors for work on a project where WAP funds are invested.

Section 5.00: The Weatherization Process: Building Analysis and Work Standards

The purpose of this section is to detail the requirements and procedures for analyzing buildings to be weatherized and to explain the procedures for quality assurance in assisted units.

Sub Section 5.01: Building Analysis

It is the responsibility of the subgrantee's energy auditor to assess the existing conditions of the entire structure and record the information collected through use of a comprehensive DOE-approved energy audit (building analysis). The audit assesses overall building energy use and provides a savings-to-investment ratio (SIR) for each potential energy conservation measure that could be undertaken in the building. The energy audit must include each of the following diagnostic measures/actions:

- For small buildings, interview the applicant and complete the Household Questionnaire (Form #11). For multifamily buildings, interview the owner, management agent or building supervisor to become familiar with building conditions.
- Blower-door test for air infiltration/exfiltration, except in certain multifamily buildings and where H&S issues are documented.
- Determination of conductive heat loss based on square footage and U-values of windows, doors, ceiling, sidewalls and floors.
- Steady-state efficiency (SSE) test for heating appliance efficiency when possible.
- Assessment of heating distribution system efficiency and related controls (includes assessment and testing for duct leakage per DOE's Standard Work Specifications [SWS]. Duct Blasters should be utilized in accordance with BPI Building Analyst training).
- Determination of hazards, if any.
- Inspect for moisture problems and the presence of mold or mildew.
- Inspect for potential lead-based paint hazards.
- Determine condition and effectiveness of previous weatherization measures, if any.
- Conduct indoor air quality (IAQ) tests (Form #12 or Form #14).
- Assess overall condition of structure, including the proper identification of the heated envelope.
- Determine whether any problems may exist with the way the household uses the heating system.
- Fuel analysis.
- Conduct base load usage analysis.
- Assess adequacy of ventilation/venting systems by measuring exhaust fan flow rates (cfm only).
- Determine and document if asbestos is present, friable, and if it presents a potential problem.
- Inspect fuel line for leaks.
- Determine and document existence of any other H&S issues (Form #15).

For additional guidance, see the NYS Weatherization Field Guide (2nd Edition) for best practices.

HCR has received approval for the use of four energy audit systems in WAP (see table on next page).

Audit Type	Uses
TIPS (Targeted Investment Protocol System)	• Single-family buildings • Manufactured housing • Multi-family buildings* (with up to 25 individually-heated units)
EA-QUIP (Energy Audit Using the Queens Information Package)	Multi-family buildings
TREAT (Targeted Residential Energy Analyst Tool)	• NYSERDA energy-efficiency program • WAP multi-family buildings
Approved Priority List	Only on "all-electric" multi-family buildings

*Note: TIPS to audit buildings originally constructed with 1-4 units that now have 5+ units that are not individually heated, you must request prior approval from the HCR program field representative on Form #20C.

The energy auditor must complete a comprehensive energy audit in accordance with HCR policy (see Sub Section 5.01) using the appropriate approved audit format. Health, safety, and repair issues should also be properly addressed.

Energy-related Repairs

HCR allows subgrantees flexibility in determining work scopes to enable a more comprehensive approach to serving low-income households. Certain repairs may be completed in the course of providing WAP assistance. The overall goal of WAP is to reduce energy use by improving energy efficiency while ensuring H&S; therefore, all repairs provided as part of WAP must be incidental and designed to protect or supplement WAP measures.

Ventilation may be installed in situations where it is necessary to mitigate H&S or moisture problems encountered in a dwelling unit being weatherized, including proper ventilation of combustion appliances, in accordance with ASHRAE 62.2 2013.

Heating distribution or fuel system repair or replacement is allowable when shown to increase efficiency or the useful life of the system or provides for the proper distribution of heat to occupied areas.

Chimneys may be re-lined or repaired when the existing chimney condition creates an unsafe or inefficient condition during the operation of combustion appliances. In situations where an existing chimney is inadequate for the proper venting of combustion appliances, alternative cost-effective methods of venting those appliances must be explored and the most cost-effective measure utilized.

Hard-wired lighting fixtures may be replaced when existing fixtures are unsafe and/or to accommodate more energy-efficient light to ensure future energy savings.

Ground Fault Circuit Interrupters (GFCIs) may be installed where one is required to ensure the safe installation of a WAP measure.

A roof may be repaired only when this work is necessary to protect a weatherization measure that has been previously installed or is being proposed as part of the work scope for the structure. WAP funds used to make incidental repairs should not exceed 15% of the maximum allowable cost per unit (CPU).

Roof replacement using WAP funding is not an allowable activity, except when the combined cost of roof repair or replacement with insulation drives an SIR of 1 or greater. In rental properties where the SIR is less than 1, funds provided by a non-income eligible owner or another funding source can be used to offset the cost of the repair or replacement.

Installation of high-efficiency heating appliances should always be considered and evaluated for cost-effectiveness when documented by testing of the existing appliance or when warranted by H&S concerns; however, when modeling for heating system replacement, Annual Fuel Utilization Efficiency (AFUE) ratings should be used for existing and replacement systems.

Sub Section 5.02: Historic Preservation Review

Subgrantees are responsible for evaluating each building selected for WAP services for potential impact on historic resources per Section 106 of the National Historic Preservation Act (NHPA), and for referring buildings that may be covered under this Act to the NY State Historic Preservation Office (SHPO). Reviews must be complete before work commences. HCR has a strong commitment to preserving our state's historic resources and works with SHPO to ensure timely review of weatherization projects for impact on historic resources.

Subgrantees must submit a WAP Project Review Cover Form for each unit to be reviewed for historic significance by SHPO. The form provides for an expedited review for buildings for which only minor repairs will be performed or limited measures installed. For projects that have historic significance or involve more extensive work scopes, additional information, including photographs and work scope details, must be provided to SHPO so that a determination of significance can be made. No work can begin until any recommended mitigation measures intended to protect resources are incorporated into the WAP work scope. All work performed must include any mitigation measures recommended by SHPO, unless prior approval is provided by HCR. Subgrantees must retain the SHPO response letter in the client's file for each building submitted.

Subgrantees must record the SHPO status of each building on the Building Project screen in the Weatherization Payment and Reporting System as one of the following categories:

- Already approved or in review by SHPO through another funding source
- Under 50 years old; therefore, no SHPO review is required
- Over 50 years old; however, no SHPO review is required because of the proposed work scope
- Sent to SHPO for review (and a response was received). For these buildings, the SHPO response letter must be in the client's file.
- Manufactured home; therefore, no SHPO review is required.

Sub Section 5.03: Manufactured Housing

According to the Manufactured Housing Institute's National Communities Council (MHINCC), manufactured homes are homes built entirely in the factory under a federal building code administered by the HUD. The Federal Manufactured Home Construction and Safety Standards (commonly known as the HUD Code) went into effect June 15, 1976. Manufactured homes may be single- or multi-section and are transported to the site and installed. The MHINCC distinguishes among several types of factory-built housing: manufactured homes, modular homes, panelized homes, pre-cut homes, and mobile homes.

All manufactured housing is to receive a TIPS energy audit to develop the work scope and recommended investment level when providing WAP services.

Weatherization measures should not be installed in manufactured housing where extensive repairs are necessary or when work is likely to exacerbate an existing condition such as the presence of mold and mildew. Subgrantees should pay particular attention to the presence of ground water under the mobile home and to plumbing leaks from the domestic water supply and waste water removal systems. Leaks should be corrected before work commences.

The Health and Safety Notification (Form #15) as well as any other available information explaining problems or potential issues that may impact the scope of the proposed work should be discussed with the applicant before weatherization is begun.

The work scope should consider the subgrantee worker's H&S, especially when the work scope requires the worker to be under a mobile home. The agency is expected to use good judgment when going forward with the weatherization work and should defer work or modify the scope of work when conditions justify.

The applicant file must contain photographs and other relevant information to support decisions to defer or modify the services that would otherwise have been provided were it not for pre-existing conditions that could not be remediated and would compromise the H&S of the subgrantee's workers. Decisions should be reasonable and supported by the documentation in the applicant folder.

If working conditions cannot be made safe and work must be deferred, a copy of the Health and Safety Notification (Form #15) detailing the conditions must be left with the owner/residents and kept in the building file.

Sub Section 5:04: Multi-family Buildings

This sub section discusses issues specifically related to weatherization work on multi-family buildings. While there are many commonalities and shared skill sets for working on all types of buildings, some of the processes will differ for performing weatherization work on multi-family buildings.

Sub Section 5.04.01: Multi-family Building Analysis

Subgrantees are responsible for completion of a building analysis (energy audit), using a DOE-approved audit protocol for the NYS WAP. This analysis or audit will be the basis for managing the work on any multi-family building assisted with WAP funds, regardless of whether the work is subcontracted or performed by subgrantee staff. Subgrantees and their partners must become familiar with the requirements of Sub Section 5.04.03 of this manual before undertaking any building analysis or audit activities.

Subgrantees may either perform their own multi-family audits, when authorized by HCR to do so, or procure multi-family energy audit services from an outside firm. When using an outside entity to conduct the audit, the subgrantee is responsible for ensuring that the auditor is qualified to perform an audit that meets DOE and HCR standards. The subgrantee is also responsible for ensuring that energy use and building specific data is collected and available to the auditor. Subgrantees that conduct their own audits must collect energy use and building characteristic information themselves. In all cases the subgrantee must retain the energy use and building characteristic data for review by HCR staff. Subgrantees that use other firms to conduct audits must specify the data collection arrangement in the agreement with the firm.

Once the energy audit has been performed, the subgrantee is expected to develop a scope of work and secure the required investment from the building owner, and then to oversee and manage each phase of the WAP work, from awarding bids to completion and post inspection for presentation to HCR, in accordance with the requirements of this Section.

Subgrantees are required to supervise the day-to-day work on their projects, are responsible for documenting inspections, and are responsible for taking any other steps necessary to ensure that the building analysis is done properly and will result in a work scope that meets the goals of the program. Subgrantees must perform a variety of tasks that cannot easily be assigned or left to consultants. It is HCR's expectation that subgrantees remain involved in every phase of the project and take any actions necessary to improve the overall performance of the work to assure proper quality control and energy savings on each project.

Any subgrantee that administers a program where 50% or more of the units assisted are in multi-family buildings is required to complete EA-QUIP or TREAT audits on buildings of less than 20 units. Technical assistance is available from HCR to develop subgrantee capacity in this area. See Sub Section 5.05: Criteria for Multi-family Self-auditing Agency Designation.

Before a building analysis is conducted, the subgrantee must meet with the owner and provide the following:

- Weatherization Assistance Program Information (Form #29)
- Multi-family Building Owner Agreement (Form #8C).

The subgrantee must document the eligibility of the units in the building and collect the building information for the preliminary building analysis utilizing the following documents and information:

- Energy Information (Form #5)
- Preliminary Agreement (Form #6)
- Two-years fuel data
- Documentation showing that each building qualifies for assistance.

Subgrantees working with energy audits for multi-family buildings are advised to work closely with HCR to make sure that all health, safety, and repair issues are identified and addressed.

Subgrantees are responsible for the following deliverables for all multi-family building audits, whether or not an outside entity is used to conduct the audit:

- Preparation of audit reports in a prescribed format (available from HCR);
- Documentation and specifications when heating-system replacement is indicated;
- Post-weatherization energy-use analysis;
- Construction management of heating appliance replacement/repairs; and
- Attendance at pre-bid meeting with multi-family heating contractors.

Under extraordinary circumstances the subgrantees may need to solicit assistance or technical services from a professional firm. It is therefore recommended that the subgrantee prepare technical specifications to be bid out for these services and to establish a schedule of fees in the event that they need such services.

Sub Section 5.04.02: Procuring Multi-family Technical Services

Subgrantees that do not conduct their own building analyses/energy audits are required to competitively select qualified audit firms to perform audits/analyses or prepare work specifications. Subgrantees may only use energy audits that have been approved by US DOE for use in the NYS WAP. The two audits currently approved for multi-family buildings are EA-QUIP and TREAT. As with any other procurement of professional services, subgrantees must follow all HCR and US DOE procurement rules. Refer to Section 8 of this manual for more information on procurement rules.

Subgrantees are reminded that having an outside entity perform an EA-QUIP or TREAT audit does not relieve them of the responsibility of assuring that the audit is complete, accurate, and comprehensive in terms of addressing all energy issues as well as health, safety, and energy-related repair issues that may directly impact the ability to provide weatherization in the building. Also, it is the responsibility of each subgrantee to ensure that adequate funds are budgeted for the cost of the audit services the subgrantee expects to incur.

Energy audits performed by firms under contract to the subgrantee are subject to HCR quality assurance procedures (see Sub Section 5.04.03).

Subgrantees must adequately plan for the time required to solicit an audit firm and for all related activities to be carried out after an audit firm has been awarded a contract to perform these audit services. The entire process of bidding for an audit firm to perform the audit, along with the quality assurance component, may take several months. Subgrantees are advised to allow time early in the program year so that all work can be completed by the contract deadline.

HCR will provide assistance to subgrantees in developing procedures for procurement of any required professional services.

Sub Section 5.04.03: Multi-family Construction Management Responsibilities

Subgrantees are responsible for assuring that the work scope proposed for each building is based on the energy audit findings and the needs of the building. The subgrantee is also required to ensure that recommended measures that make up the work scope are reflected in the bid process and construction documents.

The following tasks shall be completed by the subgrantee to achieve this goal:

- Review of the bid package prior to bid to ensure that sufficient detail is included in specifying the energy-related measures to assure compliance with WAP SWS, so that appropriate construction or installation of the recommended measure can be assured;
- Ensuring that the bid package includes all related requirements, such as minority- and women-owned business utilization and/or prevailing wage when applicable.
- Ensuring that designers and installers of specific systems will hold applicable certifications and accreditations appropriate to the work proposed.
- Ensuring that all energy-efficiency measures that the energy audit indicated as a priority are reflected in the bid package.
- Attending pre-bid meetings to explain program goals and procedures (subgrantees must be ready to explain the energy-efficiency work scope including air sealing, insulation methods, controls, etc., in sufficient detail to ensure that contractors understand program requirements well enough to submit accurate bids).
- Review of selected bids and final contracts to ensure that they accurately reflect the final approved design and specifications.
- Review of the construction schedule to offer suggestions regarding timing and installation of the energy-efficiency elements of the project as needed.

Subgrantees are also responsible for confirming that work was installed according to the energy-efficiency work scope included in the original energy audit. Subgrantees confirm proper installation by performing a full inspection of installed measures after work is completed.

System testing must be performed as part of the post inspection by the subgrantee. The individual conducting the testing shall be qualified and trained in the test or have proven experience and expertise. If completion is documented by someone other than the subgrantee, the subgrantee shall have documentation in the job file signed by the qualified person who performed the system testing.

Statement of Completion

Each subgrantee is required to have a Statement of Completion (Form #43) on file for all work performed in each multifamily building assisted with WAP funds. The Statement of Completion serves as a quality assurance measure to encourage and assure good work practices by contractors and subgrantee crews. A Statement of Completion is required whether the work is performed by contractors or subgrantee staff.

Subgrantees are required to receive a Statement of Completion on the contractor's letterhead or Form #43 from all contractors performing WAP work and to include the completed statement as a deliverable in bid solicitation packages.

Information Required in Statements of Completion

- Name of subgrantee.
- Name of project/building and address of the site.
- Name and contact information of the individual completing the statement.
- Confirmation that all fixtures and equipment are new and have been installed and tested to demonstrate conformance with all construction specifications.
- Documentation of all installation protocols.
- Signature of the individual completing the form and the date signed.

If a subgrantee is aware of documents currently in use that satisfy some or all of the requirements of the signed Statement of Completion, the subgrantee should contact the HCR program field representative to discuss the acceptability of such documentation.

Contractors intending to substitute equipment specified in the bid package must obtain subgrantee prior approval before the substitution. Substitute documentation may consist of equipment cut-sheets, product literature, etc., specifying the make and model of specified equipment, and energy-related performance characteristics (e.g., kWh/year for refrigerators).

It is strongly recommended that subgrantees work with HCR program field representatives and independent design engineers to develop specifications and contracts that address the documentation needs of the program. For example, in a contract for insulation, subgrantees may include a requirement for photo-documentation at various stages of installation.

Statement of Completion Documentation Requirements, by Measure

1) **Appliances (ENERGY STAR®-labeled appliances such as refrigerators or domestic hot water heaters)**

   Subgrantee Requirements

   - Perform post inspection as required to ensure that the signed Statement of Completion is accurate and complete.
   - Inspect all replacement appliances.
   - Confirm that appliance is ENERGY STAR® labeled. If a label is not present, use the http://www.energystar.gov/index.cfm Web site to check for an ENERGY STAR® rating for a particular make/model.

   Documentation Requirements

   - A signed Statement of Completion from the installing contractor.
   - Record make, model number, and count of all appliances.
   - Record location (e.g., apartment number) and serial number for each appliance inspected.
   - Photograph all appliances in their installed location and indicate apartment number of each one in the photo.
   - For refrigerators, copies of the warranty cards with apartment numbers noted must be retained before warranty cards are submitted to the owner.

2) Lighting – common area (hallway, stairwells, lobby, etc.), in-unit, outdoor, and security lighting

Subgrantee Requirements

- Perform post inspection, as required, to ensure that the signed Statement of Completion is accurate and complete.
- Inspect all common areas (basement, lobbies, stairwells and stairwell landings, corridors, trash chute rooms, etc.).
- Compare the quantities and wattages of the lamps and fixtures to the assumptions made in the energy-efficiency work scope and note conformance or deviation.
- For retrofit fixtures, confirm proper operation of electric ballasts using ballast checker.

Documentation Requirements

- A signed Statement of Completion from lighting contactor.
- Record quantities, location (e.g., apartment number), types, and wattages for all lamps and fixtures.
- Record make/model information on all in-unit lighting to confirm ENERGY STAR® label.
- Photograph one sample of each fixture type (with ENERGY STAR® label affixed, if visible).

3) Lighting – emergency (exit signs, back-up lighting, etc.)

Subgrantee Requirements

- Perform post inspection as required to ensure that the signed Statement of Completion is accurate and complete.
- Compare the quantities and wattages of the lamps and fixtures to the assumptions made in the energy-efficiency work scope and note conformance or deviation.
- Open fixtures to confirm lamp type and wattage.
- Confirm emergency power operation, when applicable, by using test buttons on equipment.

Documentation Requirements

- A signed Statement of Completion from lighting contractor.
- Record quantities, locations, make/model, types, and wattages of all signs and fixtures.

4) Lighting Controls

Subgrantee Requirements

- Perform post inspection as required to ensure that the signed Statement of Completion is accurate and complete.
- Inspect all common areas (basements, lobbies, stairwell landings, corridors, trash chute rooms, etc.) and apartments.
- Compare the quantities, types, and settings of the lighting controls to the specifications listed in the energy-efficiency work scope and note conformance/deviation.
- Confirm that each control type is operable.

- For occupancy sensors, step in and out of the zone and confirm that lights switch off within a time period equivalent to the specified on-time.
- For timers, set timer to current time and confirm control of fixture.
- For switches and dimmers, operate controls to confirm control of fixture;
- For day lighting controls, dim or black-out the location to observe change in fixture light level.

Documentation Requirements

- A signed Statement of Completion from lighting contractor which includes a description of tests, calibrations, lighting control setting, and specifications for the installed lighting;
- Record location, make/model, and type of each lighting control.

5) Roof and Cavity Insulation

Subgrantee Requirements

- Perform post inspection as required to ensure that the signed Statement of Completion is accurate and complete.
- Each unique roof or cavity assembly shall be inspected. For example, if unique sections of the building are constructed differently, all distinct areas must be inspected. If the insulation specifications are different for different areas, each different specification shall be inspected.
- Sampling may be used to inspect roof or cavity assemblies that are consistent throughout large sections of the building. Problems with installations found during inspections will require an expanded sample.
- An interim inspection (prior to area being enclosed) is required when insulated area will be inaccessible after completion.
- Compare the insulation type, thickness, and R-value to the assumptions made in the energy- efficiency work scope and note conformance or deviation.
- Perform infrared scan to ensure proper insulation coverage.

Documentation Requirements

- A signed Statement of Completion from insulation/air-sealing contractor.
- Record insulation type, thickness, and R-value for each area inspected.
- Photograph depth of blown insulation using tape measure or other depth measurement, minimum one photograph per inspected attic.
- Photograph roof deck insulation before it is covered. Photograph cavity insulation before it is covered.

6) Windows

Subgrantee Requirements

- Perform post inspection as required to ensure that the signed Statement of Completion is accurate and complete.
- Each new window shall be inspected.
- Compare the energy performance specifications and actual installation to the assumptions made in the energy-efficiency work scope and note conformance or deviation.

- The post inspection should include testing operating sashes, screens, and hardware for a tight fit at contact points and weather-stripping for smooth operation and weather-tight closure.
- The post inspection should include confirming proper fit and effective connection to building envelope weather and air barriers.

Documentation Requirements

- A signed Statement of Completion from installing contractor.
- Record quantities and locations of all new windows.
- Record energy performance specifications (window type, frame type, U-value, gas fill, solar heat gain coefficient, and low-e type and location) for all windows.
- Retain samples of American Architectural Manufacturers Association (AAMA) and National Fenestration Rating Council (NFRC) or other relevant rating agency labels. For large jobs, keep certificates from NFRC or other relevant rating agency on file.
- Retain documentation to show that glass meets thermal performance standard, from manufacturer's cut-sheets.

7) Exterior Doors

Subgrantee Requirements

- Perform post inspection as required to ensure that the signed Statements of Completion is accurate and complete. Post inspection should include inspecting for proper operation, fit, and weather- stripping.
- Compare the energy performance specifications and actual installation to the assumptions made in the energy-efficiency work scope and note conformance or deviation.
- Verify proper installation of new common area exterior doors and apartment exterior doors, such as in garden-style apartments.

Documentation Requirements

- A signed Statement of Completion from installing contractor.
- Record quantities and locations of all new doors.
- Record make/model, type, and U-value for all new doors.

8) Building Envelope Air Sealing

Subgrantee Requirements

- Perform post inspection of air sealing work to ensure that the signed Statement of Completion is accurate and complete.
- For weather-stripping of windows or doors, the post inspection should include confirming that all latches, hinges, and self-closing mechanisms operate smoothly and properly and confirming that weather-stripping is secured with screws.
- Where quantitative measures of air-sealing effectiveness are available, compare the actual installation to the assumptions made in the energy-efficiency work scope and note conformance or deviation.

Documentation Requirements

- A signed Statement of Completion from air-sealing contractor.
- Statement should explain how work was performed and what quality control mechanisms were in place. If blower-doors were used, Statement should list test-in and test-out blower-door readings.
- Record location and description of air sealing activities. Record quantities and description of materials used.
- Record location or areas inspected and description of observed evidence of air sealing activities.

9) HVAC – Combustion, Steam and Hydronic Systems

Subgrantee Requirements

- Perform post inspection as required to ensure that the signed Statement of Completion is accurate and complete. All primary equipment must be inspected.
- Compare the energy performance specifications and actual installation to the assumptions made in the WAP work scope and note conformance or deviation.

Documentation Requirements

- A signed Statement of Completion from HVAC contractor.
- Record make and model information for all installed equipment.
- Record nameplate efficiency or measured efficiency, if nameplate efficiency is not available.
- Confirm that all applicable operating and specification manuals are delivered to the building staff. Where training is provided to supplement provisions of manuals, summarize the training performed and personnel involved.
- For hot water heating systems, measure and report supply water temperature, return water temperature, and outdoor air temperature in the shade. Record control set points and attach to Statement of Completion. For outdoor reset controls, record design set points and actual settings and attach to Statement of Completion.
- For steam systems, record system pressure and control set points.
- A tag showing pre- and post-weatherization SSE should be placed on the heating appliance, and photographs of tags should be included in the Statement.

10) HVAC- Mechanical Ventilation

Subgrantee Requirements

- Perform post inspection as required to ensure that the signed Statement of Completion is accurate and complete. All installed equipment must be inspected.
- Measure the flow rate of registers to verify effectiveness of duct sealing and the flow balancing work performed on mechanical ventilation.
- Compare the energy performance specifications and actual installation to the assumptions made in the energy-efficiency work scope and note conformance or deviation.

Documentation Requirements

- A signed Statement of Completion from HVAC contractor.
- Record make and model information for all installed equipment.

- Record nameplate efficiency or measured efficiency, if nameplate efficiency is not available.
- Confirm that all applicable operating and specification manuals are delivered to the building staff. Where training is provided to supplement provisions of manuals, summarize the training performed and personnel involved.
- For roof-fan timers, record time of day, whether fan was found on or off, and timer set points.

11) HVAC- Domestic Hot Water

Subgrantee Requirements

- Perform post inspection as required to ensure that the signed Statement of Completion is accurate and complete.
- Compare the capacity, efficiency, water temperature, and actual installation to the assumptions made in the energy-efficiency work scope and note conformance or deviation.
- All primary equipment (boilers, hot water heaters, etc.) must be inspected.
- A minimum of two faucets should be tested for water temperature.

Documentation Requirements

- A signed Statement of Completion from HVAC contractor.
- For new equipment, record make/model, nameplate efficiency, or measured efficiency if nameplate efficiency is not available.
- Record water temperature at a faucet nearest and a faucet farthest from the water heater (as measured along the distribution system) and the location where that measurement was made.

12) HVAC- Pipe and Duct Insulation

Subgrantee Requirements

- Perform post inspection as required to ensure that signed Statement of Completion is accurate and complete. Each assembly shall be inspected.
- An interim inspection (prior to area being enclosed) is required when insulated area will be inaccessible after completion.
- Compare the insulation type, thickness, and R-value to the assumptions made in the energy-efficiency work scope and note conformance or deviation.

Documentation Requirements

- A signed Statement of Completion from HVAC contractor.
- Record insulation type, thickness, and R-value of all insulation.
- Photograph insulation in areas that will be hidden at the end of construction.

13) **Energy/Building Management Systems (for buildings of 30 or more units)**

Subgrantee Requirements

- Perform post inspection as required to ensure to ensure that the signed Statement of Completion is accurate and complete. Usual inspection of each installed monitoring point should be conducted.

- Compare the control sequence, energy performance specifications, and actual installation to the assumptions made in the energy-efficiency work scope and note conformance or deviation.
- Subgrantee personnel should try to be present during the system communication and functionality test (see below).

Documentation Requirements

- A signed Statement of Completion from controls contractor.
- Record location, make/model, and type of each management system device or control.
- Results of a communication and functionality test performed by the installation contractor at the completion of the installation will be provided. The test provides proof of communication between the monitoring points, controls, equipment, and the system controller. Most of these systems are tied to a computer on-site or to a recording device. The controller can scroll through connection points and provide data (e.g., outside and inside temperature, set points, run times of equipment, etc.). A screen print of these points confirms connectivity to the sensors and equipment. Successful adjustments to these settings confirm functionality and response of the system.

14) Other Measures - Aerators and Low-Flow Devices

Subgrantee Requirements

- Perform post inspection to ensure that the signed Statement of Completion is accurate and complete. Inspect all installed aerators and low-flow devices.

Documentation Requirements

- A signed Statement of Substantial Completion from installing contractor.
- Record location, type, and quantity of all devices. Record rated flow (in gallons per minute) of all devices.

15) H&S - Common Area and In-Unit Combustion Appliance Zone Smoke and Carbon Monoxide (CO) Detectors

Subgrantee Requirements

- Perform post inspection as required to ensure that the signed Statement of Completion is accurate and complete.
- All common area combustion appliance zones and apartments must be inspected.
- Compare the actual installation to the assumptions made in the energy-efficiency work scope and note conformance or deviation.

Documentation Requirements

- A signed Statement of Substantial Completion from installing contractor.
- Record make, model, location, and quantity installed for all detectors.

Sub Section 5.05: Criteria for Multi-family Self-auditing Designation

Any subgrantee that administers a program where 50% or more of the units assisted are in multi-family buildings is required to complete their own EA-QUIP or TREAT audits on buildings up to 20 units. These subgrantees will have the opportunity to utilize the technical assistance and mentoring opportunities available through HCR's technical services provider, the Association for Energy Affordability, Inc. (AEA). They will develop the capacity to independently conduct their own EA-QUIP or TREAT audits on building up to 20 units, eventually progressing to buildings up to 50 units, or with simple buildings (as defined below) of 75 units or less, beginning in PY 2014.

If they have not already done so, subgrantees must electronically submit the name(s) of their energy auditor designee(s) to their HCR regional supervisor, identifying those individual(s) at their agency pursuing this self-auditing designation. The submission should include a copy of their candidate(s) resume(s), showing that they have been certified as an NREL Multi-family Energy Auditor or have had at least one year of multi-family building energy- related experience, completed BPI's Multi-family Building Analyst certification course, and taken the BPI Multi-family Building Analyst exam. Candidates must pass the exam before a self-auditing agency designation can be conferred.

Following the submission review, HCR will notify the agency that the individual(s) submitted have been recorded and are recognized as pursuing a self-auditing agency designation through AEA's training and mentoring program.

Completion Requirements
Each auditor shall pass 2 in-progress assessments and a final assessment, submit an independently-written audit report for a mentored audit, and demonstrate mastery of each topic by submitting audit forms for all multi-family project audits conducted, independent of mentoring, for each building type. Mentoring will continue in the form of field visits, technical assistance, and document review as necessary, until the auditor demonstrates mastery in all of the areas outlined below. At that point the auditor(s) will be recommended to self-audit the covered building types.

Once a segment is successfully completed, AEA will notify HCR, who will review the recommendation and issue an approval letter for the individual(s) for each specific audit level and building type.

The final designation of a subgrantee as a multi-family self-auditing agency means that the agency currently employs a person(s) certified by AEA and approved by HCR, to complete multi-family audits on all three specified multi-family building types.

Required Competencies
A named agency auditor(s), designated by the subgrantee as a lead analyst for multi-family buildings with common, simple systems, will be expected to demonstrate the ability to perform the following tasks in order to be nominated by AEA, and approved by HCR, for self- auditing status in each of the 3 size categories listed below:

- Under 20 units: Each agency auditor will be expected to perform energy audits for all buildings under 20 units that are centrally heated by steam, hydronic, and electrical systems. Technical assistance may be needed for buildings with zoning, central chillers, or complicated building control systems. Boiler and mechanical ventilation specifications are not covered by the designation and should be developed by qualified engineers.

- 20-50 units: Each agency auditor will be expected to perform energy audits for all centrally-heated 1-pipe steam systems, electrically-heated buildings with no central HVAC, and single zone hydronic systems. Technical assistance may be required for buildings with separate DHW systems, EMS, or controls other than the commonly-found Heat Timer and Tekmar controls, condensing hydronic boilers, or centralized mechanical ventilation systems. Boiler and mechanical ventilation specifications are not covered by the designation and should be developed by qualified engineers.

- 51-75 units: Each agency auditor will be expected to perform energy audits for all centrally-heated 1-pipe steam systems with single zone controls. Technical assistance may be required for hydronic systems, separated DHW systems, more complicated controls, zone valves, centralized mechanical ventilation systems, or any other system that exhibits more complexity that those outlined in the 20-50 units category. Boiler and mechanical ventilation specifications are not covered by the designation and should be developed by qualified engineers.

- Covered Topics: Each agency seeking independent auditing status should identify their key 1-2 auditors who will undergo a rigorous mentorship program that involves on-site and in-classroom training on the following topics: fuel bill analysis, field data collection, building performance diagnosis, audit spreadsheet analysis, lighting audit, energy modeling, scope of work development, writing the energy audit report, and demonstrating the ability to review and critically examine energy audit reports. Each auditor shall then demonstrate proficiency by submitting for review each energy audit from a building that they themselves have analyzed as the lead auditor.

Knowledge, Skills and Abilities Required to Show Competence
The first in-progress assessment will cover fuel bill analysis, benchmarking, and pre-site visit preparation.

Fuel bill Analysis: The auditor can interpret fuel bills and translate data to an excel spreadsheet, has knowledge of rate structures, can identify missing ESCOs, missing dual fuel bills, or missing DHW bills, and can differentiate the heating load from the base load. Also, the auditor is able to conduct a baseline analysis to roughly gauge building performance and identity areas to focus on during the audit.

The second in-progress assessment will cover analysis and assessment of building data, drafting field notes, using a spreadsheet for data collection, and using the lighting audit spreadsheet.

Field Data Collection: The auditor can quantitatively and qualitatively assess building conditions and how energy in the building is produced, distributed, consumed, and lost to the environment. S/he produces accurate field drawings of the building and collects data on all relevant in-unit, common areas, rooftop and basement areas, on lighting, and on relevant appliances that consume water and/or energy.

Building Performance Diagnosis: The auditor demonstrates the ability to prepare an analysis, using a basic schematic drawing of the mechanical systems in the boiler room and the distribution of energy throughout the building. S/he can differentiate types of steam and hydronic systems, identify parallel vs. series piping, direct vs. reverse return piping, step or fully modulating burners with modulating pressuretrols, as well as identify major boiler room equipment. The auditor can diagnose issues with equipment such as not enough A-dimension in a steam system, hydronic distribution pumps incorrectly placed in the circulation loop, and incorrect boiler control settings. Based on that information s/he can prescribe both health and safety and operations and management measures. The auditor can develop an accurate and appropriate list of recommended energy-efficiency measures based on HVAC controls, tenant and management behavior and other factors affecting building energy consumption.

Audit Data Spreadsheet Analysis: The auditor can correctly analyze field drawings and determine the areas and counts of windows, walls, doors, rooftops, basements, lighting and in-unit appliances. The audit data is accurately entered into a spreadsheet that normalizes this information for easy input into EA-QUIP, TREAT, or other approved modeling software.

Lighting Audit: The auditor can conduct a full lighting survey of in-unit, common area and exterior lighting throughout the building. Auditor transposes field notes to a lighting audit spreadsheet and can design a retrofit list with wattage reduction, new lighting on-times and cost estimates.

The final assessment will cover all quantitative aspects of the mentoring process. The exam will test the auditor's ability to create and interpret the audit documents, utilize the audit documents to develop the energy model, and to create, as well as critically analyze, a scope of work.

Energy Modeling: Using field notes, pictures, data collection spreadsheets, fuel bill analysis, and the lighting audit, the auditor can design their own energy models for the building, using approved software and correctly following required protocols. Proficiency is demonstrated in "truing-up" the model, in quality control, and in qualitatively justifying the model, by clearly interpreting the energy reporting output from the software.

Scope of Work Development: Using the output of the energy model, the auditor will complete an appropriate scope of work, synthesizing categorical recommendations from H&S and recommended efficiency measures, ineffective cost measures, and operations and maintenance. The auditor shows proficiency with SIR and other financial calculations.

Writing the Energy Audit Report: Using audit observations, photographs, data collection spreadsheets, the energy model, and the scope of work, the auditor writes a report that clearly explains the recommendations and justifies the work scope with qualitative observations. The

report is easily understood and can be clearly communicated to program managers, construction managers, building owners, and engineers who are charged with writing technical specifications for the audited building. The audit report's calculations and assumptions are transparent to external reviewers.

Reviewing Audit Reports: The auditor is able to critically analyze a completed audit report and review the report for accuracy and thoroughness. S/he shows good working knowledge of how the audit complies with program goals, and demonstrates understanding of how the audit aids in completion of the project.

Audit Report Submission
The auditor must then independently write an audit report of a mentored building and submits it to the mentor for review. If the report satisfactorily meets the criteria stated in the 'Writing the Energy Audit Report' section, then the auditor will have passed the teaching portion of this certification process and is expected to begin auditing their own simple buildings, subject to review by experienced mentors and by HCR staff.

Follow-up Assessment Period
Qualified mentors will provide technical support to each agency auditor as they begin to audit their own buildings, including reviewing any and all forms, (both field notes and spreadsheet calculations) and shadowing auditors during their site inspections as requested or assigned.

This follow-up technical support will be repeated until each agency has demonstrated proficiency in each technical category of the auditing process. Some agencies may require less audit work to demonstrate proficiency while others may need several iterations of audits to provide a sufficient quality of work in each step of the auditing process and to pass all proficiency requirements.

Once deemed proficient, the auditor will be nominated to independently audit the types of buildings listed above. Technical assistance will still be available to those independent auditors who request it when unfamiliar auditing issues arise with successive projects. In order to maintain the high quality of audits, each self-auditing agency will be asked to submit their completed audit reports, and a sampling of each agency's audit reports will be reviewed each year.

When the auditor passes all required tests (to demonstrate proficiency in all areas listed above) and meets all the criteria listed above, s/he will be approved for each building type. This will allow the subgrantee to be designated a self-auditing multi-family agency that can complete their own multi-family audits in all three building types. If the approved designee leaves the subgrantee, the subgrantee loses its authorization to perform its own multi-family energy audits until it employs another approved designee.

Individuals who do not test successfully will be informed in writing and counseled as to additional training and experience that may assist them toward meeting all requirements at a later date. Follow-up technical support will be provided.

Approval will be valid for two years and will be contingent upon acceptable performance during the two-year period. If there are no major problems resulting from audits provided during this period, permanent approval may be granted to the designee.

HCR reserves the right to review audits completed by any self-auditing subgrantee and may periodically conduct random reviews of approved subgrantee auditors to monitor and control for quality assurance.

Sub Section 5.06: Building Work Summary

The Building Work Summary (BWS-Form #19) must be completed for all WAP buildings (one-to-four unit and multi-family).

If a subgrantee has a computerized inventory tracking system, it may be utilized, and reports generated by that system may be attached to the BWS. This system must be approved in advance by the HCR fiscal and program field representatives. When an alternative method is utilized, the subgrantee must still summarize the work so that the applicant/owner will have some detail when they sign off on the WAP work done to their residence.

The following items must always be documented:

- All required building energy data entries.
- Agency materials and labor costs associated with the work scope, entered in the appropriate spaces.
- Sub-contracted materials and labor costs associated with the work scope.
- Leveraged materials and labor from other funding sources associate with the work scope.
- Subtotals for each measure category.
- Total building cost.
- Number of items, U-values, and square feet, as is appropriate for materials used in the project.

Applicant/Owner Certification

All BWS forms completed for assisted buildings or units must have a signature from the owner or the owner's authorized agent and from the subgrantee's inspector upon completion of the post inspection. The BWS for buildings with rental units must be signed by the owner or the authorized agent.

When no applicant signature has been obtained, an e-mail detailing the reason must be sent to and approved by the assigned HCR program field representative. A copy of the e-mail should be attached to the BWS.

The subgrantee must also present documentation to the HCR program field representative to summarize materials installed and the results of required H&S tests performed.

All subgrantees are required to record the tax parcel identification (section, block, and lot number) on the BWS and in the Database for each assisted building. The tax parcel ID fields in the Database must be completed to assign a unique identification to each building.

Any building presented as complete but not post inspected by the subgrantee constitutes a contract breach and non-compliance by the subgrantee.

Sub Section 5.07: Health and Safety

The primary goal of the Weatherization Assistance Program is energy conservation; however, installing energy conservation measures sometimes requires subgrantees to address H&S problems that may exist in applicant's homes. If not done properly, those same measures can also create or worsen other H&S conditions. Many of the buildings that are weatherized have serious deficiencies that can affect the H&S of both residents and staff performing weatherization work. HCR weatherization protocols incorporate steps to review areas that affect H&S as well as to take appropriate action during the course of weatherization where it is allowable and practical to do so. H&S measures may only be installed in units where energy efficiency measures are identified for installation.

Sub Section 5.07.01: Health and Safety Considerations

Crew and Contractor H&S

Subgrantees are required to comply with all Occupational Safety and Health Administration (OSHA) requirements at all times. Crew and contractor safety issues are integrated into HCR training and technical assistance (T&TA) curricula. Also, subgrantees are required to ensure that crew and contractors follow safe work practices with regard to lead paint hazards (see below).

Occupant H&S

Subgrantees must take all reasonable precautions against performing work on homes that will subject occupants to H&S risks. Subgrantees are required to consider the health concerns of each occupant prior to initiating work on a residence. The Household Questionnaire (Form #11) must be completed to assist in identifying existing household H&S problems.

When performing an energy audit, the energy auditor is required to meet with a member of the household and accurately complete the questionnaire with them. This questionnaire provides the auditor with information about the dwelling unit and the lifestyle of its occupants, and it can direct the auditor to areas where energy can be conserved. In addition, there are pertinent questions about previous health problems and occupancy practices that can lead the auditor to identify H&S concerns. Once identified, these areas can be dealt with through various means, ranging from applicant education to corrective action through the weatherization work scope.

The auditor is also required to complete a visual H&S inspection. Where serious concerns are found that cannot be addressed through weatherization, applicants are advised of these possible hazards on the Health and Safety Notification (Form #15) in order that they may make informed decisions regarding their safety. Where necessary, applicants will be advised to relocate from the unit during installation of energy conservation materials, to ensure the household's safety.

Potential Hazard Considerations

The following potential hazards are considered prior to providing weatherization assistance to an assisted household:

- **Biological hazards and unsanitary conditions:** Information on biological hazards is obtained through the household questionnaire and by means of the visual inspection of the unit. Certain hazards, such as mold and mildew, are sometimes identified, and applicants are notified on the Health and Safety Notification (Form #15). If other hazards are present, or hazards cannot be mitigated in the course of the routine weatherization, the subgrantee must defer work until funding from other sources is available to address the hazard. Procedures for addressing mold and moisture problems in a unit are included in Sub Section 6.03.
- **Fire Hazards:** Potential fire hazards are identified during the visual inspection. The presence of smoke detectors is noted. Obvious hazards must be corrected before work can proceed. As a direct result of work that is performed in the course of weatherization such as the reduction of air flow, sealing of thermal bypasses and installation of insulation, weatherization services may reduce the probability of fire spreading in a building.

- **Existing Occupant Health Problems:** Information on existing occupant health problems is collected on the household questionnaire and must be considered in the development of the work scope.
- **Radon:** Radon testing in buildings is an allowable measure. Ground barriers may be installed as an H&S measures when radon hazards have been identified.
- **Formaldehyde or Volatile Organic Compounds (VOCs):** When these substances are suspected in a unit, issue a Health and Safety Notification (Form #15) to the homeowner. Reference EPA recommendations on air quality levels.
- **Lead Paint:** Information on lead-safe weatherization is contained in Sub Section 6.02.
- **Building Structure and Roofing Hazards:** Incidental repairs may only be performed as allowed elsewhere in this manual. Subgrantees should become familiar with housing rehabilitation programs available in their service area. In cases where extensive repairs are needed before weatherization assistance can be provided, work must be delayed until repairs are made (see deferral standards in Sub Section 6.01).
- **Electrical Issues:** Subgrantees must ensure that work is performed in accordance with state and local codes and monitor compliance with this requirement during on-site inspections. The visual inspection of the unit includes and analysis of electrical hazards. Subgrantees must ensure that all electrical hazards that exist in areas where weatherization work is to be done are corrected prior to commencement of work. Subgrantees should avoid insulating any areas of a building where live knob- and-tube wiring is known to exist. Reference T&TA Unit memo dated 5/14/2015 for approved variance from SWS. Knob-and-tube wiring can be replaced if the cost of the rewiring and the cost of the insulation added together results in an SIR that is greater than one.
- **Refrigerants:** All refrigerators and air conditioners that are replaced must be de-manufactured and disposed of in accordance with applicable requirements.
- **Other Code Compliance:** New York State has enacted a building code based on the most recent International Code Council (ICC) standards. HCR requires subgrantees to ensure that work is performed in accordance with state and local codes, and monitors compliance with this requirement during on-site inspections; however, the role of State staff and of subgrantees is oversight. Code compliance is the responsibility of local officials. The visual inspection of the unit includes an analysis of potential code violations in areas where work is being done, and subgrantees must obtain building permits for work performed, when required by state or local codes, prior to commencement of work.

Other H&S Considerations

The mission of WAP, in addition to providing energy conservation services, is to ensure the H&S of assisted households, particularly the elderly, people with disabilities, and children. Measures which promote energy-related H&S should be included in work scopes whenever possible.

Subgrantees may use weatherization funds to replace unsafe heating systems and domestic hot water tanks that are encountered in the course of providing weatherization services; however, these funds may not be used to provide emergency services except for emergency heating appliance replacement in areas declared federal or state disaster areas, and replacement must be conducted in compliance with the requirements of this Section.

In rental units, subgrantees should encourage or require owners to correct health, safety, and code violations on behalf of low-income tenants before allowing weatherization work to proceed. Most subgrantees have established local networks that include organizations with access to other sources of funds to provide weatherization households with assistance in areas such as structural repair, health care, child care, tenant advocacy, etc. Subgrantees should utilize these resources on behalf of the assisted household and leverage additional funds for services that promote H&S.

The H&S of building occupants and weatherization staff must not be comprised by any weatherization technique or practice or by conditions in and around the areas where work will be performed.

The subgrantee is advised to proceed cautiously when preparing to weatherize a dwelling unit where the presence of lead, mold, asbestos, vermiculite, or other toxic substances may be suspected. Subgrantees are advised to inform building owners and occupants on the Health and Safety Notification (Form #15) of the presence of toxic or potentially toxic materials and/or conditions and to modify weatherization work scopes to insure that weatherization will not exacerbate existing conditions resulting in harm to building occupants or to weatherization staff performing the work.

Where work cannot be performed safely, the subgrantee is required to defer work until hazardous conditions are resolved and to issue Form #15 to owners and occupants.

In accordance with US DOE Program Regulations (10 CFR Part 440), allowable energy-related H&S actions are those necessary to maintain the physical well-being of both the occupants and/or weatherization workers where:

- Costs are reasonable as determined by DOE in accordance with the State's approved plan.
- The actions must be taken to effectively perform weatherization work.
- The actions are necessary as a result of weatherization work.

DOE advises that two questions be asked when approaching H&S issues:

- What must we do, within reasonable costs, to get the home to a point where we can go forward with weatherizing, where the weatherization work will be lasting and effective?
- What must we do to ensure that the weatherization work we conducted does not create an H&S problem for occupants or workers?

During the energy audit process, subgrantees should take all reasonable precautions by visually documenting (taking pictures of) the presence of mold, lead, asbestos, or any toxic or potentially toxic conditions or dangerous situations. Traditional weatherization approaches may need to be modified, delayed, or eliminated to ensure that unintended consequences are prevented. The applicant should be informed throughout the throughout this entire process and provided a Health and Safety Notification (Form #15) documenting the issues or concerns discovered during the audit along with an explanation that weatherization would be inappropriate, or that the weatherization work scope must be modified or changed. The subgrantee must document its

concerns in writing along with pictures and other relevant information and secure them in the applicant file.

During the building analysis, H&S hazards often become apparent. Hazards that are related to the energy conservation work being done can be corrected during the course of weatherization through the use of weatherization funds, owner investments, or other leveraged funds.

Whenever H&S hazards have been identified and/or have not been corrected during the course of weatherization work, a Health and Safety Notification (Form #15) must be completed. The owner must sign the form and be provided with a copy or an e-mail outlining the hazardous condition until a signed copy can be provided. All occupants of any affected unit must be provided with a copy. The original signed form or e-mail must be placed in the building file.

In cases where an unsafe heating appliance in a single-family, owner-occupied dwelling is encountered during the heating season, the following steps must be followed:

- Complete a Health and Safety Notification (Form #15) describing the situation.
- Obtain the owner's signature on the completed Health and Safety Notification.
- Advise the owner to contact the LDSS (or, in New York City, the Human Resources Administration or HRA) for emergency furnace funding.
- Advise the county HEAP liaison of the situation.
- Transmit a copy of the completed and signed Health and Safety Notification to the LDSS and, if the household includes a person over 60, the area aging agency.
- Stop all weatherization work until notification is received that the heating appliance hazard has been corrected.

Where an unsafe heating appliance is detected in a rental dwelling unit, the owner is required to rectify the problem. In such cases, do not proceed with weatherization services until the heating appliance problem has been corrected. If the owner has been documented as eligible for WAP services, refer the owner to the LDSS.

At the end of each working day, the subgrantee is responsible for ensuring that no threat to the building occupants' H&S exists as a result of the weatherization work that was performed. All work and testing must be clearly documented in the applicant file on the appropriate forms. The following measures must be in place and/or properly installed at the end of each work day (refer to Sub Section 5.07.03 for testing that may be required before installing any of these measures):

- CO detectors must be installed in any dwelling unit that does not have a working CO detector. Refer to manufacturer for proper installation and educate the household about CO. Subgrantees may not replace operable CO detectors with WAP funds.
- Smoke detectors must be present and operational in all weatherized units. Subgrantees may not replace operable smoke detectors with WAP funds.
- Clothes dryers must be vented to outdoors.
- Combustion water heaters must be vented to outdoors per National Fire Protection Association standards (NFPA211).
- A comprehensive H&S evaluation based on all combustion appliance zone (CAZ) tests must be completed each day following any work that may cause pressure changes in the building/unit.

- CAZ tests must be conducted and results documented in the file. All vented combustion appliances must be checked for proper draft.
- CO ambient air testing must be done whenever combustion appliances are present.

All subgrantees are required to use certified contractors or crew members in compliance with NYS Department of Labor rules when cleaning up, removing, or mitigating asbestos.

Asbestos removal or abatement is only permitted in very limited circumstances. Generally, suspected asbestos-containing material should not be disturbed. In limited cases, asbestos encapsulation or removal may be allowed with prior approval by HCR. Refer to DOE WPN 11-06 for additional guidance.

When testing has identified radon hazards, mitigation is limited to installing a vapor barrier over exposed dirt (such as may be found in basements or crawl spaces), except in mobile homes.

Sub Section 5.07.02: Health and Safety Equipment

All technicians performing diagnostic tests, inspections, must have access to all necessary personal protective equipment required by OSHA. (Personal safety standards are from BPI's technical standards. See www.bpi.org.)

Required protective equipment includes, but is not limited to, fitted respirators with canister filters, dust masks, gloves, protective clothing, safety glasses, and hard hats.

Technicians must be trained in proper use and applications for these devices and must adhere to OSHA regulations when on the job site.

All hand tools, power tools, ladders, and diagnostic equipment must be handled and used in a safe manner and kept in good working condition. Equipment and diagnostic tools must be maintained and calibrated according to manufacturer's specifications.

A copy of the Material Safety Data Sheets (MSDS or SDS) for all materials used on the job and installed in the unit must be kept on each crew vehicle and made available to all workers and assisted households upon request.

Where the presence of asbestos, vermiculite, lead, mold, and/or other potentially hazardous material is known or suspected, all relevant state and federal (EPA) guidelines must be followed to ensure technician and occupant safety. (See DOE WPN 11-6 and SWS for additional guidance.)

Blower-door tests may not be performed in homes where there is a risk of compromised or friable ('so soft and weak in structure that it can be broken with simple finger-crushing pressure') asbestos becoming airborne and being drawn into the dwelling. Intact asbestos is not a hazard. It becomes a hazard when damaged or deteriorated and friable asbestos particles are being released into the air.

Respirators with filter cartridges must be worn when working in areas where exposure to airborne mold, asbestos, lead, fiberglass, or formaldehyde is a risk.

CO levels in the ambient air around the technician must be monitored throughout all combustion safety tests. Diagnostic evaluations and inspections must be aborted if ambient CO concentrations *greater than 35 ppm* are recorded. BPI Combustion Safety Procedures must be followed. CO-producing appliances must be disabled and repaired before proceeding with additional diagnostics or inspections once the area has been evacuated and properly ventilated to the outside.

If the ambient CO is below the BPI action level of greater than 35 ppm but equal to or greater than 9 ppm over an 8-hour period, then subgrantee staff should always attempt to find the source of the CO, determine if it poses a risk to the building's inhabitants, and, whenever possible, correct the problem.

A Health and Safety Notification (Form #15) should be given to the building occupants and owners notifying them of the situation, with a copy added to the project file. If repairs to rectify the problem are eligible WAP expenses, the assigned WAP program field representative should be consulted for approval.

Refer to standards on combustion safety for complete requirements applicable to CO exposure limits and action levels.

Sub Section 5.07.03: Health and Safety Testing

Tests for unsafe conditions, (e.g., CO presence, incomplete combustion, fuel leaks, etc.) must be conducted before any weatherization work is begun. IAQ and certain other H&S tests are required to be completed for all buildings, regardless of size or number of units, and should contain analytical and quantifiable data. Daily evaluations of CO sources, moisture sources, CAZ pressure, chimney draft, etc. are required for IAQ. The following IAQ tests must be conducted in all units and documented during the initial building audit and, for some tests, during post inspection of the building. These tests are designed to find H&S problems and to insure that weatherization work does not exacerbate any of these concerns. Subgrantees are also required to conduct periodic inspections of all analytical equipment to assure accuracy and appropriate calibrations as specified by the manufacturer.

- **Test for CO**
  - Ambient air: Measure CO in the ambient air of building where combustion appliances are used for space heating, gas cook stoves, and domestic hot water heaters. Eliminate sources of CO that contaminate the indoor air. CO tests must be conducted at audit and at post inspection.

    The ambient air in the breathing zone must be monitored before and during combustion appliance testing. The test should be aborted if the ambient CO level *exceeds 35 ppm*.

    When ambient CO levels are below the action level of 35 ppm but remain at or above *9 ppm over an eight-hour period*, subgrantee staff is encouraged to find the source and, whenever possible, correct the problem. Provide a Health and Safety Notification (Form #15) and, if repairs to rectify the problem are eligible WAP expenses, consult the assigned WAP program field representative for approval.

    If the ambient CO level exceeds the action level of 35 ppm, it is recommended that the following BPI Combustion Safety Procedures be followed:
    - Turn off the appliance.
    - Evacuate the building.
    - Ventilate the building.
    - Advise the building owner and occupants of the unsafe equipment and document concerns on the Form #15.
    - Prepare a work scope that corrects the problem.

    BPI Combustion Safety Test Procedures and Action Levels can be found on BPI's Web site:
    http://www.bpi.org/Web%20Download/BPI%20Standards/Building%20Analyst%20Professional_2-28-05nNC-newCO.pdf.

  - Combustion appliance testing: All vented combustion appliances must be tested for CO in *undiluted* flue gas and the results documented. Exceptions to this include

wood or coal stoves and any gas-fired appliances that are designed to operate with a positive pressure in the vent pipe (AGA category III or IV gas appliances).

- **Combustion gas leak test**: Gas leak detection tests must be conducted along accessible gas lines throughout the interior and exterior of the building, and the findings recorded on the Indoor Air Quality Tests (Form #12 or Form #14). Test all accessible gas lines and piping for gas leaks. For significant leaks, disable combustion appliances, evacuate and ventilate the area, and notify the fuel supplier for shut-off until repairs are completed. Minor leaks may be addressed at the time of inspection or specified for repair. Test at audit, after any work on the gas piping is complete, and at post inspection.

- **Heating system testing/SSE test**: An SSE test is required on every heating system, where appropriate, except for wood or coal stoves and those positive pressure systems that are rated as Category III or IV appliances that are not outfitted with SSE testing ports. Pre- and post-weatherization SSE test results must be affixed to the heating appliance on a Heating Appliance Tag (Form #39).

- **CAZ test**: The worst-case CAZ configuration for each appliance zone should be established and recorded in the client project file. Measure the worst-case negative pressure in all vented CAZs. Any zone or area of the building that contains a vented combustion appliance, including space heaters and water heaters, is considered a CAZ. The CAZ may be defined as the main body of the house or as individual rooms or areas of the main living space. Follow BPI combustion safety test procedures, depressurization limits, and action levels and take appropriate actions based on the test results. Combustion safety testing must be done at audit, after any work is done to the building envelope or appliance(s), and at post inspection.

BPI procedures and testing standards can be found on BPI's Web site.

- **Draft Test**: During the combustion safety test, worst-case draft testing is done on all vented combustion appliances and the results, including outside air temperature, recorded on the appropriate Indoor Air Quality Tests (Form #12 or Form #14). Test at audit, after any work is done to the building envelope or any appliance(s), and at post inspection. Exceptions include inoperable, unsafe, or sealed combustion appliances, wood or coal stoves, and AGA category III and IV appliances that are not outfitted with draft testing ports. Draft test results must be within acceptable ranges as listed in BPI's standards. Venting systems should be examined for holes, obstructions, and proper design including size, materials, pitch, positioning of diverters, height above roof-line, etc. Repair vents to ensure adequate draft.

- **Inspect the building for signs of mold and moisture damage**: Locate and eliminate/reduce sources of excessive moisture if possible. Limited (incidental) water damage can be addressed. Correction of moisture and mold-creating conditions are allowed only when necessary to weatherize the home and ensure the long-term stability and durability of measures. Install ventilation if necessary and feasible. Where severe mold and moisture issues cannot be addressed, deferral of WAP is recommended. Mold

testing is not an allowable cost. If mold or moisture conditions exist within the building, Form #15 must be completed by the subgrantee and signed by the applicant.

- **Identify potential fire hazards**: Educate the assisted household about potential fire hazards that are observed in the building. Ensure that adequate smoke and CO detectors are installed and working properly. Inform applicants and building owners of potential fire hazards using the Health and Safety Notification (Form #15).

- **Inspect for unvented space heaters**: Subgrantees must educate owners and tenants about the dangers of CO and fire hazards associated with using unvented space heaters. Unvented space heaters must be removed before weatherization measures can be installed, except those used as secondary heat sources that conform to ANSI Z21.11.2. Subgrantees must explain to owners and tenants that significant amounts of combustion by-products, including water vapor, CO, NO_2, and particulates, are produced. Complete Form #15 and require the applicant to sign the form before proceeding with work (see SWS for Single-family Homes: 2.0202.1).

- **Assess the building for faulty, inadequate, and dangerous wiring**: Inform applicants and building owners accordingly using Form #15. Check for alterations that may create an electrical hazard and test for voltage detection/voltage drop where appropriate.

- **Verify that pressure relief valves** on DHW tanks and boilers are present and not leaking.

- **Record and properly document** all test results and observations.

- **Blower-door testing**: Except where H&S issues are documented (see Asbestos testing below), all one-to-four unit buildings and mobile homes must be blower-door tested before, during, and after performing air-sealing work on a building (see Sub Section 5.11) (Form #49 and Form #50).

- **All exhaust fans must be tested** or metered for rate of flow and must meet most recent ASHRAE 62.2 ventilation standards.

- **Asbestos testing**: Asbestos testing may be conducted with prior HCR approval when the subgrantee suspects that asbestos-containing materials may be disturbed by installation of weatherization materials. Asbestos testing may only be conducted by an Asbestos Hazard Emergency Response Act (AHERA) certified tester. If the presence of asbestos is confirmed, care must be taken to not disturb the asbestos (for example, by drilling through asbestos siding). Removal or encapsulation, when approved by HCR, must be conducted prior to blower-door testing and can only be conducted by an AHERA asbestos control professional, per SWS. Do not perform blower-door tests when vermiculite that may contain asbestos is present. Provide the applicant with Form #15 and advise him/her of the potential dangers of disturbing the vermiculite and the possible presence of asbestos.

- **Radon testing** is permitted.

- **Mechanical ventilation testing**: Local ventilation should be verified at audit and following installation of any new exhaust ventilation system, for proper exhaust fan flow rate, measured in cfm, in accordance with manufacturer's specifications. Roof ventilation fans should be inspected for proper operation (broken belts, etc.). Form #15 must be issued to the building owner in the event that roof exhaust fans are not operational or in need of maintenance.

- **Knob-and-tube wiring**: Subgrantees must avoid insulating any areas of a building where live knob-and-tube wiring is known to exist. Reference T&TA Unit memo dated 5/14/2015 for approved variance from SWS. Knob-and-tube wiring can be replaced if the cost of the rewiring and the cost of the insulation added together results in an SIR of greater than one.

The subgrantee should contact the local gas company to establish criteria for notifying the company regarding gas leaks or high CO levels.

Whenever there is evidence of a leaking heat exchanger in a furnace or space heater, the subgrantee is required to inspect the heat exchanger for leaks using standard, acceptable diagnostic methods. The result of the inspection must be documented and placed in the applicant file. Whenever a hole or crack is found in a heat exchanger you should consider the heating appliance to be unsafe and follow the steps outlined above.

Please remember that WAP funds cannot be used to purchase or install any type of unvented or vent-less combustion appliance (including, but not limited to, unvented kerosene space heaters, unvented natural gas space heaters, unvented propane space heaters, unvented gas fireplaces, and unvented gas fireplace logs). Removal is required, except when being used as a secondary heat source where the unit conforms to ANSI Z21.11.2. Units that do not meet ANSI Z21.11.2 must be removed prior to weatherization but may remain until a replacement heating system is in place (see SWS for Single-family Homes: 2.0202.1).

Information on IAQ must be recorded on the Indoor Air Quality Tests for 1-4 Units (Form #12) for the building and on the Multi-family Indoor Air Quality Tests (Form #14) for each unit in a building with more than four units.

Sub Section 5.08: Building Energy Modeling

Subgrantees are required to model buildings before developing a final work scope. This can be done using a TIPS, TREAT, or EA-QUIP audit depending upon building type. Energy modeling that characterizes the historical, theoretical, and anticipated energy use of a building must be conducted before developing the energy work scope. Through modeling, a building's current energy efficiency or inefficiency can be interpreted, as well as the potential savings from each proposed measure and collective work scope.

Modeling provides a reasonable investment guide and allows for accurate assessment of the effectiveness of installed measures by comparing energy consumption before and after weatherization work is completed.

Modeling Heating Systems: Decisions to model heating systems should always be based on "like for like" comparisons (e.g., AFUE to AFUE). Where appropriate, all existing systems should always have an SSE test performed; however, when modeling for heating system replacement, AFUE ratings should be used for both existing and replacement systems.

Presently the AFUE value is only applicable to smaller units. For larger units (>300,000 Btu/hour) you would use the thermal (Et) or combustion (Ec) efficiency as referenced on the manufacturer's nameplate data in accordance with nationally recognized standards and testing agencies.

It may require some research to find the manufacturer's AFUE on older or discontinued small units. If the AFUE of the existing system cannot be determined, try to identify the system's efficiency by its equipment features using the chart below for modeling pre-values.

Baseline AFUE for Modeling Replacement Heating Appliance		
Heating System Type	**AFUE**	**Features**
Old, low-efficiency	77% - 79%	Natural draft/combustion gas flow
		Continuous pilot light
		Heavy heat exchanger
Mid-efficiency	80% - 83%	Exhaust fan controls flow of combustion air & gases more precisely
		Electronic ignition (no pilot)
		Small diameter flue pipe, more compact size

Sub Section 5.09: Savings-to-investment Ratio

In the audit process, the work scope is based in part on completing those energy-related measures that have reached an SIR that is greater than or equal to 1.0. An SIR of 1.0 or more means that the expected energy savings from installing the measure is equal to or greater than the initial cost of installation.

Deciding which energy-related measures to complete must be based first on those measures that have an SIR of 1.0 or greater. Prioritization of measures should be based on the SIR, so that the higher the SIR, the higher the priority. Per DOE WPN 13-05, all of the prioritized weatherization measures from the audit that meet the SIR requirement must be installed in the unit in the order of cost-effectiveness.

If a building owner or occupant declines a measure in the energy audit that meets the SIR requirement, first try to educate the client as to why the measure cannot be skipped. If the client still declines the measure, the auditor must determine if the reason for declining is legitimate.

- If yes, the auditor should provide the HCR regional supervisor with a comprehensive explanation of why the measure is being skipped (on Form #20B) and request approval to proceed with the other WAP measures.
- If the auditor feels that there is not a legitimate reason for skipping the measure or approval is not given on Form #20B, the WAP work can be completed only for measures that have an SIR higher than the declined measure. The scenario should be fully documented in the client file and the client must be informed, in writing, that the unit cannot receive additional WAP services after the allowable measures are completed.

Measures proposed for mobile homes and non-rental residential properties must have an SIR of 1.0 or better. In income-eligible, owner-occupied units, energy-related measures that have an SIR of less than 1 cannot be completed unless a subgrantee has received non-WAP funding to pay the difference. Funding may not be solicited from an income-eligible owner.

Measures proposed on rental properties where an owner contribution may help raise the SIR should only include the WAP costs in the software in determining the SIR, before the owner contribution is considered. Again, only measures with an SIR of 1 or greater may be proposed in the building.

In multi-family projects or other projects incorporating an owner investment, when an SIR of 1 cannot be reached, the measure may be completed if owner funds are used to reach the required SIR. The use of WAP funds must be prorated based on a percentage that matches the SIR. For example, if an energy-related measure only achieves an SIR of .6, WAP funds will only pay for 60% of the total cost of that measure. Owner funds can be used for the additional 40% of the cost.

Sub Section 5.10: TIPS Building Analysis

TIPS uses building audit data, local 30-year average heating degree days, and unit-fuel costs to model buildings, estimate Heating Normalized Annual Consumption (HNAC), provide a recommended investment level, and prioritize energy-conservation measures through calculated SIRs. The following documentation is required for buildings that use the TIPS analysis for building and data collection.

- **Agency Audit Document**: provides a complete assessment of the existing conditions of the building.
- **Household Questionnaire:** Form #11 provides information on household energy behavior and possible H&S problems.
- **Building Energy Profile and Work Scope**: provides pre- and post-weatherization building energy load calculations from the proposed work scope, recommended heating appliance size(s) based on the estimated post-weatherization heat load of the building, and domestic hot water boiler size based on usage. The BWS provides a means to describe the energy-conservation measures, H&S measures, and building repairs that are proposed.
- **Fuel Bill Analysis**: Subgrantees must make a good faith effort to obtain fuel usage for any type of primary heating system. Two years' worth of use is recommended but any data can still be useful in performing an analysis. Electric use in all buildings must also be reviewed regardless of the primary heating appliance fuel.
- **Blower-door Test Results**: Form #49 and Form #50 document building air leakage test results.
- **Heating Appliance SSE Documentation**: Form #39 must be completed at the time of the building analysis and a copy (or photograph) must be attached to the BWS after the post inspection. Where more than one testable heating system is present, the average of the SSEs can be entered into the TIPS building model.
- **Justification for Heating Appliance Replacement**: Form #16 must be provided to and approved by the HCR program field representative before replacing any heating appliance. If the replacement is not justified by the energy audit, prior approval must also be obtained from the HCR program field representative using Prior Approval Form #20C. Any fuel switching must be approved by the HCR regional supervisor on Prior Approval Form #20B.
- **Heating Appliance Sizing**: When sizing a replacement appliance for a warm-air or hydronic system, a subgrantee must refer to the recommended appliance size in the Building Energy Profile or use an alternative sizing calculation. An equivalent direct radiation (EDR) survey is required for steam boiler replacements. If an alternative calculation is used for a warm air or hydronic system sizing or an EDR survey is used, it must be attached to the Justification for Heating Appliance Replacement (Form #16). If the replacement appliance is more than 20% oversized, an acceptable explanation must be provided on Form #20C. Subgrantees must attempt to install Energy Star-rated appliances whenever they are replacing a heating unit.

The guidance offered below is consistent with the TIPS philosophy as well as program requirements and should be considered when performing a TIPS analysis and to ensure the performance of quality weatherization work.

- **Wall Insulation**: All blown-in insulation must be installed in a high-density manner to assure that all voids in the wall cavity have been filled and to restrict/eliminate air flow and settling in the wall cavities.
- **Attic Insulation**: All attics must be accessed for inspection and evaluation. All floored attics should receive high-density insulation whenever practical. All areas should be accessed to ensure complete coverage of insulation. Open-joist attics must be comprehensively air sealed prior to the installation of insulation. Flat roofs, attic areas, and cathedral ceilings not readily accessible that are part of the thermal boundary must be treated with insulation. Knee-walled attics must be treated to ensure a complete and continuous thermal barrier.
- **Knob-and-tube Wiring**: Subgrantees must avoid insulating any areas of a building where live knob-and-tube wiring is known to exist. Reference T&TA Unit memo dated 5/14/2015 for approved variance from SWS. Knob-and-tube wiring can be replaced if the cost of the rewiring and the cost of the insulation added together results in an SIR of greater than one.
- **Attic Ventilation**: Attic ventilation through intentional openings is designed to reduce potential or existing moisture problems in the attic. If an attic does not have an existing moisture problem before weatherization, there is little chance that energy conservation measures will cause one, and no added ventilation may be required; however, every structure is unique and the life style and living habits of the occupants in conjunction with the conservation measures being proposed must be considered when attempting to determine if ventilation or additional ventilation is required.
- **Basements**: Basement and crawl space areas should be classified as either cold, tempered, or heated. Appropriate insulation treatment depends upon the final classification of the specific area following retrofit work. Cold basements and crawl spaces are defined as areas where heating is not required. The thermal boundary is at the basement ceiling level. Tempered basements and crawl spaces are unintentionally heated spaces. Typical heat sources include heating plants, distribution systems, and DHW tanks.
- **Distribution System Efficiency**: An accurate TIPS analysis requires a reasonable estimate of distribution efficiency. It should be estimated using several subjective considerations such as the "BPI Distribution Efficiency Look-up Table," the amount of heat lost from the building by the distribution system, the condition of the distribution system based on a complete visual inspection, information obtained from building occupants relative to thermostat settings, and areas that appear to be over/under-heated.

BPI Distribution Efficiency Look-up Table – found on page 7 of the document linked below:

http://www.bpi.org/Web%20Download/BPI%20Standards/Heating%20Professional_11-20-07.pdf

Sub Section 5.11: Air Flow Standards for Small & Low-rise Buildings

Controlling air flow for energy conservation requires an approach that reduces excessive air flow yet ensures a safe, healthy environment inside the building. As such, all air flow standards must work in conjunction with ASHRAE 62.2 2013, DOE's latest ventilation requirements.

Daily evaluations of CO sources, moisture sources, CAZ pressure, chimney draft, and any other potential indoor air hazards are required.

Blower-door testing is a requirement for eliminating excessive air flow; however, in those situations where it is determined that harmful pollutants will be introduced into the living space by the operation of the blower-door, testing should be suspended.

In those projects where a blower-door test cannot be performed due to pre-existing conditions, but the project need not be deferred, the energy auditor is required to consult with their HCR program field representative and, utilizing a program-approved methodology, estimate the building's CFM@50 based on their experience. The project file must contain documentation (photos, notes, etc.) of the condition that precluded the blower-door test from being conducted, Form #15 if necessary, and the explanation for why it is safe to proceed with weatherization work on the unit despite the presence of the condition(s).

A blower-door test should be conducted on all 1-4 unit buildings and mobile homes before work begins, while air sealing, and after work is completed. All blower-door testing of a home should be done with the blower-door installed in the same doorway during each test.

Both single-point and multi-point testing are acceptable methods for measuring air leakage rates. If a single-point test is used, the test should be conducted three times to ensure reasonable accuracy. If a multi-point test is used, the test should include readings as close to 50 Pascals (Pa) as possible (e.g., 60-55-50-45-40) to provide the most accurate measurement of CFM@50. The correlation coefficient for a multi-point test must be at least .9900. Single-point tests are recommended when windy conditions may result in a correlation coefficient less than .9900.

For small and low-rise buildings with multiple units, one blower-door test of the whole building is preferred. If that is not possible, tests should be performed on each isolated portion of the building and the results added together for a total building air leakage measurement. However, subgrantees should be aware that this method is only appropriate for determining the effectiveness of air sealing efforts.

Air sealing work should be "blower-door-assisted." Blower-door tests should be performed throughout the air sealing process. All instances where this is not possible must be documented. Documentation of interim blower-door testing (Form #50) is required and must be included in the job folder.

Maximizing Building Tightness

With the advent of ASHRAE 2013, the strategy for determining an "air flow standard" has changed. No longer can a "goal" or "maximum allowable post" or "building tightness limit"

approach be utilized. Traditionally, these were limits below which subgrantees would cease to conduct any more air sealing, regardless of SIR or funds budgeted for the measure. Leaving buildings leaky for the purposes of ventilation is no longer an acceptable practice.

ASHRAE 2013 requires that small or low-rise buildings be air sealed as tightly as possible as the required approach to ensuring good IAQ, with ventilation added as needed to provide adequate fresh air without wasting energy.

Therefore, subgrantees must follow a new methodology to determine when to stop blower-door-assisted air sealing. Evaluating for cost-effectiveness will be the determining limit to air sealing. ASHRAE 2013 requirements will guide ventilation strategy.

Determining air sealing effectiveness

If the evaluation indicates additional air sealing would continue to be cost-effective, because it will improve the tightness of the building, the subgrantee must continue with the energy conservation measure until their budgeted amount for the measure is exhausted. Monitoring will ensure reasonable and sufficient amounts are initially budgeted.

If a determination is made that continued air sealing would not improve the tightness of the building nor prove cost-effective, the subgrantee will have to justify this determination in the project file, explaining why remaining funds budgeted for air sealing will not be expended.

Performing air sealing

- **Documentation of interim blower-door testing is required. All interim tests must be recorded (Form #50) and included in the job folder.**
- Proceed with the blower-door-assisted air sealing measure, performing and documenting blower-door tests while the air sealing work is in progress. Blower-door readings should be recorded at distinct points in the air sealing process *unique to the particular project*, not necessarily at pre-determined intervals.
- The early interim blower-door tests should reflect improvement. If they do not, you need to immediately reevaluate your air sealing approach.
- Determine whether to continue or cease air sealing based upon your budget and your results:
  - If you're getting infiltration reductions of at least 100 CFM@50 Pa per technician hour, you're doing great - continue air sealing. .
  - If you've confirmed your set up is correct, but some measurable infiltration reductions are still being recorded and there are budgeted hours left, continue air sealing until budgeted hours are exhausted or infiltration reductions are no longer being achieved.
  - If several consecutive interim readings now reflect that infiltration reductions are no longer being achieved and there are budgeted hours still left, note the measure was no longer cost effective to pursue. Document on Form #50, noting blower-door location(s), building characteristics, interim blower-door readings, budgeted hours, and amount of hours expended on air sealing to that point.
  - If no infiltration reductions are being realized, and the reevaluation of your air sealing strategy has not resulted in any infiltration reductions being achieved, then the

subgrantee must justify ceasing the air sealing measure in the building file. Cite the actions taken as part of the reevaluation of approach (e.g., verified "winter state," construction features possibly contributing to difficulties, etc.), interim blower-door results showing no improvement in infiltration reduction, and the number of hours budgeted and expended on the air sealing measure to that point on Form #50.

In accordance with the ASHRAE 2013 standard and per DOE, leaving small to low-rise buildings leaky is not the proper way to ventilate and will not be an acceptable outcome in WAP projects.

If blower-door-assisted air sealing measures are being done properly and a thoughtful approach is taken with regard to an air sealing strategy, many small to low-rise buildings can show significant, measurable reductions.

As such, this standard will result in tighter buildings. To ensure occupant safety, subgrantees are still required to perform a comprehensive CAZ test of all combustion appliance zones each day following any type of air sealing work. **This remains a program requirement**. Results of these tests must be included in the building file on Form #50.

Sub Section 5.12: Steady-state Efficiency Testing and Clean & Tune Requirements

An SSE test is required on all oil-fired and gas-fired furnaces, boilers, and vented space heaters to determine the SSE at which they are operating. No more than 90 days should elapse between the date of the SSE test and the completion of the work. The SSE test must be conducted with the building configured in the winter mode, with all windows closed.

Documentation of the SSE must be left at the furnace and included in the job folder. If no SSE test is conducted, an acceptable reason must be documented in the building file.

Pre- and post-weatherization SSE results should be recorded on the Heating Appliance Tag (Form #39), which is then placed on the heating appliance. A copy or photograph of the fully-completed tag must be included in the Statement of Completion (Form #43).

Unless the appliance is outfitted with an SSE testing port, an SSE test is not required for the following types of appliances:

- Gas-fired appliances with fan-assisted combustion labeled as Category I, Category III, or Category IV appliances.
- Oil-fired and gas-fired recuperative (condensing) appliances.
- Solid-fueled central and space heaters.
- Unvented space heaters.

Indoor air quality tests for CO, draft, and negative pressure must always be conducted.

A clean and tune must be performed if:

- SSE is less than 75%.
- The smoke number on an oil-fired unit is greater than 2.
- The undiluted CO in the vent of any unit is between 26 ppm and 100 ppm.
- The burner(s) is/are dirty or the appliance has not been serviced within one year.

A clean and tune should be done on an appliance with an SSE over 75% if:

- There is reason to believe that the heat exchanger is dirty.
- The owner has not provided reasonable maintenance and service.
- There is reason to believe a clean and tune will improve the SSE.

If, after a clean and tune, the SSE is below 75%, no further work on the appliance is required, provided that the clean and tune was done properly, that there are no H&S hazards, that no repairs are required, and replacement of the appliance does not drive an acceptable SIR.

Upon completion of a clean and tune or other heating appliance work (including appliance replacement, burner replacement, or other work which affects performance), an SSE test must be performed, the results recorded on a Heating Appliance Tag (Form #39), the tag left with the appliance, and a copy placed in the job folder. Clean and tune contractors should also record the results on their invoice to the subgrantee.

If an unsafe or inoperable heating appliance is encountered in the course of testing, the problems must be corrected before weatherization work can proceed (refer to the procedures listed under Health and Safety in this section). When it is determined that a heating appliance is in need of replacement due to these conditions, prior approval by the HCR program field representative is required before each replacement can proceed. A Justification for Heating Appliance Replacement (Form #16) must be filled out and included in every building file when a heating appliance has been replaced.

Modeling Heating Systems

Decisions to model heating systems should be based on "like for like" comparisons (e.g., AFUE vs. AFUE). Where appropriate, all existing systems should always have an SSE test performed; however, when modeling for heating system replacement, AFUE should be used for existing and replacement systems. It may require some research to find the manufacturer's AFUE for old systems (see Sub Section 5.08: Building Energy Modeling).

At the time of post inspection, the subgrantee's inspector must verify, by way of an SSE test, that the heating system is running safely and efficiently. The post inspector will then record the results and place them in the applicant file. There must also be a record of the pre- and post-test left with the heating appliance, even if no heating work was done. Units will not be certified unless proper documentation of the SSE test is contained in the applicant file and attached to the appliance. Heating contractors who install new heating systems are required to perform combustion efficiency tests on the new system and record the results on both Form #39 and their invoice to the subgrantee. Tests should be applicable to the type of system installed (e.g., CO test taken in the end of the vent for 90+ units).

Fuel Oil Storage Problems

Fuel oil supplied to a combustion appliance should be free of water and other contaminants. In cold climates, steps should be taken to ensure continuous flow and to avoid freeze-ups.

Chimneys

Any combustion appliance chimney/ventilation system that is in use must be visually inspected and evaluated for defects. A deteriorated chimney should be repaired and the cause corrected before reusing.

Sub Section 5.13: Refrigerator Replacement Criteria

All refrigerators are to be evaluated for replacement by determining the efficiency of the unit from either the Association of Home Appliance Manufacturers' (AHAM) data base, or by utilizing the TIPS, TREAT, or EA-QUIP energy audit software being used for the project. Subgrantees must determine that replacement will be cost-effective before including refrigerator replacement in the work scope.

The refrigerator to be replaced must be the primary refrigerator used by the household. In cases where more than one refrigerator is being used, the subgrantee should encourage the applicant to dispose of the additional refrigerator(s).

All refrigerators that are replaced must be removed from the dwelling unit upon delivery of the replacement and properly disposed of in accordance with Federal law. The Clean Air Act (USC Title 42, Section 7671g) makes it unlawful for any person to dispose of refrigerants in a manner in which they will be allowed to enter the atmosphere.

Weatherization Program Notice 00-5 lists the types of refrigerators that may be installed with DOE funds. They are refrigerators and refrigerator-freezers with manual, automatic, or partial automatic defrost. Units must comply with UL-250 and with energy efficiency standards established in the National Appliance Energy Conservation Act of 1987 that are periodically updated.

The replacement refrigerator must be an Energy Star-rated energy-efficient refrigerator with an estimated annual consumption of 600 kWh/year or less. DOE provides listings of Energy Star-rated refrigerators on its Web site at www.energystar.gov.

It must be similar in style and capacity to the one being replaced, where practical. Refrigerators with options such as an ice maker will not be considered allowable replacements. New replacement units may not have through-the-door ice or water service because this feature increases energy use.

It is not required to meter every existing refrigerator that is replaced. DOE will require states to meter at least 10% of the units to be replaced. Units that cannot be located in the AHAM or other refrigerator databases may make up all or most of the 10% requirement.

Meter at least 2 hours. The minimum metering duration required to obtain results accurate enough to make a reliable replacement decision has been debated for several years. DOE believes a two-hour minimum metering duration is an appropriate compromise. The power consumption of refrigerators can be metered with a wall-socket-mounted energy monitor.

Subgrantees must determine that a replacement will be cost-effective before considering a refrigerator replacement as an eligible repair option. As initially stated, the subgrantee can determine the efficiency of the unit through the energy audit software (TIPS, TREAT, or EA-QUIP) being used for the building in question.

The AHAM database or booklet may also be used to estimate the annual energy use of an existing refrigerator; however, the AHAM historical database gives the annual energy use of older refrigerators when they were new. The National Energy Audit Tool (NEAT) inflates AHAM data on a sliding scale based on refrigerator age as shown in Table 1.

Table 1 – NEAT Adjustments to AHAM Appliance Energy Data for Refrigerator Age

Refrigerator Age	**AHAM Energy Data is Inflated By:**
Less than 5 years old	0%
5 to 10 years old	10%
10 to 15 years old	20%
More than 15 years old	30%

Subgrantees are also allowed to use the Home Energy on-line database located at: www.homeenergy.org/consumerinfo/refrigeration/index.php or http://kouba-cavallo.com/refmods.htm.

Each replacement refrigerator should be photographed in place as part of the post inspection, with the address and apartment number visible in the photo.

Sub Section 5.14: Post Inspection and Certification

The subgrantee must conduct and document a post inspection of each completed dwelling unit before presentation of the work to HCR. The post inspection and certification of single-family projects (1-4 units) must be performed by a BPI-certified single-family Quality Control Inspector (QCI). Post inspections and certifications of multi-family projects must be performed by a post inspector who has received a successful evaluation from our T&TA providers (AEA or NYSWDA) for the Multi-family QCI course based on the NREL Multifamily QC Inspector Job Task Analysis.

The following tests and inspections must be performed at post inspection by the certified QCI or certified multi-family post inspector as indicated. Subgrantees are reminded that failing to post inspect every building and/or unit weatherized, prior to submission to HCR as complete, is a violation of Federal WAP Regulations 10 CFR Part 440 and constitutes a breach of contract that could result in a finding of noncompliance for the subgrantee.

Post inspections/final audits must be documented by including the following in each file:

- Quality Control Inspection documents.
- Annotated review of the audit and work scope to determine that the work authorized was completed.
- Digital photographs showing before and after conditions of all work conducted.
- Any changes to the work scope must be documented in the file with signed change-orders and be justified with pictures and a written explanation to support each change.
- A completed BWS reflecting the cost and quantity of materials installed;
- Owner and Agency signature on BWS (Form #19) verifying completion of work;
- Final blower-door test results (on BWS) to verify final air flow numbers.
- All H&S tests that were performed, along with test results.
- Copies of all H&S information, including Form #15 if required, informing applicants and owners of unsafe conditions, potential problems, etc.
- SSE test results when possible and necessary for compliance.
- All in-progress inspection reports and interim test documentation must be included in each file.
- Any information including, but not limited to, pictures and written explanations that helps to explain and justify the condition of the dwelling unit when post inspected.

The subgrantee must maintain a post inspection log to be presented upon request by the HCR program field representative.

In addition to the items listed above, all other eligibility documentation required in Sub Section 2.19 of this manual must be on file at the time the building is presented to HCR for certification and available for inspection by HCR staff. No building will be certified as complete if required documents are missing from the file.

Only when the work is fully acceptable and completed, including all materials installed, should the post-auditor and the applicant sign the BWS.

Each building presented by the subgrantee to HCR as complete must have been post inspected, per QCI requirements, before being presented to HCR. All work must be fully completed and all materials installed. Federal program rules prohibit HCR from paying for additional work on homes that have been reported to DOE as complete.

Accordingly, subgrantees may not charge HCR for work performed on any unit after the unit has been presented to HCR as complete. Subgrantees should not present a building to HCR for payment until they are sure that the building meets all program requirements. HCR will disallow costs for any building that is not supported by complete documentation of eligibility and assurance that all work was completed in a quality manner.

It is the subgrantee's responsibility to guarantee the work performed and materials supplied to be free from defects for a period of one year from the date of final acceptance of all the work performed on the unit, or the building containing the unit, if later. No WAP funds, leveraged funds, or owner-investment funds may be used for this purpose. No WAP funds will be paid for subgrantee costs for any work performed on a building that was previously certified by HCR as complete.

Section 6.00: Special Considerations for Weatherization

The purpose of this section is to outline special considerations for weatherization, including criteria for when weatherization services should be deferred or denied. Also included are the requirements for weatherizing homes where lead-based paint or mold and moisture problems may be present, requirements for providing assistance to previously-assisted units, guidelines for providing emergency cooling service, and guidance on providing coordinated service for units in a "no-heat emergency" situation.

Sub Section 6.01: When Not to Weatherize

There are situations when it is appropriate for a subgrantee to defer, delay, or discontinue providing service to an otherwise eligible unit until an unsafe or ineligible condition is corrected. Each subgrantee must follow a written Deferral Policy that stipulates reasons for deferral or denial of weatherization services to a unit or building. This written policy shall include at a minimum the following areas:

- **Structure for sale:** building or dwelling unit is for sale or subject to bankruptcy or foreclosure.
- **Legal issues:** building or dwelling unit where ownership cannot be legally confirmed. Clear title must be established before services can be provided.
- **Demolition:** building or dwelling unit scheduled for demolition.
- **Structural problems:** building or dwelling unit is found to have serious structural problems which make weatherization impractical or impossible. The energy auditor should report these findings to his/her supervisor. If corrective action cannot be arranged, the subgrantee should consult with the HCR program field representative before either proceeding with or denying weatherization. The applicant and building owner should be given a Health and Safety Notification (Form #15).
- **Infestation:** if a building is infested with rats, roaches, or other vermin, the subgrantee should refuse to weatherize until the condition is corrected. If conditions cannot be corrected weatherization may be denied. The Health and Safety Notification (Form #15) should be completed and shared with applicants and building owners.
- **Health or safety hazard:** when, in the judgment of the energy auditor, any condition exists which may endanger the health and/or safety of the work crew or subcontractor, the work should not proceed until the condition is corrected. If conditions cannot be corrected weatherization may be denied. A Health and Safety Notification (Form #15) must be completed and shared with applicants and building owners and a copy of the signed form must be placed in the building/client file. In such cases where WAP work is deferred, the subgrantee must scan and provide a copy of Form #15 to their program field representative. In addition, subgrantee shall maintain a list of units and buildings that are deferred that shall include address, date, and reason for deferral.
- **Unsafe or inoperable heating appliance:** a Health and Safety Notification (Form #15) should be completed and shared with applicants and building owners (see Sub Section 6.07).
- **Uninhabitable:** when a dwelling has been condemned or determined to be uninhabitable by a local jurisdiction, it should not be weatherized. A Health and Safety Notification (Form #15) should be completed and shared with applicants and building owners and a copy of the signed form must be placed in the building/client file. Weatherization of uninhabitable units is allowable when performed in conjunction with a rehabilitation project funded by a federal, state or local program that will result in the unit being occupied by an eligible applicant or tenant within 180 days of completion of the weatherization work. The HCR program field representative must be consulted prior to commencing work in such rehabilitation situations.
- **Commercial operation:** when the unit is being used as a commercial enterprise.
- **Uncooperative applicant:** when an eligible applicant is uncooperative with the subgrantee, either in demanding that certain work be done and refusing higher priority work which is

needed (e.g., demanding only windows), by being abusive or threatening to the work crew or subcontractor, or by being unreasonable in allowing access to the unit, every attempt should be made to explain the program and the benefits of the work. If this fails, work must be suspended and the HCR program field representative consulted. A written summary of the situation must be documented and placed in the applicant file.

- **Conflict of interest or appearance of conflict:** when the structure is owned, managed, or occupied by an employee, board member, officer, or relative of a subgrantee employee, prior approval must be obtained from the HCR Weatherization program director, using Form #20A, before work is started (see Sub Section 2.21).
- **Extensive work scope:** the building is in need of extensive rehabilitation, and no such rehabilitation has been provided. A Health and Safety Notification (Form #15) should be completed and shared with applicants and building owners and a copy of the signed form must be placed in the building/client file.
- **Seasonal employment:** applicant is technically income-eligible, but is currently seasonably unemployed from a construction industry type job and is expected to return to full-time work. The agency has a considerable waiting list of individuals who are elderly, living on fixed incomes, under-employed, and others who are more in need of weatherization and are a higher priority for service. In such cases, the subgrantee has the option of deferring weatherization to the laid-off unemployed construction worker so that others with more pressing needs may be served.
- **Owner intransigence:** the building identified for weatherization is not a priority for service; the non-income-eligible building owner refuses to make the minimum financial contribution and or refuses to abide by the Owner Agreement.
- **Potential lead hazard:** concern that weatherization work would disturb loose, peeling, flaking, and chipping paint or could spread paint dust and related debris and possibly cause harm to occupants. A Health and Safety Notification (Form #15) must be completed and shared with applicants and building owners and a copy of the signed form must be placed in the building/client file.
- **Potential mold or moisture problems:** concern that mold and existing moisture conditions would be made worse as a result of providing weatherization services. A Health and Safety Notification (Form #15) must be completed and issued to applicants and building owners and a signed copy of the form must be placed in the building/client file.

In unusual situations not covered above or where other problems of a unique nature exist, the HCR program field representative should be consulted. In such cases, the subgrantee should have pictures and written documentation explaining the nature and scope of the situation along with an explanation for a possible deferral decision.

Whenever a unit is deferred or assistance denied for any reason(s) listed in a subgrantee's Deferral Policy, a Notification of Deferral (Form #54) must be presented to the applicant and/or owner of the unit. A copy of the form will be included in the client file and a copy will also be given to the program field representative during their next visit. A Deferral Tracking Log (Form #55) of all cases where this form is issued must be kept and must minimally include the date of the deferral (from Form #54), the full address of the unit(s), the number of units, and the reason for the deferral.

If obvious discrepancies are found between the information supplied by the applicant on the application and observed conditions at the time of weatherization, the subgrantee must resolve these questions prior to weatherization. Some examples of discrepancies are an obvious change in the applicant's income (e.g., an unemployed applicant who is now back to work), a difference in the number of persons living in the dwelling unit, (fewer persons than listed or a person or persons not accounted for who may have income), evidence of business being conducted in the unit, etc.

If at any time prior to certification of the weatherization work the subgrantee determines that the applicant or building is no longer eligible, the unit cannot be presented for certification. When a subgrantee has first-hand knowledge or reason to believe that circumstances may have changed, the subgrantee may request an updated application from the applicant.

Sub Section 6.02: Lead-safe Weatherization

Lead paint hazards are prevalent in housing occupied by low-income families in New York State. In general, any work in units must be deferred when the extent and condition of lead-based paint in the house would potentially create further health and safety hazards.

DOE requires that all WAP-funded work be conducted in a lead-safe manner (WPN 09-6). WAP is subject to the Environmental Protection Agency (EPA) Lead; Renovation, Repair, and Painting Program final rule that became effective in 2008. To ensure compliance with this rule, all subgrantees and their subcontractors must receive training in lead-safe work (LSW) practices. HCR provides training in lead-safe weatherization work on an ongoing basis and requires subgrantees to attend to ensure that crews and subcontractors are knowledgeable in the requirements that apply to WAP.

The EPA rule requires that each subgrantee be certified by the EPA as a Certified Renovation firm. The rule also has provisions on worker protections, household notification, household health and safety, and documentation of LSW. HCR has provided additional guidance and training on these requirements to subgrantees. Subgrantees must ensure that each of the following is addressed, to minimize hazards in assisted units:

- HCR requires that subgrantees and their subcontractors have at least one staff person attend a one-day EPA-approved lead renovators' certification course. HCR has arranged for this training and encourages subgrantees to have all WAP staff become certified lead renovators.
- HCR requires that all subgrantee/subcontractor personnel who will come in contact with lead paint attend a one-day LSW Practices training session.
- All work performed on homes built before 1978 must be completed using LSW practices, unless the building is exempt pursuant to DOE WPN 09-6.
- Although not required, HCR subgrantees and their subcontractors should consider Pollution Occurrence Insurance (POI) coverage. Heating system contractors working exclusively on boilers that do not come in contact with lead paint should not be required to carry POI. See Section 2 for more information on insurance requirements.
- HCR strongly recommends biological monitoring of employees who come in contact with lead-painted surfaces (or presumed lead-painted surfaces) on an annual basis. Biological monitoring consists of an employee's blood lead level (BLL) test and a zinc protoporphyrin (ZPP) test. Both must be performed by a licensed physician without cost to the employee.
- Subgrantees must follow the specified EPA requirements with regard to worker protection. Subgrantees must adopt basic safety precautions to protect workers and the occupants of the homes they weatherize from lead exposure. HCR requires subgrantees to follow the specified EPA and OSHA standards for worker safety as well as all state and local requirements. Training in this area is available through HCR technical support subgrantees.
- To safeguard applicant H&S, subgrantees must ensure that residents and pets do not have access to the work area while work is underway. Subgrantee staff and subcontractors must make every effort to contain the work area and eliminate tracking any dust or

materials throughout the house (or exposing residents and pets to any contaminants). If containment cannot be achieved and there is risk of traffic through the work area (e.g., work will take several days involving kitchens, bathrooms, or bedrooms) agencies are advised to defer the work until other resources can be secured to offset relocation expense for the residents and pets (see section on deferral, below).

- HCR policy advises owners to address lead hazards that exist in a unit that are not related to the weatherization work to be done. When there are lead paint hazards in the premises and the weatherization work under such conditions would pose a threat to the residents and the workers, the subgrantee must defer the weatherization work until the problem has been corrected such that the weatherization work can be safely performed or until the subgrantee is otherwise able to perform the work using LSW practices. Buildings where the extent and condition of lead-based paint would potentially create further health and safety hazards should be deferred. Subgrantees are advised to avoid any work in units with extensive lead hazards until the problem has been corrected and the unit tested and determined to be lead-safe.
- The agreement between the owner and the subgrantee requires the owner to remediate any lead-based paint hazard in the premises. The subgrantee must not commence any weatherization work in a unit with an extensive lead hazard until the owner has completed his/her portion of the work and the lead hazard has been eliminated.
- The subgrantee shall require owners of buildings of five or more units to provide the security required under the Multi-family Building Owner Agreement (Form #8C), in the form of a bond or escrow, to secure completion of the work. For one-to-four-unit buildings, the subgrantee may cause the work to be completed and charged to the owner as provided in the One-to-four Unit Building Owner Agreement (Form #8B).
- In any unit where lead paint may exist, set up and cleaning verification by a Certified Renovator is required.

Assisted Household Notification

HCR requires subgrantees to comply with EPA requirements related to notification. Owners and occupants of any dwelling built before 1978 that is to receive weatherization assistance must receive the pamphlet, "Renovate Right: Important Lead Hazard Information for Families, Child Care Providers, and Schools." The last page of this pamphlet includes a form that must be used to document compliance with federal pre-renovation education and renovation, repair, and painting regulations. Subgrantees must retain a copy of this completed form in the file for each assisted unit. Homeowners may also sign this statement as part of the energy audit collection process, on Form #11.

Lead Clearance Testing

Lead clearance tests, where required by HCR policy, must be performed and the results of the tests maintained by the subgrantee for inspection by HCR.

In New York City, in accordance with Local Law 1 of 2004, if weatherization measures are installed in a multi-family dwelling of three or more apartments, built before 1960, in which a child under age 7 resides, and which has not been certified as lead-free, then it is presumed that the paint in the unit is lead-based paint, and the owner must obtain a clearance test upon completion of work to demonstrate that the work area is lead-safe.

Owners must also obtain clearance tests when work is done in vacant apartments in buildings containing less than three dwelling units where the dwelling unit is to be occupied by persons other than the owner or the owner's family. Clearance test results must be retained by the subgrantee on file for inspection by HCR. The cost of the lead paint testing and clearance testing may be considered part of the required owner match.

Subgrantees working outside of New York City must perform all work in a lead-safe manner, have staff on the job site that have been certified as EPA lead renovators, use good judgment when working in areas where lead dust may be present, and work in compliance with all state and local lead hazard control requirements. The cost of any additional work needed to obtain a clearance test where necessary is the owner's responsibility. The cost of the lead paint testing and clearance testing may be considered as part of the required owner's match. Clearance test results must be retained by the subgrantee on file for inspection by HCR.

When to Defer Work due to Lead Hazards

Compliance with LSW requirements may mean that in certain situations weatherization work must be deferred until the subgrantee can ensure that occupants will not be exposed to lead paint hazards or until the unit has been tested and determined to be free from lead paint hazards. The required written subgrantee Weatherization Deferral Policy shall cover this scenario. The subgrantee must follow LSW practices in all units that are not specifically exempted, to ensure that hazards that exist in a unit do not pose a threat to the residents or the workers.

In determining whether or not to defer weatherization work, the subgrantee should consider the following:

- Is the subgrantee adequately prepared to work with lead-based paint?
  - Have workers received training in LSW practices by attending the One-Day Lead-Safe Weatherization Practices and the EPA certified lead renovators courses?
  - Does the subgrantee have the necessary personal protective equipment, such as protective suits and respirators, and the necessary equipment and materials to follow LSW practices, such as a HEPA vacuum and plastic?
- What is the current condition of the painted surfaces on the inside and the outside of the house?
  - Are the painted surfaces so seriously deteriorated that a workman's presence walking around the house, drilling holes in sidewalls, installing weather-stripping, etc., could be enough to stir up lead-based paint dust and thus pose a threat to the assisted household and to the workers themselves?
- What is the extent to which the specific energy-efficiency measures determined by the energy audit will disturb painted surfaces?
  - Will the disturbance generate dust in excess of the OSHA minimums?
- Will the cost of doing lead-safe weatherization work represent a disproportionately large portion of the total unit cost?
- Can the subgrantee be sure that the work will not endanger the health of children and other occupants of the unit?

Based on these factors, the subgrantee should determine whether to proceed with lead-safe weatherization work or defer work until the hazard has been corrected, the unit tested, and weatherization work can be safely performed.

Sub Section 6.03: Mold and Moisture Problems

Health professionals and building scientists have become increasingly concerned with the presence of mold and mold-like conditions in and around the home and the health effects on building occupants. The WAP has been concerned with indoor air quality issues for many years and has paid close attention to the role of moisture and ventilation as variables affecting the quality of the living environment. Although weatherization funds cannot be spent to mitigate severe mold issues, limited water damage repairs can be addressed by weatherization workers and correction of moisture and mold creating conditions are allowed when necessary in order to weatherize the home and to ensure the long term stability and durability of the measures. Subgrantees must be aware of the conditions in and around the dwelling unit that can cause or worsen mold and mold-like conditions, and document any mold or moisture problems that exist prior to start of any work.

In the course of performing the initial walk-through and energy audit of the dwelling unit, and when interviewing the applicant, it is very important that the energy auditor and/or inspector assess the property and speak with the applicant to determine the presence of mold or building and environmental conditions that can produce mold or exacerbate existing mold conditions.

Although mold can appear in any part of the house, it is most often associated with bathrooms, basements, and crawl spaces. Mold-producing conditions result when there are moisture sources such as water leaks, flooding, and basements or any other areas in the home that get damp and wet. Water collecting around the perimeter of the dwelling from improper drainage, underground water supplies, lack of proper gutters, roof leaks, excessive condensation, and numerous other conditions can also result in the presence of mold. If the building has no system to eliminate moisture, the result is often various levels and types of mold growth.

Subgrantees must incorporate a moisture and mold inspection protocol as part of their routine pre-weatherization assessment of the dwelling. The presence of mold should be documented in writing on the Household Questionnaire (Form #11) and on the Health and Safety Notification (Form #15). Extensive mold should be cleaned by the applicant or the applicant's representative before weatherization work can proceed. Weatherization funds cannot be used for mold remediation activity. If the subgrantee suspects that hazards remain, refer the unit to the local health department and defer the work. Likewise, if during the applicant interview, the applicant indicates that a household member has experienced unusual itchy eyes, sneezing, coughing, rash, flu-like symptoms, itchy skin, etc., and the visible signs of mold are present, a referral to the local health department may be warranted. In such cases, weatherization should be deferred pending a determination regarding how to proceed.

Subgrantees are encouraged to proceed with caution when considering dwelling units for weatherization where the presence of mold has been observed. In some cases, the cleaning and removal of the presence of the mold, coupled with activities designed to alleviate the original causes of the mold, such as improved ventilation, addition of a bathroom or kitchen fan, a change in household behavior, etc., may effectively address the situation.

However, if mold is more extensive and the conditions that produced the original mold are not easily corrected or are beyond the scope of what weatherization can handle, work must be deferred until other funds are available to address the cause of the mold condition.

Before completing the work scope, the subgrantee must assess whether air sealing, insulating, adding mechanical ventilation/dehumidification, performing heating system work, or any other weatherization measures will promote an improvement, make the mold condition worse, or have no effect. Weatherization work can only proceed when it is clear that the work will not cause moisture problems.

Subgrantees are encouraged to thoroughly document the visible conditions of the dwelling unit and the surrounding areas with photographs, some narrative on the observations, and any relevant data, and to consult with HCR regional office staff before making a final decision about whether to proceed, if doubts remain. Health and Safety Notification (Form #15) should be completed and provided to the client and building owner as appropriate. A copy of this form must be placed in the building/client file.

Sub Section 6.04: Extensive Rehabilitation

Where energy use reduction cannot be safely achieved through WAP, due to the need for extensive rehabilitation of the building or dwelling unit, the energy auditor must report this finding to his/her subgrantee supervisor. If the building or dwelling unit is to be rehabilitated under another federal, state or local program, the weatherization work may be coordinated with the overall rehabilitation project. Upon presentation for certification, all work (including non-energy related rehabilitation work) must be complete and be of acceptable quality, and a copy of the funding agreement for the federal, state or local program must be provided by the owner confirming that the building, will be occupied by eligible household(s) within 180 days of the presentation (see Sub Section 4.01.02).

In coordinating energy work in rehabilitation projects, a production schedule and documentation to show that a public procurement process was followed in the selection of contractors must be available for review upon request. Documentation, including photographs and relevant supporting data, explaining the nature and scope of the rehabilitation work provided must be in the building file. WAP services and expenditures must be documented separately from other coordinated services and expenditures.

When a vacant building or dwelling unit is being rehabilitated using a combination of WAP and other funds, a production schedule should be part of the building file along with any other information that may impact the filling of vacant, eligible units within 180 days (see Sub Section 4.01.02).

When extensive rehabilitation of a vacant building is taking place, the owner is required to secure a performance bond (see Sub Section 8.19) to ensure that the owner's work scope is completed by the stated period. The performance bond coverage will be for 100% value of the construction contract for the work described in the Owner Agreement. The owner and HCR must be named as obligees/loss payees.

Sub Section 6.05: Re-weatherization

Units that were originally weatherized prior to September 30, 1994, or units damaged by fire, flood, or other disaster condition and require additional weatherization services may be re-weatherized at the discretion of the subgrantee. In general, units weatherized after September 30, 1994, may not be re-weatherized. In 2010, DOE issued WPN 10-01 to clarify that additional investment in previously weatherized units is not permitted.

However, there may circumstances where re-weatherization of units completed after this date is warranted. Re-weatherization must be processed as a new application, including all documentation requirements (e.g., income/categorical eligibility, energy audit, energy information, Owner Agreement, etc.). In all cases, re-weatherization is subject to prior approval by HCR (Form #20C) and may require approval by DOE.

When previously weatherized units are referred to subgrantees through an interagency referral, the subgrantee should schedule a walk-through inspection of the unit to determine whether a complete audit and/or additional work are needed. This work must be funded by other sources, such as LDSS emergency funds.

When a previously weatherized unit is damaged by fire, flood, or other disaster, (e.g., tornado, earthquake, lightning, or other natural disaster), the unit may be re-weatherized if the owner has insufficient or no insurance to cover the damage. An Affidavit of Damage (Form #2) must be completed and signed by the home owner, listing the date and type of occurrence that caused the damage and attesting to the lack of adequate insurance. This form must be included in the job file for the unit. Only those materials and labor costs considered allowable under WAP guidelines will be allowed.

Sub Section 6.06: Guidelines for Cooling Services Provided as a Health and Safety Measure

When funding is made available for cooling services, HCR may provide an H&S cooling component as a supplement to regular weatherization services, where indicated to protect household health or safety. This benefit is only available to households receiving full weatherization services and is not a stand-alone option.

If identified in the household questionnaire, and corroborated by a doctor's or certified health professional's written statement, that an applicant is determined to be at risk of illness due to possible high heat conditions, an air conditioner may be provided to the assisted household as a regular weatherization measure. H&S funds will be used to complete this measure.

Eligibility

All households receiving regular cooling service must be eligible for weatherization services that include the creation of a "cool space," pending an assessment of the electrical and structural integrity of the space to be treated. Ideally, this should be a bedroom on the north side of the building. Only those households with no functional or operable cooling equipment are eligible to receive cooling service as part of the full weatherization services.

At least one member of the household must have an acute medical condition that is exacerbated by extreme heat and this condition must be documented by a physician or certified health professional. Medical documentation may be in the form of written correspondence or prescription format clearly indicating the need for air conditioning. In circumstances where an air conditioner cannot be installed, the subgrantee should provide a fan.

Some households in subsidized, assisted, or controlled housing may be eligible to receive cooling service so long as such service is not inconsistent with any state or city laws or regulations. Such tenants may be liable for an increase in the rent due to the installation of an air conditioner in accordance with state or city laws and regulations.

Households in rental units are eligible for cooling service; however, service can only be provided on a unit-by-unit basis to individual households meeting the eligibility requirements for weatherization. In no case can cooling service be provided without the execution of a Preliminary Agreement (Form #6).

An air conditioner can only be installed when the technical requirements listed below are met, and only new air conditioners that meet these specifications may be installed.

- The unit must have a cooling capacity of 5,000-6,000 BTU/hour, or 6,000-7,000 BTU/hour with an EER of 10.7 or higher, and have a current Energy Star label and rating.
- Testing the integrity of the electrical circuitry must be performed before an air conditioner is installed. An ammeter must be used to test the existing load on the circuit which is to be used for the air conditioner. Presume no more than a 15-amp circuit unless higher amperage can be verified, then subtract the existing load as recorded by the amperage test. A minimum of 10 amps must be available for the air conditioner specified. The

specific electric outlet at which the air conditioner is to be connected must be marked at the main breaker panel or sub-breaker box.

- Where the identified electric outlet does not provide for electrical ground, a properly grounded "three-prong" adapter must be installed. Heavy-duty "Air Conditioner/Major Appliance Cords" (AWG 14/3, SPT-3, 15 amp/125v) may be considered an eligible cost if the outlet is located within a reasonable distance of the air conditioner and the extension cord does not create a potential tripping hazard. Window sleeves must be weatherized to reduce infiltration.

Sub Section 6.07: No-heat Emergency

Local departments of Social Services (LDSS) are responsible for the administration of the HEAP "Heating Equipment Repair or Replacement" (HERR) component, an OTDA program for addressing unsafe or inoperable heating emergencies. When funding is available through HERR, all inoperable or unsafe heating emergencies must be referred to the appropriate LDSS.

When funding is available through HERR, any household who attempts to apply to the WAP for a no-heat emergency situation must be directed to apply to the LDSS for assistance. Once the no-heat emergency situation is corrected, the household's application may then be considered eligible for weatherization services. Subgrantees that can assist with no-heat emergencies should work closely with their LDSS office, as the LDSS has the responsibility to provide assistance to households whose crisis cannot immediately be resolved.

When there is no HERR in effect:

- Subgrantees may prioritize applicants for weatherization services (Sub Section 3.02) when there is a no-heat situation. Such a household may be prioritized when that emergency can be corrected with weatherization services and other options to alleviate the threat are unavailable or impractical.
- During the heating season, if the subgrantee becomes aware of a no-heat emergency through a referral or other means, the subgrantee may prioritize other energy related work for that household, if eligible for weatherization services, but the no-heat situation must be addressed by LDSS.
- Subgrantees may use weatherization funds, and are also encouraged to leverage other funds, to address an emergency no-heat situation. While the unsafe or inoperable heating system should be addressed first, full weatherization work must also be completed. The reduced heating requirements of the weatherized building must be considered when determining the size of the replacement furnace or boiler.
- During the heating season, if the subgrantee encounters an unsafe or inoperable heating system during the audit or at any time during the weatherization process, the heating system may be replaced as part of the weatherization work scope. A heating system that is replaced for H&S reasons requires prior approval from the HCR program field representative (Form #20C).
- Under no circumstances should a subgrantee proceed to weatherize a dwelling unit that has an unsafe heating appliance. The heating appliance must be repaired or replaced prior to performing any air sealing measures.

The following procedures must be followed if an unsafe heating appliance is encountered during the heating season, and the subgrantee is unable to assist the household:

- The subgrantee must complete a Health and Safety Notification (Form #15). This form will be signed by an authorized subgrantee representative and the building owner, and a copy is given to the owner.
- The subgrantee should then contact the LDSS HEAP liaison by phone, e-mail, or in person, to advise them that the owner has a crisis situation.

When an unsafe heating appliance is found during the course of subgrantee work in a rental building, the building owner must be issued and sign the Health and Safety Notification (Form #15) and be advised that weatherization work will be suspended until the situation is corrected by him/her. If a weatherization subgrantee makes arrangements for repair of the heating system, that work will generally be covered by the owner's investment and the owner's work scope. In rental buildings, provision of a heating system in good working order is the responsibility of the building owner pursuant to the following New York State Laws and Regulations:

- Real Property Law, § 235-b
- Multiple Residence Law, § 173
- Multiple Dwelling Law, § 79
- Uniform Fire Prevention and Building Code (9 NYCRR 1245.1)
- State Sanitary Code, (10 NYCRR 21.20)

Once the subgrantee receives notification that the heating work is completed, weatherization work can resume.

Sub Section 6.08: Emergency Services Related to a Declaration of a State and/or Federal Disaster

As per an agreement with NYS OTDA, HCR will authorize subgrantees to provide heating emergency services in specific areas of the state when identified as disaster areas as a result of a state and/or federal declaration of a disaster. Applicants identified in these areas may be offered general or specific services as defined by the nature of the disaster, on a priority basis.

Flood/Disaster Resiliency

If a property is mapped into a high-risk area for flooding (shown as a zone labeled with letters starting with "A" or "V" on flood maps), the subgrantee should perform an additional resiliency analysis when creating the scope of work. Specifically, the subgrantee should analyze the extent to which any improvements made with WAP funds, other federal or state funds, or owner investment may be vulnerable to flooding. To the extent possible and practical, additional steps should be taken to insure that improvements made will be resistant to water damage in the event of a flood or major storm. Steps may include, but are not limited to, raising the height or changing the location of the furnace and/or mechanical systems, utilizing water resistant materials, etc. The additional cost of these steps should be factored into the savings-to-investment ratio (SIR), but may also qualify as H&S expenses if they will prevent issues such as mold, lead paint exposure, etc. in the event of a disaster. To determine if a property is in a high-risk zone, the subgrantee should check with the local code office or find information on the Federal Emergency Management Agency's (FEMA) Web site:

http://www.fema.gov/view-your-communitys-preliminary-flood-hazard-data-0.

Section 7.00: Reporting and Payment

The purpose of this section is to outline the processes involved in reporting units for certification and for receiving payments, including a review of the reports and forms necessary to complete this process.

Sub Section 7.01: Allowable Expenditures

Allowable Expenditures
"Allowable expenditures" shall mean the total of all expenditures qualifying as "allowable expenditures" in accordance with the terms and conditions of the Federal rules published at 10 CFR 440 and at 2 CFR 200 and with all other pertinent guidance from DOE and HCR, including this manual. All expenditures must be properly documented as costs incurred on eligible dwelling units in the subgrantee's books and records. Expenditures must be consistent with the latest approved budget.

Administrative Costs
"Administrative costs" shall mean those costs which a subgrantee incurs that are not in direct support of individual WAP projects, but are necessary for the organization to operate the WAP. Typical expenditures found in this category are wages and fringe benefits for executive, accounting, and administrative personnel working on the program. Other typical administration cost category expenditures are payroll processing costs, costs to administer health insurance programs, data processing costs, indirect costs as allowable under this agreement and bank service fees. As with the other weatherization cost categories, those costs applied to administration must be actual and allowable under the applicable federal regulation.

Health and Safety
Allowable expenditures include work scope measures which promote energy-related H&S or costs related to the elimination of H&S hazards which are necessary before or because of installation of weatherization materials. All H&S repairs provided under the program must be incidental and designed to protect or supplement WAP measures. Subgrantees may be required to document costs on a Health & Safety Detail Sheet (Form #48).

Indirect Costs
"Indirect costs" will be an allowable expenditure only when written approval of the indirect cost rate has been obtained by the subgrantee from the subgrantee's cognizant federal agency.

Indirect costs are generally considered Administrative costs; however, as part of an approved indirect cost pool, there may be costs included in this pool that are eligible for cost categories other than administration. For example, when audit and liability insurance costs are included in the cost pool, they may be prorated and included in their respective cost categories.

In cases where the pool contains costs that may be directly charged to the "Program Support-Other" line, a prorated share may be allowed; however, costs of this nature still have a share that has an administrative component. For example, all copying costs are charged to the indirect cost pool; however, there are both Program Support and Administrative costs contained within this pool. Subgrantees must first break out the share of the total copying costs for WAP and then provide the appropriate split between the "Program Support-Other" and "Administrative" cost categories.

Leave Time
Allowable expenditures include leave time and benefits earned only during the budget period, provided that the subgrantee records its liability for leave time and benefits earned during this

budget period and payable thereafter in accordance with the subgrantee's board-approved employee benefits/personnel written policy. Severance pay may be an allowable expenditure if deemed reasonable and supported in the subgrantee's written personnel policy.

Program Support

Allowable Program Support expenditures include items such as space, utilities, telephone, cost for energy audits from authorized outside entities, and similar costs that are directly attributable to Program Support personnel.

Transportation Costs

Transportation allowances shall be reimbursed in accordance with the subgrantee's established written policy. The reimbursement rate will be based on the latest federal mileage rate.

Maintenance of Vehicles

Maintenance (including repairs) of weatherization vehicles shall be limited to $2,000 per vehicle per annual budget period, unless prior written approval of a higher amount is granted by HCR (Form #20C). Vehicles subject to excessive repairs should be replaced as early in the budget period as possible.

Liability Insurance

Allowable liability insurance expenditures shall be the documented and allowable portion of the total cost to acquire the liability insurance in accordance with the limits set forth in Section 2 of this manual.

Financial Audit

Allowable financial audit expenditures shall be the documented and allowable portion of the total cost of producing the audit.

Training and Technical Assistance (T&TA)

Allowable T&TA expenditures shall include expenditures made in accordance with the approved program income budget for the Program Year in the Database. This budget is submitted with your initial contract package and subsequent budget amendments.

Sub Section 7.02: Weatherization Data Collection and Reporting System

The Weatherization Data Collection and Reporting System is the subgrantee's reporting and payment mechanism. It is therefore incumbent upon the subgrantee to maintain the accuracy and integrity of the Database and to perform regular backups in case of a system crash.

Complete and accurate data for all weatherized buildings and dwelling units must be entered into the subgrantee Database. Before a building or dwelling unit can be presented to HCR for payment, the subgrantee must enter data that certifies that:

- The building or dwelling unit is eligible to receive assistance.
- The applicable budget period and contract number is correctly entered.
- All work performed on the building or dwelling unit has been completed.
- The amounts invested in each project are correct and reasonable.
- The estimated energy savings that will accrue from the work is correct and was calculated in accordance with WAP rules.
- A post inspection of the work has been conducted.

For specific instructions on using the Weatherization Payment and Reporting System, refer to the Database User's Guide, which is available from HCR as well as on the WAP Web page at: http://www.nyshcr.org/Programs/WeatherizationAssistance/SubgranteeSystem/index.htm.

An identification number and password is required to visit the Web site referenced above. If you do not have access to this information, please contact your assigned HCR representative.

Sub Section 7.03: Consolidated Weatherization Status Report

The Consolidated Weatherization Status Report (CWSR) is the subgrantee's activity and expenditure report to HCR and is the basis for determining the amount of reimbursement paid to the subgrantee.

The CWSR consists of three parts:

- Part I lists the buildings and units being presented.
- Part II is the Cumulative Financial Report (CFR).
- Part III indicates cumulative program activity.

The Database User's Guide describes the process that must be followed to enter a CFR and assign the CFR number and period end date for the buildings being presented for certification.

All subgrantees must submit a payment request consisting of a CWSR and a standard voucher, electronically, no later than the 20th of each month,. A hard copy with authorized signatures must also be submitted and received in the Albany Office no later than the 20th of each month. A payment request must be submitted even when there are no buildings being presented. The CFR should report cumulative expenditures plus accounts payable and accruals for the budget period, as of the last business day of the month. A trial balance (a listing of all debits and credits for the revenues, expenditures, assets, and liabilities) for the WAP owner investment and program income accounts that were used to complete the CFR must be submitted to the HCR fiscal representative at the time the CFR is submitted to HCR. Failure to submit this information to HCR may result in subsequent payment requests being held.

The amounts reported on the CFR should be readily apparent in the subgrantee's books and records when the HCR program and fiscal representatives review these documents.

Within 30 days after the last day of each budget period, a final payment request must be submitted. This CWSR must include final expenditures identified and documented at this time as well as any completed buildings not previously presented. The final payment request should be submitted prior to completing the unaudited financial statements. A final CWSR should not be entered or submitted after the unaudited statements are due nor should a final CWSR be entered or submitted that agrees with the preliminary closeout documents as issued by HCR. The only exception to this would be to send to HCR any additional buildings to be charged to the budget period being closed out that have not been previously "presented."

Sub Section 7.04: Payment Requests

Electronic Payments
Subgrantees will receive payment directly by automated clearing house transfer, and are responsible for ensuring that they meet NYS Office of the State Comptroller guidelines for electronic payments. Additional information regarding electronic payments may be obtained from the Comptroller's Web site: www.osc.state.ny.us/epay. See "Resources for Vendors Doing Business with NYS."

Standard Voucher
All payment requests must include a properly completed standard voucher.

Monthly Payment Requests
A payment request consisting of a CWSR and a standard voucher must be submitted by the 20th of each month. If a CWSR is not submitted within 10 days of the due date, the subgrantee is considered to be out of compliance and payments may be suspended.

1. Follow the instructions for the submission of the monthly CWSR Report in this section of the Weatherization Payment and Reporting System User's Guide:
   a. At the beginning of each month, insert a new CFR record in the Database for each contract/ budget period. **Enter the CFR period begin and end date (end date is normally the last day of the previous month)**, enter the cumulative expenditures up to the last day of the previous month by budget category chargeable to this Contract/Budget period, and enter other data as required.

   b. Assign the CFR number and date to each building number that is to be presented on this CWSR. Skip this step if there are no buildings being presented on a particular CWSR.

   c. Review Parts I, II, and III of the CWSR and make changes as necessary.

   d. Export the CWSR via e-mail and make sure the subject line of the e-mail contains the agency code, contract/budget period number, and CFR number. Files being submitted by e-mail must be sent to wxdata@nyshcr.org.

   e. Print parts I, II, and III of the CWSR.
   Note: The printing of these reports must be done **after** the files are exported to ensure that what is on the printed copy is what is contained in the files. The printed copy of the CWSR will then include the date the export was done. CWSRs received without a "Sent to HCR" date will not be accepted.

   Part I of any CWSR that has no buildings being presented will be blank and will not include a "Sent to HCR" date (on Part I only). This is acceptable.
   Until at least one building has been presented, the bottom portion of Part III of the CWSR will be blank. This is also acceptable.

2. Part II of the CWSR must be signed by the subgrantee fiscal director. Part III of the CWSR must be signed by the subgrantee weatherization director or executive director.

3. A Standard Voucher must be completed. In the body of the voucher, enter the following: **"Payment requested in accordance with attached CWSR and CFR#____."** Use the actual CFR number being submitted. Do **not** enter any amounts on the voucher. The Standard Voucher should be signed by an authorized agency representative.

4. Submit the original signed Standard Voucher, the signed CWSR, and a copy of the e-mail to: HCR Weatherization Reporting Unit, 38-40 State Street, Albany, NY 12207.

5. Notify your HCR program field representative that the CWSR has been submitted, and keep a copy on file for your records.

Payment Reports

Once a payment has been processed, the subgrantee is sent an e-mail advising them that the CWSR was received at HCR and the payment has been forwarded for further processing. Subgrantees can track the status of payments through the Office of the State Comptroller's Statewide Financial System which is available for use by all registered NYS vendors.

Final Payment Request

The final payment request for a budget period, consisting of the CWSR and the standard voucher, should be submitted no later than 30 days after the budget period end date. This payment request should be completed and submitted in the same manner as a monthly payment request with the following exceptions:

- The CFR period end date should be the budget period end date.
- All three parts of the CWSR should be marked "final."

Sub Section 7.05: Advance Payments

An advance payment for each budget period allocation may be paid following the approval of the initial Appendix B for each budget period. Advances are limited to the lesser of 15% of the budget period allocation, or the subgrantee's anticipated cash needs for the first two months of the budget period. Subgrantees receiving advances must minimize the time elapsing between the transfer of the funds and expenditure of funds received, in accordance with 2 CFR 200.305.

Advances may be deferred or reduced in cases where a subgrantee has unspent Program Income or other cash on hand at the beginning of a new budget period. Instructions for completing and submitting the voucher are included with the budget package. Please refer to the payment request sub sections 7.04 and 7.05 for information on how to complete and submit required documentation for an advance.

Sub Section 7.06: Reimbursement

Subgrantees will be reimbursed for allowable expenditures. When production is less than the level stipulated in the production schedule contained in the agreement between HCR and the subgrantee, the level of reimbursement will be reduced based on the actual rate of production. Please refer to the allowable expenditures Sub Section 7.01 for a description of expenditures chargeable to this contract.

General Information

When the request for payment is received by HCR, it will be reviewed for completeness and accuracy, desk audited against the terms of the contract, and adjusted, if necessary, based on the field visit findings of the HCR program representative or fiscal representative. Adjustments may be made based on Program Income balances, cash on hand, in-progress work, or other factors. In addition, the subgrantee's production will be evaluated against the production schedule contained in the agreement, and the level of payment may be adjusted accordingly.

Subgrantees must submit a CWSR each month with a request for reimbursement. The CWSR compares actual production by the subgrantee against the latest approved production schedule for the budget period. As a result of that comparison, HCR will recommend a payment level based on the percentage of work scheduled to be completed that actually was completed through the period.

CWSR Error Report

Any payment request received by HCR that is not completed and submitted in accordance with the instructions in the payment request Sub Section 7.04 will result in notification to the subgrantee in the form of a CWSR Error Report which will be sent by e-mail to the subgrantee. Errors identified on payment reports must be corrected before the next CWSR submission. Depending on the error(s), delays in making corrections could result in a hold placed on any future payments to the subgrantee. Subgrantees that need assistance in correcting errors should contact their program representative.

Corrections must be sent to the same address as the original submission. If the corrections are not received within ten working days from the date of the notice, no reimbursement will be paid to the subgrantee for that month.

Budget Adjustments to Reimbursement Requests

The cumulative expenditures reported on the CFR, which is submitted with the CWSR, are subject to the following adjustments:

1. Adjustments will be made for any T&TA, administration, or capital purchases expenditures that exceed the last approved budget for that budget period, to reduce the amount of reimbursement to the level in the approved budget.
2. Adjustments will be made as necessary to ensure that the adjusted cumulative expenditures (and associated reimbursement) do not exceed the last approved budget period allocation.

Production Adjustments to Reimbursement Requests

Reimbursements for cumulative expenditures reported on the CFR are subject to the following adjustments:

1. In cases where the subgrantee's production is at 80% or more of the subgrantee's scheduled cumulative production through the end of the month for which reimbursement is requested, the subgrantee will be reimbursed based on the scheduled level of production.
2. In cases where a representative of HCR has found that a unit that was presented to HCR for certification was not completed in accordance with DOE or HCR rules or quality standards, or where a particular work item was found to be ineligible, incorrectly installed, or otherwise unacceptable for any reason, and the subgrantee was notified that costs were disallowed as a result of such finding, the amount of the reimbursement may be reduced by the amount of the disallowed cost.
3. If the actual production is less than 80% of the scheduled production, the reimbursement amount will be reduced to the actual level of production. For example, if the production is at 75% of the production schedule (i.e., less than the 80% threshold), reimbursement for cumulative expenditures will be reduced to 75% of the amount that the subgrantee would otherwise receive.
4. In the event that production is below 80% and there are extenuating circumstances beyond the subgrantee's control that the subgrantee has documented, the HCR regional supervisor may recommend a level of reimbursement for cumulative expenditures that is higher than the amount that would have been calculated based on the preceding paragraph. The HCR field representative must provide a justification for recommending a higher level of reimbursement in such instances. The following criteria should be used in making the recommendation:
   a. Units in progress
      Reimbursement may be allowed for units that have been substantially completed by a subgrantee or an individual subcontractor's portion of the work that has been completed but the units are not certifiable because of demonstrable delays caused by owners, vendors, or other subcontractors. Payments for units in progress may not exceed the value of materials installed and associated labor. Note: Subgrantees must enter all building data in the Database, including a cost measures record for each building that has materials installed, so that this information shows on Part III of the CWSR as "in-progress buildings, units, and expenditures." Subgrantees may also submit a printed copy of the Buildings In Progress page from the Database or the Statement of Completion, to document in-progress work. Providing detailed information about work in progress can provide a better understanding of subgrantee production-to-date and assist the HCR regional supervisor in making an accurate recommendation to the HCR Reporting Unit for payment.
   b. Unforeseen Delays
      Delays in the work that are deemed by HCR to be excusable under the weatherization contract may be justification for recommending a higher level of reimbursement. Documentation must be provided by the subgrantee at the time a payment claim is made.

Payment Amount

The payment amount shall be the adjusted cumulative expenditures plus the maximum allowable advance, less total payments to date; however, in no event shall the total of all payments, including this payment amount, exceed the budget period allocation.

The maximum allowable advance shall be calculated as follows:

1. If the CWSR is for a period that ends two months or more prior to the last day of the budget period, the maximum allowable advance shall be the actual advance paid.
2. If the CWSR is for the period that ends in the month preceding the month the budget period ends, the maximum allowable advance shall be 50% of the actual advance.
3. If the CWSR is for the period that coincides with the last month of the budget period, no advance is allowed, and the amount of reimbursement may be reduced by the amount of any outstanding advance. Generally, the advance is recouped in the last two months of the annual budget period from the last two payments.
4. The actual payment amount will be reduced by the amount of any prior reimbursements, advances, and offsets.
5. No payment will be issued in excess of 95% the budget amount if the subgrantee has not completed at least 95% of anticipated production.
6. No payment will be issued if a final CWSR for any budget period has a "Sent to HCR" date printed on the CWSR that is not prior to the due date for the Unaudited Financial Statements for that budget period.

Payment Adjustments

HCR reserves the right to make payment adjustments in accordance with Appendix C of the weatherization contract or where such adjustment is determined by HCR to be prudent given a particular situation.

Withholding Payment

HCR reserves the right to withhold payments in accordance with the agreement between HCR and the subgrantee and with the policy contained in this manual. Payment may be withheld when work is found to be ineligible, inappropriate, incorrectly installed, does not meet quality standards, or for other reasons.

Cash Balance Review

HCR reserves the right to periodically review the subgrantee's actual cash balance of WAP funds received from HCR, to evaluate such cash balances in accordance with 2 CFR 200.305, and to take such remedial action as is reasonably necessary, which may include reducing payments due the subgrantee.

Disallowed Program Income Expenditures

Program Income expended in any manner which is inconsistent with the PPM shall be disallowed. HCR reserves the right to deduct any disallowed Program Income expended from any payments of WAP funds due to the subgrantee under the terms of the contract between HCR and the subgrantee.

Non-Reimbursement

1. HCR shall not reimburse for any claimed expenditures for third party claims against the contractor and/or any of its subcontractors, suppliers or their agents or employees or for any claims by subcontractors or suppliers against HCR for labor, materials, or equipment furnished to the contractor.
2. HCR shall not reimburse for any claimed expenditures which it finds to be based on a misrepresentation of material fact including, without limitation, work not in fact performed or materials not in fact supplied or incorporated in the work. Such misrepresentation shall also constitute an Event of Default as provided for in the contract between HCR and the subgrantee.
3. HCR shall not provide reimbursement for any work performed in less than a workmanlike manner or which is defective and not remedied, for materials installed which are not in conformity with the materials specifications set forth in 10 CFR 440, Appendix A, or any work otherwise found to be defective or substandard that has not been replaced or repaired within a reasonable period of time after receiving a written notice from HCR.

Sub Section 7.07: Reporting Leveraged Funds

Leveraged funds include all funds received from non-federal sources, including private sources that can be used to provide weatherization assistance to an eligible applicant. Subgrantees are responsible for ensuring that all required data on leveraging are properly included in the Database, including data on funding from programs such as Empower, even if the work funded by the other program is installed in an earlier or later phase of the project. Receipted (documented) funds in excess of the owner investment requirement should be recorded as leveraged funds and recorded in Exhibit B of the Owner Agreement, on the Building Work Summary (Form #19), and in the Database.

It is extremely important that leveraged funds are properly accounted for and documented in the Database Cost by Source table. HCR uses this information to report leveraged funds to DOE and for analysis of program effectiveness.

Sub Section 7.08: Closeout

Financial Reporting
Unaudited financial statements and audit reports must be submitted to HCR in accordance with Appendix C of the contract between HCR and the subgrantee. The unaudited financial statements and audit reports will be used as the basis for the contract closeout.

Audit Reports
Financial audit reports shall be submitted within thirty calendar days following the completion of the financial audit, but no later than nine months after the end of the fiscal year being audited. Subgrantees must immediately notify HCR of the acceptance of the annual financial audit by the Federal Audit Clearinghouse.

Audit Conferences
Subgrantees shall schedule audit entrance and exit conferences with its auditors and shall provide HCR with written notice of such conferences at least fifteen business days prior to each conference.

Preliminary Closeout
Upon receipt of the unaudited financial statements for a budget period, HCR shall review the statements and all relevant records in accordance with all terms and conditions of this manual.

HCR will review and may disallow expenditures claimed for administration for any budget period, to the extent such expenditures represent a higher percentage of allowable expenditures than that represented by the last approved budget amount for administration appearing in Appendix B for that budget period.

Based upon this review:

- HCR shall make a preliminary determination as to additional payments due or monies owed HCR as a result of unexpended cash receipts, disallowed costs, adjustments for units completed, and materials inventory.
- The subgrantee shall be notified in writing as to the result of this review and the preliminary determination.
- If as a result of such review there is an additional amount payable, HCR will initiate payments concurrent with the issuance of the written notice.
- If monies are owed to HCR, this amount may be set off by deducting any monies owed to HCR from any payments due pursuant to other budget periods or any other agreements between the subgrantee and HCR; or HCR may issue a written request asking for the return of monies owed to HCR.
- In the event that no current agreement is in effect between the subgrantee and HCR, the monies will be due and payable to HCR upon receipt of a written request by HCR for return of the monies owed HCR.

Failure of the subgrantee to submit the unaudited financial statements for any budget period, in accordance with the terms of the weatherization contract, will result in a determination of allowable costs based upon the most current information and records on file with HCR.

A fiscal review may be conducted to reconcile any unaudited financial statements to the contractor's books and records. Any adjustments to the preliminary determination of allowable costs will result in an additional payment or set-off which shall be processed in the same manner as described above.

Audit Resolution Process

Upon receipt of an audit report covering any budget periods of the weatherization contract, a final determination of allowable expenditures for each budget period will be made by HCR in accordance with all other terms and conditions of this manual and the weatherization contract. If HCR requires additional information it will be requested from the subgrantee, who will be required to respond with the requested information within the time-frame provided. HCR shall issue an audit report review which contains a determination of allowable expenditures for each budget period covered by the audit.

The subgrantee shall have 30 calendar days after the issuance of the audit report review by HCR to object in writing to the determination of the review. The subgrantee's written objection must include explanations and evidence supporting the claim, including all supporting documentation and exhibits. HCR shall provide a written final determination after reviewing the subgrantee's objection. There will be no other opportunity to appeal.

Upon completion of the audit resolution process, additional reimbursement or repayment of funds as described elsewhere in this section shall be executed in the same manner as set forth above.

Delinquent Audits

In the event that the audit is not submitted by the required due date, a final determination of allowable expenditures shall be made only upon receipt of the delinquent audit. Based upon this determination, a set-off or request for return of monies owed HCR shall be executed in the same manner as set forth above; however, except for instances of excusable delay and as approved by HCR, claims for additional reimbursement shall not be honored.

Failure to submit required financial audits in a timely manner may constitute an event of contract default.

Final Closeout

Receipt of the audit review report and/or completion of the process shall constitute final closeout of the contract; however, this does not prohibit or restrict HCR, the State of New York, or the DOE from further action.

Sub Section 7.09: Unit Certification

After units are reported on the CWSR as complete, an HCR program representative will verify that work is complete and appropriate for payment. When HCR determines that the unit is in compliance with program rules, the unit will be certified as complete.

At each certification visit, a subgrantee staff member familiar with the computer system must be available to provide access to the weatherization data files. The HCR program representative will review a sample of applicant file folders and conduct on-site inspections. The HCR program representative will also review a selected number of computer files, including, but not necessarily limited to, those for buildings which were inspected on-site to ensure that the data is consistent with the file folders for those units.

If the HCR program representative finds a unit to be seriously deficient in any way, the unit will not be certified until the deficiency is corrected, and the costs associated with such unit(s) will be deducted from the subgrantee's total allowable expenditures. The total allowable expenditures under the contract will be reduced until the HCR program representative is satisfied that the unit has been properly completed.

After the HCR program representative has certified completed units, the subgrantee Database must be updated by entering the certification and inspection dates and exporting the building files. The Building Certification and Inspection Report (Part I of the CWSR) and the In-Progress Report must then be printed to verify the system was updated correctly and to provide other relevant information. Signed copies of Parts II and III are to be provided to the program representative by the subgrantee.

Returning to the Building/Unit after it has been presented to HCR as complete:
Any buildings presented to HCR as completed must be fully completed, with all materials installed and with all work completed as required, and have been QC inspected by the subgrantee before being presented to HCR.

Paying for additional work on homes already reported to DOE as completed is not a permissible use of DOE WAP funds. Subgrantees may not charge the WAP for additional work on homes that have already been certified and reported to DOE by HCR as completed.

Once a unit is presented to HCR for certification and the required final inspection indicates that all applicable work performed has been done in a workmanlike manner, including all work that may have been contracted out, such as furnace work, etc., no additional WAP funds may be expended on this unit.

Using DOE funds for performing activities such as routine maintenance, repairs, or warranty-type work is not permitted for work beyond those costs already invoiced. Subgrantees may use other funds that are not included as part of their DOE/WAP budget plans to pay for the costs associated with these activities.

Sub Section 7.10: Source Documentation

When it becomes necessary to change source documentation in the program and fiscal files after the building or unit has been certified, the following steps are required:

- All documents originally presented for certification and the updated information must be kept on file. Documents that have been replaced should never be destroyed. The replaced documents should be marked "VOID" and maintained in the file.
- The subgrantee must record the changes required to the building data sent to HCR. All other records affected by this document change must also be updated, including, but not limited to, owner investment, Program Income, and fiscal records.
- The complete file and the changes must be presented to the HCR program and fiscal representatives for review and approval.
- Information in the Database must be consistent with information on other relevant documents such as the application for assistance.

Change of Record

In the event of a change to a unit that was previously presented to HCR, the information in the Database must be updated by the HCR program representative. The subgrantee will submit a printout of the Costs by Source screen in the Weatherization Payment and Reporting System and a Costs by Source Change Request (Form #46) to the program field representative indicating which costs or information is to be changed, what the new values are, and the justification for the change.

Sub Section 7.11: Weatherization Materials Write-off

Materials purchased using WAP funds that are later determined to be damaged and/or obsolete must be recorded on the Materials Write-off (Form #32). The steps to be followed include, but are not limited to:

- The subgrantee should present the materials in question to the HCR program representative to determine whether the materials are damaged and/or obsolete, or can be utilized by the subgrantee or other subgrantees for weatherization purposes. If the HCR program representative determines the materials to be damaged and/or obsolete, the Materials Write-Off form should be completed. If the materials can be utilized by the subgrantee, the materials must be used by the end of the next budget period. If the materials can be utilized by other subgrantees, arrangements must be made for the transfer.
- A description of the materials as well as the quantity and cost and the reason for the write-off should be indicated on the form. An HCR fiscal representative will verify the cost of such materials based upon the purchase price. Signatures and the dates of confirmation must be obtained from the HCR program and fiscal representatives on the form.
- The final disposition of materials must be witnessed by either the HCR program or fiscal representative. At that time, the date of disposition should be attested to in writing by both the subgrantee's weatherization director and either the HCR program or fiscal representative.
- Damaged or obsolete materials in excess of $500 should be written off and disposed of on an annual basis and recorded on Form #32. All information requested on this form must be completed in full before the actual disposition of the materials. Any action taken outside of the steps listed above will constitute an act of contract non-compliance.

Section: 8.00: Procurement

This section outlines federal and state procurement requirements and provides guidelines and examples to aid in understanding the process. The established policy for competitive procurement and how it is implemented in New York State are also covered in this section. The objective of the procurement process is to obtain needed services, goods, and materials at the lowest possible price, in a fair and open manner, without compromising quality or production.

Sub Section 8.01: Procurement Procedures

All subgrantees must establish written procurement procedures that implement the requirements of this section and all applicable federal and state requirements and result in procurement transactions that provide, to the maximum extent practical, open and free competition.

Federal Procurement Rules:

- State and Local Governments: 10 CFR Part 600.236
- Non-Profit Organizations: 10 CFR Part 600.140-148

With the exception of the specific requirements and limitations set forth in this section, not-for-profit entities must follow the procedures in the DOE Financial Assistance Rules, at 10 CFR Part 600 Subpart B, Section 600.140 through 600.148, and governmental entities must follow the procedures at 10 CFR Part 600 Subpart C, Section 600.236 and applicable sections of the NYS General Municipal Law. The HCR fiscal field representative will provide information on this process.

Procurement of professional services must also follow specific procedures. Professional services include those services rendered by persons who possess specialized skills and are not officers or employees of the organization. These services include, but are not limited to, consulting for accounting, auditing, computer, legal, and the procurement of energy audit services for multi-family buildings. Appropriate documentation must be maintained for review by an HCR representative. If the estimate for total professional services for the WAP contract year exceeds $25,000 for a non-profit organization or $100,000 for a government organization, a full competitive bid process must be undertaken.

In the cases involving joint ventures (more than one subgrantee working in a single complex of several buildings), any bid solicitation for work to be completed by any subcontractors that are to be shared over the project must list all subgrantees participating in the project for a centralized bid opening. One subgrantee must be designated as lead and maintain all original documents with copies maintained by all other participants. Prior approval by the HCR Weatherization program director on Form #20A is required before such a venture is initiated.

In the event that HCR determines that a subgrantee's procurement procedures are not in compliance with this section, the subgrantee may be required to implement additional, specific procedures deemed reasonable and necessary for compliance. WAP payments may also be disallowed.

Sub Section 8.02: Contractual Bidding Requirements

HCR requires subgrantees to utilize a formal competitive bid process in selection of most professional services, materials, equipment, and subcontracted labor. Subgrantees are responsible for all procurement, contractual, and administrative issues. Certain materials, equipment, and the performance of certain techniques, such as the installation of sidewall insulation in a high density manner, may be procured by subgrantees through participation in a statewide bid process. Most other materials and services are procured through a local bid process.

D-U-N-S Numbers

A Dun and Bradstreet (D&B) Data Universal Numbering System (D-U-N-S) number is required for contractors before they can participate in a subgrantee's bid. Organizations can receive a D-U-N-S number at no cost by calling the D-U-N-S number request line at 1-866-705-5711, or by registering on the D&B Web site at http://fedgov.dnb.com/webform. Individuals who would personally bid and receive a contract from a subgrantee, apart from any business they may operate, are exempt from this requirement. Contractors are not required to submit D-U-N-S numbers for their subcontractors.

Statewide Bid Process

HCR has established a statewide bid process for certain materials, equipment, and insulation technique protocols that are commonly used in the WAP. Use of this process may produce consistently lower prices on higher quality materials, equipment, and advanced techniques such as a high-density sidewall insulation. The statewide bid process also provides the subgrantee with a bid process that satisfies the requirements of the competitive bid process requirements, and the technical analysis is considered complete for items awarded from the statewide bid process. The subgrantee maintains the right and responsibility to review and analyze the bids and then make the award. This may save the subgrantee time and money compared to bidding these items individually. In addition, the subgrantee can be assured that materials purchased under this process meet all federal and state technical and quality assurance requirements.

A subgrantee is required to notify HCR during each budget period within 30 days of the effective date of bids as to whether or not it is going to adopt the statewide bids. In cases where the statewide bids are not going to be used, the subgrantee is required to provide an acceptable explanation and written justification including dated documentation of prices. Bid awards for materials, equipment, and lighting materials that are otherwise included in the statewide bid process must also be compared to the statewide bid list. If the subgrantee fax machine is being used as part of the bid solicitation process, the faxed transcript must be part of the documentation files for the solicitation period.

A subgrantee may purchase products from the low bidder on the statewide list for its region without further justification. In order to exercise the right to purchase in accordance with this approved process a subgrantee must notify the HCR regional supervisor in writing prior to issuing any purchase orders. They may then notify the appropriate vendor(s) of the award action and the subgrantee's intent to purchase at the regional bid price.

If other than the low bidder on the statewide list is used, the subgrantee must have an acceptable justification on file for not choosing the low bidder for their region and indicate those reasons in writing. Upon request, the subgrantee or its authorized agent must notify those vendors not selected giving the reason(s) for selection of other than the low bidder.

Conflicts of Interest

No employee, officer, or agent of the subgrantee shall participate in the selection, the award, or the administration of a contract if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for the award. The subgrantee's officers, employees, or agents will not accept gratuities, loans, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.

Written Procurement Procedures

All procurement transactions must be conducted in a manner providing full and open competition. There must be written selection procedures. The solicitation must also include a clear and accurate description of the service or material being procured.

Subgrantees must have written procurement procedures as part of their operations manual that include:

- Procedures that avoid the purchase of unnecessary duplicative items.
- Analysis of lease and purchase alternatives.
- Preferences for products and services that conserve natural resources and protect the environment.
- Purchase of federal/state excess and surplus property.
- Procedures to ensure that awards are only to responsible contractors (see Debarred Contractors below).
- Records that detail the significant history of procurement.
- Written protest procedures, including a designated protest committee made up of staff not involved in procurement/purchasing.

Subgrantees are encouraged to enter into state and local intergovernmental agreements for purchasing common goods and services;

Debarred Contractors:

While several factors should be considered to determine if a contractor is "responsible" (such as, but not limited to, work history, references, and capacity to do the work) the subgrantee must also assure that the award is not made to a contractor appearing on a federal or state list barring them from being awarded public money. Subcontractors appearing on the federal or state debarment lists are also prohibited from doing work. The federal and state debarment lists should be checked online as follows:

- Federal: www.SAM.gov (Excluded Parties List System)
- State: www.labor.state.ny.us/workerprotection/publicwork/PDFs/debarred.pdf (NYS Department of Labor's debarment list for public work or public building service contracts).

Methods of Procurement

- Small purchase procedures (see Sub Section 8.12) for services and goods that will not cost more than $25,000 for non-profit organizations or $100,000 for government organizations, in the aggregate.
- Sealed bids (see Sub Section 8.13) (**formal advertising**).
- Competitive proposals (see Sub Section 8.14).
- Non-competitive proposals (see Sub Section 8.15) (**sole source**) may only be used when the item is available from one source, in **emergency situations**, when the awarding agency authorizes or competition is determined inadequate, or when only one bid was received in response to a competitive solicitation. Pre-award review of non-competitive procurements by the HCR regional supervisor is generally required.

Local Bid Solicitation

The competitive bid process requires the following components.

- Development of specifications.
- Advertisement of bid offering.
- Compilation of bids.
- Analysis of responsible bidders and bids.
- Compliance with other federal and state requirements, such as utilization of minority- and women-owned businesses.
- Award of the contract.

A subgrantee that does not use the statewide bid process must complete the entire bid process and cannot solicit vendors on the statewide list for any items for which they are issuing bids, since those vendors' bids are already on record. The subgrantee is specifically precluded, under penalty of breach of contract, from advising vendors who have not submitted bids in the statewide bid process of the regional bid prices attendant to that process.

When compiling and analyzing bids, the subgrantee must include the statewide bids for the appropriate region and product in the analysis. When a vendor is chosen whose bid is not lower than all other bids received, including bids on the statewide list, acceptable written justification must be on file for not buying from each of the other lower bidders.

If subgrantees are procuring any of the following materials or services by local bid, instead of using the statewide bid, a formal solicitation process must be followed. When the statewide bids are used, formal bids are not required for items included in that process. Bids must be obtained prior to the commencement of the work for each budget period.

The following procurements are subject to formal solicitation requirements:

- Material or labor purchases that are $25,000 or more for non-profit organizations or $100,000 or more for government organizations, in the aggregate over the duration of the budget period.
- Materials otherwise included in and available through the statewide bid process.
- Subcontracting of labor to install materials (other than certain incidental minor repairs) regardless of the total aggregate amount over the duration of each annual budget period.

- Cleaning and tuning of heating plants.
- Replacement of furnace or boiler.
- Incidental and minor repairs to furnaces and boilers (other than window glazing and certain other minor work) in the amount of $25,000 or more for non-profit organizations or $100,000 or more for government organizations, in the aggregate, over the duration of each annual budget period.

All procurement procedures are subject to review by HCR and must be in compliance with the requirements listed in this section and procedural memos issued by HCR. HCR reserves the right to require a copy of the bid packages for its review and approval. The program and fiscal representatives must be notified via email of all pre-bid meetings and bid openings. This notification should be sent at the same time as the contractor notification.

Sub Section 8.03: Bid Specifications Content

The bid specifications must state everything that the subgrantee will require of all the bidders. Ambiguity or failure to list details in the specification may make the subgrantee's task of awarding bids more difficult and time-consuming, may give a rejected bidder grounds to appeal the subgrantee's decision, and may result in a disallowed cost finding by HCR.

The following are some common items which should be included in the specifications:

- Time frame or deadlines for:
  - Submission of bids
  - Starting and completing work
  - Delivery of materials
  - Bid prices to remain in effect
  - Level of progress, or completion date for work in-progress by a contractor as a condition of eligibility to bid on new contracts
  - Trial or probationary period for new contractors (to enable subgrantee to evaluate quality of work)
  - Correction of deficiencies in labor or materials
  - Continuation of bid process should the price of materials fluctuate significantly.
- Materials:
  - Quantity
  - Minimum quality standards
  - Special delivery requirements (e.g., if a bulk purchase is to be delivered in two or three installments at specified intervals or delivered to job site instead of warehouse)
  - Special requirements regarding color, design, removable parts, etc.
  - Applicable warranty requirements, if any.

Other Specifications

- For competitive proposals, criteria for selection should be stated in the Request for Proposals.
- Indicate the minimum and/or maximum number of units or packages of units that are to be bid in the solicitation and whether all units will be awarded to the low bidder or to several bidders.
- Cost breakouts should be stated in the specifications (e.g., labor/materials, unit/package, single item/bulk, etc.).
- Criteria for the Statement of Completion (Form #43) must be included for multi-family buildings.

Bid specifications must not be written in such a manner as to reduce supply to a de facto sole source, (e.g., specifications for a replacement heating appliance so specific that only one brand qualifies or by specifying one brand only). Bid packages must contain a Non-collusive Bidding form (Form #24) which is to be signed and returned by each bidder.

Sub Section 8.04: Minority- and Women-owned Business Utilization

New York State Executive Law Article 15A and the DOE Financial Assistance Rules, at 2 CFR 200.321, require HCR and its subgrantees to undertake efforts to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. Subgrantees shall take all of the following steps to further this goal:

- Ensure that small businesses, minority-owned firms, and women's business enterprises are utilized to the fullest extent practicable.
- Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women's business enterprises.
- Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.
- Encourage contracting with consortiums of small businesses, minority-owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.
- Use the services and assistance, as appropriate, of federal and state organizations that may facilitate these goals, including the US Small Business Administration, the US Department of Commerce's Minority Business Development Agency, the HCR Office of Economic Opportunity and Professional Development (OEOPD), and the Empire State Development Corporation's Division of Minority and Women Business Development, in the solicitation and utilization of small businesses, minority-owned firms, and women's business enterprises.

HCR requires subgrantees to follow a Minority- and Women-owned Business (M/WBE) utilization plan and to follow goals which are made part of the agreement between HCR and the subgrantee. Subgrantees must affirmatively take steps to achieve MWBE utilization. Subgrantees must abide by the terms of Article 15-A of the Executive Law and make good-faith efforts to encourage M/WBE utilization, and must require all subcontractors and vendors to take similar actions. Subgrantees must also report on utilization efforts. Specific responsibilities of WAP subgrantees are included in the contract between HCR and each subgrantee. Subgrantees must report directly to OEOPD on employment utilization. Subgrantees with questions on M/WBE requirements should contact OEOPD directly.

Each subgrantee is evaluated on its use of "good faith efforts" to maximize M/WBE participation. A waiver process has been established for subgrantees unable to meet contractual goals despite making good faith efforts. In evaluating waivers, HCR will consider the following:

- Size of the contract
- Subgrantee service area
- Capability and availability of M/WBE in the area

It is expected that subgrantees will take the following specific actions; these will also be considered when evaluating waiver requests:

- Utilizing the New York State Directory of Certified M/WBE firms as a resource document

- Incorporating required contract provisions which relate to Equal Employment Opportunity (EEO) and M/WBE requirements in subcontractor agreements
- Utilizing frequent and timely advertisements in newspapers and periodicals catering to M/WBE firms for recruitment purposes;
- Establishing contacts and working relationships within M/WBE firms;
- Sending solicitations and completed follow-ups, in a timely fashion, to M/WBE firms;
- Providing certified M/WBE firms adequate time to review bid offerings and to respond to solicitations;
- Notifying the OEOPD of problems preventing M/WBE participation and requesting OEOPD assistance;
- Submitting a complete, acceptable Utilization Plan in accordance with the applicable requirements to meet goals for participation established in the State contract; and,
- Documenting and maintaining records of all "good faith efforts" to address contract goals.

Sub Section 8.05: Solicitation – Newspaper

Solicitation of bidders through newspaper advertisement is not required; however, it is a recommended method for providing free and open competition. The following are suggested guidelines for newspaper advertising in conjunction with solicitation procedures:

- Solicitation should be advertised in a newspaper(s) of general circulation at least once during each annual budget period for no less than three consecutive days, with the bid opening held no sooner than five days after the first publication date.
- Advertisements for materials must contain a list of the requested materials or indicate where and when a bidding form which lists the materials' specifications may be obtained. The advertisement must have a closing date for the bid and must state the date, time, and location of the bid opening.
- Advertisements for unit quantities must contain a list of units that are available for bid and must indicate where and when specifications may be picked up. The advertisement must have a closing date for the bid, and must state the date, time and location of the bid opening.
- Advertisements for services must contain a specific description of the services or indicate where and when such a description can be picked up. The advertisement must have a closing date for bid and must state the date, time, and location of the bid opening.
- Advertisements that seek subcontractors or vendors who wish to have their names appear on a list of qualified bidders must state whether an application is required and where and when it may be obtained.

Sub Section 8.06: Solicitation – Invitation to Bid

When the subgrantee develops a qualified bidders list (subcontractors, vendors, materials suppliers, etc.), the subgrantee must send all bidders on this list an invitation-to-bid letter and document that those were received. Documentation that these letters were mailed must be in the file. Documentation may include postal or other delivery receipts or signatures by potential bidders picking up bid packages. The invitation-to-bid letter must either contain the full specifications for the item being bid or indicate where and when the specifications may be obtained. It must also include the date, time, and place of the bid opening.

The subgrantee's bidders list must include the names of at least five bidders for each category (materials, services, subcontracting, etc.) to be bid. If fewer than five bidders responded to the newspaper solicitation, the subgrantee must obtain names from another source. Sources for identifying contractors for bidders' lists include other subgrantees (especially those in the same geographic area), energy publications, and telephone directory listings. National suppliers must be considered as well as local suppliers.

When any bidder on the list is not solicited, the subgrantee must submit written justification for the elimination of that bidder, such as the contractor not available during the time frame needed to complete the work or prior experience with contractor proved work to be inferior.

The bidders list must be established for each annual budget period. An active list is established by listing current responsive contractors and eliminating unresponsive contractors. Contractors being eliminated should be informed in writing.

Sub Section 8.07: Bidding Procedures

Opening

When bids are received by the subgrantee, they must be date stamped and placed unopened in a secure place. Bid openings must be made public and bids must be opened at the time and place specified in the solicitation for the bid opening. All bids should then be recorded on the Bidding Summary (Form #25). If the subgrantee requires time for review, and the award is not made immediately, bidders should be informed of the date when the award will be made. Bidders must be given written notification of award or rejection. Award letters should only be issued after the proper review of all bids.

Bids must be awarded or rejected in the form in which they are opened unless the subgrantee has properly informed each bidder, in advance of bid submission, that specified items may be deleted if the cost is too high. All bidding contractors must be informed of this possibility in the invitation-to-bid letter or bid instructions. All bids to be awarded must contain a signed Non-collusive Bidding form (Form #24).

The subgrantee must not modify a bid in any manner without properly notifying all actual and potential bidders of any such special conditions. The subgrantee may reject all bids and rebid a modified package.

If only one bidder responds to a solicitation, then the non-competitive procurement rules must be followed or a re-solicitation conducted expanding the potential field of bidders.

Evaluation

Bids received must be evaluated to determine the lowest responsible bidder. (The term "responsible bidder" is defined as a bidder likely to do a faithful, conscientious job and to promptly and accurately fulfill the contract.) A determination must be made as to whether or not the bids are responsible. In particular, qualifications affecting the general provisions, specifications, price, delivery schedule, and other essential requirements of the bid invitation should be examined. The low bidder's responsibility should be determined using all available sources of information.

Bids should be examined and evaluated in the following manner:

- Note all errors in the bid, document them in writing, and place in the file.
    - When the error is minor (irregularity or typographical error) and will not materially affect the outcome of the bid, allow the bidder to either verify or correct his/her bid. Document the error and the decisions and actions taken and place in the file. Errors involving such things as price or quantity may not be simply waived but require that the bidder verify or correct his/her bid.
    - When the error will materially affect the outcome of the bid, but it is not clear that the error was inadvertent, request evidence from the bidder and refer the bid to HCR for a decision. In reviewing the bid, whenever the subgrantee is unsure as to the appropriate way to handle an error or whether or not it materially affects the outcome of the bid, the subgrantee should refer the matter to HCR before making any corrective action to the bid or selecting a winning bidder.

- When a bidder involved fails to furnish evidence of an error and verifies his or her bid as submitted, consider the bid as submitted.
- When additional time is needed to resolve an error, request that all bidders extend their bid acceptance period.
- Note any qualifications affecting the general provisions, specifications, price, delivery schedules, and other essential requirements.

Determine low bid(s) in the following manner:

- Consider price and other applicable cost factors, such as capacity of the bidder to deliver the goods and/or services and time constraints.
- Resolve equally low bids by applying small business and labor surplus area priorities or use lot drawing.

Cancel the invitation to bid and reject all bids if cancellation and rejection are in the best interests of the WAP. Consult with HCR on this matter. If the procurement is to be re-advertised, make sure that the reason(s) for canceling the invitation to bid are compelling. Evidence of collusion or bidding that is not in good faith must be reported to the HCR program and/or fiscal representative.

Review

The subgrantee must keep all bidding records on file for review by the HCR program and fiscal representatives. HCR reserves the right to request copies of bid packages. Maintain the following records, depending on the type of material/service being solicited:

- Materials: The subgrantee must maintain a copy of the solicitation, copies of all bids received, and a Bidding Summary (Form #25) indicating bidder acceptance, and the Subcontractor Agreement (Form #33).
- Unit: The subgrantee must maintain a copy of the solicitation, bidder's package, Bidding Summary (Form #25) indicating bidder acceptance, and the Subcontractor Agreement (Form #33). If the subgrantee has used a Bidders List, a copy of that list must also be available.
- Services: The subgrantee must maintain written documentation and copies of the solicitation, copies of all bids, Bidding Summary (Form #25), and the Subcontractor Agreement (Form #33).

Awards

Bids, in the case of a sealed bid, must be awarded to the lowest responsible bidder. When a selected bidder is not the lowest bidder, a written justification detailing why the bids of lesser amounts were rejected must be part of the bidding records maintained by the subgrantee.

After bidder selection the subgrantee should follow these steps:

- Issue and furnish the successful bidder with a notice of award.
- Execute notice of award.

Advise all unsuccessful bidders in writing and include the name of the successful bidder. If requested, provide the following:

- the name and address of the successful bidder and the contract price.

- additional information in writing explaining the award to any unsuccessful bidder whose price was lower than the award.
- award information on procurement, but only to unsuccessful bidders or to their properly-cleared representative.

Subgrantees must avoid disclosure of any information that is proprietary or would provide competitive advantage in future solicitations. If only one bidder responds, then the non--competitive procurement rules must be followed.

Sub Section 8.08: Protest Resolution

The subgrantee must have written procedures for contractor protest resolution. When a protest is made against a bid award, the subgrantee is responsible for receiving and resolving protests using the following guidelines:

- Subgrantees should have a protest committee in place for the purpose of resolving protests, with members who are free of conflicts of interest related to these matters.
- The length of time after issuance of an award letter that a protest may be filed should be designated.
- Have the protesting party put their protest in writing.
- Withhold the award until the protest is resolved, unless prompt award is in the WAP's interests, and the subgrantee is notified by HCR to award the bid.
- Send notice of the filing of the protest in writing to those bidders whose bids might be eligible for award and obtain extension of acceptance time if necessary.
- Notify the protesting party promptly, in writing, of the final decision on his/her protest.

Sub Section 8.09: State Contract Purchasing

In accordance with the New York State Office of General Services Purchasing Memorandum CL-310, "any charitable organization maintaining its office and performing all or the predominant part of its charitable services in a county of the state may make purchases from most commodity contracts awarded by the New York State Office of General Services."

A subgrantee that chooses to make purchases through a State contract is required to demonstrate that the purchase price is competitive with the current price for the commodity purchased. Documentation that proves a purchase price is competitive with the current market price may include, but is not be limited to, sale advertising flyers, newspaper advertising, and written and verbal quotes from other vendors. This documentation must be kept on file with other State contract documentation for all purchases made through State contracts.

Sub Section 8.10: Vehicle Purchase

All subgrantee vehicle purchases are subject to competitive bidding and require prior approval by HCR and DOE regardless of whether they were purchased with federal funds or with Program Income. Failure to follow these procedures may result in disallowances of these costs.

Requests for vehicle purchase must be submitted to the HCR regional supervisor and must include:

- Evidence that a lease/purchase option comparison was conducted.
- Justification for need to replace old vehicle or add vehicle
- Subgrantee Vehicle Purchase (Form #23).
- Copies of bid solicitation notices.
- Copies of all bids received, including a Non-collusive Bidding form (Form #24) completed by each bidder.

Note: All vehicle specifications must be generic enough to encourage competitive participation. They cannot be manufacturer or brand name specific nor can they include options or combinations of options available from only one manufacturer or dealer. In keeping with the WAP mission of conserving energy, subgrantees are strongly encouraged to purchase alternative-fueled vehicles.

A Mileage Log (Form #34) must be maintained by the subgrantee for each vehicle purchased with WAP funds or Program Income.

Vehicle Replacement

Vehicles are essential for transporting staff and materials or conducting energy audits and inspections. A safe, reliable vehicle is a necessity; however, as a result of maintaining a fleet, each subgrantee is eventually faced with repair or replacement decisions. There comes a point when the cost to repair may be prohibitive and replacement is warranted.

It is recommended that each subgrantee project the useable life of each vehicle in their fleet and establish a replacement rotation so as not to burden any one budget period, especially with an unusually large number of vehicles to replace. For example, if the subgrantee determines a six-year life for each vehicle in a fleet of three vehicles, it may purchase one vehicle every two budget periods. Also, the cost of the vehicle may be charged over two budget periods.

Vehicle purchases must occur during the first six months of a budget period, and subgrantees must take possession of the vehicle as soon as practicable. Present the justification for approval as early in the annual budget period as possible. Delivery and possession of the vehicle after the middle of the annual budget period may result in disallowed costs without approval for a budget extension or approval to roll funds forward to the next budget period.

Sub Section 8.11: "Clean Boilers" Program

The "Clean Boilers" program is sponsored by HCR to provide a means for standardization of contractor qualifications and work practices for multi-family building heating replacement or major repairs. It is administered through the Association for Energy Affordability, Inc. (AEA), HCR's technical support subgrantee in New York City.

"Clean Boilers" contractor orientation for multi-family buildings is held each year. This orientation is for any heating contractor interested in bidding on major heating work to be completed for the period that begins October 1 of the current year and ends September 30 of the following year. Contractors may contact AEA at 718-292-6733, ext. 8023, or on-line at www.aea.us.org, to be placed on the waiting list for the next orientation. Attendance at one of the sessions pre-qualifies a contractor to be eligible to receive a subgrantee qualification package which must be completed in order to be qualified to be on the bidders list.

The master bidders list will be sent by AEA to all weatherization subgrantees in the targeted areas. Only contractors who have been qualified by AEA will be sent a list of all WAP subgrantees requiring heating-system upgrade and/or replacement work in multi-family buildings.

The heating contractor must notify the subgrantee and request that s/he be placed on the subgrantee's qualified bidders list. Subgrantees are required to evaluate each contractor during the annual budget period. If a contractor is in default, supporting documentation must be provided to AEA so that appropriate action can be taken to remove that contractor from the master bidders list. A subgrantee may choose to impose additional requirements on the contractor.

Bid Solicitation

A letter of bid solicitation to contractors must include, but not be limited to, the following:

- Date and time period to pick up the bid specifications and conditions from the subgrantee location. Packages not picked up must be mailed certified, with return receipt. Pickup sheet or proof of mailing is required.
- Date, place, and time of pre-bid conference. Indicate the start and ending times, and, if applicable, cut-off arrival time.
- Statement that attendance at the pre-bid conference is a prerequisite to submitting a bid.

The subgrantee must identify contractors for placement on their bidders list and develop comprehensive bid specifications for work to be done.

Pre-bid conferences must be held on-site at the relevant buildings. Attendance at a pre-bid conference is mandatory for any contractor who wishes to bid on work at that specific site. The subgrantee may encourage building owners to attend these pre-bid conferences.

Pre-Bid Conferences

Pre-bid conferences must start on time, and a subgrantee may indicate cut-off arrival time after which contractors will not be permitted to participate. A sign-in sheet for attendees is required.

When the specifications are changed as a result of this conference, all attending contractors must be apprised in writing of these changes, and all changes must be attached and/or amended to the specifications as part of the building file. Sufficient time should be allocated for contractors to respond to any changes that may occur as a result of the pre-bid conference. Attendees must be informed of the date bids are due and the place and time of the bid opening.

Bid Award

Bids must be awarded to the lowest responsible bidder who meets the qualifications for the work to be completed.

Review and Evaluation

Every contractor must have a representative of his/her firm, ideally the person who attended the "Clean Boilers" program, in attendance during the review and evaluation of the first two boiler jobs completed for any subgrantee. HCR or its designated representative may also attend this review. In addition, the designated heating specialist responsible for all inspections of this work will attend. At least two installations of each prospective heating contractor will be evaluated with the designated heating specialist to determine work quality of the contractor and post inspection/quality control techniques for the subgrantee's personnel.

When a contractor does not meet the quality control standards or fails to make corrections as required after being properly notified in writing of deficiencies, the contractor will be subject to removal from the subgrantee's list. Depending on the extent of the deficiency, the contractor may be subject to removal from the master bidders list.

If a contractor is removed from the master bidders list, that contractor will also be removed from all subgrantees' qualified bidders' lists and must be pre-qualified again. HCR reserves the right to require the removal of a contractor if it can be demonstrated that the contractor has not complied with any program requirement or directive.

If a contractor does not respond to at least three bid solicitations of a subgrantee during the budget period, the contractor may be removed from the subgrantee's qualified bidders list.

Sub Section 8.12: Small Purchase Procurement and Documentation

When procuring small purchases where the formal competitive procurement process is not practical or appropriate, the following guidelines apply:

- Purchaser is required to use good judgment for all procurement of $500 or less. No procurement documentation is required.
- A minimum of three price quotations, verbal or written, must be obtained for purchases of more than $500 but less than $2,000 in aggregate. Documentation includes, but is not limited to, a listing of sources contacted, date contacted, amount quoted, and who contacted the sources.
- A minimum of three written price quotations must be obtained for purchases of $2,000 or more in aggregate, or up to $25,000 for a non-profit organization or $100,000 for a government organization, over the duration of each annual budget period.
- The subgrantee, in consultation with the HCR field representative, may issue a competitive request for proposals for any procurement that is not required to be bid using the formal sealed-bid process.

When a Request for Proposals (RFP) is used, the minimum acceptable documentation must include:

- A copy of the RFP that was issued.
- A statement of how firms to be solicited were identified.
- A list of firms solicited.
- A copy of any newspaper advertisements used.
- Each proposal that was received.
- The written criteria for evaluation of the proposals.
- Documentation of evaluation of the proposals.

These procurement procedures for small purchases are for use only when the formal procurement process is not required and cannot be used in place of the formal procurement process.

Sub Section 8.13: Sealed Bid Proposals

Sealed bids are publicly solicited through formal advertising and a firm fixed-price contract is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation to bid, is the lowest price. Awards are made to the lowest-priced responsible vendor capable of compliance with all bid specifications, capable of performing the work, and that has the administrative capacity required. An award made upon receipt of a sealed bid proposal becomes a firm, fixed price contract.

Acceptable Justification for Selection of Other than Low Bidder

The subgrantee must be familiar with the DOE Financial Assistance Rules (10 CFR Part 600), which describe the procurement process that must be adhered to. In these regulations, the subgrantee is required to maintain records sufficient to detail the procurement; therefore, failure to use a low bidder must be based on documentation that the bidder is not responsible or has not been responsive, thereby creating a financial or operational hardship, or other reasons permitted by DOE financial assistance regulations. For example, records to show that a particular bidder could not deliver in a timely manner and, therefore, delayed production on a contract, could be considered acceptable justification.

On the other hand, Part 600 specifically prohibits subgrantees from selecting a bidder based on criteria that would impede the requirement that procurement be conducted in a fair and open manner. The bid specifications must not be written in a manner that would exclude otherwise responsible bidders (for example, by restricting bids to local firms) where meeting program goals can still be achieved by broader participation. Instead, subgrantees may take affirmative actions to ensure that all qualified bidders have the opportunity to participate (such as conducting more extensive outreach or posting solicitation materials on the Internet and at local venues).

In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals, shall be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality, and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient. Any and all bids or offers may be rejected when it is in the recipient's interest to do so.

Sub Section 8.14: Competitive Proposals

In competitive proposals, proposals are requested from a number of sources and an RFP is issued. Negotiations are usually conducted with more than one of the respondents that submitted proposals, and either a fixed-price or cost-reimbursable type contract is awarded. Competitive negotiation may be used if conditions are not appropriate for the use of formal solicitation of bidders. Competitive proposals may also be the desirable form of procurement when factors other than price, such as energy-efficiency or experience with a certain installation technique, are deemed to be of significant importance. If competitive proposals are used for procurement, the following requirements apply:

- Proposals must be solicited from an adequate number of qualified sources to permit reasonable competition consistent with the nature and requirements of the procurement. The RFP must be publicized and reasonable requests by other sources to compete must be honored to the maximum extent practicable.
- The RFP must identify all significant evaluation factors, including price or cost where required and the relative importance of each.
- Protocols must be set up and followed by the subgrantee for technical evaluation of the proposals received, determination of responsible bidders for the purpose of written or verbal discussions, and selection of contract award.

An award may be made to the responsible bidder whose proposal will be most advantageous, with price and other factors considered. Unsuccessful bidders should be notified promptly.

A subgrantee may also use competitive negotiation procedures for procurement of architectural/engineering professional services, whereby competitors' qualifications are evaluated and the most qualified competitors are selected, subject to negotiation of fair and reasonable compensation.

Sub Section 8.15: Non-competitive Procurement

Non-competitive procurement occurs when bids are solicited from only one source or, after solicitation from a number of sources, only one bid is received, or competition is otherwise determined to be inadequate. Award of bids following a non-competitive procurement may only be used with prior approval by the HCR Fiscal Compliance Manager (Form #20D).

Procurement by non-competitive proposals may be used only when the award of a contract is not feasible following small purchase procedures, sealed bids, or competitive proposals and one of the following circumstances applies:

- The items or services required are only available from a single source.
- An emergency exists such that the urgency will not permit a delay beyond the time needed to employ one of the other authorized procurement methods.

After solicitation from a number of sources, competition is determined to be inadequate, and HCR authorizes the non-competitive method. In all cases, non-competitive negotiation which will involve WAP funds must have prior approval from the HCR Fiscal Compliance Manager (Form #20D).

A cost analysis must be provided specifying the reason that competitive negotiation is not possible, data to support the reasonableness of the proposed award, and an evaluation of the specific cost elements of the procurement.

Sub Section 8.16: Capital Equipment Purchase

All equipment purchases exceeding $2,500 per item are considered capital equipment purchases and must be approved by the HCR regional supervisor. These purchases will be reviewed either as a part of the annual budget approval process at the start of a budget period or during the course of the annual budget period.

Authorization for equipment purchases qualifies those items for reimbursement pursuant to the WAP contract, which excludes the cost of equipment purchases from the contractual cost per unit.

When reviewing a capital equipment request, HCR will consider the necessity of the equipment, the ability of the subgrantee's personnel to use the equipment properly, and the reasonableness of the request.

Those capital equipment purchase requests submitted during the last two months of the annual budget period utilizing unexpended program funds will be reviewed in accordance with the above criteria and with the following additional criteria:

- Unexpended balances cannot be due to underinvestment in weatherization services in units assisted during the budget period.
- Expected costs for the equipment purchase must be absorbed within contract, cost-per-unit constraints.
- Signed Prior Approval (Form #20B) must be on file and all relevant procurement met.
- A budget amendment will be required if costs must be shifted to the capital equipment budget line, and a signed Prior Approval (Form #20B) must be submitted.

Sub Section 8.17: Fair Market Value Price List

Subgrantees purchasing their own materials must develop a list of all commonly used weatherization materials. This list must conform to the approved standards for each material found in 10 CFR Part 440, Appendix A.

Subgrantees must then establish a fair market value price for each of these materials in their area of the state. These prices must be obtained by surveying a minimum of three vendors to obtain an average price for these materials in the quantities usually purchased. Subgrantees are required to document this survey by keeping a list of vendors contacted, the date of each bid, and the quoted prices received. This list must be updated at least once during the annual budget period.

This fair market value price list and documentation must be kept on file by the subgrantee and used when material bids are solicited. Bids must be awarded to the lowest responsible bidder, as long as the material prices do not exceed the fair market value price.

Subgrantees subcontracting materials and labor must also establish a fair market value price list in the same manner as described above. The fair market value price list and documentation must be kept on file by the subgrantee and used for the following purposes:

- Soliciting bids for work on units - the contractor's material and labor prices must be in line with the subgrantee's fair market value price list. Bids containing excessive materials and labor costs must be rejected.
- Awarding of bids - bids must be awarded to the lowest responsible bidder.
- Checking subcontractors' invoices to ensure that the total of actual materials installed for any particular unit or package of units does not exceed the fair market value.

HCR will monitor subgrantees for compliance with the fair market value evaluation and provide any necessary assistance.

The fair market value price list must be established for each annual budget period and updated as necessary, based on applicable information received during the prior program or budget period.

Sub Section 8.18: Tools and Equipment

When purchasing or disposing of tools or equipment (including office equipment and computers) with a value of $1,000 or more per item, the subgrantee must submit an Equipment/Vehicle Acquisition/Disposition Report (Form #31) to HCR within thirty days of receipt or disposition of the item.

In accordance with 10 CFR Part 600, Financial Assistance Rules, Subpart B, Section 600.137, "property or equipment acquired or improved with federal funds must be held in trust by the recipient as trustee for the beneficiaries of the project or program under which the property was acquired or improved. Recipients must record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with federal funds and that use and disposition conditions apply to the property."

Subgrantees must maintain an updated tools and equipment inventory, adding new items and disposition dates of items no longer in use as they occur. This information is automatically exported to HCR's central Database as part of the subgrantee's monthly Consolidated Weatherization Status Report (CWSR).

Theft of WAP-purchased tools and equipment along with any accidents with WAP-purchased vehicles must be reported to the proper authorities. A copy of the applicable report must be given to the HCR fiscal representative along with all necessary insurance information.

Disposition of vehicles and equipment

When a subgrantee no longer wants to retain vehicles or equipment purchased with federal funds or Program Income, the subgrantee must first determine and document the fair market value of the vehicle/equipment. When the fair market value of an individual unit of property falls below $5000, the federal government's interest in the property is extinguished and the subgrantee may do what it wants with the vehicle or equipment, without the need for federal approval. A piece of equipment is considered to be an individual unit if it has individual utility or can be sold as an individual unit.

If the fair market value of the vehicle/equipment acquired with federal funds or Program Income is $5000 or greater, the subgrantee may use the vehicle/equipment on another federally-sponsored program without requesting disposition approval. If the subgrantee wants to dispose of the vehicle/equipment rather than transfer it to another program, the subgrantee must request permission from DOE by submitting the Federal Disposition Request/Report Form SF 428-B. DOE will determine the amount, if any, that the subgrantee must compensate the federal government.

Regardless of the determined fair market value, subgrantees are required to complete the Equipment/Vehicle Acquisition/Disposition Report (Form #31) for vehicles/equipment registered with HCR and submit it to their fiscal or program field representative.

Subgrantees must document their determination of fair market value. Acceptable sources for this determination include established re-sale guides, price quotes from used vehicle/equipment dealers, and written trade-in offers.

Sub Section 8.19: Bonding Requirements

The bonding requirements of a recipient will be accepted if the awarding subgrantee's interest is adequately protected. If not, there are specific requirements described in 10 CFR Part 600.

HCR requires the following:

Bid Bonds: A bid guarantee from each bidder equivalent to 5% of the bid price. The bid guarantee shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder shall, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

Payment Bonds: The selected subcontractor must obtain a payment bond for 100% of the proposal price for each weatherization subgrantee's WAP building project. A payment bond is one executed in connection with a contract to assure payment as required by statute of all persons supplying labor and materials in the execution of the work provided for in the contract. The payment bonds must be executed prior to signing of the Subcontractor Agreement with each subgrantee to assure payment as required to all persons supplying labor and materials. Failure to submit a payment bond within the required time frame may result in subcontractor disqualification and the subgrantee's authorization to move ahead in considering the next highest ranked bidder.

Performance Bonds: The selected subcontractor will be required to obtain a performance bond for 100% of the proposal amount for each subgrantee WAP project upon notification of award. The performance bond must be received by the subgrantee prior to signing the Subcontractor Agreement. A performance bond is one executed in connection with a contract to assure that the work is completed, is satisfactory, and that all performance requirements are met. Failure to submit a performance bond within the required time frame may result in the subcontractor's disqualification and the subgrantee's authorization to move ahead in considering the next highest ranked bidder.

Other facts relevant to bonding:

- Bonding is not required for purchases below the small purchase procurement threshold of $25,000 in the aggregate for non-profit organizations and $100,000 in the aggregate for government organizations.
- Bonding is required for construction or facility improvements contracting. It is not required for professional services contracts.
- Construction contracts above the small purchase threshold but not exceeding $100,000 do not require 100% performance or payment bonds, but require adequate safeguards that protect federal funds. Contracts exceeding $100,000 require a bid bond equal to 5% of the bid price, performance bonds at 100% of the contract price, and payment bonds, if applicable, at 100% of the contract price.
- Payment bonds guarantee payment to subcontractors and are only required in cases where subcontractors are used.

- In lieu of a performance bond or a payment bond, letters of credit, cash or personal assets, or a combination equal to 100% of the contract price, are acceptable as guarantees of the federal government's interest. (Personal assets must be readily marketable, such as certificates of deposit, US agency securities valued at current market value, stocks and bonds valued at 90% of their current 52-week low price, and real property owned outright in fee simple valued at 100% of its tax assessment value.)
- The Empire State Development Agency administers the NYS Surety Bond Assistance Program, which may offer eligible applicants credit support. Visit www.esd.ny.gov/BusinessPrograms/BondingAssistance.html for further information.
- For a directory of surety companies that provide bonding services, consult The US Department of the Treasury Circular 570. The National Association of Surety Bond Producers and The Fidelity Surety Association of America also provide useful information on bonding.

Appendix A – Acronyms Used in the WAP PPM

Acronym	Organization Name
AAMA	American Architectural Manufacturers Association
AEA	Association for Energy Affordability, Inc.
AGA	American Gas Association
AHAM	Association of Home Appliance Manufacturers
AHRI	American Health Research Institute, Inc.
ANSI	American National Standards Institute
ASHRAE	American Society of Heating, Refrigerating & Air-conditioning Engineers
BPI	Building Performance Institute
D&B	Dun & Bradstreet
DHCR	NYS Division of Housing & Community Renewal
DOE	US Department of Energy
EPA	US Environmental Protection Agency
FEMA	Federal Emergency Management Agency
HCR	NYS Homes & Community Renewal
HEP	Home Energy Professionals
HHS	US Department of Health & Human Services
HRA	NYC Human Resources Administration (Dept. of Social Services)
HUD	US Department of Housing & Urban Development
ICC	International Code Council
IRS	US Internal Revenue Service
LDSS	Local Department(s) of Social Services
MHINCC	Manufactured Housing Institute's National Communities Council
NFPA	National Fire Protection Association
NFRC	National Fenestration Rating Council
NPC	Neighborhood Preservation Company
NREL	National Renewable Energy Laboratory
NYSERDA	NYS Energy Research & Development Authority
NYSWDA	NYS Weatherization Directors Association
OEOPD	(HCR) Office of Economic Opportunity and Professional Development
OHP	(HCR) Office of Housing Preservation
OMB	US Office of Management & Budget
OSHA	US Occupational Safety & Health Administration
OTDA	NYS Office of Temporary & Disability Assistance
RPC	Rural Preservation Company
SHPO	NYS Historic Preservation Office
SOFA	NYS Office for the Aging
USDA	US Department of Agriculture
WAP	Weatherization Assistance Program

Acronym	Full Phrase
AFUE	Annual Fuel Utilization Efficiency
AHERA	Asbestos Hazard Emergency Response Act
AWG	American Wire Gauge
BAQ	Building Analysis & Qualification
BLL	Blood lead level
BTU	British thermal unit
BWS	Building Work Summary (Form #19)
CAZ	Combustion Appliance Zone
cfm	Cubic feet per minute
CFR	(US) Code of Federal Regulations
CFR	Cumulative Financial Report (from Database)
CMF	Construction Management Fee
CO	Carbon monoxide
CPU	Cost Per Unit
CWSR	Consolidated Weatherization Status Report
DHW	Domestic hot water
D-U-N-S or DUNS	Data Universal Numbering System
EA-QUIP	Energy Audit Using the Queens Information Packet
EBT	Electronic Benefit Transfer
EDR	equivalent direct radiation
EEO	Equal Employment Opportunity
EER	Energy Efficiency Rating
EMS	Energy Management System
ESCO	Energy Service Company
FFVR	Fiscal Field Visit Report
GFCI	Ground Fault Circuit Interrupter
H&S	Health & Safety
HEAP	Home Energy Assistance Program
HEPA	High-efficiency particulate air (filter)
HERR	Heating Equipment Repair or Replacement
HNAC	Heating Normalized Annual Consumption
HVAC	Heating, ventilation, air conditioning
IAQ	Indoor air quality
IRA	Individual Retirement Account
JTA	Job Task Analysis
kWh	Kilowatt hour
LIHC	Low-income Housing Credit
LSW	Lead-safe work
M/WBE	Minority- and Women-owned Business Enterprise
MOU	Memorandum of Understanding
MSDS (or SDS)	Material Safety Data Sheet
NEAT	National Energy Audit Tool
NHPA	National Historic Preservation Act

Acronym	Full Phrase
NPA	Non-public Assistance
NYCRR	NY Codes, Rules, and Regulations
Pa	Pascal(s)
PAC	WAP Policy Advisory Council
PFVR	Program Field Visit Report
POI	Pollution Occurrence Insurance
PPM	WAP Policy & Procedures Manual
ppm	Parts per million
QCI	Quality Control Inspector
RFP	Request for Proposals
SIR	Savings-to-investment Ratio
SSE	Steady-state Efficiency
SSI	Supplemental Security Income
SWS	Standard Work Specifications
T&TA	Training & Technical Assistance
TIPS	Targeted Investment Protocol System
TREAT	Targeted Retrofit Energy Analysis Tool
WPN	Weatherization Program Notice
ZPP	Zinc protoporphyrin (test)

Appendix B – PPM Forms Listing

Form #	Title
1	Program Income Expenditure Plan
2	Affidavit of Damage
3	Personal Privacy Protection Law Provisions
4	Weatherization Application
4S	Weatherization Application - Spanish version
5	Energy Information
6	Preliminary Agreement
7	Owner Agreement Work Change Order
8A	Single-family Building Owner Agreement
8B	One-to-four Unit Building Owner Agreement
8C	Multi-family Building Owner Agreement
Exhibit B	Exhibit B – Work Scope (used in Owner Agreements)
9	Tenant Synopsis of the Owner Agreement
11	Household Questionnaire
12	Indoor Air Quality Tests for 1-4 Units
13	Fee for Service Worksheet
14	Multi-family Indoor Air Quality Tests
15	Health & Safety Notification
16	Justification for Heating Appliance Replacement
19	Building Work Summary (BWS)
20A	Prior Approval by HCR Weatherization Program Director
20B	Prior Approval by HCR Regional Supervisor
20C	Prior Approval by HCR Program Field Representative
20D	Prior Approval by HCR Fiscal Compliance Manager
21	Construction Management Fees Tracking
23	Subgrantee Vehicle Purchases
24	Non-collusive Bidding

Form #	Title
25	Bidding Summary
29	Weatherization Assistance Program Information
31	Equipment/Vehicle Acquisition/Disposition Report
32	Materials Write-off
33	Subcontractor Agreement
34	Mileage Log
36	Training & Technical Assistance Detail Sheet
37	Interagency Referral Form
39	Heating Appliance Tag
41	WAP Commitment Letter
43	Statement of Completion (for multi-family buildings)
44	HUD-listed Multi-family Building Data Intake
45	In-unit Materials Summary Sheet
46	Cost by Source Change Request
47	T&TA Request/Approval Form
48	Health & Safety Detail Sheet
49	Audit Field Input
50	1-4 Unit Interim Daily Blower-door/Worst-case CAZ Test Results
51	Sample Notice of Eligibility
52	Sample Incomplete Application Notification
53	Sample Notice of Ineligibility
54	Sample Notification of Deferral
55	Deferral Tracking Log