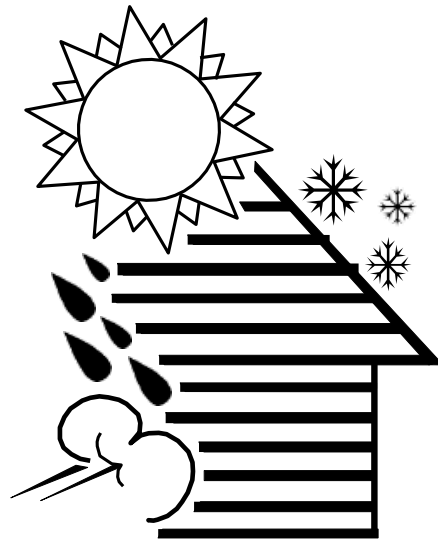


Minnesota Weatherization Assistance Program Policy Manual



*Weatherization
Works*

MANUAL

Updated July 1, 2021

produced with

U.S. Department of Energy
Weatherization Assistance Program Funds

m **COMMERCE
DEPARTMENT**
DIVISION OF ENERGY RESOURCES

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- EAPWX A2110 State Plan
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- Retrofitting Minnesota, Standard Work Specification - Aligned Field Guide
- Weatherization Reference Guide, Saturn Resource Management (Reference Only)
- Weatherization Reference Guide, Saturn Resource Management (.pdf) (Reference Only)
- Minnesota Multifamily Field Guide
- DOE Approved SWS Variances
- Duct Sealing Guidance
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Section 1: Program Management

1.1 Notification of Staff Changes

POLICY: Service Providers must inform the MN Department of Commerce (Commerce) in a timely manner of changes in leadership or key staff as well as program or operational changes. Send notifications to the Commerce Weatherization Assistance Program (WAP) email box at weatherization.commerce@state.mn.us.

1.2 Reporting Requirements

POLICY: Service Providers must provide all reports required by Commerce and any federal or state funding sources. Reports include but are not limited to:

- Monthly Weatherization Assistant (WA) database uploads, no later than 10 calendar days following the end of each month*;
 - Uploaded to the Commerce FTP Site
- Quarterly training reports, no later than 10 calendar days following the end of each quarter*;
 - Emailed to weatherization.commerce@state.mn.us
- Monthly Financial Status Report (FSR) no later than 10 calendar days following the end of each month*;
 - Submitted in FACSPRO
- Final Financial Status Report (FSR), no later than 30 calendar days following the expiration of the grant contract or the expiration of the fund as defined on the Notice of Funds Available (NFA), whichever is first, including a listing of unliquidated obligations of grant funds, if any, and a list of equipment purchased with funds under this award;
 - Submitted in FACSPRO
- Copy of the Service Provider's single or program specific audit
 - Mailed to: 85 7th Place East, Suite #280, St Paul, MN 55101 or emailed to weatherization.commerce@state.mn.us

*In the case where the 10th day of the month falls on a holiday or weekend, reports are due on the next business day.

Additional information about financial reporting requirements found in Section 6, Fiscal Policy.

1.3 Service Provider Production

1.3.1 Unit Averages

The Average Cost Per Unit (ACPU) is defined by US DOE as the amount of expenditure of financial assistance provided under WAP for labor, weatherization materials, and related matters that cannot be exceeded. Commonly referred to as unit average, this amount is set in 10 CFR §440.18 (a) and (c) and reiterated each year when DOE releases the Grant Application guidelines for Weatherization Funds.

For Service Providers, the ACPU or unit average serves as both a planning and an accountability tool. In planning budgets at the outset of the program year, the unit average determines the number of units that can be weatherized when compared to allocation amounts. During production, the unit average is a benchmark to determine the "reasonableness" of weatherization investments.

ACPU or unit average calculation

To determine the ACPU or unit average, go to the Budget Detail section in FACSPRO and use the amounts listed for the referenced fund category or sub fund category as indicated in the calculations below.

US DOE

- $ACPU = [Direct\ Service - Health\ \&\ Safety + Program\ Support] / Completed\ Units$
- Administrative and Training and Technical Assistance (TTA) funds are not included in the unit average calculation. Refer to Section 6, Fiscal Policy, for further definition of these categories.
- These Program sub-fund categories are not included in the unit average calculation: Fiscal Audits, Liability Insurance, and Leveraging Activity Support Fund (LASF).
- Vehicle and equipment purchases are included in the calculation under Program Support.

Service Providers are responsible for managing costs to stay within the average cost per unit over a program year.

SOLAR

Solar Photovoltaic (PV) installations may be funded with either US DOE funds, EAPWX funds, leveraged funds or a combination of funds.

- When USDOE funds are utilized, the solar ACPU is \$3,815. This ACPU is for the solar measure itself; the solar ACPU is a subset of project ACPU and therefore included as a part of the total unit average above.
- Solar installations funded solely by EAPWX funds, or by EAPWX in combination with other non-DOE funds, do not have an ACPU attached.

HEALTH AND SAFETY

Health & Safety costs have a separate average cost per unit. For PY21, the US DOE average is \$1,457.26 and EAPWX average is \$3,500.

1.3.2 Production Planning

POLICY: Service Providers must have a system and tools in place to plan production and maximize available funding in each service territory.

In planning production, Service Providers must meet the following requirements:

1. Meet the minimum unit goals as set forth in Minnesota's annual U.S. Department of Energy (US DOE) State Plan and as defined below:
 - The minimum number of US DOE units required of individual Service Providers, per program year, is indicated on Minnesota's annual DOE State Plan (Appendix A). Adjustment to the minimum number of US DOE units may be granted by submitting justification and obtaining approval from Commerce.

2. Establish and meet the minimum unit goals for the EAPWX and Propane funds.
 - Service Providers calculate their minimum number of EAPWX and Propane units.
 - The amount budgeted for Standalone Events is determined at the local level and should be based on the anticipated need. The Standalone Event budget is then deducted from the total allocation and the remainder is divided by the anticipated unit average and provided health and safety average to determine the Audit Event unit count. Standalones are included in federal reporting to US HHS, but do not count towards the minimum unit count.
3. Perform to the quarterly production plans as submitted in annual FACSPRO budgets, for each available fund.
4. Compare actual production against the quarterly breakdown as submitted in FACSPRO.

Note: If production deviates from the quarterly breakdown submitted in FACSPRO, Service Providers are expected to revise their internal production plan to ensure that the minimum unit goal is met, and jobs are completed in a timely manner. Updates to internal production plans must be made available to Commerce upon request.

5. Notify Commerce immediately if it is determined that the minimum unit goal cannot be met or if the Service Provider is not able to spend down its full allocation.

1.3.3 Unit Completions

POLICY: Work activities and inspections for all event types must be completed within one program year. Service Providers are able to complete energy audits during the end of one program year, though final inspections, work orders and the measures within them must not be split between two program years, except within the conditions identified below.

Exceptions may be made if a job is paid for entirely with EAPWX funds. While every effort should be made to close all jobs by June 30 of each program year, delays or other issues may arise that cause a job to carry over into the following program year. There are two ways to handle these situations:

1. In an Audit Event where both the building shell and mechanical work cannot be completed/inspected by June 30, a Standalone Event for mechanical work only may be created, provided that:
 - a. Building shell work has not begun;
 - b. Mechanical work has not been paid for as part of the original audit event;
 - c. Mechanical systems measures can be completed and inspected (where required) on or before June 30; and
 - d. All other weatherization work will take place in the following program year.
2. If a job cannot be addressed with option one, notify Commerce of any jobs that will carry over. This practice is not recommended, and Service Providers are reminded of the risk in carrying jobs into the next program year, as payment is contingent on a fully executed contract and NFA.

1.3.4 Timely Service

POLICY: Weatherization services shall be provided in the most cost-effective, efficient, and timely way possible. Service Providers must complete the minimum number of units as calculated by the program year allocation and maximize the use of available funding.

Service Providers should develop processes that allow work to move smoothly from audit to final inspection.

This includes:

- Tracking jobs at various stages in the process to view the status and keep jobs moving through the system;
- Adapting the program year production plan as needed to ensure the minimum number of required units is met;
- Minimizing the time elapsed between energy audits, entering the audit into the WA software, bidding jobs and issuing work orders;
- Giving deadlines to contractors and minimizing the time elapsed between visits from the different contractors needed to complete weatherization work;
- Ensuring that mechanical systems are operating in a safe and dependable manner if work is delayed; and
- Using the “Delayed” status in WA and including comments to explain reasons for any major delays.

If no work has been performed within 90 days of completing the energy audit, any combustion analysis tests must be redone, and the WA file updated. The audit data should also be reviewed to verify if any other relevant conditions may have changed.

1.4 Record Retention

POLICY: Financial records, supporting documents, statistical records, and all program or other records pertaining to the contract must be retained for a period of six years from the date of submission of the final expenditure report. If any litigation, claim, or audit is started before the expiration of the six-year period, the records must be maintained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

Records for equipment and vehicles acquired with WAP funds must be maintained for six years after final disposition of the equipment or vehicle.

1.5 Data Privacy

All client data and records are considered private data.

POLICY: Service Providers must keep client data private in accordance with Minnesota Statute 216C.266. Private client data must be stored in a secure location to prevent unauthorized access while providing access to those who have a right to see the data, including federal and state funding source representatives. In addition, clients have the right to see the contents of their own file(s), upon request.

Service Provider staff may release only data relevant to a contractor to enable them to perform work. Contractors are required to keep such data private and cannot use the data to solicit other business with the household.

Private data may only be released to external third parties to better assist clients, provided the household signs and understands a written release of information document that specifies the reason for release. Email communication shall not contain household name, address or other private data unless sent through a secure email or shared through Commerce’s secure file transfer (FTP) website.

1.6 Client Appeals and Complaints

POLICY: Clients have the right to appeal decisions made by a Service Provider or Commerce. In cases where a complaint is received that does not follow the process detailed in this section, a formal response is not required by the Service Provider or Commerce. However, both parties are required to document such complaints, when received, and follow up as warranted to resolve the complaint to the best of their ability. The appeals process helps clients receive fair consideration and appropriate assistance. The appeals process is designed to be non-confrontational and reasonably resolve disputes.

There are three levels of appeal. Remedies at level one must be exhausted before an appeal can be filed at the next level. The appeals levels must be completed in the order in which they are listed below.

Appeals for work performed must be submitted to the Service Provider within one year of the date of project completion, or final inspection, when required. Client appeals must be received in writing. The letter must state what decision the client is appealing and provide sufficient documentation of the problem.

Appeals for deferral decisions are considered fully resolved at Level 2 and cannot rise to Level 3 (Office of Administrative Hearings/Commissioner).

Level 1 (Local Service Provider)

Appeals must be in writing to allow the Service Provider to take action. The letter must state what decision the client is appealing and provide sufficient documentation of the problem. Once the letter and any documentation provided by the client have been received, the Service Provider will:

1. Review the following:
 - Appeal letter and documentation provided by the client
 - WA data or notes, household file information, and any other documentation
 - Pertinent federal/state rules and WAP policies
2. Take no more than fifteen (15) business days to reach a decision on the appeal, unless additional investigation, research, or inspection is required. If additional time is needed, the client must be sent a letter within fifteen (15) business days that explains why a decision has not been made, what information is needed and the anticipated timeline.
3. Inform the client in writing of its decision, including:
 - Reason for the decision
 - Any action the Service Provider will take to resolve the issue
 - Information about how to appeal to the next level that includes a minimum of the following information:
 - o That the appeal to Commerce must be postmarked no more than 15 business days from the date of the Service Provider's decision
 - o Commerce's address
 - o Name and phone number of the Commerce's Authorized Representative or Weatherization Supervisor.
4. Notify Commerce in cases where the Service Provider receives an appeal and upholds the decision made. Commerce does not need to be notified if the decision is reversed at level one.

Level 2 (Commerce)

If the client is not satisfied with the Service Provider's decision, he/she may file a written appeal to Commerce. In order to be considered by Commerce, the appeal must be postmarked within fifteen (15) business days of the date of the Service Provider's decision. Commerce will:

1. Notify the local Service Provider that an appeal has been received
2. Request that the Service Provider forward all documents in the household file, including the client's local appeal letter and the Service Provider's response to the appeal. In addition, Commerce will review the most recent WA file data, if applicable
3. Review all documents/details without preference to previous decisions made by the Service Provider (de novo) and relevant to the appeal
4. Analyze the appeal issues in relation to federal, state, and program rules and policies
5. Issue a written decision to the applicant/recipient by certified mail within fifteen (15) business days of the receipt of all appeals material, unless additional investigation, research, or inspection is required. If additional time is needed, the client must be sent a letter within 15 days that explains why a decision has not been made, what information is needed, and an anticipated timeline. The written decision must include, at minimum:
 - Reason for the decision
 - Information on how to appeal to the next level, if applicable, including the fact that the next level is a public process and that, therefore, all information related to the client and their appeal will become public information. In the case of an appeal regarding a deferral, Commerce's decision constitutes the last step in the administrative appeals process.

Level 3 (Office of Administrative Hearings/Commissioner)

Except for appeals related to WAP service deferral, if the client is not satisfied with the Commerce decision, the client may make a written request to the Manager of the State Energy Office for an appeal to the Office of Administrative Hearings (OAH) and the Commissioner of Commerce. When a request for appeal is received, Commerce will, within a reasonable time:

1. Arrange a hearing date that allows adequate time for notification of the client, the Service Provider and other applicable persons as described below
2. Reserve a room for the hearing
3. Prepare/send proper forms and documents
4. Prepare evidence to support its decision

The OAH hearing will be presided over by an Administrative Law Judge (ALJ). Hearing attendees may include:

1. Client (Complainant)
2. Client's lawyer (if desired by the Complainant)
3. Commerce, which will be represented by an Assistant Attorney General from the Office of the Attorney General
4. Service Provider representative

The ALJ will review Commerce's decision to determine whether it is arbitrary or capricious, which means that the decision was unreasonable or made without regard to substantial evidence or law. A determination is not arbitrary or capricious as long as Commerce has articulated a rational connection between the facts that it found and the decision that it made. Once hearing is complete:

1. The ALJ considers the arguments that have been presented and renders a written recommendation to the Commissioner of Commerce.
2. The Commissioner reviews the recommendation and makes the final decision regarding the appeal.
3. The Commissioner's decision constitutes the last step in the administrative appeals process.

1.7 Code of Conduct

POLICY: All Service Providers must maintain written standards of conduct that at minimum:

1. Prohibit:
 - Real or apparent conflicts of interest in the selection, award, and administration of grants supported by federal funds; and
 - The solicitation or acceptance of gratuities or anything else of value from contractors or parties to sub-agreements.
2. Include employees, officers, agents of the Service Provider, their families, partners, or related organizations that:
 - Employ or are about to employ any of the parties indicated;
 - Have a financial or other interest in the organization selected for the award. This includes immediate family members, partners or organizations that employ or are about to employ any of the affected parties; and
3. Provide disciplinary actions to be applied if such conflicts or gratuities do occur.

The Code of Conduct should also cover these topics: nepotism, political participation, and bribery. Service Providers' Code of Conduct may set standards of acceptable conduct for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value.

1.8 Repayment

POLICY: Service Providers will repay Commerce for any costs that Commerce determines are not eligible under the WAP contract, costs for which the Service Provider has been or will be compensated by another entity, costs which the Service Providers' records do not clearly substantiate as eligible under the WAP contract, or costs identified as a financial audit exception.

1.9 Service Provider Liability Insurance

POLICY: All Service Providers are required to obtain sufficient liability insurance for all WAP work. Liability insurance costs can be charged to the liability insurance line item in the US DOE budget and Financial Status Reports (FSRs). Proof of Service Provider liability insurance coverage must be made available to Commerce upon request.

Pollution Occurrence Insurance (POI) is not required. However, if the Service Provider does not have POI coverage and weatherization activities disturb environmental pollutants (such as lead), the cost of remediation, cleanup, relocation, medical expenses or any other resulting costs cannot be charged to any Commerce administered funds.

1.10 Assignment Agreements

POLICY: Service Providers may neither assign nor transfer any rights nor obligations under the WAP contract without the prior consent of Commerce and a fully executed Assignment Agreement. The Assignment Agreement must be executed and approved by the same parties who approve grant contracts, or their successors.

1.11 Internal Controls

POLICY: Service Providers must establish and maintain effective internal controls over federal awards in accordance with 2 CFR 200.303. Internal controls must provide reasonable assurance that Service Providers are managing funds in compliance with applicable federal and state statutes, regulations, and reporting requirements and that prompt action is taken when noncompliance issues are identified through monitoring and audits.

1.12 Training Requirements

POLICY: Regular comprehensive training is required for all Energy Auditors, Quality Control Inspectors, Crew Leaders, and Retrofit Installers for both service provider and contractor staff.

1.13 Infectious Disease Policy

POLICY: Service Providers will adopt agency specific Weatherization Infectious Disease Safe Site Visit Protocols to apply to agency and contractor staff weatherization site visits. Service provider site visit protocols must incorporate all required Federal, State, and local requirements.

Section 2: Eligibility and Service Requirements

2.1 Household Eligibility

POLICY: Dwelling units must be occupied by a household whose income is at or below 200% of Federal Poverty Income Guidelines or is eligible for assistance under the LIHEAP income limit of 60% of State Median Income, whichever is greater at the time of eligibility determination. Eligibility for weatherization, and related services, must be determined by the Service Provider using the FACSPRO software system stages and statuses to ensure household eligibility at the time of the Audit Event Site Visit.

Eligible households must be downloaded from FACSPRO and uploaded into the Weatherization Assistant (WA) software. Annual Energy Assistance Program (EAP) eligibility ends September 30 of each year. If a household's new EAP application has not yet been approved, a Service Provider may utilize the previous year's eligibility to perform energy audits through October 31. In the case of a standalone event, the previous year's eligibility may be used if the standalone event is initiated by October 31.

Categorical Eligibility: U. S. Department of Energy (US DOE) allows households to be determined categorically eligible to receive weatherization services. Categorical eligibility exists when one or more members of the household received either Supplemental Security Income (SSI) or Temporary Assistance to Needy Families (TANF) benefits at any time in the 12 months preceding the date of the application. Categorically-eligible-only client households can be weatherized using US DOE funds but are not eligible to be weatherized using EAPWX or other non-US DOE WAP dollars.

2.2 Priority for Providing Weatherization Services

POLICY: In accordance with 10 CFR 440.16, when identifying and providing weatherization assistance to households, priority must be given where one or more of the following exist:

- High energy consumption (high energy use)
- High energy burden
- Elderly household member(s) (60 years or over)
- Disabled household member(s)
- Household member(s) under the age of 19

Households that do not meet at least one of the priority categories may only be served if all eligible priority households in the Service Provider's territory have been served, with the exception detailed in Section 2.2.1. Within the above listed priorities, Service Providers may choose the order in which households are served. Priority systems must be applied equally to both renter and owner-occupied dwellings and applied equitably to all areas of the Service Provider's territory.

Within the priority categories, Service Providers may choose to consider additional criteria for order of service including but not limited to:

- Using the oldest application approval date for positioning applicants within the same category;
- An emergency referral from the Energy Assistance Program (EAP) for a life-threatening emergency;
- Opportunity to complete other rehabilitation work with non-weatherization funds; or
- An official state or federal disaster designation.

Each Service Provider determines the order in which they will serve the priority categories. Priority categories may be treated equally, ranked so that one group is served before another, or combined to create a ranking based on a household having multiple priority designations. The approach each Service Provider chooses, or any subsequent changes must be communicated to Commerce by entering the sorting criteria into FACSPPro. Service Providers must use the client search and waiting list tabs in FACSPPro to implement their preference in how to serve the priority categories.

2.2.1 Priority List Exception

Any income eligible household, whether they have a priority category or not, may be moved to the top of the priority list for immediate service when either non-federal leveraged funds are available for use on the household, or the household is part of a targeted outreach strategy. In such cases where this exception is utilized, no US DOE funds may be used on the household and a note documenting why the exception was used must be entered into FACSPPro.

Section 3: Dwelling Eligibility

3.1 Proof of Home Ownership – Owner-Occupied Dwellings

POLICY: In addition to verifying income eligibility in FACSPRO, Service Providers must verify home ownership and must document ownership in owner-occupied household files. Proof of home ownership ensures that proper authorization is obtained prior to weatherizing a dwelling. In the case of a trust, documentation of the party with authorization to approve weatherization activities is required.

Mobile/manufactured homes may be either personal or real property. If the mobile home is titled through Driver and Vehicle Services, it is considered personal property and Driver and Vehicle Services can issue a certificate of title that serves as proof of home ownership. If the mobile home title was surrendered to the county, then the home is considered real property and documentation of ownership would be the same as for other non-mobile homes.

Proof of ownership documentation includes:

- Property tax statements
- Mortgage statements
- Contract for deeds recorded with the county
- Quit claim deeds recorded with the county
- Online or written information from a county recorder or assessor
- Official county receipt for transfer of title
- Home ownership validation from a tribal government
- Other documentation pre-approved by the MN Department of Commerce (Commerce)

3.2 Single-Family Owner-Occupied Dwellings

POLICY: In order to weatherize an owner-occupied single-family dwelling, an eligible homeowner must occupy the home. Owner-occupied townhomes may be treated as single-family dwellings provided there is physical separation between units of building thermal barrier, air pressure boundary, mechanical systems, and individually metered units.

3.3 Rental Dwelling Requirements

3.3.1 Single-Family Rental Requirements

POLICY: In order to be weatherized, a single-family dwelling (one unit) must be occupied by an eligible household prior to the start of any weatherization activities.

3.3.2 Multifamily Rental Requirements

POLICY: Service Providers may weatherize multifamily buildings containing two or more units. Weatherization is designed to take place with a whole building as a system approach. A single unit within a multi-unit building may not be weatherized.

Rented townhomes possessing a physical separation between each townhome's thermal barrier, air pressure boundary, and mechanical systems, and having individual and separate utility meters, are treated as individual units. In order to achieve unit separation, retrofits must include common-wall air sealing and insulation dams between units.

3.3.2.1 Multifamily Income Eligibility

POLICY: Eligibility for each building in a multi-family complex of buildings is determined separately. For a multifamily building to be weatherized, at least 66% (50% for duplex and four-plex) of units in the building must meet one of the following:

- Are income eligible dwelling units, or
- Will become an eligible dwelling unit within 180 days under a Federal/State program for rehabilitating the building.

Service Providers must collect client demographic information. Demographic data must be reported by individual units. Contact Commerce for procedures on how to set up individual FACSPRO, Weatherization Assistant (WA), or EA-QUIP files for vacant or ineligible units.

3.3.2.2 Maximum WAP Expenditures for 5+ Units

POLICY: When weatherizing a building containing five or more units, Service Providers must calculate the maximum amount of WAP expenditures using the calculation below. Per Section 1.3.1, program support costs are included in the DOE unit average, and therefore should be included in the maximum WAP share.

Maximum WAP share = [statewide DOE unit average + statewide DOE health & safety average] x number of qualified units

3.3.2.3 Measure Buy-down

POLICY: In multifamily buildings, non-federal funds (Property Owner contribution, CIP funds, etc.) may be used to buy down WAP measures that do not achieve an SIR of 1.0 or greater. Refer to Appendix C (WA User Manual) for buy-down procedures.

3.3.3 EAPWX Transfer Funds

POLICY: EAPWX funds may be used for measures in income-qualified units in which tenants either directly or by meter pay their own heating bills at a level proportional to the number of eligible units. For example, if a building had 82 income eligible units out of 100 units, EAPWX funds could pay for up to 82% of the cost of a central boiler replacement. This includes buildings with shared systems such as central space or water heating, common area lighting or ventilation, etc. EAPWX funds may not be used in vacant or ineligible units.

3.3.4 Accrual of Benefits

POLICY: Per 10 CFR 440.22, Service Providers may weatherize rental properties where tenants do not directly pay heating bills, provided the benefits of weatherization accrue primarily to the income eligible tenant(s).

Property Owners must provide detailed justification to Service Providers indicating how benefits of weatherization will accrue to tenants. Once deemed sufficient by the Service Provider, Commerce approval is required prior to beginning weatherization work.

Examples of accrual of benefits to tenants who do not directly pay heating bills include, but are not limited to:

- Investment of the energy savings from weatherization work in specific health and safety improvements with measurable benefits to tenants,
- Longer term preservation of the property as affordable housing,
- Investment of the energy savings in facilities or services that offer measurable and direct benefits to tenants,
- Improvements to heat or water distribution and ventilation to improve the comfort of residents,
- Continuation of protection against rent increased beyond the local written agreements required under the WAP regulations (10 CFR 440.22), and
- Establishment of a shared savings program.

3.3.5 Property Owner Agreement

POLICY: When weatherizing rental units, written permission of the property owner must be obtained prior to the start of weatherization activities and kept in the household file. In compliance with 10 CFR 440.22, property owners must agree to the following:

For a reasonable period of time after weatherization work has been completed on a dwelling containing a unit occupied by an eligible household, the tenants in that unit (including households paying for their energy through their rent) will not be subjected to rent increases unless those increases are demonstrably related to matters other than the weatherization work performed. Furthermore, no undue or excessive enhancement shall occur to the value of the dwelling unit being weatherized.

Solar Photovoltaic projects: The Property Owner Agreement, or a separate, signed attachment, must specifically mention that the property owner is granting approval to install a solar photovoltaic system on the roof of the rental property. The agreement must also acknowledge that the solar installation has an expected life of 20 years and that the property owner does not intend on removing the system prior to the end of useful life. Lastly, property owner agreements for multi-family buildings (2-4 units) must spell out the expected property owner contribution as defined in Section 3.3.6.

Tenants may file complaints to Service Providers, Commerce, or both if concerns arise over the agreed upon terms of the Property Owner Agreement. Property Owners, in response to such complaints, shall demonstrate that the rent increase concerned is related to matters other than the weatherization work performed.

Property Owner Agreements may also contain language allowing tenants to sign the forms detailed in Section 4.3.3.

3.3.6 Property Owner Contribution

POLICY: Except in cases where the property owner also qualifies for weatherization services, property owner contributions must be handled as follows:

- Five or more units: Property Owner contribution is required. The amount of financial contribution is determined by the Service Provider and must be documented in local policy.
- 2-4 units: Service Providers may choose to require Property Owner contributions. The amount of financial contribution is determined by the Service Provider and must be documented in local policy.
 - Exception: When Solar PV is being installed on a rental property, the Property Owner must provide at least 15% of the upfront net installation cost. Upfront net installation cost is determined by reducing gross installation cost by any upfront utility rebate incentive and calculating 15% of that number. The Property Owner must also cover expenses over and above

the required contribution if US DOE, leveraged funds, and the 15% Property Owner contribution do not cover the full installation cost.

- One unit: Service Providers may not require Property Owner contributions for one single unit rental properties.

Property Owner contribution for rental properties containing two or more units may be used to pay for the entire cost of an individual measure/s or to complete work beyond the scope of WAP, as determined by the Service Provider.

Property Owners must complete work to come into compliance with MN Statute 504B.161 or other local rental code, if identified through the audit and applicable to weatherization. This work must be completed prior to or in conjunction with weatherization projects. This work is not counted towards Property Owner contribution requirements. Additionally, Property Owner contributions are not reported as Program Income.

3.4 Mixed-Use Buildings

POLICY: Federal rules require that US DOE funds may only be used on residential buildings or space. Mixed-use buildings, which include both residential and non-residential space, present special challenges in order to determine their eligibility and the viability of providing services using WAP funds.

Mixed-use buildings may be weatherized in some circumstances if the building, or a portion of the building, meets one of the following criteria:

Criteria 1: The building is a single-family dwelling where the business use and the residential use completely or almost completely overlap (e.g., home daycare).

DETERMINATION PROCEDURE: Document the nature of the business in the dwelling and the amount of overlap between the business and residential portions. Complete weatherization activities in the same manner as any other eligible single-family dwelling.

Criteria 2: The building contains residential and commercial units (ex: living quarters above a store- front).

DETERMINATION PROCEDURE: Evaluate the building prior to the energy audit to determine feasibility of weatherization activities. In cases where there is not a complete separation between units, the entire building must be weatherized which requires contribution from the business owner. Because situations vary widely, Commerce pre-approval is required when weatherizing a building under these criteria.

3.5 Group Homes

POLICY: Weatherization services may be provided to group homes that have a room and board license from the Minnesota Department of Health (MDH) and whose residents meet current eligibility guidelines. Documentation must be kept in the household file to demonstrate these criteria have been met.

Service Providers may only weatherize portions of the building that are associated with the actual living environment of the residents. Because the entire building must be weatherized, building owner contribution is required for any non-living spaces (ex: office space, gyms, etc.)

For production purposes, group homes will be counted using the method that allows the Service Provider to report the highest number of completions. Each floor of the building used for living space may be counted as a separate unit or each 800 square feet of the living space may be counted as a separate unit.

3.6 Previously Weatherized Dwellings

POLICY: Except in cases of disaster as discussed below, units that received weatherization services may not receive further financial assistance for weatherization until the date that is 15 years after the date such previous weatherization was completed where those services were paid for with US DOE funds. Service Providers must keep records of previously weatherized units and document, in each client file, that pre-weatherization status has been verified.

Non-US DOE WAP funds may be used for re-weatherization so long as an eligible household occupies the dwelling and there are additional cost-effective energy conservation measures that can be completed as documented by a current energy audit.

Dwellings previously weatherized at any time constitute the lowest priority for current weatherization services. These dwellings should not make up any more than a small percentage of dwellings weatherized in any program year.

If a dwelling is re-weatherized, Service Providers must use the “Previously Weatherized” check box in the Client Screen of the WA software for reporting purposes.

Disaster Plan: Previously weatherized dwellings may be considered for services in the case of a federal or state declared disaster. Refer to Section V.9 of Minnesota’s current US DOE State Plan (Appendix A) for dwelling eligibility, eligible activities, required documentation, and reporting requirements. EAPWX funds may be used for disaster response and follow the same guidelines found in the US DOE State Plan.

3.7 State Historic Preservation Office Review

POLICY: The Minnesota State Historic Preservation Office (SHPO) must review all dwellings to be weatherized, including those built after 1976 (45 years) and manufactured homes, prior to issuing work orders. Commerce uses an online preservation data system that indicates if further review is needed by SHPO. SHPO reviews do not need to be conducted for mechanical system standalone events.

A separate, secondary SHPO review must be done for households on which Solar PV may be installed as a WAP measure. After the initial SHPO review receipt is received from the online preservation data system submission, an email request should be sent to the designated MN SHPO review representative requesting the address be reviewed as a potential solar PV host site.

3.8 Deferrals

There are conditions or situations when a dwelling unit containing an eligible household cannot or should not be immediately weatherized. This does not mean that weatherization assistance will never be available, but that work must be postponed until the problems can be resolved or alternative resources are found.

POLICY: Service Providers may elect to defer a home from receiving weatherization services where health and safety hazards exist for the staff, contractors, or clients, or where conditions exist that cannot be addressed by WAP funds, preventing the safe and effective implementation of weatherization measures. A determination can be made any time during the eligibility process, during the audit, or after work has begun.

Service Providers shall not simply defer service without pursuing other options or identifying other resources to address the identified reason(s) for deferral. Whenever appropriate, educational information on how to address the hazard shall be shared with the occupant.

Service Providers must determine and then document that circumstances exist which prevent weatherization activities from proceeding and provide the household with Commerce's Deferral Form. If a household successfully addresses the deferral reason(s) identified, weatherization may proceed or resume, so long as the household's EAP application is current and approved (Section 2.1). Service Providers must maintain a list of deferred dwellings and enter the list into FACSPRO.

3.8.1 Conditions where Service Providers must not weatherize

- The dwelling was weatherized was last completed less than 15 Years ago and the work was paid for by US DOE funding. See 3.6 "Previously weatherized dwellings" for more information.
- The dwelling is scheduled for demolition.
- The condition of the structure would make weatherization impossible or impractical (e.g. inability to meet Standard Work Specifications (SWS). See Appendix B – Retrofitting Minnesota, Standard Work Specification-Aligned Field Guide.

3.8.2 Conditions where a Service Provider may defer (Not limited to these situations)

- The dwelling is in the process of being sold.
- The dwelling is in the process of being remodeled.
- If homeowner refuses cost-effective measures as determined by the WA software tool, Service Providers must follow WPN 19-4. For programmable thermostats, refer to page 9-42 of the WA User's Manual (see Appendix C) for guidance. Note: The MN Energy Code requires programmable thermostats with all furnace installations.
- The building structure or its mechanical systems, including electrical and plumbing, are in such a state of disrepair that failure is imminent, and the conditions cannot be resolved cost-effectively.
- The house has sewage or other sanitary problems that would endanger the client and weatherization installers if weatherization work were performed.
- The house has been condemned or electrical, heating, plumbing, or other equipment has been "red tagged" by local or state building officials or utilities.
- Moisture problems are so severe they cannot be resolved under policy limits
- Dangerous conditions exist due to high carbon monoxide levels in combustion appliances and cannot be resolved under existing health and safety measures.
- The extent and condition of lead-based paint in the house would potentially create further health and safety hazards.
- In the judgment of the energy auditor, if any condition exists which may endanger the health or safety of the work crew or contractor, the work should not proceed until the condition is corrected.
- The client has known health conditions that prohibit the installation of insulation or other weatherization materials.
- Weatherization of a dwelling containing vermiculite may only proceed if an MDH certified contractor removes the vermiculite and the work is done assuming the material is an Asbestos Containing Material.
- The cost to weatherize a home is so significant that it will negatively affect the Service Provider's ability to meet the statewide average cost per dwelling. Commerce must be notified in writing prior to deferring a dwelling for this reason.

3.8.3 Other Acceptable Deferment Scenarios

Households may also be deferred for the following reasons:

- The presence or use of any controlled substance is evident or observed by auditors, inspectors, contractors, crews, or anyone else who must work on or visit the home.
- The client is uncooperative, abusive, or threatening to anyone who must work on or visit the home.

In these cases, Service Providers must issue, in a timely manner, written notification to the client. Client signatures on a deferral form is not required in cases where Service Provider staff feel threatened or unsafe. In this case, notification by certified mail is recommended.

Section 4: Audit Event

4.1 Definition

An Audit Event is the primary method of delivering services under the Weatherization Assistance Program (WAP). An audit event can be funded with U.S. Department of Energy (US DOE), EAPWX, Propane, or other special revenue. Audit events focus primarily on measures that save energy while protecting the health and safety of the household. An audit event is first created in FACSPRO and includes an energy audit and is tracked through the Weatherization Assistant (WA) software.

POLICY: The Minnesota Weatherization Assistance Program (WAP) uses WA software version 8.11.0.1 to generate energy conservation measures for single-family dwellings, manufactured dwellings, and multifamily buildings containing 2-4 units. WAP uses the EA-QUIP online software for multifamily buildings containing five or more units.

PROCEDURE:

1. Create an Audit Event in FACSPRO and download it into the WA software. (Appendix C - FACSPRO to WA File Transfer).
2. Conduct work in accordance with the Standard Work Specifications and SWS Aligned Field Guide. (Appendix B - Retrofitting Minnesota, Standard Work Specification-Aligned Field Guide)
3. Report the completed Audit Event to the MN Department of Commerce (Commerce) via the monthly WA export or a special export.

4.2 Types of Measures

4.2.1 Energy Conservation Measure

As defined in WPN 19-5, an Energy Conservation Measure (ECM) is “a procedure, including materials and installation, which is considered or performed for its anticipated energy savings.”

POLICY: ECMs are to be evaluated based on a Savings to Investment Ratio (SIR), which is equal to the energy savings over the life span of the measure divided by the total cost of the installation. The energy savings are calculated by the version of the WA Software identified in the current State Plan, and the cost is entered into WA. All ECMs with an SIR of 1.0 or greater must be completed. In homes that utilize both US DOE and EAPWX funds, a minimum of one ECM per fund type is required.

ECMs must be installed in the order of descending SIR with the following exceptions:

- Mechanical work must be done before building shell measures;
- Any Solar PV systems must be installed coincidentally with or after other weatherization work, not in advance of weatherization work;
- Air sealing measures must be done before insulation; and
- Programmable thermostats will be modeled using guidance found in Appendix C - WA User’s Manual, Chapter 9, Page 42.

PROCEDURE:

For Audit Events:

1. Enter data from the energy audit into the WA software as indicated in the WA User's Manual and WA User's Manual Addendum (see Appendix C);
2. Generate recommended measures;
3. For each identified ECM, use the current State Plans (Appendix A) and the Allowable Measures Chart (Appendix C) to determine if it is an allowable activity;
4. If there is a change in the cost of an ECM, the updated cost must be entered in WA to determine if the SIR is still 1.0 or greater before proceeding;
5. Install measures; and
6. Verify and document that all ECMs are properly installed.

Reminder: ECMs are not allowed in a Standalone Event.

4.2.2 Incidental Repair Measure

As defined in WPN 19-5, an Incidental Repair Measure (IRM) is a procedure, including materials and installation, "which is performed because it is deemed necessary for the effectiveness of one or more installed ECMs."

POLICY: Justification for IRM's must be noted in the WA software, including an explanation of their need and relationship to a specific conservation measure or a group of conservation measures. The cost of all IRMs is added to the cost of all ECMs combined to calculate a cumulative job SIR. The resulting cumulative SIR calculation for the total job cost must be 1.0 or greater for DOE funded jobs.

Incidental Repairs are limited to those activities listed in the Allowable Measures Chart and costs must result in a cumulative job SIR of 1.0 or greater.

Solar PV: An IRM may be used to address minor roof repairs or add blocking, bracing, or other support needed to accommodate installation of rooftop PV. An IRM may also be used on solar PV measures for electrical upgrades. For additional details, see the Allowable Measures Chart (Appendix C). Please note the IRM for electrical service upgrades has a lower per fund allowance than other IRM measures.

Each IRM should be included on the recommended measure report, and the cumulative SIR for rooftop solar PV and related IRM work must be 1.0 or greater.

PROCEDURE:

For Audit Events:

1. Identify and document any necessary IRM and the associated ECM(s).
2. For each IRM, use the State Plan (Appendix A) and the Allowable Measures Chart (Appendix C) to determine if it is an allowable activity.
3. If the cumulative job SIR is less than 1.0, use the current State Plan (Appendix A) and the Allowable Measures Chart (Appendix C) to determine if the IRM can be installed as a Health and Safety Measure as identified in Section 4.2.3 of this document.
4. In DOE funded jobs where the cumulative SIR remains less than 1.0 because of IRM costs, remove the IRM and the associated ECM(s) with the lowest SIR until the cumulative SIR is 1.0 or greater.

5. When filling out details in the WA work order, ensure that the “Measure Type” drop down in the measures tab is set to “General Repair.”
6. Install measures.
7. Verify and document that all IRMs were addressed properly.

Reminder: IRMs are not allowed for Standalone Events.

4.2.3 Health & Safety Measure

As defined in WPN 19-5, a Health & Safety Measure (HSM) is a procedure, including materials and installation, “necessary to maintain the physical well-being of the occupants and/or weatherization workers where the actions MUST be taken to effectively perform weatherization work or the actions are necessary as a result of weatherization work.”

POLICY: All Audit and Standalone Events must include an assessment of the health and safety issues of the home. Clients must be provided with a written notice of identified health and safety risks, including those that go beyond the scope of WAP.

The Health & Safety portion of the US DOE State Plan (Appendix A) and the Allowable Measures Chart (Appendix C) give detailed guidance on what health and safety activities are allowed. Service Providers are responsible for managing costs to stay within the average cost per unit over a program year. For PY21 the US DOE average is \$1,457.26 and the EAPWX average is \$3,500.

The Allowable Measures Chart (AMC) also provides details on when written justification for specific measures is required in the Health and Safety tab of the WA file.

Health and Safety appliance replacements may be justified by comparing the cost of replacement versus the cost of repair. Factors such as anticipated useful life and condition of the appliance should be considered. In such cases, a cost comparison between replacement and repair justifying the course of action must be placed in the client file.

Health and Safety Measure repair limits are per fund source. See the Allowable Measures Chart for repair limits.

PROCEDURE:

For Audit Events:

1. Identify and document existing and potential health and safety hazards.
2. Provide written notification of the health and safety hazards to the property owner in rental dwellings and to the client in both rental and owner-occupied dwellings. Include all information relevant to the hazard.
3. For each identified hazard, use the current State Plan (Appendix A) and the Allowable Measures Chart (Appendix C) to determine if correction of the hazard is an allowable activity within the resource limitations of the program.
4. Identify if the hazard should be mitigated before, during, or after weatherization activities.
5. Determine whether to proceed with weatherization or defer weatherization until the hazard is mitigated.

6. When filling out details in the WA work order, ensure that the “Measure Type” drop down in the measures tab is set to “Health & Safety.”
7. Install measures.
8. Verify and document that the hazards were addressed properly.

Reminder: A HSM is the only allowed measure type in a Standalone Event.

4.2.4 General Heat Waste Measure (GHW)

As defined in WPN 19-4 Attachment 1 GHW weatherization materials have been determined by DOE to be generally cost effective, and do not require justification by a site-specific energy audit. GHW reduction materials are intended to be relatively low-cost items that are quickly and easily installed.

POLICY: Minnesota GHW measures include furnace and air conditioner filters and limited air sealing (weatherstripping, door sweeps, and caulking). Total GHW measure costs will not exceed \$250 per dwelling. Additional caulking and weatherstripping are allowable as air infiltration reduction measures.

PROCEDURE:

For Audit Events:

1. Weatherstripping and door sweeps shall only be installed as a GHW measure on entry way doors and attic hatches between conditioned and unconditioned spaces and when existing weatherstripping is missing, of poor quality, or poorly installed.
2. Weatherstripping and door sweeps installed as a GHW measure shall follow SWS 4.0202.1 and be made of quality, durable materials designed to withstand the elements. Mechanically fastened weatherstripping and door sweeps and/ or durable rubber sweeps designed to fit certain metal and fiberglass prime doors shall be preferred. Non-mechanically fastened weatherstripping will only be used when mechanically fastened weatherstripping is not physically feasible.
3. Weatherstripping and door sweeps installed as a GHW measure shall follow these cost limits.
 - a. Entry door weatherstripping shall cost no more than \$75.
 - b. Attic hatch weatherstripping of under 10 linear feet shall cost no more than \$60.
 - c. Attic hatch weatherstripping of over 10 linear feet shall cost no more than \$75.
 - d. Door sweeps shall cost no more than \$45.
4. Installed furnace and air conditioning filters will be the highest MERV rating allowable by local code and that is deemed not to overly restrictive to the existing duct system.

4.3 Household File Contents

POLICY: All household files must contain the following completed forms and documentation. Service Providers should develop local procedures to ensure that household files contain all required documents. Files may be maintained electronically or in paper form. Any forms requiring a signature must be completed prior to being dated and signed by all related parties.

4.3.1 Eligibility Forms

- Income Eligibility - FACSPRO WAP Application Summary
- Documentation indicating that previously weatherized status has been verified and complies with Section 3.6 - Previously Weatherized Dwellings
- SHPO Review - Historic Preservation Data Sheet (prior to start of work)
- Proof of home ownership (if owner-occupied)
- Property Owner Agreement (if renter occupied)

4.3.2 Forms

The following forms must be used and are found in Appendix F:

- Blower Door and Pressures Form
 - Documents blower door and house pressure testing
- Clean and Tune Forms (when applicable)
- Client Preparation Form
 - Records activities to be completed by clients prior to weatherization work and recommendations to increase client energy savings
- Client Refusal of Work Form (when applicable)
 - Tracks any weatherization work refused by client (Section 3.8)
- Deferral Form (when applicable)
 - Documents specific conditions that must be met for a home to become eligible for weatherization services
- Completion Certificate - Audit Event
 - Details the final inspection of an audit event
 - By signing, client acknowledges weatherization measures were performed
- Fuel Switch Request Form (when applicable)
 - Documents client request for fuel switch and whether the request is approved by Commerce
- Fuel Switch Request Summary (when applicable)
 - Documents fuel switch request information
- Fuel Switch - Electric to Fossil (when applicable)
 - Documents the efficiency conversion from electric to fossil fuel
 - Used with the Fuel Switch Request & Fuel Switch Request Summary Forms
- Lead Safe Renovation Record Keeping (when applicable)
 - Documents lead safe practices
- Lead Test Kit Documentation (when applicable)
 - Details information about the resident and the site to undergo lead safe renovation
- Manufactured Housing Added R-Value Disclosure (when applicable)
 - Documents any added R-value to HUD code manufactured homes
- Mechanical Testing Form – Contractors
 - Documents mechanical systems testing performed by contractors
- Mechanical Testing Form – Inspectors
 - Documents mechanical systems testing performed by inspectors
- Quality Control Inspection
 - Documents data collection and procedures necessary as part of a Quality Control Inspection
- Receipt of a Citizen's Guide to Radon
- Renovate Right Signature Form when applicable. (See Section 4.4.2.6)
 - Documents client has received the lead hazard renovation pamphlet
- Safety Assessment Form
 - Documents any safety hazards found in the home and subsequent client education provided by the service provider
- Safety Assessment—Mold and Moisture Form
 - Used when mold and moisture issues are documented on the Safety Assessment Form
 - Documents any mold and moisture issues found in the home by the service provider
- Scope of Work Change Order (when applicable)
- Weatherization Service Agreement – Audit Event
 - Records the agreement between the client and service provider on weatherization measures to be completed
 - If there are any changes to the measures identified on the Weatherization Service Agreement between the energy audit and the point of issuing work orders, file documentation must indicate that the client was informed of any changes.

4.3.3 Forms for Rental Property

It is important to share relevant information with tenants as well as property owners. The following forms must be signed and distributed as noted below:

- Weatherization Service Agreement – Audit Events: Signed by Property Owner, copy to tenant
- Safety Assessment: Signed by Property Owner, copy to tenant
- Safety Assessment – Mold and Moisture (if applicable): Signed by Property Owner, copy to tenant
- Client Participation Form: Signed by tenant, copy to Property Owner
- Completion Certificate – Audit Event: Signed by Property Owner

Property Owner Agreements (Section 3.3.5) may include language that allows the tenant to sign in place of the Property Owner. In such cases, copies of the signed forms must be sent to the Property Owner and included in the client file.

4.3.4 Energy Audit Information

- Data Collected during audit (*for example see Audit Data Collection Form*)
- Photo documentation
- Additional documentation
 - Other relevant notes
 - Correspondence between service provider and customer
 - Correspondence between the service provider and Commerce

4.3.5 WA Data

- All relevant data inputs needed to accurately model the house as described in the WA User's Manual (Appendix C) and the WA User's Manual-Addendum (Appendix C)
- Client Survey
- Client Checklist
- Client Measure and Job SIRs Report

4.3.6 Quality Control Inspection

- Quality Control Inspection Form
 - Documents data collection and procedures necessary as part of a Quality Control Inspection
- Change Order Form (when applicable) (Section 4.4.3.2)
- All relevant permits
- Lien waivers from all contractors and material suppliers
- Bid process documentation (when applicable)
 - A bid form that includes bid specifications for the project
 - A list of contractors invited to bid the project
 - A copy of all bids received
 - Labor and materials split
 - Notification of bid selection to all bidders
 - If the lowest responsive bid was not selected, include documentation showing sufficient justification for the bid selection
- Payment documentation
 - Purchase, payment authorization, or both, including date and signature(s) of approver(s) (Purchase order, voucher, etc.)
 - Itemized invoices, labor and materials must be split
- Additional warranty documentation (when applicable)
- Lead Test Kit Documentation Form (when applicable) (Section 4.4.2.6)
 - Document the renovation site, firm, certified renovator, and lead test kit information.

- Lead Safe Renovation Recordkeeping Form (when applicable) (Section 4.4.2.6)
 - Document utilization of lead safe practice, including any training provided on-site; description of specific actions taken; and photos of site and containment set up. Include the location of photos referenced if not in file.
- Contractor/crew notes
- Air Conditioning Contractors Association (ACCA) approved Manual J or WA calculation (for heating plant replacements)
- Photos of inspected work
- When applicable, all Solar PV related documentation, such as the Solar Book and the household informational packet sent to Commerce for approval. See the Solar Photovoltaic addendum (Appendix G) for more information.

4.4 Energy Audit

POLICY: Each eligible dwelling unit scheduled for weatherization must have an energy audit. The audit must take place after household eligibility is established and prior to the start of any weatherization work and be conducted by an individual with Building Performance Institute's Building Analyst Certification, HEP Energy Auditor, HEP Quality Control Inspector Certification, or another Commerce approved certification.

Certification can be acquired within the first year of work; prior to receiving certification, an energy auditor's work must be closely supervised to ensure compliance to program guidelines.

An energy audit includes a site visit where data is collected, a diagnostic test process, a client education process, and site-specific energy modeling within the WA software.

4.4.1 Site Visit

Conducted by an energy auditor, a site visit is used to collect relevant data about each dwelling, including the following:

4.4.1.1 Data Collection

- Site map (Appendix C - Weatherization Assistant (WA) User's Manual – Addendum);
- Mechanical systems data plate info;
- All observed health & safety issues;
- Items related to the WA client survey;
- Photos:
 - All sides of the exterior;
 - For Solar PV projects:
 - A picture from the south, looking to the north, and including the specific location where the solar PV is to be mounted;
 - A picture from (or close to) proposed solar PV installation site, looking to E, SE, SW, S, and W to identify if any shading obstacles exist.
 - Insulation type and levels;
 - Heating plant and water heater, venting, labels, and appliance;
 - Items within the scope of work;
 - Information that will affect the scope of work;
 - Health and safety hazards;
 - Information needed to understand the existing conditions and the scope of work;

- o Information needed by crews or contractors to perform their work properly
 - For potential Solar PV households, this would include:
 - Pictures documenting roof support structure;
 - Pictures documenting Electrical Service panel and surrounding area;
 - Picture of external location available for meter installation;
 - Pictures of shingle/roof condition if possible;
- o Justification for deferral/walk away;
- o Pictures documenting lead safe work practices (when applicable).

4.4.1.2 Diagnostic Tests

Conducted by an energy auditor, the diagnostic tests are conducted to inform consideration for all measure types (Appendix D - Audit Event – Energy Audit Diagnostic Tests).

4.4.1.3 Client Education

Client will be informed about the following areas:

- Building, mechanical and solar PV systems operations and required maintenance;
- Weatherization process;
- Observed Health and Safety items, including those that are outside the scope of the Weatherization Assistance Program;
- Appeals process.

4.4.1.4 Weatherization Assistant (WA) Data Entry

- Enter all relevant data (Appendix C - Weatherization Assistant User's Manual and Weatherization Assistant User's Manual – Addendum)
- Generate Recommended Measures in WA

4.4.2 Measure Consideration

POLICY: All measures (ECM, IRM, HSM, & GHW) that can be done within the program guidelines shall be done. A complete list of measures can be found in the Allowable Measures Chart (AMC) - (Appendix C). Listed below are measures with additional, specific policies related to them.

4.4.2.1 Heating System Replacement

Heating Plant

POLICY: All primary heating plant systems will be evaluated for replacement. The primary system (or system of units) is the heating plant system that is most relied upon to provide heating through-out the season. Unsafe or non-functioning units within the primary heating plant system must be repaired, replaced, and removed, or rendered inoperable.

The secondary system or unit is a system employed only in extreme weather. Replacement or installation of secondary units is not allowed. Unsafe or non-functioning secondary units, including space heaters, must be repaired, removed, or rendered inoperable.

The replacement heating plant must meet or exceed the following criteria:

- Annual Fuel Utilization Efficiency (AFUE) of at least 93%
- For fuel oil units the AFUE must be at least 80%
- Sealed combustion two-pipe system except when physical conditions in the dwelling prevent it. Conditions that prevent a two-pipe system must be clearly documented in the household file.
- Burner with a minimum of two (2) stages
- Electronically commutated (EC) motor

In addition, all non-manufactured home heating plant replacements require an ACCA approved Manual J or the heating load calculation generated by the WA software. The calculation can be completed by either the Service Provider or a licensed/bonded mechanical contractor before the installation of the heating plant. Local code officials have the authority to approve or disapprove any calculation other than an ACCA approved Manual J. A copy of the Manual J or WA calculation is required in the household file. When the calculation is done by a mechanical contractor the Service Provider will provide the contractor with the proposed changes to all building insulation levels and the estimated post blower door number for use in the calculations.

If the SIR is less than 1.0 and the heating plant poses a health and safety risk, replacement should be done as an HSM. Health and Safety heating plant replacements must meet the above criteria.

PROCEDURE:

Model the heating plant for replacement using the steady state efficiency as determined by a sample of the flue gas taken with a calibrated combustion analyzer when the heating plant is at steady state operation.

If the heating plant does not have an SIR of 1.0, evaluate the unit for a clean and tune (Section 4.4.2.2).

If any additional components of the heating system are needed, use the Allowable Measures Chart (Appendix C) to determine if the components are allowable activities and what their measure type is.

Health and safety heating plant replacements must be reflected in the Weatherization Assistant energy model.

Water Heater Replacement

POLICY: Install an expansion tank anytime a storage water heater is supplied with cold water that passes through a check valve, pressure reducing valve, or backflow preventer or when required by the authority having jurisdiction. Health and safety water heater replacements must be included in the Weatherization Assistant energy model.

4.4.2.2 Clean and Tune

POLICY: A clean and tune is required when one or more of the following conditions are present:

Heating Plant:

- Carbon monoxide levels in the flue exceed the standards indicated in BPI 1200 2017 or authority having jurisdiction, whichever is more stringent.
- Visual indicators of soot or flame rollout
- Burners or distribution fan are visibly dirty

Heating plant clean and tunes must follow the SWS and the Clean and Tune forms found in Appendix F. If during the clean and tune it is discovered that the heating plant has a cracked heat exchanger or is otherwise unrepairable, follow section 4.4.2.1. The contractor that performed the clean and tune must not be awarded the replacement until procurement procedures have been followed (Section 7, Procurement).

Water Heater

- Carbon monoxide levels in the flue exceed the standards indicated in BPI 1200 2017 or authority having jurisdiction, whichever is more stringent.

Oven/Stove Top

Carbon monoxide levels in the oven exceed the standard indicated in BPI 1200 2017.

4.4.2.3 Electronically Commutated (EC) Motor

POLICY: All households with forced air systems that are not being replaced will be evaluated for an Electronically Commutated (EC) motor upgrade.

PROCEDURE:

1. Create a user defined measure for the EC motor-retro fit and adjust the “life-yr” field to reflect the age of the existing heating plant (Appendix C – EC Motor Procedures)
2. Evaluate for replacement by running the audit

4.4.2.4 ASHRAE 62.2-2016

POLICY: All households will meet all aspects of the ASHRAE 62.2-2016 standard. ASHRAE calculations must be done using WA 8.11.0.1 or latest MN approved version. The continuous flow rate must be set according to the final blower door readings. A circuit breaker may serve as the power off switch to meet Section 4.4 of the ASHRAE standard so long as the fan has local control that allows the continuous function to be turned to zero cfm.

4.4.2.5 Duct Sealing

POLICY: Ductwork will be sealed and insulated according to the SWS (Appendix B - Duct Sealing Guidance). When intake air is found to be directly tied into the return ductwork, remove the intake from the return ductwork, patch the duct work and add a J-trap/bucket to the intake air.

4.4.2.6 Lead Safe Work Practices

POLICY: All work done in dwellings built prior to 1978 will meet the requirements of the Environmental Protection Agency’s (EPA’s) Lead Renovation, Repair, and Painting Rule (RRP Rule). All work must conform to RRP Rules unless testing confirms the work area to be lead-free.

- Deferral is required when the extent and condition of the lead-based paint in the house would potentially create further H&S hazards. When deferral is necessary, provide information in writing to the client which describes the conditions that must be met for weatherization to commence.
- Occupants of dwellings built prior to 1978 must be provided with a copy of the EPA’s Renovate Right brochure, which will be documented on the Renovate Right Signature Form.

TESTING: Testing to determine the presence of lead in paint that will be disturbed by WAP measure installation is allowed with EPA-approved testing methods.

- Testing methods must be economically feasible and justified.
- Job site set up and cleaning procedures require verification by an EPA RRP Certified Renovator.
- For any work that disturbs a painted surface greater than the de minimis level, a Lead Test Kit Documentation Form is required. Any work done on painted surfaces that have tested positive for lead or any untested surface presumed to contain lead will be documented on the Lead Safe Renovation Recordkeeping Form.

4.4.2.7 Asbestos

POLICY: Service Providers must take steps to identify Presumed Asbestos Containing Material (PACM) that would be disturbed during the course of normal weatherization activities. Handle PACM situations as per the Minnesota WAP Health and Safety State Plan (Appendix A) and all rules and regulations outlined by the Minnesota Department of Health

<https://www.health.state.mn.us/communities/environment/asbestos/rules.html>:

- When a material within the pressure boundary of the dwelling is suspected of being a PACM and is friable, blower door testing is not allowed until either the friable material is confirmed to be a non-ACM or it has been encapsulated or remediated.
- If you suspect a material as being PACM, the material must not be disturbed. If the suspect material must be disturbed through the normal work of weatherization, it should be abated or encapsulated.

4.4.2.8 Air Sealing

POLICY: Infiltration reduction will be modeled in all dwellings. All work must be completed in accordance with the SWS. Required air sealing for all dwellings must include the following:

- Chimney and flue bypasses
- Soil stack bypasses
- Exhaust fan bypasses

Dense packed insulation is an allowed air sealing technique for inaccessible building assemblies such as: cantilevers, bay window attics, drop soffits, etc. The air sealing must be either an ECM or IRM and the cost and bag count must be detailed in the air sealing measure in WA and verified by the QCI.

4.4.2.9 Fuel Switching

POLICY: The Minnesota WAP does not permit the general practice of fuel type switching when replacing heating systems and other appliances. However, Commerce does consider fuel switching on a limited, case-by-case basis in two scenarios:

- When a site-specific energy audit, based on all related costs, demonstrates the cost-effectiveness of the fuel switch over the life of the measure as indicated by the SIR; or,
- When a compelling health and safety concern can feasibly be addressed by a fuel switch in order to meet the mandate to provide safe and effective heat to eligible households.

The cost associated with installing a new fuel line or pipe to a home is not allowed with WAP funds.

Note: Fuel switch requests must be submitted to Commerce for pre-approval (Appendix C - Fuel Switching Guidance).

4.4.2.10 Remediation of CAZ Depressurization

POLICY: When either the measured or calculated worst case CAZ depressurization is two pascals or more negative than the CAZ depressurization limit, action to remediate the condition can be taken. (Appendix B – Combustion Appliance Zone Depressurization Remediation Guidance).

4.4.2.11 Crawlspace

POLICY: Crawlspaces will be evaluated to determine the location of the pressure boundary and for accessibility (Appendix B - Crawlspaces Guidance).

4.4.2.12 Replacement of Compressed Attic Insulation

POLICY: In cases where attic insulation is compressed due to weatherization work and adding attic insulation does not achieve an SIR of 1.0 or greater in WA, replacement insulation can be added to return the attic to its original insulation level. There is a \$200 limit per dwelling and the cost must be included in the attic measure that caused the insulation compression. Bag counts must be recorded by the contractor/crew and verified by the QCI.

4.4.2.13 Gas Line Drip T Replacement

POLICY: Missing or non-code compliant gas line drip T's will be addressed in the following manner:

- Ovens and dryers - drip T's will be brought up to code only when work is done to the gas line of those appliances.
- Heating plants and water heaters - will be brought up to code when:
 - The unit/s are being replaced or repaired;
 - A clean and tune is performed;
 - Work is being done to the gas line.

4.4.2.14 Solar Photovoltaic Systems

POLICY: Solar Photovoltaic (PV) installations may be utilized as a WAP measure following pilot program rules approved by the US DOE on September 5, 2019. EAPWX funding is also available to pay for solar PV installation; see Appendix G Solar Photovoltaics Systems Guide for full details. EAPWX funding should be braided together on weatherization projects with US DOE and leveraged funding when possible. US DOE fund stipulations must be adhered to on all projects on which US DOE funding is utilized.

All Solar PV measures must be undertaken in accordance with the Solar Photovoltaic Systems Guide (Appendix G), and in line with the following stipulations:

- Prior to installation, all Solar PV projects must be approved by Commerce.
EXCEPTION: Service Providers who have completed the Commerce solar project review process and have been released by Commerce from needing to submit approval packages on single-family households, are exempt from this requirement. All required steps must be taken as set forth under Commerce solar-approval process, and complete documentation of entire solar project must be maintained and available for review during Administrative Monitoring.
- Client owned buildings and rental properties with 1-4 units are eligible to receive solar. A Property Owner with rental property with 2-4 units is required to provide a Property Owner contribution toward the Solar PV project (Section 3.3.6).
- For single-family households, installed Solar PV project size must be no smaller than 1.8 kW and no larger than 3.6 kW. System size limits for projects funded by EAPWX are stipulated in Appendix G Solar Photovoltaic Systems guide.
- For multi-family residential facilities of 2-4 units; the installed Solar PV system may be sized up to 15.0 kW.
- PV panels must be roof-mounted or attached elsewhere to the building.
- Installations on manufactured housing are not permitted.
- Battery back-up systems are not eligible for inclusion on solar systems installed as part of the Solar into WAP program.
- Solar PV projects must be able to utilize leveraged or EAPWX funding to cover any up-front installation costs not covered by the available US DOE amount.
 - For Households served by electric utilities offering either front-end or back-end production incentives for installation of Solar PV systems:
 - Installers should apply for any applicable utility incentives, and if approved, any

utility front-end or back-end incentives will be assigned by the WAP household to the solar installer of record.

- The dollar amount of the front-end incentive should be deducted off the installer's gross installation price bid and the service contract issued at the net (gross minus utility rebate) installation price bid.
- In exchange for assignment of any utility back-end production incentives, installers must agree to extend the required workmanship warranty to the length of time covered by the back-end production incentive payments.
- EAPWX funding may also be used to cover upfront installation costs, either in coordination with other leveraged funding or without (See Appendix G Solar Photovoltaics System Guide for full details on using EAPWX funding).
- The average cost per unit (ACPU) allowed by the US DOE for the Solar PV portion of WAP work in PY21 is \$3,815. This solar ACPU is part of the overall ACPU, not in addition to, the overall ACPU.
- WA SIR calculation must be done, and results included in the household file. SIR for the Solar measure (with any associated IRM) and for the project overall must be at 1.0 or greater. Directions on how to add the solar measure as an itemized cost are included in Appendix G.
 - See Appendix G Solar Photovoltaics Systems Guide for SIR stipulations when system is funded by EAPWX.
- A solar-specific SHPO review must be completed (Section 3.7).

4.4.2.15 Radiant Barriers

Policy: In cases where a radiant barrier installed in an attic is causing condensation or will cause condensation if left in place after weatherization work is completed, the radiant barrier must be removed prior to completing weatherization work.

4.4.3 Work Orders

POLICY: Work orders will be created from the Recommended Measures tab in the WA software (Appendix C - WA User's Manual and WA User's Manual - Addendum). Work orders will include a split of material and labor costs for each measure that are consistent with a set price list or job specific bids.

4.4.3.1 Changes to Energy Model

POLICY: Service Providers will verify that all estimated and actual measure SIRs and the cumulative job SIR are 1.0 or greater, taking into account any changes to the energy modeling in WA (Appendix C – Measure and Cumulative Job SIR Verification).

4.4.3.2 Change Orders

POLICY: When a contractor is performing work, a change order is required when the scope of work deviates from an issued work order. This includes the addition or removal of a measure or the change in measure cost from the agreed upon bid or set price list.

When a Service Provider employee is performing work, a change order is required when a measure is added or removed or there is a change in the total work order cost of more than 15% from an issued work order.

In all cases, the Change Order Form must reflect the updated scope of work and associated costs, the reason for the change, and be included in the client file. A client's signature is required on the Change Order form when a measure is added or deleted; a client signature is not needed when the change is only in the cost of a measure.

4.4.4 Manufactured Housing Requirements

4.4.4.1 Codes

POLICY: Per 24 CFR 3280 and MN Rules Chapter 1350, weatherization activities related to manufactured homes are governed by the code in effect when the home was manufactured as listed on the data plate.

- Pre-code: Prior to July 1, 1972 (local ordinances may apply)
- Minnesota code: Between July 1, 1972 and June 14, 1976
- HUD code: After June 14, 1976

PROCEDURE:

1. Identify the manufacture date
2. Minnesota Code: label or seal
3. Housing and Urban Development (HUD) code: Data plate or compliance certificate provided by the seller when the manufactured home was purchased
4. Record in the comments box of the MHEA “Audit Information Tab” in the WA software

4.4.4.2 Alterations

Alterations are the replacement, addition, modification, or removal of any equipment or installation after sale by a manufacturer to a dealer or distributor, but prior to sale by a dealer to a purchaser, which may affect the construction, fire safety, occupancy, plumbing, and heat-producing or electrical systems. This includes any modification made in the manufactured home, which may affect the compliance of the home with the code standards.

POLICY: Per 24 CFR 3282.7, no alterations are permitted to manufactured homes covered by either the Minnesota or HUD manufactured home codes, except when the Service Provider obtains written permission from either the manufacturer of the unit or the Department of Labor and Industry.

The Minnesota Department of Labor and Industry must approve all windows and doors prior to installation. For a list of approved Manufactured Home doors and windows, see Appendix B - Approved Windows and Doors for Manufactured Homes.

PROCEDURE:

1. For all manufactured homes: As a part of all manufactured home energy audits, identify any pre-existing alterations to the manufactured structure and document it in the WA software.
2. For manufactured homes covered by HUD or Minnesota Code: Complete weatherization activities as indicated by the MHEA audit to the extent they return the manufactured home to the manufacturer’s specifications.
3. For pre-code homes: Complete weatherization activities as indicated by the MHEA audit, taking care that activities do not damage any of the manufactured home’s systems as indicated by the policy above.

4.4.4.3 Added R-value

POLICY: When a manufactured home’s design and existing conditions allow, insulation beyond its designed R-values may be added to its belly, attic cavities, or both.

- A completed Minnesota Weatherization Assistance Program (MNWAP) Manufactured Housing Added R-value Certificate must be attached in a durable manner near the manufactured home’s Data Plate.
- A copy of the MNWAP Manufactured Housing Added R-value Certificate must be included in the

client file.

- Belly repairs must use approved materials that meet SWS 4.0302.9, 24 CFR3280.305, 24 CFR3280.307, and ASTM D-781-1968 (73) for corrosion resistance; air and moisture barrier; expansion and contraction; rodent resistance; and sealant air and moisture resistance; such as “Flex-Mend” and “Belly-Flex” or equivalent.
- Insulation added to attics must not compromise the attic venting design and must conform to 32 CFR 3280.504. If attic ventilation is added it must conform to 32 CFR 3280.504 and the vent type and additional free air square inches must be recorded on the MNWAP Manufactured Housing Added R-value Certificate. Attic ventilation may not be added to a sealed cavity.

4.5 Work Orders Issued to Contractors/Crews

4.5.1 Work Standards and Materials

POLICY: All weatherization materials must meet or exceed the specifications in 10 CFR 440 or listed in the current US DOE approved State Plan (Appendix A). All work must be done in accordance with the SWS (as stated in WPN 15-4), applicable state building codes, and manufacturer’s specification.

4.5.2 Warranty

POLICY: Unless otherwise noted, labor and materials are warrantied for one year from the date of final inspection. Service Providers and clients should refer to MN Statute 327A for more information.

- **EXCEPTION for Solar Photovoltaic:** All major system components for Solar PV systems must have a minimum 15-year manufacturer warranty, and a 5-year workmanship warranty (from the installer) to cover labor / materials cost of Operations and Maintenance (O&M) repairs not covered by manufacturer warranty.
 - **Workmanship warranty on projects receiving utility back-end rebates or production incentives:** Projects which are confirmed to receive any utility incentives payable after installation, or based on system kwh production for a selected term on which the back-end production incentive is assigned to the solar installer, must be covered by a Workmanship warranty for at least 5 years, or for the period of time the incentive is paid out, whichever is longer.

4.5.3 Required Tests

POLICY: Contractors will conduct and document the tests listed below when applicable for each home. The result will be included with the invoice.

4.5.3.1 Mechanical Contractors (Combustion safety-testing requirements apply only to combustion appliances)

- Gas Pressure Test - on replacements, clean and tune, or repair. Gas pressure testing is required in cases where a mechanical contractor will go to the home as part of weatherization work.
- Combustion Analysis/CO in Flue - on replacements, clean and tune, or repair (BPI 1200 2017 or the authority having jurisdiction, whichever is more stringent).
- CAZ Depressurization Test - at the end of each day on replacements, exhaust fan work, and any changes to building tightness. This test is required on natural draft appliances equipped with a barometric draft control or Category I appliances equipped with a draft hood or connected to a natural draft venting system. (BPI 1200 2017)
- Combustion Spillage Test – at the end of each day on replacements, clean and tune, or repair. This test is required on natural draft appliances equipped with a barometric draft control or Category I appliances equipped with a draft hood or connected to a natural draft venting system. (BPI 1200 2017)
- Heat Rise Test on replacements, clean and tune, or repair. (BPI 1200 2017)

4.5.3.2 Building Shell Contractors/Crews (Combustion safety-testing requirements apply only to combustion appliances)

- Blower Door @ 50 Pa: pre and post (BPI 1200 2017)
- Attic Zonal Pressures: pre and post (BPI 1200 2017)
- CAZ Depressurization Test: required at the end of each day. This test is required on natural draft appliances equipped with a barometric draft control or Category I appliances equipped with a draft hood or connected to a natural draft venting system. (BPI 1200 2017)
- Combustion Spillage Test: required at the end of each day. This test is on natural draft appliances equipped with a barometric draft control or Category I appliances equipped with a draft hood or connected to a natural draft venting system. (BPI 1200 2017)
- Room-to-Room Pressure Balance: pre and post on homes with forced air systems.

4.6 Quality Control Inspection

A Quality Control Inspection (QCI) verifies that all aspects of the Audit Event have been satisfactorily completed and the payment and reporting process may proceed. The QCI includes a complete file review, site visit (including a sensory inspection and diagnostic tests), a client education process, and a file closeout process.

POLICY: A qualified person, who has been awarded a Quality Control Inspector Certification from the Building Performance Institute, must conduct the QCI. The QCI must not be conducted by the person who conducted the original energy audit on the dwelling, or by anyone who installed any work called for in the energy audit. The QCI must take place after work has been completed and before payment is issued. A QCI includes the tasks listed below. Other staff may conduct items in Sections 4.6.1, 4.6.5.2, and 4.6.5.3 as long as that work is verified by a certified Quality Control Inspector. The Quality Control Inspector is ultimately responsible for all elements of the QCI process.

4.6.1 File Review

Verify that all required forms and documentation are present and completed as detailed in Section 4.3.

4.6.2 QCI On-Site Inspection

4.6.2.1 Verification of Audit Data

POLICY: Service Providers will develop an internal plan to ensure that data gathered at the energy audit is collected correctly, accurate, and correctly entered in the WA software.

4.6.2.2 Sensory Inspection

- Verify that work was done in accordance with the SWS and applicable codes and in a professional manner
- Take photos of all work

4.6.2.3 Diagnostic Testing

Conducted by a Quality Control Inspector, the diagnostic tests are conducted to help verify that measures have been installed properly (Appendix D - Audit Event – QCI Diagnostic Tests).

4.6.2.4 Client Education

- Interview client about entire weatherization process
 - WX staff interactions Contractor/crew professionalism
 - Overall satisfaction
- Verify that all needed client education was done
- Complete the Completion Certificate – Audit Event

4.6.3 Call for Re-work (if needed)

POLICY: If any work does not meet the standard detailed in the SWS, the Quality Control Inspector must document the situation and call for the work to be re-done. A re-inspection of all re-work must be completed.

4.6.4 Final Inspection Not Completed

POLICY: In cases where a final inspection cannot be completed due to a variety of scenarios, such as client moving or not responding to local weatherization staff, Service Providers shall document all attempts made to reach the client. The job cannot be counted as a completion. Weatherization funds can be used to pay for the completed measures.

PROCEDURE: In WA, change the Audit status to “Other,” do not lock the job, and include justification in the comment field on the Client Information or Audit Information that work was completed but not inspected.

4.6.5 File Close Out

POLICY: All jobs need to be completed and locked within 60 days of final QCI inspection.

4.6.5.1 Provide feedback to all relevant parties:

- Weatherization staff
- Contractors/crews

The feedback should include ways in which the weatherization process worked well and areas that could be improved.

4.6.5.2 WA data entry

- Enter in diagnostic results from QCI site visit.
- Enter contractor/crew notes.
- Update relevant work statuses (Appendix C - Required WA Statuses).

4.6.5.3 Fiscal verification

- Enter quantity and cost information from contractor/crew invoice.
- Compare invoices to WA work orders and bids or set price list to identify and resolve any discrepancies.
- Verify the appropriate use of cost centers and that cost centers align between WA and other fiscal documentation (purchase order, etc.).
- Verify that invoices were not paid before the final inspection was completed.
- Update relevant fiscal statuses.

4.7 Callback Event

POLICY: If it is determined that additional, non-warranty work is needed for a dwelling after an Audit Event is completed and reported to the Department of Energy (US DOE), a Callback Event must be used. Service Providers may use US DOE funds or EAPWX funds for callback work. Prior approval from Commerce must be obtained for all Callback Events.

4.7.1 US DOE Callback

PROCEDURE (per WPN 11-3):

1. The previously completed unit must be taken out of the US DOE reporting system and the associated costs subtracted from the US DOE fund category.
2. The US DOE Project Officer must be notified in writing of the number of units, total costs, and reporting period (monthly, quarterly, or both) for any units that are to be backed out of the US DOE reporting system.
3. The Project Officer will then reject the report so that the revised reporting adjustments can be made.
4. Commerce must coordinate with its financial office to ensure the appropriate accounting methods follow federal cash management procedures.
5. After making any necessary repairs or other callback measures, the Service Provider must re-inspect the unit and report the completion to Commerce.
6. Commerce will then report the unit to US DOE, including all final costs for the unit, in the month the completed work takes place.

4.7.2 EAPWX Callback

POLICY: EAPWX funds may be used to pay to complete a measure that was inadvertently missed and not called for by the energy auditor in the scope of work. Work that was incorrectly completed or missed by a contractor or crew during an Audit Event is not eligible for a Callback Event.

EAPWX funds used must follow LIHEAP rules in Section 2605 (k)(1)(B) limiting the use of funds to low-cost weatherization and or other energy-related home repair for households with highest consumption and for currently EAP-eligible households in an eligible dwelling unit, excluding unoccupied units. If EAPWX funds that are used for Callbacks exceed 20% of an agency's EAPWX allocation on an annual basis, Commerce reserves the right to discontinue permission for the use of EAPWX for financing Callbacks.

PROCEDURE:

1. Submit a request to Commerce that includes the proposed scope of work, including all cost estimates, non-US DOE resources to be used, photographs, warranty, client notes, insurance information, and other pertinent information.
2. If approved:
 - If the client is currently eligible, create a Call- back Event in FACSPRO.
 - If the client is not currently eligible, submit a request to Commerce to add the client to the WAP queue. When the client is added to WAP queue, create a Callback Event in FACSPRO.
3. Download the FACSPRO generated Callback Event into WA.
4. Add measure details to the callback work order.
5. Complete the approved scope of work.
6. Inspect the completed work in accordance with Section 4.6. An on-site inspection by a Commerce staff member may also be required.
7. Notify Commerce that the callback work is completed and submit pictures of the completed work. Commerce may require additional reporting.

Section 5: Standalone Event

5.1 Definition

A Standalone Event is a method of delivering services in the Weatherization Assistance Program (WAP) that focuses on the health and safety measures related to a dwelling's space and water heating systems. A standalone event can be funded with either EAPWX or Propane funds and has different requirements than an Audit Event (Section 4).

POLICY: Standalone Events are budgeted separately from Audit Events as described in section 1.3.2. The Allowable Measures Chart (Standalone), found in Appendix C, details which Standalone measures are allowed. Standalone Events may not be used in lieu of a Callback Event to correct issues with a completed and reported Audit Event. Heating plant replacements done as part of a Standalone Event must follow the policy portion of Section 4.4.2.1.

PROCEDURE:

1. All Standalone Events must be created in FACSPRO and downloaded into Weatherization Assistant (WA) (see Appendix C - FACSPRO to WA File Transfer)
2. Do not change an Audit Event work order name or measure type to create a Standalone Event work order
3. Use the default work order name "Standalone"
4. For Emergency Standalones, set the "work order type" field in the work order as "Emergency Repair or Replacement"
5. For Non-Emergency Standalones, set the "work order type" field in the work order as "Other"
6. When filling out measure details in the work order, ensure that the "Measure Type" dropdown in the Measures Tab is set to "Health & Safety."
7. Conduct work in accordance with the Standard Work Specifications and SWS Aligned Field Guide (See Appendix B - Retrofitting Minnesota, Standard Work Specification-Aligned Field Guide)

5.1.1 Eligible Dwellings

Standalone Events have the same dwelling eligibility as Audit Events with the following exceptions:

- Rental dwellings are eligible for a Standalone Event only if there is written documentation in the household file that the property owner is unable to make needed repairs/replacements;
- There is a \$2,000 limit per Standalone Event on rental properties;
 - o Owner occupied dwellings are not subject to the \$2,000 limit;
- Vacant or otherwise ineligible rental units are not eligible for a Standalone Event.

5.1.2 Standalone Events Types

There are two types of Standalone Events, Emergency Standalone and Nonemergency Standalone. Each has separate site visit and inspection requirements.

5.1.2.1 Emergency Standalone Definition

A situation where a space heating system is not able to provide heat to a dwelling (no-heat) or a space or water heating system is causing a life-threatening situation such as high carbon monoxide levels in the flue gas. (Note: the lack of hot water does not constitute a life-threatening situation).

During an Emergency Standalone, the following policies apply:

- A Service Provider must take immediate action to restore households in no-heat/life-threatening conditions to a safe situation;
- When LIHEAP ERR funds are unavailable and LIHEAP refers clients in a no-heat/life-threatening situation, WAP Service Providers will give that household priority with budgeted Standalone funds;
- Service Providers must have a mechanical procurement process in place that ensures fair contractor competition while allowing for prompt service in response to no-heat/life-threatening situation (see Section 7.4.6);
- When completing heating plant replacements in non-manufactured housing, a heating load calculation must be included in the standalone file as outlined in Section 4.4.2.1;
- Emergency Standalones may not be performed in dwellings that currently do not have an existing space or water heating system;
- A no-heat or life-threatening situation that is identified outside of the heating season is still considered an Emergency Standalone and immediate action must be taken to correct the issue;
- CO alarms and smoke detectors may be added when required by code as part of a space or water heating plant replacement or repair.

5.1.2.2 Non-Emergency Standalone Definition

A situation where the dwelling does not have a no-heat life-threatening situation, but there are eligible activities that can be done. During a Non-Emergency Standalone, the following policies apply:

- Service Providers are not required to address Non-Emergency Standalones.
- Each Service Provider will create an internal policy that details how Non-Emergency Standalones will be handled.
- Non-Emergency Standalones may not be performed in dwellings that currently do not have an existing space or water heating system.

5.2 Standalone Event - Site Visits

POLICY: Site visits are utilized to assess the conditions in a dwelling and determine an appropriate course of action within program guidelines. There are different site visit requirements depending on the Standalone event type.

PROCEDURE:

1. Identify eligible standalone work.
2. Conduct required tests.
3. Identify and document existing and potential health and safety hazards.
4. Provide written notification of the health and safety risks to the Property Owner in rental dwellings and to the client in both rental and owner-occupied dwellings. Include all information relevant to the risk.
5. For each identified hazard, use the Allowable Measures Chart (Standalone) found in Appendix C to determine if correction of the hazard is an allowable activity.

5.2.1 Emergency Standalone Event - Site Visit

Due to the need to take immediate action to address an Emergency Standalone, a site visit by a service provider staff member is not required. Based on the information provided by the eligible household, a contractor can be sent to home to assess a situation and perform work. Contractors responding to an Emergency Standalone must complete the requirements in Sections 5.3.2 and 5.6 including completing all the required forms and diagnostic tests. A Quality Control Inspector will complete any remaining aspects of the site visit including the procedures in section 5.2 in cases where an on-site quality control inspection is required (Section 5.7). Procurement of contractors performing Emergency Standalone work must comply with Section 7.4.6.

5.2.2 Non-Emergency Standalone Event - Site Visit

A site visit is required for all Non-Emergency Standalones. The site visit must take place after household eligibility is established and prior to the start of work. A site visit includes photo and written documentation of health and safety issues related to the mechanical systems as well as diagnostic testing detailed in Standalone Event – Site Visit Diagnostic Tests (see Appendix D). In addition, client education on the mechanical systems operation, standalone process, and appeals process must be conducted. Service providers shall provide written notice to the client of health and safety risks identified during the site visit that cannot be addressed because they go beyond the scope of a WAP standalone event.

5.2.4 Lead Safe Work Practices

POLICY: All work done in dwellings built prior to 1978 will meet the requirements of the Environmental Protection Agency’s (EPA’s) Lead Renovation, Repair and Painting Rule (RRP Rule); all work must conform to RRP rules unless testing confirms the work area to be lead-free.

- Deferral is required when the extent and condition of the lead-based paint in the house would potentially create further health and safety hazards. When deferral is necessary, provide information in writing to the client, which describes the conditions that must be met for weatherization to commence.
- Occupants of dwellings built prior to 1978 must be provided with a copy of the EPA’s Renovate Right Brochure, which will be documented on the Renovate Right Signature Form (Appendix F).

TESTING: Testing to determine the presence of lead in paint that will be disturbed by WAP measure installation is allowed with EPA-approved testing methods.

- Testing methods must be economically feasible and justified.
- Job site set up and cleaning verification by a Certified Renovator is required.
- For any work that disturbs a painted surface greater than the de minimis level, a Lead Test Kit Documentation Form is required. Any work done on painted surfaces that have tested positive for lead or any untested surface presumed to contain lead will be documented on the Lead Safe Renovation Recordkeeping Form.

5.2.5 Fuel Switching

POLICY: The Minnesota WAP does not permit the general practice of fuel type switching when replacing heating systems and other appliances. However, it does consider fuel switching on a limited, case-by-case basis when a fuel switch can feasibly address a compelling health and safety concern to meet the mandate to provide safe and effective heat to eligible households.

The cost associated with installing a new fuel line or pipe to a home is not allowed with WAP funds.

Fuel switch requests must be submitted to the MN Department of Commerce (Commerce) for pre-approval. See Appendix C - Fuel Switching Guidance.

5.3 Household File Contents

POLICY: All Standalone Event household files must contain the following completed forms and documentation. Service Providers should develop local procedures that ensure the household file contains all required documents. Files may be maintained electronically or in paper form. Any forms requiring a signature must be completed prior to being dated and signed by all related parties.

5.3.1 Eligibility Documentation

- Income Eligibility - FACSPRO Application Summary
- Proof of home ownership (owner-occupied)
- Property Owner Agreement (renter-occupied)

5.3.2 Client/Contractor Forms

- Standalone Service Agreement & Completion Certificate: Signed by Property Owner
- Mechanical Testing Form - Standalone
- Renovate Right Signature Form (when applicable)
- Lead Test Kit Documentation Form (when applicable)
- Lead Safe Renovation Recordkeeping Form (when applicable)

5.3.3 Quality Control Inspection Documentation

- Work orders
- All relevant permits
- Lien waivers from all contractors and material suppliers
- Bid process documentation (when applicable)
 - A bid form that includes bid specifications for the project
 - A list of contractors invited to bid the project
 - A copy of all bids received, with Labor and Materials noted separately
 - Notification of bid selection to all bidders
 - If the lowest responsive bid is not selected, include documentation showing sufficient justification for the bid selection.
- Payment documentation
 - Purchase or payment authorization, or both, including date and signature(s) of approver(s) (purchase order, voucher, etc.)
 - Itemized invoices; labor and materials must be split
- Additional warranty documentation (when applicable)
- Lead Test Kit Documentation Form (when applicable),
 - Document the renovation site, firm, certified renovator, and lead test kit information.
- Lead Safe Renovation Recordkeeping Form (when applicable),
 - Document utilization of lead safe practice, including any training provided on-site; description of specific actions taken; and photos of site and containment set up. Include the location of photos referenced if not in file.
- Contractor/crew notes
- Contractors' ACCA Manual J or WA calculation (for all non-manufactured housing heating plant replacements)

5.3.4 Photos

- Relevant pre-existing conditions (such as a leaking water heater)
- Health and safety concerns
- All completed work order measures
- Pictures documenting lead safe work practices (when applicable)

5.4 Left Blank Intentionally

5.5 Standalone Event – Work Order

POLICY: The Allowable Measures Chart (Appendix C) will be used to determine all allowable measures needed. All work must be done in accordance with the SWS as detailed in the Retrofitting Minnesota, Standard Work Specification-Aligned Field Guide (Appendix B). When working in manufactured housing, follow all the policies in Section 4.4.4.

Additional Work Orders will be created as needed within the Standalone Event in WA.

Any changes to the original scope of work or costs must be documented in the WA work order.

5.6 Standalone Event – Contractor Requirements

POLICY: All weatherization materials must meet or exceed the specifications in 10 CFR 440 - Appendix A or listed in the current U. S. Department of Energy (US DOE) approved Minnesota State Plan (Appendix A). All work must be done in accordance with the SWS, as stated in WPN 15-4, applicable state building codes, and manufacturer's specification.

Mechanical contractors will conduct and document the required tests listed below, when applicable, for each home. The result will be included with the invoice. Combustion safety testing requirements apply only to combustion appliances.

- Gas Pressure Test: required at the completion of work on a space or water heating plant replacement, clean and tune, or repair (BPI 1200 2017);
- Combustion Analysis/CO in Flue: required at the completion of work on a space or water heating plant replacement, clean and tune, or repair. This test is required on natural draft appliances equipped with a barometric draft control or Category I appliances equipped with a draft hood or connected to a natural draft venting system. (BPI 1200 2017 or the authority having jurisdiction, whichever is more stringent);
- CAZ Depressurization Test: required at the end of each day of work on a space or water heating plant replacement. This test is required on natural draft appliances equipped with a barometric draft control or Category I appliances equipped with a draft hood or connected to a natural draft venting system. (BPI 1200 2017);
- Combustion Spillage Test: required at the end of each day of work on a space or water heating plant replacement (BPI 1200 2017);
- Heat Rise Test: required at the completion of work on a space or water heating plant replacement, clean and tune, or repair (BPI 1200 2017).

5.6.1 Warranty

Unless otherwise noted, labor and materials are warrantied for one year from the date of final inspection. If a standalone event is not required to be inspected (Section 5.7), the warranty is for one year from the date of completion. Service Providers and clients should refer to MN Statute 327A for more information.

5.7 Quality Control Inspection

A Quality Control Inspection (QCI) verifies all aspects of the Standalone Event have been satisfactorily completed and the payment and reporting process may proceed.

POLICY: All Standalone Events costing more than \$500.00 must pass a QCI. It is recommended that Standalone Events with lesser costs be inspected whenever possible. If arrangements cannot be made with the client to access the building for a final inspection, the Service Provider will document its unsuccessful attempts in the electronic client file.

The QCI must not be conducted by the person who conducted the original site visit on the dwelling, or by anyone who installed work on the dwelling. The QCI must take place after work has been completed and before payment is issued.

A QCI for a Standalone Event is different from a QCI for an Audit Event and includes the tasks listed below. All aspects may be conducted by multiple staff but must be overseen by a qualified person with a current Building Performance Institute - Quality Control Inspector (QCI) Certification. The Quality Control Inspector is ultimately responsible for all elements of the QCI process.

5.7.1 File Review

Verify that all required forms and documentation are present and completed as detailed in Section 5.3. In cases where an on-site quality control inspection is not required because the cost of the work is \$500 or less, weatherization staff will review contractor's diagnostic test results to ensure that they do not indicate a risk to the health and safety of the household.

5.7.2 Sensory Inspection

- Verify that work was done in accordance with the SWS and applicable codes and in a professional manner.
- Take photos of all inspected work.

5.7.3 Diagnostic Testing

Conducted by a Quality Control Inspector, the diagnostic tests are conducted to help verify that measures have been installed properly (see Appendix D - QCI Diagnostic Tests - Standalone Event).

5.7.4 Client Education

Survey client for satisfaction of work performed, contractor professionalism, and WX staff interactions. Document the replies received from the client and complete the Completion Certificate section of the Standalone Service Agreement form (Section 5.3).

5.7.5 Call for Re-work (if needed)

If any work does not meet the standards detailed in the SWS, then the Quality Control Inspector should document the situation and call for the work to be redone. An inspection of all re-works must be completed.

5.7.6 File Close Out

Once all work has been completed to the SWS standards, complete the following in the WA software

- Enter the quantity and cost information from contractor/crew invoice.
- Compare invoices to WA work orders and bids to identify and resolve any discrepancies.
- Verify the appropriate use of cost center and that cost centers align between WA and other fiscal documentation (purchase order, etc.).
- Update relevant work statuses (Appendix C - WA User's Manual – Addendum).
- Verify that invoices were not paid before final inspection was complete.
- Update relevant work and fiscal statuses.
- Report the Standalone Event to Commerce via the regular monthly export or a special export.

Section 6: Fiscal Policy

6.1 Spending Authority

POLICY: Service Providers may not begin work or incur expenses until a fully executed contract has been issued and the Service Provider has received a Notice of Funds Available (NFA). Each NFA issued by the MN Department of Commerce (Commerce) will specify the period during which the Service Provider may perform work and incur eligible costs. Such time periods specified on a NFA may begin on or after the effective date of the executed contract and may end on or before the expiration date of the contract.

6.2 Weatherization Assistance Program (WAP) Funds

Minnesota WAP is funded by two federal sources: the U.S. Department of Energy (US DOE) and the U.S. Department of Health and Human Services (US HHS). In addition, ongoing funding for households primarily fueled by propane is allocated through MN State Statute. All three funding sources are held to requirements found in the state contract.

At times, other funding sources may be allocated through legislation. Guidelines for special or temporary funding sources will be made available (when applicable).

Funding sources may be combined for individual jobs. When combining funds, consideration must be made to funding source policy differences as indicated throughout this manual or addendums to this manual.

6.2.1 U.S. Department of Energy (US DOE) WAP Funds

US DOE allocates funds to Minnesota on an annual basis contingent on a federal appropriation for WAP and an approved State Plan submitted annually to US DOE by Commerce. The mission of WAP is to reduce energy costs for low-income households by increasing the energy efficiency of their homes, while ensuring their health and safety. US DOE WAP funds are regulated by 2 CFR 200, 10 CFR 440, 10 CFR 600, US DOE Weatherization Program Notices (WPNs), US DOE Memorandum, Minnesota's annual DOE State Plan, and the state contract.

6.2.2 U.S. Department of Health and Human Services (US HHS) Low Income Home Energy Assistance Program (LIHEAP) Funds

The LIHEAP block grant from US HHS allows states to transfer a percentage of LIHEAP funding to WAP. The transfer is referred to as EAPWX funding. The objective of the use of EAPWX funding is to provide low-cost residential weatherization and other cost-effective energy-related home repair to reduce energy costs for low-income households. EAPWX funds may be used for audit events and standalone events. MN's annual EAPWX State Plan (Appendix A), this policy manual, and any addendums provide guidance and any exceptions to US DOE policy.

EAPWX awards are typically allocated annually on or before the start of the WAP Program Year (July 1) and after the LIHEAP funds are awarded to Commerce. The EAPWX allocation covers the time remaining until September 30 of the following year.

When the initial allocation is made, 90% of the EAPWX funds will be immediately assigned to Service Providers. The remaining 10% will be held in reserve to be allocated on July 1 of the following year. The reserve allocation is intended to cover July 1 through September 30 (the "fifth quarter"). If Service Providers spend more than the 90% during the program year (July-June), they may ask for the remaining 10% to be assigned to them when needed.

On July 1, the reserved 10% will be distributed to Service Providers, while any un-spent balance from the original 90% distributed will be disseminated after a final fiscal reconciliation occurs. Final reconciliations are typically completed within 45 days of the end of the program year.

Carryover of funds may be allowed for the EAPWX program; these funds must be spent by September 30. The maximum carryover allowed is 25% of the total EAPWX allocation. Un-spent balances of more than 25% may be de-allocated. Any requests to carryover more than 25% must be submitted in writing on or before June 15 annually.

6.2.3 Propane Funds

In accordance with Statute 239.785 Subdivision 6, Propane funds are appropriated by the Minnesota Legislature and may be used to improve the energy efficiency of residential liquefied petroleum gas heating equipment in low income households, and, when necessary, to provide weatherization services to the homes. Propane funds may be used for audit events and standalone events for households whose primary fuel is propane.

6.3 Work Plan and Budgets

POLICY: Each Service Provider receiving WAP program funds from Commerce must complete budgets, work plans, and production plans. Service providers will submit, in FACSPRO for each fund, budget details, the answers to budget planning questions, and the answers to leveraging questions.

All budgets and associated information will be reviewed and approved by Commerce staff. If allocations are increased or decreased during the program year, budgets must be revised and resubmitted to Commerce. Once approved, budgets cannot be edited unless a Commerce staff member reopens the budget in FACSPRO.

If a Service Provider does not submit a budget by the respective due date, as identified by Commerce, Commerce may choose to hold funds until budgets have been received.

6.4 Financial and Program Report Submissions

The Financial Status Reports (FSRs) provide uniform reporting of expenditures according to the Service Provider's accounting records. Commerce uses FSRs to track, monitor, and report Service Provider expenditures on an ongoing basis.

POLICY: Service Providers are required to submit monthly FSRs in FACSPRO by the date prescribed in the WAP contract reporting section. A separate FSR is required for each federal and state fund. FSRs are required for each fund even if zero expenses have occurred for a fund in the month reported. Both the Program Manager and the WAP Fiscal Manager/Staff Person must review the FSR prior to submission, which is documented in FACSPRO.

Accrued interest and program income earned/expended, as defined in 2 CFR 200.80, must be reported on the corresponding monthly FSR.

Documentation of expenditures reported on monthly FSRs must be made available to Commerce upon request.

If monthly FSRs are not submitted by the due date, Commerce may choose to hold funds until FSRs are submitted. If unforeseen circumstances will prohibit on-time FSR submission, Service Providers may request an extension to the submission deadline. Requests for consideration must be sent in writing to Commerce before the end of business on the due date.

6.5 Cash Requests

POLICY: Cash requests must be submitted electronically using the FACSPRO cash request form. They may be submitted as frequently as needed but no more than once a week for the Service Provider to effectively manage cash. Cash requests have no specific due date, except for the final cash request which is detailed in Section 6.6.

Commerce processes cash requests as follows:

- Will be reviewed for reasonableness and accuracy; and
- Will be processed on a first-in, first-out basis; Commerce will make every effort to process requests as quickly as possible and no later than 30 days after receipt.

Advance Requests

Requests may be submitted in advance as long as the time elapsing between the disbursement and the actual occurrence of expenditures is as minimal as administratively feasible and are timed to be in accordance with the actual, immediate cash needs of the Service Provider, in compliance with 2 CFR 200.305.

Reimbursement Requests

If cash is requested on a reimbursement basis, requests are to be submitted at least monthly, if expenses have occurred in the month.

Returning Funds

If a service provider's costs are disallowed or if funds must be returned to Commerce for any reason, a negative cash request must be submitted via FACSPRO. Commerce may choose to offset overpayments and disallowed expenses by reducing cash payments on any grants to the Service Provider. If returned funds were previously reported as Direct Service expenses, cost centers must be updated in WA once funds are returned. In the event a grant has already closed, funds will need to be mailed back to Commerce. Contact the Fiscal Department at Commerce by sending an email to the Weatherization inbox at weatherization.commerce@state.mn.us for more information.

6.6 Financial Closeout

POLICY: At the close of each program year (June 30), all Service Providers must close out all WAP funds and submit an electronic closeout package for each fund. All closeout packages must be submitted no later than 30 calendar days following the expiration of the grant contract, or the expiration of the fund as defined on the NFA, whichever is first.

In the case of unforeseen circumstances prohibiting timely, final FSR submission, Service Providers may send a written request to Commerce to request a short extension to the due date. Requests must be submitted on/before the 30-day deadline.

Packages must be submitted in FACSPRO no later than the close-out due date and include the following:

- A final FSR;
 1. Total expenditures cannot exceed the total allocation for each fund.
 2. Total expenditures reported on the final FSR should not include any leveraged funds.
 3. A separate final FSR must be submitted for each WAP fund.
- For Service Providers that are on a reimbursement basis, a final cash request for all funds submitted;

- A check for the balance of any funds that were requested but remain unspent. Make the check payable to The Department of Commerce. The check record must contain the Fund ID number and the program name;
- A list of any continuing liabilities on the fund or a statement that there are no continuing liabilities. This note must be typed into the Service Provider Note Box on the final FSR;
- An inventory of non-expendable personal property purchased during the program year. This note must be typed into the Service Provider Note Box on the final FSR or emailed to the WAP mailbox;
- Service Providers must verify that the cumulative total of fund payments received matches the cumulative total of expenditures reported on the final FSR.

If requested by Commerce, Service Providers must provide documentation of reconciled cash draws and expenditures. The reconciliation must identify each cash payment received, the payment date, and the corresponding monthly total of FSR expenditures reported for the fund.

If the closeout package or any missing documents have not been received by the due date, Commerce may choose to hold funds until the package is received.

Except in the case of state error, Commerce cannot honor past due liabilities after the closeout period ends.

6.7 Financial Audits

POLICY: One copy of the most recent third-party financial audit must be submitted to Commerce within nine months of the fiscal year end, as required by 2 CFR 200.512. The single audit can be submitted either as a hard copy via mail or electronically via email. If Commerce is not the cognizant agency for single audits, the Service Provider is responsible for sending to Commerce a copy of any management decision letter received from another state agency.

6.8 Budget Revisions

To request a budget revision, Service Providers should send an email to the Weatherization inbox. The request must include the requested amount to be transferred and a justification for the transfer. If approved, Commerce will send written confirmation of the approval and reopen the budget in FACSPRO for the provider to adjust the budget. Commerce will send a revised NFA once approved. Service Providers must submit any request to Commerce on or before June 15 (or September 15 for an expiring EAPWX fund). Revisions to funds cannot take place after the end of the program year (June 30) or after the expiration of a fund (ex: EAPWX funds that end on September 30), whichever occurs first.

Budget revisions are handled differently whether a revision relates to a fund category (Admin, TTA, Program, etc.) or when a sub-fund (standalone, health and safety, program support) deviates from the originally budgeted amount.

6.8.1 Fund Categories

POLICY: The original allocation of Admin and TTA funds cannot be increased. Admin and TTA funds may be allocated to the program fund, to complete more units.

6.8.2 Sub-Fund Categories

POLICY: Service Providers may deviate from their budgeted amounts for sub-funds/sub-categories as needed and within reason (health & safety, energy conservation, standalones, financial audit, etc.) FACSPro budgets do not need to be revised when sub-funds deviate from the originally budgeted amount. Commerce may require written justification for questioned or major deviations. Service Providers should consider major deviations when budgeting for future program years.

6.9 Allowable Expenditures

This section identifies allowable expenses and what fund or sub-fund to which they can be charged. The list includes general expenses and is not all-inclusive; other expenses that are not included may also be allowable. Service Providers should send an email to the Weatherization inbox with questions about allowable expenses.

6.9.1. Fund Categories

Administration Funds (Admin)

Sub-grantees shall align their administrative costs consistent with the generally accepted accounting practices and procedures within their organization and as allowed by Office of Management and Budget (OMB) 2 CFR 200. Allowable admin costs for WAP include planning, oversight, general WAP administration, and reporting and accountability for WAP funds and services.

Training & Technical Assistance (TTA) Funds

TTA activities are intended to maintain or increase the efficiency, quality, and effectiveness of WAP across the program. TTA is a fund category under US DOE only.

Program Funds

Program funds include two sub-categories: Program Support and Direct Service.

- *Program Support:* Costs associated with delivering weatherization services to households that are not reportable in WA. This includes energy audit expenses (including those resulting in deferral), inspection costs, client intake, client education costs, and other costs necessary to deliver weatherization services. Program Support expenses are included in the unit average calculation (Section 1.3.1).
- *Direct Service:* Material and labor costs directly attributable to individual households. This includes measure installation costs performed by crews or contractors in eligible households. Direct Service costs are always entered in WA.

Leveraging Activity Support Funds (LASF)

Leveraging activities undertaken by WAP staff will expand the scope or scale of services to WAP clients by securing leveraged funding. Leveraging will increase the number of households WAP is able to serve. LASF is a budget category under US DOE only.

Leveraging activities allowed under LASF include work necessary to identify, develop, implement, or administer leveraged funding. Leveraged funding is defined as funding provided by **non-federal** sources to augment weatherization-funded (DOE or EAPWX) in-home work.

Examples of eligible LASF activities include:

- Meeting with utility or other organizations' personnel to discuss the usage of existing leveraged funds or to jointly develop a newly funded program;

- Analysis of the frequency of various in-home non-energy conditions to determine what potential foci of leveraged funding requests should be and help target potential leveraged funders;
- Administrative work to account for and report the use of leveraged funds on WAP homes.

6.9.2. Expenditure Categories

This section further defines allowable expenditures by expense type and provides examples for each type. Service Providers should contact Commerce with questions about any costs that do not fit within the following expense type categories.

6.9.2.0 Allowable Personnel Expenses

This includes salaries, wages, benefits, and payroll taxes for the performance of WAP-related activities. Actual payroll costs are charged by fund category or sub-category according to the activity being completed (Example: A program coordinator who completes final inspections or reviews individual projects charges that time to Program Support and charges their time spent on budget and production planning to Admin. The remaining payroll costs are allocated in the same way).

Specific positions are generally assigned as follows:

Administrative Funds:

1. Executive Director
2. Program Manager or Coordinator
3. Fiscal Director
4. Accounting Staff
5. IT Staff
6. WAP Clerical Staff (when performing functions necessary to overall WAP administration)

Program Support Funds:

1. Auditors and Inspectors
2. Warehouse Staff
3. Crews (when not weatherizing dwellings but working on other WAP-related duties)
4. Other Non-Admin Staff
5. WAP Clerical Staff (when working on tasks necessary to delivering WAP services to households)
6. Program Manager or Coordinators (when serving in a program support role as listed above)

Direct Service Funds: Crews (when performing weatherization on dwellings)

TTA Funds: Personnel attending a WAP training event (Section 6.9.2.1).

Leveraging Activity Support Funds: Personnel costs for any WAP network member undertaking valid, eligible leveraging activities.

6.9.2.1 Allowable Training and Technical Assistance (TTA) Expenses

All training activities paid for with TTA funds (including training for Program, Administrative, and Fiscal staff) must be reasonable and have a direct and documentable relationship to WAP.

The primary uses of TTA funds are:

- Conference or training registration fees or trainer fees;
- Training materials;
- Travel, lodging, and logistics for training activities.

When funds allow, TTA may also be used for:

- Wages and benefits of Service Provider staff to attend a WAP training event;
- Contractor stipends and training expenses (Section 7.4.3.1).

Fiscal Staff training: Any fiscal staff working with the weatherization program must attend initial training on OMB Guidelines within one year of the hire date. In addition, staff must take refresher courses within one year of changes to the OMB Guidelines.

Note: Contractor stipends may not be used to pay for licenses or certifications required by state, federal or local law. Stipends may only be used to pay for contractors to attend trainings at the request of the Service Provider or Commerce for WAP related training.

Out-of-State Travel: Commerce pre-approval is required when TTA funds are used for out-of-state travel. Complete the *MN WAP T&TA Authorization for Out-of-State Travel* request form (see Appendix F). Email completed form to the Weatherization inbox. Allow at least one week for processing.

NOTE: TTA funds typically cannot be used to purchase vehicles or equipment for Service Providers. The cost of these vehicles or equipment to support the program must be charged to the vehicle/equipment or program support categories. Any exceptions must be pre-approved in writing by Commerce.

6.9.2.2 Allowable Direct Service Expenses

Direct Service expenses must be reported under the appropriate budget category on monthly FSRs. All Direct Service expenses are reported in WA. Direct Service expenses entered in WA must be accurate and align with supporting fiscal data. Expenses must be allowable under applicable WAP policies and may include:

- Materials installed in eligible dwellings: energy conservation, health and safety, and incidental repair, and general heat waste measures.
- Payments made to contractors for activities in eligible dwellings.
- Crew personnel and applicable travel expenses (Sections 6.9.2.0 and 6.9.2.7).
- The cost of any permits required for work to be performed at a specific dwelling.

6.9.2.3 Fiscal Audit

US DOE allows the WAP share of a fiscal audit to be charged to Program Support. The WAP share charged to EAPWX or Propane must be charged to the Admin category.

6.9.2.4 Allowable Occupancy Expenses

Occupancy expenses include any of the following costs and must follow the Service Provider's cost allocation plan. Costs can be charged to Admin and Program Support. The split generally follows the same breakdown as personnel costs. This means that occupancy costs for administrative staff are charged to Admin; occupancy costs for non-administrative staff are charged to Program Support.

Examples of Allowable Occupancy Expenses

- Space costs (rent, mortgage payments, property insurance, cleaning services, etc.)
- Utilities (heat, electric, water, garbage collection, etc.)
- Connectivity (phone and internet services, etc.)

6.9.2.5 Allowable Equipment Expenses

Equipment is defined as tangible personal property having a useful life of more than one year and a per-unit acquisition cost of \$5,000 or more. Commerce approval is required for all equipment purchases. US DOE approval is required for all purchases using US DOE funds. Note: Equipment purchases, and lease-to-own arrangements are only allowed using US DOE and EAP/WX funds. Computing devices typically do not meet the federal definition of equipment (2 CFR 200.20, 33, 58).

6.9.2.6 Allowable Supply Expenses

Supply expenses include tangible personal property other than those that meet the definition of equipment (Section 6.9.2.5 and 2 CFR 200.94).

Examples of Administrative Supplies

- Electronics (computers, software, printers used for WAP admin functions)
- Office (WAP share of furnishings, copy machines, faxes, phones, postage meters)

Examples of Program Support Supplies

- Auditor/inspector testing tools
- Blower doors
- Personal CO monitors
- Power tools
- Cameras for auditor/QCI photos
- Office (WAP share of furnishings and other supplies used for program support functions)

6.9.2.7 Vehicle Operations, Maintenance, and Insurance Costs

Operational costs include gas, oil, license tabs, and other small incidental costs. Maintenance costs include all scheduled and unscheduled repairs necessary to keep the vehicle in good and safe operating condition. Service Providers are required to keep operations and maintenance logs for all service provider-owned vehicles.

Admin Vehicle Expenses

Travel costs of administrative staff work trips.

- Proportionate share of insurance cost if a vehicle is used for admin functions
- Proportionate share of maintenance costs if a vehicle is used for admin functions

Program Support Vehicle Expenses

Travel costs of trips for audits or inspections or other program support related functions

- Insurance costs when a vehicle is used for program support functions
- Maintenance costs when a vehicle is used for program support functions

Direct Service Vehicle Expenses

Travel costs of crews traveling to and from job sites or transporting materials to a job site.

6.9.2.8 Insurance and Bonds**(Non-Personnel) Allowable Admin Expenses**

- WAP share of insurance, including but not limited to Property, Crime, Liability, Directors, and Officers, Employment Practices and Umbrella policies.
- WAP share of any required service provider-level bonds.

Allowable Program Support Costs

- Liability insurance (WAP related)
- Pollution Occurrence, if carried by the Service Provider

6.9.2.9 Additional Allowed Costs

The following are additional expenses that may be allowable to charge to WAP funds.

Admin Expenses

- Office supplies, postage, and printing
- Consultants and professional services

Program Support Expenses

Residential Building Contractor license for crew-based programs.

Allowed for US DOE and EAPWX funds;

- EPA Lead Firm certification for crew-based programs
 - Allowed for US DOE and EAPWX funds
 - Not allowable under Propane funds
- License and certification fees for auditors and inspectors as required by WAP policy
- Printing of client forms and client education materials
- Health and safety supplies for staff (masks, respirators, etc.)

NOTE: License and certificate costs in this section are only for the fee to obtain the license or certificate. Costs to train staff to qualify for the required licenses or certificates are TTA expenses.

6.10 Program Income

Program income means gross income earned by Service Providers that is directly generated by a supported activity or earned as a result of federal funds. Program income includes but is not limited to income from fees or services performed, the use or rental of property acquired with WAP funds, and the sale of items purchased or fabricated with WAP funds.

POLICY: Service Providers must disburse funds available from program income earned on WAP funds prior to requesting additional WAP funds. Program income received and expended must be reported on corresponding monthly FSRs.

Program income received through the rental or use of vehicles and equipment purchased with WAP funds from current or prior awards, must be returned to the Program category of the relevant WAP fund, and used to weatherize additional dwellings. Program income received through the rental or use of equipment may not be added to the Admin or TTA fund categories.

Section 7: Procurement

POLICY: Service Providers are required to comply with federal standards, as set forth in 2 CFR 200.317-326, in the purchase of supplies, equipment and services. All Service Providers must establish written procurement procedures to govern local procurement activities.

7.1 Competition

POLICY: All procurement transactions must be conducted in a manner to provide, to the maximum extent possible, free, and open competition. Federal rules provide for the right of bidders to compete, but do not provide a right to be awarded a bid. Federal rules state that:

- Awards shall be made to the bidder whose bid is the most responsive to the solicitation and is most advantageous to the Service Providers. Price, quality, and other factors must be considered;
- The Service Provider may accept or reject any or all bids when it is in its best interest to do so;
- Service Providers must be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade;
- Those vendors responding within the requested response time must be considered;
- After solicitation from several sources, if competition is determined inadequate, acquire bids from available vendors and make a selection.

Additionally:

- Procurement actions with costs of \$5,000 and over must utilize a competitive process by soliciting written bids from no less than three (3) vendors. Jobs with costs of \$4,999 and under must have a minimum of two (2) solicitations for bids;
- All job costs must come from a Set Price list or bid with an exception for small purchases as below:
 - For weatherization jobs where the per contractor dollar amount does not exceed \$1,100, no competitive bids are required if it is determined the price is reasonable;
 - Determination of “reasonable” should be set by the Service Provider using past experience, local job quotes, or other applicable pricing mechanisms;
- Procurement utilizing annually contracted set-price lists have already met the requirement for solicitations and a contractor can be selected for the job from the set-price list contractors without seeking multiple bids at that time;
- Service Providers may use Minnesota’s Cooperative Purchasing Venture (CPV) to procure contractors, equipment, and services as needed. Using the CPV eliminates the need to go through the solicitation, competitive bid and bid analysis process. All other WAP program rules and regulations are applicable to contractors, equipment, and services, including the requirements covering contractor eligibility. For further information on Minnesota’s CPV, see the CPV website: [Cooperative Purchasing Venture - Frequently Asked Questions \(state.mn.us\)](https://www.cooperativeprocurement.com/frequently-asked-questions);
- All procurement actions must be fully documented as outlined in Section 7.3 and Sections 4.3 - 4.3.6 (Audit Events) or Sections 5.3 - 5.3.4 (Standalone Events) as applicable.

7.2 Cost and Price Analysis

POLICY: Some form of cost and price analysis should be made and documented in connection with every procurement action. The exact form of the analysis varies with the nature of the purchase and the amount of funds to be spent. Service Providers must analyze price by reviewing and evaluating each cost element to determine if it is reasonable, can be cost-allocated, and is allowable. Prices should be compared to price quotes, market prices, and similar indices.

7.3 Solicitation

POLICY: Service Providers are required to publicize their need to purchase goods, equipment, or services as widely as possible. Documentation must be maintained to show the method to publicize procurement actions. Advertisements for contractors, contractor RFP, or a contractor recruitment process must take place at least every three years.

Solicitations for goods or services must provide the following:

- A clear and accurate description of the requirements that the desired material / product / service must meet; the description must not unduly limit competition;
 - o 2 CFR 200.319 explicitly prohibits wording which restricts or unduly limits competition.
 - o Specifically prohibited wording includes descriptions, which include a “brand name” product without including “or equal.” See the OMB Guidance for further information.
- Requirements that all responders must fulfill;
- All factors to be used to evaluate, measure and verify bids;
- Description of functions to be performed or performance required;
- Range of acceptable characteristics or minimum acceptable standards;
- Consideration of products that conserve natural resources, protect the environment, and are energy efficient;
- Other factors relevant to the specific procurement action.

Service Providers must maintain documentation verifying that procurement actions meet the criteria above. Procurement records include the following, at a minimum:

- Basis for contractor/vendor selection;
- Justification for lack of competition when competitive bids are not obtained (sole source);
- Basis for award cost or price.

See Sections 4 and 5 for minimum file documentation requirements when bidding individual jobs.

7.4 Specific Requirements for Contractor Procurement

7.4.1 Affirmative Action

POLICY: Federal rules, as stated in 2 CFR 200.321, require that Service Providers take all necessary affirmative steps to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible.

Affirmative steps must include:

- Placing qualified small and minority businesses and women’s business enterprises on solicitation lists;
- Assuring that small and minority businesses, and women’s business enterprises are solicited whenever they are potential sources;
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women’s business enterprises;
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women’s business enterprises;
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the U.S. Department of Commerce; and
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.

As indicated in the MN WAP Contract, Service Providers must comply with the provisions of MN Statute §181.59. This statute prohibits discrimination because of race, creed, or color in the hiring of contractors.

7.4.2 Contractor Eligibility

POLICY: Service Providers are required to verify that contractors and crews meet all applicable state and federal certification requirements, are insured, and meet all other program specific requirements as detailed below. Clear, adequate, and up-to-date documentation must be maintained to ensure that all contractors and their subcontractors and crews meet these standards.

All contractors and their subcontractors and crews must:

- Warranty all work and materials. The warranty must be in writing and must be signed by the contractor and by the client, building owners, or authorized agent. See Sections 4.5.2 and 5.6.1 for minimum warranty requirements;
- Licensed and bonded as required by pertinent laws, ordinances, regulations, or codes;
- Obtain required permits from authorities with jurisdiction, as applicable;
- Provide lien waivers to the weatherization service provider for all work completed in accordance with Minnesota Statute 514.07;
- Meet the minimum insurance coverage requirements:
 - o Property damage, bodily injury, and liability as determined by the Service Provider, and,
 - o Basic worker's compensation, where required by law or regulation;
- Have the capacity to implement program requirements and have the access to necessary tools and equipment;
- Understand and complete all work in accordance with U. S. Department of Energy (US DOE), MN Department of Commerce (Commerce) and other relevant energy program policies, standards, and requirements;
- Pass a criminal background check. Service Providers must conduct background checks according to their own internal written policy on all crews and contractors, using, at a minimum, the Minnesota Bureau of Criminal Apprehension's Computerized Criminal History system. Documentation of successfully completing a background check must be included in the contractor or crew file;
- Not be excluded from receiving federal funds. Service Providers must annually document that contractor debarment status has been verified using the System for Award Management (SAM);
- All WAP contractors must follow EPA's Lead Renovation, Repair and Painting Program (RRP) if performing projects that disturb lead paint. RRP requires:
 - o The contractor firm (or their sub-contractors) must be certified by the EPA as a RRP (Renovation, Repair, Painting) Lead Firm;
 - o Have an EPA Certified RRP Renovator on site at projects needing lead-safe work practices, as dictated by EPA requirements.
 - o All job-site employees working in a WAP household must be trained to install measures in a lead-safe manner in accordance with the SWS and EPA protocols.

NOTE: EPA RRP certifications are not the same as the Lead Certifications issued by the Minnesota Department of Health (MDH); MDH certifications cover lead abatement. For the difference between RRP and Lead Abatement, see the EPA web site.

- When working with all Presumed Asbestos Containing Materials (PACM), follow MN WAP procedures and rules pertaining to asbestos.
- Treat clients with respect and dignity.

7.4.3 Minimum Contract Requirements

POLICY: Contract administration systems are developed at the Service Provider level. The local system should be designed to meet local needs and conditions and should not be lengthy or complicated.

The minimum contract requirements for WAP contractors are as follows:

- There is written agreement with all contractors specifying the terms and conditions under which work will be performed, including consequences for non-compliance or underperformance.
- Contractors confirm terms, conditions, and specifications of the agreement.
- Contractors complete work that is in accordance with the policies in this manual.
- Service Provider must either maintain the contractor file documentation for sub-contractors hired by a contractor or include documentation in their contracts with the general contractor that it is the Contractor's responsibility to maintain that documentation.

In compliance with US DOE's WPN 15-4, Service Providers must provide contractors with technical requirements for fieldwork including the Retrofitting Minnesota, Standard Work Specification-Aligned Field Guide. Contractors must confirm receipt of the requirements as part of their contract or an alternate signed document and include a copy in the contractor file.

7.4.3.1 Retention Agreements

POLICY: Service Provider Training and Technical Assistance (TTA) funds may be used to train WAP contractors who attend training at the request of the Service Provider. Reasonable stipends may be included as part of the training expense. US DOE requires, in their annual application instructions, that all such contractors must sign a retention agreement. The agreement should require that contractors will work in the program for a specific amount of time, to be determined by the Service Provider, and must align with the cost of the TTA provided.

7.4.4 Contractor Performance

POLICY: Service Providers, in compliance with 2 CFR 200.318, must maintain a contract administration system to ensure that contracts are only awarded to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration should be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

Contractor performance must be evaluated fairly and objectivity with results documented by the Service Provider.

7.4.5 Set Price Lists (Annual Bids)

POLICY: Once contractors have been procured through a formal and documented bidding and evaluation process, set price lists for services and materials may be established as an alternative to bidding by job. Set price lists may be made for any or all measures performed for WAP.

- The goal of the Set Price list is to add efficiency to the procurement process by bidding work once at the beginning of the Program Year rather than per job through-out the year. This process must adhere to the open and fair procurement regulations for solicitation and bid analysis. See Section 7.3 Solicitation and Section 7.2 Bid/Cost analysis;
- Set price lists are valid for use for one contract year, with an option to extend the applicability for two, 1-year periods;

- Procedures must be established regarding the process and frequency of price re-negotiation, to ensure market fairness and compliance with federal and state procurement standards;
- The Set Price list must have a labor and materials breakdown in order to satisfy the policy outlined in Section 4.4.3, which requires that work orders include a labor and materials split based on either a bid or Set Price list;
- The Set Price list will include as many tasks and items as practical with the understanding that tasks not represented must be solicited and bid per the policy. The Set Price list may take into consideration geography; for example, contractors may limit the area they will serve for a certain price;
- When Set Price lists are used and contractors are selected on a rotating basis, Service Providers must have a documented system in place to indicate how contractors are selected. Uneven distribution of jobs between contractors of the same trade must be justified and documented. Rotation procedures do not need to be documented in individual household files.

7.4.6 Procurement for Emergency Services

POLICY: In emergency no-heat or other life-threatening standalone events, Service Providers must have procurement procedures in place that ensure fair contractor competition while allowing for prompt services when a household is in imminent danger. Procurement for emergency services may deviate from normal policy, so long as the procedures are reasonable and are documented by the Service Provider. If temporary heat can be provided or conditions allow, normal procurement procedures should be followed.

Service Providers may choose to have shorter contractor bid deadlines when bidding standalone events versus audit events.

7.5 Specific Requirements for Property Purchased with WAP Funds

7.5.1 Property Standards

POLICY: All Service Providers must comply with the following standards for the management of equipment and vehicles purchased with WAP funds:

- Provide adequate insurance coverage;
- Maintain a control system that ensures adequate safeguards to prevent loss, damage, or theft;
- Implement adequate maintenance procedures to keep the equipment in good and safe operating condition;
- Inventory and document the equipment at least once every two years to verify the existence, current use, and continued need;
- Keep accurate equipment records that include the following, in compliance with 2 CFR 200.313:
 - o Description of the equipment;
 - o Manufacturer's serial number, VIN number or other identification;
 - o Funding source(s) of the equipment, including the award number;
 - o Who holds the title;
 - o Acquisition date and cost;
 - o Percentage of federal participation (if other non-federal funds are used towards the purchase price);
 - o Location, use and condition of the equipment; and
 - o Disposition data to include the date of disposal and the sale or trade-in price.
- Treat program income received in compliance with Section 6.10.

7.5.2 Vehicle and Equipment Purchases (\$5,000 or Higher)

POLICY: All purchases must be approved, prior to purchase, by the appropriate authority. In compliance with US DOE's WPN 17-6, Commerce and US DOE must approve vehicles and equipment purchases that exceed \$5,000 per unit and are purchased using US DOE funds. Commerce must approve vehicles and equipment purchases that exceed \$5,000 per unit and are purchased using EAPWX funds.

Note: Service Providers should plan their vehicle purchases and incorporate these expenses when submitting their annual budget. Service Providers should make every effort to avoid requesting vehicles if these purchases were not part of the original annual budget.

The following information must be submitted to Commerce for review:

- Completed purchase request form (Appendix F);
- Copy of bid specifications or request for proposal (RFP) or both;
- List of contractors/vendors who received the solicitation;
- Copies of solicitation documents such as newspaper ads, including the date and name of the publication;
- Copies of all bids submitted by contractors/vendors; and a
- Bid analysis indicating at a minimum, each bidder, their bid price, a determination whether each proposal met the bid specification and a statement that the lowest responsive bid was selected or a sufficient justification of the "best value selection" if the lowest bid is not recommended for approval.

Once the item has been received, submit an updated purchase request form with the bottom section filled out. Include a copy of the invoice and copy of the delivery receipt, if applicable.

If an existing vehicle or piece of equipment was purchased with US DOE funds and will be traded in as part of the purchase transaction, follow the disposition instructions in section 7.5.3.

7.5.3 Disposal of Property Acquired with WAP Funds

POLICY: All property acquired with US DOE funds must be disposed of in compliance with US DOE's WPN 17-6 and Commerce policy. The term property includes vehicles, technical equipment, office equipment, supplies, and weatherization materials.

Policy varies depending on the purchase price and current fair market value. Fair market means the best estimate of gross proceeds if the property is sold in a public sale.

7.5.3.1 Property Purchased for and Currently Valued Under \$5,000

US DOE and Commerce approval is not required for property purchased for and currently valued under less than \$5,000. Proceeds from the disposal must be returned to the Program Income line of the Service Provider's budget and used to provide further weatherization services to eligible households.

7.5.3.2 Property Purchased for \$5,000 or More and Currently Valued Under \$5,000

US DOE has no interest in equipment acquired with federal funds with a current per-unit fair market value less than \$5,000. However, Service Providers must submit a disposition request to Commerce using the form provided on the Commerce website (Appendix F). Once approval is obtained, equipment may be sold and the proceeds must be returned to the Program Income line of the Service Provider's budget and used to provide further weatherization services to eligible household.

7.5.3.3 Property Valued at \$5,000 or Higher

Property valued at \$5000 or more and which a Service Provider desires to sell must first be offered as a “no-cost” transfer to other in-state weatherization programs. If other WAP agencies are not able to accept a transfer of the property, the property then must be offered to other federally funded programs within the state. Please review WPN 17-6 FAQ and 2 CFR 200.313, and contact Commerce for further guidance. Service Providers should retain documentation to show completion of all steps of the transfer procedure to attach to the Disposition Form as noted below.

Items 1-3 listed below must be completed when a Service Provider no longer has a use for property and

- Desires to sell the property after exhausting the above transfer procedure; or
 - Is trading in the property as part of a purchase transaction; or
 - Chooses to “buy-out” US DOE’s share of the property:
1. Completed disposition form.
 2. When vehicles are being sold out right, transfer procedure documentation must be attached and include:
 - Federal disposition form SF-428;
 - Federal disposition form SF-428-C;
 - Federal disposition form SF-428-S (only if funds will be returned to US DOE); and
 3. At least two credible estimates of fair market value.
 - Estimates must come from reputable sources and be based on visual inspection of the vehicle.
 - Blue Book estimates are not acceptable as estimates per US DOE.

Commerce will review the disposition documents and send to US DOE for their review and approval. Service Providers may not dispose of the property until they have received final US DOE/Commerce approval.

Unless property is traded in as part of a purchase transaction, proceeds of the sale must be returned to Commerce, who will return the funds to the U.S. Treasury.

Section 8: Service Provider Monitoring & Compliance

8.1 Service Provider Monitoring

MN Department of Commerce (Commerce) will conduct annual comprehensive monitoring of all Service Providers, as required by the U. S. Department of Energy (US DOE) and the EAPWX State Plans (Appendix A). Monitoring includes inspection of a minimum of 5% of units weatherized statewide with US DOE and EAPWX funding each program year. For each grant cycle, Service Providers receive at least one administrative monitoring visit. In addition, Commerce conducts regular desk monitoring of Service Provider production and spending statuses using reports and data available in FACSPRO and Weatherization Assistant (WA). Additional monitoring or technical assistance visits are scheduled as needed.

The purpose of monitoring is to document local Service Provider performance, ensure compliance with all applicable policy and regulation, ensure program quality and effectiveness, identify areas where improvement is needed, and identify training/technical assistance needed to achieve performance improvements. Monitoring also serves to recognize program successes and best practices of Service Providers.

Monitoring visits include, but are not limited to:

1. Program/Service Provider overview;
2. Service Provider review;
3. Inventory and maintenance of vehicles, equipment and materials;
4. Household file review;
5. Distribution of services between renters and homeowners to ensure equal access;
6. Distribution between counties within the Service Provider territory;
7. Feedback and reporting;
8. Internal controls related to financial management and operations;
9. Fiscal audits;
10. Payroll/personnel;
11. Procurement;
12. Outreach efforts to hire minority, woman-owned, and disadvantaged businesses;
13. Sub-awards/monitoring of contracts;
14. Invoicing;
15. Record retention;
16. Staff qualifications and training;
17. How monitoring results are handled and required follow-up procedures;
18. Contractor/crew qualifications;
19. Review of FACSPRO and WA reports;
20. Administrative field work (client file review, work order, audit reporting);
21. Energy audits;
22. Training & technical assistance activities and needs;
23. Weatherization of units;
24. Health & safety (issues will be noted during inspection, particularly if they present an imminent danger to occupants);
25. Final inspections and verification that all inspections are performed by a Quality Control Inspector (QCI);
26. Lead-safe work practices and Quality Assurance;
27. Compliance with Standard Work Specifications (SWS);

8.1.1 Service Provider Monitoring Requirements:

POLICY: Service Providers must ensure the following before, during, and after a monitoring visit:

1. Electronic client files or monitoring tools must be submitted to the appropriate monitor by the date specified, in advance of the visit.
2. Arrangements for field visits must be made with households in advance of the visits; expectations for visits must be provided to the household.
3. Unrestricted access must be given for any books, records, electronic or paper client files, or other documents pertinent to the monitoring review and WAP contract.
4. Reasonable access must be made to Service Provider staff for interviews or questions.
5. Monitoring reports must be responded to by the date specified. Responses must include steps the Service Provider is taking to address issues raised in the report (letter or issues log) and must include timeframes for resolution, if applicable.

8.2 High Risk Sub-Grantee Designation

POLICY: Commerce is responsible for ensuring all WAP Service Providers have the internal controls and administrative capacity to effectively deliver the Weatherization Assistance Program, resolve issues of non-compliance, and meet all legislative and regulatory program requirements. Program monitoring and follow-up activities determine Service Providers' level of compliance.

Commerce may deem a Service Provider "high-risk" if the Service Provider:

1. Has a history of unsatisfactory performance;
2. Is not financially stable;
3. Has financial or program management systems that do not meet federal requirements;
4. Lacks the organizational capability to carry out its responsibilities;
5. Has not conformed to terms and conditions of current or previous WAP contracts, or;
6. Is otherwise not responsible.

8.3 Corrective Action Plan

POLICY: In response to Service Provider non-compliance, Commerce may, at its discretion, impose additional requirements on a Service Provider in a written Corrective Action Plan. Corrective Action Plans may be issued in response to single issues of non-compliance or larger internal control, administrative, or programmatic issues. Written Corrective Action Plans include:

- Nature of the requirements and why they are being imposed;
- Corrective actions that are needed; and
- Deadline(s) for meeting terms of the Corrective Action Plan.

8.4 Non-Compliance Sanctions

POLICY: With or without a Corrective Action Plan in place, Commerce may take one or more of the following actions in response to non-compliant activity, as appropriate:

- Conduct additional monitoring visits;
- Impose additional training or technical assistance requirements on the Service Provider;
- Require additional, more detailed financial reports;

- Make payments to the Service Provider on a reimbursement basis only;
- Withhold cash payments to the Service Provider, on a temporary basis, pending correction of deficiencies or until stated performance benchmarks are reached;
- Disallow costs for non-compliant activities and/or expenses;
- Suspend or terminate the current contract, either wholly or partially;
- Withhold further contracts with the Service Provider, or;
- Institute other actions as needed.

8.5 Contract Termination

POLICY: Commerce may immediately terminate a Service Provider's WAP contract, with or without cause, upon 30 days written notice, in accordance with the terms set forth in the grant contract. Commerce may elect to immediately terminate the contract if it is found that the Service Provider has failed to comply with the contract, reasonable progress has not been made, or the purposes for which the funds were granted have not been or will not be fulfilled.

REFERENCE LINKS

This page gives links to some of the documents referenced within this Policy Manual and within the sub-grantee Weatherization Assistance Program contract issued by the State of Minnesota.

Applicable federal and state laws, rules, and requirements covering the Weatherization Assistance Program include, but are not limited to:

- Weatherization Assistance for Low Income Persons Rule (**10 CFR part 440**);
- US DOE Financial Assistance Rules (**2 CFR Part 200, 10 CFR part 600, 2 CFR 910**)
- Minnesota Weatherization Assistance Program (Mn WAP) **State Plans as found in Appendix A**
- Mn WAP Policy Manual, WAP Memos and **Weatherization Program Notices (WPNs)**
- **Retrofitting Minnesota, Standard Work Specification-Aligned Field Guide** , which includes the Minnesota State Work Specifications (SWS) for single family, multifamily and mobile homes and **other MN WAP issued guidance**
- Minnesota Low Income Home Energy Assistance State Plans (LIHEAP) for Federal Fiscal Years (FFY) as found in Appendix A
- Liquefied Petroleum Gas Account (**\$239.785, subd. 6**)
- Non-discrimination requirements under the Civil Rights Act of 1964 (**42 USC 2000d**) as amended by the **Equal Employment Opportunity Act of 1972**, the Rehabilitation Act of 1973 (**29 USC 794**), the Age Discrimination Act of 1975 (42 USC 794), and the Americans with Disabilities Act of 1990 (**42 USC 12101**);
 - **President's Executive Order 12549** and the implementation regulation Non-procurement Debarment and Suspension, Notice and Final Rule and Interim Final Rule found at **53 FR 19189, May 26, 1988**, as amended at 60 FR 33041, June 26, 1995, including **Appendix B**, Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions”
- Interim Final Rule, New Restrictions on Lobbying, 53 FR 38, February 26, 1990, and any permanent rule adopted in place of the Interim Final Rule (**US DOE guidance**)
- **Political Activity provisions of Title 5 of the United States Code;**
- **Drug-Free Workplace Act of 1988**
- **Wages and the Fair Labor Standards Act**
- Other Federal and State regulations, laws, statutes, chapters, rules, or codes or other governing document referenced in the documents listed above.