



# Arizona Department of Housing

Weatherization Assistance Program

## Policies and Procedures Manual Working Document

July 1, 2022 – June 30, 2027

WORKING DOCUMENT

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## Chapter 1 – Program Introduction and General Management

### 1.1 Introduction

Created in 1976, the federal Weatherization Assistance Program (WAP) assists low-income families who lack resources to invest in energy efficiency. The Weatherization Assistance Program operates in all 50 states, the District of Columbia, Native American tribal lands, and U.S. territories. Funds are used to improve the energy efficiency of qualified homes occupied by low-income residents, using the most advanced technologies, testing, and energy modeling protocols available in the housing industry. Energy conservation resulting from the efforts of state and local agencies helps our country reduce its dependence on foreign oil and resources decreasing energy burden for families in need while improving the health and safety of their homes.

The Arizona Weatherization Assistance Program (AZ WAP) is governed by federal, state, local, and utility regulations designed to help manage and account for the resources provided by the U.S. Department of Energy (DOE), U.S. Health and Human Services (HHS) Low-income Home Energy Assistance Program (LIHEAP), and Local Utilities. Federal Weatherization Assistance Program funding is derived from annual appropriations from Congress. Each year the Senate and House Interior Appropriations committees decide the level of funding allocated to the program. Local Utilities provide annual allocations, most of which are a directive of the Arizona Corporation Commission (ACC).

The AZ WAP is administered by the Community Development and Revitalization (CD&R) division of the Arizona Department of Housing (ADOH) through a network of sub-grantees including city and county agencies, regional councils of government, community-based organizations, and non-profits.

The ADOH website ( <https://housing.az.gov/general-public/weatherization-assistance-program> ) provides further AZ WAP information for the general public.

### 1.2 Weatherization Program Resources

The ADOH WAP is funded from a combination of sources including DOE, Low Income Home Energy Assistance Program (LIHEAP), Southwest Gas (SWG) funding, Arizona Public Service (APS) funding, and Salt River Project (SRP) funding. SWG/APS/SRP funding may only be used on residences served by SWG/APS/SRP respectively. Funding from other utilities providers are layered depending on individual localities. Utility funds not listed above are not currently provided through ADOH.

Sub-grantees may find current documents, program information, and manuals on the ADOH WAP website at: <https://housing.az.gov/general-public/weatherization-assistance-program>. Program Forms may be found on the website at: <https://housing.az.gov/documents-links/forms/weatherization>. Additionally, copies of the ADOH WAP forms are available for review in Chapter 12 of this manual. **Sub-grantees should always utilize forms from the ADOH website to ensure they are using documents that meet current weatherization program requirements.** Technical Bulletins (TB's) may be requested by any Sub-grantee however, **each Sub-grantee must have copies of all released TB's in their TB Binder/Folder as required.**

### 1.3 Sub-grantee Selection Process

The State will follow the requirements outlined in 10 CFR 440.15 to select ADOH WAP sub-grantees. In addition, eligible sub-grantees must meet the following requirements:

- a) For units assisted with DOE, LIHEAP, SWG, APS, and/or SRP funding, the sub-grantee must have an in-house individual who holds and maintains a Building Performance Institute (BPI) Building Analyst Technician (BA-T) and a Building Analyst Professional (BA-P) and/or the BPI Home Energy Professional (HEP) Energy Auditor (EA) certification(s) or an agreement with a third party who holds these credentials, to perform initial and/or final audits. The certified inspector must not install any measures required by the scope of work generated from the initial audit.
- b) For units completed with DOE funding, the sub-grantee or their designated service provider must perform a final Post Construction Review inspection before the job is turned over to a certified Quality Control Inspector (QCI) in good standing, who will perform the Quality Control Inspection. The Quality Control Inspection can be considered the final inspection. If any concerns or deficiencies are found, they must be corrected and the QCI must re-inspect and certify/document the appropriate corrections were made/addressed. The sub-grantee must have an in-house QCI, an Independent EA/QCI, or an agreement with a third-party EA/QCI contractor that has had no previous history (audit or work completed) with the unit inspected. If the Sub-grantee contracts with a designated service provider, the service provider may be a qualified Independent EA/QCI as long as that service provider's EA/QCI individual did not perform any construction, installation of energy conservation measures or materials and the Post Construction Review inspection of the unit.
- c) Sub-grantees must be in compliance with all ADOH contracts for all programs and funding sources.
- d) New Sub-grantees must submit a comprehensive WAP Program Management Plan (WPMP) within 90 days of selection to receive ADOH WAP funds. The submission of the Management Plan must include Sub-grantee program policies and procedures; copies of liability insurance; equipment calibrations; evidence of Lead Firm Certification; project implementation schedule; a monitoring policy and procedure and an organizational chart that outlines the job responsibilities of each person working in the ADOH WAP program along with their respective certifications. The WPMP must be approved by ADOH and adopted by the Sub-grantee's governing body. **Updates must also be provided to the ADOH WAP Team within 30 days when key WAP staff and/or any process changes occur in any organization relating to the AZ WAP and must be approved by ADOH WAP Staff prior to implementation or funding reimbursement. A new or updated Sub-grantee "Process Binder", which must include the new staff (including specific responsibilities related to the WAP) and/or process changes will also be required within the 30-day period. Failure to comply may result in findings of non-compliance and potential contract termination of the sub-grantee's current WAP contract with ADOH.**

### 1.4 Sub-grantee Responsibilities

A sub-grantee shall make every reasonable effort to deliver comprehensive weatherization services to qualified low-income households in the most cost effective, efficient, and timely

manner possible. In doing so, sub-grantees will maximize the use of available current program funding in delivering weatherization services.

Sub-grantee responsibilities are to demonstrate compliance with all program funding sources and include such items as income and unit eligibility; procurement; quality workmanship per the NREL Standard Work Specifications (SWS); recordkeeping per 2 CFR 200.333; and reporting per 2 CFR 200.327, 328 and 329.

Further details and requirements can be found in a document titled *Core Competencies for the Weatherization Assistance Program* on the National Association of State and Community Service Providers (NASCSPP) and DOE websites at: [Microsoft Word - WAP Core Competencies 12\\_02\\_09.docx \(nascsp.org\)](#) and [Core Competencies \(energy.gov\)](#)

Sub-grantees who enter into an agreement with a contractor for program administration must monitor those contractors on all completed homes either in-person or virtually, to ensure compliance with all program requirements including income qualification, unit quality workmanship, etc. As a component of the monitoring process, the ADOH “**Sub-grantee Oversight of Contractor**” form, available at: <https://housing.az.gov/documents-links/forms/weatherization>, shall be utilized as detailed below (verbiage is directly from the form), and shall be included in the Sub-grantee’s WPMP. This form shall be included in each client file in which the process occurred.

*Effective July 1, 2021, the Arizona Department of Housing (ADOH) - Weatherization Assistance Program (WAP) will require the Sub-grantee to do **10% random sampling inspection on each of their contractors** during at least one of the various stages of the job cycle (initial, in-progress, post-construction, and final inspection) (**minimum of one (1) job per contractor**). The jobs chosen for contractor oversight inspection must be independent of those selected for state monitoring visits (at the time State Monitoring occurs). If the Sub-grantee finds that the contractor is not performing in accordance to their contract or purchase order, the Sub-grantee will need to increase the number of oversight visits from 10% to 50%. The Sub-grantee must document their attendance, provide back-up oversight document(s) if applicable, and report jobs and contractors inspected in the quarterly Performance Report required by the ADOH-WAP.*

*The ADOH will monitor each Sub-grantee for compliance with this policy/procedure during desk review of the quarterly performance reports and at annual monitoring conducted either in person or virtually. It is expected that Sub-grantees will be able to demonstrate inspections performed at each of the various stages (initial, in-progress, post-construction, and final inspection). For example, Contractor A is inspected at in-progress stage and Contractor B is inspected post construction. It will not be acceptable for Sub-grantees to inspect each of their contractors all at the same stage (i.e. Contractors all inspected at in-progress stage).*

Other guidance regarding implementation of program requirements can be found in the ADOH WAP Arizona Weatherization Field Guide, Arizona Weatherization Assistance Program State Plan, and in official LIHEAP guidance for income verification. Eligibility guidance and requirements are further explained in Chapter 2, below.

The ADOH WAP reserves the right to have final authority in any cases of dispute.



### 1.4.1 Lobbying

The sub-grantee shall comply with Title 31 U.S.C Section 1352 Standard Form LLL Disclosure of Lobbying Activities. The form and instructions can be found at: [RBS-ABPSFLLL.PDF \(usda.gov\)](#)

### 1.4.2 Conflict of Interest Policy

As a part of the sub-grantees adopted WPMP or Weatherization Policies and Procedures, each sub-grantee shall develop and maintain a plan for dealing with potential conflicts of interest. Conflicts of interest covered by the plan shall include all situations, actual or perceived, when sub-grantee employees; board of directors or any relatives of either, have an interest in a business (or organization) providing services, materials, or a property anticipated to receive weatherization services.

When a known or perceived conflict of interest for sub-grantee employees; board of directors or any relatives exists, the following process shall be followed:

1. The sub-grantee shall review its Conflict of Interest Policy as it applies to the potential project.
2. The Sub-grantee shall send an email to the ADOH WAP program detailing the known or perceived conflict of interest. The e-mail must include copies of documentation regarding the details of the known or perceived conflict of interest sufficient to assist ADOH with the review.
3. The ADOH WAP program will review the request and will either approve or deny the request. Sub-grantees must not proceed to structure eligibility without approval from ADOH WAP program.

When a sub-grantee has partial or complete ownership of a property that is eligible for weatherization, the following process shall be followed:

1. The sub-grantee shall review its Conflict of Interest Policy as it applies to the potential project.
2. The Sub-grantee shall send an email to the ADOH WAP program indicating that the property is eligible and proposes who would conduct the energy audit (Sub-grantee or third party).
3. The ADOH WAP reviews the request and must approve of auditor proposal.
4. The energy audit is conducted.
5. The sub-grantee submits the following to the ADOH WAP for review, at a minimum (additional information may be requested):
  - a. Digital audit file,
  - b. Field data collection documents,
  - c. Audit photos including, but not limited to, building exterior, existing conditions, and mechanicals, and
  - d. List of measures to be performed and by whom (e.g., subcontracted, Sub-grantee crew).

6. The ADOH WAP program approves or denies the request.
7. The Sub-grantee notifies the ADOH WAP when the building is reported as complete.
8. **For DOE assisted structures**, the ADOH WAP program will approve the sub-grantee to schedule the property for QCI inspection by a non-related third party. If the structure is multi-family, the QCI inspector must be certified for multi-family.
9. For LIHEAP or SWG assisted structures, the ADOH WAP program will approve the sub-grantee to schedule the property for BPI BA final inspection.

The ADOH WAP Program reserves the right to request additional information or documentation during any phase of the project.

### **1.4.3 Confidentiality**

Sub-grantees shall not use confidential information for any purpose other than the limited purpose of their contract and shall not disclose such confidential information to any persons other than those who have a business-related need to have access to such information. Sub-grantees shall require all such persons to read and sign a non-disclosure statement and shall be responsible for the breach of any confidentiality.

The sub-grantee shall institute and maintain reasonable security procedures to maintain confidential information while in its possession or control, including transportation, whether physically or electronically. Confidential information is defined as all tangible and intangible information and materials, including all proprietary and personally identifiable information (PII). Additional information on the Arizona PII laws and regulations can be found at: [44-1373 - Restricted use of personal identifying information; civil penalty; definition \(azleg.gov\)](#)

The Notification Law defines “personal information” to include an individual’s first name or first initial and last name in combination with at least one “specified data element,” such as a Social Security or driver’s license number; taxpayer ID; medical or mental-health information; or biometric data. (For a full list of specified data elements, see A.R.S. § 18-551(11).) “Personal information” also includes an individual’s username or e-mail address, in combination with a password or security question and answer, which allows access to an online account. “Personal information,” however, does not include information publicly available from government records or widely distributed media.

### **1.4.4 Limited English Proficiency Customers**

Sub-grantees are obligated to ensure that persons with limited English proficiency (LEP) have meaningful and equal access to benefits and services. This assistance goes beyond provision of brochures in Spanish, or other languages. As some individuals may not read English, or any other language, the agency shall have a mechanism to communicate orally with people with limited English proficiency.

### **1.4.5 Final and Quality Control Inspections**

Sub-grantees shall maintain documented Final and QCI inspections that cover the required elements as found in the State Plan at Section V5.3. Final inspections shall be completed on every unit by individuals who did not install the weatherization measures on the inspected

unit. The QCI, which can be considered the final inspection, shall not be conducted by the same person who performed the initial audit or ANY of the actual work on the project. The ADOH WAP program recognizes the limited access to QCI inspectors for some Grantees in the more rural areas of the state. Therefore, sub-grantees may contact the ADOH WAP Energy Specialist to discuss an acceptable alternative method for obtaining and documenting final QCI inspections.

Weatherization work not meeting program requirements identified during ADOH WAP monitoring, is the responsibility of the Sub-grantee. The ADOH WAP encourages sub-grantees to contact the ADOH WAP regarding any policy interpretation issues prior to completing the unit.

Sub-grantees are encouraged to utilize insurance to cover expenses related to employee or contractor negligence, warranty issues, or other expenses related to completed units weatherized.

#### **1.4.6. Basic Energy Auditor Certification**

All persons auditing homes within the ADOH WAP program shall meet and maintain the following requirements:

1. Meet the DOE Weatherization Assistance Program Core Competencies pre-requisite for Basic Energy Audit Competencies, which are:
  - Ability to read and write legibly;
  - Basic verbal and written communication skills;
  - Basic construction knowledge;
  - Basic math skills; and
  - Basic computer skills.
2. Complete and pass a Weatherization Boot Camp with the BSP Option
3. Complete and pass the Building Analyst Technician (BA-T)
4. Complete and pass the Building Analyst Professional (BA-P)
5. And/or Challenge, pass, and obtain the BPI Energy Auditor and QCI Certification

Further details and requirements can be found in a document titled *Core Competencies for the Weatherization Assistance Program* on the NASCSP and DOE websites at: [Microsoft Word - WAP Core Competencies 12\\_02\\_09.docx \(nascsp.org\)](#) and [Core Competencies \(energy.gov\)](#)

#### **1.4.7 Client Rights and Responsibilities**

The Client Rights and Responsibilities Form (See Chapter 12. Forms) is required to be provided to all weatherization program customers, regardless of funding source and provides information concerning rights to safety, the right to be informed, warranty information and the steps a customer may take in the event a warranty issue is not resolved. Sub-grantees shall distribute the Client Rights and Responsibilities Form during the initial client interview and education process. The customer's signature on the Progress Form shall signify receipt. A copy shall be maintained in the Client File. The form is available at: <https://housing.az.gov/documents-links/forms/weatherization>.

### 1.4.8 Training and Technical Assistance

The ADOH WAP allocates Training and Technical Assistance (T&TA) funds for regional and national weatherization conferences, as well as other required Comprehensive and Specific training, to each sub-grantee. A sub-grantee is required to develop and submit a plan for T&TA expenditures per annual direction from ADOH WAP. Sub-grantee shall comply with all mandatory training requirements as directed by the Arizona State Plan Section V8.4. Sub-grantees must complete and submit the Training and Technical Assistance Form (See Chapter 12. Forms) for all T&TA expenditures. **T&TA expenditures over \$500** must be pre-approved by ADOH WAP. The Training and Technical Assistance Form is available at: <https://housing.az.gov/documents-links/forms/weatherization>.

### 1.5 Tribal Weatherization Services

Assistance to low-income members of a Native American Tribe is equal to the assistance provided to other low-income persons.

Members of a sovereign Tribal Nation with residences located within the borders of the State of Arizona that are income and residence qualified are considered a local applicant and may receive services through the ADOH Sub-grantee WAP provider serving their area. Tribal members served by the ADOH Sub-grantee network will be required to obtain permission from their Tribal Councils for weatherization work performed on their property by outside parties including local governments or non-profits and their contractors. Written permission must be obtained from the Tribal Council before work can begin.

## Chapter 2 – Eligibility

Every dwelling weatherized must meet both the client and building eligibility requirements.

### Arizona definition of low-income:

Household Income is at or below 200% of the federal poverty level determined in accordance with criteria established by the Office of the Secretary, U.S. Department of Health and Human Services. Federal Poverty Guidelines and Definitions of Income are typically published annually at the beginning of the calendar year, are issued in the form of a Weatherization Program Notice (WPN), and unless stated otherwise, are to be implemented immediately or as indicated by the date provided in the WPN.

### 2.1 Approach to determine client eligibility

All Sub-grantees are to follow the intake procedures of the most current state income qualifying guidelines found in the Low-Income Home Energy Assistance Program (LIHEAP) DCAD Consolidated Policy Manual available on the Arizona Department of Economic Security (DES) website at: <https://des.az.gov/documents-center-with-additional-specific-guidance-detailed-in-this-AZ-WAP-P&P-Manual-Refer-to-Section-VII-in-the-LIHEAP-DCAD-Consolidated-Policy-Manual>.

The LIHEAP State Plan for Arizona has been approved to mirror the income eligibility allowed by DOE at 200% or below of the Federal Poverty Limit (FPL).

Each client file must contain an application from the client that includes the required demographics and income for the Household or Family Unit as defined in Appendix A below, residing in the residence. The file must also contain evidence provided by the Sub-grantee that the Household or Family Unit is income eligible to receive WAP services. This evidence may include, but is not limited to, third party verification from the source of income for the family (employer, social security office, unemployment agency, etc.); source documentation for each income source listed on the application; or evidence of cash assistance payments under Title IV of XVI of the Social Security Act or applicable State or local law at any time during the preceding 12 month period for any household member. These documents must be retained in each client file.

Households with “Joint Ownership” shall either be qualified as; all parties residing in the home to receive WAP services, OR a Notarized Statement shall be provided to the Sub-grantee detailing the party that does not reside in the home and what their current residential address is. This Notarized Statement shall be accompanied by a Government issued ID detailing their current residence, current utility bill, or other legal form of proof that they do not reside at the property being qualified for WAP services. They shall not be included in the income or the occupancy of the residence as detailed. In the event a spouse, family member, or other party listed on the Property Ownership Document, is deceased or divorced/legally separated, a Death Certificate or an official Divorce Decree/Document of Separation shall be provided for the deceased member or separated spouse/partner ensuring the other party no longer has any interest in the property/residence being qualified for the WAP. All of the above documents and details shall be retained in each client file.

## Completing the Intake Process

Service Providers must ensure that the intake form (paper or digital) contains the following required elements:

A. Name, address, and if available, ten-digit telephone number and email address, as well as personal information, including:

1. Social Security Number (SSN) for only the applicant (last four digits is acceptable, example: xxx-xx-1234) (a pseudo social security number may be assigned if the applicant does not want to provide the SSN) Going forward, copies of Social Security cards shall not be retained to further ensure privacy however, legal residency **MUST** be documented to be eligible for WAP services.
2. Date of birth
3. Citizenship Status
4. Disability Status
5. Household income for all household members ages 18 and older (16 if not a full-time student) for 30 days prior to and including the date of application. (see Definitions of Income, below)
6. Annual Energy Cost/Burden

[Although the requirement of applicants providing a Social Security Number \(SSN\) is not a requirement of DOE, LIHEAP requests that only the applicant provide a SSN \(COPY OF SS CARD IS NOT REQUIRED\).](#)

## Definitions of income

- A. INCOME:** Income means Cash Receipts earned and/or received by the applicant before taxes during applicable tax year(s) **but not** the Income Exclusions listed below in **Section C**. Gross Income is to be used, **NOT** Net Income.
- B. CASH RECEIPTS:** Cash Receipts include the following:
1. Money, wages and salaries before any deductions;
  2. Net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses);
  3. Regular payments from social security, railroad retirement, unemployment compensation, strike benefits from union funds, worker's compensation, veteran's payments, training stipends, alimony, and military family allotments;
  4. Private pensions, government employee pensions (including military retirement pay), and regular insurance or annuity payments;
  5. Dividends and/or interest;
  6. Net rental income and net royalties;
  7. Periodic receipts from estates or trusts; and
  8. Net gambling or lottery winnings.
- C. INCOME EXCLUSIONS:** The following Cash Receipts **are not** considered sources of Income for the purposes of determining applicant eligibility:
1. Capital gains;
  2. Any assets drawn down as withdrawals from a bank;
  3. Money received from the sale of a property, house, or car;

4. One-time payments from a welfare agency to a family or person who is in temporary financial difficulty;
5. Tax refunds;
6. Gifts, loans, or lump-sum inheritances;
7. College scholarships;
8. One-time insurance payments, or compensation for injury;
  9. Non-cash benefits, such as the employer-paid or union-paid portion of health insurance;
  10. Employee fringe benefits, food or housing received in lieu of wages;
  11. The value of food and fuel produced and consumed on farms;
  12. The imputed value of rent from owner-occupied non-farm or farm housing;
  13. Depreciation for farm or business assets;
  14. Federal non-cash benefit programs such as Medicare, Medicaid, Food Stamps, school lunches, and housing assistance;
  15. Combat zone pay to the military;
  16. Child support, as defined below in Section E;
  17. Reverse mortgages; and
  18. Payments for care of Foster Children.

**D. PROOF OF ELIGIBILITY:** Grantees and Sub-grantees are reminded that proof of income eligibility must be clearly identified in the client file.

1. **Availability of Supporting Documentation:** For purposes of review and audit, each client file must contain an application from the client that contains the required demographics and income for the entire family living in the residence. The client file must also contain evidence provided by the Sub-grantee that the client is eligible to receive Weatherization Assistance Program (WAP) services. This evidence may include, but is not limited to pay stubs, 1099 tax forms, benefit award letters, and verification of any other consistent income received from any other sources. These documents can be stored electronically or retained in hard copy for each client.
2. **Eligibility Determined by Outside Agency/Program:** If income eligibility is determined by an outside agency or program, i.e. Low-Income Home Energy Assistance Program (LIHEAP) or the U.S. Department of Housing and Urban Development (HUD), any document used to determine eligibility, such as a copy of LIHEAP eligibility or a copy of the HUD eligibility (e.g., Section 8 or Public Housing eligibility) will suffice as evidence of client eligibility. This document and any related documents must be retained in the client file.
3. **Self-Certification:** After all other avenues of documenting income eligibility are exhausted, self-certification is allowable. However, evidence of the various attempts at proving eligibility must be contained in the client file, **including** a notarized statement signed by the potential applicant indicating that the applicant has no other proof of income.

**E. CHILD SUPPORT:** Child Support payments, whether received by the Payee or paid by the Payor, **are not** considered Sources of Income to be added to the payee

income or deducted from the payor income for the purposes of determining applicant eligibility.

1. **Payee:** Where an applicant receives Child Support from any state program or individual during an applicable tax year, such assistance **is not** considered income for the purposes of determining eligibility (i.e., where an applicant receives Child Support, he or she **does not** add that amount to his or her calculation of income for purposes of determining eligibility).
2. **Payor:** Where an applicant pays Child Support through a state program and/or to an individual, such assistance **is not** considered a deduction to Income for the purposes of determining eligibility (i.e., where an applicant pays Child Support, he or she **may not** deduct said assistance from his or her calculation of Income for the purposes of determining eligibility).

**F. ANNUALIZATION OF INCOME:** Where an applicant only provides income verification for a portion of the applicable tax year, their partial income may be annualized to determine eligibility.

*Example:* Applicant A only provides income verification for January, February and March. The method of annualizing income to determine eligibility could be to multiply the verified income by four to determine the amount of income received during the year.

The method of calculating annualized income is to be determined by the Grantee and must be applied uniformly by all Sub-grantees.

**G. RE-CERTIFICATION:** An applicant must be re-certified when eligibility lapses due to the length of time the applicant was waiting to receive Weatherization services. As a reminder, recertification of eligibility must occur at least every 12 months.

As the intent of the Weatherization Assistance Program (WAP) is to increase the energy efficiency and reduce energy burden of low-income households, the documented demographics shall include the **Energy Burden** of each qualified Household as well as the following as required in 42 USC 6861 (b) and 10 CFR 440.1. Per WPN 22-12, "Grantees and Sub-grantees are not required to collect any additional information beyond the demographics required for reporting purposes to the Grantee or DOE" (paragraph 2, page 6, WPN 22-12):

1. Elderly (60+)
2. Handicapped
3. Children (5 and below)

Weatherization Program Notice (WPN) 22-5, Expansion of Client Eligibility in the Weatherization Assistance Program, issued by the U.S. Department of Energy (DOE), serves to streamline the WAP intake process by expanding WAP's categorical income eligibility **to include** U.S. Department of Housing and Urban Development's (HUD) means-tested programs' income qualifications at or below 80% of Area Median Income. (Examples of HUD program but not limited to Community Development Block Grants (CDBG), HOME Investment Partnerships Program (HOME), Lead Hazard Control & Healthy Homes Program (OLHCHH), etc.).



This guidance allows for qualified applicants/households under HUD's means-tested programs using percentages of Area Median Income (AMI) ranging from 30% AMI to 80% AMI, to automatically be granted WAP program eligibility. The method and documentation of verification of eligibility must be included in the WAP client file.

### **2.1.1 Qualified Aliens Receiving Weatherization Benefits**

Sub-grantees are directed and encouraged to review guidance provided by Health and Human Services (HHS) under LIHEAP. This guidance can be found by going to <http://www.aspe.hhs.gov/hsp/immigration/restrictions-sum.shtml#sec1>.

HHS Information Memorandum LIHEAP-IM-25 dated August 28, 1997, states that all qualified aliens, regardless of when they entered the United States, continue to be eligible to receive assistance and services under the Low-Income Home Energy Assistance Program (LIHEAP) if they meet other program requirements.

To eliminate any possible contradiction of eligibility for Weatherization services at the state and local level for qualified aliens, the definition adopted by HHS will also apply to the DOE WAP.

HHS issued Information Memorandum LIHEAP-IM-98-25 dated August 6, 1998, outlining procedures for LIHEAP and Weatherization grantees serving non-qualified aliens to implement new status verification requirements. The following is the link to the memorandum: [LIHEAP IM 1998-25 on Interpretation of "Federal Public Benefits" Under the Welfare Reform Law | The Administration for Children and Families \(hhs.gov\)](https://www.hhs.gov/ocio/foia/docs/20180801-liheap-im-1998-25-on-interpretation-of-federal-public-benefits-under-the-welfare-reform-law-the-administration-for-children-and-families-hhs.gov)

To ensure continuity between LIHEAP and WAP for the many sub-grantees operating both programs, the DOE WAP will follow the interpretation as adopted by HHS.

### **2.1.2 Period of Eligibility**

The client will remain income eligible for 12 months from the date of initial income eligibility and no re-certification is necessary within that period of time. The income eligibility of the entire household will need to be re-established by re-certification of all documentation establishing income and occupancy eligibility due to the length of time the client was waiting to receive Weatherization services..

### **2.1.3 Priority of Service and Wait List**

Sub-grantees shall give priority to clients based on the list of priorities established in the Arizona State Plan, which includes the following:

1. Elderly persons aged at or above the age of sixty (60) years. (DOE)
2. Persons with Disabilities (DOE)
3. Families with children at or below the age of five (5) years. (DOE)
4. Households with a high energy burden as defined below (DOE)
5. Households (not including rental properties per the Landlord Tenant Act) with inoperable heating or cooling where the indoor temperature exceeds 85 degrees F in the Summer or drop below 55 degrees F in the winter, per AZ TB 23.2. (NOT

included on the DOE list of priorities, however, per Arizona's Executive Order 2023-16, this is a top priority to ensure the mitigation of heat related illnesses and deaths.

The criteria used for determining applicant priority must be in writing and on file with the Sub-grantee in their WPGs. **An actual wait list to determine who is next to receive weatherization services shall be developed with consideration given to the priority populations listed above.** The categories listed and noted as such, are the **only** allowable priorities for the DOE WAP. ADOH is currently in the process of developing a digital tracking mechanism for High Energy Burden households. ADOH will work with Sub-grantees in the development of new methods of prioritization per the list above. With the implementation of the new OptiMiser Audit and Modeling tool and new AZ WAP Nexus Database, it is expected that prioritization of households will be automated and reports will be available ad hoc. Tools that are available to determine High Energy Burden neighborhoods are detailed in the Equity and the Justice40 Initiative Section in the Annual Plan.

Consideration of "high residential energy users" (means a low-income household whose residential energy expenditures exceed the median level of residential expenditures for all low-income households in the State) and "households with a high energy burden" (as defined in 10 CFR 440.3, means a low-income household whose residential energy burden (residential expenditures divided by the annual income of that household) exceeds the median level of energy burden for all low-income households in the State. In Arizona, this is considered to be 6% and a severe energy burden is above 10% per ACEEE) may be in combination with other priority categories of elderly, persons with disabilities, or families with children. The consideration of "high residential energy users" and "households with a high-energy burden" enables Grantees and Sub-grantees to better partner with utilities and other programs to leverage additional resources into their programs. Sub-grantees are encouraged to consider opportunities to pursue a comprehensive approach to advancing equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality. Collection and reporting of such demographic information is not required currently. If such documentation becomes a requirement, a formal notice will be provided to all Sub-grantees via Technical Bulletin from ADOH.

From time to time, DOE undertakes initiatives to improve WAP operations and effectiveness. This section informs Grantees and Sub-grantees of these priorities. They are not considered Program Policy until provided in a related WPN.

#### **2.1.4 LIHEAP Bill Assistance Referral Requirements**

As detailed in the following locations:

***Section 2605(b)(3) of the LIHEAP statute [42 U.S.C. § 8624(b)(3)] – Assurance 3 – stipulates that grant recipients:***

Assure that eligible households, especially households with elderly individuals or disabled individuals, or both, and households with high home energy burdens, are made aware of the assistance available under this title, and any similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act[.]

**Section 2605(b)(4) of the LIHEAP statute [42 U.S.C. § 8624(b)(4)] – Assurance 4 – stipulates that grant recipients:**

Coordinate its activities under this title with similar and related programs administered by the Federal Government and such State, particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under the low-income weatherization assistance program under title IV of the Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act.

Sub-grantees shall either provide all Weatherization Applicants with the electronic link detailed below OR a copy of the LIHEAP flyer (flyers can be found at the following location: <https://des.az.gov/documents-center> under the “Flyers + Pamphlets” tab in both English and Spanish, **search “EAP-1000A”**) to further assist with additional available energy benefits for individuals who may be eligible. [Housing Stability and Utility Assistance Programs](#). Additional information can be found at [Low Income Home Energy Assistance Program \(LIHEAP\) Frequently Asked Questions | Arizona Department of Economic Security \(az.gov\)](#).

## 2.2 Building Eligibility

Once a client has been deemed income qualified then residence eligibility can be determined. Eligible residences must be safe for the occupants; sub-grantees; crews; and/or contractors to work in without concern for their health and safety.

The primary housing types served by the Arizona WAP program are single family (both block and stick built construction), manufactured housing/mobile homes and multi-family housing. Sub-grantees should exercise caution in dealing with non-traditional type residential units such as shelters, and apartments over businesses, etc., to ensure they meet program regulations on whether the unit is eligible. Consideration on weatherizing these types of units should be coordinated with the Grantee.

Weatherization work may only be performed on the applicant’s/owner’s primary residence. For example, where “Mother-in-Law” quarters or secondary/detached buildings are present, only the primary zoned building or main housing unit as accessed from the street where the address is detailed/located will be eligible to receive weatherization services. Weatherization work may only be performed on the Primary Permitted Residence as allowed by the Local Jurisdictional Code and Zoning Regulations. Accessory Buildings, Tiny Homes, Sheds, etc., not listed on the County APN as the Primary Residence shall not be eligible for Weatherization.

The weatherization of non-stationary campers, trailers, RV’s, and “5<sup>th</sup> Wheels” that have eligible applicant/s is not allowed. **Mobile homes must have either an Affidavit of Affixture or a title with the “MH” designation in the body style box to be eligible for WAP services.**

**Eligible manufactured structures for WAP must be permanently affixed and follow the guidance below:**

- A WAP eligible manufactured home/mobile home; ***that of which is designed to comply with the Federal Manufactured Home Construction and Safety Standards in force at the time of manufacture.***
- **If a mobile home is not listed with the County Assessor and a Certificate of Affixture is not available, “MH” must be detailed as the body style on the MVD title to be eligible for weatherization services.**
- **RVs, Travel Trailers, Fifth Wheel units, and manufactured structures not certified and meeting minimum residential code requirements are not eligible to receive weatherization services.**

Sub-grantees must document the eligibility of the residence to receive weatherization assistance through the following process:

1. Verify that the home’s occupants are income qualified for WAP (See Household/Family Unit Definition in Appendix A below)
2. Verify that the home has not been weatherized before by filling out the state’s No Previous Weatherization Checklist (See Chapter 12. Forms, this is planned to be replaced by the Nexus address search and verification process in the near future) which includes examination of the following:
  - The state database
  - Previous weatherization client files
  - The Sub-grantees weatherization program internal tracking system (i.e. database or spreadsheets)
  - Visual inspection of unit for evidence of previous retrofit weatherization measures in their entirety as detailed in WAP guidance for the previous 15-year period. (Observation of weatherization improvements will not necessarily preclude the unit from the WAP program. Database and Client File check as well as audit diagnostics may indicate unit is eligible).
  - Any other means at the sub-grantee’s disposal

The No Previous Weatherization Checklist is available from the ADOH website at: <https://housing.az.gov/documents-links/forms/weatherization>.

3. Perform a site inspection of the residence to make sure the condition of the home is safe to perform weatherization work

### **2.2.1 Temporary Shelters**

A temporary shelter is any dwelling unit or units whose principal purpose is to house, on a short-term basis, individuals who may or may not be related to one another. Examples of temporary shelters are transitional housing for homeless persons and domestic abuse shelters. Nursing homes, prisons, or similar institutional care facilities are not eligible temporary shelters.

Sub-grantee may weatherize temporary shelters without an income eligibility test or entry of an application ADOH WAP. However, only properties owned by non-profit entities or units of government and their subsidiaries, such as housing authorities, are eligible. An application must be taken from the owners of the building and permission must be obtained to perform

weatherization on the unit. This must be documented in a file along with the other required documents, such as Health and Safety (H&S) client education requirements, determination of adverse consequences resulting from a Historic Preservation review if the building age meets the criteria, the measures and scope of work including H&S measures, the audit results including all ranked measures, any LSW/RRP requirements and a QCI inspection at the end (QCI only if DOE funding is applied) to ensure all measures were installed and meet the SWS requirements of the approved Arizona Weatherization Field Guide.

For the purpose of determining how many dwelling units exist in a shelter, a sub-grantee shall count each 800 square feet of the shelter living area as a dwelling unit or count each floor of the shelter that has living area as a dwelling unit.

### **2.2.2 Applications for Multi-Family Buildings in Weatherization**

A Multi-Family building is defined as a building which contains five (5) or more connected residential units. Sub-grantees that identify multi-family buildings for weatherization shall discuss the project with the ADOH WAP before taking application. Basic information about the property and anticipated scope of work shall be provided to the ADOH WAP. Next, the sub-grantee shall take applications from any tenants in the building who have not yet applied for energy assistance/weatherization.

If the building does not have the minimum number of eligible dwelling units (Per eligibility criteria requirements) needed to proceed with weatherization after the sub-grantee has completed application efforts, ADOH WAP and the sub-grantee shall discuss what further steps may be necessary to qualify additional households or decide to delay weatherization of the building.

When the Sub-grantee uses ADOH approved funding:

- 1) 66 percent or more (50 percent or more for duplexes and 4-unit buildings) of the dwelling units in the building are occupied by eligible applicants; or
- 2) 66 percent or more of the dwelling units will be occupied by eligible households within 180 days under a federal, state, or local government program for rehabilitating the building or making similar improvements to the building. Note: Contact ADOH WAP to request permission to utilize this qualification process.

If the multi-unit residential building is not eligible for weatherization as described above, service to the entire building shall be denied.

WPN 22-12 Multifamily Weatherization and WPN 22-5 Categorical Eligibility shall be strictly followed **IF** any DOE funding is utilized for multifamily projects as detailed.

In an effort to reduce administrative burden per OMB guidance, ADOH has determined that DOE funding will not be allowed for use on multi-family properties in Arizona. Utility Partners currently have special funding set aside for these types of projects and the State does not have adequate resources or individuals certified to conduct or perform work on, or inspect work on such structures that align with DOE requirements.

### 2.2.3 Owner Occupied Multi-Unit Buildings – Condominiums

If each dwelling unit in a multi-unit building is separately owned and occupied by the owner, then each eligible dwelling unit shall be created as a separate single-family building in ADOH WAP database. Work on common area measures is allowed only when all dwelling units in such a building are occupied by eligible households. Sub-grantees must consult with the ADOH WAP Energy Specialist regarding owner occupied condominium units to ensure the proper audit tools to be used and the required savings to investment ratios will be met.

### 2.2.4 Rental Units Containing Commercial Property

Sub-grantees must obtain prior authorization from the ADOH WAP program to address residences that are adjoined to commercial space. Per DOE, any residential structure which is adjoined to commercial property and is weatherized will be subject to questioned costs and potential disallowance. If any part of the residence is weatherized and is adjacent to a commercial space which may receive partial benefits as a result of the measure (e.g. insulation) the benefit is not residential in nature and violates the spirit of 10CFR440.

### 2.2.5 Co-Op Properties

A property will be ineligible for weatherization assistance if the owner is not detailed by documentation through the County Assessor, a mortgage statement, or other legal document showing clear and specific ownership. If multiple individuals are detailed as owners of the property but one or both do not reside at the residence, all named owner's income shall be counted unless a written rental agreement is provided upon application. If the residence is a rental unit, the ADOH Landlord Tenant Agreement Form **MUST** be completed. Federal funds cannot be used for measures/equipment that are required to be provided by the Landlord/Owner renting the property per the AZ Landlord Tenant Act, A.R.S. Title 33, unless otherwise detailed in the AZ WAP State Plan.

### 2.2.6 Determination of Real Property Ownership

As the determination of residential ownership can be extremely difficult in some cases, The ADOH WAP will adhere to A.R.S. Title 33, specifically Chapter 4, Article 2, §33-416. ***The record of a grant, deed or instrument in writing authorized or required to be recorded, which has been duly acknowledged and recorded in the proper county, shall be notice to all persons of the existence of such grant, deed or instrument.*** That said this may vary by circumstance, should an anomaly or specific exception to this statute present itself, the qualifying Sub-grantee shall consult their legal representative for additional guidance.

Determination of Mobile Home ownership and eligibility in parks where the Mobile Home owner does not own the land is detailed above in section 2.2 Building Eligibility.

A.R.S. Title 33 also speaks to the validity of liens and how they are recorded and enforced as well as other issues. The detail as recorded by the County Assessor shall be the determining factor of "the names of all persons who own, claim, possess or control the property" as detailed in A.R.S. Title 42 §42-13051 Duties of the County Assessor.

### 2.3 Re-weatherization

Dwelling units weatherized (including dwelling units partially weatherized) under the DOE WAP program, or under other Federal programs including LIHEAP, HUD or USDA (in this paragraph referred to as 'previous weatherization'), may not receive further financial assistance for weatherization until the date that is 15 years after the date such previous weatherization was completed. This does not preclude dwelling units that have received previous weatherization from receiving assistance and services (including the provision of information and education to assist with energy management and evaluation of the effectiveness of installed weatherization materials) other than weatherization under the DOE WAP program or under other Federal programs, or from receiving non-Federal assistance for weatherization.

Sub-grantee will conduct research to the best of their abilities and include documentation in the client file, the methods of determination of previous weatherization and the timeframe therein. Without a centralized database for recipients of all federal funding and records retention requirements, Sub-grantees may not have access to precise information but shall ensure due diligence when performing re-weatherization on eligible properties.

Client files will be documented according to the policies set forth in the Eligibility and Building Eligibility sections herein. A full energy audit will be required.

Under Energy Crisis and Disaster Relief of the Arizona State Plan, Disaster Planning and Relief is addressed and references DOE-issued Weatherization Program Notice (WPN) 24-1, which allows additional work to be done on homes due to natural disasters. Please refer to these sections and follow appropriate procedures if the sub-grantee wishes to serve homes located in disaster areas. Sub-grantees must provide prior notice to ADOH WAP for any unit to be addressed under this situation.

If the occupancy of the dwelling unit changes to another low-income family, the dwelling unit does not become eligible for additional weatherization. A dwelling is not eligible for weatherization, even if occupied by an eligible household, if a federal, state or local program has designated the dwelling for acquisition or clearance within 12 months from the date weatherization would be scheduled to be completed.

### 2.4 Use of WAP Funds for Add-on/Call-back Work

Grantees and Sub-grantees may not charge DOE for additional work on homes that have already been reported to DOE as completed, weatherized units. WPN 11-3 provides specific guidance on this type of activity.

*Note: Under no circumstances can any of these activities be covered under the re-weatherization provisions of 10 CFR §440.18(e) (2) (iii).*

### 2.5 Rental Requirements

Per the Arizona Weatherization State Plan, all sub-grantees are required to weatherize single family, manufactured and multi-family rental housing.

The State of Arizona has established a policy to ensure that sub-grantees weatherizing rental units determine financial eligibility and obtain written permission of the owner or his agent. In multiple unit buildings, the state ensures 66 percent (50 percent for duplexes or four-unit buildings) of the building to be eligible units. The State's policy also ensures that the benefits of weatherization accrue primarily to the tenant, including units where the tenants pay for their energy through their rent. ADOH WAP recognizes that it may weatherize shelters under conditions set forth in CFR 440.22.

State policy regarding rental units specifies that for a reasonable period of time, not less than twelve months, the tenant will not be subjected to rent increases unless those increases can be demonstrated to be related matter and conditions other than the weatherization measures performed. Sub-grantee must obtain the Landlord and Tenant's signature on the Landlord/Tenant Agreement (See Chapter 12. Forms) and State policy also provides an avenue for complaint in such matters. Tenants and landlords are informed in writing that no undue or excessive enhancement shall be provided to the rental unit or building by weatherization assistance, this is to include the repair or replacement of inoperable heating and air conditioning units, and appliances, as this is required to be provided by the landlord pursuant to A.R.S 33-1324:

<http://www.Arizonaleg.state.Arizona.us/ars/33/01324.htm> The Landlord/Tenant Agreement is also available on the ADOH website at: <https://housing.az.gov/documents-links/forms/weatherization>. A copy of the Landlord/Tenant Agreement must be maintained in the Client File.

If a multi-unit building is under an assisted or public housing program and is identified by the U.S. Department of Housing and Urban Development (HUD), and included on a list published by DOE, that building will meet certain income eligibility requirements, and will also satisfy one or both of the procedural requirements to protect against rent increases and undue or excessive enhancement of the weatherized building under the Weatherization Assistance Program without the need for further evaluation or verification.

Note: Grantees and sub-grantees are reminded that the supporting documentation for applicants applying for weatherization that may be on a waiting list or for other reasons must have their eligibility documentation updated every 12 months from the date of the initial intake.

Certain buildings containing rental units may comply with the income eligibility requirements when 50 percent of those dwelling units are eligible dwelling units rather than the established 66 percent identified in the regulation. (10 CFR§ 440.22(b) (2)). The buildings that are subject to the 50 percent threshold are duplexes, four-unit buildings, and certain eligible types of large multi-family buildings. In the final rule published on December 8, 2000, DOE provided guidance on what types of large multi-family buildings may be subject to the 50 percent threshold. (65 Fed. Reg. 77210, Dec. 8, 2000.)

DOE indicated that "certain eligible types of large multi-family buildings" are those buildings for which an investment of DOE funds would result in a significant energy-efficiency improvement because of the upgrades to equipment, energy systems, common space, or the building shell. (Id. at 77215) By providing this flexibility, sub-grantees are better able to select the most cost-effective investments and enhance their partnership efforts in attracting leveraged funds and/or landlord contributions. This flexibility does not apply to any other



type of multifamily unit. Questions on whether a building meets the criteria should be directed to the DOE Project Officer.

The definition of “significant energy improvement” is based on specific criteria for the building in question. This must be assessed using existing conditions to determine the threshold to achieve significant energy improvements. Grantees should consult with their DOE Project Officer if there are questions related to this threshold. Additional guidance is being considered by DOE to provide Grantees criteria for what constitutes “significant energy improvement.”

As a reminder, when addressing multi-family units with DOE funds, multiply the total number of income-eligible units in the multi-family building by the current allowable per dwelling unit average cost to determine the amount of DOE funding available for weatherizing the building. While the amount of funding available for weatherizing a building is limited by the number of eligible units, the weatherization work can result in improvements to all units in the building, even those that are not eligible units. All units should be reported to DOE.

Note: Grantee and sub-grantee agencies should exercise caution when utilizing flexibility in this area. The key is the investment of DOE funds coupled with leveraged resources which result in significant energy savings. Absent this investment, lowering the eligibility to 50% may lead to disallowed costs. Sub-grantees who are uncertain on a given multi-family project should seek approval by the DOE Project Officer through their Grantee Weatherization Program Manager.

## 2.6 Deferrals

The decision to defer work in a residence is difficult, but necessary, in some cases. This does not mean that assistance will never be available, but that work must be postponed until the problems can be resolved and/or alternative sources of help are identified. Note that sub-grantees, including crews and contractors, are expected to pursue reasonable options on behalf of the client, including referrals, and to use good judgment in dealing with difficult situations.

ADOH encourages the utilization of the WRF when and where applicable, as detailed in the WRF section of this plan above, to prevent deferrals.

DOE encourages the tracking of deferrals using consistent terminology for recording the *reasons* and *what repairs would be necessary* in order to proceed with weatherization. When repairs are necessary in order to install energy efficiency measures, but those repairs are beyond the allowable limits of incidental repairs and/or health and safety cost categories, deferral is often required. If other funding sources were available, it would increase the number of low-income homes WAP could effectively weatherize. DOE WAP has developed a [tracking tool](#) to provide consistent terminology. ADOH plans to utilize this DOE WAP deferral tracking tool and will require this report to accompany quarterly reports from Sub-grantees along with the WRF Tracker, when applicable.

Deferral conditions may include, but are not limited to:

1. Sub-grantee is unable to verify client income in full, when household was determined to be over income, or if residence received weatherization within the past 15 years as detailed under "previous weatherization".
2. The client has known health conditions that prohibit the installation of insulation and other weatherization materials.
3. 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.
4. The house has sewage or other sanitary problems that would further endanger the client and weatherization installers if weatherization work were performed.
5. The house has been condemned or electrical, heating, plumbing, or other equipment has been "red tagged" by local or state building officials or utilities.
6. Moisture problems are so severe they cannot be resolved under existing health and safety measures and with minor repairs.
7. Dangerous conditions exist due to high carbon monoxide levels in combustion appliances and cannot be resolved under existing health and safety measures.
8. The client, other household occupants or third-party representatives are uncooperative, abusive, or threatening to the crew, subcontractors, auditors, inspectors, or others who must work on or visit the house.
9. The extent and condition of lead-based paint in the house would potentially create further health and safety hazards.
10. If determined by the energy auditor, any condition exists which may endanger the health and/or safety of the work crew or subcontractor, the work should not proceed until the condition is corrected.

When sub-grantees have determined a home will be deferred the sub-grantee must:

1. Inform the client in writing as to why the dwelling cannot be weatherized. If there are conditions that the client must correct before service is provided, those conditions must also be stated in writing.
2. Refer the client to any alternate program such as a home rehabilitation program, if one is available in the area.
3. Clearly indicate in the client file why the dwelling was given "deferral" status.
4. Document all referrals to other programs or services in the client file.
5. Provide the client any information prescribed in the Client Health and Safety Form (Auditor Use).

Upon denial of weatherization program services, the applicant shall be given a copy of the Sub-grantee's grievance procedure as established in the sub-grantee's adopted WPGs or program Policies and Procedures.

Each sub-grantee is to have a grievance process in place for clients with concerns or issues about WAP. The process must be given to the client in writing, at the time of intake. This process will be verified during fiscal monitoring of the sub-grantees.

## **2.7 Denial of Weatherization Services**

It is the policy of the ADOH WAP to provide comprehensive weatherization services to eligible residences occupied by eligible low-income persons.

Weatherization services shall be denied when any of the following (but not limited to) are true:

- The client is not income eligible
- The residence is not eligible.
- There are no energy conservation measures to complete.

Upon denial of weatherization program services, the client shall be given a copy of the Sub-grantee's grievance procedure as established in the sub-grantee's adopted Weatherization Program Guidelines (WPGs).

Units that are denied while in progress cannot be reported to ADOH WAP as a completed DOE unit for reimbursement of costs. The unit must be entered into the State Weatherization database as a "walk-away" and the sub-grantee may be responsible for completion of the unit with an alternative funding source. The reason for walk-away must be indicated in the comments section of the database.

DOE encourages the tracking of deferrals using consistent terminology for recording the *reasons* and *what repairs would be necessary* in order to proceed with weatherization. When repairs are necessary in order to install energy efficiency measures, but those repairs are beyond the allowable limits of incidental repairs and/or health and safety cost categories, deferral is often required. If other funding sources were available, it would increase the number of low-income homes WAP could effectively weatherize. DOE WAP has developed a [tracking tool](#) to provide consistent terminology. ADOH plans to utilize this DOE WAP deferral-tracking tool and will require this report to accompany quarterly reports from Sub-grantees along with the WRF Tracker, when applicable.

## Chapter 3 – Procurement and Contract Management

### 3.1 Procurement Requirements

At a minimum, Sub-grantee shall comply with the procurement processes and requirements of the ADOH Procurement and Contracting Handbook. The handbook requirements include a combination of the Code of Federal Regulations at 2 CFR 200, WPNs, all other applicable federal requirements and Arizona State procurement procedures. Units of local government may follow their own procurement procedures as long as those procedures are not in violation of 2 CFR 200. The ADOH Procurement and Contracting Handbook is available at the ADOH website at: <https://housing.az.gov/documents-links/handbooks>. The Procurement Toolkit, can also be a helpful tool and can be found at: [WAP Memorandum 115, Weatherization Procurement Resources](#).

### 3.2 Contract Management and Contractor Performance Management

A system for contract administration shall be maintained to ensure contractor conformance with the terms, conditions, and specifications of the contract and to ensure adequate and timely follow up of all purchases. Sub-grantees shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract. Additional information can be found in 2 CFR 200.330 Sub-recipient and Contractor determinations.

- a) Contractors/vendors shall be provided with the **right to cure** except if the contractor/vendor:
- Breaches or defaults an obligation under their Contract as follows:
    - Fails to perform any material obligation required under the Contract such as
      - Files a petition in bankruptcy, becomes insolvent, or otherwise takes action to dissolve as a legal entity;
      - Allows any final judgment not to be satisfied or a lien not to be disputed after a legally imposed, 30-day notice; or
      - Makes an assignment for the benefit of creditors;
  - Incurs a delinquent ADOH WAP tax liability;
  - Fails to submit a nondiscrimination or affirmative action plan as required;
  - Becomes a federally debarred Contractor;
  - Is excluded from federal procurement and non-procurement contracts;
  - Fails to maintain and keep in force all required insurance, permits, and licenses as provided in the Contract;
  - Fails to maintain the confidentiality of the State's information that is considered to be Confidential Information, proprietary, or containing Personally Identifiable Information; or
  - Contractor performance threatens the health or safety of a State or Sub-grantee employee, or Sub-grantee's customer.
- b) A Sub-grantee shall document their contractor performance management process as part of the requirement for a documented Quality Control System (see Chapter 1.2.5).

### 3.3 Warranty Requirements

A Sub-grantee/contractor shall provide warranties on workmanship and products for at least two years per the Arizona Registrar of Contractors (AZROC) [Workmanship Standards for Licensed Contractors](#), in addition to the manufacturer's standard warranties, on all items. This two-year warranty shall commence on the date of the final inspection. Subcontracted work procured through a bid process requires the same workmanship warranty, which commences on the date of satisfactory completion of work. This warranty period is separate from the warranty required by sub-grantee on all work, commencing on the date of final inspection. To avoid excess costs associated with replacing failed light bulbs, light bulbs that fail within the warranty period shall be exchanged in a cost-effective manner, such as having customers bring failed bulbs into the Sub-grantee office for exchange. Client will sign off on receipt of all warranties on the Weatherization Program Progress Form (See Chapter 12. Forms) available from the ADOH website at: <https://housing.az.gov/documents-links/forms/weatherization>.

If a client refuses the finalization of the signed and agreed upon scope of work or the client refuses to allow the Sub-grantee or their contractors/vendors to complete all required final testing to confirm work was completed safely and per the SWS, warranties shall become invalid and not provided. In the event this occurs, all parties shall be held harmless and the client shall have no legal recourse against any party involved. Sub-grantees shall retain all documentation in the client file including but not limited to; detail of a certified letter confirming the non-compliance by the client, actions taken by the Sub-grantee, and detail that warranties shall not be provided due to the aforementioned.

### 3.4 Sub-grantee Responsibilities for Property Improvements through Sub-Contractors

A Sub-grantee contracting under weatherization for any improvement for a property in which the address for the improvement is identified to the contractor shall inform the contractor of the following:

- 1) The only recourse for payment is the weatherization agency; and by agreeing to perform weatherization work the contractor agrees to the following terms, and agrees to pass along the following requirements to their suppliers and any subcontractors:
  - a) The contractor agrees they will not, under any circumstances, seek payment from the homeowner or occupant of the premise(s) improved.
  - b) The contractor shall not file, suffer, or permit any lien or other encumbrance of record, as a claim against any site of a weatherization project in recognition that the only recourse for payment is from the weatherization agency.
  - c) A signed lien waiver for each individual work location/property is required (when the property to receive the improvement is identified) from all parties providing any labor and materials, including the contractor. The contractor agrees to inform any party supplying labor and/or material to an identified property, prior to engaging such parties in providing weatherization services, that a lien waiver is required in order for the contractor to invoice the weatherization agency for the job.
  - d) Any lien notice action by a contractor, and/or any of its subcontractors and/or material suppliers, against a property owner shall be considered non-performance by the terms and conditions of their contract, and such a contractor shall be removed from the statewide weatherization agency bidder's list for a

period of 2-5 years, as shall any subcontractors and/or suppliers that take such action.

- 2) By engaging in a contract with the weatherization agency, the contractor agrees that if they do not pay for materials and labor completed through their weatherization contract, the weatherization agency has the option to use payments owed to the contractor to pay such subcontractors and suppliers.

### 3.5 Vendor Payments

Sub-grantees shall make timely payments to vendors as follows:

- 1) The sub-grantee shall make every possible effort to pay properly submitted vendor invoices **within twenty (20) days of receipt** provided that goods and/or services have been delivered, installed (if required), and accepted as specified. This guidance must flow down to all sub-contractors, vendors, etc. Completed projects must be input into the AZ WAP Database within 10 calendar days of vendor payment. Failure to do so may result in findings or contract termination depending on the severity of the situation.
- 2) A good faith dispute or an improper invoice creates an exception to prompt payment only when the vendor is notified in writing of the reason for the dispute or improper invoice. After a dispute is settled, or improper invoice is resolved, the agency shall have 20 days to pay the invoice.
- 3) WAP Contractors and/or Vendors shall be reimbursed for all services agreed upon and rendered. In the case of conferences, trainings or specific WAP related courses, payment for such services are typically required upfront; this is an allowable method provided an approved T&TA waiver has been acquired from ADOH. Should this be the policy of the entity providing these services, it is expected that this requirement is followed and prompt payment as described above in the first paragraph shall be apply. ADOH retains the right to directly reimburse Contractors/Vendors for approved and attended training at the expense of the Agency's T&TA allocation should the need arise.

## Chapter 4 – Energy Audits

### 4.1 Initial Audit

ADOH WAP uses Residential Energy Modeling (REM) for single family, multi-family (REM shall only be used for non-DOE projects) and mobile homes, and OptiMiser for single family and mobile homes specifically. Further details on the use of the energy audits, as well as installation guidelines are provided in the Arizona Weatherization Field Guide (Field Guide) and the SWS. In Addition, ADOH WAP has provided the required Residential Diagnostic Evaluation (RDE) Form (See Chapter 12. Forms) that sub-grantees shall use from the initial audit through to the final audit, unless otherwise notified in writing via Technical Bulletin. The form is also available from the ADOH website at: <https://housing.az.gov/documents-links/forms/weatherization>. Once the OptiMiser platform is 100% implemented, the RDE will no longer be necessary as OptiMiser will be the Audit and Modeling software. Notification will be provided in writing, to the AZ WAP Network when the implementation occurs.

Sub-grantee shall maintain the final version of each completed energy audit in the client file and shall be readily available to the ADOH WAP, DOE or other monitoring entity upon review of the file or upon request.

#### 4.1.1 Audit for Multi Family of 5 Units or more per Building

If a multi-unit building is under an assisted or public housing program and is identified by the U.S. Department of Housing and Urban Development (HUD), and included on a list published by DOE, that building will meet certain income eligibility requirements, and will also satisfy one or both of the procedural requirements to protect against rent increases and undue or excessive enhancement of the weatherized building, as indicated by the list, under the Weatherization Assistance Program without the need for further evaluation or verification as stated in WPN 23-06: <https://www.energy.gov/scep/wap/weatherization-program-notices-and-memorandums>

Multifamily: As defined by DOE, multifamily buildings are five (5) or more units in a single building.

As multifamily units represent less than 20 percent of the state's dwelling type weatherized, we are not required to and currently do not have a multifamily audit approved by DOE. The state will treat multifamily units as any other dwelling seeking weatherization. If the units meet both the client eligibility and building eligibility, weatherization is permitted. The sub-grantee must follow all applicable state laws when dealing with rental properties and the requirements put forth on the property owners.

Because the state does not have an approved multifamily audit process, all multifamily projects MUST be submitted to DOE through the Grantee's Weatherization Program Manager and approved prior to any work being started. The following information is required in order for the project to be submitted to Grantee and sent to the DOE Project Officer for approval.

- Site plan of complex
- Pictures of complex
- Results of audit completed on the complex
- Scope of Work



- Budget consisting of:
  - Measure to be performed using DOE funds and cost
  - Measure to be performed using leverage funds and cost

As previously detailed, the Arizona WAP will not utilize DOE funding for multifamily projects consisting of 5 or more attached units.

#### 4.2 Diagnostic Tests

The following diagnostic tests shall be performed on every building and mobile home unless the site conditions limit the effectiveness or ability of the testing:

- Worst case depressurization and combustion safety (Combustion Appliance Zone (CAZ))
- Blower door air leakage testing
- American Society of Heating Refrigeration and Air Conditioning Engineers (ASHRAE) Ventilation calculations

Refer to the ADOH [AZ WAP Audit and Inspection Process and Procedures \(P&P\) Manual](#) (approved through 2.23.2027).

If site conditions limit the effectiveness or ability of testing, the unit becomes a deferral unless WRF can be utilized to address the issue(s) preventing weatherization. A waiver shall be submitted to ADOH WAP Staff for approval prior to completing measures utilizing WRF.

**Worst Case Depressurization (WCD aka CAZ) Test:** This depressurization test procedure consists of a series of steps to measure the worst possible depressurization in a Combustion Appliance Zone (CAZ). An individual Worst Case Depressurization test shall be completed for each separate CAZ in a dwelling that contains a combustion appliance and/or attached garage. Worst Case Depressurization (WCD) testing must be completed before and after weatherization is complete.

Complete the following tests for each appliance as follows: spillage and CO (carbon monoxide) testing. WCD testing on all natural draft and fan assisted Category 1 gas appliances and oil fired appliances.

These test results are entered into the AZWAP State database. All natural drafting and fan assisted appliances remaining at the close of the weatherization work are to be verified as operating safely and drafting per spillage requirements.

**Depressurization Tightness Limit (DTL):** This calculation provides the recommended minimum building tightness (CFM<sub>50</sub>) and its impact on the safety of combustion appliances. Dwellings with wood burning appliances or other appliances that cannot be tested for Worst Case Draft shall not be below the final DTL maximum CFM<sub>50</sub> building limit, unless make-up air is existing or is installed for the proper operation of the appliance.



### 4.2.1 Required Equipment

The ADOH WAP requires that a Sub-grantee and/or their contractors use professional weatherization and diagnostic equipment. Direct access to computers is required to model jobs with electronic energy audits and to document diagnostic field tests. The following list of required Air Sealing and Combustion Analysis equipment represents the required equipment. Other equipment may be necessary to deliver weatherization services effectively and efficiently.

### 4.2.2 Required Equipment for Instrumented Air Sealing

- 1) Fully instrumented and calibrated blower door capable of measuring CFM50 (Cubic feet per minute at 50 Pascals).
- 2) DG-700 handheld Digital Manometer, or equivalent.
- 3) Smoke generating equipment.

### 4.3 Energy Modeling Software for DOE, APS, SRP, & SWG Projects

A site-specific computer energy model (REM/OptiMiser) is required if:

- There are potential cost-effective energy upgrades to the house that are not listed on the priority list \*\*\*Arizona does not currently operate using a Priority List\*\*\*
- The home being weatherized does not meet the assumptions square footage + or – 50 percent
- There are not sufficient funds to complete all the measures; including energy related health and safety measures and other energy related repairs
- Energy related incidental repairs of more than \$100 are included with the energy upgrades
- Fuel swapping as a cost-effective measure however, DOE funds will NOT be used for any fuel switching
- \*\*\*APS requires 100% energy modeling on each APS funded project. These models may be requested at any time by ADOH and/or APS.\*\*\*

It is expected that if a site-specific computer energy model is conducted, all measures listed for the respective climate zone and building type are modeled with any additional measures and that the savings-to-investment (SIR) report is created ranking all measures by SIR from greatest return to lowest.

Computerized Energy Models for DOE, APS, SRP, & SWG projects are to be submitted to ADOH WAP for approval upon request prior to processing monthly reimbursement requests with the Field Waiver Form (See Chapter 12. Forms) available from the ADOH website at: <https://housing.az.gov/documents-links/forms/weatherization>. As ADOH WAP updates to the newest software versions, communication will be sent to the sub-grantees to provide flow down of update requirements. Allow a maximum of five (5) business days for ADOH to approve or deny computer energy model requests.

Arizona Public Service (APS) has provided ADOH with data to support the increase of the life expectancy on duct sealing from 10 years to 18 years when modeling this Energy Conservation Measure (ECM). This information has been provided to the Department of

Energy (DOE) and approval has been granted to use DOE funding, provided the following provisions are met:

1. Sealing of the duct system meets the 1:1 SIR through energy modeling as approved in the AZ WAP State Plan for projects using DOE funding; and the duct system to be sealed is in no way connected to an Evaporative Cooler.
2. Sealing of the duct system is consistent with the AZ WAP Field Guide (Critical Details) and adheres to the approved SWS.
3. REM Design or Optimiser will be utilized for the modeling of all residences in which DOE, APS, SRP, & SWG funding is applied to. Duct systems not connected to an evaporative cooler will be modeled with the life expectancy of 18 years. For DOE funding to be utilized on residences with Duct systems connected to an evaporative cooler, the existing modeling process as detailed in the AZ WAP State Plan, AZ WAP P&P Manual, and the existing measure life expectancies currently detailed in WPN 23-06, shall be modeled for ALL measures proposed to be completed on that residence.
4. When leaking ductwork is creating air quality issues, duct sealing should first be evaluated as an ECM. If duct sealing is not cost effective, it can be addressed as a H&S measure or as part of blower door guided air sealing.

\*\*\*Residences with evaporative coolers connected to the AC/forced air duct systems shall continue to be modeled in accordance with the AZ WAP State Plan, WPN 23-06, and utilize the existing WPN 23-06 life expectancy per measure guidance, for projects utilizing any DOE funding.\*\*\*

\*\*\*All projects NOT using DOE funding shall use the 18-year life expectancy for duct sealing if the duct system is connected or associated with an AC/Forced Air unit. Duct sealing is not considered a cost-effective measure on stand-alone evaporative cooler duct systems and will not be reimbursed as such. Rotted, deteriorating, or disconnected evaporative cooler duct may be repaired or replaced as a health and safety measure only.

ADOH will continue to review and approve energy models as detailed in the AZ WAP State Plan and will only approve reimbursement for projects meeting the above noted criteria.

#### **4.4 Work Performed**

Work performed must be in compliance with NREL SWS, ADOH WAP Guidelines, Arizona Weatherization Field Guide, and applicable local codes. Adherence to local codes are ultimately the responsibility of the contractor and any issues of non-compliance to applicable code will be addressed and corrected at the sole cost of the contractor. All materials used for weatherization must be per 10 CFR 440 Appendix A. See: [http://www.ecfr.gov/cgi-bin/text-idx?SID=69e495e08a185f3be13a9a5a4d89712f&mc=true&node=ap10.3.440\\_130.a&rgn=div9](http://www.ecfr.gov/cgi-bin/text-idx?SID=69e495e08a185f3be13a9a5a4d89712f&mc=true&node=ap10.3.440_130.a&rgn=div9)

##### **4.4.1 Health and Safety Measures**

A Sub-grantee shall identify Health and Safety hazards during the energy audit, notify the property owner and occupants of these hazards, and, depending on their severity, treat the identified hazards prior to or during weatherization activities. Elimination of Health and Safety hazards, using weatherization program funds, shall be done in conjunction with the

installation of energy conservation measures. Please refer to [WPN 22-7](#) for further information.

#### 4.4.2 Mechanical Ventilation in 1-4 Unit Buildings and Mobile Homes

Install properly sized mechanical ventilation when needed to ensure indoor air quality. Ventilation calculations are based on ASHRAE 62.2-16.

Customers may refuse the installation of the ventilation in their home. Any customer refusing the installation of ventilation shall sign the Refusal of Services, Indemnification and Waiver of Claims Form available on the ADOH WAP website at: <https://housing.az.gov/documents-links/forms/weatherization>. A copy of the waiver shall be given to the customer and the original copy retained in the client file. **Client refusal of ventilation installation is acceptable grounds for deferral. DOE funding will not be allowed to be used on these projects and may prevent incidental measures from being completed.**

#### 4.4.3 Mechanical Ventilation in 5+ Unit Buildings

Install properly sized mechanical ventilation when needed to ensure indoor air quality. Unless superseded by local codes, use 62.2-16 to calculate the requirements for continuous ventilation beyond the local exhaust ventilation requirements. See Appendix D for details.

ASHRAE 62.2 “Ventilation and Acceptable Indoor Air Quality in Low-Rise Residential Buildings” covers low-rise residential structures up to 3 stories.

#### 4.4.4 Air Sealing

Air sealing work shall be guided by a blower door. Exceptions to that requirement may include the use of advanced pressure diagnostics. Major air sealing involves finding and sealing large openings that exchange outdoor air with the conditioned space. These large openings may be large visible holes in the structure, key junctures where building components come together or bypass; which are conduits for air travel within the building cavities. Major air sealing is generally completed prior to other shell measure activities.

All air sealing in 1-4 unit buildings and mobile homes must be documented in the ADOH WAP database. The documentation must detail the measures performed and the locations.

Advanced Pressure Diagnostics may be performed if the size of holes in the envelope prevent an initial whole house blower door test. This is conducted by measuring and documenting with pictures, the size of the hole(s) to determine the total size in square inches. One (1) square inch is equal to 10 CFM.

#### 4.5 Final Inspection

A weatherized unit is a dwelling unit on which an approved energy audit or priority list has been applied and weatherization work has been completed. The use of weatherization funds on a unit may include, but are not limited to: auditing, testing, measure installation, and inspections. In order to make sure these requirements are met, two separate inspections must be completed. A Sub-grantee Post Construction File Review and a Quality Control Final Site Inspection must occur and pass for all completed homes in order for them to be

considered a completed DOE job and be reimbursed for expenditures using DOE funds. The Quality Control Site Inspection on DOE funded projects is considered the “final inspection” provided no corrections are required after the QCI is completed. If corrections are required after the final QCI, the same Quality Control Inspector will re-inspect the items of concern to ensure all detailed corrections have been made and no further concerns remain.

Note: Weatherization crews and/or individuals that install weatherization measures (perform any Energy Conservation Measure [ECM] work) on a unit, shall not perform the Sub-grantee Post Construction Review of the unit. DOE does not allow the Final Inspection to be performed by a person(s) directly associated with actual work that was performed on the DOE funded unit. In the event that this provision cannot be met due to staffing levels or budget constraints, Grantee must be notified immediately to assist with acquisition of qualified individuals necessary to perform the Final Inspection(s) meeting the above outlined criteria.

A Post Construction File Review by the Sub-grantee or Sub-grantee designated service provider:

1. Shall be performed after all work is completed and final diagnostic test out has been performed.
2. Shall be performed on all DOE jobs before it can be counted as a DOE completed job.
3. Shall verify that all cost-effective opportunities were completed.
4. Shall verify all invoices for the job are billed correctly and nothing is billed for services/work not performed.
5. Shall verify that the reported house characteristics are correct.
6. Shall include a review of the diagnostic result, both pressure and combustion safety, to verify that all applicable tests were completed.
7. Shall complete or be physically/virtually present for diagnostics on a minimum of ten percent (10%) of completed homes to compare with reported results.
8. Shall include a review of all measures listed on the Work Performed Report to verify installation has been completed in an effective manner following program requirements.
9. Shall also include an analysis of the energy audit to ensure that it was completed properly; all applicable areas of the audit have been addressed; and the scope of work reflects a comprehensive energy audit.

#### **4.6 Quality Control Inspection (QCI) Required for DOE Assisted Units**

Once a Sub-grantee or their designated service provider has completed their Post Construction Review, the job must be turned over to a qualified Quality Control Inspector (QCI) for a Quality Control Inspection. A qualified QCI will be someone who has been certified and maintains current certification by the Building Performance Institute (BPI) to perform Quality Control Inspections for weatherization. After the QCI has reviewed and passed the job, it may be reported as a completed home to the Grantee and DOE. The Quality Control Inspector is not expected or required to ensure household/client qualification. This will be the responsibility of each Sub-grantee's designee during the Post Construction File Review.

#### A Quality Control Inspection:

1. Shall be conducted after all work by the Sub-grantee is completed and their Post Construction Review has been completed.
2. Shall be performed on all jobs before they can be counted as a DOE completed project
3. Shall include an analysis of the energy audit to ensure that it was completed in an efficient manner with all areas of the audit having been addressed and the scope of work reflects a comprehensive energy audit.
4. Shall verify reported diagnostic numbers are correct.
5. Shall verify that all cost-effective measures were completed.
6. Shall verify that all invoices for the job are invoiced properly, nothing billed incorrectly, or billed for services/work not performed.
7. Shall include a review of the diagnostic results for pressure and combustion safety to verify that all applicable tests were completed.
8. Shall include a review of all measures listed on the Work Performed Report to verify installation has been completed in an effective manner, following program requirements.
9. Shall verify the work was performed to the SWS provided by the Department of Energy and the Arizona Weatherization Field Guide.
10. Shall fill out and sign the ADOH WAP QCI Checklist, sign it and provide a copy for the file, stating the unit is complete and ready to be reported to ADOH WAP and DOE. The QCI Checklist is available from the ADOH WAP website at: <https://housing.az.gov/documents-links/forms/weatherization>. (This will soon be a part of the Nexus Database/OptiMiser system which will replace the existing QCI form.)

#### There are two types of QCI Inspectors:

1. The independent QCI inspector is an inspector that was not involved in the job except for the Quality Control Inspections. The individual did not perform the initial audit or any work on the home. In this scenario, the Grantee Energy Specialist must field monitor for Quality Assurance, five percent (5%) of DOE completed jobs (no less than one (1)). The percentage of jobs to be field monitored will round up to the nearest whole number.
2. The Auditor/QCI Inspector is a person that performs the initial audit and develops the scope of work but is not involved with any of the construction or installation of energy conservation measures or materials performed on the home. This same individual performs the Quality Control Inspection. If this method is used by a Sub-grantee, they will be subjected to more oversight and the Grantee Energy Specialist will field monitor ten percent (10%) of DOE completed jobs (no less than two (2)). The percentage of jobs to be field monitored will round up the nearest whole number. Several Sub-grantees for the Arizona WAP program have a designated service provider who has QCI certified staff. The designated service provider will be an acceptable Auditor/QCI as long as the QCI Certified staff of the service provider did not perform any construction or installation of ECM or materials.

The State WAP program allows the Sub-grantee to select which type of QCI method they will follow for the program year thereby determining the level of Grantee oversight of the Sub-grantee.

**Lack of Compliance with QCI**

If a Sub-grantee is found to be in violation of the requirements of the Quality Control Inspection process, they will be formally notified in writing by the Grantee. The write-up will:

1. Indicate where the Sub-grantee is failing at following the required process.
2. Indicate where the Sub-grantee can find the state level or other guidance needed to help address the concern.
3. Request the Sub-grantee create a plan of action in writing on how they will fix the concerns, modify their process going forward and submit within 30 days of receipt of the non-compliance letter.
4. Require that the corrective plan is followed and the process is improved.
5. Require the Responsible Party of the Sub-grantee to attend training in the area where deficiencies are found and provide documentation of said training.
6. Require Grantee to:
  - a. Reject jobs and hold funding to Sub-grantees if there were jobs that did not receive a Quality Control Inspection by the Sub-grantee.
  - b. Place the Sub-grantee on a 90-day probation period upon discovery of non-compliance.
  - c. Increase the frequency and percentage of field audits of the Sub-grantee until such time that the Grantee feels that the problems/concerns have been addressed to their satisfaction.
  - d. Mandate the Sub-grantee create a plan of action to fix concerns.

If Grantee does not receive the plan of action within the required timeframe or the deficiency is not corrected, the Sub-grantee will no longer be allowed to facilitate the weatherization program for their service area.

However, if the Sub-grantee approaches the Grantee for technical assistance, the Grantee will provide assistance to the Sub-grantee so they may address the Grantee's concerns. This request for assistance must be made by the Sub-grantee in a reasonable timeframe during the allowable follow-up period. (Refer to line 6c above)

If the Quality Control Inspector fails to inspect to the standards of the most recently approved Arizona WAP Field Guide, the Grantee Energy Specialist will include this as a finding in the onsite Sub-grantee monitoring report. Additionally, the Grantee Field and Technical Monitor/Energy Specialist will provide technical assistance to the Quality Control Inspector to ensure understanding of the latest approved Arizona WAP Field Guide. At the discretion of the Grantee Field and Technical Monitor/Energy Specialist and if warranted, the QCI may be required to re-take the Energy Auditor with QCI Micro-credential training.

## Chapter 5 – Health and Safety Requirements

### 5.1 Inspection

A Health and Safety Inspection is required on each audited dwelling. Both the occupants and the building owner shall be informed of Health and Safety conditions. The Health and Safety Inspection includes two parts:

#### **Part 1: Client’s Self Audit (optional)**

Clients eligible to receive weatherization services may complete a self-evaluation of health and safety concerns in the home and complete the ADOH Client Health and Safety Evaluation Form. This form (if completed) should be included in the Client File and a copy provided to the client. The Client Health and Safety Evaluation Form is available from the ADOH WAP website at: <https://housing.az.gov/general-public/weatherization-assistance-program>.

#### **Part 2: Auditor (required)**

The agency representative (auditor) who inspects the home for health and safety concerns shall complete the Auditor Health and Safety Evaluation Form. This form must be discussed with, signed by the client, and included in the Client File and a copy provided to the client. The Auditor Health and Safety Evaluation Form is available from the ADOH WAP website at <https://housing.az.gov/general-public/weatherization-assistance-program>.

The Client Health and Safety Evaluation Forms include an indemnification and hold harmless statement. Sub-grantees must submit the Health and Safety Waiver Form (See Chapter 12. Forms) for pre-approval of any **DOE or SWG assisted jobs with health and safety repairs in excess of \$2,000**. The form is available from the ADOH WAP website at: <https://housing.az.gov/general-public/weatherization-assistance-program>.

If conditions noted on the Evaluation Form are severe, it may be necessary to defer weatherization services. See Chapter 2.6 – Deferrals for more information.

### 5.2 Level of Concern

Potential or actual threats to Health and Safety vary by degree. Definite Health and Safety concerns, which are not an immediate threat to the occupants, may be described as non-imminent conditions. Health and Safety concerns that are an immediate threat to the occupants may be described as an imminent condition.

Non-imminent conditions may be addressed in part or full at the discretion of the local Sub-grantee. At a minimum, residents shall be informed of the problem and shall be provided with recommendations or information on how to address the problem. Examples of non-imminent conditions may include minor electrical problems, maintenance problems, or a “potential” for indoor air problems.

Imminent conditions shall be addressed either by the building owner prior to the weatherization work or by the Sub-grantee as a part of the weatherization work. Elimination of Health and Safety hazards using weatherization program funds shall be done in conjunction with the installation of energy conservation measures. Some “imminent conditions” will be hazards that may be easily tied to weatherization measures such as



heating system, chimney or water heater failure, carbon monoxide leaks or other treatable indoor air quality problems.

Other imminent conditions will exceed the scope of the weatherization program. Major structural failure, lead paint contamination, major electrical overload, or faulty sewer systems are examples of conditions that exceed the scope of the weatherization program. Effort must be made to refer the dwelling owners to other sources, such as Housing and Urban Development (HUD) funding, which may help address the hazards. Weatherization services shall be coordinated with other funding sources, where possible. If the Health and Safety hazards cannot be eliminated the building must be deferred until the hazards can be eliminated.

### 5.3 Worker Safety

Worker safety is the responsibility of the Sub-grantee and/or contractor. In contracting with Sub-grantee, ADOH WAP assumes Sub-grantee compliance with all applicable federal, state, and local safety and health regulations. The Sub-grantee is responsible for enforcing all work rules to ensure a safe working environment for the workers and contractors.

Safety Data Sheets (SDS) shall be available to workers in printed or digital format, and the information contained in them shall be readily accessible from a work site.

Weatherization crewmembers are required to take the OSHA 10-hour training. Crew leaders are required to take the OSHA 30-hour training. This requirement does not apply to subcontractors. Subcontractors are responsible for their own safety plans.

The Sub-grantee is responsible for ensuring workers and contractors are properly trained and certified when certification is required (e.g., Lead Renovator). Respirator training and fit testing are also required when necessary for agency personnel and contractors.

### 5.4 Deferred Weatherization Services

Refer to Chapter 2 section 2.6 – Deferrals for policy instructions.

### 5.5 Occupant Pre-Existing Health Conditions

Sub-grantee shall determine whether there are existing occupant health issues that may be adversely affected by weatherization materials or measures. **If a client is sensitive to certain weatherization materials or conditions, the related measure may be waived without penalty to the client or Sub-grantee.** Whenever possible, the Sub-grantee shall devise ways of installing materials to reduce exposure of the occupants so that weatherization work may be performed safely. Possible approaches may include temporary containment areas, HEPA filtered equipment, temporary removal or relocation of individuals that may be adversely affected, or alternative installation methods or materials that meet the specifications of the Weatherization program. WAP funds cannot cover relocation costs. If that is necessary, other fund sources may need to be secured prior to ANY WAP work starting.



## 5.6 Lead Safe Weatherization

Lead-based paint is a potential health hazard that crews may encounter in housing constructed before 1978. Sub-grantee shall conduct weatherization work in a manner that protects workers and customers from lead paint hazards. Sub-grantees shall follow EPA's Lead; Renovation, Repair and Painting Program (RRP). In addition to RRP, Weatherization requires all weatherization crews working in pre-1978 housing to be trained in Lead Safe Weatherization (LSW) and be accompanied by an EPA Certified Renovator. Deferral is required when the extent and condition of lead-based paint in the house would potentially create further health and safety hazards. Information on Lead can be found in the ADOH WAP Health and Safety Plan.

Program funds may be used to minimize the potential hazard associated with disturbing painted surfaces through the course of installing energy conservation measures. Program funds may not otherwise be used for the abatement, stabilization, or control of lead-based paint hazards that may exist in a dwelling unit. Program funds shall not be used for routine clearance testing of dwellings after work is completed. Applicant shall be provided with the EPA brochure: [The Lead-Safe Certified Guide to Renovate Right \(epa.gov\)](https://www.epa.gov/lead-safe-certified-guide-to-renovate-right)

The following basic guidelines shall be taken into consideration:

- **LSW must be applied to all pre-1978 housing** unless there is existing evidence that the home has been certified as being lead-free or below the lead threshold limit (e.g., for paint containing lead below the regulated level, 1.0 mg/cm<sup>2</sup> or 0.5% by weight). One of the following methods must be used to determine the paint to be disturbed is not lead-based paint:
  - Written determination by certified lead inspector or risk assessor; **OR**
  - Proper use of EPA-recognized test kit provided tests are performed by a Certified Renovator; **OR**
  - A State-approved lead-based paint test protocol (e.g., XRF scans verifying absence of lead paint).
- **Mobile Homes.** Often, interiors of mobile homes were not painted but rather, paneling was applied to the surfaces. Therefore, pre-1978 mobile homes that were **not painted** by the manufacturer, occupant, landlord, or past owner of the unit before 1978, may be exempt from LSW. However, Sub-grantees must verify **the areas receiving weatherization services** have never been painted or were painted for the first time after 1978. If this is not verifiable, then LSW protocols must be followed. Painted exterior surfaces on pre-1978 units should not be drilled, scraped, sanded, or receive any other work that disturbs the paint.
- **Exempt from training and work practice requirements if owner signs written statement that all apply:**
  - No pregnant women reside there; and
  - Not a child-occupied facility ("occupied" includes being the child's primary residence or a home that is visited regularly by the same child, under age 6, on at least two different days within any week (Sunday through Saturday period), provided that each day's visit lasts at least 3 hours and the combined weekly visits last at least 6 hours, and the combined annual visits last at least 60 hours).

- **Exempt if Housing is for the elderly or persons with disabilities** (unless any one or more children under age 6 resides or is expected to reside in such housing for the elderly or persons with disabilities).
- **Any 0-bedroom dwelling is exempt.**
- **Exempt for Minor Repair or Maintenance Activities:** Activities that will disturb less than the following square feet of paint surfaces in 30 calendar days (counting all paint surface areas of a removed component):
  - 6 square feet per room for interior activities; or
  - 20 square feet for exterior activities.

But this exemption does **NOT** apply to the following:

- Window replacement.
- Demolition of painted surface areas.
- Using any of the following:
  - Open flame burning or torching;
  - Machines to remove paint through high-speed operation without HEPA exhaust control; or
  - Operating a heat gun at temperatures at or above 1100 degrees Fahrenheit.
- **Exempt for Do-It-Yourself:** Work performed by owners themselves in their residence.

### 5.7 Dwelling Units Receiving HUD Funding

Sub-grantee shall determine if a dwelling unit referenced in an application for weatherization services is enrolled in a HUD funded program and if the HUD funded program requires meeting the standards of rule 24 CFR Part 35 (Subpart R) issued under sections 1012 and 1013 of Title X, the Residential Lead-Based Paint Hazard Act of 1992. Enrollment in a HUD funded program for these purposes shall be defined as a dwelling unit which has had any HUD funds invested in it within the prior twelve months from the date of application for weatherization services or will have HUD funds invested before the completion of the weatherization project. Dwelling units receiving HUD funds shall meet the standards established in HUD's Lead-Based Paint Poisoning Prevention in Certain Residential Structures rule (referenced above). Weatherization funds may *not* be used to meet the HUD standards. Energy conservation measures, which as a by-product meet some or all of the HUD standards, are permitted. If any part of the unit receives DOE funding, all LSW/RRP protocols required by the WAP program must be followed.

For a unit that does not meet DOE standards for lead, sub-grantee should use HUD funding to complete the unit.

### 5.8 Mold and Moisture

The Weatherization Assistance Program does not encompass mold abatement or remediation with the exception of WRF. DOE funds are not to be used to test, abate, remediate, purchase insurance, or alleviate existing mold conditions identified during the assessment, the work performance period or the Quality Control Inspection. Where multiple funding sources are used, the performance of any of the aforementioned activities must be expensed to a non-DOE funding source. Most typically, weatherization services may need to

be delayed or deferred until the mold issue is remediated and meets the requirements of WAP. Sub-grantees must use the Hazard Disclosure Form to notify the client upon the discovery of a mold condition and if corrected, what was specifically done to the home that is expected to alleviate the condition and/or that the work performed should not promote new mold growth. The completed form should be reviewed with and signed by the Client and a copy retained in the Client File. The Hazard Disclosure Form is available from the ADOH WAP website at: <https://housing.az.gov/documents-links/forms/weatherization>.

Where existing mold could pose a health risk to both the inhabitants and the weatherization crew, DOE funds may be used to correct energy-related conditions and/or to assure the immediate health of workers and clients. Minor repairs can be addressed by weatherization workers if it is in connection with the correction of moisture and mold creating conditions that are allowed when necessary in order to weatherize the home and to ensure the long-term sustainability and durability of the measures. Weatherization of a home, and air-sealing in particular, could potentially increase the risk of moisture and mold in a home, thereby causing structural damage and/or a health risk to the inhabitants. Extreme caution should take place when weatherization work is performed not to increase mold or moisture issues. Where severe Mold and Moisture issues cannot be addressed, deferral is required.

**Arizona** – The following protocols have been adopted to ensure that these risks are minimized during weatherization.

### 5.8.1 Moisture Assessment

All homes should be checked for previous or existing moisture problems. Mold in homes arises from conditions of excess moisture. During initial inspection, field coordinators are to assess the homes with special attention to the following signs: Evidence of condensation on windows and walls indicated by stains or mold; standing water, water stains, etc. Also, check to see if there are leaking supply or waste pipes, and if attic roof sheathing shows signs of mold or mildew.

Identification of existing or potential moisture problems shall be documented in the client file.

If existing moisture problems are found, no air sealing should be done unless the source of the moisture can be substantially reduced or effective mechanical ventilation can be added to cost effectively remove the moisture. In some cases, air sealing must be done in order to reduce the source of the moisture (i.e. sealing off crawlspaces from the house or sealing attic leakage to eliminate condensation on the roof deck). Because air tightening may cause an increase in relative humidity, client education should include information about moisture problems and possible solutions. In the course of weatherization, any low-cost measures that help reduce the humidity levels in the house should be installed. Client shall be provided with the EPA brochure: [A Brief Guide to Mold, Moisture, and Your Home EPA-402-K-02-003, September 2010](#)

#### **Examples of these activities are:**

- Properly Venting dryers to the exterior
- Properly Venting existing bath exhaust fans to the exterior
- Properly Venting existing kitchen exhaust fans to the exterior

### 5.8.2 Repair or Elimination of Moisture Problems

Program funds may be used to minimize and/or eliminate mold-causing conditions in conjunction with the installation of energy conservation measures. Identified mold areas that comprise in total, more than 10 square feet must be deferred.

Repair of moisture problems that might result in health problems for the client, damage the structure over the short- or long-term, or diminish the effectiveness of the weatherization measures must be done before the weatherization job is completed. Moisture problems can be reduced or eliminated by controlling the source of the moisture.

#### This can involve:

- Venting dryers to the outside of the building;
- Providing positive drainage away from foundation, if only a small area needs to be addressed;
- Repairing small roof leaks and flashing issues;
- Educating the client about the sources of moisture that they are able to control;
- Moisture problems can be reduced or eliminated by ventilating areas where excessive moisture is produced, such as bathrooms and kitchens. This should include installation of a fully functional exhaust fan in the subject area and informing the client of the related moisture issues and the proper operation and use of the fan.

Major moisture problems that cannot be corrected within the scope of the program such as, but not limited to:

- An enclosed crawlspace or basement that has standing water for 24 hours due to inadequate ground or surface water drainage.
- Any building with no overhangs and no gutters, exhibiting signs of major moisture problems such as blistering paint and extensive mold/mildew on the inside of the house.
- Needing to regrade foundation perimeter to create opposite water flow away from the foundation

The EPA publication, "A Brief Guide to Mold, Moisture, and Your Home", is available in [HTML](#) and PDF formats in English and Spanish. This Guide provides information and guidance for homeowners and renters on how to clean up residential mold problems and how to prevent mold growth. The pamphlet may be obtained at: <http://www.epa.gov/mold/pdfs/moldguide.pdf>

### 5.9 Asbestos Containing Materials (ACM) Guidelines for Weatherization

Sub-grantee field staff and subcontractors whose work may lead to contact with known or suspected asbestos containing materials (ACM), including vermiculite insulation, shall be protected from potential asbestos exposure and minimize disturbance of the material. Weatherization operators shall provide employees with training and equipment to minimize worker and customer exposure to asbestos containing materials.

Asbestos anywhere on the interior of the dwelling that would need to be addressed either directly or incidentally during the weatherization process is not an allowable H&S cost. Testing by an AHERA professional for Asbestos is an allowable Health & Safety cost however, Abatement and/or mitigation of Asbestos is not. Policies have been in effect for asbestos presence and related work practices for many years. The approach is not to disturb, cut or drill said material and deter those measures that might do so. In instances where measures can be installed without disturbing asbestos surfaces or materials, that is the best approach. In instances where a local authority, such as Code Enforcement, imposes specific guidelines or requirements, sub-grantee and contractor staff are to make themselves aware of those restrictions and comply with them.

If it is determined by the Initial Auditor/Inspector that weatherization work cannot be performed without creating a hazard, the project is to be deferred. The client is to be informed in writing of the potential hazard and the agency must not return to weatherize until the AHERA certified professional issues a clearance statement. A copy of this statement/report must be kept in the client file.

Prior to drilling or cutting an exterior wall, the subsurface must be inspected for asbestos.

When vermiculite is present, unless testing determines otherwise, the unit is to be deferred. Where blower door tests are performed, it is a best practice to perform pressurization instead of depressurization. Encapsulation by an appropriately trained professional is allowed. However asbestos encapsulation and testing cost are not reimbursable by the AZ WAP. Removal is not allowed.

With regard to pipes, furnaces and other small, covered surfaces, assume asbestos is present in the covering materials. Encapsulation is allowed by an AHERA asbestos control professional and should be conducted prior to blower door testing.

Clients must be informed that suspected asbestos is present and how precautions will be taken. Clients will be instructed not to disturb suspected asbestos containing material. Clients must be provided information and explanation on asbestos safety information and steps to correct deferral conditions. The clients are required to sign a form, provided by the weatherizing agency, indicating they have been informed.

### **5.10 Use of Spray Polyurethane Foam**

Spray Polyurethane Foam (SPF) is a frequently used weatherization product, and due to its chemical components and potential to cause adverse health effects, it is important for weatherization agencies and workers to understand and practice safe use of SPF.

Based on EPA and OSHA guidelines, agencies shall address the following issues related to the use of Spray Polyurethane Foam:

- 1) Hazard Communication – It is important that anyone who works with SPF is aware of the health risks associated with isocyanates, a chemical component of SPF, which include the potential for causing occupational asthma. Safe storage and handling procedures shall be used according to the manufacturer's instructions and Safety

Data Sheets (SDS). Customers shall be notified when SPF is being used and of safety precautions to prevent exposure.

- 2) Limit Access to Area – The work area shall be contained to prevent customers or others not equipped with personal protective equipment from entering the area during or directly after product application, per the Safety Data Sheet. Warning signs shall be posted at entrances to the work area when occupants are present. The signs shall be readable and shall be in the occupants' primary language, when practical.
- 3) Personal Protective Equipment – Anyone applying SPF or occupying an area where SPF is being applied shall use appropriate PPE. It is recommended that workers wear a supplied air respirator, gloves, and protective clothing to prevent breathing vapor or other direct exposure to SPF. Access to the work area shall be restricted to those wearing adequate PPE.
- 4) Ventilation – It is necessary to properly ventilate an area where SPF is being applied and to maintain ventilation until the SPF has fully cured. Use the SDS estimated curing time as a guide to how long ventilation should be continued. Various products may have variable curing times. Use air exhaust techniques to move air out of areas where SPF is applied.
- 5) Flammability – SPF can be flammable and shall not be used close to any open flame or operating combustion appliance that may increase the hazard of fire.
- 6) Cleanup – The area where SPF is applied shall be cleaned thoroughly so that building occupants are not exposed to particulates or dust, especially when SPF has been trimmed or cut. Restrict access to the affected area until sufficient cleanup has been done.

### **5.11 Cooking Stoves**

When necessary, DOE Weatherization funds can be used to repair a cooking stove or oven with high carbon monoxide emissions as a health and safety measure (HSM). If a gas leak is detected, repair of gas leaks is an allowable HSM. SWG allows replacement of a natural gas stove as a HSM if the client is an eligible SWG customer.

### **5.12 High Efficiency Particulate Air (HEPA) Filter Shrouds on Power Tools**

Power tools shall be HEPA shrouded whenever materials other than wood, metal, glass or fiberglass are being cut, drilled, or similarly disturbed *unless* the material has tested negative for asbestos and lead. This requirement is to protect the health and safety of workers and clients by controlling lead dust and suspect or confirmed asbestos containing material (ACM) fiber emission.

### **5.13 Comprehensive Health and Safety Planning**

Sub-grantee shall follow the state Health and Safety Plan.

## Chapter 6 – Equipment and Materials Management

### 6.1 Sub-grantee Information Technology (IT) Requirements

Sub-grantee is responsible for all costs of hardware, software, and internet access required for Weatherization Program delivery. A Sub-grantee shall have all IT hardware (equipment that allows a user to create, store, or transmit data), software (computer application/program or data) and service subscriptions, including but not limited to email hosting, and desktop support, necessary to meet general requirements for program management and financial reporting. Software and service subscriptions shall be kept up to date. Sub-grantees must have a policy for handling sensitive data as part of the WPG's or their weatherization program policies and procedures. State Personally Identifiable Information (PII) laws, policies and procedures shall be followed.

*The Notification Law defines "personal information" to include an individual's first name or first initial and last name in combination with at least one "specified data element," such as a Social Security or driver's license number; taxpayer ID; medical or mental-health information; or biometric data. (For a full list of specified data elements, see A.R.S. § 18-551(11).) "Personal information" also includes an individual's user name or e-mail address, in combination with a password or security question and answer, that allows access to an online account. "Personal information," however, does not include information publicly available from government records or widely distributed media.*

To safeguard the integrity and security of data maintained in ADOH WAP, Sub-grantee shall limit subcontracted energy auditors' access to the database.

#### 6.1.1 ADOH WAP Database

Weatherization crews shall electronically document building test results and site conditions on the ADOH WAP Database. This database was developed for ADOH WAP and shall not be shared outside of the Weatherization Program.

### 6.2 Program Leasing of Sub-grantee Owned Property

The ADOH WAP will allow the leasing of Sub-grantee owned property (such as agency operations space or equipment) to the Weatherization Program if:

- Property was purchased with non-federal funds; and
- Total cost does not exceed the cost of comparable property or available alternatives.

The Leasing costs charge to the program cannot exceed the percentage of use of the equipment or lease of space for the weatherization program.

### 6.3 Vehicles Leased or Purchased from the Sub-grantee

The Sub-grantee may lease vehicles it owns to its weatherization operation. The ADOH WAP allows rental costs to the extent that the costs are reasonable according to:

- Rental costs of comparable vehicles, if any;

- Market conditions in the area; and
- Type, life expectancy, condition and value of the leased vehicle.

The ADOH WAP allows rental costs under sale and lease-back arrangements only up to the amount that would be allowed had the Sub-grantee continued to own the vehicle. Rental costs under leases that create a material equity in the leased property are allowable only up to the amount allowed had the Sub-grantee purchased the vehicle on the date the lease agreement was executed.

If the Sub-grantee leases a vehicle to the Weatherization Program, charges to the Weatherization Program may not exceed the actual costs to the Sub-grantee. Sub-grantee costs may include purchase price, interest, lease administration charges, maintenance, etc.

If the vehicle was purchased with other federal funds, the Sub-grantee may not charge lease costs of the vehicle to the Weatherization Program. It may be used by the Weatherization Program but not paid for a second time with federal funds. If the vehicle was purchased with non-federal and/or non-state funds, the Sub-grantee may lease it to the Weatherization Program.

To document the rationale for leased vehicles, keep the following information on file and available for inspection:

1) Vehicle Specifications

- Age of vehicle
- Mileage
- Vehicle Type
- Body style
- Size (1/2 ton, etc.)
- Engine size
- Description of vehicle's general condition
- Original purchase price
- Previous use of vehicle
- Termination conditions

2) An explanation of how the lease amount was computed, the methodology used and the amount of lease termination costs.

3) Competitive bids from other sources for lease of similar types of vehicles for the same time period.

Note: Leases with maintenance clauses may not be compared to those without them.

4) Justification, including detail of total lease costs compared to purchase costs.

If sub-grantees cannot provide vehicles for the WAP program, they should petition ADOH WAP to be allowed to institute their procurement of a vehicle to be paid for by the program. Please contact ADOH WAP for further information on the purchase of a vehicle.



## 6.4 Property

Property includes non-consumable equipment, tools, and vehicles, and also consumable materials and inventory. The ADOH WAP and federal granting agency hold a reversionary interest in property purchased with program funds. Title to property is also vested with the Sub-grantee. A Sub-grantee shall maintain asset accounts for all consumable and non-consumable property. Sub-grantee shall have a system to control losses, damages and theft of Sub-grantee property. (See Section 6.7 for disposal requirements)

Sub-grantee shall request ADOH WAP approval for all purchases with an original purchase value of \$5,000 or more per unit. Note that "original purchase value" means the purchase price plus any trade-in.

## 6.5 Property Record Keeping

### 6.5.1 Vehicles, Equipment and Tools Records

The Sub-grantee shall take a physical count of vehicles and non-consumable equipment and tools) at least annually, which shall be reconciled to the written records. The Sub-grantee shall document shortages in writing at the point of reconciliation. The ADOH WAP requires the following records be kept for vehicles and non-consumable equipment and tools with an original purchase value of \$5,000 or more per unit:

- Description including model, year, serial or vehicle identification number, etc.;
- Date of purchase;
- Original purchase value, including any trade-in applied;
- Source of funds used for purchase (DOE, LIHEAP);
- Location, use and condition of property;
- Individual to whom property is assigned (if applicable);
- Records of maintenance completed; and
- Disposition date, method, and amount received.

All equipment requiring calibration shall be maintained and calibrated according to manufacturer's recommendations. Calibration form must be submitted annually to ADOH WAP. Calibration is an allowable expense under DOE and or LIHEAP and will be included in the ACPU under program expenses.

### 6.5.2 Inventory Asset Accounts

The sub-grantee shall take a physical count of materials and supplies inventory each month (if applicable). A sub-grantee shall maintain asset accounts for all consumable materials. There shall be a costing system. There shall be a monthly reconciliation of the physical inventory to the perpetual records and inventory asset account. There shall be a written perpetual inventory system if materials are stored or stocked. The ADOH WAP recommends a "first in, first out" system, so the sub-grantee shall rotate stock and use older materials first. The sub-grantee shall have a system for storage, handling and protection against damages and theft.

A sub-grantee shall maintain a master inventory record for all storage facilities. This record shall include:

- 1) Summary information from each inventory log;
- 2) Quantity of materials received and disbursed during the period;
- 3) Description of materials; and
- 4) Unit prices of materials.

A sub-grantee shall also maintain an inventory log/ledger by warehouse. This log/ledger shall include:

- 1) Job number;
- 2) Date of disbursement, return and receipt;
- 3) Crew person signing materials in or out;
- 4) Quantity of materials;
- 5) Description of materials; and
- 6) Purchase Order number for all receipts.

## **6.6 Consumable Materials Cost Allocation**

Consumable materials are materials that are difficult to measure on a per-unit basis and for which the unit purchase quantity may be used in more than one home. Examples of consumables meeting this description are mastic, caulking, personal protection equipment, etc.

A sub-grantee may use a cost allocation system for consumable materials. A sub-grantee shall develop a consistent procedure to handle such consumable materials. When tools are assigned to a crew, a sub-grantee does not need to inventory consumable tools that are usable for only one or two jobs.

## **6.7 Disposition of Property**

Disposition of property shall be in accordance with the rules of the funding source. The ADOH WAP reserves the right to transfer equipment from one sub-grantee to another if the equipment is found to be surplus. See the following sections for details on proper disposition of property by type. When value is under \$5,000, it can be disposed of or sold at sub-grantee's discretion. The sub-grantee must keep record of disposal or transaction. Equipment with a residual value of \$5,000 or more purchased with DOE funds must be reported by ADOH WAP to DOE. DOE will provide disposition instructions to be followed by ADOH WAP and the sub-grantee.

### **6.7.1 Consumable Inventory Disposal**

Any charge to be made against the contract to cover losses incurred in liquidating consumable inventory shall be approved in writing by the ADOH WAP.

The sub-grantee shall contact the original vendor to request return of the items. If the items cannot be returned, the sub-grantee may dispose of the inventory. The sub-grantee shall notify all other sub-grantee that the inventory is available for use in the Weatherization Program. If a sub-grantee expresses interest, the inventory may be transferred to that sub-grantee for the purpose of use in the Weatherization Program.

If no sub-grantee expresses an interest, then the inventory may be disposed of using a system ensuring free and open competition. The sub-grantee shall submit a written request to sell inventory including:

- 1) Description of items to be sold, including:
  - a. Unit price;
  - b. Quantity of items;
  - c. Original vendor; and
  - d. Funding source used to purchase items.
- 2) Disposal methods to be used (e.g., auction, public notice, or sealed bids). It is essential that the method chosen allows for open and free competition and that the general public has a chance to purchase the items;
- 3) Cost of selling the items, not to exceed 10 percent of the value of items being liquidated; and
- 4) Plans for the use of any funds recovered (e.g., to be returned to the funding source, to be used to purchase other weatherization materials, to be deducted from total allowable costs per 10 CFR 600.225(g)(1)).

### **6.7.2 Vehicle, Equipment and Tool Disposal**

DOE provides guidance (WPN 24-6) for determining what method to use when disposing of vehicles and non-consumable tools and equipment, which can be found at <https://www.energy.gov/scep/wap/articles/weatherization-program-notice-24-6-vehicle-and-equipment-purchases-and>. Acceptable methods for determining current fair market value include but are not limited to: using an existing sub-grantee depreciation policy; blue book value or used retail value; obtaining a dealer or vendor quote.

For disposal of non-consumable tools and equipment with current fair market value of less than \$5,000 per unit, the sub-grantee shall notify all other sub-grantee that the equipment is available for use in the Weatherization Program. If a sub-grantee expresses interest, the equipment may be transferred to that sub-grantee for the purpose of use in the Weatherization Program.

If no Sub-grantee expresses an interest, then the equipment may be disposed of using a system ensuring free and open competition. If the equipment is defective, it does not need to be offered to another Sub-grantee. Vehicles with current fair market value of less than \$5,000 may be disposed of using a system ensuring free and open competition without prior notification to another Sub-grantee. Proceeds shall be used to purchase other weatherization materials or equipment.

The Sub-grantee shall request permission from the ADOH WAP to dispose of vehicles and non-consumable tools and equipment with current fair market value of \$5,000 or more.

Written disposal requests shall include the following:

- 1) Explanation of why the equipment can no longer be used in the Weatherization Program;
- 2) Description of the equipment including model, year, serial or identification number, mileage, etc.;
- 3) Date of purchase;
- 4) Contract number when purchased;
- 5) Purchase value, including any trade-in applied;
- 6) Source of funds used for purchase (DOE, LIHEAP) and percentages, if multiple funding sources were used;
- 7) Estimated current fair market value;
- 8) Condition and age of equipment. If equipment is defective, in unsafe operating condition, or inoperable, supply an estimate of repair costs required to return the equipment to operating condition; and
- 9) Copy of purchase approval letter, if applicable.

A Vehicle and Equipment Disposal template (SF-428-C) is available at:

<http://energy.gov/management/office-management/operational-management/financial-assistance/financial-assistance-forms>

## Chapter 7 – Program Costs

### 7.1 General

This chapter provides a description of allowable costs, including allowable costs by budget line. The following general principles apply:

A Sub-grantee shall expend funds provided under contract in conformance with the approved scope of work and the following limitations:

- 1) Administrative expenditures shall not exceed the budgeted amount per funding source and total administrative expenditures shall not exceed the percent specified in a Sub-grantee's contract of total actual allowable expenditures.
- 2) DOE Health and Safety budget shall not be overspent.
- 3) T&TA budget shall not be exceeded.
- 4) Funds cannot be transferred between funding sources.
- 5) Expenditures shall meet reasonableness, allocability and allowability requirements.

Except as stated in 1 to 4 above, positive balances in a line item may be shifted to cover cost overruns in other line items only if pre-approved by ADOH WAP. Costs shall be in accordance with pertinent state and federal regulations.

- 6) All costs expensed to a contract shall fall within the contract period. The only exceptions are the fiscal and compliance audits, which, even though the expense relates to a prior contract period, shall be expensed to the current contract.
- 7) Expenditures incurred for the installation of allowable measures on a completed dwelling unit shall be reimbursed under the contract year the unit is reported as complete. Costs for the installation of allowable measures may be accrued prior to the contract year in which a completed unit will be reported, and reimbursed when the unit is reported as completed (Advance funds shall not be used to cover these costs) provided there is funding in the subsequent funding year to cover accrued costs. To avoid disallowed costs, a Sub-grantee shall ensure that all measures are active and allowable under the subsequent contract. Sub-grantees should consider using a 10-month time frame for the performance of weatherization to ensure that all costs can be reconciled and reimbursed by the end of the 12-month program.

### 7.2 Allowable Costs

There are two (2) types of administrative expenses allowable for the ADOH WAP program; those that are directly related with weatherization staff and the implementation of the program (operating expenses) and those that are for general office supplies, office furniture and equipment, indirect costs or agency wide personnel who are incidental to the weatherization program (administration expenses).

#### 7.2.1 Administration

Total Sub-grantee administrative costs (non-operating costs) shall not exceed the contracted percentage of total actual allowable expenditures and must be supported with

detailed back-up documentation. Support documentation must be submitted with pay requests when asking for reimbursement of these expenses.

For agency-wide positions, Sub-grantee may charge administrative costs only for the portion of salaries and benefits that can be directly allocated to the Weatherization Program.

The ADOH WAP allows as administrative expenses, such items as:

- Space
- Supplies (paper, pencils, etc.)
- Furniture
- Operational equipment (fax machines, photocopy machines, etc.)
- Computer systems and supplies
- Telephone
- Postage
- Copying
- Utilities (Weatherization Program share)
- Professional dues and subscriptions to trade magazines
- Indirect costs, pursuant to a federally approved indirect cost rate, but only up to the amount allowable in a Sub-grantee's administration budget lines, regardless of the federally approved rate

### **7.2.2 Operations**

Operation expenses result from the direct implementation of the program, which includes application intake, client eligibility, audits, installing energy conservation measures (ECMs) and repair measures, direct labor, materials, delivery, and contractor costs. Under operating costs, a Sub-grantee may charge salaries and fringe benefits for weatherization-related personnel.

#### **7.2.2.1 Direct Labor**

The Sub-grantee shall include the following when calculating an agency direct labor rate:

- Direct labor costs, including taxes, vacation/holiday time, and job prep/transportation time;
- Supervisory costs;
- Inventory control personnel;
- Warehousing (program share of space, utilities, etc.); and
- That portion of wages and fringe benefits for the program manager and other program staff that directly relate to crew and/or sub-contractor field operation.

#### **7.2.2.2 Delivery**

The cost of having a third-party transport weatherization materials to the program warehouse or directly from the supplier to the job site is an allowable cost.

### 7.2.2.3 Contractor Costs

The reasonable cost of the installation of weatherization measures by a private contractor.

### 7.2.2.4 Repair Costs

The cost of incidental repairs over \$2,000 per residence, if such repairs are necessary to make the installation of weatherization materials effective, require ADOH WAP approval.

#### 7.2.2.4.1 Weatherization Readiness Funds (WRF) WPN 23-4

Through this WRF set-aside fund, WAP can address necessary repairs (e.g., Health and Safety issues, structural, etc.) in dwellings that have been deferred from receiving weatherization services. Deferrals occur in WAP for two key reasons, regulatory (10 CFR 440) limitations and/or management decisions at the state and local levels. Regardless of the cause, deferrals create “sunk costs” – the cost of sending field staff out to evaluate a home that cannot ultimately be treated because the Program is unable to address the repairs of the building.

WRF will follow the existing regulations and guidance regarding household prioritization as detailed in section V.3, monitoring shall also follow the existing processes detailed in section V8.3 and the method of distribution shall follow the initial method of distribution from ADOH to Sub-grantees which is weighted 90% poverty and 10% population.

WRF are designated for use by Grantees in addressing structural and health and safety issues of homes that are currently in the queue to be weatherized, but at risk of deferral. This funding is specifically targeted to reduce the frequency of deferred homes that require other services, outside the scope of weatherization, before the weatherization services can commence. **Units receiving WRF must result in a DOE completion defined as, “A dwelling on which a DOE-approved energy audit or priority list has been applied and weatherization work has been completed.”** WRF funds are specific to the annual appropriation and WAP BIL funding and must be expended on units weatherized by the WAP Sub-grantees identified in the State Plan application.

WRF will be tracked separately from other DOE funding such as WAP BIL, shall not be subject to the DOE ACPU or H&S totals, and shall have **an ACPU of \$10,000**. A waiver must be submitted to ADOH and approved prior to project commencement. As detailed in WPN 23-4, WRF shall be allowed to be 1. Carried forward into next budget periods **within the same grant cycle**, 2. The use of WRF does not need to result in a DOE-funded completion within the same PY but must be completed **within the same grant cycle** and within a reasonable time. ADOH has determined that a reasonable time shall be 18 months from Initial Inspection/Audit assuming the Initial Inspection/Audit occurs no more than one (1) month from resident/household qualification by the Sub-grantee. 3. WRF are allowed to be utilized on an annual-formula-funded and AZ WAP BIL-funded weatherization project. **ALL WRF measures and funding MUST be completed and billed no later than 6.30.2025. WRF may be allowed for partial billing near the end of the grant cycle due to this expenditure requirement. The entire WAP project does NOT need to be complete at that point however if Annual DOE funds under this FY 24 Plan were projected to be used, DOE BIL funding will need to replace that due to the end of this grant cycle.**

Allowable measures may include but are not limited to the following:

- Roof repair
- Wall repair (interior or exterior)
- Ceiling repair
- Floor repair

- Foundation or subspace repair
- Exterior drainage repairs (e.g., landscaping or gutters)
- Plumbing repairs
- Electrical repair
- Clean-up or remediation beyond typical scope of WAP preventing WAP work
- Measures required to complete a full WAP project per energy model but funding may not be otherwise available (HVAC, Insulation, etc.)

Other items may be allowable on a case by case basis depending on the severity of the hazard or issue and will be determined allowable or disallowed by ADOH Staff upon receipt of waiver request.

**\*\*\*NOTE: Some items/measures may be eligible to be completed with WRF should hazards present themselves while work is being performed that cannot or are not allowed to be remedied through other available fund sources. A waiver shall be submitted and approved by ADOH as soon as this is determined or encountered prior to proceeding with work. If the hazard is creating an imminent hazard which could cause serious illness and/or death, a verbal approval from ADOH may be obtained and shall be followed by a written waiver.\*\*\***

#### 7.2.2.5 Transportation

This is the cost of transportation of weatherization materials, tools, equipment, work crews, supervisory personnel and energy auditors. Vehicle usage expenses may include mileage reimbursement for non-agency owned vehicles (on rare occasion) and expenses for agency-owned used for weatherization, such as:

- Gas and oil
- License and taxes
- Tires and vehicle repairs
- Vehicle insurance (collision and liability)

True detailed mileage logs and vehicle expenses must be maintained. Mileage will be reimbursed only for those miles accurately tracked between the sub-grantees offices and the job site; weatherization training, meetings, or technical assistance visits. Commute mileage between personal residence and sub-grantee offices must be deducted.

Full Coverage Insurance on vehicles acquired with Federal Funds (DOE and or LIHEAP) shall be purchased to fully replace any loss or damage of the property and its accessories, equipment, etc., minus any applicable insurance deductible. This is an allowable expense for vehicles purchased with DOE/LIHEAP funding. The insurance shall be retained until the value of the asset falls below \$5,000.00.

#### 7.2.2.6 Tools and Equipment

The ADOH WAP allows the purchase and/or lease of tools and equipment necessary to install weatherization materials effectively. Tools and equipment shall include non-consumable items such as tape measures, insulation blowers, ladders and also consumable equipment (e.g., saber saw blades, replacement filters for dust masks, blades for utility knives, etc.). See Chapter 6 for further definitions of, and requirements for agency property.



Repair, maintenance and calibration costs for tools and equipment are also allowable costs.

### 7.3 Health and Safety

A Sub-grantee shall expense treatment of Health and Safety hazards in accordance with Chapter 11 – Health and Safety. Any DOE or SWG jobs that have health and safety measures exceeding \$2,000 per job, per funding source must receive prior approval from the ADOH WAP program. See Health and Safety Waiver Form available on the ADOH website at: <https://housing.az.gov/documents-links/forms/weatherization>

### 7.4 Liability Insurance

The Sub-grantee shall charge the cost of insurance for the following to this cost category:

- Personal injury
- Property damage
- Operations
- Product liability
- Pollution Occurrence Insurance (POI) – (also see Section 4.5.1)

Payment of reasonable deductible amounts shall be allowable if a claim has been submitted to the policy issuer and with prior approval of the ADOH WAP.

The ADOH WAP strongly recommends that a competitive procurement process be followed for an agency-wide purchase of a liability insurance policy. The Sub-grantee does not have to purchase this independently and follow the procurement requirements identified in Chapter 5 unless greater than 60 percent of the Sub-grantee's operation budget is for the Weatherization Assistance Program.

The cost of mold and mildew coverage is not an allowable cost.

The cost of insurance for vehicles is not allowed in this budget line item. It is a transportation cost.

#### 7.4.1 Pollution Occurrence Insurance (POI)

Sub-grantee **is not required** by DOE or DES (LIHEAP) to have POI, **though it is highly recommended to** have a liability pollution occurrence rider for all weatherization work. Recommended minimum limits are \$500,000 per occurrence, \$500,000 aggregate for the policy term, and a maximum \$2,500 deductible per occurrence.

A Sub-grantee shall decide whether to cover its contractors under its POI insurance as “additional named insured” or pass the liability to such contractors. If a Sub-grantee chooses not to have POI or has POI but chooses not to cover its contractors, it shall inform contractors, and require a signed waiver that indemnifies the agency and the state. The language suggested is as follows:

*The Contractor shall indemnify and hold harmless the weatherization agency, ADOH WAP, and all of their officers, agents and employees from all suits, actions or claims of any character brought for or on account of any injuries or damages received by any persons or property resulting from the operations of the Contractor, or of any of its agents or subcontractors, in performing work under this Agreement.*

Allowable costs are for a POI policy that covers WAP related work being performed under an agreement with a funding source to perform such work on their behalf. The cost for non-weatherization program work covered under a POI policy performed by crews or contractors is not an allowable weatherization cost and shall be paid for from sources other than the weatherization contract.

Note: POI covers lead but is different from a lead paint (Pb) insurance policy, which is specifically designed to cover companies doing demolition and major rehabilitation.

DOE and the Arizona Department of Economic Security (LIHEAP Program funder) strongly recommend sub-grantees and contractors and lower-tier subcontractors be covered by a POI policy. However, POI coverage is not allowed for vendors providing commodities only, or for contracts that provide services such as energy audits, final inspections, and refrigerator/freezer delivery.

If a sub-grantee does not obtain POI or require subcontractors to have POI, the cost to do remediation, clean up, relocation, medical expenses, the cost of any litigation/settlement or any other resulting cost is not an allowable weatherization expense.

## **7.5 Financial Audit**

The Weatherization Program is classified as a major program as defined in federal regulations at 2 CFR 200 Subpart F (formerly OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations).

A Sub-grantee may charge the cost of the required financial and compliance audit of the Weatherization Program to the Financial Audit budget line. Do not include the cost of a financial audit in the agency's indirect cost rate. Separate funding is available for audit costs, and the costs shall not be paid with administrative funds.

The cost of a financial audit shall be either the cost of a separate audit of the Weatherization Program or the Weatherization portion of an agency-wide audit.

See additional information regarding Financial Standards in Chapter 3 of this manual.

## **7.6 Training and Technical Assistance (T&TA)**

A Sub-grantee shall not exceed the budgeted amount for Training and Technical Assistance.

Training and Technical Assistance activities are intended to maintain or increase the efficiency, quality and effectiveness of the Weatherization Program at all levels. Such

activities shall be designed to maximize energy savings, minimize production costs, improve program management, crew and contractor quality of work, and reduce the potential for waste, fraud, abuse and mismanagement.

A Sub-grantee shall use T&TA Funds for:

- The cost of training programs and training materials;
- In-state travel costs and registration fees for training weatherization staff;
- The cost of subscriptions to weatherization program-related periodicals;
- Program evaluation costs, including labor costs, in accordance with the program budget;
- Costs associated with out-of-state training with ADOH WAP prior approval;
- The cost of training certifications that are required by the ADOH WAP or DOE, including but not limited to, Energy Auditor, Lead-Safe Renovator, Quality Control Inspector, and other relevant BPI certifications. Any and all certifications as required per State of Arizona Weatherization Assistance Program State Plan.
- State-directed Sub-grantee meetings;
- All or part of the cost of training contractors; and

All T&TA expenses, no matter the funding source administered by ADOH that will exceed \$500 require prior approval from ADOH WAP. Sub-grantees must complete the Training and Technical Assistance Form available from the ADOH website at:

<https://housing.az.gov/documents-links/forms/weatherization>

NOTE: All Travel shall follow the Federal GSA Rates and Requirements. The only exception would be if the Sub-grantee has a Travel Policy in place however, that Policy MUST adhere to or be more stringent than the Federal GSA Rates and Regulations. There will be no exceptions and any reimbursements above the allowed Federal GSA regulations shall be denied.

### **7.6.1 Subcontractor Training**

Any costs associated with training contractors shall be preceded with a retention agreement in exchange for the training. Reimbursement of labor, mileage, meals and lodging costs for contractors attending trainings is allowable on a case-by-case basis with prior approval from ADOH WAP.

Whenever possible, the term of a retention agreement shall coincide with the one-year contract (between the Agency and the Contractor) or one-year renewal period. Otherwise, the retention agreement shall be for the duration of the contract from the time the training is provided, not to exceed one year. Training, but not certification as a Lead or Asbestos Company or maintenance of any certifications, may be provided to subcontractors meeting retention requirements. Note that the retention agreement requirement does not apply to Sub-grantee or State contractor orientation sessions or when sub-grantee provide instruction to contractors on improving technique as needed.

Sub-grantee shall consider whether the term of the retention agreement aligns with the cost of training provided. Contact the ADOH WAP for additional guidance regarding this, if needed.

Sample Training and Technical Assistance Retention Agreements can be found with WPN 10-1: Program Year 2010 Weatherization Grant Guidance at: <https://www.energy.gov/eere/wap/downloads/wpn-10-1-program-year-2010-weatherization-grant-guidance>

### 7.6.2 Out-of-State Travel

Out-of-state travel for conferences or other training shall be approved on a case-by-case basis. Requests for out-of-state travel shall include:

- The name and position of the persons attending the event;
- The costs associated with their attendance at the event; and
- A justification for attendance.

#### Travel costs must adhere to § 200.475 Travel costs.

**(a) General.** Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies. Notwithstanding the provisions of § 200.444, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.

### 7.7 Purchase of Vehicles and Equipment

All equipment and vehicles shall be purchased entirely with DOE funds, or funds resulting from an approved disposition, or an approved disposition applied as a trade-in. Sub-grantees shall request ADOH WAP approval for all such purchases with an original purchase value of \$5,000 or more. Note that "original purchase value" means the purchase price plus any trade-in.

### 7.8 Disallowed Costs

Disallowed costs are expenses, as determined by the ADOH WAP that are not reimbursable using grant funds. If ADOH WAP cannot determine if the expenditure is allowable, because of inadequate records or documentation, the questioned cost will be disallowed. Sub-grantees shall reimburse the ADOH WAP for the full amount of any disallowed costs. Interest expenses are a disallowed cost.

### **7.9 Average Cost Per Unit (ACPU)**

The Department of Energy (DOE) sets a limit on the average amount of DOE funds that can be spent per unit. For Federal Program Year 2024, the ACPU limit is \$8,497 for DOE funds. This may vary from year to year and the amount detailed in the annual AZ WAP State Plan as well as the annual contracts shall be the ACPU adhered to. Sub-grantees shall manage job costing to adhere to this limit for DOE funds spent on all units completed in a contract year. DOE Average Unit Cost does not include audit, health and safety measure costs, admin, or T&TA expenditures.

The LIHEAP Program also sets an ACPU limit. For Federal Program Year 2024, the Average Unit Cost limit is \$20,000 for LIHEAP funds. At this time, LIHEAP includes audit costs and health and safety measure costs in the Average Unit Cost limit.

## Chapter 8 – Documentation and Record Keeping

### 8.1 Client Records

A sub-grantee shall maintain a permanent list of weatherized units. The list must include but is not limited to: Complete address and date of completion of the weatherization. A sub-grantee shall comply with the applicable federal and state laws, and ADOH WAP regulations concerning the confidentiality of client records.

Sub-grantee shall retain all records associated with weatherization jobs as detailed below for three years after the final Federal Financial Report (FFR) has been submitted by the state, per federal regulations (10 CFR 600.153 for non-profits and 10 CFR 600.242 for State and local governments.)

- a. Sub-grantee shall store and label each file according to the time period involved.
- b. All records maintained in accordance with the operation of the weatherization program shall be available to the ADOH WAP on request for inspection, examination, excerpting, transcription or financial audit.
- c. For all client records created during a Grant Period the following record disposal schedule may be applied.
- d. ADOH WAP will provide the actual grant close-out date and will provide sub-grantees with grant period and disposal dates. For example:

Grant Period	Disposal Date
07/01/2009 – 06/30/2013	After 9/30/2016
07/01/2013 – 06/30/2016	After 9/30/2019
07/01/2016 – 06/30/2022	After 9/30/2025

### 8.2 Client Files

ADOH WAP has provided a Client File Checklist (See 12.13) that sub-grantees must use the provided form and keep it in the client file. The form is also available from the ADOH website at: <https://housing.az.gov/general-public/weatherization-assistance-program>. Some of the following are subject to change as the AZ WAP migrates into the new Database System. A TB will be issued to the AZ WAP Network when these changes occur.

The following information is required to be included in client files:

1. Client File Checklist
2. Eligibility Determination & Client Information
3. Proof of Ownership or Signed Rental Agreement
4. Deferral Information (if applicable)
5. State Historic Preservation Documentation (if applicable)
6. No Previous Weatherization Checklist
7. Client Complaints and Documented Resolution
8. Progress Form; Includes client sign-off on:
  - a. Intake

- b. Initial Audit
- c. Scope of Work
- d. Completion of all Items and Cleanliness of Work Site
- e. Receipt of "Client Rights and Responsibilities"
9. Work Agreement/Scope of Work
10. Assessment/ Audit (See required "Residential Diagnostic Evaluation Form")
11. Priority checklist & Copy of Energy Model w/Field Waiver Request (if applicable)
12. Work Summary
13. Final Test Out Documentation
14. Final Inspection Checklist (See required "Residential Diagnostic Evaluation Form"  
(NOTE: of unit is funded by DOE, must also have a QCI checklist)
15. QCI Checklist
16. Hazard Disclosure Form; Includes client sign-off that information, notifications and release were given to them regarding:
  - a. Lead Paint
  - b. Mold Assessment and Release
  - c. Radon
17. Lead Safe Weatherization (if applicable)
18. Certified Renovator Documentation (if applicable)
19. Pre-work and Post-work photos
20. Photos of Appliances/HVAC (before and after replacement)
21. Materials and Labor Costs: including invoices and purchase orders (Contractor and crew based)
22. Bid/Equipment/Calculation/Specification Details
23. Inventory Sheets
24. Low-Cost/No-Cost Documentation
25. Client Health & Safety Evaluation Forms
  - a. Client Health and Safety Evaluation Form- For Client (optional)
  - b. Client Health and Safety Evaluation Form- For Auditor (required)
26. Landlord/Tenant Agreement (if applicable)
27. Household Action Plan
28. Refusal for Services, Indemnification & Waiver of Claims
29. Health & Safety (HSD) Waiver
30. Sub-grantee Statement of Completion
31. Utility Release Form

### 8.3 Open Records/Public Records

- 1) All sub-grantees must have a policy on public information requests and follow that policy.

### 8.4 Scope of Work

A Scope of Work shall be signed by the owner/agent of an eligible dwelling unit prior to the commencement of weatherization work.

The agreement shall detail the type and amount of weatherization work to be done on the building and other conditions both parties shall agree to and permission for the weatherization work to be done.

The owner must also sign-off for the completed work at the property. After all work is complete and a final inspection is conducted, a signature is required to verify the proposed work in the work agreement was completed and was acceptable.

### **8.5 Historic Preservation**

Prior to the expenditure of Federal funds to alter any structure or site, the Sub-grantee is required to comply with the requirements of Section 106 of the National Historic Preservation Act (NHPA), consistent with DOE's 7.1.2020 Memorandum 063, Historic Preservation Prototype Programmatic Agreements Amendment Process (Prototype PA) for National Historic Preservation Act (NEPA) Section 106 reviews. Section 106 applies to historic properties that are listed in or eligible for listing in the National Register of Historic Places. In order to fulfill the requirements of Section 106, ADOH and the State Historic Preservation Officer ("SHPO") have developed a Statewide Programmatic Agreement ("PA"). Work performed on units that fall within those identified in this executed PA will be considered in conformance with Section 106 Review. Additional work performed beyond that which is identified in the executed PA will require further Section 106 Review. The Statewide Programmatic Agreement is available at: [www.azhousing.gov](http://www.azhousing.gov). Additional information is also available at the U.S. Department of Energy website: <https://www.energy.gov/eere/weatherization-and-intergovernmental-programs-office-wip-and-national-historic-preservation>



## Chapter 9 – Reporting Requirements

### 9.1 General

The Sub-grantee shall submit reports to the ADOH WAP on a monthly basis. The Sub-grantee shall also submit special reports as requested by the ADOH WAP. This shall include the monthly LIHEAP report, which must be submitted on the provided form from ADOH and must be submitted to ADOH **no later than the 15<sup>th</sup> of each month** for projects completed and submitted for the month prior (see example below). Completed WAP projects must be input into the AZ WAP Database within 10 calendar days of vendor payment to ensure current and accurate reporting.

An authorized Sub-grantee representative shall review and approve all reports and sign Requests for Payment (RFPs) before submission. The ADOH WAP reserves the right not to accept as timely, reports that are incomplete or inaccurate.

When submitting electronic job completion reports, the sub-grantee must enter the job completion date and click the “Submit” button in the AZWAP database. Jobs are not to be submitted until they are fully completed, reviewed, and approved by the sub-grantee and if a DOE funded job, have passed the Quality Control Inspection (QCI). Completed jobs must be submitted by the 15<sup>th</sup> of each month for completed jobs from the previous month (i.e. jobs completed by September 30<sup>th</sup> must be submitted into the database by November 15<sup>th</sup>). The ADOH WAP will perform 100% desktop monitoring on all submitted projects to ensure program compliance and identify any necessary corrections. ADOH WAP will provide a written Desktop Monitoring Report to all Sub-grantees on a monthly basis. Upon receipt of a Desktop Monitoring Report with no issues, concerns, or findings, Sub-grantees shall then submit their monthly Request for Payment (RFP).

If Grantee does not receive the plan of action (Corrective Action Plan) within the required timeframe or the deficiency is not corrected, the Sub-grantee will no longer be allowed to facilitate the weatherization program for their service area.

A new AZ WAP Database is currently under development. As soon as the new system is up and running, ADOH WAP will provide additional information and guidance on input/upload requirements and procedures. This WAP P&P Manual will be updated with all new processes and references.

### 9.2 Monthly Requests for Payment

Monthly RFPs and the required support documentation must be submitted upon receipt of the Desktop Monitoring Report with no issues, findings, or concerns, for the expenditures related to the completed jobs for the previous month. Sub-grantees must not submit an RFP for jobs that have not been submitted in the AZWAP database.

Monthly RFPs are subject to a four-stage approval process before reimbursement:

- 1) ADOH WAP Energy Specialist to review and verify all information entered in AZWAP database is accurate and appears logical. The Energy Specialist will also compare measures completed and entered make sense with respect to the initial assessment

information and that charges appear reasonable and meet SIRs where required. Monthly reports are then generated and emailed to Sub-grantees.

- 2) ADOH WAP Contract Specialist Review to verify the Job Cost Submittal Form to the job costs entered into the AZWAP database and verify that required support documentation has been included and verifies the costs requested on the RFP
- 3) ADOH WAP approval by the Program Administrator; and
- 4) ADOH WAP Accounting Division representative approval.

The RFPs shall present an accurate statement of allowable costs incurred for the month.

The Sub-grantee shall submit separate Weatherization RFPs each month for each grant funding source.

### **9.3 Final Close-Out Invoice**

A Sub-grantee shall submit, electronically through ADOH WAP, a final month invoice for each fund at the end of each funding cycle. Sub-grantees will have 60 days from the expiration or close out of a contract to submit final invoices.

### **9.4 Tool and Equipment Purchased**

If a Sub-grantee used federal funds (DOE or LIHEAP) to purchase tools or equipment with an **individual purchase price of \$5,000 or more**, the Sub-grantee shall provide a list and include the item description, purchase price, funding source(s) and, if applicable, the percent of funding split if purchased with more than one fund source. Include a total dollar amount for the equipment expenditures listed.

### **9.5 Vehicles Purchased/Leased**

If a Sub-grantee used federal funds (DOE or LIHEAP) to purchase and/or lease a vehicle with a purchase price of \$5,000 or more, the Sub-grantee shall provide a list of vehicles purchased and/or leased and shall include the vehicle year and model, purchase price, funding source(s) and, if applicable, the percent of funding split if purchased with more than one fund source. Include a total dollar amount for all vehicle purchase(s)/lease(s) listed.

Vehicle purchases will follow all applicable Federal Regulations as detailed in the 2 CFR 200 documents.

### **9.6 Special Reports**

Special reports may be requested from the Sub-grantee by the ADOH WAP regarding program operations, client services and energy savings, or other as defined by the ADOH WAP. Special reports shall be submitted as indicated on the request.

## **Chapter 10 – Financial Standards**

### **10.1 General**

Sub-grantees shall establish and maintain fiscal control and accounting procedures as set forth in federal regulation at 2 CFR 200.300. These procedures shall be in writing and consistently applied, and shall include procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award. Sub-grantees shall maintain account books on a double entry basis. Accounting will be on a modified accrual basis at a minimum. Full accrual basis accounting is encouraged.

Sub-grantees shall maintain separate accounting for each grant (contract). For grants funded through multiple sources, the sub-grantee shall maintain records that separately track and account for those funds. There shall be a system for allocating common expenses among funding sources.

If work is performed by the Sub-grantee's staff, charges to the weatherization program will be made on an actual cost basis. Sub-grantees are required to notify the ADOH WAP of any potential financial conditions that could adversely impact program operations. Examples of these conditions include: pending legal activity by a vendor, client or employee; organizational cash flow shortages; allegations or investigations of fraud or embezzlement. Failure to notify the ADOH WAP of potentially adverse financial conditions is grounds for immediate termination of the contract.

### **10.2 Source Documentation**

Sub-grantee shall maintain the following documentation of contracts for all weatherization funding sources:

- 1) Approval to secure funds;
- 2) Applications and requests for modifications;
- 3) Signed contract and modification approvals;
- 4) Board minutes, if applicable; and
- 5) Proof of receipt/deposit slip, including date, amount, source of funds, and identification of receipt of funds in cash ledger.

### **10.3 Expenditure Documentation**

Sub-grantee shall maintain the following documentation of:

- 1) Written prior authorization where required;
- 2) Budget approval, if applicable;
- 3) Budget amendment approval, if applicable;
- 4) Extension of vendor contracts;
- 5) Internal prior authorization,
- 6) Purchase order,
- 7) Travel authorization,

- 8) Employee contract or time records signed by employee and supervisor,
- 9) Proof that goods or services were received,
- 10) Contractor, Vendor and/or Supply Order Invoices,
- 11) Proof of payment using check stubs or copies of checks/vouchers including:
  - Source of funds,
  - Date paid,
  - Amount paid,
  - Authorization of payment, and
  - Identification of application in disbursement ledger.

Expenditure documentation must be submitted to ADOH WAP with each pay request as back up documentation for reimbursement of the expenses and chart of accounts. As a best practice sub-grantees should highlight the account line items on the chart of accounts that are included in the pay request.

#### **10.4 Cash**

Sub-grantee shall make intact deposits (no cash back).

The ADOH WAP does not allow cash payments.

It is not necessary to keep funds from separate grants (contracts) in separate bank accounts; however, Sub-grantee shall maintain separate financial records for each grant.

Sub-grantee shall perform monthly bank reconciliation.

At the discretion of the ADOH WAP program, advances may only be used for allowable weatherization costs that occur during the grant period.

Grant funds may only be used for allowable weatherization program expenses. Any use of weatherization program funds for expenditures other than those allowed by the weatherization program, even on a temporary basis, will result in immediate termination of the contract.

#### **10.5 Record Retention**

Sub-grantees shall retain all records associated with the Grant as detailed below for three years after the final Federal Financial Report (FFR) has been submitted by the state, per federal regulations (2 CFR 200.333) This means that sub-grantees must potentially retain records for a great deal longer than three (3) years. ADOH WAP will notify sub-grantees when the final FFR has been and approved and provide a destruction date for records related to the grant.

- a. Sub-grantees shall retain all financial records, supporting documentation, statistical records (including procurement records).
- b. Sub-grantees shall store their agency cost files and label each file according to the time period involved.

- c. All records maintained in accordance with the operation of the weatherization program shall be available to the ADOH WAP on request for inspection, examination, excerpting, transcription or financial audit.
- d. Sub-grantees shall maintain a permanent record of all units weatherized which, at a minimum shall include; street number, street name, unique unit identifier, city, zip code, county and date of completion.
- e. For all records created during a Grant Period the following record disposal schedule shall be applied.

See Chapter 8 – Documentation and Record Keeping for additional information pertaining to client file retention.

### 10.6 Financial Audits (Single or Program-Specific Audits)

Sub-grantees shall ensure that financial audits are:

- 1) Conducted in accordance with federal laws and regulations, 2 CFR 200 Subpart F (formerly OMB Circular A-133)
- 2) Conducted annually;
- 3) Conducted by an independent auditor;
- 4) Timely; and
- 5) Submitted to the ADOH WAP as soon as available. Sub-grantee shall submit one copy of the audit including any supplementary letters of findings. Audit reports may be sent to the following address:

Arizona Department of Housing  
Accounting Division  
1110 W. Washington, Suite 310  
Phoenix, Arizona 85007

#### § 200.501 Audit requirements.

*(a) **Audit required.** A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in **Federal awards** must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.*

*(b) **Single audit.** A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in **Federal awards** must have a single audit conducted in accordance with [§ 200.514](#) except when it elects to have a program-specific audit conducted in accordance with [paragraph \(c\)](#) of this section.*

*(c) **Program-specific audit election.** When an auditee expends Federal awards under only one Federal program (excluding R&D) and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with [§ 200.507](#). A program-specific audit may not be elected for R&D unless all of the Federal awards expended were received from the same Federal agency, or the*

same Federal agency and the same pass-through entity, and that Federal agency, or pass-through entity in the case of a subrecipient, approves in advance a program-specific audit.

*(d) **Exemption when Federal awards expended are less than \$750,000.** A non-Federal entity that expends less than \$750,000 during the non-Federal entity's fiscal year in Federal awards is exempt from Federal audit requirements for that year, except as noted in [§ 200.503](#), but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO).*

### **10.6.1 Audit Package**

The audit reporting package shall include the following.

- 1) Audited financial statements of the overall agency
- 2) Schedule of expenditures of Federal & State Award
- 3) Additional Supplemental Schedule(s) required by the granting agency
- 4) Schedule of Prior Audit Findings
- 5) Corrective Action Plan
- 6) Opinion on General-Purpose Financial Statements and Supplementary Schedule of Expenditures of Federal and State Awards
- 7) Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- 8) Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with 2 CFR 200 Subpart F (formerly OMB Circular A-133)
- 9) Schedule of Findings and Questioned Costs
- 10) Management letter

### **10.6.2 Compliance Requirements and Audit Procedures**

- 1) Determine the effectiveness of management controls and the fiscal integrity of the financial system.
- 2) Determine whether the Sub-grantee is in compliance with the terms and program requirements as set forth in the weatherization contract and the ADOH WAP Policies and Procedures Manual.
- 3) Determine whether reports issued to ADOH WAP are accurate and complete, including financial and production data.
- 4) Determine whether expenditures are properly classified in accordance with the weatherization contract and that they are allowable costs as set forth in the weatherization manual and federal regulations.
- 5) Determine that general administration expenses were limited to the appropriate percentage of expended dollars as stated in the contract.
- 6) Determine whether inventories are properly maintained and safeguarded.

- 7) Determine whether materials inventory and materials installed were properly valued.
- 8) Audit requirements and procedures published in OMB's Compliance Supplement for Audits of State and Local Governments or OMB's Compliance Supplement for Audits of Institutions of Higher Learning and other Non-Profit Institutions.

The selection of the audit firm shall comply with procurement requirements (see Chapter 5), except that 1) a Request for Proposal (RFP) shall be used instead of Weatherization Request for Bid (RFB) template, and 2) an RFP is required, regardless of cost.

Sub-grantee shall have a method for resolving questioned costs.

If Grantee does not receive the plan of action (Corrective Action Plan) within the required timeframe or the deficiency is not corrected, the Sub-grantee will no longer be allowed to facilitate the weatherization program for their service area.

### **10.7 Program Income**

The ADOH WAP program follows a reimbursement method for paying sub-grantee expenses. In addition, weatherization services are provided as a grant to eligible clients. Therefore, sub-grantees will not and should not have Program Income to track and expend prior to drawing new funds.

### **10.8 Purchase Orders**

The ADOH WAP does not permit blanket purchase orders. There shall be a purchase order for each purchase which includes:

- Quantity
- Unit price
- Maximum amount
- Authorizing signature
- Date

There shall be a purchase order log, a record of all obligations and a way to identify unpaid obligations. Approval by an authorized person shall be in place before the purchase is made.

Invoices presented for payment shall be submitted in accordance with instructions contained on the purchase order including reference to purchase order number and submitted to the correct address for processing.

## **Chapter 11 Monitoring, Training and Technical Assistance**

The state has a responsibility to perform comprehensive monitoring and oversight of the work performed by the sub-grantee as well as the sub-grantee's fiscal expenditures and practices annually. As part of the monitoring process, the state will physically or virtually visit five (5) to 10 percent of completed jobs for each sub-grantee. Additionally, the state will

perform a physical or virtual financial audit of each sub-grantee at least one time each fiscal year. The Monitors for the state and certificates held will be:

Name	Type of Monitor
Samantha Winslow	Technical/Administrative BPI EA, QCI
David Underdonk	Technical/Administrative BPI BA, QCI
Gloria Castro	Administrative/Financial

ADOH WAP reviews sub-grantees monthly to determine if the sub-grantee is meeting its goals and expenditures in compliance with expenditure schedules. This is accomplished through a desk review of 100% of all jobs via the AZWAP.org database and Requests for Payment submitted by the sub-grantees.

ADOH may also procure third-party consultants to assist with any BPI EA, QCI needs should production exceed limitations in ADOH staffing. Third party Quality Control Inspections will be reviewed and approved by ADOH WAP Staff for accuracy and program compliance.

### 11.1 Monitoring Goals

Routine monitoring of the sub-grantees is conducted in order to (but is not limited to):

- Determine program compliance and accountability
- Assist agencies in their program operations and compliance with DOE and state regulations
- Analyze program performance
- Analyze quality of work
- Identify problems, deficiencies, and areas that need improvement and advise on how to correct
- Analyze whether best possible program services are being delivered to low-income population
- Assess T&TA needs
- Improve program performance

If ADOH WAP discovers significant deficiencies (health and safety violations, poor quality installation of materials, missed opportunities, inappropriate cost allocation, inappropriate expenditures etc.), the state will increase both the number of homes reviewed and the frequency of visitation until the deficiencies are resolved.

### 11.2 On-Site/Virtual Monitoring

On-site technical and fiscal monitoring will be used to determine the program and operational effectiveness of sub-grantees. Customer files, and sub-grantee financial systems, records and reports will also be routinely monitored to test the sub-grantee's ability



to prudently deliver, support, and manage installations of allowable cost effective and energy efficient measures.

### 11.2.1 On-Site/Virtual Technical

Inspection of completed dwelling units is done to monitor prioritization of weatherization measures, accuracy of energy audit, job costs, quality of workmanship and material, and that the work completed is reflected in the job files. Inspection of warehouse and review of materials inventory are completed to insure adequate space and security at reasonable costs for the material inventory. Also, material inventory and condition of materials are verified.

On-site/virtual technical monitoring will be done by a state monitor that has received their Quality Control Inspector certification or a procured appropriately certified consultant that did not have any involvement in the work or any other audits associated with the project to be inspected. Sub-grantees will be notified of on-site technical monitoring visits at least two weeks prior to the visit. ADOH WAP responsibilities related to the on-site technical monitoring event include but are not limited to the following:

Client files will be reviewed to include the following:

- Client File Checklist (See Chapter 12. Forms) available from the ADOH WAP website at: <https://housing.az.gov/documents-links/forms/weatherization>;
- Clients Rights and Responsibilities form available from the ADOH WAP website
- Eligibility Determination & Client Information
- Proof of Ownership or Signed Rental Agreement
- Deferral Information (if applicable)
- State Historic Preservation Documentation (if applicable)
- No Previous Weatherization Checklist available from the ADOH WAP website
- Client Complaints and Documented Resolution
- Progress Form available from the ADOH WAP website; Includes client sign-off on:
  - Intake
  - Initial Audit
  - Scope of Work
  - Completion of all Items and Cleanliness of Work Site
  - Receipt of "Client Rights and Responsibilities"
- Work Agreement/Scope of Work
- Residential Diagnostic Evaluation (RDE) form available from the ADOH WAP website
- Priority checklist & Copy of REM w/Field Waiver Request (if applicable)
- Work Summary
- Final Test Out Documentation
- Final Inspection Checklist (See required "Residential Diagnostic Evaluation" form)
- QCI Checklist
- Hazard Disclosure Form available from the ADOH WAP website; Includes client sign-off that information, notifications and release were given to them regarding:
- Lead Safe Weatherization (if applicable)
- Certified Renovator Documentation (if applicable)

- Pre-work and Post-work photos
- Photos of Appliances/HVAC (before and after replacement)
- Materials and Labor Costs: including invoices and purchase orders (Contractor and crew based)
- Bid/Equipment/Calculation/Specification Details
- Inventory Sheets
- Low-Cost/No-Cost Documentation
- Client Health & Safety Evaluation Forms
  - Client Health and Safety Evaluation Form- For Client (optional)
  - Client Health and Safety Evaluation Form- For Auditor (required)
- Landlord/Tenant Agreement (if applicable) available from the ADOH WAP website
- Household Action Plan Form available from the ADOH WAP website
- Refusal for Services, Indemnification & Waiver of Claims available from the ADOH WAP website (if applicable)
- Health & Safety (HSD) Waiver available from the ADOH WAP website (if applicable)
- Sub-grantee Statement of Completion
- Utility Release Form available from the ADOH WAP website

All forms noted, are available at: <https://housing.az.gov/documents-links/forms/weatherization>

ADOH WAP will perform monitoring audits on at minimum, five percent (5%) of weatherization job completions. ADOH WAP will inspect in-progress units as needed. The field monitoring will be an analysis of quality of field practices, including:

- Audit procedures and compliance with audit protocols and work orders;
- Diagnostics;
- Overall effectiveness;
- Compliance with state field standards;
- Workmanship;
- Appearance;
- Missed opportunities;
- Health and safety issues;
- Agency final inspection procedures; and
- Opportunities for specific training

ADOH WAP staff will select the weatherization completions to be inspected by random selection of jobs submitted in the database unless particular jobs are deemed to require review. The sub-grantee will be notified of the homes selected for inspection prior to the visit to allow coordination with the clients. It is the responsibility of the Sub-grantee to contact, schedule, and coordinate the monitoring visits with the clients.

- ADOH WAP will use the approved Field Guide and State Plan at the time the work was performed to evaluate the weatherization jobs.
- ADOH WAP will recommend re-works, re-inspections, and T&TA visits in response to findings.
- ADOH WAP will investigate legitimate customer complaints, which may result in the sub-grantee being required to return to correct errors or omissions.

- ADOH WAP will note concerns about sub-grantee operations on the inspection report.
- ADOH WAP will disallow costs and/or designate the sub-grantee as high-risk and place the Sub-grantee on a watch list in response to recurring major findings or persistent noncompliance with ADOH WAP policy.

Following the on-site/virtual technical monitoring visit a Field Monitoring Summary Report will be prepared and provided to the sub-grantee within 30 days following the completion of the monitoring event. The Field Monitoring Summary Report will be based on:

- **Findings**—an issue that is a violation of rules or standards and needs to be addressed. The sub-grantee will be required to submit evidence that the violation has been corrected and an action plan that ensures there will not be a repeat of the violation.
- **Concerns**—an issue that may not be in violation of rules or standards but needs to be addressed because if the practice continues it may become a violation in the future. The sub-grantee may be required to submit an action plan.
- **Recommendations**—based on best practices, experience, and expertise on how to improve certain aspects of the program.

### 11.2.2 On-Site/Virtual Fiscal

In accordance with the State Plan, on-site/virtual fiscal monitoring visits are required to evaluate sub-grantees' general administration and program management systems at least once a year.

ADOH WAP will notify sub-grantees of scheduled on-site fiscal monitoring event at least two weeks prior to the visit. The visit typically requires a minimum of two days to complete and requires frequent interaction with the sub-grantee Director and administrative staff.

Key issues identified during the fiscal monitoring:

- Procurement
- Invoicing techniques and fiscal oversight practices
- Job costs are in line with industry standards
- Verification of costs compared to scope of work
- Proper designation of expenses between Administration and Program Operations
- Property records and inventory control

Following the on-site fiscal monitoring visit, a Fiscal Monitoring Summary Report will be prepared and provided to the sub-grantee within 30 days following the completion of the monitoring event. The Fiscal Monitoring Summary Report will be based on:

- **Findings**—an issue that is a violation of rules or standards and needs to be addressed. The sub-grantee will be required to submit evidence that the violation has been corrected and an action plan that ensures there will not be a repeat of the violation.

- **Concerns**—an issue that may not be in violation of rules or standards but needs to be addressed because if the practice continues it may become a violation in the future. The sub-grantee may be required to submit an action plan.
- **Recommendations**—based on best practices experience and expertise on how to improve certain aspects of the program.

### 11.3 Desk Top Monitoring

ADOH reviews Sub-grantees entries into the AZWAP database as well as monthly payment requests to determine if the Sub-grantee is meeting its goals and expenditures in compliance with expenditure schedules.

Every month, each agency will be desktop monitored through the AZWAP.org database on the completed jobs submitted for that month. The AZWAP.org database will be closed to completed jobs on the 15th of each month. Upon receipt of the Sub-grantee's request for reimbursement of expenses, 100% percent desktop review of diagnostic performance on the completed jobs will occur. Should ongoing diagnostic performance issues be identified through desk review, the ADOH Principle Investigator/Energy Specialist will increase on-site monitoring to determine training needs and refer the agency to acquire appropriate training to correct the issues found. 100% of the Sub-grantees' request for reimbursement of expenses for completed jobs will be desk monitored for eligible weatherization costs and expenditures.

The goals of desktop monitoring are:

1. Performance analysis of weatherization work in the home;
2. Review of weatherization expenditures (costs allocated to appropriate funding source);
3. Eligibility and compliance issues; and
4. Identify specific focus areas for an agency visit, including problematic jobs.

If a compliance issue occurs, Sub-grantees will be issued a desktop monitoring report that identifies items needing correction and the request for reimbursement will not be processed. The sub grantee will be given fifteen (15) days to comply with the necessary corrections. If the Sub-grantee fails to comply in the 15-day timeframe, funding may be withheld until compliance occurs. A final desk audit report will be sent to the agency after all issues have been addressed. If any of the identified issues are uncorrectable, the Sub-grantee will not be reimbursed and the unit will not be considered a completed DOE unit.

If Grantee does not receive the plan of action (Corrective Action Plan) within the required timeframe or the deficiency is not corrected, the Sub-grantee may no longer be allowed to facilitate the weatherization program for their service area.

#### 11.3.1 Performance Monitoring

Quarterly performance goals and standards are made a part of the contractual agreement between the Grantee and Sub-grantees. The Grantee may, based on a review of the progress of Sub-grantee completed units and expenditures, move funds from a non or

under-performing Sub-grantee to a Sub-grantee meeting or exceeding their performance goals. The Grantee will review the performance of all Sub-grantees on a monthly basis. The first re-allocation of funds would occur at 6 months with additional re-allocations if needed at the 8-month and 10-month time periods or as deemed necessary by ADOH. It is the goal of the Grantee to use this method to ensure annual program funds are expended thereby reducing or eliminating carry-over and improving overall program performance.

### **11.3.2 Grantee Monitoring Expectations**

If the Grantee monitor fails to inspect to the standards of the most recently approved Arizona WAP State Plan, AZ WAP P&P, AZ WAP Field Guide, and other associated WAP regulations and guidelines, the Grantee monitor will be required to attend additional training to ensure complete understanding of the latest approved regulations and inspection guidelines. At the discretion of the DOE Project Officer and the Grantee, the Grantee monitor may be required to re-take the Energy Auditor with QCI Micro-credential training. Per WPN 23-1, Grantees are responsible for ensuring that Grantee technical monitors are QCI-certified and that Sub-grantee staff fulfilling this role possess an active QCI – certification. Grantee, Sub-grantee and Contractor staff who repeatedly fail to perform to Program expectations must be disqualified from performing work in the future. The Grantee is expected to follow the Quality Work Plan as detailed in WPN 22-4 and will follow DOE monitoring guidance and recommendations as detailed in WPN 20-4.

## **11.4. Enforcement**

### **11.4.1 Remedies for Noncompliance**

If sub-grantee materially fails to comply with any terms of the ADOH WAP program, one or more of the following actions may be taken, as appropriate to the circumstances:

- (a) Temporarily withhold cash payments pending correction of the deficiency by sub-grantee or more severe enforcement action by the funder;
- (b) Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance;
- (c) Wholly or partly suspend or terminate the sub-grantees WAP contract;
- (d) Withhold further awards to the sub-grantee;
- (e) Take other remedies that may be legally available.
- (f) New monthly performance goals and standards will be made a part of the contractual agreement between the Grantee and Sub-grantee. The Grantee may, based on a review of the progress of sub-grantee completed units and expenditures, move funds from a non or under-performing sub-grantee to a sub-grantee meeting or exceeding their performance goals. The Grantee will review the performance of all sub-grantees on a monthly basis. The first re-allocation of funds would occur at 6 months with additional re-allocations if needed at the 8 month and 10-month time periods. It is the goal of the Grantee to use this method to ensure annual program funds are expended thereby reducing or eliminating carry-over.

#### **11.4.2 Appealable Agency Action.**

Enforcement action taken under this section is an appealable agency action pursuant to A.R.S., Title 41, Chapter 6, Article 10.

#### **11.4.3 Effects of suspension and termination.**

Costs incurred by sub-grantee resulting from obligations incurred by sub-grantee during a suspension or after termination of an award are not allowable unless ADOH WAP expressly authorizes them in the notice of suspension or termination or subsequently.

#### **11.4.4 Relationship to debarment and suspension.**

The enforcement remedies identified in this section, including suspension and termination, do not preclude sub-grantee from being subject to "Debarment and Suspension" under the United States President's Executive Order 12549.

#### **11.5 Cancellation**

ADOH WAP may, by giving reasonable written notice specifying the effective date, terminate the sub-grantee contract in whole or in part for cause, which shall include:

- Failure, for any reason, of the sub-grantee to fulfill in a timely and proper manner its obligation under the contract including compliance with the approved work program and attached conditions, and such statutes, executive orders, and funder and/or Grantee ADOH WAP directives as may become generally applicable at any time;
- Failure to submit, late submission, incorrect or incomplete submission of required reports;
- Ineffective or improper use of program funds provided under the contract;
- Suspension or termination by funders (in whole or in part) of the grant to ADOH WAP under which the award is made. ADOH WAP may also assign and transfer the award as required by funder directives;
- If the sub-grantee is unable or unwilling to comply with the terms of the contract or with additional conditions as may be lawfully applied by the funder, or ADOH WAP, the sub-grantee may terminate the grant by giving fifteen (15) days written notice to ADOH WAP signifying the effective date thereof. Furthermore, the residual assets and property purchased by the sub-grantee under the contract shall be transferred at the discretion of ADOH WAP to an organization which is exempt from Federal income tax as an organization described in Section 501 (c)(3) of the Internal Revenue Code (1954) or to the appropriate federal, state or local government for exclusively public purposes. In such event, ADOH WAP shall require the sub-grantee to ensure that adequate arrangements have been made for the transfer of all property and finished or unfinished documents, data, studies, and reports purchased by ADOH WAP under this grant. The sub-grantee shall be entitled to compensation for any unreimbursed expenses reasonably and necessarily incurred in satisfactory performance of the contract. Notwithstanding the above, the sub-grantee shall not be relieved of liability to ADOH WAP for damages sustained by ADOH WAP by virtue of any reimbursement to the sub-grantee for the purpose of set-off until such time as the exact amount of damages due ADOH WAP is determined.

- If the sub-grantee is willing to relinquish a portion of the areas that they serve, the sub-grantee must give at least ninety (90) days written notice prior to the end of the program year to ADOH WAP signifying the effective date thereof. In such event, ADOH WAP will notify the other sub-grantees (CAAs, and other public and nonprofit entities) for the opportunity to manage the Weatherization Assistance Program in the said service areas. Interested sub-grantees must submit a plan of action and budget to manage the service areas up for award to ADOH WAP within thirty (30) days after notice. Potential sub-grantees must show experience and performance in weatherization activities, experience in assisting low-income persons in the area to be served, and capacity to undertake a timely and effective weatherization program. Upon selection, ADOH WAP will hold a public hearing to identify the sub-grantee(s) and amend the State Plan. Failure to relinquish prior to the ninety (90) day deadline will result in the sub-grantee having to maintain the contract for the remainder of current program year and will automatically make them a sub-grantee of the next program year.

## **11.6 Training and Technical Assistance**

T&TA activities are intended to maintain or increase the efficiency, quality and effectiveness of the Weatherization Program at all levels. Such activities shall be designed to maximize energy savings, minimize production costs, improve program management, crew and contractor quality of work, and reduce the potential for waste, fraud, abuse and mismanagement. ADOH WAP assesses the training needs of its sub-grantees through monitoring visits, Quality Control Inspections, and state meetings.

### **11.6.1 Methods Used to Provide Training**

- Formal classroom
- Field training
- Hands-on training
- Laboratory
- Certification Training
- Continuation Education Units (online, classroom, conferences)

### **11.6.2 Description of Training Activities to be undertaken:**

ADOH WAP formal training is provided by the South West Building Science Training Center (SWBCTC), which is operated by FSL, a non-profit organization. The SWBSTC is one of the 15 U.S. Department of Energy "Legacy" IREC Accredited weatherization training facilities in the country. The facility provides classroom and onsite laboratory-based trainings with a specific emphasis on Weatherization activities and building science knowledge, skills and abilities to perform work in the weatherization program.

ADOH WAP requires that the sub-grantee and its contractors participate in weatherization related trainings that build or enhance their knowledge, skills and abilities to provide weatherization services/energy efficiency retrofits in accordance with the 10 CFR, Part 440

and guidelines set out by the U.S. Department of Energy for the Weatherization Assistance Program.

**Current SWBSTC course offerings include:**

- WAP Boot camp w/BSP Option – This camp combines Energy 101, Pressure Diagnostic 101, General Thermal Performance, Residential Retrofit Application 101, and Combustion Safety course into a weeklong training course that will provide weatherization professionals with an introduction to energy principles, thermal performance, health and safety standards, LSW, auditing, pressure diagnostics, and field repair. This course provides a combination of classroom and hands-on instructions that will prepare candidates to perform the tasks required of weatherization technicians within the current Weatherization Program Guidelines.
- WAP Admin 101
- WAP Admin 102
- Energy 101
- Pressure Diagnostics 101
- Combustion Safety
- General Thermal Performance
- Computerized Energy Modeling
- Lead RRP Certification
- BPI Certification for Building Analyst (BA-T and/or BA-P)
- OSHA 10/30 Certifications
- Energy Auditor Certification
- Crew Chief Certification
- Quality Control Inspector certification/re-certification
- Success with Weatherization – Critical Details
- Healthy Homes Assessor

Though SWBSTC offers these courses, training for OSHA, BPI and other necessary WAP training can be provide by any accredited provider for the required certificates.

For details on SWBCTC and courses, visit the SWBSTC website at: [Southwest Building Science Training Center \(swbstc.org\)](https://www.swbstc.org)

Each sub-grantee will be required to maintain training records for its employees and contractors participating in the weatherization program. The training record will list all training courses they have attended, certifications they possess and date of expiration of those certifications. This information must be updated on an annual basis and may be required monthly if deemed necessary and requested by ADOH due to program deficiencies or staff turnover, and shall be provided to the ADOH WAP Staff. Certifications are tracked through two (2) forms that are updated annually in July or at the time of monitoring and submitted by the Sub-grantees to the Grantee. These forms can be downloaded from the ADOH website at: <https://housing.az.gov/documents-links/forms/weatherization> and are as follows:

1. Employee Certification and Verification Form
2. Sub-grantee/Contractor Certification Verification Form



ADOH WAP Staff will periodically review training performance of Sub-grantees by way of Sub-grantee self-assessment surveys, on-site/virtual monitoring, and communication with SWBSTC on specific training deficiencies and needs.

### 11.6.3 Required Training

#### Sub-grantee Program Administrator(s) (New Employees to WAP)

1. WAP Boot Camp w/BSP
2. Weatherization for Admins 101, Documentation and Admin
3. Weatherization for Admins 102, Understanding Energy Audits, Data Collection, and Energy Modeling
4. Understanding Procurement
5. Success with Weatherization (Critical Details)
6. Energy Modeling/OptiMiser or REM
7. DOE WAP Administrative Trainings for Sub-grantees (available at: <https://wap.litmos.com>)

#### Crew Leader

1. Renovation, Repair and Painting Rule (RRP)
2. OSHA 30-hour training
3. Building Performance Institute (BPI) Building Analyst Certification (BA-T & BA-P)
4. Energy Modeling/OptiMiser or REM
5. Success with Weatherization (Critical Details)
6. WAP Boot Camp w/BSP

#### Auditor and Inspectors

1. Renovation, Repair and Painting Rule (RRP)
2. OSHA 10-hour training
3. Building Performance Institute (BPI) Building Analyst Certification (BA-T & BA-P)
4. Success with Weatherization (Critical Details)
5. WAP Boot Camp w/BSP

#### Energy Auditor/Quality Control Inspectors

1. Renovation, Repair and Painting Rule (RRP)
2. OSHA 10-hour training
3. Success with Weatherization (Critical Details)
4. WAP Boot Camp w/BSP
5. Energy Auditor (BPI EA)
6. Quality Control Micro-Credential (Only available after passing the BPI EA)
7. Energy Modeling/OptiMiser or REM

### 11.6.4 Required Training - New Field Employees and/or Contractors

#### Within 6 months of Employment

1. WAP Boot Camp w/BSP
2. Renovation, Repair and Painting Rule (RRP)

3. OSHA 10 or 30-hour training (Depending on position held)

**Within 1 year of employment**

- Combustion Safety
- Success with Weatherization (Critical Details)

**11.6.5 Comprehensive Training (aka Tier 1)**

Comprehensive training requires all WAP workers, including contractors, to go through a comprehensive training for their specific occupation of work, i.e. Auditor, Crew Chief, and Installer, which follows a curriculum that is in line with the Job Task Analysis (JTA) for their occupation. This training will be required to be taken at a facility with a DOE approved accredited training program for the JTA being taught and must be an IREC Accredited Training Facility.

Energy modeling training classes are also currently provided through the Southwest Building Science Training Center and the first virtual class took place on November 4th, 2021 and had 35 attendees. This session was quite successful and allowed safe and easy access for individuals in remote locations.

Comprehensive training will be based on a rotating once every three-year training schedule for each JTA: Auditor, Crew Chief and Installer. The Comprehensive schedule will begin with the Auditor training in Mid Program Year 22. The following year will be Crew Chief training and finally year three will cover Installer training. Year four will rotate back to Auditor training, etc. QCI certification will occur every three years with the next required training in the fall of 2024.

**11.6.6 Specific Training (aka Tier 2)**

Specific training does not require an accredited program and is made up of both field and classroom training. Specific Training is not a pre-scheduled training. Rather, the training will be done when concerns arise during a Grantee Field monitoring, Quality Assurance visit, desk audit, internal audit, database or energy audit review, DOE monitoring or IG reports etc. If there are consistent issues, the Sub-grantees must send workers to training that will address the issues.

Arizona WAP provides Sub-grantees with T&TA funding to support attendance and participation at weatherization training events such as the HPC National and Energy OutWest weatherization conferences. It is **expected** that essential program personnel and **Sub-grantee staff holding BPI certifications** attend these conferences to stay current with new regulations, processes and technologies and obtain necessary CEU's to retain the required certifications. Arizona WAP is aware that some Sub-grantees might have travel restrictions due to budget constraints and/or the COVID Pandemic. It should be noted that funds to pay for Sub-grantee travel are provided as part of the Weatherization grant award and proper usage of these funds will be closely monitored by Arizona WAP. Sponsorships to/for these conferences may be provided to allow additional personal to attend at reduced registration rates or at no cost. ADOH may also allow for the continued success of the AZ WAP, funding of future conferences/classes which align with the DOE training and certification requirements to ensure program sustainability in years to come and encourage an increased knowledgeable workforce.

Attendance at state-sponsored training may be required based on the importance of the topic and information to help correct program deficiencies or to ensure competence in specific areas. In such cases, Sub-grantee and delegate attendance will be required as a matter of program compliance.

### 11.6.7 Contractor Training

Training of contractors is an allowable cost through T&TA funds, though any costs associated with training contractors shall be preceded with a retention agreement in exchange for the training as well as an approved T&TA Request from ADOH (when applicable). Reimbursement of labor, mileage, meals and lodging costs for contractors attending trainings is **allowable and shall follow the guidelines below:**

- As applicable, Contractor must be selected in accordance with 2 CFR 200 compliant procurement policies and procedures.
- Sub-grantees must clearly communicate how training will be paid for during procurement process so contractors know what costs to exclude and include in the bid. Training must either be included in the contractor overhead or reimbursed per the approved T&TA Plan, not both.
- Sub-grantees must clearly communicate the T&TA reimbursement policies and procedures in a binding agreement with the contractor.
- All funds used for contractor reimbursements must be from T&TA budget line item.
- Reimbursement for the time to attend training must be reasonable and based on Sub-grantee specific labor rates or other available data.
- Travel reimbursements must be based on actual costs, the GSA Per Diem Rates, or equivalent Grantee or Sub-grantee-specific policy.
- The plan should set limits and thresholds for contractor reimbursements, for example:
  - A fixed dollar amount per day of training or per training course.
  - Total dollars to a contractor firm.
  - Course or exam fees per trainee.
  - Limits on the number of exam retakes that will be reimbursed. Apply an exam retake policy consistently to Sub-grantee employees and contractors.
- All applicable pre-requisites are required to challenge the Energy Auditor and Quality Control Inspector exams.

Sub-grantees shall consider whether the term of the retention agreement aligns with the cost of training provided. Sub-grantees will be responsible to ensure their contractors are meeting the requirements for Comprehensive and Specific training. On an annual basis, Sub-grantees must provide a completed WAP Sub-grantee/Contractor Certification Verification Form to the Grantee for desk monitoring purposes to assist with determining if DOE training requirements per WPN 22-4 are being met.

Whenever possible, the term of a retention agreement shall coincide with the one-year contract (between the Agency and the Contractor) or one-year renewal period. Otherwise, the retention agreement shall be for the duration of the contract from the time the training is provided, not to exceed one year. Training, but not certification as a Lead or Asbestos Company or maintenance of any certifications, may be provided to subcontractors meeting retention requirements. Note that the retention agreement requirement does not apply to

Grantee or contractor orientation sessions or when grantees provide instruction to contractors on improving technique as needed. should there become a backlog. This makes up to four (4) third party Certified QCI available to the Sub-grantee network.

#### **11.6.7.1 Certified Quality Control Inspectors**

Arizona Department of Housing (ADOH) Weatherization Policies and Procedures require each Sub-grantee to have a Certified Quality Control Inspector on staff or have a contractual agreement with a third party Certified QCI Inspector. There are currently three (3) third party QCI inspectors working with six (6) out of 10 of the Sub-grantees serving rural Arizona. Four (4) metropolitan Sub-grantees have a designated service provider with QCI staff. Arizona has not experienced a reported delay in obtaining a QCI for completed DOE units. However, through a contractual agreement, ADOH has the ability to make the three Certified QCI inspectors from Foundation for Senior Living available to the Sub-grantee network should there become a backlog. This makes up to five (5) third party Certified QCI available to the Sub-grantee network.

#### **11.6.8 Client Education**

Client education activities are highly encouraged. Sub-grantees have received technical assistance regarding client education techniques and opportunities. This is reinforced during field monitoring visits as the monitor is trained to speak with clients about various energy saving (and some non-energy savings) steps they can take such as; changing filters once a month, using CFLs or LEDs, responsible management of their thermostats, water heater temperature usage and settings, combustion appliance safety, moisture control, and lead safety. Sub-grantees are required to distribute the lead booklet/pamphlet, "Renovate Right" (when potential for hazard exists), and mold and moisture awareness, pamphlet "A Brief Guide to Mold, Moisture, and Your Home", and the Radon pamphlet; The EPA Consumer's Guide to Radon, to clients prior to weatherization. Client education can occur at different times throughout the process and can include distribution of client educational material at the time of application as well as one-on-one during and post weatherization work by the energy auditor and/or field crew staff. Each Sub-grantee must determine the best method of ensuring energy education is performed. Sub-grantees must have the client sign the Hazard Disclosure Form acknowledging receipt of the lead, mold and radon materials. Additionally, Sub-grantees should complete the Household Action Plan Form, have the client sign and provide a copy to the client. The Original signed form should be retained in the Client's file. All forms are currently available on the ADOH WAP website at:

<https://housing.az.gov/documents-links/forms/weatherization>.

Additionally, Arizona Utilities (APS, SRP, SWG, TEP and Unisource Energy) all use the same brochure available in English and Spanish called "Home Energy Saving Checklist". This brochure is free and available to any community partner from <https://energyassistaz.com/secure/ContactForm.aspx> and lists no cost and low-cost ways to save energy and reduce utility bills.

### **Chapter 12. Forms**

ADOH AZ WAP forms are often updated as regulations and guidance frequently change. For the most current required and optional ADOH AZ WAP forms follow this link: <https://housing.az.gov/documents-links/forms/weatherization> \*\*\*With the New AZ

Weatherization Assistance Program Software Suite developed in partnership with OptiMiser and ADOH, many Forms will be changing and adjusted as the new system is designed to Reduce Administrative Burden as defined by the OMB in the Executive Summary “Strategies for Reducing Administrative Burden in Public Benefit and Service Programs” further detailed in [OMB M-22-10](#)

## Chapter 13. Reference Documents

### 13.1 Arizona WAP Field Guide:

- FY2021 – FY2026 AZ WAP Field Guide <https://housing.az.gov/documents-links/forms/weatherization>

### 13.2 AZ WAP Audit and Inspection P&P Manual

- <https://housing.az.gov/documents-links/handbooks>

## Appendix A – Definitions and Acronyms

### ADOH WAP

The State of Arizona, Department of Housing, Community Development and Revitalization (CD&R) Division Weatherization Assistance Program.

### Air Sealing

A systematic approach to tightening a dwelling unit’s building shell to reduce uncontrolled infiltration/exfiltration through the building shell.

### Appliance

Any device powered by electricity, oil, or gas designed for household use. This includes, but is not limited to refrigerators, freezers, dehumidifiers, heating systems, and water heaters.

### Baseload Measures (Incidental Repairs or Low Cost/No Cost)

An energy conservation measure that reduces the daily non-heating electrical use of a dwelling unit. An example of a baseload measure is the installation of compact fluorescent lighting in place of incandescent lighting.

### Blower Door

A diagnostic tool used to locate points of infiltration in the building envelope and help prioritize the air sealing protocols.

### Callbacks

Additional work required as a result of a final inspection or complaint/concern and occurs prior to a dwelling unit being reported as complete.

### CAZ

Combustion Appliance Zone. A test designed to measure the levels of carbon monoxide in worst-case scenario.

### Client

A person that has been determined to be eligible for the Weatherization Program and who will receive or has received weatherization work on their current eligible dwelling.

**Client Notification Requirements**

The weatherization program has notification requirements for owners and occupants in several areas. Examples include deferral and denial, including appeal information (see Chapter 2), Health and Safety (see Chapter 10), and tenant notification (see Chapter 2). This is not an exhaustive list.

**Completed Measure**

A measure that has been installed in accordance with all standards and specifications contained in this manual and/ or other program guidance, including the Weatherization Field Guide.

**Completed Unit/Job**

A dwelling unit that has received all the appropriate weatherization measures required by applicable funding sources and meets the following criteria: the unit has passed a final inspection; if funded with DOE, has passed a quality control inspection; the property owner, or the owner's authorized representative, has completed the owner sign-off document; a completion date is entered in the AZWAP.org database.

**Cost Allocation**

A method used to assure that costs are charged to funding sources appropriately and accurately. Cost allocation plans identify the methodology by which this takes place.

**Damaged Materials**

Materials specifically assigned or designated for a specific dwelling unit/job that are damaged and made unusable either during transit to the job site or at the job site, prior to installation.

**Deferral of Service**

A delay of weatherization services to an eligible dwelling unit because of the presence of hazardous working conditions or other conditions that impede completion of weatherization work.

**Denial of Service**

Denials are limited to dwellings that are not eligible (e.g., previously weatherized, customer/owner did not correct reasons for deferral, insufficient number of eligible dwelling units in multi-unit), or there are no energy conservation measures to complete at the dwelling.

**Department of Energy (DOE)**

The federal U. S. Department of Energy (US DOE) whose mission is to advance energy technology and promote related innovation in the United States. DOE also refers to funds provided by US DOE.

**DOE Priority Clients (for service priority)**

The DOE priority client characteristics are factored into the prioritization of households. The DOE identifies priority categories of elderly (persons 60 and older), persons with disabilities, and families with young children (under six), which may also be used to determine the

priority of service. The DOE identifies additional flexibility to target services by adding the categories of high residential energy user, and households with a high energy burden.

**Dwelling Unit**

A structure, including a stationary mobile home, apartment, group of rooms, or a single room occupied as a separate living quarters. A dwelling unit has an identifiable site address such as a fire number, street address, or a County APN/Parcel Number. A United States Postal Service PO Box number is a mailing address and does not constitute a dwelling unit address.

**Elderly Person**

A person who is 60 years of age or older.

**Eligible Dwelling Unit**

A dwelling unit occupied (or, with DES permission for certain rental units, will be occupied within 180 days of completion) by an eligible low-income household, that; was not previously weatherized; or was weatherized 15 years prior to the date of the new application using any known Federal funding (See Chapter 2 for eligibility requirements for multi-unit buildings).

**Energy Audit**

An inspection of the dwelling unit that documents its conditions from a CAZ, thermal, structural, appliance, lighting, and safety perspective.

**Energy Efficient Measures (EEMs)**

The measures installed in a home that return energy cost savings.

**ENERGY STAR® Standards**

When stated in this manual that a product “shall meet ENERGY STAR® standards,” it shall be labeled and listed on the Energy Star® website (<http://www.energystar.gov/>), and shall conform to the set of criteria used by ENERGY STAR® to rate products.

**Family Unit**

Per 10 CFR 440.3, a Family Unit is defined as “all persons living together in a dwelling unit”. ADOH has further defined this as **all** persons living together in a dwelling unit more than 51% of the time. If a separation has occurred, proof in the form of legal documentation from a Court of Law shall be provided at the time of qualification.

**Financial Audit**

The review and/or inspection of any or all fiscal or accounting records or procedures of a local Sub-grantee or their subcontracted agencies. Also see Chapter 3. Financial Standards.

**Group Homes**

A facility where a group of persons, related or unrelated, live together in a dwelling unit and jointly share in providing the necessities of life for the person(s) in the group. The necessities of life are shelter, heat and utilities.

**High Energy Burden Household**

A low-income household whose residential energy burden (residential expenditures divided by the annual income of that household) exceeds the median level of energy burden for all low-income households in the State.

**Home Energy**

All fuel sources used in a dwelling unit including all heating costs, cooling costs, non-heating and non-cooling costs. Non-heating and non-cooling costs are often referred to on utility bills as baseload costs (the base costs before heating or cooling costs are included).

**Household**

Any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent.

**Improper Invoice**

An invoice presented for payment not submitted with adequate or correct information for processing. Examples include incorrect price, cash discount not shown, incorrect reference to purchase order number, missing required forms or documents, or submittal to the incorrect address for processing, as identified in the Contract.

**Indoor Air Quality**

The quality of indoor air relative to its acceptability for healthy human habitation. Assessing, and ameliorating, when necessary, the quality of indoor air is a major concern of the weatherization process. For example, the presence of by-products of a combustion appliance is considered unhealthy indoor air.

**Infiltration**

The uncontrolled air entering the shell of the building.

**Landlord Contribution**

The portion of the cost of weatherization that is born by the owner of a rental property.

**Lead Safe Work**

Conditions that meet the OSHA and EPA requirements for adequate protection from lead exposure for both the building occupants and the workers and contractors performing the weatherization activities.

**Low Income Home Energy Assistance Program (LIHEAP)**

The program that is federally designated under 42 U.S.C. 8621 and provides block grants to states. LIHEAP provides benefits and services to assist low-income households with the cost of energy used for home heating and cooling. These federal funds are used together with other funding sources to operate the ADOH Weatherization Assistance Program

**Multi-Family Building**

A building that contains five or more adjoining units of housing.

**Multi-Unit Building**

A building that contains more than one unit.



**OMB**

The federal Office of Management and Budget issues Circulars in the areas of uniform administrative requirements (A-110, cost principles (A-122) and financial audits (A-133). These circulars have now been codified in 2 CFR 200.

**Persons with Disabilities**

*Persons with Disabilities* means any individual (1) who is a handicapped individual as defined in section 7(6) of the Rehabilitation Act of 1973, (2) who is under a disability as defined in section 1614(a)(3)(A) or 223(d)(1) of the Social Security Act or in section 102(7) of the Developmental Disabilities Services and Facilities Construction Act, or (3) who is receiving benefits under chapter 11 or 15 of title 38, U.S.C.

**Poverty Level**

Household income in relation to family size based on federal poverty guidelines.

**Program Income**

Income earned by a Sub-grantee from grant supported activities, including but not limited to, income from service fees, sale of commodities, usage or rental fees, and royalties, patents and copyrights.

**Pressure Diagnostics**

The practice of measuring air pressures and flows in a building to control air leakage.

**Savings-to-Investment Ratio (SIR)**

The ratio between the energy cost savings over a period of time versus the investment cost of installing a weatherization measure. To be eligible for DOE funds the measures must meet a SIR of one (1) or greater; or follow the DOE approved priority list.

**Scope of Work**

A written agreement between a Sub-grantee and the owner/agent of an eligible building that discloses the type and amount of weatherization work to be done on the building including materials to be used; and other conditions both parties shall agree to, including the right for representatives from the Sub-grantee as well as state and federal government, or their designee, to verify the delivery of weatherization services and the quality of those services. The owner/agent shall sign the Scope of Work prior to the installation of weatherization measures.

**Separate Living Quarters**

Living quarters in which the occupants do not live and eat with any other persons in the structure and which have either direct access from the outside of the building or through a common hall or complete kitchen facilities for the exclusive use of the occupants. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements and includes shelters for homeless persons.

**Single-Family Dwelling Unit**

A structure containing no more than one dwelling unit.

**Sub-grantee**

The non-profit, local or regional entity under contract with the ADOH WAP to provide weatherization services to low-income families as defined in 10 CFR 440.15 Sub-grantee).

**Weatherization**

The improvement of a dwelling unit to reduce energy consumption. It often includes the installation of insulation and replacement or modification of the unit's heating and/or cooling system and making the residence more energy efficient and addressing allowable Health and Safety measures in connection with typical weatherization work.

WORKING DOCUMENT