

# **North Carolina**

## **Weatherization Assistance Program**

**and**

## **Heating & Air Repair & Replacement Program**

### **Program and Budget Guidance**

**North Carolina Department of Environment and  
Natural Resources**

Issued March 1, 2015

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## **Background**

The Weatherization Assistance Program's mission is to enhance the wellbeing of low-income residents, particularly the elderly, the handicapped, and children, through the installation of energy efficiency and energy-related health and safety measures. Thus, the clients who are most vulnerable are benefited through reduced energy bills, enhanced comfort, and the mitigation of energy-related health risks. The Heating and Air Repair and Replacement Program's purpose is to repair and/or replace non-functioning heating and air systems in homes.

## **Program Budget and Program Guidance**

The North Carolina Weatherization Assistance Program and Heating & Air Repair & Replacement Program (HARRP) Budget and Program Guidance is intended for use by the Grantee (NCWAP) and Subgrantee staff, and incorporates information contained in federal and state regulations as well as the WAP State Plan. This Guidance shall be used in conjunction with the North Carolina Weatherization Installation Standards (NCWIS).

The Guidance was designed as a comprehensive reference on budget and program information for the management of NC WAP. The Guidance is referenced in the Subgrantee contract and adherence is required.

The Guidance will be reviewed and revised as needed. Policy changes identified in the annual Weatherization State Plan are included in the Guidance. Input from staff and program participants will be taken into consideration when making alterations to this document.

# **1 Program Organization**

## **Federal**

The United States Department of Energy (DOE) is responsible for the Federal administration of the Weatherization Assistance Program (WAP). The program is administered in accordance with 10 CFR, Part 440, Subpart D, of the DOE Regulations.

## **State**

NC WAP administers both the WAP and HARRP programs in North Carolina from a central office located in Raleigh through the North Carolina Department of Environment and Natural Resources' Division of Energy, Mineral, and Land Resources' Energy Sector. Raleigh representatives of NC WAP administer fiscal payment and administration, contract processing and administration, policy planning and reporting, technical assistance, and logistical support functions. Its specific responsibilities are:

- To plan and administer the statewide Weatherization Assistance Program subject to monitoring by the federal level of DOE.
- To transmit program policy and appropriate materials to Subgrantees.
- To regularly monitor and evaluate local agency performance.
- To assist local agencies in the development of correction action plans when appropriate.

NC WAP will enforce the rules, regulations, and mandates governing the responsibilities of local Subgrantees in the operation of WAP.

## **Subgrantees**

Subgrantees administer the WAP on the local level. They are the first point of contact for most program participants and are the primary contact for building owners and low-income households that are the intended program beneficiaries. They perform most of the functions that are necessary to meet program goals, and follow procedures to ensure compliance with all program requirements.

Subgrantees are responsible for ensuring that WAP funds are only expended on eligible activities and on behalf of eligible households. Subgrantees bear the prime responsibility for meeting the energy conservation and technical performance goals of the program. Subgrantees foster the technical advancement of the program and provide the public "face" of weatherization. Subgrantees are also responsible for cooperating with NCWAP in providing information to DOE, other State agencies and to the public.

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

## **2 Funding**

The grantee will use the approved allocation formula to assign funds to Subgrantees. Fifty one percent of the allocation will be based on the number of households in poverty in a Subgrantee's territory, and 49% of the allocation will be based on the number of houses completed in the most recent state fiscal year. The number of units will not be used in years during which official census data was released. WAP is funded by both the U.S. Department of Energy (DOE) [Catalog of Federal Domestic Assistance (CFDA) 81.042] and the U.S. Department of Health and Human Service's Low-Income Home Energy Assistance Program (LIHEAP) (CFDA 93.568). HARRP is funded entirely by LIHEAP.

### **3 Policy Advisory Council**

As required by federal regulations, a Policy Advisory Council (PAC) advises NC WAP on a broad range of issues relating to WAP. The PAC is broadly representative of organizations that provide services to low-income persons in the state of North Carolina. At least one PAC meeting is held during the contract/budget period.

## **4 State Plan**

A Weatherization Assistance Program State Plan is developed annually by NC WAP as part of the application for federal WAP funds. The State Plan is used as an overall guide for program operation and outlines the NC WAP objectives for the expenditure of funds received from DOE. It identifies the local Subgrantees contracted to carry out NC WAP activities, projects the allocation to be awarded to each local Subgrantee, and lists the number of units that are expected to be weatherized during the annual budget period.

Before the State Plan is submitted to DOE for approval, it is reviewed by the PAC and public hearings are held to obtain comments on the State Plan. These hearings provide an opportunity for Subgrantees, communities, and residents to have input regarding current program operations. It also identifies the potential needs of new NC WAP service providers. The final State Plan is submitted to DOE for approval after consideration of comments received.



## **5 Subgrantee Responsibilities**

Subgrantees administer NC WAP and HARRP on the local level. They are the first point of contact for most program participants and the primary contact for the intended program beneficiaries, such as building owners and low-income households. Subgrantees perform the majority of the functions that are necessary to meet program goals and follow procedures to ensure compliance with all program requirements.

Subgrantees are responsible for ensuring that funds are expended only on eligible activities and on behalf of eligible households, and the Subgrantees bear the prime responsibility for meeting the energy conservation and technical performance goals of the program. Through partnering with NC WAP, Subgrantees foster the technical advancement of the program and provide the public “face” of weatherization. Subgrantees are also responsible for cooperating with NC WAP in providing information to DOE, the Department of Health and Human Services, other state agencies, and the general public.

By entering into a contract with NC WAP, Subgrantees are responsible for meeting all of the terms and conditions of this Guidance and any other contract documentation. Any Subgrantee with questions concerning the Guidance is encouraged to contact NC WAP.

### **5.1 Conflict of Interest**

Subgrantee staff acting either as individuals or on behalf of an outside contracting firm may neither solicit, nor provide contractor services to low-income clients who have received or been deemed eligible for NC WAP services. Low-income clients seeking work from private contractors shall be advised to consult with other sources. Additionally, Subgrantee staff who offer other energy or building repair services to the general public for a fee may not perform these same services for the Subgrantee.

Subgrantee staff who originally establish a relationship with the client as a representative of NC WAP may not transition that relationship into one where they subsequently become a private contractor for the client. Subgrantee staff who engage in private contractor work are also prohibited from using Subgrantee tools, vehicles, and equipment to perform said private contractor work; they must have their own privately owned tools, vehicles, and any other equipment when doing said private contractor work.

Subgrantees who are set up to perform services through a fee-for-service arrangement are not prohibited from providing such services to clients so long as it is the Subgrantee, and not an employee acting as an independent contractor, who is paid for the services. The fee-for-service arrangement must be in accordance with all appropriate requirements.

## **5.2 Outreach**

All Subgrantees shall conduct outreach as needed. Outreach efforts shall be made to provide information regarding the existence and nature of the program, accessing the program, eligibility requirements, and the application process for NC WAP services. Subgrantees shall have written protocols describing their outreach efforts and the client selection process that address the demographics of their service area with specific reference to how they identify and serve owners and renters and other populations with special needs.

It is essential that Subgrantees provide targeted public outreach so all eligible households in their service area are aware of the NC WAP program, such as households with a concentration of minority groups or others that are not likely to apply without targeted outreach. This may also entail outreach to neighborhoods or areas other than the one in which the Subgrantee is located. Subgrantee outreach shall ensure that information on NC WAP is readily available at all local human services and governmental agencies serving low-income persons and that the staff of those agencies are familiar with NC WAP. In some areas, Subgrantees may need to make arrangements for conducting client services in other languages besides English or Spanish.

Additional outreach efforts consisting of various types of public service announcements shall also be targeted at public and private organizations that provide similar services, as well as directly to the general public. When promoting NC WAP, Subgrantee publications and advertisements must include statements and/or information indicating that DOE and the North Carolina Department of Environment and Natural Resources are the funding agencies.

In order to provide NC WAP services for the projected number of dwelling units in any given year, Subgrantees must have an adequate number of clients available. In certain areas of the state where Subgrantees experience difficulty obtaining enough clients to fulfill their contractual commitment to NC WAP, outreach to clients will play an essential role in the continuation of an NC WAP contract for that service area. In cases where outreach still fails to produce an adequate number of clients, NC WAP is committed to working with the Subgrantee and adjoining Subgrantees to consider the consolidation of service areas or to make other arrangements for providing services in that area.

## **5.3 Coordination with Local Partners**

NC WAP encourages Subgrantees to coordinate their resources with local housing agencies in the Subgrantee's service area whenever possible. But while coordination is strongly encouraged, Subgrantees must still keep in mind and maintain the core principles of NC WAP as follows:

- 1) Clients must be eligible under NC WAP/HARRP rules.
- 2) Material and labor standards must meet NC WAP requirements.
- 3) There must be an NC WAP energy audit, with a concern for health and safety, documenting the scope of the work that NC WAP is funding.

Subgrantees and local housing agencies should begin discussing program resource coordination early on in the weatherization process and become familiar with each program's mission. Subgrantees should have an understanding of what can be accomplished by each program, as well as the program-specific opportunities and limitations inherent in program resource coordination, since Subgrantee and local housing agency resource coordination often results in the greatest benefit of services for the client.

#### **5.4 Weatherization Assistance Program Energy Audit**

The WAP energy audit is driven by federal requirements of the program to provide a comprehensive analysis of the energy systems providing heat, hot water, and lighting to the building's heated envelope. It is not a comprehensive analysis of housing quality. Thus, assessment of the building's structural integrity shall be limited solely to how it affects the performance of the energy systems. As such, the WAP energy audit shall assess the condition of the roof, sidewalls, windows, plumbing and electrical systems from the perspective of how they may positively or negatively affect the energy measures proposed for the building's energy systems. NC WAP shall only fund work where the savings-to-investment ratio of a proposed measure is 1.0 or greater; thus, the program shall be limited to those measures that primarily focus on energy savings.

## **6 Contract**

The WAP contract between NC WAP and the Subgrantee is written for a period of one fiscal year beginning on July 1 and ending on June 30 of the following year. The Subgrantee is responsible for completing their contract/budget goals regardless of participation in any other projects that they may enter into.

Contracts are based on the estimated production of a minimum number of units at a maximum cost-per-unit average. Subgrantees are eligible for reimbursement of the full budgeted amount when they complete the minimum number of units at the maximum cost-per-unit average. However, if any Subgrantee completes their minimum number of units at an average cost that is less than the maximum cost-per-unit average approved in the WAP contract for that budget period, they must complete additional dwelling units in order to fully expend the funds allotted for materials, labor, and program support and, therefore, be eligible for full reimbursement of the expenditure funds allotted for that budget period. DOE regulations require that reimbursement cannot exceed actual expenditures on weatherized dwelling units. The default cost per unit average shall be \$6,000.

Subgrantees are required to monitor their expenditures and production throughout each contract period and make any adjustments necessary in order to reach their production goal and fully expend their budget-period allocation. Subgrantees should assess their expenditures and production at the mid-point of each budget period and again 90 days prior to the end date of the budget period. This should include any expenditures and production to date, as well as any anticipated expenditures and production through the end of the budget period. If the results of this assessment determined that it is probable that the budget will not be fully expended or that production goals will not be completed by the end of the budget period, NC WAP should be consulted to determine whether a budget amendment or a reduction in allocation for that budget period should be submitted.

### **6.1 Grant Application**

Subgrantees must segregate the obligations and expenditures related to funding under LIHEAP, DOE WAP, and HARRP. Financial and accounting systems shall track and maintain these funds exclusively and separately from other revenue streams. No part of these funds shall be comingled with any other funds or used for a purpose other than that of making payments for the allowable costs for each individual program.

### **6.2 Contract Amendment**

Any alterations to the scope of work described in the contract must be made through a contract amendment. Alterations include a change in funds, a change in contract dates, and a change in the number of units to be completed. A contract amendment must have the approval of the board chairperson (or the board chairperson's authorized designee), an updated budget, and an updated work program. After review by NC WAP, a contract amendment is submitted to NCWAP for

review. Once approved, two copies are sent to the Subgrantee for signatures. The board chairperson must sign the two original copies and they must be returned to NC WAP for counter signatures. Because of this review and the need for original signatures, a contract amendment may take up to six weeks to be fully processed. Amendments shall not be accepted within six weeks of the termination date of a contract.

### **6.3 Budget Change**

A Subgrantee has the flexibility to move funds between budget categories as long as they have received prior approval. NC WAP approval of a budget change is required before the revised budget can be listed on the monthly Financial Status Report. All budget change requests must be accompanied by a completed budget and a Request for Budget Change Form signed by the executive director or board chairperson that reflects the requested changes.

Any budget change that moves funds in a way that results in an increase in the number of units the Subgrantee is required to complete is a change in the scope of work, and will therefore be rejected. A change in the scope of work must go through the contract amendment process. A budget change will not be accepted within three weeks of the termination date of a contract.

## 7 Financial and Compliance Reporting

### 7.1 Debarment and Suspension of Funding

If Subgrantees are listed on either the Federal Excluded Parties List System or the North Carolina Office of State Budget and Management's Suspension of Funding List, NC WAP is prohibited from entering into grant agreements with them, and/or must withhold grant funds that have not yet been disbursed. Additionally, Subgrantees are restricted from entering into agreements with subcontractors that are listed on either the System for Award Management or the State Budget and Management's Suspension of Funding List.

These lists must be checked either before entering into an agreement with a subcontractor, or yearly at a minimum. A log of these checks must be maintained by the Subgrantee and must contain the name of the subcontractor, the date the lists were checked, and person who performed the check. The lists can be found at the following websites:

System for Award Management (Under "Records Search")

<https://www.sam.gov/portal/public/SAM/>

Suspension of Funding List (Excel File under "Recent Releases")

<http://www.osbm.state.nc.us/index.shtm>

### 7.2 Financial Status Report (286)

A Financial Status Report (FSR) will be required for the duration of the contract. Only approved advances and reimbursements for expenditures are allowable. All amounts must be in whole dollars. The signed report and all required attachments must be submitted by the 10<sup>th</sup> business day of each month. Signatures from the Board Chair or Executive Director shall be acceptable. If an employee or board member other than the two positions previously listed sign, the authorization for that person's signature (usually in the employee manual, fiscal manual, or bylaws) must accompany the FSR.

The following monthly supporting data for the FSR must be submitted electronically:

- General Ledgers in Excel format for DOE, LIHEAP, HARRP and Administration;
- Accounts Payable Aging/Detail Report in Excel format for DOE, LIHEAP, HARRP and Administration;
- Payroll register in Excel format for DOE, LIHEAP, HARRP, Administration, and Shared (such as intake personnel, who work for other programs but perform certain tasks for Weatherization programs) Employees; (do not include employees social security numbers)
- Employee (as requested for the payroll register) timesheets in PDF format; (do not include employees social security numbers)
- Copies of programmatic monthly invoices in PDF format. Include direct programmatic purchases only. If rent, utilities, or leases are paid by the program a copy of the invoice will be required);

- Certified tax statements (if applicable) in PDF format.
- Indirect cost calculation in PDF format; and
- Cost allocation calculation in PDF format.

In addition to the monthly submission, the following items will only need to be re-submitted when the items are revised:

- Approved Indirect Cost Plan used for calculation in PDF format; and
- Approved Cost Allocation Plan used for calculation (include the measure for allocating in the calculation—square footage, employee, copies, etc.) in PDF format.

### **7.2.1 Treatment of North Carolina Sales Tax**

The Office of Management and Budget Circular A-122, Attachment B, Number 46 states that taxes in which an organization is afforded an exception not to pay are not allowable. Subcontractors must either separate the sales tax on the invoice *or* furnish a certified statement. This certified statement must include: date the materials were purchased, type of materials purchased, cost and taxes (local and state) paid on materials, project for which the materials were used for, the county the materials were delivered to (if purchased in state), and the county where the materials were used (if purchased out of state).

### **7.2.2 Vendor Electronic Payment Form**

Subgrantees shall receive payments electronically, rather than by check. To set up electronic payment visit the Office of the State Controller website at [www.osc.nc.gov](http://www.osc.nc.gov):

1. Click on Forms and Policies, to the bottom of the screen under Forms click on E-Commerce/SECP
2. Click on “Vendor Electronic Payment Form”. Subgrantee must complete the form in its entirety and attach a copy of a voided check. In the section of the form that states “Attach Voided Check or Provide a Bank Letter with ACH Routing/Account Info” state what funds should be received in this specific account, such as “Standard Weatherization/HARRP only” or “ARRA Weatherization only”.

Once the form is completed, fax or email to the NC WAP. You will then be notified by NC WAP as to when funds will begin to be directed to this account.

## **7.3 Advance Payment Program**

Subgrantees may participate in the advance payment program if they would experience an undue hardship by not receiving an advance. The Subgrantee must complete a Certification of Cash Needs Form. If approved the Subgrantee may have up to 8.3% of its weatherization allocation. The Advance is capped at 8.3% to ensure that the Subgrantee has no more than 30 days cash on hand.

### **7.3.1 Insured Bank Account**

In order to ensure that advanced WAP funds are properly safeguarded, they must be deposited in either a financial institution insured by the Federal Deposit Insurance Corporation or a credit union insured by the National Credit Union Share Insurance Fund. All funds shall be put in an interest bearing account unless:

1. The Subgrantee receives less than \$120,000 in Federal awards per year;
2. The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on Federal cash balances;
3. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

No advanced funds received directly from NC WAP or program income sources shall be put at risk by being deposited in a money market, certificate of deposit, bond, or other uninsured financial instrument.

### **7.4 Program Income**

Program income is any gross income earned by the Subgrantee that is directly generated by a WAP supported activity or earned as a result of weatherization. Program income includes, but is not limited to:

1. Fees for services performed
2. The use or rental of personal property acquired under federally-funded projects
3. The sale of commodities or items fabricated under an award.

Subgrantees must disburse available program income funds and the interest earned on such funds before requesting additional cash payments. Program income may not be carried forward beyond the contract.

Program income earned during the project period may be used in one or more of the following ways:

1. Added to allocated funds and used to promote program objectives
2. Deducted from the total project or program-allowable cost when determining the net allowable costs.

Interest earned on advances of NC WAP funds is *not* considered program income. Such interest must be remitted to the federal government in accordance with the DOE Financial Assistance Rule. Leveraged resources are *not* considered program income. Landlord contributions are *not* considered program income and should be used on the rental home being weatherized. All program income and the landlord contributions received are required to be listed on the monthly Financial Status Report.



## **7.5 Accountable Results for Community Action**

The Accountable Results for Community Action (AR4CA) data collection and reporting system was designed to be an organizational tool for agencies and to streamline reporting requirements. ARRA activities must be tracked separately from non-ARRA work. To ensure accuracy, information should be entered as work progresses.

Five days after the end of each quarter, AR4CA data on completed homes will be locked from further editing. In order to make changes after the fifth day, an AR4CA Change Request Form must be signed by the executive director and sent to the grantee for approval.

AR4CA is programmed to generate a prioritized waiting list for each Subgrantee. This method is designed to ensure that the high-priority populations for NC WAP, including the elderly, disabled persons, families with children, families with a high energy burden, and households that are considered high energy users, are given priority consideration. A copy of the completed priority tool for each applicant must be a part of each client file. This copy may be printed from AR4CA. New applicants and applicants who are on the Subgrantee waiting list must be prioritized yearly at a minimum, and monthly at a maximum.

### **7.5.1 Final Inspection and Job Closure**

A final inspection must include a review of all the work called for on work orders and reported as installed on an invoice (if applicable). If work is found to be not performed (but invoiced and appropriate for the job) or out of compliance with the NCWIS or this Program and Budget Guidance, the Quality Control Inspector must fail the work and the Subgrantee must delay payment until the work achieves minimum standards or the cost is removed from the invoice.

The Quality Control Inspector is prohibited from inspecting work in which he or she participated in installing. The Quality Control Inspector is encouraged not to also serve as the Energy Auditor for the same dwelling. If this is not possible, the Subgrantee shall be subjected to additional monitoring by the Grantee. After July 1, 2015, all DOE WAP final inspections must be performed by a certified Home Energy Professional Quality Control Inspector and his or her certificate must be retained in the client file. After July 1, 2015, all final inspections shall align to ensure compliance with the SWS.

In order for a weatherized unit to be eligible to be reported in AR4CA as “Job Complete”, all field work must be completed (including subcontractor work, appliance delivery, and measures installed), the final inspection performed, any deficiencies corrected, and all invoices received, paid, and placed in the client file. Any dwelling that has been reported as complete but has not been inspected by the Subgrantee constitutes a noncompliant breach of contract. No additional WAP funds can be used once the job is reported as closed.

### **7.5.2 Client Complaint Procedures**

Subgrantees must have a formal policy in place to resolve client complaints received from owners, tenants or other interested parties dissatisfied with weatherization work. The grantee's client complaint procedure must:

1. Be in writing. Clients must be informed of the complaint procedure when they are selected in the program or upon receipt of an oral or written complaint.
2. Establish a timely response. Ensure that a client's initial complaint is responded to by the program administrator within 10 working days of the date of the complaint.
3. Require that the executive director of the Subgrantee be informed of any complaint not resolved at the program level. The Subgrantee (at its option) may require the executive director to review the case for resolution.
4. Provide for the establishment of a review committee (preferably of the Subgrantee's board of directors) to be comprised of at least three people, which must hear all cases that cannot be successfully resolved by the program administrator and the executive director.
5. Establish a process to notify the client in writing of the review committee's decision within 5 days of the date of the hearing.

## 8 State Historic Preservation Office Compliance

All grants funded by DOE must comply with Section 106 of the National Historic Preservation Act to ensure that historic properties are taken into consideration and not inadvertently damaged or destroyed by the proposed work. (See 36 CFR 800 for the implementing regulations of the Advisory Council on Historic Preservation at [www.achp.gov](http://www.achp.gov).) Historic properties are buildings, sites, structures, objects, and districts that are listed in the National Register of Historic Places or that are eligible for listing in the National Register. The State Historic Preservation Office (SHPO) within the Department of Cultural Resources is tasked with identifying historic properties and reviewing undertakings that may affect such properties. To that end, the North Carolina SEO has entered into a programmatic agreement with the State Historic Preservation Office to ensure adequate review of the projects and compliance with the federal preservation law. Please note this does not apply to mobile homes.

Subgrantees will comply with State Historic Preservation Office guidelines as follows:

1. If any of the follow measures are to be implemented (based on a Subgrantee's completed work order):
  - a. anything requiring holes in the unit's weatherboard (siding)
  - b. replacing wood windows
  - c. replacing a wood front door
  - d. solar thermal applications (not a typical WAP measure)
2. If any of these measures are applicable, then proceed as follows:
  - a. forward an electronic version of the work order form or a scanned Subgrantee AR4CA work order and pictures of the home from all four elevations (if possible) to [energy.projects@ncdcr.gov](mailto:energy.projects@ncdcr.gov) for review.
  - b. the North Carolina State Historic Preservation Office will provide guidance/assistance regarding compliance and proper implementation for weatherization.
3. If any of the listed measures are *not* applicable, then proceed with the weatherization process.

## 9 Weatherization Budget

### 9.1 Training and Technical Assistance

Subgrantees are to allocate a portion of their budget for Training and Technical Assistance (T&TA) to maintain a qualified work force capable of providing the highest quality of weatherization services. Subgrantees are reminded that allocating for T&TA funds is part of the budget process and are encouraged to utilize these resources to maintain and improve program operations across all levels of WAP. T&TA **cannot** be used to purchase equipment. Subgrantees may also use earned program income funds and Program Operations for T&TA activities once T&TA funds are exhausted.

The activities listed below shall be considered eligible T&TA costs:

1. Conferences – registration, travel, and lodging costs for conferences, seminars, workshops, and onsite training
2. Staff Training – costs incurred in order to provide training and for Subgrantee staff
3. Weatherization Equipment Use – weatherization equipment training
4. Membership and Subscriptions – membership fees for weatherization-related organizations and subscriptions to trade papers and magazines
5. Computer/Electronic Media Use – cost of training Subgrantee staff to operate computer/electronic media equipment
6. Client Education – development and distribution of client education materials or other forms of client education such as meetings, workshops, presentations, videotapes, etc.

Further details about required and suggested trainings can be found in the *NC Weatherization Training Plan*.

### 9.2 Administration

Subgrantee administrative costs for weatherization are limited to five percent of the grant award. DOE rules allow a Subgrantee to use an additional five percent of their DOE funding for administrative costs if they have received less than \$350,000. Subgrantee administration costs are considered unique to each organization. The organization must define its administrative costs consistently with generally accepted accounting practices and procedures. Indirect costs can be included in administration and will be considered an allowable cost, provided an indirect-cost rate or amount is cognizant, primary-funder approved. A complete copy of the most recent cognizant-approved indirect-cost-rate agreement must be submitted along with the application for funds. The existence of an indirect-cost rate does not affect DOE administrative cost limits. DOE funds designated as administrative may be moved from the Administrative category to the Program Operations category. The LIHEAP Weatherization administration allocation is determined by the North Carolina Department of Health and Human Service's Division of Social Services and if it cannot be used as administration, it cannot be moved to any other category.

### **9.3 Program Operations**

Program Operations includes costs for all weatherization activities not covered by the other cost categories of the budget.

#### **9.3.1 Subgrantee Personnel**

Salaries, wages, and fringe benefits for all weatherization personnel will be included in the budget. For supervisors and personnel that split their time between multiple programs, the percentage of the salary and fringe benefits spent in actual work may be included in this category. Salary splits between DOE WAP, LIHEAP WAP and HARRP grants shall be reflected in the budget.

##### **9.3.1.1 Duke Energy's Helping Home Fund Personnel**

Labor for Duke Energy's Helping Home Fund (HHF) shall be properly tracked and charged to the appropriate funding source on both blended DOE/LIHEAP jobs and HHF only funded jobs.

##### **9.3.1.2 Incentive Payments**

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

The federal regulations allow this cost in OMB Circular A-122(B)(7)(i), where it states the following:

“Incentive compensation to employees based on cost reduction, efficient performance, suggestion awards, safety awards, etc. are allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment.”

The conditions for incentive compensation to be an allowable cost for NC WAP are as follows:

1. Subgrantee personnel policy and procedures manual must discuss the treatment of this benefit.
2. This cost must be included in the initial budget for the budget year.
  - a. The amount of the compensation must be pre-determined and reasonable. There is a relationship between the compensation and the act to earn it, and employees eligible for such an award must be those whose job functions are directly responsible for achieving the stated goals (individuals actually performing the act which has warranted compensation as opposed to administrative personnel or others who have no direct bearing on the outcome of program performance).

Compensation payments shall reflect the percentages of time charged to the budget.

3. The payment of the compensation is not an avoidance of a fund balance. The payment of the incentive compensation is made with funds received from the final reimbursement from NC WAP and is the last expenditure for the contract year.

Failure to follow all aspects of this guidance may result in disallowed costs.

### **9.3.2 Weatherization Subcontractor Agreement**

All weatherization subcontractor agreements for subcontractors that perform weatherization work (air sealing, insulation placement, etc.) must receive prior approval by the NC WAP. The services provided by a subcontractor may not be contracted out to any other organization, company, or individual. All weatherization subcontractor work must be put out for bid. Previous subcontractor pools or subcontractor agreements *do not* exempt the Subgrantee soliciting bids. Outreach activities must include efforts to solicit bids for historically underutilized businesses. Failure to document outreach activities may result in rejection of all proposed bids by the NCWAP. Subgrantees may establish a subcontractor pool after initial bid solicitations, but must allow new subcontractors to be added a minimum of every state fiscal year. Material and labor costs must be identified separately on invoices for payments submitted by subcontractors and other vendors. Subgrantees must request to become a certificate holder on all applicable subcontractor insurance policies.

#### **9.3.2.1 Subcontractors Licensure**

Subgrantees are encouraged to use shell contractors that are licensed in the state of North Carolina. The Shell subcontractor can have either a licensee with either a Building Contractor or a Residential Contractor classification associated with its organization. Licenses can be checked at the following location: [www.ncibgc.org/](http://www.ncibgc.org/). The services provided by a subcontractor may not be contracted out to any other organization, company, or individual. Outreach activities must include efforts to solicit bids for historically underutilized businesses.

#### **9.3.3 Contract Protest Resolution**

When a protest is made against a bid award, the Subgrantee is responsible for receiving and resolving such protests using the following guidelines:

1. Resolve all protests verbally or, if not possible, have the protesting party put their protest in writing
2. Send a notice of the filing of the protest to the bidders whose bids might be eligible for award and obtain extension of acceptance time if necessary
3. Withhold the award until the protest is resolved (unless prompt distribution of the award is in NC WAP's interests), at which point the Subgrantee will be notified by NC WAP to award the bid

4. Notify the protesting party promptly, in writing, of the final decision concerning their protest.

#### **9.3.4 Energy Audit Service Contract**

Initial energy auditing services may be contracted to third-party individuals or firms. All initial energy auditing contracts must receive prior approval from the NC WAP. All energy auditing service contracts must be put out for bid. A firm that performs an energy audit for a home may not perform the weatherization work for the same home. Energy audits are *not* subject to DBA requirements. Adhere to the following guidelines:

1. The third party must own its own diagnostic equipment (blower door, pressure pan, combustion analyzer, infrared camera, etc.)
2. The service contract must establish a fixed price for the audit and/or final inspection. This fixed price must include travel.
3. The service must cover completing the Residential Energy Audit Tool and producing a work order.
4. The Subgrantee must accompany the third party individual or firm for the first five homes and two mobile homes to ensure effective audit/final inspections are performed. Records of those visits must be kept on file.

#### **9.3.5 Subgrantee Communications**

Communication expenses including telephone, fax, internet, cellular phones, mobile broadband, and postage are acceptable line items and are to be included. Contractual services for communications equipment that cover maintenance and repairs shall also be included.

#### **9.3.6 Weatherization Equipment**

Equipment is defined by state rules and includes any item that costs over \$500 and has a useful life expectancy of at least one year. The purchase of equipment including diagnostic equipment, insulation machines, and computers must be placed on the Subgrantee's equipment inventory. The full cost of equipment to be purchased for the weatherization program must be listed in the budget and approved by the grantee. The acquisition and maintenance of the proper equipment is important for implementing an effective local weatherization program.

Prior approval from DOE and NC WAP is required for equipment that has a unit price greater than \$5,000. Subgrantees must conduct a lease/buy analysis to ensure that purchasing equipment is the most cost-effective action. For vehicle purchases, a signed Vehicle Purchase Form and the required attachments must accompany any request.

Subgrantees are encouraged to carefully assess their equipment needs and take the necessary action to budget for them. Similarly, a request shall be made to NC WAP to dispose of inoperable equipment currently on the Subgrantee's inventory.

#### **9.3.6.1 Duke Energy's Helping Home Fund Equipment Usage**

The Duke Energy Helping Home Fund (HHF) program is designed to enhance DOE/LIHEAP weatherization and HARRP delivery to low income clients in North Carolina. Equipment purchased with DOE/LIHEAP funds may be used in homes with blended HHF and DOE/LIHEAP funds with no fee paid to the DOE/LIHEAP programs.

If equipment purchased with DOE/LIHEAP funds is used in homes in which only HHF funds are used, the HHF program shall be charged a fair market value rental fee (not cost allocated usage) for any DOE/LIHEAP purchased equipment used for the project. The cumulative total of these fees must be reflected on the monthly FSR. This includes vehicle usage, blower door kits, duct blower kits, infrared cameras, insulation blower machines, generators and gas analyzers.

#### **9.3.7 Equipment Leasing**

The cost of leased equipment must be placed under the Contractual section of the Budget category. Any item presented as a lease must have terms and conditions covered in a contract. The cost of leased vehicles and other leases (excluding space leases) covered by contracts shall be shown in the Contractual section of the budget. A copy of new leases must accompany the budget/amendment submittal.

#### **9.3.8 Storage and Transportation**

The storage and transportation of weatherization materials, tools, equipment, and weatherization vehicles are acceptable line items in the Program Operations category. This includes the maintenance and insurance of equipment (including vehicles).

#### **9.3.9 Materials**

##### **9.3.9.1 Weatherization Materials**

Materials must meet the standards provided in Appendix A of 10 CFR 440, except for those purchased for incidental repairs (10 CFR 440.3). A minimum of \$1000 per unit must be budgeted in the Materials category of the application. An exception may be made for agencies that have verifiable leveraged funds for materials. If a Subgrantee has spent less than the minimum average by the end of the second quarter, a Subgrantee may reduce this amount through the budget change process.

##### **9.3.9.2 Fair Market Price List for Materials**

Subgrantees must maintain a Fair Market Price List that ensures frequently purchased items are obtained at competitive price. The List must contain at least three vendors and compare prices for materials such as cellulose, fiberglass, polyurethane (visqueen), wood and nails. This must be updated every state fiscal year and must be signed by the person who compiled the list.



Subgrantees that use subcontractors must still maintain the list to ensure the costs the subcontractor charges for materials are reasonable.

Unless otherwise provided by grantee, the Subgrantee shall solicit competitive bids for materials and supplies used to support the weatherization program. At a minimum, awards shall be on the basis of suitability of materials and supplies, price, delivery and the willingness of the bidders to offer firm fixed prices for the period of the contract. National buying agreements shall only be used when the Subgrantee has determined that such arrangements represent the overall best value to the Subgrantee. The factors listed above shall be considered in the determination of best value. Subgrantees are strongly encouraged to purchase items in bulk. Please note that bulk purchasing does not have to mean bulk delivery; so items may be purchased at a discount then delivered or picked up as needed.

#### **9.3.10 Liability Insurance**

Liability insurance costs for the weatherization program for personal injury and property damages can be identified in the budget separately if such costs are cost allocated among Subgrantee programs and billed separately to the weatherization program. All work must be covered by liability insurance. This category does *not* include vehicle liability insurance, which is a program operations expense.

#### **9.3.11 Financial Audit**

Nonprofit Subgrantees receiving more than \$750,000 in federal dollars must submit a single audit. Subgrantees that are units of government must submit their Comprehensive Annual Financial Report (CAFR). Single audit/CAFR costs for the weatherization program may be identified separately in the budget, if such costs are cost allocated among all programs and billed separately to the weatherization program.

<b>Fiscal Year End Date</b>	<b>Audit Due to NC WAP</b>
July 31 <sup>st</sup>	March 31 <sup>st</sup>
September 30 <sup>th</sup>	June 30 <sup>th</sup>
October 31 <sup>st</sup>	July 31 <sup>st</sup>
December 31 <sup>st</sup>	September 30 <sup>th</sup>
April 30 <sup>th</sup>	December 31 <sup>st</sup>

### **9.4 Energy-Related Health and Safety**

The North Carolina Weatherization Assistance Program Health and Safety Plan is detailed in the NCWIS. While the primary goal of NC WAP is energy efficiency, provisions are provided to allow for addressing certain combustion safety problems, poor indoor air quality problems, energy-related electrical hazards, improvements to ensure the health and safety of weatherization workers, and other health and safety concerns encountered in homes to be weatherized. Eligible Health and Safety activities for NC WAP can be found in the NCWIS.

#### **9.4.1 Energy-Related Health and Safety Cost Limitations**

No more than 21% of Program Operations may be budgeted for Health and Safety. Agencies are encouraged to allocate the full 21% in order to cover the costs of heating and cooling repairs and replacements. Costs that are charged to the Health and Safety category will not be included in determining the average cost per unit weatherized. Agencies may request a cost per unit average above 21%, but those requests shall be evaluated on a case by case basis. Subgrantees that do not choose to place health and safety costs in the Health and Safety Budget category will have those costs included in determining their average cost per unit weatherized. Agencies may use money from the Program Operations categories to conduct Health and Safety after Health and Safety funds are depleted. When doing so they must conduct a home-specific National Energy Audit Tool (NEAT) or Mobile Home Energy Audit (MHEA) that includes all proposed measures, and the entire package must have a savings-to-investment ratio greater than one. All health and safety costs associated with a dwelling unit must be identified in the client file, entered into AR4CA, and reported on the monthly financial status report.

## 10 Policy and Regulatory Guidance

### 10.1 Eligibility

As of the 2010 Census, approximately 614,084 North Carolina residents are at or below the federal poverty level. Subgrantees are responsible for determining if a household is eligible for NC WAP assistance.

#### 10.1.1 Client Eligibility – Categorical

A household is categorically eligible for NC WAP assistance if, in the prior 12 months, any member of that household has received the benefit listed below. Aside from a statement of total income, no other income information for client eligibility is required. The following benefit programs would qualify a household for eligibility:

1. Supplemental Security Income (SSI)
2. Temporary Assistance for Needy Families (TANF)
3. Low Income Energy Assistance Program (LIEAP)
4. Crisis Intervention Program (CIP)

##### 10.1.1.1 Supplemental Security Income

A household that receives Supplemental Security Income (SSI) is eligible for weatherization regardless of income level. Acceptable Supplemental Security Income documentation includes the following:

1. Award letter
2. Annual notice of cost-of-living adjustment sent to the client by the Social Security Administration (SSA)
3. Report of Confidential Social Security Benefits Information Form.

Please note that the receipt of Retirement Insurance Benefits by the Social Security Administration is **not** the same as SSI and **cannot** be the basis for categorical eligibility.

##### 10.1.1.2 Temporary Assistance for Needy Families

A household that receives Temporary Assistance for Needy Families (TANF) is eligible for weatherization regardless of income level. Acceptable TANF documentation includes the following:

1. DSS-8108 – Notice of Approval (TANF)
2. DSS-8551 – Notice of Approval (Food and Nutrition Services).

### **10.1.1.3 Low Income Energy Assistance Program**

A household that receives Low Income Energy Assistance Program (LIEAP) is categorically eligible for weatherization. LIEAP provides a one-time annual vendor payment to help eligible families pay their heating expense. Acceptable LIAP documentation includes the following:

1. DSS-8107 - Approval/Denial Notice

### **10.1.1.4 Crisis Intervention Program**

A household that receives Crisis Intervention Program (CIP) is categorically eligible for weatherization. CIP serves individuals and families who are experiencing or in danger of experiencing a heating or cooling related crisis. Acceptable CIP documentation includes the following:

1. DSS-8107 - Approval/Denial Notice

## **10.1.2 Client Eligibility – Income**

For the intents and purposes of NC WAP, income is defined as cash receipt earned and/or received by the applicant, before taxes, during application tax year(s), *except for* the cash receipt exclusions listed below in Section B.

1. Cash Receipts – cash receipts include the following:
  - a) Money, wages and salaries before any deductions;
  - b) 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);
  - c) 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;
  - d) Private pensions, government employee pensions (including military retirement pay), and regular insurance or annuity payments;
  - e) Dividends, interest, bonds, and other investments (including 401(k), 403(b), SEP, ESOP, 457 and IRA);
  - f) Net rental income, net royalties (not applicable to room share/boarders);
  - g) Periodic receipts from estates or trusts; and
  - h) Net gambling or lottery winnings.
2. Cash Receipt Exclusions – the following cash receipts are *not* considered sources of income for the purposes of determining applicant eligibility:
  - a) Capital gains;
  - b) Any assets drawn down as withdrawals from a bank;

- c) Money received from the sale of property, a house, or a car;
- d) One-time payments from a welfare agency to a family or person who is in temporary financial difficulty;
- e) Tax refunds;
- f) Gifts, loans, lump-sum inheritances;
- g) College scholarships;
- h) One-time insurance payments, or compensation for injury;
- i) Non-cash benefits, such as the employer-paid or union-paid portion of health insurance;
- j) Employee fringe benefits, food or housing received in lieu of wages;
- k) The value of food and fuel produced and consumed on farms;
- l) The imputed value of rent from owner-occupied non-farm or farm housing;
- m) Federal non-cash benefit programs such as Medicare, Medicaid, food stamps, school lunches, housing assistance and combat zone pay to the military;
- n) Adoption assistance; and
- o) Child support & foster support payments, whether received by the payee or paid by the payer.

Income information from all individuals in a dwelling must be provided. This would include income from minors (SSA, SSI, part-time jobs) if present. To the maximum extent practicable, proof of income eligibility and the associated documentation shall be included in the client file. Bank statements shall *not* be used to determine eligibility. If income eligibility is determined by an outside agency or program, i.e. LIHEAP or the U.S. Department of Housing and Urban Development (HUD), then copies of the eligibility documentation can be a statement of LIHEAP eligibility or a copy of the Housing and Urban Development building list included in the client file.

AR4CA shall be used to annualize income from monthly or weekly information. The monthly gross from an award letter for an entitlement program may be used for AR4CA. Pay stubs or pay slips that show gross wages earned year to date are the preferred method of preparing inputs for AR4CA. Where monthly or weekly income calculated using pay stubs provided and year to date information vary, Subgrantees shall use the calculation that has the higher of the two totals. Where year to date information is not available, at least six paystubs are needed for clients that are paid weekly, three paystubs for client that are paid bi-weekly, and two paystub for clients that are paid monthly (not withstanding length of employment). Where an applicant receives income a portion of the previous 12 months, their partial income may be annualized to determine eligibility.

After all avenues of documenting income eligibility are exhausted, self-certification is allowable but evidence of various attempts at proving eligibility must be contained in the client file, including a notarized statement signed by the potential applicant indicating that s/he has no income.

An applicant who is deemed ineligible based on income may be recertified if ineligibility is due to the length of time that expired while the applicant was waiting to receive weatherization services.

### **10.1.3 Client Eligibility – Social Security Number**

**All** members of a household must provide a social security number in order to be approved for services. All social security numbers must be safeguarded and shall not be emailed without encryption. Individual Taxpayer Identification Numbers (ITIN) do not establish eligibility and shall not be used in AR4CA. ITIN's are a 9-digit number beginning with the number "9" and are formatted like a Social Security Number that allowed individuals to pay taxes.

While social security numbers must be collected, NCWAP does not require Subgrantees to verify citizenship or legal status. This is in accordance with the United States Department of Justice's Interim Guidance on Verification of Citizenship, Qualified Alien Status and Eligibility under Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 as applied to nonprofit agencies. Assumptions on citizenship or legal status based solely on race, creed, color, ancestry, or national origin are strictly prohibited.

#### **10.1.4 Dwelling Eligibility**

Residential dwellings including, single family homes, mobile homes, and multifamily homes are eligible to receive services. Subgrantees must establish that dwellings are occupied by clients that are eligible to receive services and that proper authorization has been given to conduct work on the dwelling. Ownership of dwellings must be established by Subgrantees through the review and retention of real estate property tax records (in the case of site built dwellings) or personal property tax records or title (in the case of mobile homes).

No client occupied dwelling shall be weatherized if it is being offered for sale. No renter occupied dwelling shall be weatherized if it is being offered for sale; unless, it can be demonstrated that the residence will continue to be occupied by eligible tenants. No dwelling shall be weatherized if it is currently in foreclosure or if it is included in a bankruptcy of a client (bankruptcy does not always include loss of the dwelling). Weatherization of non-stationary campers and trailers that do not have a mailing address associated with the eligible applicants shall not be allowed. The use of a post office box for non-stationary campers or trailers does not meet this requirement.

#### **10.2 Client Notification of Approval**

Applicants must receive written notification of their eligibility/ineligibility status within 30 days of the *completed* application submission to the Subgrantee. A copy of the applicant's notice of eligibility/ineligibility must be maintained in the Subgrantee's files. A notice of ineligibility must include the reason(s) for denial of weatherization services. Response to incomplete applications shall be a written request for the missing information immediately following the initial review of the application. If services are denied, the applicant has the right to appeal. All denial-of-services notifications must be in writing with a copy maintained on file by the Subgrantee.

#### **10.3 Client Eligibility Appeal Process**

The Subgrantee's appeals process must specify:

1. The name and address of the person/persons with whom the appeal shall be filed

2. The time requirements on the applicant for filing the appeal
3. The method of review to be used, i.e. formal hearing, staff/client interviews, etc.
4. The time allowed to request the appeal
5. The time requirements on the organization for review of the appeal and the rendering of a final decision

In no instance should the staff member that recommended or made the initial decision regarding ineligibility be the individual that the appeal is made to, or should they have the authority to decide the validity of an appeal, or be involved in the final disposition of the appeal. It is recommended that the final level of appeal be the Subgrantee's board of directors or committee thereof.

#### **10.4 Client Service Priority List**

Subgrantees are required to provide priority for weatherization services for persons in certain categories. These categories include dwellings where there are one or more elderly persons (60 years of age and above), persons with disabilities, children 17 years of age and under, and households that have a high energy burden (greater than 15% of their annual income) or that are high energy users (i.e., have electricity as their primary heat source). This is accomplished through the Subgrantees' use of priority list rating tool that has been integrated into AR4CA, which also assigns ratings to households.

#### **10.5 Client Privacy**

Subgrantees are required to keep confidential any specific identifying information related to an individual's eligibility application for WAP, or to the individual's participation in WAP, such as name, address, or income information. Subgrantees may release information about clients in the aggregate, which does not identify specific individuals. For example, information on the number of recipients in a county, city, or a zip code does not compromise the privacy of the recipients. Subgrantees may secure a privacy release for the purposes of program promotion if there is specific need to do so. The privacy release must specifically state what information will be used and in what format it will be used. The release shall be voluntary and not a condition of receiving services. Subgrantees shall not adopt securing privacy releases for every client served as a matter of protocol.

#### **10.6 Maximum Per-Unit Average**

The maximum average expenditure limit per weatherized dwelling is \$6000; however, no repayment will be required if the maximum unit average at the end of the contract is less than the federal maximum unit average of \$6500. The Subgrantee may be required to repay expenditures that are in excess of the federal maximum average cost of Program Operations.

## **10.7 Re-Weatherization**

Federal rules permit the weatherization of homes previously weatherized from Sept. 30, 1994 and earlier. For re-weatherization, the weatherization file must be closed as complete and reported to DOE as a completion. As a result of the number of homes in North Carolina that have received no weatherization services to date, a low priority shall be placed by Subgrantees in selecting previously weatherized homes to revisit. NC WAP written approval is required prior to Subgrantees re-weatherizing homes that have been weatherized prior to Sept. 30, 1994. Requests to re-weatherize homes that were weatherized *after* Sept. 30, 1994 will be denied.

### **10.7.1 Re-Weatherization – Call backs**

The DOE general counsel has interpreted WAP regulations as prohibiting the use of DOE funds to perform additional weatherization work on jobs after they have been reported as “Job is Complete” in AR4CA. This prohibition also includes using DOE funds for activities such as routine maintenance, repairs, or warranty-type work invoiced after job completion. WAP allows for Subgrantees to return to a home that has been reported as “Job is Complete” if it was weatherized before Sept. 30, 1994 or if it has been destroyed by an act of God. LIHEAP weatherization funds are managed under DOE rules and are also subject to this policy.

## **10.8 Rental Property**

Renters are eligible for the weatherization program. No rental dwelling unit shall be weatherized without first obtaining the written permission of the owner. Once the Subgrantee has entered into an agreement with the owner, with the tenant as the third party beneficiary, the Subgrantee may perform weatherization services on the unit. The agreement must contain certain restrictions for the owner, such as a negotiable period of not less than two years for raising tenants rent due to weatherization, and not evicting the tenant if they comply with all ongoing obligations to the owner. Lease-to-Own properties shall be treated as rental units until the ownership has been transferred. Vacant units may be counted as eligible units if the owner agrees, in writing, to rent those units to eligible households upon completion of work, or within 180 days, whichever is sooner.

Subgrantees are required to solicit landlord contributions for all rental units they intend to weatherize. Owners who are not income eligible for weatherization services shall be solicited to contribute \$275 toward the cost of weatherizing the dwelling. The use of funds contributed by owners will be specified in the required agreement. Although landlord income is not program income, the Subgrantee shall treat such funds in the same manner and list all income on its monthly status report.

### **10.8.1 Room Share and Boarders**



Subgrantees shall treat clients that have room share situations and boarders, living with the clients in their dwelling, as one household. No landlord contribution shall be required as the clients must be income eligible to receive service.

#### **10.8.2 Small Multifamily (Duplexes, Triplexes, & Quadplexes)**

Standalone small multifamily housing (duplexes, triplexes, and quadplexes) does not require prior approval from NC WAP. Groupings of four or more buildings on a single site that are owned by a single owner shall require prior approval from NC WAP. Small multifamily units are eligible for weatherization, provided that they meet the eligible client occupancy minimum; 50% of a duplex, 67% of a triplex, or 50% of a quadplex. Costs on these properties are limited by the percentage of eligible clients multiplied by the maximum cost-per-unit average. Unlike single-family homes, the maximum cost-per-unit is a hard limit. The cost limitation excludes Health and Safety.

### **10.9 Client Energy Education**

Energy education must be provided to clients prior to and after weatherization measures are performed. The In-Home Energy Education Module is required to be presented to all households that receive weatherization services. The client must sign the North Carolina Weatherization Assistance Program Energy Education Certification form showing that energy education was received, and that form must be kept on file.

#### **10.10 Incidental Repairs**

Incidental repairs are limited to those repairs necessary for the effective performance or preservation of weatherization materials. A unit-specific Weatherization Assistant audit must be used in order to cost-justify incidental repairs as stipulated in the NCWIS.

#### **10.11 Dwellings Requiring Prior Approval**

Prior approval is required before a Subgrantee may weatherize a unit that has either been weatherized in the past, is a multifamily unit (containing five or more units), or is a shelter.

Dwellings owned or occupied by a board member, Subgrantee employee, Subgrantee subcontractor, or subcontractor employee (or any of their immediate family) shall also require prior approval. A prior approval request must be sent on agency letterhead and include the application and supporting income documentation.

## **11 Heating and Air Repair and Replacement Program (HARRP)**

### **11.1 HARRP Administration**

The HARRP administration allocation appears on the budget as a separate category. The amount of HARRP administration is determined by the North Carolina Department of Health and Human Service's Division of Social Services and if it cannot be used as administration, cannot be moved to any other category.

### **11.2 HARRP Program Operations**

Allowable costs for HARRP include Subgrantee staff labor connected with the oversight of subcontractors, such as soliciting bids, scheduling work, and conducting final inspections on work performed. The HARRP support costs are limited to 15% of the total HARRP allocation. Subcontractor labor and county permits are also allowable expenses.

The HARRP program must replace heating and cooling units with systems that are similar to the ones that are being replaced.

#### **11.2.1 HARRP Materials**

Allowable costs include air ducts, flue pipes, and heating and cooling units.

### **11.3 HARRP Eligibility**

Households whose total gross income is 150% over the poverty line or less, according to the latest federal poverty income guidelines, are eligible for HARRP. Households that have received income from the Temporary Assistance for Needy Families (TANF) program or the Supplemental Security Income (SSI) are *not* automatically eligible.

Please note that clients that do not receive HARRP services at the time of weatherization are still eligible to receive HARRP services at a later date.

Rental units are eligible for HARRP; however, unless the owner is also income-eligible for the program, they must contribute 50% of the repair or replacement costs.

#### **11.4 Re-HARRP**

State rules permit the delivery of HARRP services to homes that have previously received HARRP services from Sept. 30, 1994 and earlier. NC WAP written approval is required prior to Subgrantees conducting HARRP services in homes that have received HARRP services *prior* to Sept. 30, 1994. Requests to conduct HARRP services in homes that have received HARRP services *after* Sept. 30, 1994 may be approved if both of the following are true:

- 1) The original HARRP job was a repair that equals less than 1/3 the projected cost of replacement, and
- 2) The Closure Date of the original HARRP job is less than 12 months from the date of the request for Re-HARRP.