

FY 2017 – 2018 Weatherization Program Manual Track Changes Version

This document contains excerpts from the FY18 Program Manual showing changes compared to the FY 2016 – 2017 Weatherization Program Manual. Only chapters and sections with changes are included in this document.

1. Definitions and Acronyms

Completed Energy Audit

An energy audit is completed when all data collection is complete, when applicable a NEAT/MHEA audit run with the current contract year library shows a cumulative SIR of 1.0 or greater, a work order is created, a Work Agreement is signed by the Agency and customer, and no contingencies or reasons for deferral remain. The date when all conditions are met shall be recorded in WisWAP in the Audit Completion Date field.

Program Income

Gross income earned by an Agency 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. Program income shall be used to weatherize additional units within the same contract performance period. Owner contributions and leveraged funds are not considered Program Income. See also 2 CFR 200.80, DOE WPN 17-1 and 5.3.2.7 Job Cost Reduction.

2. General Management

2.1.2 Local Coordination

An Agency shall coordinate efforts with local agencies providing energy assistance and other organizations serving low-income households. This includes working with the vendors that do not participate in Public Benefits funding. Weatherization and WHEAP agencies shall work together to provide outreach to customers and to resolve application discrepancies, referral list issues, and any other issues or questions related to eligibility. If unable to be resolved at the local level, submit the question or issue to the HE+ [Help Desk](#).

HE+ Furnace Program

The Agency, as a condition of their Weatherization contract, agrees to provide emergency furnace repair and replacement services for the WHEAP agencies within their service territory. This service is billed through the HE+ System.

Wisconsin State Tribal Initiative

[Wisconsin Executive Order #39](#), issued in February 2004, affirms the government-to-government relationship between the State of Wisconsin and [Tribal governments](#) located within the State of Wisconsin. Government-to-government relations involve respectful and cooperative communication and dealings that are designed to achieve a consensus before a decision is made or an action is taken, and to implement programs in a collaborative manner.

The intent of this policy is to improve the planning and delivery of State services to Tribal governments, Tribal communities, and Tribal members by developing principles and a process for consultation on these service policies in Wisconsin. DOA and Tribal governments work to ensure eligible tribal members receive services in a cost effective and timely manner. It is the responsibility of the weatherization Agency to collaborate with local Tribal governments to ensure potential customers are aware of the program and the process of application and completion of weatherization of eligible homes.

2.1.3 Priority of Service

An Agency shall develop an internal prioritization plan for serving priority groups. An Agency shall give priority of service to households based on the Priority ID number found in the WHEAP Referrals Report. The WHEAP Referrals Report is a list of potential weatherization households prioritized based on the following formula: (Sum of WHEAP heating and electric benefit amounts) + (Sum of DOE priority household categories).

Referrals with the lowest Priority ID numbers shall generally receive the highest priority. Where a Tribal household is in alignment with the DOE priority definition, the Tribal household shall be included in the targeted high priority of service group regardless of the Priority ID number on the WHEAP referral, and agencies shall prioritize tribal households to ensure work is completed in a timely manner.

Although determined initially by information contained on the WHEAP application, prioritization is tied to the unit, not the applicant. If the eligible household moves, they will not establish a new priority ranking until they apply for WHEAP at their new residence.

2.1.6 Quality Control System

Each Agency shall develop, maintain and implement a documented Quality Control System (QCS). A QCS includes procedures that are designed to provide a detailed review of the weatherization program process including an on-site unit check and measurement of customer satisfaction. The QCS process is not the same as the final inspection completed on each job. Agencies shall have a mechanism to track jobs receiving a QCS review and shall document management review and approval. Several optional tools for reviews and documentation are available under the Quality Control System Tools heading on the HE+ WisWAP Information page.

Each Agency QCS will be reviewed during the annual Administrative Review process and kept on file at the Division. If changes are made to a QCS on file, the Agency shall submit a copy of the updated QCS to the HE+ Help Desk.

Quality control shall be performed continuously throughout the contract year in correlation with production. The following elements shall be included in the QCS:

- 1) Prior to the job being released into production, the program manager shall review and approve all jobs meeting the following criteria:
 - a) Single family houses and mobile homes where completed energy audits show an estimated job cost of \$12,000 or greater. Cost-effective energy conservation measures shall not be removed from a job to bring the estimate under the \$12,000 threshold.
 - b) Single family houses and mobile homes where completed energy audits show total estimated repair costs of \$1,500 or greater.
- 2) After job completion, evaluate a minimum of 5% of all jobs to assess:
 - a) Energy Audit accuracy and appropriateness.
 - b) Work Order/Work Agreement accuracy and appropriateness.
 - c) Completeness of work performed (final inspections).
 - i. When it is necessary for individuals who audit units to also perform final inspections of those same units, the Agency shall include a written plan in the QCS detailing the process by which the agency will assure the quality and integrity of the audit as well as of the final inspection. An Agency shall receive approval prior to allowing the same individual to performing both the energy audit and final inspection on a unit (see 2.1.7 below).
 - d) Quality of work performed (for example, in-progress quality control inspections).
 - e) Compliance with applicable health and safety requirements.
 - f) Customer satisfaction with work performed.
 - g) Contractor and/or agency crew performance and management.
- 3) A feedback loop for discussing work performance that is below required standards with those performing the work (contractors and/or agency staff).
- 4) Verification of heating system replacements identified by contractors that were not recommended by the computerized energy audit. This may include: using multiple contractors, with replacements performed only by a contractor other than the one who identified the failure; obtaining a percentage of failed heating system units and verifying

failures with physical or destructive tests; or using other methods to ensure that reported heating system failures are accurate.

- 5) Documenting receipt and resolution of all complaints.
- 6) Reporting all serious complaints and incidents to the Division as soon as possible, including those having potential legal consequences, relating to severe structural damage or impacting customer or worker health. An optional Weatherization Complaint Report form is available on the HE+ [WisWAP Information](#) page under the Quality Control System Tools heading.

2.1.7 Final Inspections

Final inspections shall be completed on every unit. The final inspection shall be performed after the completion of any callbacks and before the owner or authorized agent and final inspector signs off on the Completion Certificate. All final inspections of units completed using DOE funds ~~reported on or after July 1, 2015~~ shall be performed by a certified Quality Control Inspector (QCI). The Home Energy Plus QCI Inspection Checklist shall be completed and kept in the customer file for all units where any DOE funds are used.

Whenever feasible, final inspections shall be completed by individuals who did not audit the building. In all cases the final inspection shall not be completed by an individual involved in the installation of the weatherization measures on the inspected unit. When it is necessary for individuals who audit units to also perform final inspections of those same units, the agency must receive prior approval by submitting an updated QCS to the Division as described in 2.1.6 above. ~~quality control plan to the Division detailing the process by which the agency will assure the quality and integrity of the audit as well as of the final inspection.~~

2.2.3 Customer Files

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

- 1) Verification of eligibility using a printed or an electronic (PDF) copy of the WHEAP Referral Details screen.
- 2) Verification of ownership.
- 3) Deferral notification page provided to the household, if applicable.
- 4) Work Agreement signed by property owner or their authorized agent and an agency representative prior to the installation of weatherization materials and measures.
- 5) Completion Certificate signed by the final inspector and property owner or their authorized agent following completion of all weatherization work.
- 6) Electronic files or reference(s) to the location(s) of:
 - a) Weatherization Assistant or TREAT audit for the building, if applicable.
 - b) Completed electronic Diagnostic Workbook, if applicable, including the following tabs
 - Summary
 - Building Information
 - Auditor
 - Modeling

- Air Sealing
 - Crew
 - Garage ZPD, if attached garage present
- c) Furnace Useful Life Calculator, if completed.
 - d) Electric Fuel Switch Calculator Worksheet, if completed.
 - e) Freezer Replacement Calculator, if completed.
- 7) Work order, including:
 - a) Total measures costs, with final job costing sheet;
 - b) Documentation of any call-backs;
 - c) Quality control record, if performed;
 - d) Justification for any Recommended Measures not completed;
 - e) Job detail report documenting any non-DOE/LIHEAP/Public Benefits weatherization work on the unit; and
 - f) Instructions for crew when asbestos-containing materials will be disturbed.
 - 8) Health and Safety Checklist for each unit.
 - 9) Documentation that the EPA Booklets “A Brief Guide to Mold, Moisture and Your Home,” “The Lead-Safe Certified Guide to Renovate Right,” “A Citizen’s Guide to Radon,” and the Division “Customer Bill of Rights” and “Ventilation and Your Home,” if applicable, were distributed to each household.
 - 10) Refusal of Ventilation: Release of Liability, Indemnification and Waiver of Claims, if applicable.
 - 11) Heating System Checklist available under the Field Forms heading on the [WisWAP Information](#) page.
 - 12) Documentation of the sizing calculation for replacement heating systems. Acceptable sizing calculations are REScheck™, ACCA Manual J, or an equivalent industry accepted sizing formula.
 - 13) Results of any tests for asbestos or lead.
 - 14) Lead-Safe Weatherization Form.
 - 15) Renovation Recordkeeping Checklist(s), if applicable.
 - 16) For rental units: rental work agreement, documentation of unit’s monthly rent, and documentation of contribution calculation.
 - 17) Documentation of any waivers or approvals pertaining to the job or building such as the HE+ Release of Liability.
 - 18) Photographs, or references to the location of photos, including at a minimum:
 - a) The frontal view of the unit’s exterior;
 - b) Each appliance, window, and door before replacement. The photos shall clearly document compliance with Division standards for replacement;
 - c) Leaky water heater before replacement. The photos shall clearly document compliance with Division standards for replacement;
 - d) Any condition adversely affecting the installation of weatherization measures;
 - e) Photo documentation of lead-safe work practices;
 - f) Photo documentation of asbestos containment and safety practices; and
 - g) On deferred units, pictures documenting the reason(s) for deferral (e.g., mold or other problems).

- 19) Documentation of historical review submission and response, when applicable.
- 20) Building Permit(s), if required by local government. If a permit is not issued by the local jurisdiction, then a copy of the receipt for payment is acceptable documentation.
- 21) Accrual of Benefits form for multi-unit (2 or more unit) buildings when tenants do not pay a heating fuel or electric bill, found under the Field Forms heading on the HE+ [WisWAP Information](#) page.
- 22) Quality Assurance Inspection Certificate, when applicable.
- 23) Quality Control Inspection Checklist, when applicable. The Inspection Checklist is available under the Field Forms heading on the HE+ WisWAP Information page.

4. Baseload Services

4.2.4 Water Heater

An Electric to Natural Gas conversion water heater replacement is allowable as a Baseload measure when an existing natural gas service is available in the building. Follow all applicable policies and requirements in 8.6.3 Water Heater Replacement General.

5. Financial Standards

5.3 Allowable Costs

An Agency shall expend funds provided under contract in conformance with the approved ~~Monthly Contract Work Plan worksheet in the (Contract Planning Workbook (weatherization contract Attachment H)~~ 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 an Agency'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~~overspent, and under-spent -DOE T&TA funds shall not be used to cover over-spending of other funds.
- 4) Public Benefit (PB) funds may be used only in territories being served by a retail electric utility that is collecting fees and participating in the state Public Benefits Program under [Wis. Stats. s.16.957](#).
- 5) Funds cannot be transferred between funding sources.
- 6) Expenditures shall meet reasonableness, allocability and allowability requirements.
- 6)7) Administrative and Support expenditures shall be invoiced from each fund proportional to the Operations expenditures reported for that month. Within fund types (DOE, EAP, PB) the percentages of the annual Support and Administrative budget invoiced in a month should generally correlate to the percentage of annual Operations budget invoiced in that same month.

Except as stated in 1 to 6 above, positive balances in one line item may be shifted to cover cost overruns in other line items. Costs shall be in accordance with pertinent state and federal regulations.

- All costs expensed to a contract shall fall within the contract period. The only exceptions are financial audits, which, even though the expense relates to a prior contract period, shall be expensed to the current contract.
- Expenditures incurred for the installation of allowable measures on a completed unit shall be reimbursed under the contract year the unit is reported completed. 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). To avoid disallowed costs, an Agency shall ensure that all measures are active and allowable under the subsequent contract.

5.3.1 Administration

Total Agency administrative expenses shall not exceed the contracted percent of total actual allowable expenditures.

Under administration, an Agency may charge salaries, wages and fringe benefits for weatherization-related personnel. For agency-wide administrative, human resource, finance and clerical positions, Agencies may charge as direct expenses only the portion of salaries, wages and fringe benefits that can be directly allocated to the Weatherization Program. Agency-wide administrative, human resource, finance and clerical costs that are directly expensed **cannot**

also be recovered as indirect costs. For more information on direct ~~charging and indirect of these~~ costs see [2 CFR 200.413](#) and [2 CFR 200.414](#).

The Division 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)
- Training (including state-sponsored or Agency-developed training)
- Professional membership dues in business, technical and professional organizations and subscriptions to trade business, technical and professional periodicals
- Indirect costs, pursuant either to a federally-approved indirect cost rate, or election of a de_minimis rate (see 2 CFR 200.414), but only up to the amount allowable in an Agency's administration budget lines, regardless of the federally approved or de_minimis rate.
- Out-of-State travel (with prior Division approval) when directly related to operation/administration of the Weatherization Program and allowed by contract.

5.3.2.6 Unusable Materials

Total charges for unusable materials shall not exceed 0.25 percent of the total contract year Operations, [Health and Safety, and Baseload](#) expenses. These costs shall not be charged to a weatherization job. These costs shall not include damage to installed materials or mechanicals. An Agency may only charge unusable materials exceeding 0.25 percent of the total contract year Operations expenses if approved, in writing, by the Division.

5.3.2.7 Job Cost Reduction

Job cost reduction funds are defined as the gross income earned during the contract year by an Agency from grant supported activities and contributions from outside sources such as local utilities or property owners (see 3.9 Owner Contributions) in support of an Agency's Weatherization Program. Weatherization resources shall not be used to earn income from activities not permitted by program rules. Job cost reduction funds shall be spent on allowable Weatherization Program activities. These activities are subject to the same regulations and conditions as other Weatherization Program funds. All income generated from the installation of allowable measures shall be returned to the weatherization program and used to weatherize additional units.

Job cost reduction funds shall be:

- Used within the contract year earned;
- Spent on the same job that generated the fund when feasible ~~and~~;

- Included in the total estimated cost when modeling the measure in Weatherization Assistant and;
- Reported in a WisWAP job measure when work is completed. All measures, including those paid for entirely with job cost reduction funds, shall be reported in the WisWAP job.

An Agency shall maintain financial records by contract year of job cost reduction funds earned and spent, including the source and amount. Records of the expenditure of job cost reduction funds shall follow the same general guidelines as contract funds. ~~Job cost reduction costs shall be recorded in WisWAP and shall not be entered or modeled in Weatherization Assistant.~~

Funds from other programs such as CDBG, HOME, some utility programs, or private foundation grants are generally not considered job cost reduction funds. Leveraged funds do not need to be recorded in WisWAP if the measure is paid in full with leveraged funds and performed independent from the weatherization job. For example, if a job is deferred due to a repair issue that will be addressed with CDBG funds, the job can remain in deferred status until the repair has been completed. After the deferral reason has been corrected the building status can be changed and the audit can be run without the corrected repair measure. If the SIR is greater than or equal to 1.0 the Agency may proceed with weatherization. Leveraged funds shall not be used to decrease the cost (“buy down”) a measure in Weatherization Assistant.

5.3.3 Program Support

Program support costs are allowable costs when incurred in the provision of weatherization services as described in this section.

5.3.3.1 Support Labor

Support labor includes costs for staff directly managing weatherization activities and program staff. Agencies shall not include administrative, human resources, finance and clerical staff costs described in Section Administration 5.3.1 without prior written approval from the Division. To request approval Agencies shall submit a waiver request with the Contract Planning Workbook prior to the start of the contract year.

Allowable support labor costs directly tied to the installation of weatherization measures include:

- Performing program management,
- Direct supervision of weatherization program staff by the Weatherization Program Manager and/or Director;
- Energy audits;
- Final inspections;
- Procurement of weatherization services and commodities and associated contractor management;
- Training time not included in the Direct Labor Rate calculation; outreach and intake, and other support related staff costs directly tied to the installation of weatherization measures (e.g., data;
- Data entry in WisWAP; and,
- Customer outreach, intake and scheduling appointments for agency field staff and contractors.)

5.3.7.2 Contractor Training

Any costs associated with training contractors shall be preceded with a retention agreement in exchange for the training. Reimbursement ~~of~~ may include the registration fee, course materials labor, mileage, meals and lodging costs ~~for contractors attending trainings is not allowable~~ as specified in the retention agreement.

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 contractors meeting retention requirements. Note that the retention agreement requirement does not apply to Agency or State contractor orientation sessions or when Agencies provide instruction to contractors on improving technique as needed.

Agencies shall consider whether the term of the retention agreement aligns with the cost of training provided. Contact the Division for additional guidance regarding this, if needed. The required ~~Wisconsin WAP~~ Retention Agreement Template can be found on the HE+ Procurement SharePoint site under "Post-Award Resources". The template may be edited as specified in the document.

5.3.9 Average Unit Cost

The Department of Energy (DOE) sets a limit on the **average amount** of DOE funds that can be spent **per unit**. For Program Year ~~2016-2017~~ to 2017-2018, the statewide Average Unit Cost limit is \$7, ~~405-212~~ for DOE funds. Agencies shall manage job costing ~~_so as_~~ to adhere to this average limit for DOE funds spent on all units completed in a contract year. DOE fund line items included in determining the Average Unit Cost are Program Support and Operations.

6. Procurement

6.8 Sealed Bid Purchases over \$50,000

The Sealed Bid process is used for soliciting bids from at least three bidders (when available) when the procurement is expected to cost over \$50,000. This process is also referred to as Request for Bid (RFB). There are different requirements for procurement of vehicles over \$50,000 (see 6.10). A Request for Proposal (RFP) process is required for financial audit services regardless of cost (see 6.11).

For the procurement of services and commodities, except for a financial audit, the Agency shall use the required templates and attachments available on the HE+ Procurement SharePoint page. Agencies shall modify RFB templates only as directed by notes within the documents and by direction provided by the Division. Cost sheet and specification attachments may be edited by the Agency as needed.

6.8.1 Bid Procedures

The following requirements apply to Sealed Bid procurements:

- 1) Documentation of compliance with requirements shall be retained.
- 2) Use of a solicitation list to announce the procurement (including potential vendors/contractors). The Agency shall ensure that lists of persons, firms or products, which are used in acquiring goods and services, are current and include enough qualified sources to ensure open and free competition.
- 3) Publishing a public Notice of Intent to request bids in a local/regional newspaper that reaches potential vendors for the service territory. Trade, civic, or social publications may provide additional means of attracting small, veteran-owned, minority, or handicapped business bidders.
- 4) See VendorNet [PRO-C-5](#), X. Public opening and reading of bids.
- 5) Faxed or emailed bids are not allowed. An Agency may propose a system for accepting email bids, but written Division approval is required prior to implementation.
- 6) Agencies may award contracts to multiple bidders to ensure adequate capacity for timely completion of contracts. Bid awards to multiple contractors are strongly recommended and shall be clearly stated in the Method of Award. See the HE+ Procurement SharePoint page for Method of Award examples.
- 7) Follow the Minor Omissions Policy for Weatherization Agency Procurements available on the HE+ Procurement SharePoint page.
- 8) If only one bid is received the Agency shall ensure procurement file documentation demonstrates due diligence in conducting a competitive procurement process and that the bid price accepted is reasonable (2 CFR 200.320(f)). Follow the guidance below from PRO-C-15, VII to ensure documentation demonstrates:
 - a. The probability of receiving more than one bid existed at the time of solicitation;

b. The sole response was not due to restrictive specifications or conditions;

c. The bid price received is fair; and,

a-d. Resolicitation will probably not elicit further bids.

6.14 Ineligible Vendor Listings

Prior to entering into a contract with a winning bidder the Agency shall verify the contractor is not listed on the following:

- 1) Wisconsin Office of Contract Compliance Ineligible Vendor Directory lists vendors that remain ineligible based on their failure to satisfy s.16.765, Wis. Stats. This list only applies to services contracts over \$50,000 (see also Section 6.13 above).
- 2) Certification for Collection of Sales and Use Tax Vendor Directory lists vendors determined to be ineligible by the Wisconsin Department of Revenue for non-compliance with tax law listed in s.77.66, Wis. Stats.
- 3) Office of Federal Contract Compliance Programs Debarred Companies

Instructions for conducting the ineligible vendor verifications are available in the HE+ Procurement SharePoint document library under “Pre-Award Resources”. See also Appendix A: Wisconsin WAP Terms and Conditions, Section 14.0 Applicable Law and Compliance.

6.15 Bonding

Payment bonds are required for all weatherization and HE+ Furnace program services contracts exceeding \$149,999 annually and where wholesaler or subcontractor partnerships are utilized to deliver services (2 CFR 200.325; PRO-C-19). The Division may grant a waiver to the payment bond requirement if a potential bidder provides proof of a contractor is bonded for construction work performed in the State of Wisconsin. The Agency shall submit a waiver request to the HE+ Help Desk, including proof of bonding documentation.

Agencies, at their discretion, may require payment bonds for all weatherization and HE+ Furnace Program services contracts up to \$149,999. Program funds may be used to reimburse a contractor for payment bond premium costs as described below. If the Agency chooses not to require a bond for contracts up to \$149,999, the Agency shall complete weatherization contract Attachment I prior to entering into an agreement with the contractor.

The bonding or insurance company issuing the payment bond shall be authorized to do business in Wisconsin (PRO-C-19). Agencies shall verify company status using the National Association of Insurance Commissioners Search or the U.S. Department of the Treasury’s Listing of Certified Companies. For additional guidance see the Insurance Company Verification Search and National Association of Surety Bond Producers (NASBP) documents on the HE+ Procurement SharePoint.

The Agency shall verify the validity of the payment bond by obtaining a completed bond verification document from the issuing authority. This document and a copy of the current

payment bond shall be kept in the procurement file. Payment bond premium costs may be reimbursed and invoiced to Program Support or Operations. If an agency chooses to invoice the premium cost to Program Support the use of EAP or DOE funds is not allowed for weatherization invoicing. Agencies, at their discretion, will determine how to reimburse the premium cost. The invoicing method must be determined prior to publishing the bid package and the RFB template shall be updated accordingly.

The use of bid or performance bonds is not allowed. An exception to this requirement may be provided if an Agency submits written justification and receives written Division approval prior to finalizing the contract agreement.

6.18 Contract Management

A system for contract management and 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 services and purchases. Agencies shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract.

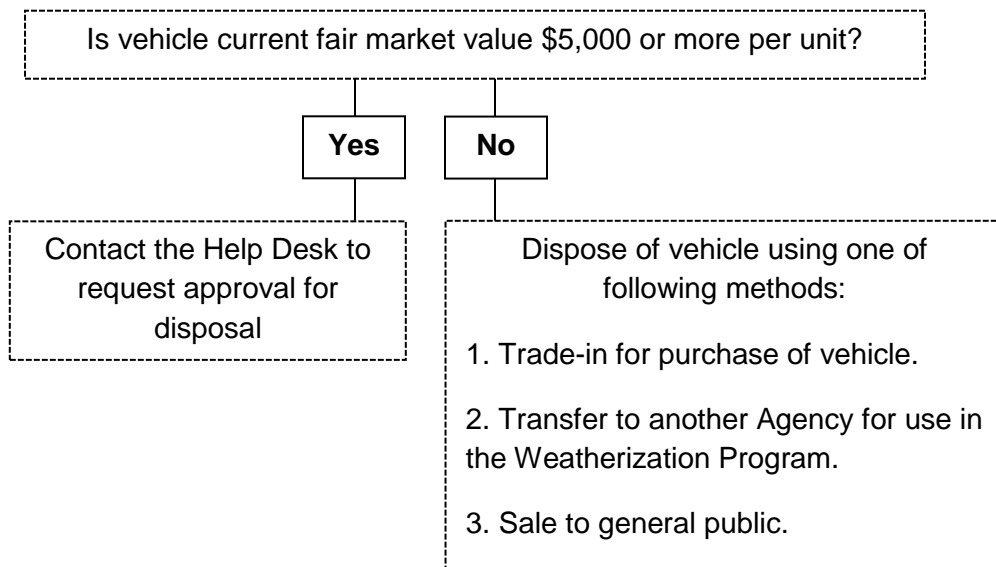
- 1) Contractors/vendors shall be provided with the **right to cure** except if the contractor/vendor breaches or defaults an obligation under their Contract as follows:
 - a) Fails to perform any material obligation required under the Contract such as
 - Files a petition in bankruptcy, becomes insolvent, or otherwise takes action to dissolve as a legal entity;
 - Does not allow a final judgment to be satisfied, or a lien to be disputed, after a legally-imposed 30-day notice; or
 - Makes an assignment for the benefit of creditors;
 - b) Fails to follow the sales and use tax certification requirements of [Wis. Stats. s. 77.66](#);
 - c) Incurs a delinquent Wisconsin tax liability;
 - d) Fails to submit a nondiscrimination or affirmative action plan as required;
 - e) Fails to follow the nondiscrimination or affirmative action requirements of [Wis. Stats. s. 111 Subchapter II](#) (Wisconsin's Fair Employment Law);
 - f) Becomes a federally debarred Contractor;
 - g) Is excluded from federal procurement and non-procurement contracts;
 - h) Fails to maintain and keep in force all required insurance, bonds, permits, and licenses as provided in the Contract;
 - i) Fails to maintain the confidentiality of the State's information that is considered to be Confidential Information, proprietary, or containing Personally Identifiable Information; or
 - j) Contractor performance threatens the health or safety of a State or Agency employee, or an Agency's customer.
- 2) An Agency shall document their contractor performance management process as part of the requirement for a documented Quality Control System (see [Section 2.1.6](#)).
- 3) If an Agency intends to terminate a contract due to performance issues, the Agency shall notify the [Help Desk](#) within 30 days ~~after~~^{of} the decision to terminate. The notification shall include ~~a copy of the signed contract and/or bid document~~, the date the contract was or is proposed to be terminated, and a brief description of the reason for termination.

7. Equipment and Materials Management

7.4 Disposal

7.4.1 Vehicle Disposal

The chart below provides guidance for determining the method to use when disposing of vehicles and non-consumable tools and equipment. Acceptable methods for determining current fair market value include, but are not limited to, the following: using an existing Agency depreciation policy; blue book value or used retail value; obtaining a dealer or vendor quote.



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 other Agencies. Proceeds shall be used as program income to weatherize additional units (see Chapter 1 "Program Income") or to purchase other weatherization materials or equipment.

The Agency shall request permission from the Division to dispose of vehicles with current fair market value of \$5,000 or more per unit. Written disposal requests shall include the following:

- 1) Explanation of why the vehicle can no longer be used in the Weatherization Program;
- 2) Description of the vehicle including model, year, identification number, odometer 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 (PB, DOE, LIHEAP, ARRA or EXXON) and percentages, if multiple funding sources were used;
- 7) Estimated current fair market value;
- 8) Condition of vehicle. If vehicle is in unsafe operating condition, or inoperable, supply an estimate of repair costs required to return the vehicle to operating condition; and

- 9) Copy of purchase approval letter, if applicable.

A Vehicle and Equipment Disposal template is available on the HE+ Procurement SharePoint page. Use of this template is optional.

Proceeds from such disposals shall be handled based on the requirements of the funding source. The Division will provide guidance regarding allowable use of the proceeds.

7.4.2 Equipment and Tools Disposal

For disposal of non-consumable tools and equipment with current fair market value of less than \$5,000 per unit, the Agency shall notify other Agencies that the equipment is available for use in the Weatherization Program. Acceptable methods for determining current fair market value include but are not limited to: using an existing Agency depreciation policy; used retail value; obtaining a vendor quote.

If the equipment is defective, it does not need to be offered to other Agencies.

If another Agency expresses interest, the equipment may be transferred to that Agency for the purpose of their use in the Weatherization Program. If no Agency expresses an interest, then the equipment may be disposed of using a system ensuring free and open competition. Proceeds shall be used to purchase other weatherization materials or equipment.

The Agency shall request permission from the Division to dispose of 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, etc.;
- 3) Date of purchase;
- 4) Contract number when purchased;
- 5) Purchase value;
- 6) Source of funds used for purchase (DOE, LIHEAP, EXXON, ARRA, or PB) 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.

7.4.3 Inventory Disposal

The Agency shall ~~initially~~ contact the original vendor to request return of ~~the items~~the unusable materials. If the items cannot be returned, the Agency may dispose of the inventory. If the cumulative value of the inventory to be disposed of in a program year exceeds 0.25 percent of the total program year operations, health and safety, and baseload operations budget, the Agency shall submit a written request to dispose inventory including:

- 1) Description of items to be disposed, 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 disposed of.
- 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).

~~The Agency and ss~~ shall notify all other Agencies that the inventory is available for use in the Weatherization Program. If an Agency expresses interest in the item(s), the inventory may be transferred to that Agency for ~~the purpose of their~~ use in the ~~w~~Weatherization ~~p~~Program.

If no Agency expresses an interest, then the inventory may be disposed of using a system ensuring free and open competition. ~~The Agency 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.~~
- ~~4)5) 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).~~

In the event of an Agency downsizing, aAny charge to be made against the contract to cover losses incurred in liquidating inventory shall be approved in writing by the Division.

8. Energy Audits

8.6 Mechanical Systems Measures

8.6.1 Heating System Replacement General

Replacement heating systems modeled in the NEAT Heating System tab with a minimum SIR of 1.0 are considered energy conservation measures (ECMs). Fuel switching is allowed when the replacement meets a minimum 1.0 measure SIR and the job meets a minimum 1.0 cumulative SIR. Model all heating systems as an ECM first, unless otherwise indicated. A secondary heating system may be left in place only when it is properly modeled, meets the SIR requirements and is operating safely. See Weatherization Assistant Guide 6.0.8 for further details on modeling secondary heating systems.

All heating system replacements shall meet the minimum specifications in the Wisconsin Weatherization Materials and Specifications and applicable procurement templates available on the HE+ Procurement SharePoint page.

8.6.1.1 Informational Modeling

If the heating system replacement has an SIR of less than 1.0, model the replacement in the Itemized Cost tab as a Health and Safety Replacement for each job. Not all heating systems will be replaced. Follow the protocol below to determine if the system will be replaced.

Inspection forms and efficiency and safety test results on all heating systems (existing or replacement) shall be maintained in the customer file.

- 1) Natural Gas and LP Forced Air Furnaces:
 - a) Inspect and test all furnaces for safety and efficiency.
 - b) Model all furnaces for replacement as an ECM by selecting "Evaluate All".
 - c) For unsafe furnaces that have a measure SIR of less than 1.0.
 - i. Replace the heating system if the job has a cumulative SIR of 1.0 or greater when modeled with the Health and Safety replacement.
 - d) If a system has less than 5 years of useful life and estimated repair costs greater than \$500, replace the system if the job has a cumulative SIR of 1.0 or greater when modeled with the Health and Safety replacement.
- 2) Oil Forced Air Furnaces:
 - a) Inspect and test oil furnaces for safety and efficiency.
 - b) Model all furnaces for replacement as an ECM by selecting "Evaluate All".
 - i. With agreement from the building owner, model fuel switching to gas for oil furnaces that are candidates for replacement. Proceed with the fuel switch if the measure SIR is 1.0 or greater.
 - ii. Oil tanks placed out of service by the weatherization Agency in conjunction with a heating system fuel switch shall be sealed off or removed in accordance with Wisconsin Administrative Code ATCP 93. When performed with a fuel switch, report oil tank capping and removal in WisWAP measure ZRHS035 Fuel Switching (see 8.6.1.2 Fuel Switching and Appendix B WisWAP Reporting Guide).

- a) Modify the heating system type in the Heating tab to reflect planned replacement of the system, and include the AFUE of the new system.
 - b) Use the Electric Fuel Switch Calculator Worksheet to determine the energy savings to be entered into the NEAT audit.
 - c) To determine the SIR for the measure and the job, enter the conversion information generated by the calculator into the NEAT Itemized Cost tab.
 - i. The required information includes the correct WisWAP measure line identification, the savings as predicted by the calculator, the fuel type saved, and the lifetime and the cost of the conversion.
 - ii. Proceed if the replacement system if the measure and the job have an SIR of 1.0 or better.
 - d) The Electric Fuel Switch Calculator Worksheet is available on the HE+ website. The completed worksheet results shall be printed and retained in the customer file.
- 7) Wood (as primary system): Contact the help desk if switching from Wood to Natural Gas or LP to obtain how to calculate energy savings. Wood to wood replacements ~~units~~ shall be performed as a Health and Safety measure. Do not model as an ECM.
 - 8) Non-electric secondary heating systems may be replaced if the system is a safety hazard and cannot be eliminated with the replacement of a primary system with prior approval from the [HE+ Help Desk](#).

8.6.1.2 Fuel Switching

Heating system replacements shall maintain the existing fuel type unless:

- 1) Natural gas or LP gas is available and the fuel switch replacement measure has a minimum SIR of 1.0 when tested with the NEAT audit as an energy conservation measure; or
- 2) The existing system is electric and the conversion models with an SIR of 1.0 or better when the projected savings are calculated using the Electric Heat Conversion Worksheet and entered into the NEAT Itemized Cost tab; or
- 3) There are systems using different fuels exhausting into the same chimney.

~~See the Weatherization Assistant Guide for additional information on modeling fuel switches using NEAT and MHEA.~~

Additional installation charges apply for winter installs of natural gas laterals. Agencies are encouraged to coordinate projects as to not incur additional charges for winter rates when practical.

- 1) If particular job circumstances dictate that winter rates cannot be avoided, the minimum cumulative job SIR to proceed with the fuel switch must be 1.5 or greater.
- 2) If job circumstances dictate that winter rates cannot be avoided and the cumulative job SIR is greater than 1.0 and less than 1.5, submit the .wdz file and other relevant information to the [Help Desk](#) for review. Prior approval by the Division is required.

All costs associated with fuel conversion shall be included with the heating system replacement measure when modeling the primary heating system for replacement with Weatherization Assistant. See the ~~Weatherization Assistant Guide~~ for additional information on modeling fuel switches using NEAT and MHEA.

In WisWAP, report the heating system bid costs to the appropriate WisWAP heating system measure. ~~Report the additional costs of fuel switching such as exterior lateral installation and oil tank treatments, using, shall be included in~~ WisWAP measure ZRHS035 – Fuel Switching. If performing an LP to Natural Gas fuel conversion only (no replacement), report all costs using WisWAP measure ZRHS035 – Fuel Switching. ~~I~~ Include the total linear feet of exterior natural gas lateral installed and the type of fossil fuel switch installed (Oil to LP; Oil to NG; LP to NG) in the comments, when applicable.

The maximum allowable expenditure for measure ZRHS035 is \$1,500. If the fuel switching costs are estimated to exceed \$1,500 the agency shall contact the Help Desk and receive approval from the Division prior to proceeding with the fuel switch.

See the Fuel Switch Policy heading on the [HE+ WisWAP Information](#) page for additional guidance. Agencies shall notify the Help Desk and receive prior approval before proceeding with large-scale fuel switch projects (e.g. entire mobile home parks, neighborhoods or communities).

8.6.3 Water Heater Replacement General

Model water heater conversion or replacement as an energy conservation measure with the audit based on the criteria listed in the specifications. All replacement water heaters shall meet the minimum Wisconsin Weatherization Material Specifications, unless otherwise specified below. The specifications are available on the Home Energy Plus Procurement SharePoint site under the “Policy” heading.

8.6.3.1 1-4 Unit and Mobile Home Water Heater Replacement Specifications

- 1) Fuel switch water heater conversions: Model Water Heater conversion from electric to gas, LP to natural gas, or oil to gas as an energy conservation measure when the following conditions are met:
 - a) Gas is available.
 - b) The customer agrees to the conversion.
 - c) If the existing electric water heater is load controlled (time of use), the Agency shall contact the Help Desk for approval prior to proceeding with a fuel switch.

Replace the water heater if selected by the audit as an ECM. The replacement water heater shall be power vented, ~~and shall meet ENERGY STAR® minimum EF standards, except where specified. See item 2 below.~~

- 2) Replacement without fuel switching. Model electric to electric or gas to gas water heater replacement as an energy conservation measure with the audit if the existing water heater is over-sized for the household or the water heater needs to be replaced as a Health and Safety Measure. Replace the water heater if the measure is selected by the audit as an ECM. See [Weatherization Assistant Guide](#) Chapter 4 for modeling guidance.
- 3) If the unit is a mobile home the replacement water heater shall be rated for mobile home use and meet the following efficiency standards as listed in the latest editions of the [AHRI Directory of Product Performance](#).: <http://cafs.ahrinet.org/gama-cafs/sdpsearch/search.jsp?table+RWH>
- 4) Indirect water heaters may be installed when the building has, or will have, a high efficiency boiler and the water heater is selected as an energy conservation measure with the audit (a minimum 1.0 SIR). See Weatherization Assistant Guide Chapter 4 for additional details on modeling the indirect water heater. ~~Model the water heater in the~~

~~Baseload tab using the EF and RE for Indirect WH workbook to establish the Energy Factor (EF) and Recovery Factor (RE) for the planned installation.~~

- a) When an existing indirect water heater must be replaced because of health and safety conditions model the replacement as indicated above.
- b) Removal and disposal of the old water heater is required.
- 5) The sizing of replacement water heaters shall consider the number of people in the household.
- 6) Replacement based on Health and Safety: If the measure SIR is 1.0 or greater, report it in WisWAP as an ECM. If it is less than 1.0, report it as a Health and Safety replacement. Note: Replacement water heaters of the same type, with higher EF/~~UEF~~ are allowed when a leaking water heater is replaced as a Health and Safety measure and there are acceptable draft and combustion appliance zone (CAZ) depressurization test values.
- 7) Affix a tag to the water heater identifying who the customer should call for service. The tag shall be prominently displayed and include the service provider's name, address, and telephone number.

8.6.3.2 Multi-Family Water Heater Replacement Specifications

When needed to model multiple water heater replacements, use the 5-24 Unit Workbook to generate savings information. Incorporate the savings information and costs into NEAT's Itemized Cost tab. Building owners may opt to replace existing domestic hot water heating systems that do not meet a minimum 1.0 SIR test as a part of their contribution toward the weatherization of the building. The owner's contribution shall be equal to or exceed the buy-down amount needed to reach an SIR of 1.0. The replacement system shall be properly sized. All work will follow the Wisconsin Commercial Building Code, any commissioning requirements that apply, or other codes and regulations by the authority having jurisdiction.

- 1) Gas to gas replacements or system conversion: Replace the water heating system if the replacement has a minimum 1.0 SIR when modeled with the energy audit. The replacement water heater shall be one of the following:
 - a) Power-vented and have a minimum ~~EF of .67~~ EF or .64 UEF (for 40 and 50 gallon units).
 - i. 30 gallon water heaters shall have a minimum ~~EF of .63~~ EF or .60 UEF, and may be installed only when the unit cannot be upgraded to a 40 gallon unit.
 - b) An indirect water heater working with a high-efficiency boiler system.
 - c) A heat pump water heater with an EF of 2.0 or greater.
 - d) One of the units listed above with a solar component. Solar water heaters shall be modeled in the NEAT itemized Cost tab.
- 2) Fuel switch water heater conversions: Fuel Switching water heating systems from electric to gas or LP to natural gas is allowed when the total cost for fuel switching the system is modeled with the energy audit, the measure meets a minimum 1.0 SIR, and the building owner agrees to the conversion.
- 3) Building owners may opt to replace (at their cost) existing water heating systems that do not meet a weatherization program measure SIR of 1.0 or better, with the actual cost counted as part of their contribution toward the weatherization of the building. The replacement system shall be properly sized and represent an increase in efficiency of at least 5 percent over the existing water heating system. The replacement shall be completed prior to the final inspection of the weatherization measures.

- 4) Electric to electric: Model the existing water heater system for replacement if the system is not properly sized, the water heater needs to be replaced based on safety concerns, or there is the potential to maximize energy efficiency. Replace the water heating system if the replacement has a minimum 1.0 SIR when modeled with the energy audit. The replacement water heater shall meet one of the following standards:
 - a) An electric storage water heater with a minimum ~~EF of~~ .95 EF or .93 UEF.
 - b) A heat pump water heater with an EF of 2.0 or greater.
 - c) One of the units listed above with a solar component. For solar water heaters, contact the HE+ [Help Desk](#) for assistance in calculating the savings costs.
- 5) All replacement water heater(s) shall be sized properly for their intended use.
- 6) Removal and proper disposal of the old water heater is required.
- 7) Affix a tag to the water heater identifying who the customer should call for service. The tag shall be prominently displayed and include the service provider's name, address, and telephone number.

Appendix A Summary of Changes

The table below shows significant program and policy changes for Fiscal Year 2017-2018. The effective date for all revisions is July 1, 2017.

Section	Topic	Revision
2.1.6	Quality Control System	Language added to clarify that plans related to final inspection procedures shall be included in the Quality Control System and any changes to the QCS shall be submitted to the HE+ Help Desk.
2.1.6 and 2.1.7	Final Inspections	New policy added to require the Home Energy Plus QCI Checklist be completed on all DOE units. An optional Final Inspection Checklist is also available for PB and LIHEAP units.
2.2.3	Customer File	Added requirement to include completed QCI Checklist, when applicable.
5.3	Allowable Costs	Edited to clarify that, by fund type, administrative and support costs should be invoiced proportional to the operations expenditures invoiced in the same month.
5.3.3.1	Other Support	Edited to clarify that support labor costs shall be directly tied to weatherization activities and measures and that administrative activities shall not be included in support without prior approval from the Division.
5.3.2.6	Unusable Materials	Edited 0.25 threshold to be a percentage of operations, baseload and support expenses. Previously the threshold was 0.25 percent of operations only.
5.3.2.7	Job Cost Reduction	Language added to clarify that leveraged funds such as CDBG and HOME are generally not considered Job Cost Reduction funds.
5.3.7.2	Training Retention	Section edited to align with Training Retention Agreement.
6.8.1	Bid Procedures	Guidance added for procedures to follow when only one bid is received in response to a RFB.
6.14	Ineligible Vendor Lists	Guidance added for verification of bidders per state and federal statute.
6.18	Payment Bonds	Policy changed to clarify reconciliation of the premium amount at the close of the contract is optional. Agencies, at their discretion, may choose not to require a payment bond for services contracts up to \$150,000.
7.4.1	Vehicle Disposal	Program income added as an allowable use of proceeds from vehicle sales under \$5,000.
7.4.3	Inventory Disposal	Unusable material 0.25% threshold added for Help Desk notification requirement. Previously all inventory disposals required notification to the Help Desk and prior approval.
8.6.1.1	Oil Tanks	Clarification that oil tanks shall only be treated with a heating system replacement fuel switch or if a health and safety issue exists at the time of the audit. Guidance added for WisWAP reporting.
8.6.1.2	Fuel Switching	\$1,500 cap added to fuel switching measure. If estimated costs exceed \$1,500 prior approval is required.

8.6.3	Water Heater Standards	Added Uniform Energy Factor (UEF) throughout section.
Appendix B	WisWAP Reporting Guide	Previously this was a stand-alone document on the HE+ WisWAP information website. The guide was edited to clarify allowable activities in the fuel switching and electric conversion measures.