



NM EnergySmart

Administrative Program Manual

Revised 2018



*Weatherization  
Works*

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## 1 FOREWORD

### 1.1 OUR MISSION

To reduce energy costs for low-income families, particularly for the elderly, people with disabilities and children, by improving the energy efficiency of their homes while ensuring their health and safety.

### 1.2 WHAT IS WAP?

DOE's WAP was created in 1976 to assist low-income families who lacked resources to invest in energy efficiency. WAP is operated in all 50 states, the District of Columbia, Native American tribes and U.S. Territories. Funds are used to improve the energy efficiency of low-income homes using the most advanced technologies and testing protocols available in the housing industry. The energy conservation resulting from the efforts of state and local agencies helps our country reduce its dependence on foreign oil and decrease the cost of energy for families in need while improving the health and safety of their homes.

### 1.3 THIS MANUAL

The purpose of the NM EnergySmart Administrative program Manual is to provide guidance into the programmatic aspects of the service provider. These guidelines are expected to be followed as they will maximize the efficiency of the NM EnergySmart program and the delivery system to the people we serve.

This manual makes other previous editions obsolete and they should no longer be referenced.

The 2017 edition is available on the Internet at: [www.housingnm.org](http://www.housingnm.org).

The NM EnergySmart Technical Standards manual can be accessed at: [www.housingnm.org](http://www.housingnm.org).

## 2 INTRODUCTION

The New Mexico EnergySmart Technical Standards provide guidelines to the local administering agencies regarding the proper delivery of weatherization and heating/cooling system services for residential buildings. The purpose of the standards is to ensure that high-quality service is given at a reasonable cost and delivered uniformly throughout the state. The success of this program depends upon agencies and contractors having a full understanding of New Mexico's EnergySmart Technical Standards.

The objective of this document is two-fold. First, it serves to define the appropriate application of weatherization measures for each residence served. The manual delineates material specifications as well as the steps that should be followed to complete each measure. Alternative methods will continue to be allowed, but whatever method is used must meet or exceed the standard described in the relevant section of this document.

Second, these standards set guides for the expectation of quality of the installed product. Procedures are included for evaluating the quality of each installed conservation measure and the overall quality of the completed job.

Additionally, it is anticipated that these standards will help ensure that weatherization program funds are used in the most cost-effective manner possible.

The weatherization program has changed substantially, both technically and administratively, since its inception over three decades ago. The weatherization process continues to evolve in response to changes in funding, weatherization technology, program rules and administrative personnel. The New Mexico EnergySmart Technical Standards will be used to implement and document these changes as they occur.

These standards are organized to easily accommodate future changes. In preparing this edition, some topics may have been inadvertently overlooked. The standards will become more complete and comprehensive with use as omissions are identified and new topics are addressed with new policy or guidance.

## 3 GENERAL PROGRAM REQUIREMENTS

### 3.1 EFFECTIVE DATE

All weatherization measures performed or completed by the agencies on or after the date specified in the cover letter to this Manual shall comply with this Manual.

## 3.2 SCOPE

The goal for the New Mexico Energy\$mart program (hereinafter referred to as NM Energy\$mart) is:

"To reduce costs for low-income New Mexican families, particularly for the elderly, people with disabilities and children, by improving the energy efficiency of their homes and ensuring their health and safety."

The policies shall apply to all local administering agencies (subrecipients) providing weatherization program services.

All questions concerning the content or implementation of these policies should be directed to the New Mexico Mortgage Finance Authority (MFA).

## 4 ENFORCEMENT

Continued agency inability or refusal to comply with these policies is grounds for MFA to recommend suspension, termination or otherwise apply special condition(s) to the agency's agreement to provide weatherization services.

## 5 ENERGY\$MART TECHNICAL STANDARDS WAIVERS

1. Deviations from the **standards** require a waiver from MFA's weatherization program manager prior to the expenditure of funds. Work may proceed after verbal authorization by MFA's weatherization program manager. An electronic or hard copy documenting authorization will be forwarded and kept in the client file.
2. Waivers may be granted by MFA in the following cases:
  - a. The DOE WAP does not permit the general practice on non-renewable fuel switching when replacing furnaces/appliances. However, DOE does allow the changing or converting of a furnace or appliance using one fuel source to another on a limited, case-by-case basis only.
  - b. If a client/occupant refuses to allow a certain measure to be completed and this measure has a higher savings-to-investment ratio (SIR) than the remaining measures. Agencies should explain the potential energy savings to the client to ensure that they understand the ramifications of their decision. Agencies must document the reason the work was not performed.
  - c. To convert water heaters or heating systems to a different fuel type.
    - i. Gas water heaters may be replaced with electric water heaters if it is necessary to address an unsafe venting situation, but only on a case-by-case basis.

- ii. Clients have the option of declining or waiving a conversion for personal reasons. For example, if a conversion requires that a new venting system be run through finished space and the client does not like the appearance, the client may decline the conversion.
- iii. Agencies must first educate the client regarding the advantages and disadvantages of switching fuels. If the client declines the conversion, they must sign a statement in the client file waiving the conversion.
- iv. Fuel conversions must be completed by qualified personnel in compliance with applicable building codes.

## 6 DEFERRAL OF WEATHERIZATION

There are some situations in which an agency or contractor should not or may choose not to, weatherize an otherwise eligible unit. In order to deal with such cases, MFA implements the deferral policy for all agencies administering the EnergySmart program. This policy allows weatherization staff to postpone services when certain conditions or circumstances exist. However, an agency should define its intentions at the time a condition occurs. The agency/contractor deferral/postponement policy must contain these elements:

1. *Postponement of Weatherization Services:* An agency or contractor may postpone weatherization services under the following conditions:
  - a. A dwelling unit is vacant.
  - b. A dwelling unit is for sale.
  - c. A dwelling unit is scheduled for demolition.
  - d. A dwelling proves to be dilapidated or structurally unsound and unsafe. Dilapidated units are classified as those which do not provide decent, safe and sanitary shelter in their present state and have defects so serious and numerous that the repairs required to revive the structure to standard condition would not be economically feasible.
  - e. A dwelling unit is deemed by the auditor to pose a threat to the health or safety of the crew or contractor.
  - f. A mobile home is improperly installed (for example, within adequate supports).
  - g. A dwelling unit is uninhabitable (for example, a burned-out apartment).
  - h. A building is affected by mold and mildew and the area affected is too large for the weatherization crew or contractor to remediate.
  - i. The client is uncooperative with the weatherization agency or its contracted agent, either in demanding that certain work be done, refusing higher priority work which is needed, being abusive to the work crew or contractor or by being unreasonable in allowing access to the unit. Every attempt should be made to explain the program and the benefits of the work. If this fails, work should be suspended and MFA should be consulted. In such cases, documentation is required.

- j. Obvious discrepancies are found between the information supplied by the client on the application and observed conditions at the time of weatherization. The agency or contractor must resolve these discrepancies before weatherization work can continue.
  - k. If, at any time prior to the beginning of work (work officially begins when the audit is performed), the agency or contractor determines that the client is no longer eligible or personnel believe that circumstances may have changed, the unit shall not be weatherized until updated information can be obtained from the client.
  - l. There are rats, bats, roaches, reptiles, insects or other animals or varmints that are inadequately or not properly contained on the premises.
  - m. There are health or safety hazards that must be corrected before weatherization services may begin including, but not limited to:
    - i. The presence of animal feces and/or other excrement,
    - ii. Disconnected waste water pipes,
    - iii. Hazardous electrical wiring,
    - iv. The presence of unsafe levels of mold or mildew or
    - v. Unvented combustion appliances or actionable levels of ambient carbon monoxide.
  - n. There are illegal drugs or illegal activities occurring on the premises.
  - o. The client or owner is physically or verbally abusive to any personnel.
  - p. The dwelling unit or parts thereof are being remodeled and weatherization work is not coordinated with a housing rehabilitation program.
  - q. The eligible household moves from the dwelling unit where weatherization activities and services are in progress. In such a case, the agency or contractor must determine whether to complete the work and the circumstances must be documented in the client file.
  - r. One or more occupants in a dwelling have been diagnosed with a contagious and life-threatening disease.
  - s. When a person's health may be at risk and/or the work activities could constitute a health and safety hazard, the occupant at risk will be required to take appropriate action based on the severity of the risk. Failure or the inability to take appropriate actions must result in deferral of the weatherization work.
  - t. In unusual situations not covered above or where other problems of a unique nature exist, MFA should be consulted.
2. Procedure
- a. If an agency or contractor cannot or chooses not to weatherize a dwelling unit, it must notify the client or owner/authorized agent by use of the Deferral of Services Form or some other appropriate agency form or process which might include:
    - i. The nature and extent of the problem(s) and how the problem(s) relate(s) to the

- determination not to weatherize the unit;
- ii. Any corrective action required before weatherization services can be initiated;
- iii. A time limit for correcting problems so that weatherization services may be rescheduled;
- iv. The name of the person or entity responsible for correcting the problem(s); and
- v. The right of appeal.
- vi. All documentation justifying the decision to postpone services must be kept in the client file.

## 7 GENERAL ORGANIZATION

### 7.1 SERVICE PROVIDER AGREEMENTS

Request for Proposals (RFPs):

MFA will release a RFP periodically to obtain competitive proposals from qualified offerors to provide weatherization services under the NM EnergySmart program. Organizations with the interest and capability to be NM EnergySmart service providers respond to the RFP and selected organizations are offered an opportunity to contract to provide weatherization services. Such contracts are generally renewed annually until a new RFP is released.

### 7.2 MINIMUM THRESHOLDS FOR AWARDING NM ENERGYSMART GRANTS ARE

- ◆ A clean external audit
- ◆ A GB02 contractor's license
- ◆ Proof on non-debarment for federal funding
- ◆ Proof of good standing as a nonprofit

### 7.3 SCOPE OF WORK

A service provider must have the capability of providing, at a minimum, the Scope of Work shown below:

- ◆ Sound and solid fiscal resources
- ◆ Budget approved by MFA for program funds
- ◆ A production schedule of the units required to be weatherized
- ◆ Ability to provide outreach to target income group to be served
- ◆ Staff capable of completing applicant intake procedures



- ◆ Adequate field capacity to meet production goals

## 7.4 ORGANIZATIONAL CHART AND JOB DESCRIPTIONS

All service providers must maintain a written organizational chart and written job descriptions for all positions being paid for with NM EnergySmart funding. Job descriptions should be aligned with DOE core competencies matrix found at: <http://www.waptac.org/Training-Tools/Core-Competencies.aspx>.

Use of volunteers in performing weatherization services is encouraged by 10 C.F.R. 440.16: “(d) To the maximum extent practicable, the grantee will secure the services of volunteers when such personnel are generally available, training participants and public service employment workers, other federal or state training program workers, to work under the supervision of qualified supervisors and foremen.”

If volunteers are used for any functions, the service provider must provide written details describing how the services of volunteers are used and how these services are obtained.

## 8 WEATHERIZATION PERSONNEL

### 8.1 PROGRAM PERSONNEL KNOWLEDGE, SKILLS AND ABILITIES

The competencies and skills of New Mexico EnergySmart program weatherization personnel are important to define and achieve. The field of low-income weatherization has changed significantly during that last ten years; it is important that weatherization staff adjust to these changes. The introduction of *Weatherization Plus* by DOE and the increased use of building science principles and procedures into the weatherization field have accelerated these changes. The weatherization personnel knowledge, skills and abilities listed in this section ensure that New Mexico weatherization staff remain at the forefront of this trend and bring the professionalism to their work that clients deserve.

Below please find the weatherization job categories and where the applicable KSA list may be found.

1. Retrofit Installer Technician → NREL Job task Analysis – Retrofit Installer (pgs. 3-15)
2. Crew Leader → NREL Job Task Analysis – Crew Leader (pgs. 4-5)
3. Energy Auditor → NREL Job Task Analysis – Energy Auditor (pgs. 4-20)
4. Quality Control Inspector → NREL Job Task Analysis – Quality Control Inspector (pgs. 3-11)

Agencies must update their job descriptions and hiring process to reflect the knowledge, skills and abilities by position.

The knowledge, skills and abilities applicable noted above have been developed through the National Renewable Energies Laboratory in Golden, CO, in conjunction with DOE. They may be updated at future dates. Any updated KSA lists will be posted periodically.

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#### 8.1.1 ENERGY AUDITOR

An energy auditor is a building analyst that evaluates and analyzes buildings and their energy efficiency and health and safety aspects by gathering empirical data, conducting tests and using energy modeling software with the goal of identifying areas for savings, reducing energy consumption, improving health and safety and increasing the lifespan of a building while also improving the quality of life and comfort for building occupants.

See “NREL Job Task Analysis – Energy Auditor” for details.

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#### 8.1.2 CREW LEADER

A crew leader is responsible for supervising the retrofitting activities specified in the scope of work. He or she is responsible for interacting with the client in addition to managing personnel and materials on the job site in a safe and effective manner. The crew leader is responsible for quality control, testing procedures, documentation and conducting a final walk through to ensure that all work is completed in a satisfactory manner.

See “NREL Job Task Analysis – Crew Leader” for details.

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#### 8.1.3 RETROFIT INSTALLER

An installer installs energy-efficiency measures to single family or 2-4 unit-homes using a variety of building science practices and weatherization techniques. It is important for the installer (or subcontractor) to understand that they are on the “front line” of the weatherization program; if they do substandard work, the weatherization program cannot be effective. On the other hand, if they perform good work, their weatherization program will be successful. Additionally, it is important for the installer or subcontractor to keep in mind that they are an ambassador for their weatherization agency and for the larger weatherization program.

See “NREL Job Task Analysis – Retrofit Installer Technician” for details.

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#### 8.1.4 QUALITY CONTROL INSPECTOR

A final inspector is an evaluator who verifies the work performed against the work plan, specifications and standards, performs building diagnostics, records/reports findings and concerns and specifies corrective actions; by conducting a methodological audit/inspection of

the building, performing safety and diagnostic tests and by observing the retrofit work; in order to ensure the completion, appropriateness and quality of the work providing for the safety, comfort and energy savings of the building occupants.

See “NREL Job Task Analysis – Quality Control Inspector” for details.

## 9 FISCAL MANAGEMENT

### 9.1 CURRENT CONTRACTS AND BUDGETS

The NM Energy\$mart program year runs from July 1 to June 30 of the following year. Some utility contracts fall outside the scope of the NM Energy\$mart Performance Agreement and are governed by separate agreements. The Service Provider performance agreement includes:

### 9.2 STATEMENT OF ASSURANCES

Service provider will comply with all applicable requirements as stated within the Statement of Assurances, including, but not limited to, all federal labor standards such as the Davis-Bacon Act, 40 U.S.C. 3141 et seq., as amended, which Statement is provided to by the service provider and attached to the performance agreement.

### 9.3 BUDGET

Within 30 days of receipt of the executed performance agreement, the service provider shall submit to MFA for its approval proposed detailed Budgets which reflect the monthly obligation and expenditures of all program funds identified in the performance agreement in accordance with the approved corresponding Production Schedules. If at any time additional funding becomes available, it will be subject to the discretion of MFA to allocate such additional funds to the service provider in accordance with the performance agreement. MFA, in its sole discretion, shall approve the Budgets if they are consistent with the state plan and the approved corresponding Production Schedules.

### 9.4 PROOF OF REGISTRY AS A NONPROFIT

If the service provider is a nonprofit organization, as a condition of entering into the performance agreement and of the payment of program funds under the agreement, the service provider must register with the Registry of Charitable Organizations of the Office of the New Mexico Attorney General and keep such registry current during the term of the agreement, all as required under the Charitable Solicitations Act, Section 57-22-1 NMSA 1978 et. seq. and

the New Mexico Attorney General's Office. On no less than an annual basis, service provider shall provide to MFA proof of its continuing registration.

## 9.5 GROSS RECEIPTS TAX

MFA's weatherization service providers should obtain a Type 7 NTTC, which will permit them, as licensed construction contractors that are also 501(c)(3)s, to purchase both services and tangible goods without having to pay gross receipt taxes.

Service providers, as nonprofit companies, will need to be in good standing with Tax and Revenue (i.e. current on all taxes owed) and properly licensed to perform the construction work they do in order to qualify for the Type 7 NTTC. Service providers' eligibility for the exemption is based on their identity as a "501(c)(3) organized for the purpose of providing home ownership opportunities to low-income families."

## 9.6 ADVANCES

Regulation 2 CFR 200.305 indicate that NM EnergySmart service providers shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement.

- ◆ Service providers may request an advance of their contract in the beginning of each program year.
- ◆ MFA will determine an eligible advance for each service provider based on prior year performance.
- ◆ An amendment to the DOE contracts will be executed based on the eligible advance amount.
- ◆ Once the amendment is executed, MFA will deposit a cash advance into the service provider's checking account.
- ◆ The service provider will request monthly reimbursements of expenses incurred no later than the 10th day after the end of each month.
- ◆ MFA will reimburse the service provider on a monthly basis based on actual need.

An example of how reimbursements/advances will be handled is as follows:

The service provider is advanced \$300,000. On month one the service provider submits a reimbursement for \$200,000. MFA will deposit \$100,000 which will leave \$200,000 in their account to cover the expenses and ensure that the advance is adequate for an estimated need of \$200,000 per month based on their first month's invoice.

Month one example:

(Transaction 1) Initial advance	\$300,000
(Transaction 2) Request for reimbursement	\$200,000
(Transaction 3) Advance balance	\$100,000
(Transaction 4) MFA issues additional advance based on need	\$100,000
(Transaction 5) Balance in advance account for next month	\$200,000

In the second month, the service provider submits an invoice in the amount of \$300,000. MFA will deposit \$400,000 in their account to cover the expenses and ensure that the advance is adequate for the estimated need of \$300,000 per month based on their second month invoice.

Month Two Example:

(Transaction 5) Balance in advance account from previous month	\$ 200,000
(Transaction 6) Request for reimbursement	\$ 300,000
(Transaction 7) Advance Balance	\$(100,000)
(Transaction 8a) Reimbursement from MFA	\$100,000
Balance in advance account	\$ -0-
(Transaction 8b) MFA issues maximum advance based on need	\$ 300,000
(Transaction 9) Balance in advance account for next month	\$ 300,000

Each month this method will be used to determine the true reimbursement amount.

- ◆ The NM EnergySmart program manager who is paying invoices will determine the true amount to be reimbursed. A copy of the worksheet that determined the advance will be attached to the invoice.
- ◆ Once the proper reimbursement/advance amount is determined, the program manager will adjust the advance amount in the total line to determine the amount to be reimbursed, initial the change and submit it to the Accounting Department for payment.
- ◆ The Accounting Department will confirm the correct reimbursement amount prior to paying the reimbursement.
- ◆ At no time will the advance exceed the initial advance.

If a service provider does not demonstrate the need for the advance through invoicing, MFA will write a request for the funds to be returned in the form of a check within 3 business days.

- ◆ All advances will be held back from reimbursement in the months of April and May of each program year.

## 9.7 ADMINISTRATIVE FEE FOR SERVICE INCOME

The PNM Refrigerator/CFL Replacement and the NM Gas Baseload and Baseload Plus programs generate administrative fee income. The funding from these programs can be considered unrestricted money **as long as all expenses incurred in installing the CFLs have been charged**. If any amount remains after **all** expenses, such as load, vehicle, equipment and labor are charged, it is unrestricted income and it is not required that the income be returned to MFA. Such income can be utilized for unrestricted expenses.

Income from the PNM CFL's and the NM Gas Baseload and Baseload Plus programs must be tracked separately and accounted for in your accounting system. The general ledger should be accessible upon request.

The income is not required to be in the on-line system and a budget is not necessary.

Expenses against the income are unrestricted; however their use should be energy efficient related. Examples of how funding could be utilized include, but are not limited to, the following:

- ◆ Pay for measures that fall outside the scope of the NEAT or MHEA energy audits
- ◆ Pay for shelf software that will be utilized for the NM EnergySmart program
- ◆ Used toward the required yearly external financial audit

## 9.8 BANK RECONCILIATION

Service providers are required to reconcile their bank statements every month and such reconciliations will be verified during monitoring. Bank reconciliation should also be verified at monthly Board of Directors meetings.

## 9.9 INSURANCE REQUIREMENTS

All work performed must be covered by liability insurance. Sufficient liability coverage for DOE funded activities must be obtained. Liability insurance can be charged on the liability line item in the budget, which was created to ensure that such costs would never have to be charged to the administrative cost category.

Most, if not all, regular liability insurance policies do not provide for many health and safety measures such as lead and other pollution occurrence items. Thus, DOE strongly recommends Pollution Occurrence Insurance (POI) as a part of or an addendum to, general liability insurance. POI is therefore charged on the liability insurance line item. If service providers choose NOT to

obtain POI coverage and damage occurs because of not following all aspects of Lead Safe Weatherization or there is disturbance to any other environmental pollutants, the cost to do remediation, clean up, relocation, medical expenses or any other resulting costs **may not** be charged to DOE weatherization and **must** be covered by another funding mechanism.

Service providers that employ private contractor labor to perform weatherization services must ensure that each private contractor is adequately insured as well. Service providers shall review their existing policies to ensure that they have adequate coverage, in accordance with their Grantee requirements. Additional information about POI coverage can be found on the WAPTAC website. POI is discussed in weatherization program Notice 02-6. Sections 5.12 – Energy Related Health and Safety and 5.14 – Lead Paint Hazard provides further information affecting this decision. The WAPTAC site can be accessed at: <http://www.waptac.org/>.

The service provider shall procure and maintain, at its expense, insurance in the kinds and amounts provided below, with insurance companies authorized to do business in the state of New Mexico, covering all operations under the service provider agreement, whether performed by the service provider or its agents. Before commencing the services and on the renewal of all coverage, the service provider shall furnish to MFA a certificate or certificates showing that it has complied with this requirement. Various types of required insurance may be written in one or more policies. With respect to all coverage required other than workers' compensation, MFA shall be named an additional insured. The below policy outlines the requirement of insurance and where each insurance costs can be billed.

#### Insurance Policy:

1. Full, formal procurement to ensure fair competition for insurance providers (MFA will monitor each agency's procurement beginning the 2017 annual monitoring).
2. A cost allocation plan detailing the portion of the insurance costs that will be billed to MFA presented with the DOE & LIHEAP budgets. For the purposes of allocation, the agency should work with their procured insurance agent to see how the premiums are calculated. Example: In some cases the coverage might be based on square footage in others the number of employees, etc.

The cost breakdown must follow the insurance cost outline below.

1. Contractual Commercial General Liability Insurance

This is the only portion of the insurance that is allowed to be billed to the liability insurance line item.

\$1,000,000	Per Occurrence
\$1,000,000	Policy Aggregate to include Pollution Occurrence
\$1,000,000	Products Liability/Completed Operations
\$1,000,000	Personal and Advertising Injury
\$ 50,000	Damage to Rented Premises (if applicable)
\$ 10,000	Medical Payments
\$1,000,000	Builder's Risk Insurance for any Construction Projects

## 2. Auto Insurance

Automobile Liability Insurance: An automobile liability policy with liability limits in amounts not less than \$1,000,000 combined single limit of liability for bodily injury including death and property damage in any one occurrence. Said policy of insurance must include coverage for the use of all owned, non-owned, hired automobiles, vehicles and other equipment both on and off work.

The cost of this insurance should be billed to the program operations budget category under the maintenance, repairs and property insurance line item.

## 3. Worker's Compensation

Workers' Compensation Insurance: Workers' Compensation Insurance for its employees in accordance with the provisions of the Workers' Compensation Act of the state of New Mexico.

For field staff, worker's compensation should be billed to program operations. For administrative staff, worker's compensation should be billed under Administration. If a staff member is split between administrative activities and field work activities the worker's compensation costs for those individuals must be split accordingly and the allocation must be backed up with either a formal time study or time sheets.

In the case of worker's compensation, when the insurance company does their yearly evaluation on the estimated worker's compensation exposure vs. the actual worker's compensation exposure, any additional charges to the program should be distributed in the same way listed above.



#### 4. Pollution Control

Pollution control should be billed to program operations and be fairly distributed between funding sources based on the agencies funding source cost allocation plan.

#### 5. Bond or Employee Dishonesty Insurance

The service provider shall obtain and maintain, at all times during the term of this agreement, a blanket Fidelity Bond or Employee Dishonesty Insurance policy covering the activities of the service provider in an amount of at least 25 percent of the total dollar amount of the current budget. The service provider shall furnish MFA with a copy of the Bond certificate or proof of insurance. The service provider shall notify MFA in writing of any change in the service provider's Bond or insurance policy status within one business day of such change.

The costs for Bond or Employee dishonesty Insurance may only be billed to the Administrative line item.

#### 6. Any Other Insurance Costs

If there are any other insurance-related charges incurred by the agency, the costs may only be billed to the Administrative line item.

### 9.10 TRAVEL RECORDS

Nonprofit organizations must maintain travel records as guided by 2 C.F.R. 200.474 See below, Allowable Costs, for the 2 CFR 200 definition of “reasonable” in relation to costs. Travel costs must be calculated accurately and sufficient records maintained to document the amounts requested.

Upon proper submission by the service provider, MFA will reimburse such travel expenses as may be incurred in the performance of the performance agreement at the rates established in the New Mexico Per Diem and Mileage Act, Section 10-8-1 NMSA 1978 et seq. as implemented by the current Department of Finance and Administration (DFA) Rule.

### 9.11 AUDIT PROCEDURES

The service provider will maintain adequate financial accounting, program and project records, including records required by the NM EnergySmart program regulations and such other records as may be required by MFA to permit MFA to fulfill its obligations. The service provider is required to have available for a monitoring review the following items:

- ◆ Expense records, including copies of invoices, bank statements, check registers and vouchers

- ◆ Labor and pay records for work performed and a materials inventory list
  - ◆ Evidence of competitive procurement for the purchase of materials and construction work, including records of advertisement for bids or proposals and rating sheets
  - ◆ Subcontract documents, if applicable
  - ◆ Individual client files, including income verification documentation and client permission form to check utility bills for pre- and post-installation comparison of utility expenditures
1. Regulations. The service provider shall comply with the auditing requirements set forth in applicable federal regulations. The service provider shall also comply, if applicable, with the auditing requirements under 2 CFR 200 and the New Mexico state Auditor's rules and regulations. Single Agency Audits shall comply with the procedures specified by MFA. MFA shall have the right to audit Payment Requests and disbursements before and after payment to the service provider. Payment of monthly invoices shall not negate MFA's rights to recover excessive or illegal payments or payments made for ineligible activities.
  2. Annual Audit. The service provider and any subcontractor shall maintain strict accountability of all program funds disbursed to them, in accordance with all governing federal regulations; and shall cause the independent audits required by 24 CFR Sections 84.26 and 85.26, as applicable, for all periods in which program funds have been expended, to be completed in a timely manner at service provider's sole cost. Service provider shall deliver copies of such audits to MFA within 10 days after the audits become available, but not later than 270 days after the end of service provider's or any subcontractor's fiscal year. The service provider will require its auditors to obtain an audit confirmation from MFA to specify the funding sources and amounts of program funds disbursed.
  3. Independent Audits. Service providers not subject to the Single Audit Act, 2 CFR 200 and who obtain independent audits, shall send their audit reports to MFA. Any audit completed by an independent auditor shall be in accordance with generally accepted government auditing standards covering financial and compliance audits.

## 9.12 BOARD MINUTES

Board Minutes will be examined during monitoring to ensure financial and other decision-making is made with appropriate independent oversight.

## 9.13 EQUAL OPPORTUNITY AND FAIR HOUSING

The service provider will abide by all federal and state laws, rules and regulations and executive orders of the President of the United States of America and the Governor of the state of New Mexico, pertaining to equal employment opportunity and fair housing. In accordance with all

such laws, rules and regulations and executive orders, the service provider will assure that no person in the United States shall, on the grounds of race, color, national origin, sex, age, sexual orientation, gender identity or handicap, be excluded from employment with or participation in, be denied the benefits of or be otherwise subjected to discrimination under any program or activity performed by the service provider.

#### 9.14 ALLOWABLE COSTS

All service providers must maintain a fiscal system that allocates costs among programs and assigns costs to appropriate budget categories. Costs are allowable if they are necessary and reasonable, not prohibited under state or local laws, conform to laws and regulations, are given consistent treatment, comply with generally accepted accounting principles and are not included as a cost under other federal programs. (See 10 CFR 600 for guidance on regulations. A link to these regulations is provided in the Appendices).

“Reasonable” costs are defined in 2 CFR 200.404: A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with organizations or separate divisions there of which receive the preponderance (greater than 50 percent) of their support from awards made by federal agencies. In determining the reasonableness of a given cost, consideration shall be given to:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.
2. The restraints or requirements imposed by such factors as generally accepted sound business practices, arm’s length bargaining, federal and state laws and regulations and terms and conditions of the award.
3. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees and clients, the public at large and the federal government.
4. Significant deviations from the established practices of the organization which may unjustifiably increase the award costs.

## 9.15 BUDGET CATEGORIES

**Administration:** Costs related to organization-wide administration, such as Executive Director and support staff, finance office, human resources and Board of Directors. The category may also include other costs associated with effective implementation of the administrative requirements, such as consultant costs related to administration. Administration costs are limited to 5 percent of the grant amount.

**Audit:** Section 440.23 of the program regulations permit a separate budget category for financial audits. Required audits, such as the annual 2 CFR 200 Single audit required if federal funding exceeds \$750,000, are charged to this budget category.

**Liability Insurance:** Costs of liability insurance for WAP projects for personal injury and property damage. It also includes professional liability and the cost of Pollution Occurrence Insurance. This category does not include costs for insurance of buildings, Errors & Omissions or vehicles and equipment.

**Program Operations:** Costs related to weatherization of a home or multifamily unit. Items included in program operations are: materials, contractors, transportation of materials and crew, purchase and maintenance of tools and equipment, storage costs and labor and benefits for on-site supervisory personnel, crew leaders and crew members, inspectors, quality control persons, warehouse personnel and inventory clerks.

1. **Labor:** The costs allowed by the Department of Labor to supplement the staff working on WAP homes. Costs are tracked by activity, not by job description and must be associated with a home being weatherized. This might include compensation and benefit costs of auditors and inspectors, crew and the labor portion of sub-contract costs. Costs will include travel time, time spent loading and unloading materials and time spent on audits.
2. **Material:** The total cost of purchase and delivery of weatherization materials, including material, sales tax, shipping and handling. New Mexico requires no less than 25 percent of the cost of weatherizing a home must be for material costs.
3. **Support (Load):** The other costs necessary to carry out the requirements set forth by 10 CFR 440, including compensation and benefits for program staff such as WAP Director, WAP office staff involved with intake, warehouse/inventory staff, quality control staff and on-site supervisors. Support also includes:
  - a. Procurement and recruiting expenses
  - b. Space and storage costs for the WAP program, including office, parking and material storage expenses such as rent/space cost, utilities, maintenance and

- repair and property insurance
- c. Communications costs for WAP
- d. Vehicle expenses such as maintenance, operation and insurance
- e. Tools and equipment, whether rented, leased or purchased and the maintenance and insurance of such equipment
- f. Office supplies, printing and postage
- g. Warehouse supplies
- h. Energy conservation education training materials or expenses to send staff to such training
- i. Bond premiums
- j. Subscriptions and dues
- k. Registration and training costs

**Leverage:** Costs related to securing other funding sources or for partnering with other agencies, i.e., with rehabilitation agencies, to increase the amount of weatherization assistance obtained from non-federal sources. Costs could include employee compensation and benefits, contract labor, transportation costs, lodging and meals while traveling and, in some cases, membership fees. This category could include a portion of administration costs for administering State and PNM program funds as well.

**Health and Safety:** Costs, not included on the SIR, incurred for labor and materials used on a home to mitigate energy-related health and safety hazards, the elimination of which is necessary before or because of, installation of weatherization materials. Included costs could be employee compensation and benefits, sub-contractors and materials.

**Training and Technical Assistance:** Cost to adequately train WAP staff to ensure effective implementation of WAP. This category may include providing information concerning conservation practices to WAP participants (client education) and such informative programs as Weatherization Day or such costs can be included in the Operations category. Costs charged to this category include employee compensation and benefits for agency personnel, but not contractors, who attend training; transportation; lodging and meals; materials used in training exercises; registration or training participant fees; and other costs associated with training.

**Special Needs:** Costs attributable to addressing issues outside of those allowed by the DOE or where NEAT/MHEA allowable measures exceed DOE maximum, such as replacement furnaces or hot water heaters.

### **Budget Line Items**

- ◆ **Part 1: Employee Compensation.** This line incorporates **all** compensation paid to the employees working on WAP, including Administrative Personnel, WAP Coordinator, On-Site Supervisor, Crew Members and other WAP personnel.

- ◆ Part 2: Employee Benefits. This line incorporates **all** benefits paid to the employees working on WAP, including benefits for group insurance, retirement, payroll taxes and employee insurance.
- ◆ Part 3: Travel. This line incorporates **only** travel related costs, including costs to travel in state and costs to travel out of state that are paid for by WAP.
- ◆ Part 4: Vehicle Expenses. Expenses in this line item are for vehicle gas and oil, vehicle maintenance, vehicle repair and vehicle insurance. No other costs should be included.
- ◆ Part 5: Maintenance, Repairs and Property Insurance. This line incorporates **all** furniture, fixtures and equipment, building and equipment maintenance and supplies and property insurance costs.
- ◆ Part 6: Supplies: This line includes office and field supplies, small tools under \$500, uniforms and educational supplies.
- ◆ Part 7: WAP Materials. This line item is for the cost of materials used to weatherize a home allocated between program operations, leverage, health and safety and Special Needs.
- ◆ Part 8: Contract Labor. This line includes costs for contractors, allocated between program operations, leverage, health and safety and Special Needs.
- ◆ Part 9: Audit. This line includes costs for the service provider's WAP annual fiscal audit. Costs are only allowed if funds have been awarded for audit purposes.
- ◆ Part 10: Liability Insurance. This line includes costs for liability insurance for the weatherization projects in general liability, personal injury, property damage and Pollution Occurrence Insurance coverage.
- ◆ Part 11: Other Operating Costs. This line item includes printing and photo supplies, postage, bond premiums, utilities, rent of building/storage, rent of equipment, telecommunications, subscriptions and dues, registration and training fees and advertising.
- ◆ Part 12: Capital Outlay. This budget line is for costs of equipment between \$500 and \$5,000 **only** and requires MFA's prior permission to expend. Vehicle purchases are made using MFA's capital outlay budget.

## Personnel

Charges for salaries and wages must be done in accordance with 2 CFR 200, which is quoted below. A service provider must provide MFA written details of the procedure you will use to comply with the regulation.

1. Charges for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages must be supported by personnel activity reports, as prescribed in 2 CFR 200 except when a substitute system has been approved in writing by the agency.
2. Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time indirect functions). Reports maintained by nonprofit organizations to satisfy these requirements must meet the following standards:
  - ◆ The reports must reflect an after-the fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.
  - ◆ Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
  - ◆ The reports must be signed by the individual employee or by a responsible supervisory official having firsthand knowledge of the activities performed by the employee, verifying that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.
  - ◆ The reports must be prepared at least monthly and must coincide with one or more pay periods.

## Cost Allocation

A cost allocation plan is necessary when a service provider is involved in multiple programs that also include WAP. There are no written federal guidelines, but such a plan must be

mathematical in nature and reasonable in its assumptions. Formulating such a plan requires identifying the services and costs of each service to be allocated among programs, determining the mathematical unit or method for allocating the costs of each service to user programs and implementing the plan consistently.

Allocable costs must be assigned in proportion to the benefits received by each program and cannot be shifted to overcome deficiencies in other programs. Applicable credits, such as rebates and trade-ins, are used to reduce expenditures applicable to a given grant or program. The total cost of a program is comprised of the allowable direct and allowable indirect costs less applicable credits.

Steps in allocation of costs include:

- ◆ Identify each of the shared costs that should be allocated.
- ◆ Identify each of the shared costs that will be included as part of the indirect pool, if applicable.
- ◆ Determine the method in which costs will be allocated so that each program is paying proportionately for the benefits from the cost.
- ◆ Prepare the cost allocation plan and submit for internal approval. The plan should have multiple oversight that is not derived entirely from one funding source.

Compensation costs included in direct costs must be supported by an activity log generated **after** such costs are incurred. Equipment must be charged to direct costs, never indirect. Direct costs must be supported by documentation including:

- ◆ List of grants, contracts and agreements
- ◆ Agency organization chart
- ◆ Job description for each general and staff person
- ◆ Work sheet for each individual showing personnel and non-personnel costs, chargeable hours and calculation of that employee's billing rate
- ◆ Summary of non-personnel general administrative costs and allocation to each general and administrative position
- ◆ Copy of the previous audit report supporting the total general and administrative costs used in these calculations
- ◆ Time sheet form which will be used by general and administrative staff
- ◆ Monthly billings summary form that will be used to invoice each program
- ◆ Space cost allocation for each property

Indirect costs are shared costs, to be distributed by an indirect cost rate, that are grouped into one or more cost pools to determine the appropriate rate. A formal indirect cost proposal must be submitted and approved. Once approval is granted, charges can then be distributed by



means of the indirect cost rate. Application of indirect cost rates must be supported by formal accounting records available for auditing. Indirect costs, like direct costs, must be allowable under federal government cost principles.

MFA's financial monitoring tool can be found at:

### **Invoicing**

Payment under performance agreements will be made on a reimbursement basis through the use of the New Mexico WAP On-Line Payment System.

1. Cost Reimbursements/Budget. Payment under cost reimbursable contract provisions shall be made upon MFA's receipt from the service provider of certified and documented invoices for actual expenditures allowable under the terms of the performance agreement. Reimbursements will be made in accordance with an approved MFA budget.
2. Timely Submission of Reports and Documents. The service provider must submit the required invoices and reports showing evidence of the appropriateness of each claim for payment to MFA **no later than ten (10) days after the last day of each month**. In the event the service provider wants to deviate from this requirement, a written request for exemption from this requirement shall be submitted to MFA. Exemptions will only be made to change the monthly date of submittal or to allow the service provider to make semi-monthly reports. Only after written authorization is given by MFA may the service provider deviate from the requirement of reporting no later than ten (10) days after the last day of each month. The service provider shall request a written extension of time explaining the reason for late submission of reports prior to the due date. Extensions shall be granted or denied in the sole and sound discretion of MFA.
3. Completed Units. The reports include the completed unit reports detailing customer name, address, utility companies, energy efficient measures or improvements made to the unit, estimated energy savings, date of measures/improvements and cost of measures/improvements.
4. Invoices will not be paid until all completed units submitted are determined to be in satisfactory condition with no measure skipped.

## 10 STATE HISTORIC PRESERVATION OFFICE (SHPO) REPORTING

### Background

Federal regulations, specifically Section 106 of the National Historic Preservation Act, require that all federal agencies take into account the effect of projects that they fund, license or authorize on significant historic properties. Federal agencies carry out this responsibility in consultation with the state, represented by SHPO and Tribes, represented by the Tribal Historic Preservation Officer (THPO), to find ways to avoid or mitigate the effects on those properties. "Significant historic properties" are those properties included in or eligible for, the National Register of Historic Places. (Attachment A) Any home built prior to 1965 or located in a designated historic district has the potential to be eligible for the National Register of Historic Places. The determination of whether or not a home falls into this category is determined by the SHPO or THPO. The only NM EnergySmart activities that concerns SHPO/THPO are activities that occur on the exterior of the home, i.e., replacement of windows and/or doors, gable vents. Mobile homes are excluded from this policy.

### Purpose

The purpose of this policy is to comply with Section 106 of the SHPO/THPO requirements. The change is effective immediately for all participants of the NM EnergySmart program.

### Policy

1. All weatherization intake forms must include a question that asks the approximate year the home was built. If the homeowner does not have the approximate year of the homes then the Assessor must get the year of the house when doing the Assessment.
2. If the applicant marks unknown on the application for the approximate date the home was built or leaves that line blank, then assume that it was built before 1965 and send a picture to SHPO or THPO.
3. For existing applications for homes that are on the waiting list, the assessor must try to determine the year the house was built from the homeowner:
  - a. When an assessor is in the home and any of the following three criteria exist, the assessor will take a digital photo of the front or façade of the home. The Assessor will also include a picture of what is being replaced. Photos should clearly show the entire front of the home. The file size of the photo cannot exceed 5 MB of storage.
  - b. If the home was built before 1965;
  - c. If the age of the home cannot be determined;
  - d. If the home is located in any of the historic districts listed on the attached Exhibit A.

4. The auditor will then run the NEAT or MHEA audit. If the audit determines that the home requires doors or windows and the three criteria listed in item (4.) apply, the service provider's designated contact will send an email with photo(s) and provide a map showing the exact location of the home being weatherized to ensure the home is not within any listed historic districts to the SHPO office. The pictures and the map will be combined into a PDF document before being emailed:

## 11 THPO REVIEW (ZUNI AND POJOAQUE ARE ONLY THPO'S REVIEWING WAP PROJECTS)

### Zuni Pueblo

Kurt Dongoske, RPA, Director/Tribal Historic Preservation Officer at [Kdongoske@cableone.net](mailto:Kdongoske@cableone.net) and cc: the EnergySmart program manager at [shpo@housingnm.org](mailto:shpo@housingnm.org)

### Pojoaque Pueblo

Vernon Lujan, Director at [vernon@poehcenter.com](mailto:vernon@poehcenter.com) and cc: the EnergySmart program manager at [shpo@housingnm.org](mailto:shpo@housingnm.org).

## 12 SHPO REVIEW (ALL OTHER TRIBES AND AREAS OF THE STATE)

All e-mail's must display the words NM EnergySmart weatherization and the address of the home in the subject line including the town or pueblo and county. In addition, the e-mail must have an attached picture of the front of the home. It should also include a brief description of the weatherization activity to be performed on the exterior of the house, such as, replacement of entry door or replacement of windows on east side of house, etc.

The SHPO office will make a concerted effort to send a return email or U.S. mail to the sender as soon as feasible. The project cannot proceed until the return email is received. If the return email states "no historic properties affected" the service provider can proceed with the project. MFA does not have a signed agreement with the THPO's and each house will be dealt with on a case by case basis.

1. If the return e-mail states that the property is historic, then the service provider will have to either contact SHPO at (505) 827-4054 (phone) or fax to (505) 827-6338 or mail it to the NM Historic Preservation Division, 407 Galisteo Street, Suite 236, Santa Fe, NM 87501 at or at [nm.shpo@state.nm.us](mailto:nm.shpo@state.nm.us) and inform her of which one of the following options will be used on the house:
  - a. Replace the window (or door) with a window that maintains the historic integrity of the exterior of the home. The email would need to include the materials to be used

- in the custom made window(s) including the dimensions, color and kind of stain or paint, etc.
- b. Install an interior storm window. The information to SHPO would only need to state that an interior storm window will be installed.
  - c. Gable Vents when installing insulation
  - d. Install energy efficient film. The email to SHPO needs to include the product name of the film.
  - e. Replacement of panes, caulking and weather stripping around door(s).
  - f. The service provider also has the option to:
    - i. Rerun the NEAT audit without using windows or doors;
    - ii. Decide not to weatherize that particular home.

If the house is located in Zuni Pueblo or Pojoaque Pueblos, the service provider will work through the Environmental Officer at MFA to determine what weatherization activities will be permitted. Whichever one of the options is utilized, the service provider must email SHPO or THPO to let them know what they are doing and the service provider cannot commence work on the exterior of the house until the consultation process has been concluded by an email from SHPO or THPO that states that the proposed action will not have an adverse effect on the historic nature of the house. Any other work on the interior of the house may begin and does not have to wait for the consultation process to be concluded.

The programmatic agreement between DOE, MFA and SHPO outlines weatherization undertakings exempt from Section 106 Review. The measures listed in Appendix A are exempt and do not require SHPO review in order to proceed with weatherizing the unit. Any measures, referred to as “activities” in the programmatic agreement, not included on this list must be reviewed by SHPO before proceeding.

## 12.1 MONITORING

MFA will inspect the weatherization of historic homes as part of the units required by the state plan.

- ◆ If approval from the SHPO or THPO is necessary, service provider must place a copy of the complete email correspondence in the client file.
- ◆ MFA will monitor files for approval emails from SHPO/THPO to ensure that work was done in compliance with SHPO’s/THPO’s advice.
- ◆ MFA will monitor service provider by monthly reviews of the on-line completed unit report (i.e., look for homes older than 1965 that are having windows and doors installed and follow-up for SHPO compliance.

## 12.2 REPORTING

DOE requires a report on historic preservation and Section 106 reviews for all DOE funded units. MFA requires each agency to report SHPO activity in September of each year.

The programmatic agreement between DOE, MFA and SHPO outlines weatherization undertakings exempt from Section 106 review. The measures listed in Appendix A of the sample agreement at: [..\..\Environmental Review\SHPO\Attach 3 - Historic Preservation DOE Prototype PA Final Complete 2 5 10.pdf](#) are exempt and do not require SHPO review in order to proceed with weatherizing the unit. *Any measures, referred to as “activities” in the programmatic agreement, not included on this list must be reviewed by SHPO before proceeding.*

- ◆ MFA will monitor service providers by cross-checking the e-mails with the completed units report (i.e.: compare address on e-mails with homes older than 1965 that have had windows and doors installed).

## 12.3 PROPERTY MANAGEMENT

### Procurement Policies

Policies and Purposes. MFA is committed to providing affordable housing for low and moderate income New Mexico residents; promoting free competition among potential contractors; and supporting New Mexico based businesses. These Procurement Regulations are intended to be patterned after the New Mexico Procurement Code, Section 13-1-28, et seq., NMSA (1978), to be compatible with the unique needs and structure of MFA and to provide general procurement guidelines for MFA.

1. *Application.* These Procurement Regulations shall apply to the following purchases:
  - a. Services
    - i. Professional Services. Professional services, including services rendered by legal counsel, consultants, accountants, auditors and other professionals as needed from time to time.
    - ii. Financial Services. Financial services, including services rendered by investment bankers, underwriters, trustees, custodians, financial advisors, credit enhancement providers, master loan and investment agreement providers and others as needed from time to time.
    - iii. Other Services. All other services, including advertising, public relations and printing services.

- b. **Tangible Personal Property.** All tangible personal property, including furniture, fixtures, equipment and supplies.
- c. **Program Expenditures and Awards.** Subject to the exceptions provided below, expenditures or disbursement of funds or awards of benefits from federal and state programs administered by MFA and from MFA programs for services, tangible personal property and other awards shall be subject to these Procurement Policies except when in conflict with any federal or state regulations.
- c. **Exceptions.** These Procurement Policies do not apply to procurement of tangible personal property or services as follows:
  - a. **Small Purchases.** A small purchase is a purchase of tangible personal property or services costing less than \$50,000 within a given calendar year, including any charges such as taxes and travel that are essential to the provision of the services or tangible personal property.
  - b. **Informal Bids/Requests for Qualifications (RFQs.)** At least three, if possible, informal bids or RFQ responses, as appropriate, will be obtained from vendors for purchase of services or tangible personal property costing \$50,000 or more but less than \$75,000 within a given calendar year. Where the services or tangible personal property are provided by current vendors, a request for informal bids or RFQ will be mailed to current vendors and to other known vendors. All requests for informal bids or RFQs will include descriptions of:
    - i. The services or tangible personal property to be purchased;
    - ii. The terms and conditions applicable to the purchase, including the period of time during which offeror(s)' prices will remain in effect;
    - iii. The response submission date, time and place; and
    - iv. The criteria to be utilized by MFA in selecting the successful offeror(s).

Informal bids or RFQ responses must be obtained in writing but do not have to be opened in public. Multiple vendors may be selected and placed on a list of approved vendors to provide the services or tangible personal property in question. Contracts need not be entered into: However, payments to vendors may not exceed the prices proposed in vendors' responses to the RFQ, for the period identified in the RFQ. MFA may permit offerors who are not selected under the RFQ to provide the same kinds of services or tangible personal property proposed in their informal bid or RFQ response, subject to the limitations stated in section B.1. above. For any given engagement, vendors may be selected on the basis of availability and other relevant factors. Basis for

individual selections will be documented.

3. *Emergency.* An emergency procurement is a procurement made:
  - a. Under a condition creating an immediate threat to operations or funding of MFA, any federal or state program or project or to any bond issue; or
  - b. In response to a natural disaster or other emergency situation creating an immediate need for housing or housing related services or tangible personal property.

In such conditions MFA may conduct negotiations to obtain the price and terms most advantageous to MFA, with any vendor or vendors that MFA determines to be most capable of delivering the procurement.

4. *Limited Source Procurement.* Limited source procurement is procurement with such a limited number of qualified sources for the procurement, as determined under the facts and circumstances of the procurement make a competitive sealed proposal procedure impracticable. In such conditions MFA may conduct negotiations to obtain the price and terms most advantageous to MFA, with any vendor or vendors that MFA determines to be most capable of delivering the procurement.
5. *State Contract.* Pricing offered under a current state of New Mexico procurement contract.
6. *Approval.* Exceptions described above in part B are to be reviewed and approved according to MFA's current authorizations.
7. *Documentation.* All exceptions to the Procurement Policy will be documented with respect to the justification for the exception as described above. Documentation of RFQs and RFQ responses and the name and address of each contractor, the amount and term of the contracts and a list of all services and/or tangible personal property under each contract will be maintained on file in accordance with MFA's policy for retention and disposition of records.
8. *Multiple Small Purchases and RFQ Selections.* From time to time a given offeror will qualify under multiple Small Purchase and/or RFQ selections, for the provision of one or more services and/or tangible personal property. The respective \$50,000 and \$75,000 limitations apply collectively to all of the services and/or tangible personal property provided to MFA by any one vendor under these exceptions, pursuant to part B.

9. *Procedure.* Procurement of tangible personal property or services costing \$75,000 or more and procurements not subject to the exceptions in paragraph B are subject to a competitive sealed proposal or RFP) procedure as follows:
- a. Requests for Proposals. Competitive, sealed proposals will be solicited through a request for proposal. All requests for proposals shall include descriptions of:
    - i. The tangible personal property or services to be purchased;
    - ii. The terms and conditions applicable to the procurement; including the period of time during which offeror(s)' prices will remain in effect;
    - iii. The date, time and place where proposals are to be received and reviewed;
    - iv. The applicable protest procedures; and
    - v. The criteria to be utilized by MFA in selecting the successful offeror(s) and the weight to be attributed to each criterion.
  - b. Review. Final RFPs shall be reviewed by MFA's general counsel and approved according to current authorizations prior to publishing.
  - c. Negotiation. MFA may provide offeror(s) whose proposals are reasonably likely, in MFA's discretion, to be selected an opportunity to discuss and revise their proposals at any time after submission of proposals and prior to award for the purpose of obtaining final and best offers. MFA may negotiate with responsive offeror(s) for award.
  - d. Award/Selection. Offerors whose proposals are most advantageous to MFA, taking into consideration the evaluation criteria set forth in the RFP, will be selected according to the current authorizations. Written notice of the selection of the offeror(s) will be sent to all offeror(s) as soon as reasonably possible.
  - e. Internal Committee Review. Proposals for each RFP will be reviewed by an Internal Committee of at least 3 MFA staff members including the Chair. The Internal Review Committee Chair will be responsible for establishing the committee, getting committee approval from the Executive team, distributing the proposals to the members, setting meeting times, ensuring proposals are scored in a uniform manner, summarizing the scores and presenting the results to the Policy Committee, Board Committee and the Board. From time to time, as needed, one or more reviewers from outside MFA may be invited to participate in the review process. It is also recommended that the Chair propose an alternate for approval along with the regular committee members.
  - f. Contract Requirement. All awards shall be evidenced by a fully executed contract. Counsel will review each such contract or form of contract.
  - g. Responsibility of Offeror(s). If an offeror who otherwise would have been awarded a contract is not a responsible offeror, a determination that the offeror is not a



responsible offeror, setting forth the basis of the finding, shall be prepared and the offeror shall be disqualified from receiving an award. The failure of an offeror to promptly supply information in connection with an inquiry concerning responsibility is grounds for a determination that the offeror is not a responsible offeror.

- h. Irregularities in Proposals. MFA may waive technical irregularities in the form of the proposal of the offeror(s) selected for award as long as such irregularities do not alter the price, quality or quantity of the services or tangible personal property offered.
- i. Protest.
  - i. An offeror may protest the selections. The protest must be submitted in writing, to MFA, within fifteen (15) calendar days after the notice of award.
  - ii. MFA will issue a notice of determination relating to the protest within a reasonable period of time after submission of the protest. The determination by MFA shall be final.
  - iii. Offerors and members of MFA Board of Directors shall not communicate regarding a pending offer or award until the protest period has expired or, in the event there is a protest, until the protest is decided by the Board.
- j. Documentation: Thorough documentation of all RFPs will be maintained on file in accordance with MFA's policies on retention and disposition of records.

10. Reimbursement of Travel Expenses: Reimbursement of successful offeror(s) travel expenses will be consistent with MFA travel reimbursement policies.

11. Code of Conduct. All offerors shall agree to conduct themselves in a manner consistent with MFA's Code of Conduct.

## 12. Definitions

Authorizations - The delegations of review and decision making authority to staff, committees and the Board of Directors, as approved by the Board from time to time.

Offeror - is the person or entity who submits a response to an RFQ or RFP.

Request for Proposals (RFP) - all documents, including those attached or incorporated by reference, used for soliciting proposals.

Request for Informal Bids, Request for Qualifications or RFQ - all documents, including those attached or incorporated by reference, used for soliciting bids under part B.2. above.

**Responsible Offeror** - an offeror who submits a responsive proposal to an RFP, RFQ or informal bid and who has furnished, when required, information and data to prove that his financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services or tangible personal property described in the proposal.

**Responsive Offer** - a proposal which conforms in all material respects to the requirements of an RFP, RFQ or informal bid. Material respects of an RFP, RFQ or informal bid include but are not limited to price, quality, quantity or delivery requirements.

**Responsive Offeror** - a person who has submitted a Responsive Offer.

**Services** - the furnishing of labor, time or effort by a contractor not involving the delivery of a specific product, other than reports and other materials, which are merely incidental to the required performance.

**Tangible Personal Property** - physical property including furniture, fixtures, equipment and supplies.

### 13. Disposition or Sale of Tangible Goods

Upon Management's determination that it is in MFA's best interest to sell or dispose of property or tangible goods with a market value of \$1000 or more, the following steps will be taken and documented:

- a. Sale at public auction
- b. Price comparable goods to determine current, fair market value if possible. The fair market value will be used as the minimum bid. Bids will be requested through newspaper and/or Internet advertisement/auctions. MFA employees may respond. The award will be based on the highest bid received.
- c. Destruction.

At its discretion, management may negotiate sale or donate property such as outdated computers, printers and furniture to a public school or other public entity in need of such items. The PTA Council of the school or department head of a government entity will acknowledge all transfers of property.

## 12.4 CAPITAL OUTLAY

At the beginning of each NM EnergySmart program year, capital outlay budgets for each service provider must be assessed for cumulative or single purchases over \$75,000 in a single line item. Such purchases must be procured through the RFP process as detailed below.

When requesting grant funds for capital outlay purchases, service providers must send a letter of request, including the purpose for which the item(s) will be used, whether the items are for replacement of existing equipment or not, the specification sheet and evaluation sheet and at least three quotes with the name, address and phone number of the vendor and signature of party with power to bind the company to the quote. Vendor price sheets may not be substituted for the spec sheet and the binding signature must be present.

Once the item is purchased, the service provider must provide the invoice to MFA for payment with capital outlay funding. When the item is received, an asset set up must be provided to MFA within five (5) working days for entry into the inventory tracking system. Set up and remove forms must be provided as needed to manage inventory tracking.

## 12.5 MATERIALS PROCUREMENT AND SERVICES

Agencies must maintain written procurement procedures which conform to federal, state and MFA guidelines. Federal guidelines are found at 10 CFR 600.236 (state and Local Governments) and 10 CFR 600.140-148 (Nonprofit Organizations). A link to 10 CFR 600 can be found at: <https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=dbed341bec1e8e3cd9d7c8e9eefbaa2e&r=PART&n=10y4.0.1.3.9>

New Mexico service providers are required to follow the New Mexico Procurement Code and/or MFA's guidelines for all purchasing activities since state requirements may be more stringent than the federal requirements.

Procurement standards dictate that the service provider is responsible for all procurement contractual and administrative issues. Protests must be answered by the service provider. The service provider must maintain a Code of Conduct and all procurement must provide for open and free competition to the fullest extent. There must be written selection procedures and the solicitation must include a clear and accurate description of the service or material being procured.

Grantees are to encourage minority firms, women's business enterprises and labor surplus area firms.

## 12.6 PROCUREMENT PROCEDURES

Service providers must have written procurement procedures that include:

- ◆ Procedures that avoid the purchase of unnecessary or duplicative items
- ◆ Analysis of lease and purchase alternatives
- ◆ Preference for products and services that conserve natural resources and protect the environment
- ◆ Encouragement to enter into state and local inter-governmental agreements for purchasing common goods and services
- ◆ Encouragement to use federal excess and surplus property
- ◆ Procedures that ensure awards are only made to responsible contractors
- ◆ Records that detail the significant history of any procurement
- ◆ Protest procedures

### 1. Procurement Methods

Each service provider must establish specific methods for procurement. The standard way of doing this, as described in MFA policy above, is to require methods of increasing control based on the dollar value of the purchase.

For each of the methods used the agency should identify:

- a. Who is authorized to make each level of procurement?
- b. How the service provider ensures open and free competition
- c. How the service provider is to perform the cost/price analysis
- d. The information to be maintained to document the procurement activity

### 2. Open and Free Competition

All procurement should provide for open and free competition. All potential providers of both goods and services should be given an opportunity to provide the goods or services being purchased by the service provider. This does not mean that each time the service provider wants to purchase an item they must solicit cost quotations from all potential vendors. The service provider can establish periodic intervals when cost quotations are to be secured. MFA requires that cost quotations be obtained once a year, preferably at the beginning of the contract cycle.

A service provider can eliminate potential providers from competition if they have performed unsatisfactorily in the past. For example, if materials were not delivered on time. The important factor in such elimination is that an agency has a policy which states under what conditions a provider will no longer be eligible. An agency must have written documentation of the reasons for not considering a provider.

## 12.7 COST/PRICE ANALYSIS:

Each service provider must conduct a cost/price analysis on an annual basis in conjunction with the contract cycle. Many agencies utilize factors other than cost in selecting vendors. This can be handled in one of two ways.

- ◆ Make those factors a requirement of the supplier
- ◆ For competitive proposals, assign points for specific criteria

The important component is that the service provider has established activities for performing and documenting the cost/price analysis.

The service provider must retain the work papers used in performing the cost price analysis.

## 12.8 PROCUREMENT CODE OF CONDUCT

All agencies should have a written Code of Conduct which governs employees and Board members. The purpose of the Code of Conduct is to ensure the integrity of the agency. The areas to be addressed in the Code of Conduct would include, at a minimum:

1. Conflict of Interest. Conflict of interest would be where the agency, an employee or Board member would benefit financially from a procurement decision.
2. Kickbacks. An agency, employee or Board member would receive a kickback from a selected supplier. This should not occur.
3. No family member of an agency employee or Board Member can benefit from a procurement decision.
4. Political Patronage. A decision cannot be based on the political affiliation of a provider of goods or services.

The Code of Conduct should also include the penalties or sanctions that will be imposed should the Code of Conduct be violated.

## 12.9 DOCUMENTATION

Documenting activities are required for all procurement. Each service provider should have specific requirements for the documentation of all procurement transactions.

Small purchases may require minimal documentation records such as:

- ◆ Telephone quotations
- ◆ Price catalogs
- ◆ Written quotations
- ◆ Name of the individual securing the information
- ◆ Date information reviewed or received

Sealed bids and competitive proposals would require the following documentation:

- ◆ Approval to subcontract
- ◆ Bid package, including sample contract, where applicable and detailed description of goods or services being sought
- ◆ Advertisement documentation
- ◆ List of individuals and firms requesting the bid package
- ◆ List of individuals attending bidders' conference
- ◆ Record of questions and responses at bidders' conference
- ◆ Written requests for information and responses
- ◆ List of evaluation panel members
- ◆ All bids/responses received
- ◆ Abstract of offerors
- ◆ Work papers of the evaluation panel
- ◆ Rejection letters to unsuccessful bidders
- ◆ Protest file, if applicable

## 12.10 COMPETITIVE PROPOSAL PROCUREMENTS

Competitive proposals include RFPs, Requests for Qualifications and Requests for Information. They are publicized by advertisement as widely as possible, with advertisements including a description of the tangible property or service to be purchased; terms and conditions applicable to the procurement with time period for which offerors prices will remain in effect; the date, time and place where proposals are to be received and reviewed; protest procedures; and criteria to be utilized in selecting the successful offeror. Respondents are furnished a package to guide their submissions, which includes:

- ◆ Cover sheet with closing and opening date

- ◆ Statement of work/specifications
- ◆ Minimum requirements
- ◆ Evaluation criteria
- ◆ Work quality standards
- ◆ Proposal format
- ◆ Sample contract
- ◆ Date of bidders conference
- ◆ Right of the agency to accept or reject all bids
- ◆ Period of contract

Evaluation factors other than price are included in Requests for Proposals and must be fully publicized along with the request for offers. All vendor submittals received are evaluated in an objective manner and the organization must have a method for conducting technical evaluation and selecting awardees. Offers must be solicited from a number of qualified sources.

In developing a bid/proposal package, the steps followed are:

- ◆ Establish solicitation timeframe including date and time period of advertisement, closing date for receipt of proposals and date of opening/review of proposals
- ◆ Prepare scope of work/specifications
- ◆ Minimum requirements for responsive proposal
- ◆ Evaluation criteria

Once the package is prepared, the following activities take place:

- ◆ Prepare the advertisement for newspaper or other placements
- ◆ Prepare notice to be posted
- ◆ Submit to contracts
- ◆ Submit advertisement to newspaper and post advertisement
- ◆ Secure documentation of advertisement/posting
- ◆ Notify all individuals on the bidders list of solicitation, if applicable
- ◆ Record names of the individuals or firms requesting packages, the date the request was received and the date the package was sent
- ◆ Prepare technical information for the bidder's conference
- ◆ Facilitate the bidder's conference
- ◆ Provide sign-in sheet for bidder's conference
- ◆ Record minutes of bidder's conference

All responses should be logged into a control sheet and each response stamped with the date and time received, initialed by the person making the stamp. Responses will be stored in a secure location until opened. Late submissions will be returned, unopened, with a letter of explanation.

Awards are made to the most responsive firm whose proposal is most advantageous to the program. A copy of each response and a summary of the scoring will be provided to MFA so that a completed package can be forwarded to DOE for necessary approval.

Notice to contract will be sent to the selected contractor/vendor, securing certification of insurance and all required licenses, if applicable. Written notice will be provided to unsuccessful respondents.

## 12.11 PROCUREMENT BY BID

Procurement by bid requires either advertising for the bids or advertising to establish a qualified bidders' list. Bids can also be sought from state lists of qualified bidders. A procedure and timeline similar to the competitive proposals will be followed and sufficient time must be allowed for vendors to prepare their bids to meet the specifications. State requirements require there must be at least three responsive suppliers competing for the contract.

Awards are made to the lowest priced responsible vendor, with a responsible vendor being one who is capable of compliance with all bid specifications, capable of performing the work as required and having administrative capacity to manage the award. An award becomes a firm, fixed price contract and will not be altered.

Bid checklist. A checklist to guide the process of seeking bids is required. A complete proposal/bid package will include:

- ◆ Cover sheet
- ◆ Statement of work specifications (scope of work) or materials to be purchased
- ◆ Minimum requirements
- ◆ Evaluation criteria
- ◆ Work quality standards, if applicable
- ◆ Proposal format
- ◆ Sample contract, if applicable
- ◆ Date of bidders' conference
- ◆ Right of agency to accept or reject all bids
- ◆ Period of contract, if applicable

Preparation of specification form package: Specifications may never require specific brands and may not be written in such a way that only one specific brand will meet the specifications.



Specifications should be complete and detailed but not list requirements generally included with such items, unless they are needed for weatherization work (i.e., “floor mats” in specifications for a truck). Specifications should be written with the idea of justifying each requirement. If there is no logical justification related to weatherization, the specification should be eliminated (i.e., “CD player” in specifications for a truck).

Taxes, title, delivery and similar costs that are part of a purchase agreement, but are not specific to an item, should be listed as “requirements” of the purchase, rather than specifications of the item/service.

The spec sheet should clearly state when the offer expires. The length of the offer may vary depending on the type of equipment being procured.

A lease option must be included when the item is generally offered for lease. A lease evaluation sheet will summarize the responses received, detail the analysis with purchase option and indicate which option is selected.

A complete package will include an evaluation sheet listing all bids received, which clearly indicates which vendor is selected.

#### 12.12 PROTEST PROCEDURE

In the event of a protest of an award, the contractor/vendor selected will be notified a protest has been lodged. A meeting of the protest committee will be scheduled to review the complaint. The meeting will be within ten (10) working days of the filing of the protest and minutes of the evaluation by the protest committee will be kept. Their decision must be issued to the agency within five (5) days, at which time the protestor is notified of the outcome.

The protest file will contain a list of protest committee members, a copy of all protest committee correspondence, meeting minutes and working papers.

#### 12.13 NON-COMPETITIVE (SOLE SOURCE) PROCUREMENT

Non-competitive (sole source) procurement may be used when only one bid is received or only one source is solicited. It can be used only when obtaining the services or materials is not feasible under competitive methods and when one of the following conditions is met:

- ◆ Only a single source exists
- ◆ Emergency conditions exist
- ◆ MFA’s Board has authorized such procurement

Non-competitive procurements must be approved by the funding agency before awarding. The organization must devise and document its own cost analysis process to ensure fair prices are being charged. Negotiated contracts result from non-competitive procurement.

#### 12.14 BUY-AMERICAN POLICY

The Buy-American policy applies to all purchases.

#### 12.15 FIXED ASSETS

Title to all property furnished to the service provider by MFA shall remain in MFA. Title to all property with a purchase price of \$500 or more, acquired by the service provider in whole or in part or while under cost reimbursable contracts (including purchase by lease-purchase agreement, the cost of which is reimbursed to the service provider under this agreement) shall vest in MFA after reimbursement of the cost by MFA and expiration or termination of service provider performance agreements.

The service provider must prepare a written property record of all items in inventory which were purchased in whole or in part with DOE/WAP/ARRA funds. The agency must file the property record with MFA by October 31th of each year.

In order to capture this information, agencies are required to submit documentation reflecting the quantity, acquisition date, description, serial number, if applicable and cost of small tools and capital outlay items. The information is to be submitted along with the Line Item Expenditure Report at the time the expenses are reported. The information is then forwarded to MFA on the Inventory Control Form.

#### 12.16 PURCHASE OF VEHICLES AND COMPUTER EQUIPMENT

Vehicles are to be purchased with program operations funds allocated to the service provider. Computer equipment may be purchased with Administration, program operations and/or T & TA funds allocated to the agency. Additional funds are not available at the state level for these purchases. Purchases of vehicles and equipment must comply with 10 CFR 600. Preference will be given to the least expensive item. If MFA determines the item can be acquired for a lesser amount of money, the least expensive alternative will be submitted to DOE for approval. service providers may purchase the more expensive item; however, the full cost of the item will not be reimbursed with DOE/WAP or MFA funds. Any item purchased in whole or in part with DOE funds will be considered DOE property pursuant to 10 CFR 600 and must be reflected as such on the inventory.

The process for obtaining approval for the purchase of vehicles and computer equipment is as follows:

1. The service provider shall submit the request, in writing, for approval to MFA. The request shall include the following:
  - a. Complete description including make, model and year and cost of the item (for vehicles, itemize by feature). This information should be in the form of a specification sheet. Attach a copy of the itemized bid to the request.
  - b. Purpose of the item and if it is replacement or additional equipment
  - c. Shared usage with programs other than NM EnergySmart and shared payment, if applicable.
  - d. Disposition of existing vehicles or computer equipment to include description, serial numbers and trade-in value, if applicable.
  - e. Availability of funds is to be justified. The justification shall include why savings are anticipated and how the agency will maintain the appropriate program operations/labor to materials ratio. Justification for use of T & TA funds is to be included.
  - f. A procurement package that documents how the vendor/supplier was selected and that the lowest cost option was chosen or an explanation of why lowest cost option was not chosen. This package should include at least three written comparable quotes with the name, address and phone number of the company providing the quote and the time period for which the quote is valid.

Upon receipt of approval from DOE for purchase of items valued over \$5000, MFA will notify the service provider, in writing, to proceed with the purchase. ***Purchases without prior approval will be considered as disallowed costs.***

The service provider is responsible for obtaining the registration for all vehicles from the Motor Vehicle Division and informing the Motor Vehicle Division that MFA is to be identified as the lienholder. The original title remains with MFA. New vehicles must be registered with the NM Motor Vehicle Division within 30 days of purchase.

## 12.17 PURCHASE OF TOOLS AND EQUIPMENT

Tools are to be purchased with program operations funds allocated to the service provider. Equipment may be purchased with Administration, program operations and/or Training and Technical Assistance funds allocated to the agency. Additional funds are not available at the state level for these purchases.

The process for obtaining approval for the purchase of tools and equipment valued over \$500 is as follows:

1. The service provider shall submit the request, in writing, for approval to MFA as detailed above. MFA notifies the service provider, in writing, to proceed with the purchase.  
***Purchases without prior approval will be considered as disallowed costs.***
2. When purchases over \$500 are completed and items are delivered, asset set up forms, accompanied by invoices of approved purchases, will be submitted within five (5) working days to generate numbered asset tags. The tags will be fixed to the inventory items and used by service providers to track location of such items through their own inventory control systems. Asset disposal forms will be submitted when these items are sold, lost, stolen or otherwise disposed of.
3. Asset Set Up/Move/Disposal Forms are found in Appendix 4.

#### 12.18 DISPOSITION OF PROPERTY

When an asset is no longer being used, it may be disposed of in accordance with 10 CFR 600 and the state Administrative Code and Audit Rule. DOE approval is required for disposition of vehicles and major equipment items valued at \$5000 or above. MFA approval is required on all other items. Items that are broken and beyond repair or lost may be disposed of with proof of their uselessness or loss provided to MFA. MFA disposal policy must be followed and steps taken must be documented. In the event a computer is included in the planned disposition, certification that the hard drive has been properly erased should be documented.

MFA NM Energy\$mart Vehicle Disposal Policy is as follows:

- ◆ If a service provider has intention of removing a vehicle out of the NM Energy\$mart Inventory, they must submit a letter of request to MFA.
- ◆ A NM Energy\$mart vehicle may not be auctioned or sold to a NM Energy\$mart employee.
- ◆ MFA must approve any trade in, auction or sale of a vehicle in the NM Energy\$mart inventory. The Fair Market Value (FMV) of the vehicle must be determined by using the NADA website ([www.NADAguides.com](http://www.NADAguides.com)). The FMV must be attached to the written request.
- ◆ If the FMV of the vehicle is more than \$5,000, MFA will forward the request to DOE for a second layer of approval.
- ◆ Upon proper approval of the request for disposal, MFA will inform the requesting agency, in writing. If DOE approval was needed, the DOE letter of approval will be provided.
- ◆ At the point of written approval, the service provider may proceed with the trade-in, sale or auction of the vehicle.

- ◆ Proceeds received from the sale or auction of vehicles are to be forwarded to MFA for deposit. All supporting documentation should be attached to the check. Supporting documents should include: the check, the original request, the approval letter and an asset disposal form.
- ◆ If the vehicle is used as a trade-in on another vehicle, it must be clearly noted on the purchase agreement papers.

The service provider will submit the request for approval to dispose of vehicles and equipment to MFA. The request shall include the following:

- ◆ Description and serial number
- ◆ FMV of the item. FMV can be obtained from vendors of the product or websites such as E-Bay where like products are being sold. Documentation should be printed and submitted with the Fixed Assets Disposal Form.
- ◆ Condition of the item

MFA will request approval from DOE, if necessary. MFA will inform DOE and obtain disposition instructions. MFA will notify the service provider, in writing, of the disposition instructions to be followed.

Pursuant to 10 CFR 600.232.e (2), MFA may from time to time direct a service provider to dispose of obsolete vehicles and or equipment.

Record retention will be five years after the disposal of a piece of equipment. Records will be maintained in the inventory tracking system indefinitely.

#### 12.19 STOLEN PROPERTY

The service provider must report stolen items to the police. The service provider is to submit a copy of the police report within ten (10) working days to MFA. MFA will request approval for disposition from DOE, if necessary.

#### 12.20 WEATHERIZATION MATERIALS INVENTORY TRACKING

The service provider may purchase weatherization materials in bulk as long as it has an adequate inventory system in place. The amount of materials purchased should be limited to allow for prompt payment to the vendor(s) and should be in line with the service provider's cash flow position. Payment for materials is made by MFA after the materials have been installed and a final inspection has been conducted. Materials must always be tracked from purchase to a specific client file.

### 12.21 WAP INVENTORY RECORD

- ◆ A WAP inventory record shall be maintained for each item purchased in bulk.
- ◆ Each purchase and issuance is to be recorded on the WAP inventory record.
- ◆ The inventory balance shall be maintained as purchases and issuances occur.
- ◆ Physical inventories are to be conducted on a regular basis and reconciled to the WAP inventory record.

### 12.22 WAP INVENTORY REQUEST

- ◆ A WAP inventory request is to be completed for the issuance of materials obtained from inventory.
- ◆ The original WAP Inventory Request is to be filed in the client file for which the materials were installed.
- ◆ A copy of the WAP Inventory Request is to be maintained with the WAP inventory record.

### 12.23 MANAGEMENT OF VEHICLES

Vehicles can be purchased or leased, but must be adequate in number and capacity to complete weatherization work in a timely manner throughout each service provider's territory.

All vehicles will be used full-time, for official use only, in the WAP program or appropriate compensation must be made and documented to DOE.

Vehicles will be maintained in secure storage/parking areas.

Maintenance of all vehicles will be documented appropriately in accordance with the service provider's vehicle maintenance policy.

Emergency procedures will be posted for reference in case of accidents.

## 13 TRAINING

T&TA activities are intended to maintain or increase the efficiency, quality and effectiveness of the weatherization program at all levels. Such activities should be designed to maximize energy savings, minimize production costs, improve program management and crew/contractor

“quality of work,” and/or reduce the potential for waste, fraud and mismanagement. The local service providers should be the primary recipients of T&TA activities.

The T&TA funds may also be used to train contractors at the local agency level participating in the program. In making the determination to pay for contractor training, service providers should secure a retention agreement in exchange for the training. The contract agreement should stipulate that contractors will work in the program, at a minimum, for a specific amount of time and should align with the cost of the T&TA provided.

This section contains specific information on requirements for obtaining MFA approval to use (invoice) Training and Technical Assistance Funds. Invoices requesting training and technical assistance reimbursement without prior MFA approval will be considered **unauthorized** and **will not be reimbursed**.

### 13.1 BASIS FOR AUTHORIZATION

DOE has charged the state (MFA) with developing and training the weatherization workforce of the service providers. To do that, MFA must be aware of the training needs to be met. Additionally, a service provider may request training in an area or field which MFA is planning to provide. It is inefficient for the service provider to attend both. For these reasons, service providers are required to have MFA approval prior to attending or providing any T&TA activity.

In accordance with the approved state plan and consistent with this manual, expenditures against the T & TA funds require prior approval from MFA.

The EnergySmart Weatherization Training Center at Santa Fe Community College will provide many of the classes for the weatherization workforce. Students will register for these classes through the SFCC website, but **still must** request authorization to invoice T & TA funds from MFA.

Allowable expenditures charged to T & TA include:

- ◆ Wages and benefits
- ◆ Per diem when travel is required within state
- ◆ Travel and per diem for out-of-state costs
- ◆ Class fees where applicable

## 13.2 PROCESS FOR AUTHORIZATION

Requests should be sent to the attention of the NM Energy\$mart Training Academy Coordinator with the following details:

- ◆ The date and time of training
- ◆ An agenda for the training with sufficient information to understand the nature and extent of the material covered, if the training is not offered through the Training Center at SFCC
- ◆ A full explanation of the benefits expected from the training (specifically, how the weatherization program will benefit from this training)
- ◆ Training requests must be signed by a person in authority at the service provider
- ◆ The estimated costs of the training should be submitted to the NM Energy\$mart green initiatives manager



## 14 MONITORING

MFA assists its service providers with their efforts to resolve problems encountered in the administration and operation of the NM Energy\$mart program and to ensure compliance with all applicable federal and state laws, rules and regulations.

The primary areas of oversight include the areas of:

- ◆ General organization
- ◆ Reporting
- ◆ Rental property
- ◆ Procurement procedures for vehicles, equipment and materials
- ◆ Current contract(s) and budget(s)
- ◆ External audit procedures
- ◆ Fiscal operations
- ◆ Financial management controls
- ◆ Internal weatherization processes
- ◆ Technical operation
- ◆ Complete intake files
- ◆ Quality workmanship

The NM Energy\$mart program team coordinates all activities and ensures clear and concise direction to ensure compliance with the applicable standards and regulations. The team conducts field monitoring of service provider financial activities, production and reporting requirements. The team also assists service providers to improve operations through training and technical assistance to correct noted problem areas. In addition to the team, MFA's internal Accounting department and External Independent Auditor are available when needed to review service provider financial operations.

At a minimum, the team conducts one (1) on-site programmatic monitoring visit and one (1) on-site technical monitoring visit each year. A comprehensive monitoring tool is used to ensure a thorough review of each service provider. If necessary, MFA staff will conduct a follow-up monitoring visit to ensure that corrective action has been initiated or completed and to spot-check financial records.

In addition to the programmatic and technical monitoring visits, a qualified unit inspector reviews client files and inspects the corresponding homes of 7.5 percent to 10 percent of homes that have been assisted in the most current program year.

As a follow-up to each visit, MFA staff provides the service provider with a written report that describes noncompliance or problem areas. The report is submitted to the service provider within 30 working days of the visit. The service provider is required to respond within a reasonable period of time to MFA with information of the corrective actions it has or will be undertaking.

The service provider is made aware of monitoring instrument, since it is accountable for implementation of the program in accordance with the standards and procedures.

Once a problem is resolved to the mutual satisfaction of the service provider, MFA staff will send a follow-up letter to close the finding. However, if the problem is not resolved after negotiations and a reasonable effort by both parties, MFA will consider provisions for the termination of the contract.

If there is any suspicion of mismanagement, fraud, waste or abuse or if any significant problems are found, MFA will immediately notify the Inspector General and DOE's Golden Office.

MFA will submit annual reports to DOE's Golden Office describing its monitoring efforts to date. The report will include at least the following:

- ◆ Number of monitoring visits to each service provider
- ◆ General nature of the findings
- ◆ A discussion of significant corrective actions
- ◆ MFA will also have all monitoring reports available, upon request, for DOE inspection.
- ◆ MFA will summarize and review its monitoring activities and findings for internal assessment of state and service provider needs, strengths and weaknesses and annual planning. This data will be incorporated in the New Mexico Consolidated Plan and Annual Performance report.

## 15 UNIT INSPECTIONS

1. Periodically, MFA the program manager or their representative –QCI Unit Inspector – will conduct agency monitoring visits for the purpose of determining that all materials and services reported have been installed or completed according to the standards.
2. The effectiveness, safety, workmanship, overall appearance and compliance with the standards will be evaluated during the monitoring visit.
3. Dwelling units inspected may be selected by the program manager from a list of clients that will allow a representative sample.
4. Inspection visits may focus on problem areas identified in previous inspection reports to ensure that problems have been corrected.
5. Recommended actions and/or required corrective actions may be issued to the agency based on observations during these visits and such guidance will be noted on a report provided to the agency. Following an inspection visit, the inspector shall review any problems/concerns that require action by the agency director.
6. If a weatherization measure or repair is not in compliance with the standards and a waiver

has not been issued, the expenditures for that measure might not be allowed. The agency shall have three business days to remediate any problems or concerns. Any items not corrected within three business days or of such severity that other units may require corrective action, shall be included in a required corrective action report.

7. Deficiencies noted during state monitoring that result in required corrective actions may be considered as justification for requiring that the agency re-inspect other dwellings. Please refer to Section 15.1 below for the details of required corrective actions.
8. A written response to required corrective actions shall be submitted to MFA within 30 days detailing the completion of the corrective action.

### 15.1 REQUIRED CORRECTIVE ACTION

1. Any of the following circumstances generally result in a required corrective action being issued:
  - a. The health and safety of clients, agency staff or subcontractors or the integrity of the building structure is threatened by work completed with weatherization funds.
  - b. A health or safety problem is created by, exacerbated by or not corrected by the delivery of weatherization services.
  - c. The omission of a required measure or technique with major energy savings potential, as determined by NEAT/MHEA or the omission of a required procedure that addresses health and safety concerns.
  - d. Poor quality of work that significantly affects the performance of measures or repairs.
  - e. Expenditure of weatherization funds on measures that are not approved under the weatherization standards or not required for health or safety reasons.
  - f. Major expenditure of funds on measures that do not yield an acceptable savings-to-investment ratio as defined in these standards.
  - g. Any action or lack of action that may result in a liability that threatens MFA's financial assistance award funds.
2. A monitoring report that contains required corrective action may result in:
  - a. Disallowed costs
  - b. An increased inspection/monitoring rate
  - c. The requirement of additional training for the agency personnel
3. Recommendation for high risk status for the agency (please refer
4. Continued findings of this type may result in termination of MFA funding to the agency.

### 15.2 APPEALS OF INSPECTION REPORTS

1. Completed unit inspection of technical monitoring visits will include inspections and review of documentation related to installation of weatherization materials, training and technical assistance and other activities as specified in the NM EnergySmart monitoring instrument.

2. The QA (Quality Assurance) Process is as follows:
  - a. MFA shall provide the service provider with on-site reports of the dwelling units requiring corrective action.
  - b. The service provider shall respond in writing within 30 days of receipt of the on-site report of the corrective action that has been taken.
  - c. MFA shall provide the service provider with a formal written report within 30 days of the on-site review which describes noncompliance or concern items.
  - d. The service provider shall respond in writing within 30 days of receipt of the report detailing the corrective action that has been taken.
  - e. If the noncompliance items are not resolved after negotiations and reasonable effort by both parties, MFA shall then consider provisions for the termination or modification of the service provider agreement.
  
3. Service provider may appeal the findings of the monitoring inspection report to the NM EnergySmart technical program manager. This appeal should be sent in writing within ten (10) working days of receipt of the inspection report. The appeal must clearly indicate:
  - a. Who is lodging the protest?
  - b. Specific finding being protested and who wrote that finding
  - c. Specific section of Technical Standards relevant to finding
  - d. Specific authority on which the protestor relies to request variance from standards
  - e. Documentation of protestor's disagreement with finding
  - f. Brief explanation of resolution protestor would like to see

### 15.3 CREDENTIALS

MFA staff has substantial experience in monitoring NM EnergySmart and other federal and state programs. The NM EnergySmart program manager and MFA technical coordinator will manage staff and/or contractors who will conduct unit inspections and any other NM EnergySmart related monitoring. MFA staff attends weatherization and related training to maintain current knowledge, practices and regulations.

### 15.4 LEVELS OF AGENCY PERFORMANCE

#### 15.4.1 HIGH PERFORMANCE OR EXEMPLARY AGENCIES

By way of monitoring review, an agency has demonstrated performance standards that meet or exceed that are commonly observed in the following areas:

1. Program operations

- a. No health and safety findings are identified in previous monitoring report.
  - b. No procedural findings related to program rules and policies and procedures
- 2. Fiscal
  - a. No annual program specific audit findings
  - b. No significant findings in the agency external audit
- 3. Technical
  - a. Provide comprehensive service utilizing the latest building science and renewable technology, in a cost-effective manner in accordance with NM EnergySmart WAP guidelines
- 4. Production
  - a. In general an agency's production is high relative to funding.
  - b. No rollovers
- 5. Qualified staff
  - a. Agency will receive higher credit for exemplary status with NM EnergySmart Training Academy staff through participation in the NM EnergySmart Training Plan.
- 6. Risk
  - a. No "at-risk" elements are found in major categories for an agency.
  - b. If the above is met a final visit may be made by an MFA weatherization coordinator for final confirmation of achievement.

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#### 15.4.2 STABLE AGENCY PERFORMANCE

Typically, the frequency of monitoring will be one (1) fiscal/operational visit and one (1) technical visit per year by NM EnergySmart staff. The need for additional visits within the same year will be determined by the agency's program funding and production level and the timely responses to any outstanding monitoring findings. MFA expects every agency to meet these standards of performance:

- 1. Well-established systems for program administration and operations, with no more than one finding in the following areas:
  - a. Compliance with major program requirements, such as lead-based paint procedures and cost allocation
  - b. No more than one program-specific finding in the annual monitoring visit
  - c. No more than one fiscal-specific finding in the annual monitoring visit
  - d. Staff is well trained in performance of specific job duties.
  - e. Agency has complete and organized files.
- 2. Evidence of prudent decision making as to the use of program resources:
  - a. Complete scopes of work

- b. NEAT/MHEA/EA-QUIP documentation is current and consistent with billing.
- c. Staff is proficient in its use.
- d. Evidence that NEAT/MHEA/EA-QUIP is used with actual and true pre-audit data (including costs)
- e. Evidence that NEAT/MHEA/EA-QUIP is used effectively and thoughtfully in determining cost-effective measures
- f. Staff and contractors have demonstrated proficiency in technical applications, including diagnostics.
- g. Agency has a minimal number of procedural findings (as related to program rules, policies and procedures) and health and safety findings from previous monitoring report.
- h. Agency complies with OSHA and MFA safety rules, as applicable.
- i. The agency maintains a professional working relationship with MFA.
- j. Past corrections are made and reported in a timely manner.
- k. Participate in NM Energy\$mart Exchange meetings
- l. No “at-risk” elements are found in major categories for an agency.

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#### 15.4.3 VULNERABLE AGENCY PERFORMANCE

Typically, the frequency of monitoring visit will be one (1) fiscal programmatic visit and one (1) technical visit per year by a NM Energy\$mart staff member. The need for additional visits within the same year will be determined by NM Energy\$mart staff based on such factors as an agency’s program funding and production level. Agency’s performance is deficient in some or all of the following levels of performance:

1. Has well-established systems for program administration and operations, with no more than one finding in the following areas:
  - a. Compliance with major program requirements, such as lead-based paint procedures, cost allocation plan/indirect rate and required contractor information
  - b. No more than one program-specific finding in the annual monitoring visit
  - c. No more than one fiscal-specific finding in the annual monitoring visit
  - d. Staff is well trained in performance of specific job duties.
  - e. Agency has complete and organized files.
  
2. No evidence of prudent decision making as to use of program resources:
  - a. Complete scopes of work
  - b. NM Energy\$mart on-line reporting is current and consistent with billing.
  - c. Staff is proficient in its use of the NM Energy\$mart on-line payment system.

- d. Evidence that the NM EnergySmart on-line payment system is used with actual and true pre-post data (including costs).
  - e. Evidence of the NM EnergySmart on-line payment system is used effectively and thoughtfully in determining cost-effective measures.
3. Staff and contractors have not demonstrated proficiency in technical applications, including diagnostics.
4. Agency has a number of and severity of procedural findings (as related to program rules, policies and procedures) and health and safety findings from previous monitoring report.
5. Agency does not comply with OSHA and MFA safety rules, as applicable.
6. The agency does not maintain a professional working relationship with MFA.
7. Past corrections were not made and reported in a timely manner.
8. Agency does not participate in NM EnergySmart Exchange meetings.
9. Agency does not report as outlined in program manual
10. Several “at-risk” elements are found in major categories for an agency.

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#### 15.4.4 AT-RISK AGENCY PERFORMANCE

At-risk agencies may be identified as a result of a variety of factors that may include:

1. The agency’s probation (i.e. an agency’s first year with the program.)
2. There is evidence of significant administrative or program sub-standard performance; for example, repetitive pattern of findings, failure to have copies of permits on file or lack of compliance with historical preservation rules.
3. The agency is not in compliance with program policies, procedures and specifications.
4. The agency has repeated health and safety findings.
5. Agency staff members/crew have deficient technical skills.
6. There has been a change in key staff.
7. There has been a change in key weatherization service providers.
8. The agency has deficient scopes of work (work plan is insufficient.)
9. The agency has program-specific audit findings.
10. The agency has fiscal-specific audit findings.
11. The agency files are incomplete or disorganized.

12. The agency staff is unresponsive to MFA requests and deadlines. For example, the agency consistently fails to provide monthly reports and contract closeouts in a timely manner.
13. Agency production is low relative to funding.
14. At-risk agencies will be monitored no less than twice annually. Other factors in the frequency of monitoring visits may be based upon the requirements of specific funding sources.

## 16 WEATHERIZATION PROCESS

### 16.1 OUTREACH

The service provider shall identify elderly and handicapped potential clients by contacting and coordinating with local, state and tribal senior citizen organizations and agencies which provide services to the handicapped. Within 30 days of a new program year the service provider shall disseminate information to the general public about the availability of services through public service announcements available through the media and by paid advertisements in at least one newspaper of general circulation in each county of the service provider's service area(s). The service provider shall retain proof of such dissemination in its records and have available for review by MFA. In the event the service provider wants to deviate from this requirement, a written request shall be submitted to MFA. Information to justify the request, such as waiting lists, shall be available for review by MFA. Only after written authorization is given from MFA may the service provider deviate from the requirement of disseminating information within 30 days of receipt of the executed agreement.

The proven effective way to provide information about the NM EnergySmart program to the eligible population is through outreach efforts. In addition to the above requirement, outreach is also conducted through presentations at senior centers, taking any opportunity to be present at functions that target the elderly and handicapped and working closely with statewide LIHEAP offices. In many cases, referrals bring in a large number of applications. In addition, MFA promotes the program through statewide literature, newsletters, website and submitting stories to DOE and other entities. The combination of these efforts has created waiting lists sufficient to maintain the necessary production.

### 16.2 APPLICATION AND INCOME GUIDELINES

Intake is required before performing any weatherization services. Depending on the funding source, information in addition to the standard application may be required. For example, in addition to the requirements below, utility companies require a copy of a current utility bill. LIHEAP funding requires that during intake, a social security number and birth date for every



member in the household be collected. Please refer to the most recent contracts to ensure having the most recent application requirements.

*Application:* Before a home can be qualified for weatherization, the client must be approved. This approval process begins with receipt of an application. An EnergySmart intake staff member reviews applications to ensure that clients qualify for the program. A client will not be qualified unless the following items are provided in the file.

A completed application:

- ◆ Income verification
- ◆ Proof of ownership and or landlord sign off
- ◆ A current gas and electric utility bill

Proof of income may be in the form of:

- ◆ Documented verification from income sources
- ◆ Current income tax return
- ◆ Copies of pay checks or check stubs

Proof of ownership may be in the form of:

- ◆ Evidence of mortgage payments
- ◆ Property deeds or proof of tax payment
- ◆ For renters, rental agreements from landlords must be obtained and accompanied with a landlord agreement

Intake staff also reviews the documentation for demographic information such as:

- ◆ Proper identification of head of household
- ◆ Other household members are identified as applicable for disability or child status
- ◆ Proof of disability (Medical documentation is requested to ascertain disability status)

*Re-weatherization:* Homes previously weatherized on September 30, 1994 and earlier may be re-weatherized. However, the scheduling for re-weatherizing homes may not be prioritized over homes that have never been weatherized.

*Notification:* Applicants are immediately notified of their eligibility status. Ineligible applicants are notified in writing, stating the reason for ineligibility;

The following application requirements are to be met:

- ◆ The service provider may use its own application form as long as it includes all of the information requested in MFA application form.

- ◆ Service provider certification of a request for weatherization assistance must be limited to “eligible dwelling units” as specified in 10 CFR 440.22. (See Appendix B for a link to these regulations.)
- ◆ Service provider verification of income eligibility for each request must be documented for the twelve-month period preceding the application by letter or other official document(s) from the income source (e.g. copies of checks) or by an income tax return.
- ◆ Prior approval from MFA is required for services to service provider employees, board members and relatives (brother, sister, mother, father or child) of employees and board members. The request shall include the name, amount, description of the work to be completed and a copy of the income documentation. (See Section 3.1.3 of this manual for details of the policy on weatherization of such homes.)

### 16.3 DEFERRAL OF WEATHERIZATION

There are some situations in which an agency or contractor should not or may choose not to, weatherize an otherwise eligible unit. The DOE approved health and safety Plan should be consulted in order to deal with such cases.

MFA implements the deferral and referral policy for all agencies administering the EnergySmart program. This policy allows weatherization staff to postpone services when certain conditions or circumstances exist. However, an agency should define its intentions at the time a condition occurs. The agency/contractor deferral/postponement policy must contain these elements:

1. Postponement of Weatherization Services: An agency or contractor may postpone weatherization services under the following conditions:
  - a. A dwelling unit is vacant.
  - b. A dwelling unit is for sale.
  - c. A dwelling unit is scheduled for demolition.
  - d. A dwelling proves to be dilapidated or structurally unsound and unsafe. Dilapidated units are classified as those which do not provide decent, safe and sanitary shelter in their present state and have defects so serious and numerous that the repairs required to revive the structure to standard condition would not be economically feasible.
  - e. A dwelling unit is deemed by the auditor to pose a threat to the health or safety of the crew or contractor.
  - f. A mobile home is improperly installed (for example, within adequate supports).
  - g. A dwelling unit is uninhabitable (for example, a burned-out apartment).

- h. A building is affected by mold and mildew and the area affected is too large for the weatherization crew or contractor to remediate.
- i. The client is uncooperative with the weatherization agency or its contracted agent, either in demanding that certain work be done, refusing higher priority work which is needed, being abusive to the work crew or contractor or by being unreasonable in allowing access to the unit. Every attempt should be made to explain the program and the benefits of the work. If this fails, work should be suspended and MFA should be consulted. In such cases, documentation is required.
- j. Obvious discrepancies are found between the information supplied by the client on the application and observed conditions at the time of weatherization. The agency or contractor must resolve these discrepancies before weatherization work can continue.
- k. If, at any time prior to the beginning of work (work officially begins when the audit is performed), the agency or contractor determines that the client is no longer eligible or personnel believe that circumstances may have changed, the unit shall not be weatherized until updated information can be obtained from the client.
- l. There are rats, bats, roaches, reptiles, insects or other animals or varmints that are inadequately or not properly contained on the premises.
- m. There are health or safety hazards that must be corrected before weatherization services may begin including, but not limited to:
  - i. The presence of animal feces and/or other excrement,
  - ii. Disconnected waste water pipes,
  - iii. Hazardous electrical wiring,
  - iv. The presence of unsafe levels of mold or mildew or
  - v. Unvented combustion appliances or actionable levels of ambient carbon monoxide.
- n. There are illegal drugs or illegal activities occurring on the premises.
- o. The client or owner is physically or verbally abusive to any personnel.
- p. The dwelling unit or parts thereof are being remodeled and weatherization work is not coordinated with a housing rehabilitation program.
- q. The eligible household moves from the dwelling unit where weatherization activities and services are in progress. In such a case, the agency or contractor must determine whether to complete the work and the circumstances must be documented in the client file.
- r. One or more occupants in a dwelling have been diagnosed with a contagious and life-threatening disease.
- s. When a person's health may be at risk and/or the work activities could constitute a health and safety hazard, the occupant at risk will be required to take appropriate action based on the severity of the risk. Failure or the inability to take appropriate

actions must result in deferral of the weatherization work.

- t. In unusual situations not covered above or where other problems of a unique nature exist, MFA should be consulted.

## 2. Procedure

If an agency or contractor cannot or chooses not to weatherize a dwelling unit, it must notify the client or owner/authorized agent by use of the Deferral of Services Form or some other appropriate agency form or process which might include:

- a. The nature and extent of the problem(s) and how the problem(s) relate(s) to the determination not to weatherize the unit;
- b. Any corrective action required before weatherization services can be initiated;
- c. A time limit for correcting problems so that weatherization services may be rescheduled;
- d. The name of the person or entity responsible for correcting the problem(s); and
- e. The right of appeal.

All documentation justifying the decision to postpone services must be kept in the client file.

## 16.4 CLIENT APPEALS POLICY

All service providers shall establish and maintain a policy allowing a client to appeal a denial of service. The policy must be part of the agency's weatherization program manual. In addition, the agency must post the policy on the agency's website, so clients have access to submit a formal appeal for denial of services. The policy must clearly state how the client can initiate the appeal and who will make the determination and the timeline for review.

Steps that should be part of service provider's policy include:

1. When the agency defers a unit or otherwise denies a client weatherization services, the agency must transmit a formal letter to the client indicating the specific reason(s) for the denial.
2. If an appeal is received, the agency should have a minimum of a 1 tier review of the client's application by a staff member in the organization with a supervisory position in the agency hierarchy. The person reviewing the appeal must be someone other than the person who made the initial decision to deny the client services. The individual must also be familiar with the regulations regarding eligibility.
3. The person reviewing the appeal should compare the provisions of the relevant regulation(s) to the application, speak to the agency staff involved in the initial denial and speak to the client before making a decision.

4. If a determination is made that the original determination was correct, a formal letter should be sent to the client outlining the determination of the appeal and once again articulating why services were denied. The letter should include the process that took place to confirm the denial.
5. If the person reviewing the appeal determines the appeal is granted, the client should be provided a letter stating such and detailing when their home will be weatherized. The letter should include the process that took place to confirm the approval.

**Income:** Refers to total annual cash receipts, before taxes, from all sources, with the exceptions noted below. Income data for a part of a year may be annualized using the table below. Income includes cash, wages and salaries BEFORE ANY DEDUCTIONS.

Income also includes 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).

Income includes regular payments from social security, railroad retirement, unemployment compensation, strike benefits from union funds, workers’ compensation, veteran’s payments, training stipends, alimony and military family allotments; private pensions, government employee pensions (including military retirement pay) and regular insurance or annuity payments; dividends, interest, net rental income and net royalties, periodic receipts from estates or trusts; and net gambling or lottery winnings.

As defined here, income does not include the following types of money received: capital gains; any assets drawn down as withdrawals from a bank, the sale of property, a house or a car; one-time payments from a welfare agency to a family or person who is in temporary financial difficulty; tax refunds, gifts, loans, lump-sum inheritances, college scholarships, one-time insurance payments or compensation for injury. Also excluded are noncash benefits, such as the employer-paid or union-paid portion of health insurance or other employee fringe benefits; food or housing received in lieu of wages; the value of food and fuel produced and consumed on farms; the imputed value of rent from owner-occupied non-farm or farm housing; and such federal noncash benefit programs as Medicare, Medicaid, food stamps, school lunches and housing assistance, combat zone pay to the military and child support.

**NOTE:** Current Poverty Income Guidelines are included in contracts, but it is the service provider’s responsibility to ensure they are using the most current version. The 2016 Poverty Guidelines for the contiguous states are below.

**INCOME LEVEL**

Size of Family Unit                      200 percent

1 .....	\$24,120
2 .....	\$32,480
3 .....	\$40,840
4 .....	\$49,200
5 .....	\$57,560
6 .....	\$65,920
7 .....	\$74,280
8 .....	\$82,640

For families with more than eight (8) persons, add \$8,320 for each additional person.

In order to determine if the client is eligible, refer to the Application for Home Weatherization to obtain the number of individuals in the household and the gross income. The income reflected on the poverty guidelines is the maximum amount a household can earn in order to be eligible.

To annualize income as per DOE Section F under Definition of Income, the calculation of income is critical in determining eligibility. The amounts are to be calculated as follows:

Monthly	Multiply by twelve (12) months
Semi-Monthly	Multiply by twenty-four (24)
Bi-Weekly	Multiply by twenty-six (26) weeks
Weekly	Multiply by fifty-two (52) weeks
Hourly	Multiple by 2080

Always look at the Year to Date (YTD) and divide by the number of either pay periods or weeks the person has been paid. Compare your calculations with the YTD and use whichever is higher.

This will be the annual income for qualification. ***An error in the calculation may result in ineligibility of the client, therefore, disallowed costs.*** The following example reflects the differences in the calculations:

1. The figures used as examples below are for hypothetical purposes only.
  - a. Mary makes \$8.00 per hour working 35 hours per week. Her income will be calculated as follows:  $8 \times 35 \times 52 = \$14,560$ . Her annual income is \$14,560.
  - b. John is on unemployment and makes \$403 per week. To calculate,  $403 \times 52 = \$20,956$ . His annual income is \$20,956.
  - c. Joseph makes \$750 a paycheck and he gets paid every other week. To calculate his,  $750 \times 26 = \$19,500$ . His annual income is \$19,500.
  - d. Liz works sporadic hours. Her year to date (YTD) total is \$7,450 on her July 31st paycheck. Her last three paychecks average \$450 per pay period (bi-weekly). First, multiply  $450 \times 26 = \$11,700$ . Second, divide \$7,450 by 7 and multiply it by 12 to get an annual income,  $\$7,450 / 7 = 1064.29 \times 12 = 12,771.48$ . Because her YTD is higher, use \$12,771.48 to qualify her.

Client Selection: Waiting lists, populated by the application process, are managed by the NM EnergySmart online system. The online system mandates the priority ranking of individuals. The client list generated by the online system should be utilized to determine the order in which weatherization services are provided. However, it is the service provider's responsibility to make notification of individuals on the waiting list and maintain their client files.

The priority ranking addresses the neediest households (e.g. children, elderly and handicapped and high energy users). Service providers will weatherize eligible households on the basis of the household's need. Priority among eligible applicants for the receipt of NM EnergySmart services is established by the NM EnergySmart Online system, which allocates priority points on the basis below.

**RELATED FACTORS:**

1. Households with children
2. Disability
3. Elderly
4. High energy burden

**AGE POINT**

Add up all family members' age point based on the following chart:

Age Group	Point
0 to 1	5
2 to 4	4
5 to 9	3
10 to 12	2
13 to 17	1
60 to 65	1
66 to 71	2
72 to 77	3
78 to 83	4
84 +	5

**DISABILITY**

For each disabled family member, add 1 point.

**ELDERLY**

Add up all family members' age point based on the chart above.



## HIGH USE AND HIGH BURDEN

High residential energy use is defined, as energy usage above average as a result of household composition or unusual needs for energy. Households with a “high energy burden” where 20 percent or more of the household income is going towards energy can also be a priority for weatherization.

## 17 PRIVATE CONTRACTING

Service providers may at times use private contractors to perform weatherization services. Such subcontracting is governed by the Service Provider Performance Agreement. Therefore all requirements for service providers carry through to subcontracts, including insurance requirements and proof of non-debarment for federal funding. Subcontracts also include the following requirements:

1. Subcontracting Prohibited. The service provider shall not subcontract any portion of the services to be performed under this agreement without the prior written approval of MFA. If approved by MFA, the service provider shall be solely responsible for the performance of any subcontractor under such subcontract(s). Use of a subcontractor shall not relieve service provider of any obligation under the performance agreement for any reason, including but not limited to a subcontractor's bankruptcy, insolvency or other inability to perform the services required under any subcontract.
2. Licensed Contractors. Service provider shall use only “licensed contractors,” as defined by Section 60-13-3 NMSA 1978, for all work required under New Mexico law to be done or supervised by “licensed contractors.” Service provider must obtain proof of “licensed contractor’s” current license and approval to do designated work by Construction Industries Division of the state of New Mexico Regulation and Licensing Department and retain on file a copy of the current license. Service provider shall further verify that all subcontractors are Lead-Safe Certified by the EPA and retain on file a copy of the certification. If approved by MFA, the contractor shall be solely responsible for the performance of any subcontractor under such subcontract(s).
3. Labor Only Subcontracts. Except for subcontracting heating/cooling modifications and/or health and safety measures, including, but not limited to heating and cooling system repair or replacement, subcontracting shall be limited to labor for the installation of materials. Service provider shall be responsible for monitoring its subcontractor’s compliance with all applicable laws, rules, code provisions and regulations governing the work. Use of a subcontractor shall not relieve service provider of any obligation under the performance agreement for any reason, including,

but not limited to, a contractor's bankruptcy, insolvency or other inability to perform the services required under any subcontract. Service provider remains solely responsible for the purchase of materials and the final inspection processes. Subcontractors may not enter into further subcontracts for any work, but shall perform the subcontracted work themselves.

4. Heating/Cooling/Safety Subcontracts. The service provider shall subcontract for heating/cooling modifications and/or health and safety measures to subcontractors duly licensed by the state of New Mexico to conduct such activities. Subcontracting for heating/cooling modifications and/or health and safety measures shall include technical assessment of work to be completed and labor.
5. Procurement Code Requirements. All procurement of goods and services by service provider shall be accomplished in accordance with the New Mexico Procurement Code, 13-1-1 NMSA 1978 et seq. and service provider shall provide MFA with evidence of competitive procurement of any subcontract, including records of advertisement of bids, proposals received and methods employed to select each subcontractor.
6. Adequacy of Subcontracts. Any subcontract agreement shall include all provisions necessary to allow the service provider to meet its obligations and requirements under the performance agreement.
7. Subcontract Review/Approval. All subcontract agreements be submitted to MFA for review and approval prior to execution by the parties. The service provider shall not allow its subcontractor(s) to proceed until written approval has been obtained from MFA. Expenditures incurred without prior written approval from MFA shall be disallowed.
8. Subcontractor Training. The service provider shall make arrangements with MFA to provide training to subcontractor(s) prior to proceeding with the installation of materials.
9. Service Provider Responsible. As between the service provider and MFA, the service provider shall remain responsible for the work of any subcontractor and shall be responsible for any errors or omissions by the subcontractors.

10. Subcontractor Documents. Service provider must provide MFA with copies of all documents required for the use of subcontractors, including subcontracts, contractor licenses and lead-safe certifications, for all subcontractors performing work under this agreement.

11. Awards to Other Service Providers. MFA may undertake or award other agreements for work related to that described in the performance agreement to other service providers. The service provider shall fully cooperate with such other service providers and MFA in all such cases.

### 17.1 CONTRACTOR RECORDS MANAGEMENT

Contractor files will be maintained including:

- ◆ Bid/Proposal
- ◆ Notice to contract
- ◆ Certificate of Insurance
- ◆ Licenses, if applicable
- ◆ Payment requests
- ◆ Performance evaluations
- ◆ Change order, if applicable
- ◆ Contract
- ◆ Certifications:
  - Suspension and Debarment
  - Lobbying
  - Drug free workplace

### 17.2 EVALUATION OF SUBCONTRACTORS

Compliance with accepted bids or subcontracts awarded must be ensured through documented procedures. Such procedures can include: inspection of work in progress, inspection of completed work, client sign-off or other measures. Inspections or verification of compliance must be performed before making payments to subcontractors.

### 17.3 WAIVER LIENS

It is the policy of the NM EnergySmart that all subcontracts entered into by service providers for delivery of materials and performance of weatherization work contain a “lien waiver”. Specifically, each subcontract must contain a provision whereby the subcontractor agrees to waive the right of placing a lien upon the home being weatherized as resource for non-payment

or for any other reason. Any costs incurred under a subcontract resulting from not including this provision will be subject to disallowance by the NM EnergySmart program.

Lien waivers for every home where work was performed should be included in the contractor file along with a list of homes for which contractor requested payment and proof of payment for work done.

(Lien waivers are required for any subcontracting work done in a client's home, whether or not there is a written contract.)

## 18 POLICIES

### 18.1 NEPOTISM POLICY: WEATHERIZATION OF NM ENERGYSMART WORKFORCE

Prior approval from MFA is required for services to service provider employees, board members and relations. MFA will only reimburse for weatherization expenditures in the homes outlined by this policy if the procedure is followed. If an agency weatherizes an unauthorized home, the agency is liable for the expenses.

Relations include employee and board members, their parents, grandparents, siblings, children, step-children and in-laws by blood or marriage.

The process for weatherizing the homes:

- ◆ Employee meets with agency director and discusses the possibility of self or family member weatherization being performed through the program.
- ◆ If agency director approves the verbal request, the employee formalizes the request by submitting an application and cover letter to agency director requesting weatherization services.
- ◆ Agency director forwards application to intake staff for eligibility determination.
- ◆ Upon eligibility determination and second review by agency director, the program director sends a written request to MFA for approval.
- ◆ MFA will reply with a written approval or denial.
- ◆ Requesting agency will make arrangements for a peer agency auditor to do the assessment of the home.
- ◆ Requesting agency will send a final request for approval with details of the measures recommended from the energy audit and the costs that will be associated with the home. In addition, the request shall include a copy of the eligibility and priority documentation.
- ◆ MFA will send written approval or denial.
- ◆ If approved, weatherization and final inspection may be performed on the home by the requesting agency.

- ◆ MFA will also inspect the unit.

## 18.2 PERMIT POLICY

NM EnergySmart contracts require that all service providers comply with applicable state and local construction-related codes and regulations. That compliance includes that all mechanical work requires a permit.

The state of New Mexico charges a fee for said permits and these charges are allowable costs to the program.

These costs should be rolled into the estimated costs in the energy audit and it should be rolled into the cost listed on the completed units report.

The invoice received for the permit should have the permit fee and associated fees separated.

## 18.3 CALL BACK POLICY

Service providers cannot charge MFA for call-back and warranty work except by the method outlined below. Any exceptions must be documented to MFA program manager, who will consider them on a case-by-case basis.

Call-backs and warranty work are defined as any work done by the service provider or their subcontractors once the dwelling unit has been final inspected and reported to MFA as a completed unit on the on-line system.

- ◆ MFA's program manager must be notified in writing of the number of units, total costs and reporting period (monthly and/or quarterly) for any units that are to be backed out of DOE's PAGE system. The program manager will then reject the report so that the revised reporting adjustments can be made. Further, MFA must coordinate with their financial office to ensure the appropriate accounting methods follow federal cash management procedures.
- ◆ After making any necessary repairs, the service provider must re-inspect the unit and report the completion to MFA who will then report the unit to DOE, including all final costs for the unit in the month the completed work takes place.
- ◆ No work will be reimbursed using DOE or LIHEAP funds for re-work on units that have already been completed and reported. The service providers and their subcontractors should note that invoicing for work that is not approved by DOE is considered fraud.

## 18.4 NM ENERGYSMART RENTAL PROPERTY STATE POLICY

The program intends to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total residential expenditures and improve their health and safety.

The program prioritizes weatherizing the dwellings of low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with children, high residential energy users and households with high energy burden. NM EnergySmart's multifamily complies with the Final Rule, published in the Federal Register on January 27, 1984. §440.22 Eligible Rental Units states that:

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#### 18.4.1 ELIGIBLE DWELLING UNITS

A dwelling unit shall be eligible for weatherization assistance if it is occupied by a family unit whose income is at or below 200 percent of the poverty level, contains a member who has received Social Security payments at any time during the 12-month period preceding the determination of eligibility for weatherization assistance or is eligible for assistance under the Low-Income Home Energy Assistance Act of 1981.

All eligibility will need to comply with the provisions stated in the State Plan, 10 CFR 440, and WPN notices.

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#### 18.4.2 LIMITATIONS ON MULTIFAMILY RENTAL PROPERTIES

A sub-grantee may weatherize a building containing rental dwelling units using financial assistance for those dwelling units eligible for weatherization assistance and the sub-grantee shall:

- ◆ Obtain the written permission of the owner or his agent;
- ◆ Verify that not less than 66 percent (50 percent for duplexes and four-unit buildings and certain eligible types of large multifamily buildings) of the dwelling units in the building are eligible dwelling units or will become eligible dwelling units within 180 days;
- ◆ Ensure that the benefits of weatherization assistance in connection with such rental units will accrue primarily to the low-income tenants residing in such units; and
- ◆ Make certain that no undue or excessive enhancement shall occur to the value of the dwelling units.

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#### 18.4.3 LANDLORD AGREEMENTS

Landlord participation is required. For multi-family properties, the landlord is responsible for 20 percent of materials and NM EnergySmart will contribute the remaining costs. A waiver can be given to landlord under certain situations. In the event a landlord requests a waiver he/she

must provide, in writing, why he/she is unable to contribute 20 percent of the material costs for the weatherization project. Official waiver will be granted by MFA.

In order to ensure that the benefits of weatherization assistance accrue primarily to low-income tenants, landlord and tenant agreements must be used to prevent rent increases due to the weatherization work. Use of landlord and tenant agreements is optional for rent-controlled units.

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#### 18.4.4 PROCESS FOR AUTHORIZATION OF THE MULTIFAMILY UNITS

In order to weatherize multifamily units larger than a 4-plex, the sub-grantee must request and be granted approval from DOE. The approval request must be submitted to MFA, who will then forward to DOE for approval. The following detailed information shall be provided by the sub-grantees to MFA before approval can be given:

1. Property address
2. Landlord name
3. Number of units
4. What measures would be installed on the units
5. The estimated cost per unit and in total
6. Description of the process that determined the measures being installed (since we do not have an approved multifamily audit)

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#### 18.4.5 MULTIFAMILY RENTAL WEATHERIZATION CAP

No single agency is allowed to weatherize more than 20 percent of their units in rental properties.

### 18.5 LANDLORD CONTRIBUTION POLICY

Weatherization of rental dwellings requires a 20 percent financial participation from the owners for multi-family projects. . The owner contribution shall be determined by calculating 20 percent of the materials required for the weatherization project based on the audit performed by the service provider. Labor and overhead costs will not be included. Owners must certify that rents will remain the same for at least one year following performance of weatherization work.

Procedures for owner contributions are as follows:

- ◆ A 20 percent contribution commitment is required from the owner of multifamily projects prior to commencement of the weatherization project. The owner contribution for materials is based on the estimated costs from the NEAT & MHEA audit. For large projects estimated cost for an engineer's estimate of HVAC costs is added to the NEAT audit costs.

- ◆ Owners are not responsible for any additional costs over the written estimate. If the actual (final) materials costs are higher than the estimate, then the program will pay the difference.
- ◆ A signed letter of commitment, memorandum of understanding or contract (contract) will be executed between the owner and service provider prior to the commencement of work. The contract will detail the amount of the owner contribution and commit the owner to certify that he/she will maintain rent at the HUD designated “High Home Rent” levels (affordable rent) for a period of one year following performance of weatherization work.
- ◆ The weatherization service provider is responsible for obtaining the required 20 percent landlord contribution.
- ◆ Landlord cash contribution received should be applied to reduce the costs in the program year they are received.
- ◆ Report landlord cash contributions on the Statement of Expenditures for the month in which are received.
- ◆ MFA will monitor compliance with this policy only to the extent that the 10 percent sample monitoring method MFA employs to verify compliance will include rental projects weatherized through the program.

#### NM EnergySmart Owner Contribution Waiver Policy

Owner’s 20 percent contribution may be waived under conditions described below. Affordability restrictions may not be waived. The 20 percent contribution does not apply to single family rentals.

### 18.6 LEVERAGING NM ENERGYSMART WITH REHAB PROJECTS

The owners qualify for the program under the same guidelines used to qualify homeowners for assistance.

The dwellings in question have health and safety issues that could cause imminent danger to the individual and/or family dwelling in the unit and the owner does not have the financial means to address those issues. Proof of health and safety issues must be documented by the lead NM EnergySmart auditor for the NM EnergySmart agency providing weatherization services. Health and safety issues will be addressed as part of the scope of work.

The owner provides documentation that improvements have been made to the property within the previous three years, the cost of which is 20 percent of the cost of the proposed weatherization services.

Federal, state and local sources of funds contributed to a Project may be used in place of the owner contribution.



NM EnergySmart weatherization standards will be integrated into the rehabilitation process using an approach that balances social, economic and environmental factors. MFA considers environmental sensitivity and “high performance characteristics” as the objectives of both activities. These objectives include: energy efficiency, water efficiency, health materials and waste reduction (job site recycling, efficient use of materials). Housing that is rehabilitated must meet all applicable local codes, rehabilitation standards ordinances and zoning ordinances at the time of the project completion.

The first step in the process is to determine client eligibility. Applicants for the rehabilitation-weatherization assistance program must complete and submit an application. Qualifying rehab applicants must meet the 200 percent Poverty Income Level to qualify for NM EnergySmart. Once determination has been made the application should be forwarded to the regional NM EnergySmart agency who will then verify that the home has not received prior weatherization assistance.

NM EnergySmart intake staff will review the application and confirm/approve final NM EnergySmart eligibility. At this point, a schedule should be set for the NM EnergySmart auditor to travel to the rehab home and perform a physical assessment of the home.

The assessment is one of the most important steps in the weatherization program. It is the first point at which the agency enters the client's home and determines the structural condition of the home. The assessor's job is to conduct a thorough review of the home so that the weatherization measures to be installed will save the most energy, while ensuring the health and safety of the household.

The assessment will identify the problems that may, when corrected, save the client significant amounts of money over time. Diagnostic tools like a blower door can pinpoint where the house is losing energy. Energy assessments also determine the efficiency of the home's heating and cooling systems while identifying possibilities of conserving hot water and electricity.

To ensure an accurate and thorough evaluation of the home, the agency's auditor and rehab specialist should assess the home together using the New Mexico EnergySmart Technical Standards. This combined effort will also ensure understanding of the process.

Therefore, prior to approval and allocation of rehab funds to an eligible unit, all eligible homes will be assessed and diagnostically tested by a NM EnergySmart Auditor.

After the physical and visual assessment of the home, the assessor will enter the collected data from the home into the DOE approved NEAT Audit (National Energy Assessment Tool). The audit process will assess how much energy the home consumes and evaluate what measures can be installed to make the home more energy efficient.

A list of recommended measures will be generated by the NEAT audit. These energy efficiency measures define the scope of work based on a savings to investment ratio (SIR).

The savings-to-investment ratio is the ratio of the present value savings to the present value costs of an energy or water conservation measure. The numerator of the ratio is the present value of net savings in energy or water and non-fuel or non-water operation and maintenance costs attributable to the proposed energy or water conservation measure.

The denominator of the ratio is the present value of the net increase in investment and replacement costs less salvage value attributable to the proposed energy or water conservation measure.

The agency should evaluate the possibility for energy conservation opportunities as well as energy-related health and safety problems. Activities should be prioritized in the order of their SIRs. MFA will allow full reimbursement of energy efficient measures with a SIR of 1.0 or greater. It is possible that measure(s) below the SIR of 1 can be paid for with NM EnergySmart funding at a percentage.

Example:

The weatherization assistant audit called for 3 windows. Two (2) windows have SIRs of 1.0. MFA will reimburse 100 percent of the costs associated with those measures. However, if the third window does not meet the 1.0 SIR and only registers at 0.7, MFA will reimburse 30 percent of that measure only if the entire project receives a cumulative SIR of 1.

	<b>Measure</b>	<b>SIR</b>	<b>MFA reimburses</b>
1	Window 1	1.0	100 percent of cost
2	Window 2	1.0	100 percent of cost
3	Window 3	0.7	30 percent of cost

## 18.7 WORK PERFORMANCE

Once a determination has been made as to what NM EnergySmart measures can be paid for and installed into the rehab project a Memorandum of Understanding (MOU) must be developed.

The MOU must outline the details of the leveraging:

- ◆ What NM EnergySmart measures are allowable
- ◆ The allowable cost associated with the measures
- ◆ Whether NM EnergySmart will provide the materials only or provide the materials and labor.
- ◆ Timeline for completion of project
- ◆ Details of any substantial upgrades that are beyond the NM EnergySmart program scope

## 18.8 PERMITS

To maintain public health and safety, permits must be pulled for mechanical replacement of water heaters and furnaces. It must be determined in the MOU whether the NM EnergySmart service provider or the rehab service provider will be responsible for ensuring that the proper permit application has been filed by the appropriate staff or licensed and insured subcontractor. The original permit must be affixed to the equipment or maintained in the unit file and be available for inspection. In the event a permit is pulled after the installation of equipment, MFA reserves the right to decline reimbursement permit fees and material costs associated to that measure.

## 18.9 INVOICING

Due to the time it takes to rehab a home, the NM EnergySmart service provider may bill MFA and report the unit complete for NM EnergySmart materials purchased for the rehabilitation and labor hours spent on this home. However, in every instance, a NM EnergySmart Final Inspector must perform a final inspection on the home prior to the Rehab agency completing their project.

## 18.10 FINAL INSPECTIONS

NM EnergySmart final inspections are required for all dwellings after all work is complete. Inspections ensure that weatherization services have been provided in a quality manner and that the home is left in a safe condition.

The final inspection is to be conducted by a qualified NM EnergySmart final inspector. As a measure of internal control, the NM EnergySmart Final Inspectors shall confirm that the specified measures are installed. The Inspector shall inspect the work to ensure that workmanship and materials standards are met. Combustion appliances shall be tested to confirm that they currently operate in a safe and dependable manner. This shall include worst-case draft testing and the blower door test. The NM EnergySmart final inspector shall make sure that the job site is cleaned up and issue rework for any corrective actions where initial work

does not meet standards. Upon completion of rework and final inspection, the inspector will review all completed work with the client to confirm that the client is satisfied with the work and report the unit complete to MFA.

A copy of the final inspection should be in both the Rehab client file and the NM EnergySmart client file.

## 18.11 CLIENT EDUCATION

Client education is a potent weatherization measure. A well-designed education program engages families in household energy management and assures the success of weatherization measures such as compact fluorescent lamp installation, setback thermostat installation or furnace filter maintenance.

The assessor shall review the job with the client, explain the work to be performed and estimate how long it will take. The inspector shall enlist the client's assistance for such things as keeping children or pets out of the way or for moving possessions away from the work locations.

Following the audit, building-shell and health and safety measures will be installed in the order prescribed by the audit. After the installation of the recommended measures, the agency's final inspector shall perform a blower door and pressure diagnostics tests.

## 19 MULTIFAMILY PROPERTIES

The *multifamily process* shall be adhered to for the following sections:

- ◆ Property Owner Contact
- ◆ Initial Request
- ◆ Funding Allocation
- ◆ Intake and Eligibility
- ◆ Prioritizing
- ◆ Required Documents
- ◆ DOE Approval
- ◆ MOUs Between Sub-recipient and Sub-contractor
- ◆ Progress Update Calls
- ◆ Project Completion

NM EnergySmart's multifamily weatherization complies with 10 CFR 440, the Energy Policy Act of 2005, the Energy Independence and Security Act of 2007 and the Recovery Act and Weatherization Program Notice 11-09, dated April 1, 2011.

Projects that are submitted for MFA's approval must have the following in addition to technical data:

1. Proof that the benefits of weatherization goes primarily to the low income tenants living in the buildings where program funding is used.
2. Verification that the tenants have a way of communicating or complaining if the rent is increased as a result of the weatherization services

## 19.1 ELIGIBLE DWELLING UNITS

Intake and eligibility section of the multifamily process should be consulted for all eligibility procedures.

A dwelling unit shall be eligible for weatherization assistance if it is occupied by a family unit whose income is at or below two hundred percent of the poverty level, contains a member who has received Social Security payments at any time during the twelve-month period preceding the determination of eligibility for weatherization assistance or is eligible for assistance under the Low-Income Home Energy Assistance Act of 1981.

Additionally, in an effort reduce the review and verification necessary to weatherize certain buildings, DOE has posted three lists compiled by HUD, of properties that meet the income eligibility criteria under WAP. Supplemental properties have been added to the lists Updated Guidance:

[http://www.waptac.org/data/files/Website\\_docs/Government/Guidance/2016/WPN-16-5-050516.pdf](http://www.waptac.org/data/files/Website_docs/Government/Guidance/2016/WPN-16-5-050516.pdf)

Buildings identified on the lists above and on the DOE/EERE website must still meet all other applicable eligibility requirements in order to receive WAP services. Further, the Final Rule published in the Federal Register on January 25, 2010, amending 10 CFR 440.22, Eligible Dwelling Units (75 Fed Reg 3847) **does not** result in automatic eligibility for the identified buildings. The final rule only addresses a subset of the eligibility requirements. Nor does the rule require grantees or local WAP providers to set aside WAP funds for these properties. Lastly, the final rule also **does not** establish a priority for the weatherization of the identified buildings.

## 20 RENTAL UNITS/MULTIFAMILY BUILDINGS

### 20.1 SINGLE FAMILY RENTAL UNITS

Single family rental units qualify for weatherization as long as the landlord agrees to the weatherization, and signs a waiver stating that they will not raise the rent on the units for a

minimum of one (1) year unless those increases are related to matters other than the weatherization work performed.

To ensure that no undue or excessive enhancements are made to the home, a NEAT or MHEA audit must be run on the home prior to the scope of work being outlined.

The necessary steps that must be taken to ensure proper documentation for weatherizing a single family rental unit include:

- ◆ An application must be fully filled out by the client;
- ◆ Proof of income must be provided;
- ◆ Proof of a lease must be obtained;
- ◆ Copies of the clients gas and electric bills must be obtained;
- ◆ Written permission must be obtained from the landlord/agent committing that they are willing and able to pay a 20 percent of materials contribution to the project prior to commencement of the weatherization project;
- ◆ The 20 percent materials contribution will be based on the estimated costs from the NEAT or MHEA audit that is performed;
- ◆ Sub-grantee must obtain certification from the landlord that the rent of the property will remain the same for at least one year following performance of weatherization work;
- ◆ Landlords are not responsible for any additional costs over the written estimate. If the actual (final) materials costs are higher than the estimate, then the program will pay the difference. The weatherization sub-grantee is responsible for obtaining the required landlord contribution;
- ◆ Landlord cash contribution received should be applied to supplement the cost of the Project;
- ◆ Sub-grantee should report landlord cash contributions on the Statement of Expenditures for the month in which are received;
- ◆ MFA will monitor compliance with this policy only to the extent that the 5 percent to 10 percent sample monitoring method MFA employs to verify compliance will include rental projects weatherized through the program.

Single family landlord contribution may be waived under the conditions described below. Affordability restrictions may not be waived.

- ◆ The landlord qualifies for the program under the same guidelines used to qualify homeowners for assistance
- ◆ The home in question has health and safety issues that could cause imminent danger to the

individual and/or family living in the unit and the owner does not have the financial means to address those issues. Proof of health and safety issues must be documented by the lead NM EnergySmart auditor for the NM EnergySmart agency providing weatherization services. Health and safety issues will be addressed as part of the scope of work.

- ◆ The owner provides documentation that improvements have been made to the property within the previous 12 months, the cost of which is equal to 20 percent of the cost of materials for the proposed weatherization services.

## 20.2 MULTIFAMILY RENTAL UNITS

Multifamily rental units qualify for weatherization as long as the clients that are housed in the property qualify for weatherization. The owner/agent must agree to the weatherization, commit to a contribution of 20 percent of the entire weatherization project and sign a waiver stating that they will not raise the rent on the units for a minimum of 1 year unless those increases are related to matters other than the weatherization work performed.

To ensure that no undue or excessive enhancements are made to the home, a TREAT audit must be run on the complex prior to the scope of work being outlined.

The necessary steps that must be taken to ensure proper documentation for weatherizing a single family rental unit include:

- ◆ Obtain the written permission of the owner or his agent.
- ◆ Verify that not less than 66 percent (50 percent for duplexes and four-unit buildings and certain eligible types of large multifamily buildings) of the dwelling units in the building are eligible dwelling units or will become eligible dwelling units within 180 days.
- ◆ Ensure that the benefits of weatherization assistance in connection with such rental units including units where the tenants pay for their energy through their rent, will accrue primarily to the low-income tenants residing in such units.
- ◆ By way of use of the TREAT audit, sub-grantee must make certain that no undue or excessive enhancements are made to the units.
- ◆ Completed applications must be obtained from each of the clients in the rental units; and
- ◆ Gas and electric bill must be obtained from each of the rental units.

Once the above information is in place, an approval request, in the form of a Treat Audit must be submitted to MFA in order to weatherize multifamily units larger than a 4-plex. A description of the process that determined the measures being installed must be provided with the Treat Audit. MFA staff will determine if the project is viable to send to DOE for final approval.

Procedures for owner contributions are as follows:

- ◆ A commitment of 20 percent of the project is required from the owner prior to commencement of the weatherization project. The owner contribution is based on the estimated costs from the TREAT energy audit. For large projects estimated cost for an engineer’s estimate of HVAC costs is added to the energy audit costs.
- ◆ Owners are not responsible for any additional costs over the written estimate. If the actual (final) cost of the project is higher than the estimate, then the program will pay the difference.
- ◆ A memorandum of understanding will be executed between the owner and sub-grantee prior to the commencement of work. The contract will detail the amount of the owner contribution and commit the owner to certify that he/she will maintain rent at the HUD designated “high home rent” levels (affordable rent) for a period of one year following performance of weatherization work.
- ◆ The sub-grantee is responsible for obtaining the required landlord contribution.
- ◆ Landlord cash contribution received should be applied to supplement the cost of the Project.
- ◆ Landlord cash contributions should be reported on the Statement of Expenditures for the month in which are received.
- ◆ MFA will monitor compliance with this policy only to the extent that the 5 percent to 10 percent sample monitoring method MFA employs to verify compliance will include rental projects weatherized through the program.

## 21 PRE-WEATHERIZATION ENERGY AUDIT, ENERGY AUDITS AND FINAL INSPECTIONS

### 21.1 INTRODUCTION

The energy auditor plays a critical role in the success of the effectiveness of the weatherization measures conducted on the home by identifying the most effective measures for energy savings. The energy auditor must provide sufficient information for the contractor or crew to work on the home, such as materials needed for the job, measures to be taken and any specific problems or conditions the crew may encounter.



Measures to be taken on the home are determined by visual inspections, diagnostic testing, practical considerations, calculation of savings-to-investment ratios and the standards.

## 21.2 PRE-ENERGY AUDIT REQUIREMENTS

Weatherization work should not be started until an agency has:

1. A completed application on file from the head of the household or other authorized representative.
2. Informed client of the agency's grievance policy (include in file).
3. Verified the income eligibility of the household requesting weatherization assistance.
4. Ranked the application using the priority point system.
5. Conducted an inspection of the dwelling to assess the weatherization and health and safety needs of the dwelling and determined the most cost-effective measures for the dwelling.
6. Obtained written permission from the homeowner or the landlord to work on the dwelling (Homeowner Consent Form.)

## 21.3 GENERAL ENERGY AUDIT REQUIREMENTS

1. All measures installed in a dwelling must be included on the Energy Saving Economics Report, either as an energy-saving measure, a health and safety measure or an incidental repair item.
  - a. The cost of incidental repairs must be included in the cost of the bundle of measures installed in a dwelling.
  - b. Service providers may be liable for repayment to the program for any measure that is not included on the Energy Saving Economics Report.
  - c. The energy auditor is responsible for ensuring that all energy-efficiency measures and included incidental repairs achieve a savings-to-investment ratio of at least one.
2. Each client file must have an accurate estimate/work order (Recommended Measures Report) generated by the energy auditor responsible for the job. An acceptable work order is one for which all installed energy-saving weatherization measures have a savings-to-investment ratio of 1.00 or greater.
  - a. Measures for which SIR values are less than 1.00 are ineligible.
  - b. All energy-saving measures must be considered and ranked in order of descending SIR. Installing a measure with a lower SIR without installing others with greater SIR is

- forbidden; in other words, significant measures may not be skipped without a waiver from MFA.
- c. The input report must be included in the client file.
3. The work order must clearly itemize the work to be completed by the contractor or agency crew. The work order must:
- a. Be well organized and legible.
  - b. Include all appropriate dimensions and quantities.
  - c. Include any appropriate special instructions for necessary inspections or unusual installations.
  - d. The method of insulation installation with the proposed amount, type and R-value of the insulation to be installed.
  - e. The name, the principals and business mailing address of the firm providing and installing the insulation.
  - f. Details of any warranties on materials used in the home.
  - g. A written description of any work required for the installation of the insulation, including who will do the work and who will pay for it.
  - h. Identify any hazards at the job.
  - i. Document reasons for installing health and safety measures in client file using “Health and Safety” form.

## 21.4 AUDITING TOOLS AND EQUIPMENT

Please refer to Section 554.1 for a list of required and recommended tools for the NM EnergySmart program.

## 21.5 EQUIPMENT MAINTENANCE

1. All test equipment used for diagnostics, evaluation and installation of measures shall be maintained according to the manufacturer’s recommendations. This includes:
  - a. Calibration of electronic equipment shall be done in accordance with manufacturers’ recommendations, including, but not limited to:
    - i. Instruments for measuring carbon monoxide
    - ii. Instruments for measuring combustion efficiency
    - iii. Equipment for measuring electrical consumption
    - iv. Digital manometers
  - b. Recommended maintenance of mechanical equipment and electric motors, including, but not limited to:
    - i. Blower door fans

- ii. Manometers
  - iii. Insulation blowing machines including their motors, hoses, seals and filters.
  - iv.
2. Agencies shall develop and adhere to a written equipment maintenance schedule for equipment used by energy auditors.
  3. Contractors should develop and adhere to an equipment maintenance schedule for equipment used for weatherization program work.
  4. MFA will monitor the service provider's equipment maintenance procedures and logs during either inventory or technical monitoring.

## 21.6 ENERGY AUDIT REQUIREMENTS

1. The energy audit must include as a minimum:
  - a. The date the energy audit was run. Under no circumstance should the audit have a date other than the actual date it was run.
    - i. An audit that is re-run shall have a different date-timestamp than the initial energy audit.
  - b. Information about the existing condition of the dwelling and its mechanical systems, including heating and cooling systems.
  - c. Diagnostic tests, including:
    - i. Combustion appliance analysis of steady-state efficiency.
    - ii. Forced air furnace assessment, including:
      - Visual ductwork inspection
      - Dominant duct leakage test
      - Room-to-room pressure balance test
      - Pressure pan testing, as required by these standards.
    - iii. Furnace heat rise and static pressure testing
    - iv. Combustion safety testing, including:
      - Combustion appliance zone depressurization
      - Testing of gas ranges
      - Checking for gas leaks
    - v. Blower door testing, including:
      - Whole-house test to find CFM<sub>50</sub> and determine integrity of the air barrier
      - Attic thermal bypass assessment
      - Leakage from tuck-under garages

- Leakage from attached garages
  - Leakage from attic spaces
  - Leakage from crawlspace or basement
  - Leakage from any space containing possible contaminants (example: outdoor water heater closet)
- c. Health and safety problems, including possible lead paint, moisture and/or mold, electrical problems, signs of rust and corrosion on combustion appliances. The Health and Safety Inspection Check List must be filled in and signed by the client.
- d. Existing insulation levels.
- e. Conditions the contractor/work crew needs to know in advance
- f. Dwelling evaluation, considering existing conditions for energy savings opportunities and related health and safety problems
- g. Identification of appropriate air and thermal barriers
- h. Moisture problems
- i. Baseload energy usage, including a record of the last twelve months of utility bills data
- j. Client energy usage problems
- k. Indoor air quality (IAQ) assessment, including ventilation for acceptable IAQ and
  - i. Identification of potential contaminant sources.
  - ii. Measurement of existing exhaust fan flow rates.
  - iii. Determination of ASHRAE 62.2-2010 minimum whole-house ventilation rate.
- 2. Work orders must effectively communicate to the contractor/work crew sufficient information on the home and measures to be taken. The work order should include:
  - a. Particular problems or considerations crew needs to know in advance;
  - b. Total costs and for all proposed measures;
  - c. Estimate of the time to complete the work;
  - d. Analysis of warehouse inventory as it relates to the job, if applicable; and

## 21.7 ALLOWABLE (INCIDENTAL) REPAIRS

1. At the beginning of each program year, each agency must provide to MFA a list of items they wish to include as incidental repairs. Allowable items include, but are not limited to:
  - a. Sealing of cracks
  - b. Caulking and weather stripping.
  - c. Installation of door sweeps
  - d. Repair and replacement of thresholds
  - e. Repair and replacement of fireplace dampers.
  - f. Repair or replacement of broken glass
  - g. Replacement of exterior doors, but only if the existing door cannot be repaired
  - h. Door repair
  - i. Repair of building envelope to maintain the integrity of weatherization measures
2. Supporting documentation is required when any incidental repairs are made.
3. The cost of incidental repairs must be included in the cost of the bundle of measures installed in a dwelling (included in the whole-house SIR.)

## 21.8 COMPUTERIZED ENERGY AUDIT

New Mexico EnergySmart program uses the weatherization assistant software as its energy audit tool. Other computerized energy audit tools may be used with the approval of MFA.

The weatherization assistant energy audit software was developed by Oak Ridge National Laboratory specifically for the use for WAP. There are two components to the weatherization assistant software: the National Energy Audit Tool (NEAT) for single-family houses and the Manufactured Home Energy Audit (MHEA) for mobile homes.

1. Values and methods used in NEAT/MHEA will be periodically updated by either the agency or statewide weatherization committees as follows:
  - a. Costs shall include fringe benefits as defined by the agency's accounting system.
  - b. Insulation cost estimates must be based on at least the manufacturer's recommended minimum installation density.
  - c. Cost estimations used for the approved audit must be updated at least once each year and procedures used to derive these estimated costs must be documented by the agency.
  - d. A technical committee, made up of representatives from all the state agencies, will update the following each year:
    - i. The typical service life of each energy-saving measure. The service life values

must be discounted for use in the calculation of SIR in accordance with DOE guidelines.

- ii. A consistent method of determining the cost of fuels to be used in NEAT/MHEA.

III.

## 21.9 REQUIRED CLIENT FILE DOCUMENTATION

Documentation for each completed client file must contain:

1. Input report for the energy audit.
2. Documentation of the initial audit, including the auditor's name and the date of the initial energy audit.
3. Permission Form. This must be explained to the client by the energy auditor and signed by the client and the auditor.
4. Work Order. This must be filled out by the energy auditor.
5. A copy of the NEAT or MHEA "Recommended Measures Report".
6. Accurate records or documentation of all installed measures and their costs. Costs must include the labor used to install the measure.
7. Each client file must include documentation of all efficiency work and adjustments made to the water heating, heating combustion appliances and space cooling appliances, when applicable.
8. Information on the applicable combustion appliance efficiency tests and components.
9. Pre- and post-weatherization blower door test information in units of CFM<sub>50</sub>.
10. A complete record of the pressure diagnostics tests performed, if appropriate.
11. New Mexico State Historic Preservation Office (SHPO) Form. This form – Section 106 Checklist – must be filled out by the energy auditor.
12. Copies of required permits for the work.
13. The final inspection forms, signed and dated by the client and the final inspector, attesting that the work is complete and satisfactory. The inspection, when practical, should be performed within fourteen (14) calendar days of work completion.
14. Copies of the letter of condemnation of combustion systems and the permit to install a replacement (if required by code).
15. Waivers and explanations:
  - a. Approved waivers, when applicable.
  - b. An explanation of reasons that any dwelling unit did not have a blower door test performed.
  - c. An explanation for reasons that any weatherization measures with a SIR greater than 1.00 were not installed.
  - d. A list of any conditions that are judged to be out of the ordinary.

- e. Lien waivers (from agency and subcontractors).
16. Client Information:
- a. A signed weatherization application.
  - b. Brief documentation indicating that owners and clients were notified of any potential or current health or safety problems that necessitated deferral of weatherization work.
  - c. A copy of an executed landlord/tenant agreement if the weatherized dwelling is rental property.
  - d. A completed Homeowner Consent Form.
  - e. The pamphlet, “Renovate Right: Important Lead Hazard Information for Families, Child Care Providers and Schools” must be distributed.

## 21.10 FINAL INSPECTION PROCEDURES

DOE and MFA require that final inspections be performed by agencies to assess adequacy and quality of work prior to units being reported as complete. The DOE rule reads as follows:

“No dwelling unit may be reported to DOE (or New Mexico MFA) as completed until all weatherization materials have been installed and the agency or its authorized representative, has performed a final inspection(s) including any mechanical work performed and certified that the work has been completed in a workmanlike manner and in accordance with the priority determined by the audit procedures required by 440.21. . .”<sup>1</sup>

The final inspection must be performed by a **HEP QCI** on all the dwellings weatherized. The purpose of the final inspection is to ensure that the work has been completed in a workmanlike manner, in accordance with the NEAT or MHEA energy audit and the work order.

The final inspection for each weatherized unit shall be performed by the agency or an approved authorized representative, within 14 working-days of the final day of weatherization work being completed by agency crew(s) or contractors.

Any agency member, contractor or representative who performs weatherization retrofits on units may not serve as the inspector for any completed unit within 3 months of the individual’s last day completing weatherization retrofits. Energy auditors or assistants may serve as completed unit inspectors unless they have installed weatherization retrofits within the preceding 3 months or have participated in the energy audit process of the unit to be inspected.

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<sup>1</sup> U.S. Department of Energy - WAP for Low-Income Persons - Title 10, Part 440, Final Rule - Revised as of December 8, 2000, section 440.16.(5).(g).

The final inspector may perform minor adjustments to previously installed retrofits in order to attain satisfactory inspection results. Such adjustments must not exceed one working hour per unit and will not be considered a “weatherization retrofit” as noted above.

The following tests and inspections must be performed during the final inspection:

1. Quality and quantity of materials installed, including verification that all measures on the work order have been installed and work has been completed as intended
2. All work is compliant with the SWS
3. Review of the input report for quality control
4. Installation standards/work quality
5. A post-weatherization blower door test to verify reported post-weatherization CFM<sub>50</sub> value
6. Health and safety tests, including combustion safety tests
7. If duct sealing was performed:
  - a. Visual ductwork inspection.
  - b. Dominant duct leakage test.
  - c. Room-to-room pressure balance test.
  - d. Pressure pan testing.
8. Furnace heat rise and static pressure testing;
9. Completion of the Weatherization Final Inspection Form; and
10. Client signature(s) verifying completion of work.

#### 21.11 GENERAL REQUIREMENTS – QUALITY OF WORK

1. At no time during the job shall the agency crew or contractor store any materials and tools in living areas of the dwelling. Tools and materials shall be placed in proper storage chests or job trailers at the end of each workday.
2. Any exterior wood trim installed on the home should have all six sides primed. Care shall be taken to assure that the new trim blends into the existing character of the home and is of equal or better quality.
3. Any interior materials installed on the home should be of a material to match the existing trim located in the home.
4. All materials being installed by the agency crew or contractor shall be installed to closely match the existing trim or finish material that is adjacent to the new installed trim.
5. Building permits, electrical permits, plumbing permits and other permits required by local or state authorities shall be obtained by the agency crew or contractor. Permits must be obtained prior to commencement of work.
6. Workmanship and materials not covered by manufacturers’ warranties shall be warranted by the contractors for a period of at least one year from date of final



payment to the contractor. All manufacturers' warranties shall be delivered by the contractor to the agency for inclusion in the final job packet.

7. All repair work shall conform to the local and/or state, building codes when applicable.

All work must comply with the Standard Work Specifications (SWS). All work orders will include a reference to the SWS "Deck of Cards" for each measure listed. Final inspections will be inspected to the SWS as referenced on the final inspection forms.

## 21.12 GENERAL FINAL INSPECTION ITEMS

1. The inspector is responsible for ensuring all items specified in the work order have been completed in a professional manner.
2. The inspector shall assess the job to ensure that the agency crew or contractor have not damaged any existing finishes and items in the home.
3. The inspector shall also ensure that the contractor or crew have left the dwelling in a clean and orderly manner.
4. The work order and applicable rework(s) shall be followed at all times during the final inspection and any items that have not been completed to the satisfaction of the inspector must be noted on an agency Rework Order.
5. Any required rework shall be completed in a timely manner and must be verified by the original inspector.
6. If a Rework Order is issued, the inspector must return to the dwelling for another inspection after the rework has been completed.
7. The inspector is responsible for obtaining all the proper homeowner signatures on the final sign-off for the project.
8. All paperwork is required to be placed in the client file.
9. Client or scheduling obstructions to final inspection:
  - a. MFA recognizes that in some cases it may be impossible to complete a final inspection of the dwelling unit, even after repeated efforts to schedule the inspection. In these cases, the agency must document that an inspector made a significant effort to inspect the dwelling after completion of the weatherization work. At a minimum, a visual inspection of any exterior weatherization measures must be completed.
  - b. Documentation regarding attempts to contact must be put in the client file, signed by the inspector and the agency weatherization director, indicating the dates when the agency attempted to inspect the residence.
    - i. The agency should notify the client in writing explaining that the agency was unable to complete a full on-site inspection.

- ii. If the client does not respond within two weeks, the agency should contact MFA for documented approval to report the unit as a completion.
10. After all work on the dwelling has been completed and approved by the inspector, the inspector must sign and date the Weatherization Final Inspection Report. His or her signature certifies that the dwelling has been inspected, that the work was satisfactorily completed and that all materials charged for were properly installed.
11. No dwelling unit may be reported to MFA as a completed unit until the administering agency has performed a final inspection and certified that applicable work has been completed in a workmanlike manner and in accordance with the procedures established for the New Mexico EnergySmart program. Any dwelling presented to MFA, but not post-inspected can constitute contract breach and non-compliance by the agency.

## 22 CLIENT EDUCATION

Changing occupant behavior is key factor in improving the energy consumption of a dwelling. For example, when household members become aware that their choices for thermostat settings, hot water usage and switching off unused electrical devices can reduce their energy bills, they are motivated to develop and maintain energy-saving habits.

The energy auditor (or other weatherization staff person) should discuss with the client only those topics that are relevant to their dwelling. Additionally, the client should be informed and educated to a level that is appropriate and understandable.

### 22.1 CLIENT EDUCATION RECOMMENDATIONS

1. Client education should be provided during all phases of the weatherization process. This includes, but is not limited to:
  - a. The client intake and scheduling. Explain:
    - i. What the client should expect.
    - ii. How the weatherization process will proceed.
    - iii. Who will call next?
  - b. The initial field inspection. Discuss:
    - i. What the client should expect during the energy audit.
    - ii. Air leaks discovered with the blower door.
    - iii. Any health and safety issues, such as:
      - Lead paint
      - Asbestos-like materials
      - Combustion venting
      - Carbon monoxide

- Mold and mildew
  - Plumbing leaks
  - Animal hazards such as rodent feces or insect infestations
  - Electrical hazards
  - Other possible hazards
- iv. Health and safety issues should be addressed both verbally and by distributing educational pamphlets during the audit "walk-through." This can be particularly effective as the auditor notices and discusses potential hazards.
- v. Energy conserving measures that will be installed, such as:
- Air sealing
  - Additional insulation
  - Heating system improvements
  - Air conditioning improvements
  - Baseload reduction measures, including water heater improvements
  - Low-flow plumbing fixtures (shower head or aerator). If one is installed in conjunction with lowering the domestic hot water temperature, the chances are high that the client will not notice less hot water for showering, as they might if the temperature is reduced without installing the new showerhead
- vi. Improvements in the thermal comfort of the dwelling as a result of the weatherization
- vii. An explanation of gas range safety and proper use
- viii. An explanation of required maintenance for existing equipment, added equipment or energy-saving measures
- ix. What will take place after the initial inspection:
- Schedule of events
  - Who will contact the client next?
  - When the work will be complete
- x. Work the client must do to prepare for the weatherization:
- Moving stored items to make room for the weatherization work.
  - Any other actions that must take place before the weatherization work begins.
- c. Health and Safety
- i. CO Poisoning and CO alarms
- The client must be informed by the weatherization staff regarding:
- How CO poisoning occurs
  - How the alarm operates, including the expected life of the alarm, after which time they will be responsible for replacement.

- The dangers of chronic low levels of CO (i.e., from 5 to 70 ppm CO) for those people with respiratory problems, the elderly, young children and pregnant women.
- iii. If the CO alarm sounds or if the client has observed continuous readings below the level that activates the alarm:
  - Recommend that they call their heating contractor or fuel provider to examine their appliances, as this level is an indication of problems with the combustion appliances and poses a health risk to people vulnerable to low-level exposure.
  - If the detector sounds, the client should assess the situation quickly for potential causes for the alarm. At risk individuals should be immediately evacuated.
  - If it is determined that there is a problem after the first or second alarm, the client should call the local fire department and move to the outdoors immediately. If the alarm sounds, it means the levels of CO have reached a dangerous level and immediate action is required to ensure their safety. Refer to the manufacturer's instructions.
- d. The installation and repair of conservation measures
  - i. Those installing weatherization measures should always take advantage of client education opportunities, if feasible. Such opportunities may include explaining how and why a measure is being installed and how the measure may reduce the client's energy bill and improve their comfort.
- e. Window air conditioners. When it is found that the client does not remove a window air conditioner for the heating season, client education should address the advantages of:
  - i. Removing and closing the window or
  - ii. Installing an airtight cover on the exterior of the air conditioner unit or
  - iii. Sealing the air conditioner unit from the interior.
- d. The final job inspection
  - i. The inspection personnel should reinforce the advantages of the energy-saving measures installed.
  - ii. The client should always be asked if they have any remaining questions regarding the weatherization or health and safety work that was done.
  - iii. The inspection personnel should explain to the client how the dwelling will perform differently as a result of the installed weatherization measures.
- e. Whenever possible, demonstrate to educate. Get the client involved in the educational process, if possible. The use of up-to-date written materials is encouraged, but demonstration has proven to work better in most cases.

- f. All items listed within the SWS as client education must be part of client education.
  - These include the following:
    - i. 2.0202.1b Unvented combustion appliance
    - ii. 2.0203.2, 2.0203.3 CO alarms
    - iii. 2.0701.3 Crawl space
    - iv. 2.0702.1 Warranty
    - v. 3.1201.2e Window repair
    - vi. 3.1201.3e Door repair
    - vii. 3.1501.1g Door to garage
    - viii. 4.1001.3d Attic insulation
    - ix. 4.1005.4d CFR 400 posted sign loose fill over existing
    - x. 4.1102.1 Wall insulation
    - xi. 4.1301 Floor insulation
    - xii. 5.3003.7 Forced air
    - xiii. 5.3008.8 Evap cooler maintenance
    - xiv. 5.3003.9 Thermostat use
    - xv. 5.3104.1 Thermostat replacement
    - xvi. 5.3104.2 Boiler
    - xvii. 6.6005.1 Dryer lint
    - xviii. 6.6005.2 Kitchen range
    - xix. 6.6102.2 Intake for exhaust
    - xx. 6.6102.3 Filter change
    - xxi. 6.6202 Control for whole building ventilation
    - xxii. 7.8001.1 Refrigerator install
    - xxiii. 7.8101.1 Low flow device
    - xxiv. 7.8102.2 Water heater replacement
    - xxv. 7.89103.1 Water heater maintenance

## 23 HEALTH AND SAFETY REQUIREMENTS

### 23.1 INTRODUCTION

**All health and safety requirements listed in Section 2 of the Standard Work Specifications, Health and Safety Plan, and WPN-17-7 must be followed.**

An important goal of New Mexico’s EnergySmart program is to implement cost-effective weatherization procedures to conserve energy and to assess and correct related health and safety hazards for the wellbeing of clients, their dwellings and weatherization personnel.

The weatherization assistance provided by local agencies and contractors has the potential to

affect the operation of and the interaction among, the various "systems" within clients' homes. It is therefore important that agency and contractor staff remain aware of the potential hazards associated with the weatherization process and not compromise the integrity of client safety or the building when installing weatherization measures.

While the primary purpose of the NM EnergySmart program is to reduce the energy use in low-income dwellings, it is necessary on occasion to make related repairs and to mitigate health and safety concerns which may not result in a decrease in energy use or in monetary savings. Therefore, as part of the NM EnergySmart program, the following health and safety standards have been developed with the objective of providing general guidance to agencies and subcontractors doing work within the program. All persons providing services under this program shall be governed by these requirements.

Health and safety measures which do not result in a decrease in energy use and do not save the client any money will be allowed when the measured must be taken in order to effectively perform weatherization work or the measures are necessary as a result of weatherization work in order to protect the health and safety of the dwelling occupants. Approval from MFA shall be requested where required.

It is the responsibility of the agency to manage health and safety expenditures. Health and safety costs must be excluded from any SIR calculations and the per unit average and must be tracked separately. Any health and safety measures that result in energy savings do not have to be tracked separately and should be included with the energy conservation measures. Any non-cost-effective tested health and safety measure should be reported separately.

Each home weatherized must be individually assessed to determine the existence of potential hazards to weatherization personnel or clients. When conditions within the home are such that the health and safety of the client, crew or subcontractor will be jeopardized prior to providing assistance, weatherization must not proceed until such problems are remedied. In some cases, mitigation of problems may be beyond the scope of the weatherization program. In these instances, the client must be notified in writing and referred to alternative resources for resolution of the problem.

In those instances where the existing conditions are perceived to pose a threat to the crew or contractor's health and safety, the NM EnergySmart program allows *technical waivers* for any audit or inspection process, installation or any portion of the weatherization activity.

Under these standards, health and safety assessments of the following must be performed:

1. Hazardous conditions and materials assessment, including, but not limited to:
  - a. Friable asbestos
  - b. Unsafe levels of combustion byproducts, including carbon monoxide

- c. Human or animal waste within the occupied dwelling
- d. Unsafe and excessive levels of chipping and peeling lead paint in pre-1978 homes. This is of particular concern on interior surfaces and components.
- e. Mold or mildew.
- f. In homes where radon may be present:
  - i. Provide the client with EPA's consumer guide to radon.
  - ii. Whenever conditions permit, exposed dirt must be covered with a vapor permeable ground cover.
  - iii. In dwellings where radon may be present, precautions should be taken to reduce the likeliness of making radon concentrations higher.
  - iv. Radon mitigation is not required by DOE.
  - v. Radon testing is not an allowable DOE expense.
- 2. Air quality assessment, including:
  - a. Interviewing client(s) regarding health conditions of occupants with the intent of determining if air quality is unacceptable.
  - b. Determination of ventilation needs for ensuring acceptable indoor air quality. Mechanical ventilation requirements shall be based on *Ventilation and Acceptable Indoor Air Quality in Low-Rise Residential Buildings*, ASHRAE Standard 62.2-2010.
- 3. Combustion systems assessment, including:
  - a. Combustion safety testing, including worst-case depressurization spillage, draft and carbon monoxide testing in appropriate dwellings before and after weatherization work. Additionally, it is required that worst-case depressurization testing be done while the work is being done, just before the crew or contractor leaves the job site for the day.
  - b. Fuel storage and fuel distribution hazards, including oil tank or propane storage problems and oil, propane and natural gas distribution line leaks.
  - c. Hazardous combustion appliance conditions.
- 4. Assessment of crew, contractor and client safety concerns.
  - a. All materials stored on the job site for weatherization work must be stacked organized and properly marked so that it does not pose a hazard to clients, neighbors or weatherization personnel.
  - b. All weatherization work must be performed in a manner that does not create a known hazard to clients, neighbors or weatherization personnel.
  - c. For pre-1978 homes where lead testing has been completed and lead is found to be present, all weatherization work must be performed by weatherization personnel certified lead-safe work practices.
- 5. Reclaim any refrigerants using procedures of the Clean Air Act 1990, section 608, as amended by 40 CFR82, May 14, 1993.

## 23.2 GENERAL

1. Correction of preexisting code compliance issues is not an allowable cost other than where weatherization measures are being conducted. State and local codes must be followed when installing weatherization measures.
2. Correction of fire hazards is allowed when necessary to safely perform weatherization.
3. Pest removal is allowed only where infestation would prevent weatherization.
  - a. Infestation of pests may be cause for deferral where it cannot be reasonably removed or poses health and safety concern for workers.
  - b. Screening of windows and points of access is allowed to prevent intrusion.
4. Removal of pollutants such as formaldehyde, volatile organic compounds and other pollutants is required if they pose a risk to workers. If these pollutants pose a risk to workers and removal cannot be performed or is not allowed by the client, the unit must be deferred.
5. In dwellings where radon may be present, precautions should be taken to reduce the likeliness of making radon concentrations higher. For example, wherever conditions permit, exposed dirt must be covered with an impermeable ground cover, except for mobile homes.
6. Repair and replacement of solid-fuel burning appliances is allowed when client health and safety is a concern.
  - a. Providing fire extinguishers is allowed only when solid-fuel burning appliances are present.

## 23.3 CLIENT HEALTH AND SAFETY

1. Weatherization services must be provided in a manner that minimizes risk to clients.
2. Health and safety issues should be addressed as part of the client education process, both verbally and by distributing educational pamphlets (when available) during the audit "walk-through." This can be particularly effective as the auditor notices and discusses potential hazards.
3. Dwellings with unvented (vent-free) combustion appliances used as a primary heat source, with the exception of gas ranges, may not be weatherized until such appliances are properly vented to the outdoors (according to the appropriate code) or removed.



4. Building owners and clients must be notified of any health or safety problems that require terminating the weatherization work. Documentation of this notification must be included in the client file.
5. It is preferred that agencies minimize or restrict the use of materials that may be hazardous to the client; however, if the agency must use hazardous chemicals, it must be discussed with the client prior their use.
6. Special precautions must be taken if the occupant of the home has respiratory ailments, allergies, is pregnant or has unique health concerns.
7. Agencies should try to protect all clients from respirable particles, such as paint or insulation dust, during the weatherization process.
8. The installation of hazardous materials must be done in well-ventilated areas.
9. Weatherization personnel shall not smoke cigarettes, cigars or pipes in a client's home or outdoors within 25 feet of the client's home.
10. If strong smelling chemicals, such as formaldehyde, are detected in the client's home, agencies should not perform any weatherization measures that would reduce the natural air leakage of the dwelling, unless mechanical ventilation is present or installed.
11. At a minimum, auditors and weatherization personnel should inform property owners of safety problems, code problems and other health and safety issues. These items might include:
  - a. Hazardous levels of carbon monoxide
  - b. Raw sewage leaking from waste plumbing pipes
  - c. Mold and moisture
  - d. Friable asbestos
  - e. Radon gas
  - f. Lead

#### 23.4 INJURY PREVENTION FOR OCCUPANTS

1. Minor repairs may be done when weatherizing a home in order to prevent injury to weatherization workers during weatherization and to occupants. These repairs may only be done to the extent of ensuring safety. These minor repairs might include:
  - a. Replacing missing light bulbs.
  - b. Lowering domestic hot water temperature.

- c. Repairing stairs, replacing handrails and installing grab bars.
- D. Repairing decks and balconies.

### 23.5 PREEXISTING OCCUPANT HEALTH CONDITION

When a person's health may be at risk and/or the work activities could constitute a health and safety hazard, the occupant at risk will be required to take appropriate action based on the severity of the risk.

1. The at-risk occupant should reveal they known or suspected health concerns during the initial application for weatherization services.
2. The at-risk occupant should be provided with known risks of the weatherization process.
3. Worker contact information should be provided to the occupant so that occupant can easily provide information about health issues or concerns.
4. Failure or the inability to take appropriate actions must result in deferral of the weatherization work.

## 24 AGENCY HEALTH AND SAFETY

1. When in doubt, agencies should seek consultation services from an OSHA subsidized professional safety consultant (See: OSHA Publication # 3047, Consultation Service for the Employer) for identifying hazards and developing a worker health and safety program.
2. Agencies must have an approved health and safety policy in place to protect worker health and safety.
3. The health and safety policy should specify:
  - a. That Material Safety Data Sheets (MSDS) must be on the job site and available to medical personnel.
  - b. Where employees should go for treatment.
  - c. A written procedure for reporting medical emergencies.
  - d. A written procedure for reporting non-emergency accidents.
  - e. How to provide prompt medical attention for serious injuries.
  - f. How to provide prompt transportation or contact an ambulance in the case of a serious emergency.
  - g. That telephone numbers of physicians, hospitals or ambulances should be

- conspicuously posted.
  - h. That a first aid program should be in place. It should include the following:
    - i. First aid training provided to at least one member of each crew/contractor.
    - ii. CPR training provided to at least one member of each crew/contractor.
    - iii. One complete first aid kit per vehicle.
    - iv. One eye-wash station with at least one refill per vehicle.
4. Agencies must establish a Personal Protective Equipment Program. This program should include the following:
- a. Respiratory Protection Procedures that provide employees with the following:
    - i. The proper personal respiratory protection equipment.
    - ii. Respirator fit testing, by a trained person.
    - iii. Training to employees on respirator use.
    - iv. Medical examination of pulmonary capacity with a frequency recommended by appropriate OSHA standards.
  - b. Eye protection should be made available when appropriate.
  - c. Gloves and protective coveralls should be made available when needed to protect worker health or safety.
5. Agencies should have in place a Tool Safety Program designed to protect employees from work place hazards. This program should ensure the following:
- a. Tools are safe and adequate for the job.
  - b. Ground-fault protection is provided for power tools.
  - c. Employees are trained in the safe and proper operation of tools and equipment used in their work.
  - d. Safety guards are in place on all tools that come equipped with such devices.
  - e. Ladders and scaffolding are adequate for use, have the proper weight rating and are constructed of non-conductive material.
  - f. That hearing/ear protection is provided to individuals working around high decibel equipment or in high dust environments.
6. It is preferred that the agencies have a Fire Protection Program. This program should include the following:
- a. Fire extinguishers are provided and are:
    - i. Located in the agency offices and warehouse.
    - ii. Located in each vehicle.
    - iii. Inspected regularly.
  - b. Training on fire extinguisher use.
  - c. Fire emergency procedures.

7. It is preferred that agencies have a Job Hazards Identification Program. This program should include the following:
  - a. Investigation of job-specific safety hazards.
  - b. Hazard Communication Procedures that include the following:
    - i. Written policies for dealing with job hazards.
    - ii. All hazardous materials containers labeled with:
      - Hazardous chemical contents.
      - Hazard warning appropriate for employee protection.
      - Legible and prominent labels on all containers.
    - iii. Means of communication for non-routine tasks and unlabeled chemicals.
    - iv. A means for the exchange of information between agencies and sub-contractors regarding hazardous materials.
  - c. A catalog of Material Safety Data Sheets (MSDS) for all hazardous material that is made available to all employees, kept on file at the agency offices and on all jobs sites. The MSDS catalog should contain the following for each hazardous substance:
    - i. Its chemical and common name.
    - ii. Its physical and chemical characteristics.
    - iii. Known acute, chronic and related health effects.
    - iv. Precautionary measures.
    - v. Exposure limits.
    - vi. Identification of carcinogens.
    - vii. First aid procedures.
  - d. Implementation of a Hazardous Material Communication Policy. Such implementation should include the following:
    - i. Information on where hazardous materials are located and where they are used.
    - ii. Employee information and training on hazardous materials.
    - iii. Training conducted at the time of initial assignment or whenever a new hazard is introduced to the work environment.
    - iv. How to read and interpret labels and MSDS.
    - v. How to obtain and use information on the hazards of a chemical and how to implement protective measures.
  - e. A Hazardous Chemicals List that is made available to employees.
  - f. Written hazard evaluation procedures for agencies.
  - g. Written materials on workplace hazards for agencies.

## 25 COMBUSTION APPLIANCES AND HEATING SYSTEMS

### 25.1 RESPONSE TO COMBUSTION APPLIANCE PROBLEMS

1. Repair and replacement of inoperable or unsafe combustion appliances is allowed, including the installation of direct-vent, sealed-combustion appliances.
  - a. Repair and cleaning should be done before replacement is considered.
  - b. Proper venting to the outdoors, including gas dryers and range hoods, is required.
    - i. Correction of venting is allowed when testing indicates a problem.
2. System repair, replacement or installation is allowed of red-tagged, inoperable or nonexistent heating systems where climate conditions warrant.

### 25.2 EMERGENCY SITUATIONS, IMMEDIATE FOLLOW-UP REQUIRED

Some safety problems may warrant discontinuing the combustion appliance testing or shutting off the appliance until the repairs can be made. Whenever a technician questions the safety of a situation, they should consult a supervisor. The local natural gas or propane supplier should be called in whenever possible. Examples of this type of situation are:

1. Propane or natural gas leak: Propane can be smelled more than three feet from the leaking fitting.
2. Clogged or disconnected flue: A clogged or disconnected flue that cannot be fixed, causing significant spillage of combustion products into a heated space or working area of the technician.
3. Back drafting or significant spillage: Any back drafting of combustion products in combination with carbon monoxide indications, which cannot be fixed.
4. Cracked furnace heat exchanger: Any visually identified cracked heat exchanger leaking combustion byproducts.
5. Other hazards: Any other situation or combination of situations that the technician or supervisor judges hazardous to the health of the client or others.

### 25.3 NON-EMERGENCY, ONE-DAY FOLLOW-UP RECOMMENDED

Some situations may not warrant discontinuing testing or shutting down the heating system, but are serious enough to require attention within twenty-four hours. Examples of this type of

situation are:

1. High carbon monoxide levels.
2. There is inadequate draft or spillage.
3. A furnace with no limit switch or a limit switch that is disconnected.

#### 25.4 NON-EMERGENCY, FIVE-DAY FOLLOW-UP RECOMMENDED

All other safety-related follow-up must begin within five (5) days. Examples of this type of situation are:

1. Draft or spillage in an unheated area that do not comply with the recommended values.
2. A furnace limit switch that does not shut the gas off by 225°F.
3. A cracked heat exchanger is suspected, but there are no other apparent problems with the furnace.

#### 25.5 WATER HEATERS AND OTHER APPLIANCES

1. Poorly functioning water heaters that may pose a health concern may be replaced on a case-by-case basis.
  - a. Installation of one per dwelling is allowed.
  - b. Documentation must be maintained to justify replacement.
  - c. Replacement and installation of other appliances for health and safety reasons is not allowed. Repair and cleaning are allowed.

## 26 AIR CONDITIONING SYSTEMS

Air conditioning system replacement, repair or installation is allowed in homes of clients at risk of health problems from high-temperature conditions, where climate conditions warrant.

#### 26.1 BIOLOGICALS AND UNSANITARY CONDITIONS

Remediation of a condition that may lead to or promote biological concerns or unsanitary conditions is allowed, however, addressing bacteria and viruses is not an allowable cost. Deferral may be required in cases where a known biological agent is present in a dwelling that may create a serious risk to weatherization workers.

#### 26.2 STAND-ALONE ELECTRIC SPACE HEATERS

1. Repair, replacement or installation of stand-alone electric space heaters is not allowed.
2. Check the electrical circuitry to ensure adequate power for existing space heaters.

3. Inform client of the hazards of use and have client sign a waiver if removal is not allowed by the client.
4. Removal is recommended.
  - a. Stand-alone electric space heaters may be used as a temporary heat source during weatherization if the primary heating system is disabled.

## 27 SPRAY POLYURETHANE FOAM USE

Spray polyurethane foam is a widely used and highly-effective insulator and sealant; however, eye, skin and inhalation exposures to its key ingredients can cause asthma, lung damage, other respiratory problems, skin and eye irritation and other adverse health effects.

1. When working within the thermal envelope with spray urethane foam, follow the EPA guidelines<sup>2</sup> or manufacturer's guidelines.
2. When using spray urethane foam outdoors, isolate the area where the foam will be applied, take precautions to ensure the fumes will not be transferred to the indoor living area.
3. Make sure all state and local fire codes are followed when spray polyurethane foam is used indoors.

## 28 MISCELLANEOUS HEALTH AND SAFETY RULES

1. Replacement, repair or installation of windows or doors is not an allowable health and safety cost, but may be allowed as an incidental repair or an efficiency measure if justified by the NEAT or MHEA audit.
2. Replacement, repair or installation of telephones is not an allowable cost.
  - a. Provide client information about telephone replacement programs.
3. Vented space heaters should be treated as normal heating systems and should be tested in a manner similar to central furnaces.
4. Repair and replacement of solid-fuel heating appliances is allowed only when client health and safety are a concern.

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<sup>2</sup> Please see [http://www.epa.gov/dfe/pubs/projects/spf/spray\\_polyurethane\\_foam.html](http://www.epa.gov/dfe/pubs/projects/spf/spray_polyurethane_foam.html) for detailed information.

## 29 ASBESTOS INSPECTION PROCEDURES

1. Because there is the possibility that the weatherization testing or work may disturb materials that may contain asbestos, the energy auditor must inspect for such materials prior to beginning work.
2. Decisions on approaches to weatherization work where asbestos is present shall be based on the judgment of the most qualified individual available to the agency.
3. When major energy-saving measures might be sacrificed as a result of suspected asbestos-containing materials, the agency should have the suspected material tested for asbestos content.
4. All agency workers must wear high-quality respirators any time they work with asbestos.
5. When working with materials containing asbestos, the materials should be dampened with water whenever possible to reduce the risk of airborne asbestos fibers.
6. Materials containing asbestos may not be cut, drilled or disturbed in any manner that may cause asbestos fibers to become airborne.
7. Removal of asbestos siding is allowed when performing energy-saving measures. All precautions must be taken not to damage the siding. The siding should never be cut or drilled. It is recommended, where possible, to insulate through the interior walls.
8. On covering materials, such as steam pipe insulation, assume asbestos is present. Abatement – either removal or encapsulation – is allowed by a certified asbestos abatement contractor.
9. When vermiculite insulation is found in an attic, unless testing proves otherwise, take precautionary measures as if the vermiculite contains asbestos. Encapsulation by an appropriately trained asbestos control professional is allowed. Removal is not allowed. Blower door testing should be done with pressurization rather than depressurization.

## 30 LEAD SAFE WEATHERIZATION (LSW)

The health and safety plan must be consulted with all projects that are determined to contain LBP.

Each agency must give notification to the occupants of homes to be weatherized regarding the potential hazards of lead paint and lead paint dust if the home was built prior to 1978. EPA's



publication “Renovate Right: Important Lead Hazard Information for Families, Child Care Providers and Schools” must be given to an adult occupant of the affected home. For occupied homes, the weatherization staff, crew or contractor must have an adult tenant or homeowner sign an acknowledgement after receiving the pamphlet. The pamphlet can also be sent by certified mail with receipt to be placed in the customer file. Publications must be received by the occupant no less than seven (7) calendar days prior to the commencement of weatherization work and no more than 60 calendar days prior to the commencement of work.

Lead-safe weatherization (LSW) must be applied to all pre-1978 housing (site-built and mobile homes) unless there is existing evidence that EVERY component to be disturbed in the home has been certified as being lead-free. One of the following methods must be used to determine the paint to be disturbed as non-lead-based paint:

1. Written determination by a certified lead inspector or risk assessor
2. Proper use of an EPA-recognized test kit by an EPA Certified Renovator (per EPA final rule LRRP) provided that the agency properly document the manufacturer, test kit model, description and location of tested components and the test results.

LSW includes weatherization worker protection, general LSW work practice standards and lead dust containment standards. Regardless of requirements, the dust containment and work practices should be practiced whenever possible. Any dust and debris generated during the installation of a weatherization measure may contain irritants to many workers and residents. Please refer to the latest weatherization program standard for details.

## **31 MOISTURE REMEDIATION, ASSESSMENT AND REPAIR**

### **31.1 REMEDIATION OF MOLD**

The use of DOE funds for the removal of mold and other related biological substances is not an allowable weatherization expense. Generally, DOE funds should not be used to test, abate, remediate, purchase insurance or alleviate existing mold conditions identified during the audit/estimate, the work performance period or the quality control inspection. Other funding sources should be sought to cover the cost of cleaning or cleaning moldy surfaces.

In New Mexico, excessive moisture might be a problem. Common measures for dealing with potential moisture problems include:

1. Repair or installation of bathroom and kitchen exhaust fans
2. Installation of ground moisture barriers of 6-mil black plastic under enclosed foundation

mobile homes, houses receiving sidewall insulation or any house with excessive dampness in the crawl space

3. Air sealing and duct sealing
4. Removal of unvented space heaters
5. Repair or installation of dryer vents to be properly vented to beyond the perimeter of the crawl space or basement
6. Sealing attic bypasses to prevent air from carrying moisture into an attic
7. Adding crawl space venting, but only when appropriate (per NFPA or other applicable code)
8. Replacement of downspouts and/or gutter sections to divert moisture away from the dwelling may be done with MFA approval.

## 32 ENERGY RELATED MOLD AND MOISTURE

Moisture, mold and mildew can seriously affect the health and safety of the client and crew. Steps must be taken to alleviate moisture problems. The New Mexico weatherization program shall ensure that regular weatherization work is performed in a manner that does not contribute to the increase of any mold problems and when the work is performed properly, can alleviate many mold conditions.

WAP is not a mold remediation program. The use of DOE funds for the removal of mold and other related biological substances is not an allowable weatherization expense. If necessary, weatherization program services may need to be deferred until the existing mold problem can be corrected or referred to another agency for funding of remedial action.

### 32.1 MITIGATION OF MOISTURE, MOLD OR MILDEW – DEFERRAL OF SERVICE

1. If an existing moisture, mold or mildew problem is found, the agency must determine if the moisture problem can be fixed under the scope of weatherization or if there should be a Deferral of Service because of the severity of the problem (typically 10 square feet or more of affected surface).
  - a. If it is determined that the problems are too severe under the scope of weatherization, a Deferral of Service form shall be signed at the time of inspection and left with the client and a copy placed in the client file.

- b. Client education must be given to the client to inform them of the health and safety problems associated with mold or mildew and the possible self-help solutions they can perform at a later date.
- c. The agency should try to refer the client to other programs or agencies that may be able to assist in resolution of the problem.

### 33 CARBON MONOXIDE ALARMS

At least one CO alarm must be installed in each weatherized dwelling. Follow the manufacturer's recommendations for locating and installing the alarm. Typically, alarms are installed where the clients spend most time, such as near bedrooms. If an entire multifamily building is to receive weatherization services, a CO alarm should be installed in each unit of the complex.

### 34 SMOKE ALARMS

If smoke alarms are inoperable or non-existent, at least one alarm must be installed in each weatherized dwelling. If existing hard-wired smoke alarms are inoperable or broken, they must be replaced with comparable units. All carbon monoxide alarms must be in compliance with ASHRAE 62.2-2013

### 35 JUNCTION BOXES

All visible electrical connections must be inside approved electrical junction boxes. These junction boxes must have appropriate covers and must be flagged when concealed with insulation.

### 36 GROUND-FAULT CIRCUIT INTERRUPTER DEVICES

1. Test ground-fault circuit interrupter (GFCI) devices to ensure that they are working properly in dwelling bathrooms and kitchens.
2. If a GFCI is not installed in a dwelling's bathroom, an agency may have one installed.

### 37 EXCEPTIONS

1. Diagnostic equipment or test procedures should not be used in or on dwellings where such equipment or testing could exacerbate existing problems or pose a threat to the health of occupants.
2. In all cases, it is the auditor's responsibility to determine if a condition exists that could

cause any diagnostic equipment or test procedure to be potentially harmful to clients or weatherization personnel.

3. If the potential exposure can be eliminated by varying the test procedure while still achieving reliable results, doing so is permissible and encouraged. For example, in a home with possible airborne pathogens, pressurizing as opposed to depressurizing during the blower door test should garner the necessary data safely. If no viable alternate test procedure exists, elimination of the test in question is allowable in the subject home. Other conditions where a blower door test might not be required include:
  - a. An open (non-airtight) solid fuel appliance is in operation at the time of the energy audit or inspection. In such cases, it is often possible to postpone the blower door test until the solid-fuel appliance is not combusting.
4. All required testing shall be done to the extent allowed by law.
5. For any required testing that is not done, the reasons for omitting the test must be documented in the client file. Photos of potentially hazardous conditions or materials should be included.

## 38 ZONE PRESSURE DIAGNOSTICS

Zone Pressure Diagnostics (ZPD) testing is recommended in some dwellings. ZPD testing is helpful in the determination of the location pressure boundaries and the effectiveness of air sealing measures. For example, ZPD is very useful before and after air sealing attic bypasses to determine the effectiveness of air sealing. Additionally, the air tightness of a common wall between a house and an attached garage can be measured with ZPD, both before and after air sealing.

## 39 DUCT LEAKAGE

Duct leaks can lead to many problems in a dwelling, the most common one being wasted energy. Other problems can include thermal discomfort, substandard indoor air quality and hazardous combustion venting.

Duct leaks can be 1) within the confines of the thermal boundaries of the building or 2) outside of the thermal boundaries, perhaps leaking to the outdoors. Mobile home ducts and site-built homes with ductwork in crawl spaces or attics are susceptible to leakage to and from the outdoors.

Although duct leakage within the thermal/pressure enclosure usually does not have a significant energy impact, it might impose a hazard to occupant health by causing poor indoor air quality or

back drafting of combustion appliances. These potential problems are addressed by performing the appropriate combustion safety testing.

Pressure pan testing must be performed in mobile homes and manufactured double-wide dwellings to determine if the ducts are leaking to a significant degree to or from the outdoors. Additionally, pressure pan testing must be performed in site-built homes that have ductwork in spaces outside of the thermal/pressure enclosure.

## 40 INTERIOR INSPECTION AND REPAIRS

1. Make reasonable repairs to interior walls as needed. In pre-1978 homes, repairs to these surfaces can generate a lot of lead paint dust and debris, so lead-safe work and clean-up practices must be employed. Locate any areas of the interior wall surface that are weak or not securely fastened. Holes drilled for insulation must be plugged, finished and returned to a condition as close to the original as possible.
2. Locate the positions of all wall-mounted switches and outlets before beginning insulation work. Locate all chases, utility runs, duct runs, wall heaters, vent fan penetrations, etc. prior to insulating. Insulation should not be installed against chimneys and some electrical fixtures. Block around these areas before installing insulation. If it is not possible to block around an area, avoid that area when insulating. Make sure all appropriate code clearance requirements are considered.
3. Find any interior soffit areas, pocket doors or other structural details that may need preparation prior to insulating and prepare as necessary. Locate critical framing junctures and ensure adequate insulation densities in these areas.

## 41 EXTERIOR INSPECTION AND REPAIRS

1. Note all types of siding material. Note siding material that may contain asbestos and/or lead-based paint. If the home is pre-1978, lead safe weatherization practices must be followed.
2. Determine the best drilling strategy. The preferred method is to lift the siding or temporarily remove it before drilling the sheathing.
3. Repair or replace severely deteriorated window or door components as directed by the estimate. Replace all missing glass.
4. Patch holes in exterior walls.

5. Determine the source of and correct any problem that has led to, moisture in wall cavities prior to installing insulation. Repair or replace damaged, rotted or deteriorated siding to ensure the integrity of the insulation. If any missing siding, flashing, etc. would allow disintegration of installed insulation, replace it with a comparable material.
6. Access structural additions and critical junctures to determine the ability of these areas to contain high-density insulation. Correct any openings or gaps prior to installing insulation.

#### 41.1 QUALITY CONTROL

A final inspection to assess quality and quantity of wall insulation must be performed. This inspection can be performed by using a bore scope, removing interior outlet and switch plates, using an infrared camera or other acceptable inspection techniques.

## 42 WINDOWS AND DOORS

### 42.1 PRIMARY WINDOWS: ALL ASSESSMENTS AND WORK MUST COMPLY WITH SECTION 3 OF THE SWS.

#### 42.1.1 WINDOW ASSESSMENT

1. All existing egress windows must remain operable.
2. Correction of preexisting code compliance violations is not an allowable cost except where weatherization measures are being installed.
  - a. If a bedroom does not have a required existing code-compliant egress window, agencies are not required to install one only for reasons of code compliance.
  - b. If a bedroom does not have a required existing code-compliant egress window and the agency intends to replace a window for reasons of saving energy, the replacement window must qualify as a code-compliant egress window.
    - i. In such cases, the difference between the cost of an exact type and size replacement and a qualifying egress window may be billed to health and safety.
3. Non-operable, non-egress windows may be permanently sealed against air leakage if agreed to by the client.
4. Window work on pre-1978 houses must be performed using lead safe weatherization procedures.

## 42.2 DOORS: ALL ASSESSMENTS AND WORK MUST COMPLY WITH SECTION 3 OF THE SWS.

### 42.2.1 DOOR ASSESSMENT

1. Doors must be assessed for needed repairs, air leaks and comfort-related problems.
2. If there are two or more existing egress doors on the first floor, at least two must remain operable. At least one egress door on the second floor, if existing, must remain operable. Other doors can be sealed, if reasonable, with the client's permission.
3. Door work on pre-1978 houses must be performed using lead safe weatherization procedures.

### 42.2.2 EXTERIOR DOOR REPLACEMENTS

1. Individual replacement doors are to be considered incidental costs.
2. Replacement doors may include one glass area if the replaced door had one or more glass area.
3. Air leak mitigation measures for doors such as jamb-up kits, sweeps and thresholds must be based on detection of leaks using the blower door.
4. Any existing hollow-core exterior doors should be replaced with appropriate solid-core wood, insulated steel or other insulated solid-core door.

### 42.2.3 DOOR REPAIRS

1. When feasible, a door must be repaired rather than replaced.
2. Stuck doors do not have to be made operable unless they are to function as egress doors.

## 43 SPACE CONDITIONING

### 43.1 GENERAL REQUIREMENTS: ALL ASSESSMENTS AND WORK MUST COMPLY WITH SECTION 5 OF THE SWS.

The efficient operation of heating and cooling systems is a critical aspect of efficient energy use. Replacing or repairing heating systems is allowed from an energy-efficiency or health and safety

basis. Air conditioning system replacement, repair or installation is allowed in homes of at-risk occupants where climate conditions warrant.

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#### 43.1.1 SPACE CONDITIONING APPLIANCE WORK DOCUMENTATION

1. Each client file must include documentation of all efficiency work, adjustments or replacements made to the water heating, space heating and space cooling appliances.
2. Before the work on a combustion appliance or cooling appliance is complete, a representative of the agency must have finished a review of all combustion appliance forms and determined that the combustion appliance(s) meets the appropriate specifications.

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#### 43.1.2 SOLID-FUEL APPLIANCE REPLACEMENT POLICY

Solid-fuel appliances are defined as those that burn wood (cord or pellet) and coal. Solid-fuel appliances include heating stoves, ducted gravity furnaces and forced air furnaces. The venting and clearances of existing installations must be made, when reasonably possible, to comply with the current edition of NFPA 211. Repairs are preferred to replacements.

1. Replacement or repair of a solid fuel appliance is allowed only when client health and safety is a concern. All replacements must comply with the current NFPA 211.
2. There may be situations where the costs of a new installation or the repair of an existing installation may be too expensive for the EnergySmart program to incur.
  - a. In some cases, the owner may have to be responsible for some or all of the costs for making a solid fuel appliance installation safe.
  - b. In situations where an owner is responsible for making any health and safety repairs; a health and safety report must be completed and describe each problem to be corrected. A copy must be left with the owner and a copy becomes a part of the client file.
3. Cost of repair and replacement of solid fuel appliances are to be charged to health and safety.
4. Replacement of solid fuel gravity furnaces, forced air furnaces and boilers will not be permitted and are considered beyond the scope of weatherization. However, repair of existing units will be permitted.
5. Solid-fuel appliances in mobile homes:
  - a. Replacement of solid-fuel appliances in mobile homes must be mobile home approved direct-vent stoves. Mobile home solid-fuel stoves and approved venting



systems are expensive. The material costs for these measures can easily exceed the targeted percent of the total material cost for the job allotted for health and safety, so careful consideration must be given to the replacement of mobile home solid-fuel appliances.

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### 43.1.3 SUBCONTRACTING HEATING SYSTEM WORK

Agencies using contractors for any heating system replacement are responsible for verifying and documenting that the heating system needed to be replaced, was properly sized using Manual J, that the installation complies with all national, state and local codes and that all EnergySmart weatherization heating system (including duct measures and standards) policies and procedures were followed. Agencies are responsible for ensuring that all mandatory health and safety testing and post-weatherization documentation is in the client file.

## 44 SPACE COOLING APPLIANCES

Air conditioning system replacement, repair or installation is allowed in homes of at-risk occupants where climate conditions warrant. In climate zone 3 (Las Cruces,) medical eligibility for an air conditioner is needed for anyone under the age of 60. In all other climate zones in New Mexico, medical eligibility is required for any occupant, regardless of age.

In addition, service providers must request prior authorization for installation or replacement of air conditioning system.

## 45 GENERAL INSPECTION

An auditor will perform an inspection of the mobile home gathering the following information and testing:

1. Relevant dimensions of the dwelling
2. Health and safety Issues
3. Existing R-values and cavity depths
4. Structure soundness; (examples – unstable, improperly joined double-wide, walls or floor cannot adequately support weight)
5. Air leakage
6. Indoor air quality and installation of smoke and CO detectors, where applicable
7. Moisture problems
8. Ventilation systems
9. Heating appliance(s) efficiency

10. Cooling appliance(s) efficiency
11. Client equipment-use problems (example – water heater not Mobile Home approved)

Upon completion of the inspection and tests, the auditor will develop a work scope by using MHEA or another acceptable computer energy auditing tool. If it is determined that measures should be completed in an order other than those listed by MHEA for health and safety or other reasons, it must be documented in the client file.

#### 45.1 MOISTURE PROBLEMS

1. If there is moisture problems in the ceiling or sidewalls, insulation should not be added until the moisture source and/or site of penetration, including leaks, is identified and eliminated.
2. Exhaust-fan ducts terminating in ceiling cavities, crawl spaces or other areas, shall be extended to the outdoors and sealed to prevent exhaust air from re-entering the conditioned space.
3. Dryer vents shall be vented to the outdoors. If the mobile home is skirted, the dryer vent termination must be to the outdoor side of the skirting. (refer to National Fire Protection Association (NFPA) for additional details)

#### 46 ELECTRICAL INSPECTIONS

The electrical wiring in pre-1978 manufactured homes is sometimes aluminum. This aluminum wire, when in contact with other metals that is normally part of an electrical system, can cause galvanic corrosion and shorting. As a result of this possibility, in pre-1978 manufactured units special care should be taken.

1. Before insulating mobile homes, inspect and assess the electrical wiring as follows:
  - a. If the mobile home has electrical wiring made of aluminum, a licensed electrician must inspect the home before any weatherization is started. After the weatherization work has been completed, the electrician must inspect the wiring again. Documentation of these inspections and their results must be in the client file.
2. Care must be taken to ensure that electrical wiring was not damaged during insulation work. The energy auditor should also determine if the electrical system is working properly before weatherization. This can be done by testing electrical outlets and switches before and after completing the work.

## 47 BASELOADS: ALL ASSESSMENTS AND WORK MUST COMPLY WITH SECTION 7 OF THE SWS.

### 47.1 WATER HEATERS

Generally energy use for water heating is the largest part of baseload energy use. The energy used for water heating can be reduced in a number of ways, including insulating the storage tank and distribution pipes, lowering the hot water temperature and using less hot water.

### 47.2 REFRIGERATOR REPLACEMENT AND METERING

The refrigerator to be replaced must be the primary refrigerator used by the household. In cases where more than one refrigerator or freezer is being used, the agency should encourage the client to dispose of the secondary refrigerator or freezer by providing client education regarding the energy use of the unit(s). The disposal of a secondary refrigerator or freezer is an eligible activity; however, the client must provide the agency with written permission for this disposal.

#### 47.2.1 ORDERING REPLACEMENT REFRIGERATORS

1. The replacement should be of a similar style and capacity as the removed refrigerator. A larger capacity model than the removed unit may be considered if multiple refrigerators/freezers are being replaced.
2. WAP grant funds cannot be used to run water line for an ice maker.
3. Each agency is responsible for ordering appropriate ENERGY STAR® refrigerators either directly or by subcontracting.
  - a. Each agency is responsible for proper disposal of all refrigerators either directly or by subcontracting.

## 48 THE MULTIFAMILY PROCESS RENEWABLE TECHNOLOGIES

Renewable Energy Technologies shall comply with CFR 440 and DOE WAP program notice 07-01 and the NM EnergySmart state plan. The 2011-2012 state plan lists solar water heaters as an allowable measure. These measures will be considered on a case-by-case basis and require MFA approval for installation.

Approved renewable energy systems are listed in Appendix A of Part 144, Standards for Weatherization Materials. For example, solar water heating devices which conform to SRCC (Solar Rating and Certification Corporation) OG 300 are listed in Appendix A and may be used.

## 49 IMPLEMENTATION ISSUES

Although DOE raised the per-unit average to \$6,500, the average for renewable energy systems is \$3,000. NM must maintain a “per unit average” of \$6500 and ensure a “renewable energy systems per unit average” of \$3,000 average in order to remain in compliance with the above guidance. MFA will work with service providers to ensure compliance.

## 50 DIAGNOSTIC TESTING PROCEDURES

### 50.1 BLOWER DOOR TESTING

The use of a blower door as a weatherization tool is mandatory. It can be used to determine the pre- and post-weatherization dwelling leakage rates, giving the crew or contractor an accurate idea of the effectiveness of their air sealing efforts. In addition, the blower door is used for zone pressure testing and duct leakage testing.

Because the blower door is such an important weatherization tool, it is very important that it be set up and used properly at each weatherization job. The depressurization blower door test is preferred for New Mexico EnergySmart program because it takes less time to perform than a pressurization test and it is the standard test used in the low-income weatherization program across the United States.

The blower door testing procedures below are generalized to include the equipment sold by the Energy Conservatory and Retrotec. Please refer to the manufacturer’s instructions for more detailed information.

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#### 50.1.1 PREPARATION FOR BLOWER DOOR TEST

1. Agencies and contractors should maintain accurate calibration of their blower doors and related equipment. This includes:
  - a. Blower door fan
    - i. There should be no physical damage to the fan.
    - ii. The flow sensor is one of the most critical parts of the blower door fan. Make sure the sensor is in its proper position, not damaged, that the connected hose is in good condition and that the holes in the sensor are not blocked.
  - b. If there is a problem with the fan or the flow sensor, contact the manufacturer before further use.
  - c. Digital pressure gauges must be calibrated as recommended by the manufacturer.

- d. For detailed maintenance recommendations check with the equipment manufacturer.
2. Deactivate all vented combustion appliances before depressurizing the structure by turning the thermostat down or by shutting the appliance off. A gas water heater may be set on “Pilot” rather than setting the control on “off.”
3. Prevent the ashes of wood- or coal-burning units from entering the habitable space by closing and sealing doors and dampers, by cleaning out the ashes or covering them.
4. Inspect the house for loose or missing hatchways, paneling, ceiling tiles or glazing panes. Secure any items that may become dislocated during the test and seal any missing hatchways.
5. Close all primary windows, self-storing storm windows (if possible), skylights and exterior doors and latch them in the position they normally would be found during the winter.
6. Open all livable areas to the interior of the structure, even if the occupants close them off during the winter.
7. If the basement is defined as an area within the thermal envelope, determine the CFM<sub>50</sub> value with the blower door with the basement door opened.
8. Set up the blower door unit in an exterior door opening in an area free from obstructions and wind interference.

## 51 DEPRESSURIZATION TIGHTNESS LIMIT (DTL)

### 51.1 INTRODUCTION

If the dwelling has conventionally vented combustion appliances, the Depressurization Tightness Limit (DTL) should be calculated before weatherization work begins.

The DTL calculation establishes a CFM<sub>50</sub> minimum, below which the back drafting of conventionally vented combustion appliances is likely to occur. This limit provides a guideline for air sealing activities.

If the energy auditor expects exhaust fans will be added to the dwelling in order to comply with

ASHRAE 62.2-2010, an estimate of the CFM fan flow of these added fans should be included in this procedure.

The use of the DTL should never be used as a substitute for performing the worst-case depressurization test procedure after all weatherization work is completed.

## 52 AIR HANDLER PRESSURE BALANCE TESTING

### 52.1 INTRODUCTION

This test procedure is performed only in dwellings with central air handlers (furnaces and/or central air conditioners). Room-to-room pressure(s) should be measured in all rooms with forced air heating/cooling return or supply ducts and operable interior doors, *after all weatherization work has been completed, but before the final combustion safety testing is performed*. The procedure indicates the magnitude of:

1. Duct leakage to the outdoors, either through supply or return ducts.
2. Imbalances of air distribution resulting from closed interior doors. These closed doors can act as dampers to the free flow of air within the conditioned space of the dwelling.
3. Imbalances of air distribution resulting from airflow differences between the supply side and return side of the ductwork. Such an imbalance could result from a restricted return trunk, for example.

Such pressure imbalances can result in increased air leakage to and from the outdoors when the air handler is running.

### 52.2 DUCT LEAKAGE

Duct leakage can lead to many problems in a dwelling, the most common one being wasted energy. Other problems can include thermal discomfort, substandard indoor air quality and combustion venting failure.

Ductwork leakage can take place: 1) within the confines of the conditioned envelope of the building or 2) to and from the outdoors.

Leakage to or from the outdoors wastes more energy than leakage within the confines of the thermal envelope. Mobile home ducts and site built homes with ductwork in crawl spaces or attics are susceptible to leakage to and from the outdoors.

On the other hand, although duct leakage within the conditioned envelope usually does not have a significant energy impact, it might impose a hazard to occupant health by causing poor indoor air quality or back drafting of combustion appliances. These potential problems are

addressed on site by an IAQ appraisal and by performing the worst-case depressurization testing.

## 53 COMBUSTION SAFETY TESTING

### 53.1 INTRODUCTION

The purpose of combustion safety testing is to ensure the health and safety of the occupants. Combustion safety testing includes:

1. Measuring ambient CO concentrations throughout dwelling, but especially in the vicinity of combustion appliances
2. Gas leak testing and fuel oil leak inspection
3. Inspection and CO emissions testing of gas ovens
4. Worst-case combustion appliance zone (CAZ) depressurization
  - a. Under worst-case depressurization conditions, test vented Category I combustion appliances for:
    - i. Spillage
    - ii. Adequate draft
    - iii. Carbon monoxide emissions within the vent system. These measurements shall always be taken in combustion gases before dilution air enters the vent system.

The importance of these tests cannot be overemphasized. If for any reason these tests cannot be performed, the reason(s) must be documented in the client file.

### 53.2 DWELLINGS REQUIRING WORST-CASE DEPRESSURIZATION TESTING

Worst-case depressurization testing must be done in all dwellings before and after all other work has been completed in all units that were weatherized.

The following are *exceptions* to this requirement:

1. If the house or mobile home is all-electric with no combustion appliances, woodstoves or fireplaces or has appliances that are all sealed combustion (direct vent) or unvented (vent free), a worst-case depressurization test does not have to be performed.
2. In apartments with no combustion appliances other than unvented or direct-vent combustion appliances, a worst-case depressurization test does not have to be performed.

## 54 ZONE PRESSURE DIAGNOSTICS (ZPD)

### 54.1 INTRODUCTION

Zone pressure diagnostics testing is performed to answer some fundamental questions: where is the functioning air barrier and how leaky is it? These test procedures can also be used to measure the size of the leakage paths to various house zones. Leaking air often takes a path through two pressure boundaries that have a cavity or zone, between them. These zones can include attics, basements, garages, knee-wall areas or attached porch roofs.

ZPD testing is recommended by the EnergySmart program in all cases where additional information is needed regarding the relative and absolute leakage of air barriers (pressure boundaries), including attics and attached or tuck-under garages. For example, CFM<sub>50</sub> air leakage can be measured through an attic floor before and after air sealing and insulating to determine the effectiveness of the weatherization work. These ZPD procedures are most valuable on dwellings with moderate air leakage, rather than on dwellings with very high or very low air leakage.

ZPD procedures require the measurement of *pressure* differences across air barriers, like the pressure difference between the house and the zone (attic, for example), while the house is depressurized or pressurized by a blower door. The procedures also require the determination of *flows* across air barriers. These flows can be calculated with the steps of the ZPD procedures and a chart. Once these flows are calculated, an estimate of the square inches of leakage through an air barrier can be determined.

### 54.2 USE OF ZONE PRESSURE DIAGNOSTICS

These procedures can be used with primary and secondary zones. Primary zones are zones to which there is access, such as basements or attics. This access allows you to open a temporary hole or door between the zone and the dwelling or between the zone and the outdoors. For primary zones, ZPD can be conducted because of:

1. Air leakage/energy loss concerns. If, after initial tightening of large leaks, the house still has significant, but not obvious, air leakage, performing ZPD can help identify whether the leaks are in the attic floor, the house walls or through the basement or crawl space walls.
2. Indoor air quality concerns. Examples include air movement from attached or tuck-under garages into a living area and moisture or soil gas movement from a crawl space into the dwelling.



3. Attics with potential or actual moisture-related problems. This might be the case if:
  - a. The attic has obvious moisture problems,
  - b. The dwelling has evidence of high relative humidity in winter or
  - c. Ice dams are a concern.

Secondary zones are zones to which there is no access, such as porch roofs.

## 55 ENERGY\$MART TOOL REQUIREMENTS/RECOMMENDATIONS

It is important that the right tools are on the worksite so that the work tasks can be done quickly and properly. Additionally, cleanup and worker protective equipment is vital to ensure the safety of occupants and workers. Finally, the proper diagnostic equipment is required on the worksite so that the required tests can be properly done and the resulting the weatherization and health and safety tasks can be carried out effectively.

The tools and supplies in the required tools list below are mandatory. The tools in the recommended tools list are suggested, but not mandatory. The quantities of tools and other supplies required will depend on the crew size and the character of the job.

### 55.1 REQUIRED TOOLS

#### 55.1.1 INSTALLING INSULATION AND AIR SEALING

1. 2" x 50' of clear insulation hose
2. 3" x 50' of clear insulation hose
3. 2" insulation fill tube 8' long, semi-rigid with attached metal transition fitting to 3"
4. Four 1 1/4" insulation fill tubes 8' long with attached metal transition fitting to 2" (or 3") and marked every foot
  - a. Summer-grade tube with 30 degree angle on leading edge cut with memory curvature of tube
  - b. Summer-grade tube with 30 degree angle on leading edge cut against memory curvature of tube
  - c. Winter-grade tube with 30 degree angle on leading edge cut with memory curvature of tube
  - d. Winter-grade tube with 30 degree angle on leading edge cut against memory curvature of tube
5. 2" x 15' rigid fill tube, ABS or steel with a 10 degree bend at last 4" (or 45 degree mitered end)
6. 3" steel connectors
7. 3" to 2" steel reducers
8. 2" to 3" hose clamps

9. 2" to 1 ¼" steel nozzle
10. 2" self-feeding multi-spur wood bits; no less than four should be in good repair and ready for use at any time.
11. 2 9/16" self-feeding multi-spur wood bits; no less than four should be in good repair and ready for use at any time.
12. 2 9/16" masonry hole saw, diamond tipped or carbide grit
13. Circular saw blade and/or masonry grinding wheel, diamond tipped or carbide grit
14. Zip tool for removing siding
15. ½" right angle drill with clutch, at least 3.2 amp
16. High capacity insulation machine with shredder, 240 volt setup
17. Remote control for insulation machine (wireless is preferred, but wired is acceptable)
18. High capacity generator (12,000 to 15,000 Watt capacity) for use with insulation blowing machine
19. Miscellaneous materials:
  - a. Appropriate plugging/patching materials for repairing insulation access holes.
  - b. 100 R-Sticks.
  - c. Two rolls of fiberglass blanket insulation for miscellaneous stuffing.
  - d. Metal flashing for air sealing, including 26-gauge galvanized steel flashing for air sealing around chimneys and metal flues.

## 55.2 HAND TOOLS

1. Multi-bit screw driver (10-way) or equivalent
2. 20 oz. straight claw hammer
3. Side cutter pliers for wire cutting
4. 25' tape measures
5. Speed square and triangle
6. Pry bar, 12"
7. Tin snips, combo cut.
8. Extension cords, 10', 25', 50' and 100'
9. Digital camera and batteries.
10. Butane lighter
11. Non-contact voltage detector
12. Flashlights, rechargeable spotlight
13. Three ladders, 4', 6' and 21' extension
14. Milliamp meter
15. Round inspection mirror
16. Utility knife with spare blades
17. Assortment of cordless tools, including drywall screw gun, ½" drill, hammer drill, reciprocating saw, spiraling saw tool and airless finish nailer

18. Voltage detector (tic tracer)
19. Hand saw
20. Assortment of drill bits
21. Self-feeding bits, 1" 1 ½", 2" and 2 9/16"
22. Assortment of cement bits
23. Assortment of driver bits
24. Assortment of nail sets
25. 8" lineman's pliers
26. Long-nose pliers
27. Small 1/16" copper probe, 3-pack
28. Caulking guns
29. One stitch stapler and appropriate staples
30. Slap stapler with assorted ¼" and 5/16" staples

### 55.3 CLEANUP EQUIPMENT AND LEAD-SAFE WORK PRACTICES

1. HEPA vacuum for lead safe work
2. Replacement HEPA filter
3. One high-filtration dust bag for HEPA vacuum
4. Contractor-grade vacuums, one for interior and one for yard cleanup
5. One TakMat Dirt Grabber® white, 24" x 36", TMW-2436 2-30 sheet
6. One ZipWall® 12" SLP facility pack, ZW-FPK
7. Two heavy duty ZipWall® zippers, 83", ZZ-HD
8. One ZipWall® side seal pack, ZW-SSP
9. One ZipWall® ZW-4-Plus pole set
10. Two ZipWall® T-clips, package of 2, ZW-TCLIP1
11. Flame resistant poly film, 11' x 100', PFR-11-100
12. Carpet protections 24" x 100', CP-24-0200
13. LeadCheck®, 16-swab kit

### 55.4 WORKER SAFETY (MUST BE AVAILABLE)

1. First aid kit
2. Negative pressure respirators
3. Polyolefin protective suits
4. Shoe covers
5. Dust masks
6. Appropriate eye protection for tasks to be performed
7. Disposable gloves
8. Personal ambient carbon monoxide monitor

9. Appropriate hearing protection (muffs or plugs)
10. Head protection (hardhat and/or bump cap)

## 55.5 DIAGNOSTIC EQUIPMENT

1. Blower door kits with digital gauges
2. Exhaust fan flow measurement device
3. Hose kit for measuring pressures
4. Pressure pans for measuring duct leakage
5. At least two static pressure tips
6. Smoke puffer
7. Combustible gas detector instrument
8. Soap bubble bottles for verifying gas leaks
9. Combustion analyzers with printer
10. At least two pocket thermometers
11. Infrared camera
12. Portable electric meter with electric-usage data logger or equivalent

## 56 RECOMMENDED TOOLS

### 56.1 HAND TOOLS

1. LED flashlight or equivalent
2. Power brad nailer
3. Assorted batteries for use in all battery powered equipment and tools
4. Scaffolding
5. Scaffolding planks
6. Table saw
7. Electric miter saw
8. Reciprocating saw
9. Air compressor if air tools are being used
10. Glass cutters
11. Tin bender

## 57 WORKER SAFETY

1. Knee pads
2. Veterinarian gloves

Financial Management Assistance Regulations can be found at:

<https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=dbed341bec1e8e3cd9d7c8e9eefbaa2e&r=PART&n=10y4.0.1.3.9>

The weatherization regulations can be found at:

<https://www.ecfr.gov/cgi-bin/text-idx?c=ecfr;sid=23fe3d3cfcc461955f6c730af864c7c7;rgn=div5;view=text;node=10%3A3.0.1.4.24;idno=10;cc=ecfr>

<https://www.ecfr.gov/cgi-bin/text-idx?SID=4a3262ce55069d3fcecea7199cdab5f5&mc=true&node=pt2.1.200&rgn=div5>

WAP ASSET DISPOSAL/LOSS FORM

I hereby certify that the asset numbered \_\_\_\_\_ was disposed of/trashed/lost/ or sold (circle one) on \_\_\_\_\_. I have researched the Fair Market Value of the asset and certify that it is below \$5,000. (Attach proof of research)

Description of Asset: \_\_\_\_\_.

If sold, the amount received was \_\_\_\_\_.

I hereby certify that I determined the FMV of the asset and I did not personally purchase the asset.

Signed,

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Signature	Print Name	Title
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# Asset Set-Up / Move Form NMMFA/WAP

Form Completed By:

\_\_\_\_\_

Asset #

\_\_\_\_\_

Description of Asset

\_\_\_\_\_

Original Location

\_\_\_\_\_

New Location:

\_\_\_\_\_

**This Section To Be Completed By  
Accounting**

Entry Done By/Date

\_\_\_\_\_

Entry Verification

\_\_\_\_\_

\_\_\_\_\_