

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

133



FORM APPROVED COUNTY COUNSEL 3/2/15
DATE
BY: GREGORY P. PRAMOS

FROM: Community Action Partnership of Riverside County

SUBMITTAL DATE:
January 29, 2015

SUBJECT: Approve the 2015 #15B-3029 Low-Income Home Energy Assistance Program (LIHEAP) Agreement and Adopt Resolutions #2015-047 and #2015-049, Thirteen (13) months. Districts 1 – 5. [\$9,076,814] [LIHEAP]

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Approve and authorize the Chairman to sign the 2015 LIHEAP Agreement in the amount of \$ 9,076,814 for the term January 1, 2015 through January 31, 2016;
- 2) Adopt the attached Resolution #2015-047 as required by the Department of Community Services and Development (CSD);
- 3) Adopt the attached Resolution #2015-049 which allows the Executive Director of CAP to apply for, accept and administer future LIHEAP grants without prior Board approval; and
- 4) Approve and direct the Auditor Controller to adjust the budget as shown on the attached Schedule A.

Departmental Concurrence

Continue on Page 2

John Mooney

John Mooney
Interim Executive Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$3,008,900	\$6,067,914	\$9,076,814	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: 100% LIHEAP(Federal Funds) **Budget Adjustment:** Yes
For Fiscal Year: 14/15 & 15/16

C.E.O. RECOMMENDATION: **APPROVE**
BY: *Donna Shaw*

Donna Shaw
County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- Positions Added
- 4/5 Vote
- Change Order
- []

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FORM 11: Approve the 2015 #15B-3029 Low-Income Home Energy Assistance Program (LIHEAP)

Agreement and Adopt Resolutions #2015-047 and #2015-049, Thirteen (13) months. Districts 1 – 5.

[\$9,076,814][LIHEAP]

DATE: January 29, 2015

PAGE: Page 2 of 3

BACKGROUND:

Summary

The LIHEAP Agreement #15B-3029 in the amount of \$9,076,814 brings Federal funding to the County of Riverside for the term January 1, 2015 through January 31, 2016. CAP Riverside uses LIHEAP Program funding to assist low-income consumers with paying high energy bills, with repairing or replacing heating and cooling devices that contribute to high energy consumption, and with weatherizing their homes. The State of California Community Services Department distributes this contract to CAP Riverside annually in December for the following calendar year. The contracts seldom vary significantly from year to year. CAP Riverside is requesting delegated authority from the Board to sign future LIHEAP contracts and accept the funding to prevent delays in getting services to the community caused by the late release of these contracts.

Impact on Citizens and Businesses

The LIHEAP program provides utility payment assistance and installation of energy conservation measures designed to reduce energy costs and make homes safer and healthier for low-income households. The LIHEAP program also provides employment opportunities through the use of local sub-contractors and helps reduce carbon emissions through the repair and/or replacement of inefficient or malfunctioning appliances, windows, HVAC systems and other qualified improvements.

SUPPLEMENTAL:

Additional Fiscal Information

No County General Funds will be required.

ATTACHMENTS:

Schedule A

Resolution

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FORM 11: Approve the 2015 #15B-3029 Low-Income Home Energy Assistance Program (LIHEAP)

Agreement and Adopt Resolutions #2015-047 and #2015-049, Thirteen (13) months. Districts 1 – 5.

[\$9,076,814][LIHEAP]

DATE: January 29, 2015

PAGE: Page 3 of 3

SCHEDULE A

Community Action Partnership of Riverside County

Budget Adjustment

Fiscal Year 2014/2015

INCREASE IN ESTIMATED REVENUES:

CAARC-21050-5200200000-767220	Fed Other Operating Grants	\$3,008,900
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INCREASE IN APPROPRIATIONS

CAARC-21050-5200200000-510040	Regular Salaries	1,113,000
CAARC-21050-5200200000-510320	Temporary Salaries	97,000
CAARC-21050-5200200000-518180	Other Post-Employment Benefits	417,000
CAARC-21050-5200200000-520115	Uniforms-Replacement Clothing	1,700
CAARC-21050-5200200000-520200	Communications	12,000
CAARC-21050-5200200000-520930	Insurance-Liability	3,000
CAARC-21050-5200200000-521360	Maint-Computer Equip	6,700
CAARC-21050-5200200000-521380	Maint-Copier Machines	8,300
CAARC-21050-5200200000-521640	Maint-Software	1,000
CAARC-21050-5200200000-522310	Maint-Building and Improvement	5,000
CAARC-21050-5200200000-523100	Memberships	1,000
CAARC-21050-5200200000-523700	Office Supplies	10,000
CAARC-21050-5200200000-523760	Postage-Mailing	5,000
CAARC-21050-5200200000-525080	Temp Assist Pool Svcs	15,000
CAARC-21050-5200200000-525440	Professional Services	6,700
CAARC-21050-5200200000-526700	Rent-Lease Bldgs	23,000
CAARC-21050-5200200000-526910	Field Equipment-Non Assets	24,000
CAARC-21050-5200200000-527840	Training-Education/Tuition	14,000
CAARC-21050-5200200000-528920	Car Pool Expense	1,100
CAARC-21050-5200200000-536240	Other Contract Agencies	1,210,000
CAARC-21050-5200200000-536840	Interfnd Exp-Co Support Svc	13,000
CAARC-21050-5200200000-537020	Interfnd Exp-Legal Services	3,000
CAARC-21050-5200200000-537090	Interfnd Exp-Personnel Svcs	10,000
CAARC-21050-5200200000-537240	Interfnd Exp-Utilities	8,400

TOTAL	\$3,008,900
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3 RESOLUTION NO. 2015-049

4 RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE
5 AUTHORIZING THE COMMUNITY ACTION PARTNERSHIP EXECUTIVE DIRECTOR TO
6 APPLY FOR AND ACCEPT GRANTS FOR
7 THE LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM
8

9 WHEREAS, the Board of Supervisors has given to the Community Action Partnership ("CAP")
10 responsibility for management and administration of the Low-Income Home Energy Assistance Program
11 ("Program") with the State Department of Community Services and Development;

12 WHEREAS, the Program annually provides CAP with significant grant funds that must be spent
13 promptly and strictly in accordance with Program requirements;

14 WHEREAS, in order to facilitate award and acceptance of Program grants and assure that
15 maximum funds are available for the benefit of County residents.

16
17 BE IT RESOLVED AND ORDERED by the Board of Supervisors of the County of Riverside, State
18 of California, in regular session assembled on February 10, 2015, as follows,;

- 19 1. The Executive Director for the Community Action Partnership is authorized to, annually and
20 throughout each year, apply for and accept grants for the Low-Income Home Energy Assistance
21 Program ("Program") on behalf of the County of Riverside. This authority shall include signature
22 of necessary grant acceptance documents, agreements, amendments (that increase or otherwise
23 modify the grant) and related documents required to secure and continue the grant for the
24 County. Agreements and amendments shall be approved by County Counsel.
25 2. The Executive Director shall administer the Program and sign all certifications, assurances,
26 exhibits, reports or similar documents made or required under the Program.
27
28

APPROVED COUNTY COUNSEL
Neal R. Kipnis
NEAL R. KIPNIS
DATE

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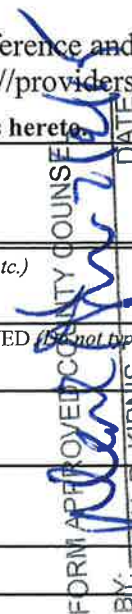
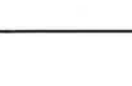
3. The Executive Director shall promptly report to the Board: all grants received and grant funding changes for budget and Auditor-Controller purposes; and any material changes or significant new developments in the Program.
4. This Resolution shall take effect immediately upon its adoption.

AGREEMENT NUMBER 15B-3029	AMENDMENT NUMBER 0
REGISTRATION NUMBER	

- This Agreement is entered into between the State Agency and the Contractor named below
 STATE AGENCY'S NAME
Department of Community Services and Development
 CONTRACTOR'S NAME
Community Action Partnership of Riverside County
- The term of this Agreement is: **January 1, 2015 through January 31, 2016**
- The maximum amount of this Agreement is: **Total \$ 9,076,814.00**
- The parties agree to comply with the terms and conditions of the following exhibits that are by this reference made a part of the Agreement:
 Part I
 Preamble
 Article 1 - Scope of Work
 Article 2 - Contract Construction, Administration, Procedure
 Part II*
 Subpart A - Administrative Requirements*
 Subpart B - Financial Requirements*
 Subpart C - Programmatic Requirements*
 Subpart D - Compliance Requirements*
 Subpart E - Certification and Assurances*
 Subpart F - State Contracting Requirements (GTC 610)*
 Subpart G - Definitions*
 Subpart H - Table of Forms*

Items shown with an Asterisk (*) are hereby incorporated by reference and made a part of this agreement as if attached hereto. These documents can be accessed at <https://providers.csd.ca.gov/>.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		CALIFORNIA Department of General Services Use Only
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) Community Action Partnership of Riverside County		"I hereby certify that all conditions for exemption have been complied with, and this document is exempt from the Department of General Services approval." <input type="checkbox"/> Exempt per _____
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING NEAL R. KIPNIS		
ADDRESS 2038 Iowa Ave, Suite B-102, Riverside, CA 92507		
STATE OF CALIFORNIA		
AGENCY NAME Department of Community Services and Development		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Cindy Halverstadt, Deputy Director, Administrative Services		
ADDRESS 2389 Gateway Oaks Drive, Suite 100, Sacramento, California 95833		

STANDARD AGREEMENT
PARTS I&II – ENTIRE CONTRACT

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**STANDARD AGREEMENT
PARTS I&II – ENTIRE CONTRACT**

PART I

PREAMBLE

This subvention agreement, for the implementation of the Low-Income Home Energy Assistance Program (LIHEAP) in program year 2015 (“Agreement”), is entered into between the Department of Community Services and Development (“CSD” or “Department”) and the contractor named on Form STD 213, the face sheet of this document (“Contractor”), and shall be enforceable on the date last signed.

NOW THEREFORE, in consideration of the promises and of the mutual agreements and covenants hereinafter set forth, the CSD and Contractor hereby agree as follows:

ARTICLE 1 – SCOPE OF WORK

1.1 General

- A. Contractor shall provide Weatherization (WX) assistance, Home Energy Assistance Program (HEAP) assistance, and Energy Crisis Intervention Program (ECIP) assistance to eligible participants residing in the service area described in Section 1.2, pursuant to Title 42 of the United States Code (USC) Section 8621 et seq. (the Low-Income Home Energy Assistance Act of 1981, as amended) and Government Code Section 16367.5 et seq., as amended. Unless otherwise specified in the Contractor’s LIHEAP Agency Plan elsewhere in this Agreement, Contractor shall make its services and activities available to the low-income community within its service area throughout the entire term of this Agreement. Contractor shall ensure that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, and that the services and activities funded by this Agreement shall also meet all other assurances specified at 42 U.S.C. § 8624.
- B. The LIHEAP Catalog of Federal Domestic Assistance number is 93.568. Award is made available through the United States Department of Health and Human Services.

1.2 Service Area

- A. The services shall be performed in the Service Territory comprised of the following service area(s) :

See Part II, Subpart H. The 2015 LIHEAP Numbers, Contractors, and Service Territories listing may be accessed at <http://providers.csd.ca.gov>.

**STANDARD AGREEMENT
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- B. Contractors that provide services in Los Angeles and San Diego counties shall refer to the ZIP Codes listing located at <http://providers.csd.ca.gov> to determine the zip codes for their respective area.

1.3 Contract Amount

- A. The contract amount as represented on the face sheet (Form STD 213) of this Agreement consists of Contractor's total allocation to include the "Direct Services" (formerly "consideration") and "Utility Assistance" (formerly "non-consideration") portions attributable to Contractor's service area(s).
- B. Direct Services and Utility Assistance, as defined in Part II, Subpart G that are allocated to Contractor, shall be expended, reported and accounted for in accordance with the provisions of this Agreement at Part II, Subpart B – Financial Requirements.

1.4 Service Area Expenditure Requirements

Contractor shall be subject to special expenditure requirements as provided in Article 5, Section 5.6 of Part II, if any of the following pertain:

- A. This Agreement involves funding for LIHEAP services provided by Contractor in multiple counties or service areas; or
- B. Contractor has additional agreements with CSD for the provision of LIHEAP or Department of Energy, Weatherization Assistance Program (DOE WAP) services in counties or service areas other than the county or service area to which this Agreement applies.

1.5 Program Authorities – Requirements, Standards and Guidance

- A. All services and activities are to be provided in accordance with applicable federal, state, and local laws and regulations, and as those laws and regulations may be amended from time to time, including but not limited to, the following:
1. The Low-Income Home Energy Assistance Program Act of 1981, 42 U.S.C. §§ 8621 et seq., and 45 Code of Federal Regulation (CFR) Part 96;
 2. The California Government Code §§ 16367.5 et seq., as amended, and Title 22, California Code of Regulations (CCR), §§ 100800 et seq.; and

Article 1 – Scope Of Work

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3. The Single Audit Act, 31 U.S.C. §§ 7301 et seq., and Office of Management and Budget (OMB) Circular A-133 and its appendices and supplements, except as otherwise provided in this Agreement.
- B. Contractor shall comply with all of the requirements, standards, and guidelines contained in the authorities listed below, as they may be amended from time to time, with respect to procurement, administrative, and other costs claimed under this Agreement, including those costs incurred pursuant to subcontracts executed by Contractor, notwithstanding any language contained in the following authorities that might otherwise exempt Contractor from their applicability. To the extent that the requirements, standards, or guidelines directly conflict with any State law or regulation at Government Code §16367.5 et seq. or 22 CCR §100800 et seq., or any provision of this Agreement, then that law or regulation or provision shall apply, unless, under specified circumstances, a provision of federal law applicable to block grants, such as 45 CFR 96.30, allows for the application of state law.
1. OMB Circular A-102 (Common Rule for State and Local Governments), as codified by the Department of Health and Human Services (HHS) at 45 CFR Part 92;
 2. OMB Circular A-110 (Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and other Non-Profit Organizations), as codified by HHS at 45 CFR Part 74;
 3. OMB Circular A-87 (Cost Principles for State, Local and Indian Tribal Governments) as codified at 2 CFR Part 225;
 4. OMB Circular A-122 (Cost Principles for Non-Profit Organizations) as codified at 2 CFR Part 230.
 5. Contractor further agrees to abide by all requirements in California Contractor Certification Clauses 307 (CCC-307).
- C. CSD shall provide Contractor with specific program guidance which shall be binding on the Contractor as a condition of the Contractor's participation in the LIHEAP program, and as a condition of receipt of funds under the program, PROVIDED:
1. That such guidance shall be issued by CSD in writing in the form of "CSD Program Notice (CPN) No. XX-XX" posted at <https://providers.csd.ca.gov>.
 2. That such guidance shall be issued by CSD in the most timely and expeditious manner practicable;

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3. That such guidance shall be reasonably necessary to realize the purposes of LIHEAP;
 4. That major and material changes in the program and/or requirements which substantially affect the Contractor's and/or CSD's ability to fulfill their obligations or otherwise serve to create a substantial hardship on either the Contractor or CSD shall be subject to an amendment to this Agreement;
 5. That the parties' failure to execute a mutually acceptable amendment, as contemplated in subparagraph C 4, in a reasonable period of time, shall result in this Agreement being without force and effect subject only to such provisions contained herein as are intended to survive the Agreement in accordance with the express and implied provisions of applicable federal and state law; and
 6. That upon CSD's good faith determination, delivered to the Contractor by written notice that Agreement between the parties to any necessary amendment as contemplated in subparagraph C 4 cannot be achieved, then this contract shall be "closed out" and the funds disposed in accordance with established CSD procedure and policy and as required under federal and state law.
- D. The federal and state laws, regulations and other authorities referenced in this Section are hereby incorporated by reference into this Agreement. Copies may be accessed for reference at www.csd.ca.gov.
- E. Contract Elements Integral to Agreement
- I. Contractor's Local Plan and the applicable portion(s) of the forms listed below (i.e. those portions concerning Direct Program Services or Utility Assistance, or both) are integral to this Agreement.
 - a. Agency Local Plan (referenced in Part II, Article 7.1)
 - b. LIHEAP Weatherization Budget, CSD 557D (referenced in Part II, Article 5.1)
 - c. LIHEAP EHA-16 Program Budget, CSD 537E (referenced in Part II, Article 5.1)
 - d. LIHEAP Performance and Expenditure Benchmark, CSD 622 (referenced in Part II, Article 10.5)

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- e. Certification Regarding Lobbying/Disclosure of Lobbying Activities
 - f. Executive Director and Board Roster (CSD 188)
 - g. Federal Funding Accountability and Transparency Act Report (CSD 279)
2. The Plan and forms must be completed by Contractor before CSD will execute the Agreement and Contractor is authorized to commence work. CSD will not forbear from executing this Agreement pending its own review and final approval of Contractor's submission, provided Contractor acts in good faith to rectify any outstanding issues associated with the Plan or forms. The approved Plan and forms shall become part of this Agreement.
- F. Contractor's signature affixed hereon shall constitute a certification that to the best of Contractor's ability and knowledge it will, unless exempted, comply with the provisions set forth in Part II, Article 11, Section 11.1, "Certifications" of this Agreement.

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ARTICLE 2 – CONTRACT CONSTRUCTION, ADMINISTRATION,
PROCEDURE

2.1 Base Contract and Whole Agreement

- A. This Agreement consists of two parts, which together constitute the whole agreement between CSD and Contractor.
- B. Part I is the “Base Contract” which consists of the following:
 - 1. The face sheet (Form STD 213) which specifies:
 - a. the parties to the Agreement;
 - b. the term of the Agreement;
 - c. the maximum dollar amount of the Agreement; and
 - d. the authorized signatures and dates of execution.
 - 2. The Preamble, Article 1 and Article 2
 - 3. Zip Code Cross-Reference, if Contractor’s Service Area is defined in whole or in part by ZIP Codes.
- C. Part II consists of the “Administrative and Programmatic Provisions” which are comprised of Subparts A through H, including specified requirements, obligations, provisions, procedures, guidance, forms and technical materials, necessary for program implementation.
- D. Agreed upon Contract Execution Provisions and Procedures
 - 1. Only Part I, the Base Contract, will be exchanged by the parties for execution with original signatures, fully executed copies being retained by each party.
 - 2. Part II, Administrative and Programmatic Provisions is hereby incorporated by reference into this Agreement, is an essential part of the whole Agreement, and is fully binding on the parties.
 - 3. CSD shall maintain a certified date-stamped “hard copy” of Part II for inspection by Contractor during normal business hours, as well as a date-stamped, edit restricted, version of Part II on CSD’s “Provider Website,” which may be accessed by Contractor, “down-loaded” and printed at Contractor’s option.
 - 4. Neither Part I nor Part II of this Agreement may be changed or altered by any

**STANDARD AGREEMENT
PARTS I&II – ENTIRE CONTRACT**

party, except by a formal written, fully executed amendment, or as provided in paragraph C 4 of Section 1.5 with respect to program guidance, or as provided Section 3.2 of Part II, Subpart A, Article 3, with respect to minor modifications. Upon such amendment of any provision of Part II, the amended version shall be date-stamped and locked-down until such time as a subsequent Agreement or amendment is executed by the parties.

2.2 State Contracting Requirements – “General Terms and Conditions, GTC 610”

In accordance with State contracting requirements, specified contracting terms and conditions are made a part of this agreement. The provisions in their entirety, previously located in Exhibit C of the Standard LIHEAP contract, are now found in Part II, Subpart F of this Agreement and are fully binding on the parties in accordance with state law.

2.3 Contractor’s Option of Termination

- A. Notwithstanding the provisions of paragraph C of Section 1.5, Contractor may, at Contractor’s sole option, elect to terminate this contract in lieu of adherence to the procedures set out in paragraph C of section 1.5, should Contractor determine that any subsequent program guidance or proposed amendment to the contract is unjustifiably onerous or otherwise inimical to Contractor’s legitimate business interests and ability to implement the contract in an effective and reasonable manner, PROVIDED:
1. Such notice of termination is in writing and will be effective 30 days after receipt by CSD, delivered by U.S. Certified Mail, Return Receipt Requested.
 2. Notice contains a statement of the reasons for termination with reference to the specific provision(s) in the program guidance or proposed amendment in question.
- B. Contractor shall be entitled to reimbursement for all allowable costs incurred prior to termination of the contract. Such reimbursement shall be in accordance with the program guidance and contract provisions in effect at the time the cost was incurred.
- C. Contractor shall, within 60 days of termination, closeout the contract in accordance with contractual closeout procedures.
- D. CSD may at its option procure a temporary replacement provider, and may at its option, designate a permanent replacement provider for Contractor’s service area in accordance with federal and state law.

**STANDARD AGREEMENT
PARTS I&II – ENTIRE CONTRACT**

2.4 Budget Contingencies

A. State Budget Contingency

1. It is mutually agreed that if funds are not appropriated for implementation of LIHEAP through the State budget process or otherwise, whether in the current year and/or any subsequent year covered by this Agreement, this Agreement shall be of no further force and effect. Upon written notice to Contractor by CSD that no funds are available for contract implementation, the Agreement shall be terminated and the State shall have no obligation to pay Contractor or to furnish other consideration under this Agreement and Contractor shall not be obligated for performance.
2. If program funding for any fiscal year is reduced to such degree that CSD reasonably determines that the program cannot be implemented effectively, the State shall at its sole discretion have the option either to terminate this Agreement upon written notice to Contractor or, in the alternative, to offer and negotiate an amendment addressing the reduced funding. If the parties fail to reach agreement on such amendment, CSD may at its option give written notice of termination without further obligation by either party except for contract closeout obligations and final settlement.

B. Federal Budget Contingency

1. The parties agree that because of uncertainty in the federal budget process, this Agreement may be executed before the availability and amounts of federal funding can be ascertained, in order to minimize delays in the provision of services and the distribution of funds. The parties further agree that the obligations of the parties under this Agreement are expressly contingent on adequate funding being made available to the State by the United States Government.
2. If federal funding for any fiscal year is reduced to such degree that CSD reasonably determines that the program cannot be implemented effectively, the State shall at its sole discretion have the option either to terminate this Agreement upon written notice to Contractor or, in the alternative, to offer and negotiate an amendment addressing the reduced funding. If the parties fail to reach agreement on such amendment, CSD may at its option give written notice of termination without further obligation by either party except for contract closeout obligations and final settlement.

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3. If federal funding authorities condition funding on any obligations, restrictions, limitations, or conditions not existent when this Agreement was executed, this Agreement shall be amended by mutual agreement for compliance with such obligations, restrictions, limitations or conditions. Failure of the parties to reach agreement on such amendment shall render this Agreement without force and effect.
4. Subject to the provisions of subparagraph B 2, CSD shall authorize expenditures of funds under this Agreement based on any Continuing Resolution appropriations that are adequate for the purpose. CSD shall notify the Contractor in writing of authorized interval funding levels.

2.5 Miscellaneous Provisions

- A. **Assignment.** Neither this Agreement nor any of the rights, interests, or obligations under this Agreement shall be assigned by any party without the prior written consent of the other parties, except in the case where responsibility for program implementation and oversight may be transferred by the State to another State agency. In the event of such transfer, this Agreement is binding on the agency to which the program is assigned.
- B. **Merger/Entire Agreement.** This Agreement (including the attachments, documents and instruments referred to in this Agreement) constitutes the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior understandings and agreements, whether written or oral, among the parties with respect to such subject matter.
- C. **Severability.** If any provision of this Agreement be invalid or unenforceable in any respect for any reason, the validity and enforceability of any such provision in any other respect and of the remaining provisions of this Agreement will not be in any way impaired and shall remain in full force and effect.
- D. **Notices.** Unless otherwise provided herein, notice given by the parties shall be in writing, delivered personally, by United States mail, or by overnight delivery service (with confirmation). Certain reporting and other communications may be delivered electronically as specified by CSD or as is customary between the parties. Notice shall be delivered as follows:
 1. To Contractor's address of record; and
 2. To CSD at:

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Department of Community Services and Development
2389 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833

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PART II

SUBPART A – ADMINISTRATIVE REQUIREMENTS

ARTICLE 3 – AGREEMENT CHANGES

3.1 Amendment

- A. Changes to this Agreement shall be made by formal amendment with exceptions specified in subparagraph D 4 of Section 2.1, Article 2 of Part I and in Section 3.2, below.
- B. Contractor shall notify CSD in writing when any proposed amendment or change will significantly impact Contractor's Program Budget and/or Operations. CSD will afford Contractor a reasonable opportunity and sufficient time periods in which to phase-in the mandated change.

3.2 Minor Modifications

- A. Contractor may request modifications to make minor adjustments during the contract term. Minor Modifications shall not affect the Maximum Amount payable under this Agreement.
- B. Minor Modifications shall not alter the maximum limits established for specific budget line items, i.e., administrative costs, Assurance 16, intake, outreach, and training and technical assistance costs, except as otherwise provided herein.
- C. Allowable modifications to this Agreement include the minor budget modifications and expenditure requirements, specified in Article 5.

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ARTICLE 4 – ADMINISTRATIVE POLICIES AND PROCEDURES

4.1 Board Roster, By Laws, Resolution, and Minutes

- A. Upon execution of this Agreement, Contractor shall submit to CSD a Board Roster form (CSD 188) listing the current roster of members of its governing board, including contact information for each board member at a location other than the Contractor's offices, and the most recent version of the organizational bylaws. A link to the CSD 188 form is listed in Subpart H. If Contractor is a nonprofit or public entity that qualifies as an eligible entity under the federal CSBG Act, then Contractor shall instead submit a CSD 188, including contact information of the tripartite board. Contractor is responsible to notify CSD of any changes to the board roster within thirty (30) days of such occurrence.
- B. Contractor's governing board must authorize the execution of this Agreement. Contractor has the option of demonstrating such authority by the signature of a Board member, affixed to the signature page of Part I, or by any lawful delegation of such authority that is consistent with Contractor's bylaws, the documentation of which has been communicated to CSD.
- C. Where Contractor elects to delegate the signing authority to the chief executive officer or designated officials, CSD will accept either a resolution specific to this Agreement or a resolution passed by the governing board that applies to any CSD program contract or amendment. Where Contractor provides a general resolution, Contractor shall maintain documentation that the chief executive officer provided timely and effective communication of the execution and terms of this Agreement to the Board. Either a specific or current general resolution must be on file with CSD before execution of this Agreement by CSD.
- D. Contractor shall submit to CSD the minutes from regularly scheduled meetings of the governing board and/or tripartite board no later than 30 days after the minutes are approved. Regularly scheduled meetings shall be conducted in accordance with the board's bylaws.
- E. If the Contractor's board is both tripartite and advisory to the elected members governing a local government, the Contractor shall submit to CSD the approved minutes from any meeting of the elected officials where matters relating to this Agreement are heard, including but not limited to discussions about or decisions affecting the Low-Income Home Energy Assistance Program. Such minutes shall be submitted to CSD no later than 30 days after the related meeting.

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4.2 Internal Controls Requirements

Contractor shall ensure the establishment and maintenance of a system of internal accounting and administrative control. This responsibility includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. The system of internal accounting and administrative control shall be attested to within the Contractor's independent audit conducted pursuant to this Agreement and shall include:

- A. Segregation of duties appropriate to safeguard state assets;
- B. Limited access to agency assets to authorized personnel who require these assets in the performance of their assigned duties;
- C. Authorization and recordkeeping procedures adequate to provide effective accounting controls over assets, liabilities, revenues, and expenditures;
- D. Established practices to be followed in performance of duties and functions;
- E. Personnel of a quality commensurate with their responsibilities; and
- F. Effective internal reviews.

4.3 Record Maintenance Requirements

- A. All records maintained by Contractor shall meet the OMB requirements contained in 45 CFR Part 92 and 45 CFR Part 74 (OMB Circulars A-102, Subpart C, {"Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments"} or A-110, Subpart C, Nonprofit Organizations), whichever is applicable.
- B. Contractor shall maintain all records pertaining to this Agreement for a minimum period of three years after submission of the final report or until resolution of all related audit or monitoring findings, enforcement actions, including cost disallowance, legal proceedings or other pending matters, whichever is later.
- C. Contractor shall retain and secure all employee and client/applicant records and information in compliance with the Information Practices Act of 1977, as amended, and the Federal Privacy Act of 1974, as amended.
- D. To the extent Contractor maintains records in an electronic format, Contractor shall ensure that all records are "backed-up" or copied, utilizing appropriate,

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secure technology in order to avoid unauthorized access, permanent loss or destruction, occasioned by theft, accident, willful acts or negligence, or by fire, flood, earthquake or other natural disaster.

4.4 Insurance and Fidelity Bond

A. General Requirements

1. Contractor agrees that the required insurance policies and bonds, specified below, shall be in effect at all times during the term of this Agreement.
2. Contractor shall provide the State with written notice at least 30 calendar days prior to cancellation or reduction of insurance coverage to an amount less than that required in this Agreement and, prior to any lapse or reduction in coverage, provide CSD with documentation, as specified in subparagraph 3. showing substitute coverage has been obtained or alternative measures have been taken to ensure compliance with the requirements of this Agreement.
3. In the event said insurance coverage expires during the term of this Agreement, Contractor agrees to provide, at least 30 calendar days prior to said expiration date, a new Certificate of Insurance (ACORD 25) evidencing insurance coverage as provided herein for not less than the remainder of the term of this Agreement. The Certificate of Insurance (ACORD 25) shall identify and name the State as the Certificate Holder.
4. New Certificates of Insurance are subject to review for content and form by CSD.
5. In the event Contractor fails to keep in effect at all times the specified insurance and bond coverage as herein provided, the State may, in addition to any other remedies it may have, suspend this Agreement.
6. With the exception of workers' compensation and fidelity bond, the State shall be named as additional insured on all certificates of insurance required under this Agreement.
7. The issuance of other CSD contracts, as well as reimbursement payments, to the Contractor may be suspended until evidence of the required current insurance coverage has been submitted to CSD.
8. Should Contractor utilize a subcontractor(s) to provide services under this Agreement, Contractor shall indemnify and hold the State harmless against any liability incurred by that subcontractor(s).

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B. Self-Insurance

1. When Contractor is a self-insured governmental entity, the State, upon receipt of satisfactory proof of the entity's self-insurance authority, may waive the insurance requirements. A duly authorized county or city risk manager shall provide signed certification of the governmental entity's ability to cover any potential losses under this Agreement.
2. Governmental contractors shall specify in writing a list of which coverage(s) will be self-insured under this Agreement and shall list all applicable policy numbers, expiration dates, and coverage amounts for coverage which is not self-insured.
3. If a governmental contractor's self-insurance coverage does not contain any changes from the prior year, CSD will accept a certified letter signed by authorized personnel, stating that no changes have occurred from the previous year. This letter is due at the time of contract execution or within 30 days of coverage.

C. Workers' Compensation Insurance

1. During the term of this Agreement Contractor shall maintain legally sufficient workers' compensation insurance issued by an insurance carrier licensed to underwrite workers' compensation insurance in the State of California.
2. Contractor will not be paid an advance or any reimbursement of expenses unless it has first submitted to CSD either a Certificate of Insurance (ACORD 25) or a Certificate of Consent to Self-Insure, issued by the Director of the Department of Industrial Relations, as evidence of compliance with the workers' compensation insurance requirement.

D. Commercial or Government Crime Coverage (Fidelity Bond)

1. Contractor shall maintain commercial crime coverage. If Contractor is a public entity that elects to self-insure, Contractor shall make provision for adequate coverage to insure against crime risks. The commercial crime policy or government crime self-insurance coverage (hereinafter "fidelity bond") shall include the following coverage or the substantial equivalent: Employee Dishonesty/Theft, Forgery or Alteration, and Computer Fraud.

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2. Contractor's fidelity bond coverage limits shall not be less than a minimum amount of four percent (4%) of the total amount of Direct Services set forth under his agreement.
3. Contractor will not be paid an advance or any reimbursement of expenses unless it has first submitted to CSD an appropriate Certificate of Insurance (ACORD 25) as evidence of compliance with the fidelity bond requirement.

E. General Liability Insurance

1. Contractor shall maintain during the term of this Agreement general liability and property damage insurance for a combined single limit of not less than \$500,000 per occurrence.
2. Contractor will not be paid an advance or any reimbursement of expenses unless it shall first submit to CSD an applicable Certificate of Insurance (ACORD 25), naming the Department of Community Services and Development as an additional insured as evidence of compliance with general liability insurance requirements.

F. Vehicle Insurance

1. Contractor maintain for the term of this Agreement vehicle insurance in the amount of \$500,000 for each person and each accident for bodily injury and in the amount of \$500,000 for each person and each accident for property damage.
2. When employees use their own vehicles to perform duties within the scope of their employment, Contractor shall have and maintain for the term of this Agreement non-owned and hired-auto liability insurance in the amount of \$500,000 for each person and each accident for bodily injury and \$500,000 for each person and each accident for property damage. (Driving to and from work shall not be considered to be within the scope of employment.)
3. Contractor will not be paid an advance or any reimbursement of expenses unless it has first submitted an applicable Certificate of Insurance (ACORD 25), designating CSD as an additional insured, to the State as evidence of compliance with the stated vehicle insurance requirements.

4.5 System Security Requirements

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Contractor shall, in cooperation with CSD, institute measures, procedures, and protocols designed to ensure the security of data and to protect information in accordance with California State Administrative Manual (SAM) Section 5310, Item 4, and such other State and Federal laws and regulations as may apply. The parties hereto agree to the following requirements, obligations, and standards:

A. General Information/Data Description

The interconnection between CSD and Contractor is a two-way data exchange. The purpose of the data exchange or direct input is to deliver application records for payment processing or contract activity reimbursement.

B. Services Offered

Data exchange between CSD and Contractor shall be handled through either of two methods: 1) a Contractor user must authenticate to upload data files in a secure socket layer connection; or 2) a secure user interface that is only available to Contractor users with a unique software authentication to see the login window and also a secure tunnel between CSD and the Contractor user.

C. Data Sensitivity

1. The sensitivity of data exchanged between CSD and Contractor may vary from sensitive to personal or confidential because of personal data such as social security numbers to private data, e.g., family income level, family member name, etc. No personal financial information, i.e., credit card, bank account numbers, shall be stored or exchanged in the data exchange sessions.
2. Appropriate levels of confidentiality for the data shall be based on established data classification (see SAM Section 5320.5).
3. To the extent Contractor utilizes tablet or other internet-based or mobile devices for client intake and application purposes (“Electronic Intake”) in lieu of paper forms and documents, Contractor shall comply with all federal and state information security requirements and with such guidance and protocols as CSD may from time to time issue for the purpose of ensuring the integrity of Electronic Intake, including, but not limited to, the use of electronic signatures, data privacy, security, transfer and retention requirements.

D. Information Exchange Security

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1. The security of the information being passed on this primary two-way connection shall be protected through the use of encryption software. The connections at each end shall be secured plus the physical location the application systems shall be within a controlled access facilities. Individual users may not have access to the data except through their systems security software that is logged in detail or controlled. All access will be controlled by authentication methods to validate the approved users.
2. Standards for secure transmission may be accomplished through such means as certificates, secure socket layer, etc., and storage of the data with encryption, if applicable.
3. Both CSD and Contractor shall maintain security patches and anti-virus software updates.

E. Trusted Behavior Expectations

CSD's application system and users shall protect Contractor's application system/data, and the Contractor's application system and users shall protect CSD's application system/data, in accordance with the Privacy Act and Trade Secrets Act (18 U.S. Code 1905) and the Unauthorized Access Act (18 U.S. Code 2701 and 2710).

F. Formal Security Guidelines

CSD's Computer Security Policy and Contractor's policy and procedures for internal controls shall conform to the standards and obligations for the protection of data established herein and shall ensure their implementation.

G. Incident Reporting

Any party discovering a security incident shall report it in accordance with its incident reporting procedures. Contractor shall within 24 hours of discovery report to CSD any security incident contemplated herein. Policy governing the reporting of Security Incidents is detailed in section D 2 – L of the SAM Management Memorandum entitled, "Safeguarding Against and Responding to a Breach of Security Involving Personal Information."

H. Audit Trail Responsibilities

Both parties are responsible for auditing application processes and user activities involving the interconnection. Activities that will be recorded include event type,

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date and time of event, user identification, workstation identification, success or failure of access attempts, and security actions taken by system administrators.

I. Data Sharing Responsibilities

Contractor will ensure that all primary and delegated secondary organizations that share, exchange, or use personal, sensitive, or confidential data, pursuant to this Agreement and subcontracts issued by Contractor, shall adhere to all CSD's policies and SAM guidelines. If data sharing is accomplished via interconnectivity of an application system, then data sharing must be certified to be secure by the parties involved.

4.6 Travel and per diem

- A. Contractor's total travel for in-state and/or out-of-state and per diem costs shall be included in the contract Budget(s). Out-of-state travel costs that exceed the budgeted amount shall not be reimbursed without prior written authorization from CSD.
- B. Contractor's employee travel costs and per diem reimbursement rates shall be reimbursed in accordance with Contractor's written policies and procedures not to exceed federal per diem requirements, and subject to the requirements of the OMB Circular A-87 Attachment B, Paragraph 43 (2 CFR, Part 225) or OMB Circular A-122 Attachment B, Paragraph 51 (2 CFR, Part 230) as applicable.
- C. In the absence of a written travel reimbursement policy, Contractor shall be subject to the provisions of California Code of Regulations Section 599.615 through 599.638, and shall be reimbursed in accordance with the terms therein.

4.7 Codes of Conduct

- A. Contractor shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts or subcontracts. No employee, officer, or agent of the Contractor shall participate in the selection, award, or administration of a subcontract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the Contractor shall neither solicit nor accept gratuities, favors, or anything of monetary value from subcontractors or parties to sub-agreements. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipients.

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- B. Contractor shall not pay Federal funds received from CSD to any entity in which it (or one of its employees, officers, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein) has an interest. As ownership constitutes a financial interest, Contractor shall not subcontract with a subsidiary. Similarly, Contractor shall not subcontract with an entity that employs or is about to employ any person described in 45 CFR Part 92 (for states and local governments) and 45 CFR Part 74 (for nonprofit organizations) (Office of Management and Budget Circular A-110, section 42).

4.8 Conflict of Interest

- A. Contractor shall ensure that its employees and the officers of its governing body do not engage in actual or potential conflicts of interest and that no officer or employee who has responsibility for any activity or function with respect to LIHEAP and the implementation of this Agreement shall have any personal financial interest in such activity or function or otherwise personally benefit or gain from the activity or function.
- B. Contractor shall establish safeguards to prohibit its employees or its officers from using their positions for a purpose that could result in private gain or that gives the appearance of being motivated for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
- C. Pursuant 45 CFR § 74.42 and 92.36, Contractor shall not provide LIHEAP services or benefits in situations where an actual or perceived conflict of interest exists, unless the activity is explicitly allowed under Contractor's conflict of interest policies and procedures that are compliant with federal requirements. If Contractor provides: Program services to owner-occupied or rental dwellings that are owned or managed by the Contractor, its employees, or officers, such services must be pre-approved in writing by CSD whose approval shall be based on determination that other recipients or potential eligible recipients of services are not prejudiced or adversely affected by the receipt of services by Contractor.
- D. To obtain approval by CSD, Contractor must demonstrate that it will:
 - 1. Follow all regular eligibility and prioritization requirements of the federal and State LIHEAP programs, as applicable to each service or activity;
 - 2. Comply with all dwelling eligibility requirements of this Agreement, including but limited to rent increase and multiple dwelling restrictions;

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3. Substantiate the need for weatherization and EHCS services by completing a dwelling assessment for each individual dwelling unit served; and
4. Consent to any further conditions required by CSD. Failure to obtain prior written approval by CSD may result in costs being disallowed.

4.9 Procurement

A. Contract Administration

1. Contractor shall administer this Agreement in accordance with all federal and state rules and regulations governing LIHEAP block grants pertaining to procurement, including the Office of Management and Budget's (OMB) Circulars and amendments thereto, consistent with the general OMB compliance requirement in Section 1.5, Article 1, Part I of this Agreement. Contractor shall establish, maintain, and follow written procurement procedures consistent with the procurement standards in 45 CFR Part 92 (OMB Circular A-102 for state and local governments) and 45 CFR Part 74 (OMB Circular A-110 for nonprofit organizations) and the applicable provisions in this Agreement, including but not limited to a code of conduct for the award and administration of contracts and a procedure that provides, to the maximum extent practical, open and free competition.
2. Contractor shall not permit any organizational conflicts of interest or noncompetitive practices that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective subcontractor performance and eliminate unfair competitive advantage, individuals or firms that develop or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals shall be excluded from competing for such procurements. Contractor shall only award a subcontract to the bidder or offer or whose bid or offer is responsive to the solicitation and is most advantageous to Contractor when considering price, quality, and other factors relevant to the procurement. Contractor's solicitations shall clearly set forth all requirements that the bidder or offer or must fulfill in order for the bid or offer to be adequately and fairly evaluated by the recipient.
3. All supplies, materials, equipment, or services purchased or leased with funds provided pursuant to this Agreement shall be used solely for the activities allowed under this Agreement, unless the fair market value for such use is charged to the benefiting program and treated as program income earned under this Agreement.

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4. Contractor shall provide an open and free competition, to include a cost analysis, in accordance with federal and state law, for the procurement of materials, supplies, equipment, or services.
5. If a service or product is of a unique nature, or more than one potential vendor/provider cannot reasonably be identified, Contractor shall document adequate justification for the absence of competitive bidding. “Adequate justification” must include but is not limited to:
 - a. Explanation of why the acquisition of goods or services is limited to one vendor or supplier;
 - b. Description of sole vendor/supplier’s unique qualifications to provide the goods or services in question; and
 - c. Cost analysis to demonstrate reasonability.
6. Emergency Procurements. In cases of bona fide emergency where awarding a subcontract is necessary for the immediate preservation of public health, welfare, or safety, documentation of the emergency will be sufficient in lieu of the three-bid process.
7. CSD Lease/Purchase Pre-Approval Requirements. To ensure that significant procurement transactions are conducted in an open and freely competitive manner, Contractor shall prepare and submit a Request for Purchase/Lease Pre-Approval (CSD 558) to CSD at least fifteen (15) calendar days prior to executing the subcontract for each of the following procurement transactions:
 - a. Any articles, supplies, equipment, or services having a per-unit cost in excess of \$5,000; or
 - b. Any articles, supplies, or equipment where the total contract amount exceeds \$100,000.
8. In all procurements, whether requiring CSD pre-approval or not, Contractor is solely responsible for maintenance of adequate procurement records demonstrating compliance with Federal and State requirements.
9. Noncompliance with any of the provisions in this section may result in a disallowance of the costs of the procurement transaction.

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10. Contractor shall exercise due care in the use, maintenance, protection, and preservation of State-owned property in Contractor's possession or any other property or equipment procured by Contractor with State funds. Such care shall include, but is not limited to, the following:
 - a. Maintaining insurance coverage against loss or damage to such property or equipment.
 - b. Ensuring that the legal ownership of any motor vehicle or trailer is in the name of the Contractor.

B. Limitation on Use of Funds

Contractor shall assure that funds received under this Agreement shall not be used for the purchase or improvement of land or for the purchase, construction, or permanent improvement of any building or other facility other than low-income weatherization or energy-related home repairs.

4.10 Subcontracts (CSD)

- A. Contractor may enter into subcontract(s) to provide services pursuant to this Agreement in the service area(s) specified in Section 1.2 of Article 1, Part I Subcontracts must require that parties comply with all applicable provisions of this Agreement. Such requirement shall not relieve Contractor from any performance obligation created herein, nor from liability for a subcontractor's failure of performance.
- B. If Contractor elects to subcontract for services, the board's authorization and approval must be obtained and communicated to CSD in writing together with notice of execution of the subcontract as provided in paragraph C. Contractor may elect to delegate the signing authority for the approval of subcontractors to the Chief Executive Officer or designated authority through a resolution passed by the governing board.
- C. Within 60 days of the execution of any subcontract, Contractor shall provide written notification to CSD of the execution of the subcontract as well as identifying information, to include the name of the subcontractor entity, its address, telephone number, contact person, contract amount, and program description of each subcontractor activity to be performed by the subcontractor.
- D. Notification of subcontract execution shall contain certification by Contractor that to the best of Contractor's knowledge, the subcontractor is not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal department or agency. For purposes of

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this certification of subcontractor eligibility, Contractor may rely on information available at <https://www.sam.gov/portal/public/SAM/#1>.

- E. If CSD determines that Contractor has executed a subcontract with an individual or entity listed as disbarred, suspended or otherwise ineligible on the Excluded Parties List System (EPLS) as of the effective date of the subcontract, costs Contractor has incurred under the subcontract may be disallowed.
- F. Contractor must ensure that funds expended pursuant to this Agreement are allowable and allocable and Contractor must adopt fiscal control and accounting procedures sufficient to enable the tracing of funds paid to any subcontractor to a level of expenditure adequate to establish that such funds have not been used in violation of this Agreement. Contractor shall ensure that any subcontracts under this Agreement contain all provisions necessary to ensure adequate substantiation and controls of the expenditure of such funds. Contractor may achieve this through detailed invoices, by periodic monitoring of subcontractor's program activities and fiscal accountability, by retaining a right of reasonable access to the subcontractor's books and records, or by any other method sufficient to meet Contractor's responsibility to substantiate costs required by the OMB Circulars A-87, 122, and 133.
- G. Contractor shall immediately notify subcontractor(s) in writing within five (5) working days of such action in the event the State suspends, terminates, and/or makes changes to services to be performed that materially alter the obligation of the subcontractor under this Agreement.
- H. Contractor is liable for the failure of performance of the terms, conditions, assurances, and certifications of this Agreement, without recourse against the State over matters involving subcontracts entered into for the implementation of this Agreement, including but not limited to disputes, claims, or other legal action for breach of contract, negligence, torts or criminal acts and other misconduct.
- I. Nothing in this Agreement creates or implies a contractual relationship between the State and any subcontractor or creates any obligation by the State to any subcontractor. Contractor is liable to the State for damages to the State for the acts and omissions of its subcontractors that occur in connection with the implementation of this Agreement. Contractor's obligation to pay its subcontractors is independent of any obligation of the State to pay Contractor, and Contractor shall not represent to subcontractors any such obligation of the State to pay or ensure payments to subcontractors.

4.11 Complaint Management Policies and Procedures

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- A. Contractor shall establish and maintain policies and procedures for handling complaints and provide applicants an opportunity to register a complaint based on their experience with attempts to obtain services under LIHEAP. The policies and procedures shall be in writing and Contractor shall provide the complaint process to interested individuals upon request.
- B. Contractor shall ensure that all formal complaints are documented and include the date, time, client name and address, and nature of the complaint and the actions undertaken by the Contractor to resolve the issue. For purposes of this section, “formal complaint” means a written complaint filed with the Contractor by the complainant.
- C. If the Contractor’s efforts did not result in a resolution, the Contractor may refer the client to the CSD Field Representative assigned to the Contractor. The Contractor shall contact the CSD Field Representative directly and explain the issue, actions taken to resolve the issue, and provide the CSD Field Representative with any supporting documentation that indicates the nature and extent of Contractor’s effort to resolve the issue.
- D. The CSD Field Representative shall immediately be notified if the Contractor has reason to believe that the complainant will contact the media, a State or Federal oversight agency or the Governor’s Office regarding the complaint.

4.12 Fair Hearing Process for Applications for Denial of Benefits by Contractor:

- A. Contractor shall provide all interested individuals equal opportunity to apply for the Low-Income Home Energy Assistance Program and shall not discourage any interested individual from submitting an application for LIHEAP assistance. Contractor shall act upon all applications in writing within fifteen (15) working days.
- B. Pursuant to Title 22 of the California Code of Regulations, Section 100805, Contractor shall establish a written appeals process to enable applicants who are denied benefits or services, or who receive untimely response or unsatisfactory performance, the right to appeal the decision or performance to the Contractor. Contractor’s process shall include, at a minimum, all of the requirements of Section 100805 subdivision (b), plus:
 - I. Provisions that ensure that each applicant is notified in writing of the right to appeal a denial of or untimely response to an application, or to appeal unsatisfactory performance. At the time the applicant applies for services, applicant shall be informed of appeal rights and appeal procedures, to include the right to appeal to both the Contractor and to CSD.

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2. Provisions that ensure that Contractor will make a good faith effort to resolve each appeal.
3. Provisions that ensure that Contractor notifies the applicant in writing of the Contractor's final decision within fifteen (15) working days after the appeal is requested. If the appeal is denied, the written notification shall include instructions on how to appeal the decision to CSD. Whenever Contractor notifies an applicant of a denial of an appeal, Contractor shall at the same time provide a copy of the final decision to the Manager of CSD's Energy Services Division.
4. Provisions to enable Contractor to collate information on denials and appeals in its regular program reporting process.

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SUBPART B – FINANCIAL REQUIREMENTS

ARTICLE 5 – ADMINISTRATIVE AND PROGRAM EXPENDITURES
REQUIREMENTS

5.1 Budget Guidelines

A. Budget and Allocation Forms

1. Upon execution of this Agreement, Contractor shall submit all budget and allocation forms, a link to each form is found in Subpart H, including the 2015 LIHEAP Weatherization Budget (CSD 557D) and 2015 LIHEAP EHA-16 Program Budget (CSD 537E) based on the Maximum Amount of this Agreement and in accordance with the accompanying instructions and other applicable provisions of this Agreement.
2. In the event the LIHEAP annual grant award is yet to be determined and CSD funds this Agreement based on Continuing Resolution appropriations, Contractor shall complete the budget and allocation forms using the Estimated Budget Allocation amount as defined in Subpart G . When this Agreement is amended to reflect the Final Allocation, the budget and allocation forms shall be amended to reflect the actual annual allocation.

B. Minor Modifications

If Contractor intends to request a minor modification to this Agreement, Contractor shall submit a *Request for Amendment/Modification Energy, CSD 509*, an updated budget if applicable, and a justification supporting the funds transfer or change request. Contractor may submit the signed request for amendment/modification to CSD via email, fax, or hard copy with signature via Mail.

Minor modifications which Contractor may propose for approval by CSD include the following:

1. Transferring funds within or between Direct Program Services and/or Utility Assistance program components as defined:
 - a. Direct Program Services shall include Direct Weatherization, Direct Program Activities, ECIP EHCS, ECIP WPO, and HEAP WPO.

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- b. Utility Assistance shall include ECIP Fast Track and HEAP Electric and Gas.
 - c. Support Lines are those activities other than Direct Program Services and Utility Assistance.
2. If Contractor transfers funds from Administrative, Outreach and other Support costs to Direct Services and/or Utility Assistance for a specific service area, then later transfers funds from the remaining service area to replenish the Administrative, Intake, Outreach or other Support costs such transfer of funds should not unduly impair the equitable provision of services or otherwise disadvantage potential recipients of benefits in any Service Area.
- a. Subsequent transfer of funds to replenish the Support line(s) with Direct Service(s) and/or Utility Assistance funds shall be limited to fund transfer from Service territory/territories that benefited from the proceeding transfer.
3. Changes to the Agency Local Plan
4. Changes to the Expenditure and Performance Benchmarks
- C. Fund Transfer Requirements

Subject to CSD approval, Contractor may elect to transfer funds between each of the LIHEAP programs, components and between Utility Assistance, i.e., Weatherization, ECIP HCS, and/or ECIP/HEAP WPO.

- 1. Funding transfers that would increase or decrease amounts available for Weatherization above or below the twenty-five percent (25%) maximum are prohibited.
- 2. Contractor must provide justification for a proposed transfer of funds that would result in allocations that fall outside the statewide program funding ranges outlined below:

ECIP Expenditures	Statewide Range
ECIP Fast Track	7% - 42%
ECIP WPO	1% - 21%
ECIP HCS	1% - 30%

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3. Fund Transfer in Service Territory with Multi-Service Areas

If Contractor transfers funds from Administrative, Intake, Outreach and other Support costs to Direct Services and/or Utility Assistance for a specific service area, then later transfer funds from the remaining service areas to replenish the Administrative, Intake, Outreach or other Support costs such transfer of funds should not unduly impair the equitable provision of services or otherwise disadvantage potential recipients of benefits in any Service Area.

D. Sufficient Funds for Crisis Services

Contractor must allocate sufficient funds to offer crisis services through the term of the contract and in accordance with the Agency Local Plan, WEATHERIZATION AND ECIP-EHCS or, in the alternative, Contractor may request authorization from CSD to transfer any unspent ECIP funds into direct assistance payment services (HEAP – Electric and Gas, and WPO).

E. Weatherization Waiver

Unless and until the Federal Department of Health and Human Services (HHS) grants the State a weatherization waiver, Contractor may not expend or be reimbursed for costs in excess of the amount reflected in Column A of Contractor's Weatherization Budget. If the weatherization waiver is granted, Contractor may, upon written notification from CSD, expend and will be reimbursed for expenditures up to 100% of the available allocation, as reflected in Column B of Contractor's Weatherization Budget.

5.2 Utility Assistance Expenditure Requirements

A. The Utility Assistance portion of Contractor's grant allocation (formerly "non-consideration") shall be retained by CSD to enable the State to make direct utility assistance payments to clients and/or to utility companies. Contractor's administrative and Assurance 16 budget line item shall be based on Contractor's total allocation, including Utility Assistance.

1. Energy Crisis Intervention Program (ECIP): Electric and Gas (Fast Track)

The total amount allocated to the ECIP Fast Track Program shall be administered by Contractor in accordance with the terms of this Agreement, with payments to recipients issued by the State.

2. Home Energy Assistance Program (HEAP): Electric and Gas Allocation

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The total amount allocated to the HEAP Electric and Gas Program shall be administered by Contractor in accordance with the terms of this Agreement, with payments to recipients issued by the State.

B. ECIP Payments - Electric and Gas (Fast Track)

Payment for applicant's electric and/or gas energy bills shall be made by CSD directly to the utility company or in the form of a dual-party warrant, payable to the applicant and the utility company. All payments shall be deducted from Contractor's Utility Assistance allocation.

C. HEAP Payments – Electric and Gas

Payment for applicant's electric and/or gas energy bills shall be made by CSD directly to the utility company or in the form of either a dual-party warrant, payable to the applicant and utility company; or, in the case where the cost of energy is included in applicant's rent, a single-party warrant shall be issued, payable to the applicant. All payments shall be deducted from Contractor's Utility Assistance allocation.

5.3 Working Capital Advance and Major Purchase Advances

A. Working Capital Advance (WCA)

Contractor may, in accordance with applicable law, receive WCA payments of allowable program costs contemplated under this Agreement, *provided* Contractor shall comply with the provisions of this section and such additional guidance issued by the State as is needed to implement this section (collectively "WCA Requirements") to ensure that:

1. The time elapsing between the transfer of funds and the disbursement or expenditure of the funds by Contractor is minimized; and
2. Contractor's financial management systems are compliant with the provisions of this Agreement and the standards for fund control and accountability as established in the OMB Circular A-133 and in the Model Federal Advance Requirements as defined in subparagraph 3. below with particular reference to 10 CFR 600.121.
3. Working Capital Advance (WCA) Requirements include the following standards:

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- a. The WCA shall be for the minimum amounts necessary, timed in accordance with Contractor's immediate cash requirements, which will enable Contractor to carry out the purposes of this Agreement;
 - b. The Model Federal Advance Requirements are hereby incorporated by reference and adopted by the parties, for purposes of guiding and informing WCA requirements under the Agreement. The "Model Federal Advance Requirements" are defined as the provisions set out in the Code of Federal Regulations (CFR), Title 10, Chapter II, Sections 600.122, 600.220 and 600.221; and
 - c. Guidance issued by the State regarding the scheduling of the WCA and the disbursement or expenditure of the funds by Contractor, while conforming to the requirements of subparagraphs A. 1 and 2 of this section, shall also take into account the practical requirements and limitations of efficient administration and the effective implementation of this Agreement by both Contractor and the State.
4. In order to affect the purposes and requirements of subparagraphs A. 1 and 2 above, the State has established the following general provisions in order to give effect to the WCA Requirements set out in this Agreement and in such supplemental guidance as may be issued:
- a. To ensure a minimal lapse of time between the transfer of funds, and the disbursement or expenditure by Contractor, and to effect both the consolidation of advance requests and optimal administration of advance payments, the WCA will be based on Contractor's cash needs for the purpose of implementing this Agreement, with consideration given to the reasonable quarterly projections of anticipated expenditures allowable under the terms of this Agreement;
 - b. The WCA request shall be: 1) submitted in advance of the beginning of the quarter, in accordance with CSD's guidance; and 2) based on the Direct Service's portion of contract amount, exclusive of the Utility Assistance Portion and 3) is subject to CSD's review and approval;

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- c. Upon approval of the WCA request, a payment will be issued to Contractor, which shall be limited to one hundred percent (100%) of the Contractor's total projected expenditures for the entire quarter, not to exceed twenty-five percent (25%) of the Contractor's total contract amount. If the WCA request exceeds the remaining balance, then Contractor will only receive the amount of the remaining balance;
- d. The WCA will be liquidated immediately, and will be reconciled at the end of the third month of each quarter. After issuance of a WCA, the balance will be offset by monthly expenditures in EARS.
- e. All WCA requests will be issued and reconciled pursuant to CSD Energy Policy and Procedures number EP 11-01, incorporated by reference to this Agreement and available on the CSD Providers' website at <https://providers.csd.ca.gov>.
- f. If, at the end of the contract term Contractor has received WCA payments in excess of requests for reimbursement that have been approved by CSD, Contractor shall promptly remit the excess balance owed.
- g. Upon receipt of the WCA funds, Contractor shall deposit the funds in an interest-bearing advance account, in accordance with the provisions of this Agreement and Federal and State law. The account shall be sufficiently segregated to enable the tracking and accounting of WCA funds by CSD; and
- h. In the event the State determines that Contractor has used the WCA for reimbursement of expenses that are not allowable under the terms of this Agreement and/or under Federal and State law, the State may, in accordance with the applicable provisions of the CFR, compel Contractor to repay any WCA monies wrongfully used and/or may make such adjustments in future payments to Contractor as it deems appropriate in order to rectify such misuse of WCA funds.

5. Major Purchase Advances

In the event an agency needs significant cash outlay for large purchases, a special advance may be requested at any time during the contract term. Requirements include:

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- a. Request must be completed via the Major Purchase Advance Request (CSD 144).
- b. Limited to purchase of items in excess of \$5,000.
- c. No advance will be issued until the Request for Pre-approval of Purchase/Lease (CSD 558) has been approved by CSD.
- d. Procurement must comply with the open and competitive bid process, which must be documented through the Request for Pre-approval of Purchase/Lease (CSD 558).
- e. Advance repayment for major purchases will be liquidated upon the first expenditure reporting period following the date of the purchase of the item or items identified in the Request for Pre-approval of Purchase/Lease (CSD 558). An Advance Request (CSD 144) must reflect one-hundred percent (100%) liquidation in the month following the expected date of purchase.
- f. Major Purchase advance requests will not be granted unless Contractor has fully complied with the obligations and conditions of any Working Capital Advance (WCA) Contractor has received.

B. Special LIHEAP Provisions

In accordance with 22 CCR § 100840 (a) the total amount advanced to Contractor at any time, whether in the form of a Working Capital Advance (WCA) or a Major Purchase Advance, shall not exceed twenty-five percent (25%) of Contractor's total contract amount or if the WCA request exceeds the remaining balance, then Contractor will only receive the amount of the remaining balance. Advance amounts repaid may be replaced by additional advances at any time as allowed in this section and corresponding guidance, so long as the aggregate amount advanced does not exceed the limit set out in this sub-paragraph.

C. Interest on Advances

Contractor should deposit all advances in an interest-bearing account. Any interest earned on LIHEAP advances shall be accounted for and expended pursuant to 22 CCR § 100855.

D. Non-advance Payments and Offsets

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If Contractor elects not to request a WCA, payment for allowable expenses under this Agreement shall be made upon approval by CSD of Contractor's monthly Expenditure Activity Report. If Contractor owes CSD any outstanding balances for overpayments under any contract, current or previous, the balance may be offset, based on arrangements made with the Contractor.

5.4 Program Income

- A. Contractor shall maintain records of the receipt and disposition of all "program income" defined in 22 CCR § 100855(c) as income that is generated or earned as a result of LIHEAP activities.
- B. Determining Net Program Income
 - 1. Except as provided below in paragraph 2, any costs Contractor incurs in generating program income may be deducted from gross program income to determine net program income.
 - 2. Contractor shall not deduct from gross program income any allowable program expenses for which Contractor has been, or will be, reimbursed from the LIHEAP grant award.
- C. Expenditure, Reporting, and Rollover of Program Income
 - 1. Program income must be expended in accordance with the requirements for expenditure of regular LIHEAP funds, for allowable program purposes.
 - 2. Contractor may expend program income during the term of this Agreement. Contractor shall report all such expenditures, along with remaining unexpended program income, at the close-out of this Agreement or at such other time(s) as CSD reasonably requires.
 - 3. Contractor's unexpended program income at the close-out of this Agreement shall roll over to subsequent LIHEAP Agreement(s) and be added to Contractor's grant allocation.
 - 4. If Contractor has generated program income with leveraged funding source(s) in addition to LIHEAP, the LIHEAP portion of rollover program income must be tracked by Contractor and can be used only for allowable LIHEAP expenditures.

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5.5 Allowable Costs

A. Cost Reporting

1. All costs shall be reported using a "modified accrual" or "accrual" method of accounting.
2. Pursuant to the federal block grant and applicable regulations, Contractor may only claim reimbursements for actual, allowable, and allocable direct and indirect costs.
3. Contractor shall report all expenditures at actual cost and shall maintain records and source documentation in such a manner as to substantiate all costs reported.

B. Administrative

1. General

- a. Administrative costs shall not exceed the amounts as set forth in allocation spreadsheet. Contractor shall not use funds provided under this Agreement to cover administrative costs incurred in the Community Services Block Grant (CSBG) in excess of the CSBG contractual limitations.
 - b. Administrative Costs shall mean actual costs for auxiliary functions such as salaries, wages, workers compensation, and fringe benefits for administrative staff, as well as for facilities, utilities, equipment, telephone, travel, accounting, auditing, monitoring assistance, office supplies, and like services necessary to sustain the direct effort involved in administering a grant program or an activity providing services to the grant program.
2. Contractor shall use 2 CFR Part 225 (OMB Circular A-87, Cost Principles for State and Local Governments) as a guide for determining administrative costs.
 3. Administrative Equipment More Than \$5,000—Acquisition Costs
 - a. Acquisition costs shall mean the actual costs associated with the purchase of equipment over \$5,000 per unit used for administrative purposes.

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- b. CSD must pre-approve purchases or lease-purchase option of equipment with a total value greater than \$5,000 utilizing the Request for Pre-approval of Purchase/Lease (CSD 558).

C. Program Costs

1. General

Program costs are all allowable costs other than Administrative Costs. Program costs include those actual costs that are directly attributable to the performance of this Agreement and that are reasonable and necessary as determined by CSD for the purpose of delivering services.

2. Outreach

Outreach shall be allocated at five percent (5%) each of the Weatherization, ECIP/HEAP and Direct Service/ Utility Assistance, Assistance budgets based on the Interim Allocations and/or subsequently the Final Allocation. Reimbursement shall be limited to actual cost up to five percent (5%) of Final allocation.

3. Intake

Intake shall be allocated at eight percent (8%) of the Weatherization Budget and eight percent (8%) of the ECIP/HEAP Direct Services/ Utility Assistance Budget based on the Interim Allocations and/or subsequently the Final Allocation. Reimbursement shall be limited to actual cost up to eight percent (8%) of Final Allocation. Intake in excess of eight percent (8%) may be charged as an administrative cost not to exceed allowable administrative cost maximum.

4. Assurance 16

Assurance 16 costs shall not exceed the amount set forth in the allocation spreadsheet.

5. Weatherization Program Activities

Program Activities shall mean those costs associated with the installation of measures to those dwellings weatherized and reported as completed, to include but not limited to, assessment, diagnostic testing, labor, materials, subcontractors, disposal fees, permits, HERS raters, lead-safe weatherization materials, Historic Preservation Reviews, and travel.

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6. ECIP Emergency Heating and Cooling Services (EHCS)

ECIP EHCS shall mean those costs associated with emergency heating and cooling repair and replacement services and other related costs, including costs associated with labor, materials, subcontractors, disposal fees, permits, Home Energy Rating System (HERS) raters, lead-safe weatherization materials, diagnostics, and travel, all as further defined by the ECIP Policy and Procedures and the SWEATS Policy, when authorized by CSD. The ECIP Policy and Procedures and SWEATS Policy are hereby incorporated by reference to this Agreement and available on the CSD Providers' website at <https://providers.csd.ca.gov>.

7. Workers Compensation

Workers Compensation shall mean those actual costs associated with workers compensation coverage for program staff whose salaries and wages are chargeable under program costs.

8. Liability Insurance

Liability Insurance shall mean those actual costs allocated for insurance bonds, general liability, vehicle insurance, and pollution occurrence insurance (if applicable). Workers Compensation for salaries and wages of staff chargeable under administrative costs shall be reimbursable at actual costs under administrative costs.

9. Training - Weatherization and ECIP-EHCS

a. Training and technical assistance shall be allocated up to five percent (5%) of the total Weatherization allocation and up to two percent (2%) of the total ECIP/HEAP allocation based on the Interim Allocations and/or subsequently the Final Allocation. Training and technical assistance shall not exceed these limits and shall be reimbursed at actual cost. Reimbursement shall be limited to actual cost up to five percent (5%) of Weatherization allocation, and two percent (2%) of ECIP/HEAP allocation.

b. If Contractor determines that an increase in the allowable allocation for training and technical assistance is needed to cover the cost of the software database collection system or related automation training as specified below, then Contractor must submit a request to, and obtain prior approval from, CSD.

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- c. Associated training and technical assistance costs may include costs related to: travel, admission, materials, and actual salaries/wages. On-the-job training is not reimbursable when the labor hours associated with the training are charged to a Weatherization measure for reimbursement.
- d. Costs associated with crew members participating in on-the-job training or acting in a helper role shall be expensed to training and not to the installation of measures and will be charged at actual cost. The length of time for on-the-job training shall be in accordance with the Contractor's internal training program.
- e. Training and technical assistance shall include costs associated with the completion of weatherization-related training as specified in the TRAINING REQUIREMENTS of Article 9.1 of this Agreement. Training may also include internal contractor training, safety training, attendance of weatherization-related training to include the software database collection system or other forms of training to aid in the development and skill of staff in utilizing and supporting internal program automation systems, and/or weatherization-related workshops sponsored by utility companies, Department of Energy (DOE), CSD, and/or other organizations offering a component of weatherization training.
- f. Training for job corps and workforce development trainees shall be limited to required CSD health and safety training sessions, unless otherwise approved by CSD. All other training cost with the exception of work performed for the installation of measures (on-the-job training) shall not be an allowable program cost.

10. Acquisition Costs

- a. CSD must pre-approve purchases or lease-purchase option of vehicles and field office equipment with a total value greater than \$5,000 utilizing the Request for Pre-approval of Purchase/Lease (CSD 558).
- b. Minor Vehicle and Field Equipment Less Than \$5,000 – Acquisition Costs.

Minor Vehicle and Field Equipment costs shall mean the actual costs associated with the purchase of vehicle and field office equipment under \$5,000 per unit used for the purpose of delivery

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of direct program services. Purchases must follow the procurement standards.

11. General Operating Cost

General operating expenses may be charged to the program and are for activity/cost that are directly allocable to those activities defined as related facilities, office and computer equipment, office supplies, telephone, travel, and utilities as allowable program costs.

12. Solar Hot Water Heating Training

Contractor participating in the Solar Hot Water Heating pilot project can charge the actual costs for training associated with pilot participation.

13. Automation Supplemental Allocation

a. Contractor can allocate funds to the Automation Supplemental Allocation (ASA) in an amount not to exceed fifty thousand dollars (\$50,000), to be used to meet Contractor's IT automation needs to comply with updated or new CORE requirements or contractual reporting requirements programmatic in nature, related CORE IT expenses, and with ongoing programmatic IT expenses. ASA funds are not limited exclusively to CORE-related IT expenditures but any IT expense related to CORE or costs incurred may include necessary training on upgrades to Contractor's system.

b. If Contractor expended funds in prior year for a system and now wants to purchase a new system with ASA funds, Contractor must utilize unrestricted funds and bear the full cost of the conversion to such an alternative system. Contractor may be granted a variance from this requirement provided Contractor's ASA plan is appropriately revised and CSD gives its written approval of the plan and request for variance.

c. In order to qualify for reimbursement of expenditures incurred pursuant to this section, Contractor must fully comply with the following terms, conditions, and obligations:

i. The ASA may be used only for those Contractor's CORE-related IT expenditures that are programmatic in nature. CORE-related IT expenditures that are administrative in nature must be charged against Contractor's Administrative Budget.

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- ii. In delineating the program and administrative expenditures, Contractor shall consider whether the expenditure or cost is primarily used to support: 1) program operations; or 2) agency (organization) operations, as commonly understood under accountancy guidelines, with particular reference to the principles and provisions set out in the applicable Office of Management Circulars. Programmatic CORE-related IT expenses are those incurred in connection with allowable program expenses as defined in the LIHEAP Agreement. The delineation between programmatic and administrative CORE-related IT activities will be determined in part by the type of IT system elected to interface with CORE and the array of functions the system will perform.
- d. CORE-related IT costs charged to the ASA shall be submitted for reimbursement in accordance with CSD's normal reporting and accounting procedures.
- e. CORE-related IT costs that exceed the maximum ASA amount of fifty thousand (\$50,000) may not be reimbursed by CSD.
- f. If Contractor has previously developed and utilizes its own unique customized automated reporting system to comply with CSD's reporting requirements, such contractor shall be deemed a "Self-Reporting User." The following provisions apply to Self-Reporting Users:
 - i. If Contractor elects to modify and upgrade its existing IT system so that the system is compatible with and able to interface with the CORE system, it is the Contractor obligation to ensure that the upgraded system is fully compliant with CORE requirements. CSD's responsibility is limited to providing Contractor or its consultants and vendors with the applicable system specifications and interface protocols.
 - ii. Contractor may use its ASA to pay the necessary cost of upgrading its system and interfacing with CORE, as well as related and attendant costs. Costs incurred may include necessary training on upgrades to Contractor's system.

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- iii. If Contractor expended funds in prior year for a system and now wants to purchase a new system with ASA funds, Contractor must utilize unrestricted funds, bear the full cost of the conversion to such an alternative system. Contractor may be granted a variance from this requirement provided Contractor's ASA plan is appropriately revised and CSD gives its written approval of the plan and request for variance.

- h. Services procured by Contractor in order to implement updates to Contractor's customized automated reporting system shall be conducted in compliance with Contractor's procurement policy and with all applicable contract requirements and the provisions of federal and state law.

- i. Upon approval by CSD, if Contractor procures, from a third-party source, a new customized automated reporting system with supplemental functionality beyond basic CORE reporting requirements, then such Contractor shall be deemed a "Third Party Customized System User." The following provisions apply to Third Party Customized System Users:
 - i. If Contractor elects to procure a new customized automated IT reporting system, it is the Contractor's obligation to ensure that the system procured is fully compliant with CORE requirements. CSD's responsibility is limited to providing Contractor or its vendor with the applicable system specifications, interface and security protocols.

 - ii. If Contractor expended funds in prior year for a system and now wants to purchase a new system with ASA funds, Contractor must utilize unrestricted funds, bear the full cost of the conversion to such an alternative system. Similarly, Contractor may not use future annual ASA funding for such conversion. Any alteration to this provision requires prior written approval from CSD and must include the submission of a revised ASA plan.

 - iii. Systems and services procured by Contractor in order to obtain and implement a third party customized system shall be conducted in compliance with Contractor's procurement policy and with all applicable LIHEAP contract requirements and the provisions of federal and state law. Contractor may, at Contractor's option, participate in a

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consortium of local service providers to procure jointly a customized automated reporting system from a third-party source, provided Contractor's procurement policy is not violated in such a manner as to render the process flawed or unfair. Contractor may rely on any local service provider subject to this Amendment to conduct the procurement on Contractor's behalf provided, however, that: 1) Contractor shall not be absolved from fulfilling applicable procurement obligations and requirements; 2) Contractor shall review all pertinent procurement documentation for sufficiency; and 3) make such documentation available to CSD upon request.

5.6 Service Area Expenditures Requirements

A. For purposes of this section the following definitions apply:

Service Area means the geographical area for which Contractor receives a discrete grant allocation, whether in a contract pertaining to that geographical area alone, or in a contract covering multiple geographical areas, as for example, multiple counties.

Target Service Area means the service area for which a grant allocation has been designated on the LIHEAP Allocation Spreadsheet attached to this Agreement.

Target Allocation means that sum of money from the LIHEAP state grant designated by CSD for expenditure in a designated Service Area.

Service Territory means the totality of Contractor's Service Area(s), whether: 1) a single county; 2) a portion of a single county; 3) multiple counties; or 4) a single county in combination with a portion of another county. Accordingly, the single Service Area or combined Service Areas for which Contractor provides services constitutes Contractor's Service Territory.

Note: If Contractor provides only some LIHEAP services to a Service Area, e.g. weatherization services only or utility assistance services only and another contractor provides other LIHEAP services in the same Service Area, the contractors are co-service providers with respect to the Service Area in question and each is responsible for that portion of the grant allocation applicable to the services it provides. Contractor's Service Territory includes a Service Area in which the grant allocation is split with another contractor.

B. This section shall apply to Contractor if any of the following pertain:

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1. This Agreement involves funding for LIHEAP services provided by Contractor in multiple Service Areas;
 2. Contractor provides only some of the LIHEAP services in multiple Service Areas under the terms of this Agreement; or
 3. Some combination of 1 and 2 above
- C. The Target Allocation(s) specified in this Agreement shall be used either: a) to provide services within the geographical boundaries of Target Service Area(s) to which the allocation applies; or b) on behalf of the recipients of benefits who reside within the Target Service Area(s), thereby ensuring that the low-income persons in each Target Service Area receive their appropriate share of the grant award and that direct program funds designated for a particular Target Service Area are not expended for services in another Service Area without good cause.
1. Contractor is not required, but shall endeavor, to expend ninety percent (90%) or more of the applicable Target Allocation(s) in each Target Service Area(s).
 2. Contractor shall, within 30 days of execution of this Agreement, submit a Plan showing by which it will endeavor to attain the Target Service Area expenditure goals as specified in the Expenditure and Performance Benchmarks form, to include how it will conduct targeted outreach activities, identify service needs in Target Service Areas and track expenditures.
 3. Contractor and CSD understand that the contract term covered by this Agreement is a transitional period in which Contractor will refine policies, mechanisms, and measures to realize its Expenditure Plan goals so that in coming years, as CSD's data gathering and reporting capabilities are enhanced, actual expenditures by service area can be assessed and Target Allocations appropriately spent.
 4. At the time of closeout, Contractor shall submit a report comparing Contractor's expenditure goals, by Service Area, to actual expenditures, how Contractor's Expenditure Plan succeeded or failed, what lessons were learned, and what changes in operations are anticipated in coming years.
 5. Contractor may expend a portion of a Target Allocation in another service area in which Contractor provides services pursuant to this Agreement, under the following circumstances:

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- a. when there is no acute need or ready opportunity for full expenditure of direct program funds in the Target Service Area; and
 - b. when Contractor can readily expend direct program funds in an alternate service area to avoid under expenditure or a loss of funding.
- D. Notwithstanding the provisions of paragraph C, Contractor is authorized under the terms of this Agreement to combine the Administrative, Intake, Outreach, Assurance 16, and other program support costs, including liability insurance, worker's compensation, and general operating portion of grant allocations for multiple Service Areas for purposes of efficiency and effective contract implementation, provided such combining of funds does not unduly impair the equitable provision of services or otherwise disadvantage potential recipients of benefits in any Service Area.

5.7 Reimbursement Guidelines

A. Claims for Reimbursement

Pursuant to the federal block grant and applicable regulations, Contractor may only claim reimbursements for actual, allowable, and allocable direct and indirect costs. Contractor shall report actual costs incurred for actual expenditures up to any applicable maximum amounts set by this Agreement.

B. Assurance 16

1. Assurance 16 costs and its related services include those actual costs that are directly attributable to the performance of this Agreement and that are reasonable and necessary as determined by the State for the purpose of delivering services. Assurance 16 costs shall include needs assessment, client education, budget counseling, and coordination with utility companies.
2. Contractor may claim Assurance 16 costs for client education only once when LIHEAP and DOE funds and services are provided concurrently in the same unit.

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- C. Wood, Propane, and Oil Assistance
1. HEAP WPO

Contractor may claim reimbursement for HEAP WPO expenditures and activities expenditures as required in accordance with the terms of this Agreement.
 2. ECIP WPO

Contractor may claim reimbursement for ECIP WPO expenditures (excluding ECIP Fast Track) as required in accordance with the terms of this Agreement.
- D. Weatherization and EHCS Specific
1. Contractor may claim reimbursement for Weatherization-related activities under the terms of this Agreement as documented on the Weatherization Building Assessment and Job Checklist (CSD 540) or approved Contractor's equivalent for each eligible household not previously weatherized.
 2. Contractor shall ensure that duplicate billings for the same product or service do not occur.
 3. Maximum Reimbursements
 - a. Contractor shall be entitled to reimbursement for actual cost, not to exceed \$4,055 per dwelling unit weatherized with respect to the energy conservation measures and activities described in Reimbursement Rates for Weatherization and EHCS Activities located on the CSD Providers' website at <https://providers.csd.ca.gov>. In the event that the Governor declares a State of Emergency or Local Emergency under Article 13 or 14 of the Emergency Services Act or any federal official declares an emergency pursuant to 42 UCS 8622(1), the maximum average reimbursement shall be \$4,514 per dwelling unit.
 - b. For emergency ECIP EHCS provided outside Contractor's normal business hours of operations, Contractor may exceed the maximum cost limits allowed for repair and replacement services. Contractor shall not request reimbursement for more than one heating and/or cooling unit repaired or replaced per household.

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- c. If an energy audit is performed, Contractor shall adhere to the investment determinations rendered by the site specific energy audit not to exceed the maximum average of \$6,987 per dwelling unit.

4. Measure Reimbursement

a. Measure Maximums

- i. For those Weatherization and EHCS measures that have an established maximum rate, the reimbursement amount shall be equal to the actual labor costs of Weatherization or EHCS crew members and the actual cost of the materials, subcontracted services not to exceed the maximum reimbursement allowable.
- ii. Weatherization or EHCS measure costs exceeding the maximum reimbursement limit cannot be offset by charging the cost difference to another weatherization measure, minor envelope repair, or another CSD program.
- iii. When costs for a measure exceed the maximum reimbursement allowed, Contractor shall obtain prior written approval from CSD to exceed the maximum cost reimbursement and/or quantity limit for weatherization and ECIP HCS measures as described in Reimbursement Rates for Weatherization and EHCS Activities located in Subpart H. Otherwise, at the Contractor's discretion, Contractor may elect to not provide the weatherization measure/service in the event the total cost exceeds the maximum cost reimbursement.

b. Assessments and Diagnostics

- i. Contractor may claim reimbursement for dwelling assessment for each eligible household.
- ii. Contractor may claim reimbursement for dwelling assessment for each eligible unit not previously weatherized.
 - (a) For dwellings weatherized under this Agreement, Contractor may claim reimbursement for a modified

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dwelling assessment, as defined in Subpart G, to perform reweatherization or callback services during the useful life period of the initial dwelling assessment.

- (b) Once the useful life term has expired for the initial or last performed dwelling assessment, Contractor may claim a full dwelling assessment to perform reweatherization services.
- iii. If a dwelling was previously weatherized under a nonfederal program, the dwelling and occupant eligibility must be recertified; therefore, Contractor may claim reimbursement for assessment of dwelling.
- iv. In the case of an unweatherized dwelling where the installation of measures was not feasible and/or the dwelling was not accessible to install measures, Contractor may claim reimbursement for any related assessments and/or diagnostic checks that were performed.
- v. Contractor may claim reimbursement for dwelling assessment only once when LIHEAP and DOE funds are used concurrently in the same unit.
- vi. HERS rater and permit fees are acceptable expenses and may be charged only once per measure to ECIP EHCS or LIHEAP weatherization or DOE weatherization per weatherized dwelling. HERS rater fee and permit reimbursement includes subcontractor cost, staff time on job site, and fees that will be reimbursed based on the actual cost.
- c. Labor Reimbursement
 - i. Contractor shall bill the number of actual labor hours and costs associated with the installation of Weatherization and EHCS measures for the time spent at the job site.
 - ii. Contractor must be able to substantiate all actual labor hours and labor costs charged.
 - iii. Actual labor hours and costs for weatherization and EHCS services shall not exceed the cumulative number of hours

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on the job site and shall be substantiated with client file documentation, job schedules, and payroll time records.

- iv. When the installation of a measure is subcontracted and there are billable labor hours for weatherization and/or Contractor's EHCS crew members who participate in the installation of that subcontracted measure, Contractor may bill, in addition to the subcontracted expenditure, the actual labor hours and labor costs incurred by Contractor's crew members.
- v. Labor expenses for weatherization service delivery shall exclude labor expenses associated with training, travel to weatherization job sites, staff time not associated with the direct installation and/or performance of weatherization services and activities on the job site, downtime and general operating expenses as provided in subsection e Other Program Costs.
- vi. Contractor shall bill the actual labor hours incurred by Weatherization and EHCS crew members or other personnel associated with the direct facilitation of the disposal of appliances, the procurement of permits, and services performed by a HERS Program Rater.
- vii. Actual Labor Hours

Contractor may bill no more than the number of actual labor hours incurred by WX and EHCS crew members or other persons associated with the installation of Weatherization and EHCS measures for the time spent at the job site, direct facilitation of the disposal of appliances, the procurement of permits, and services performed by a HERS Program Rater.
- viii. Lead Safe Weatherization

Contractor may claim reimbursement for renovator certification, defined as field-related labor costs associated with performing lead renovator certification for ensuring lead paint safety on weatherized dwellings built prior to 1978.

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- ii. Wages – Program Management and Support
 - (a) Contractor may request reimbursement for the actual labor costs related to program management and support staff directly responsible for the direct management and oversight over the LIHEAP Weatherization and EHCS program activity or providing direct support to ensure the successful delivery of weatherization services.
 - (b) Reported costs may include labor costs associated with performing direct support in coordinating the delivery and tracking of direct program services, including but not limited to: job scheduling, collating and aggregating of weatherization activities and materials, staff time associated with Historic Preservation Review activities, and coordination of subcontracted services.
- iii. Lodging and Per Diem

Contractor may claim reimbursement for lodging and per diem related to the installation of weatherization measures subject to travel and per diem as described in the Travel and Per Diem Section Article 4.6 of this Agreement.
- iv. Disposal Fees

Disposal fees are acceptable expenses and may be charged only once to ECIP EHCS, or LIHEAP Weatherization per appliance and building material waste. Disposal fee reimbursement includes the actual cost of the fee.
- v. Vehicle and Equipment Repair and Maintenance
 - (a) Contractor may claim reimbursement for expenses related to upkeep and maintenance of vehicles and equipment used in the direct delivery of weatherization services and EHCS. Allowable costs shall be limited to expenditures associated with the maintenance of the vehicles and equipment and fuel and oil.

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- (b) Contractor shall maintain records for fuel expenditures, vehicle maintenance and vehicle usage to substantiate allowable travel costs related to and allocable to LIHEAP weatherization.

vi. Historic Preservation Reviews

Historic Preservation Reviews means those expenses that are subcontracted to a third-party to perform the collection and reporting of potential weatherization properties subject to Historic Preservation Review requirements.

vii. Clearance Inspections for HUD Units

Should a clearance inspection be required, agencies shall defer the costs of the clearance inspection to the property owner and/or local housing authority. However, in those instances where the property owner and/or the local housing authority are unable to incur the costs of the clearance inspection, Contractors may seek a waiver from CSD allowing the cost of the inspection as a reimbursable activity. Waiver requests will be treated on a case-by-case basis and must be approved by CSD prior to beginning weatherization services. A copy of the clearance inspection must be placed and maintained in the client's file.

viii. Waste Breakage

Waste breakage are those expenses associated with weatherization materials that have been damaged and are part of Contractors' inventory or special order materials that are allocated to CSD programs. The cost of weatherization materials that are damaged that benefit multiple programs must be prorated accordingly. Costs must be directly associated to net changes in inventory and not associated with materials chargeable to another measure line item. Reimbursement for waste breakage is not allowable for Subcontractors.

ix. Ancillary Supplies

Ancillary supplies are additional low-cost materials or supplies (such as nuts, bolts, screws, and washers)