

IOWA WEATHERIZATION PROGRAM NOTICE 24-06

TO: Executive Directors, Weatherization Coordinators
FROM: Christine Taylor, Weatherization Program Manager
DATE: December 23, 2024
RE: Flat Rate
Effective: January 1, 2025

Over the past several years, labor and material costs for general weatherization bids have been steadily increasing. The average costs used by subgrantees in the NEAT/MHEA audit are derived from these bids. The increasing average costs have made weatherization measures less cost-effective. As a result, the NEAT/MHEA audit is not recommending all the measures needed to weatherize a home. This has raised serious concerns about the program's effectiveness and long-term sustainability. To address this issue and based on recommendations from the DOE, general weatherization work will no longer be competitively bid.

Effective January 1, 2025, all general weatherization jobs will be awarded using the flat rate method, including jobs that were audited prior to January 1st. HVAC, plumbing, and electrical work are excluded.

LEAD SAFE WORK PRACTICES JOB COST CALCULATION

Effective January 1, 2025, and no later than January 17, 2025, depending upon when the agency begins flat rate contracting with general weatherization contractors, the Lead Safe Work Practices Job Cost Calculation (see example below) is to be used to determine the material and labor rate for lead safe work per job. This will be implemented into the Flat Rate Price Sheet for each agency.

LSWP - Per Job Cost Calculation

Enter perimeter of work area's Totals will transfer to Price sheet		
Labor Ea		\$0.45
Material Ea		\$0.30
EXTERIOR Perimeter		
Labor		\$0.00
Material		\$0.00
Total		\$0.00
Labor Ea		\$0.90
Material Ea		\$0.30
INTERIOR Perimeter		
Labor		\$0.00
Material		\$0.00
Total		\$0.00
Totals		
Total Labor		\$0.00
Total Material		\$0.00
Grand Total		\$0.00

9.40 FLAT RATE CONTRACTING – GENERAL WEATHERIZATION WORK (section currently reserved and renamed to Flat Rate Contracting)

Flat rate contracting is a method of contracting for general weatherization work (only general weatherization work – not HVAC, plumbing, or electrical) without using the normal competitive bid process for each house or packet of houses. The flat rate method of contracting is based on predetermined fixed material and labor prices for the general weatherization work that is required by the Iowa Weatherization Program. These predetermined labor and material prices are based on average costs reported to the grantee. Average costs are subgrantee-specific and are provided by the grantee. By agreeing to work under the flat rate contract method, contractors must accept the fixed material and labor prices for their work.

The use of flat rate contracting eases the administrative burden on subgrantees and their contractors by eliminating the need for a competitive bid process for each house or packet of houses. Additionally, flat rate contracting will aid in controlling costs, thereby supporting the long-term sustainability of the program.

Contracting Under the Flat Rate Method

Subgrantees must have contracts with the contractors who are on the flat rate system (only general weatherization work – not HVAC, plumbing, or electrical). The only difference between contracting under the flat rate system and the competitive bid system is that the contractors using the flat rate system agree to perform the work for the predetermined flat rate prices rather than bid prices. The contracting requirements and recommendations, described in Subsection 9.30, apply to contracting under the flat rate method. Contracts with

contractors under the Weatherization Flat Rate method must state the material and labor prices, which can be handled as an appendix to the contract with contractors.

Change Orders

Change orders are allowed, using the established flat rate prices.

Awarding Jobs

Once a home has been audited and the appropriate measures for installation have been determined by the NEAT/ MHEA audit, the subgrantee will present the contractor with a work order. The work order includes a flat rate spreadsheet of measures and the associated labor and material price for each measure. The flat rate spreadsheet is provided by the grantee and includes the subgrantees current average costs used in the NEAT/ MHEA audit.

Jobs are to be awarded to qualified general weatherization contractors (only general weatherization work – not HVAC, plumbing, or electrical) in a manner that ensures fair and equitable distribution, while maintaining the production levels necessary to expend funds and assist households. The method of awarding flat rate general weatherization jobs is determined by each subgrantee and must be approved by the grantee prior to implementation.

Flat Rate Questions and Answers

1. Will heating unit, water heater work, electrical work be flat rate as well?
 - No, heating unit, water heater, and electrical work will continue to be bid out. If a general weatherization contractor subs out electrical work, that work is part of the flat rate costs.
2. Timeframe as to when or if the mech/elect contractors will be in this same process?
 - No timeline has been established.
3. Is there a hard deadline to start flat-rate on January 1st?
 - We would like to begin January 1st, barring any unforeseen circumstances.
4. Would the network be better off waiting until April 1st to utilize flat-rate by collecting our own materials prices and the labor rates you provide?
 - The intention of the first phase is for the general weatherization contractors to get used to a new process with controlled costs.
 - Agencies will use this timeframe to collect their own material costs to be used with the average labor costs determined by the state. The new costs will be implemented on April 1, 2025.
5. If we use a labor rate (whether local or state rate), have you developed time factors built into each line item to use in calculating labor costs?
 - We will not be using time factors time is already built into existing labor costs.
6. Will there be "cost of living" adjustments to the labor rate in future years?
 - An annual cost of living adjustment will be made, provided the NEAT/MHEA Audit continues calling for measures required to fully weatherize homes.
7. How do we encourage contractors to travel to outlying areas to complete work? Is there a transportation fee allowable?
 - Travel costs were included in bids that contractors submitted and are therefore accounted for in the average costs that will be used for the flat rate.
8. Our NEAT costs currently include a significant number of "state average costs". That may not be representative of our local contractors' bids. May we use our costs throughout the process, instead of "state average costs"?
 - Agencies using state average costs are having to do so because they either didn't report that particular measure at least five times for the year

OR their average costs were so high that they couldn't get NEAT to call for the measures that needed to be installed in the home.

9. Our current cellulose bids are by pounds of insulation. NEAT calculates by square footage. WAMS accounts for pounds. The square foot method doesn't necessarily account for the different depths of insulation being installed, especially if the existing insulation was uneven. An example would be if we called for R-11 but find that we need another 200# of insulation to level it out. What R value or square foot would we need to document to add the additional insulation?
 - Agencies have been instructed to use the lowest depth to enter into NEAT/MHEA to obtain the amount of insulation needed.
 - If there was a miscalculation and additional insulation is needed, it would be added as additional pounds to the same R-11 Blown Cellulose measure using a change order.
10. How do we handle where the cost of the exhaust fan (or anything else) is more than what we allow in flat-rate?
 - If the general contractor is subbing the exhaust fan work to an electrician, the flat rate costs will be used. If the agency is contracting directly with an electrician to install the exhaust fan, the work will be competitively bid.
11. Electrical repairs cover a number of things that could be done on a home. How will we handle when we install an exhaust fan and complete an electrical repair for the furnace. Can we use 2 of the same sequence number?
 - There are multiple sequence numbers that can be used to report this work (#6755 General H&S, #7360 Electrical Inspection of K&T, #8720 – Misc H&S Repair, #8730 Furnace Repair, #8740 Exhaust Fan Complete – for moisture issue, #8741 Exhaust Fan Complete – continuous as required by ASHRAE, #8770 Exhaust Fan – electrical contractor)
12. Are you going to provide specific guidance for the distribution of jobs?
 - Jobs are to be awarded to qualified general weatherization contractors in a manner that ensures fair and equitable distribution, while maintaining the production levels necessary to expend funds and assist households. The method of awarding flat rate general weatherization jobs is determined by each subgrantee and must be approved by the grantee (state) prior to implementation.
13. Can you put the questions and answers on the "Members Only" site?
 - Yes

14. Will change orders be acceptable and will they work the same way as they do now?

- Yes, the material and labor prices on the flat rate list will be used.

15. Is the labor rate the same for the entire state or will it differ?

- Effective January 1, labor costs will be based off each agency's NEAT/MHEA costs. Every agency will use their own labor costs.
 - Effective April 1, labor costs will be based off the statewide average for the most recent 12 months. Every agency will use the same labor costs across the state.

16. The following items are missing in the WAweb (NEAT/MHEA Audit) itemized cost.

- The items below are considered ancillary measures and will not be included in the WAweb (NEAT/MHEA Audit) but must be included in the flat rate sheet. We will develop guidance about these items and how to include them in the WAweb (NEAT/MHEA Audit) for April 1st.

ANCILLARY

2481	Insulation depth markers
2482	Electrical box markers
3010	Wall plugs
3080	Attic access insulation (per sq ft)
3160	Soffitt vent chutes
3191	Kneewall backing (per sq ft)
3193	House wrap for floor joist (per sq ft)
5369	Lath (per piece)

17. Misc repair is missing in the NEAT/MHEA Audit's itemized cost.

- This is an itemized measure that needs to be manually entered into itemized costs in the NEAT/MHEA Audit (it's not pre-loaded). Tie this to an ECM and include it in the SIR. NOTE: There may be other measures that should be manually entered into itemized costs that are not pre-loaded.
- SEQ# 6300: MISC. Repair

18. Do we need to break out General Health and Safety Measures (\$3,000 maximum)? Example: Currently in the NEAT audit for "Guttering" (SEQ# 6753) we put QTY: 1 no matter the amount of work done. Does this need to change moving forward with flat rate?

- See below
 - Sump pump, electrical and plumbing repairs, mold/moisture cleanup, pest removal, and minor asbestos abatement will continue to be bid
 - Dehumidifiers will be paid at the cost that is in the NEAT/MHEA Audit and which is also on the flat rate sheet
 - Grading will be \$15/cubic foot for material, the auditor will need to estimate the number of hours needed to complete the work at \$75/hour

(\$15 for material, labor will be determined by the auditor – manually update the “ave costs” tab in the flat rate sheet with these costs)

- Gutters/downspouts will be \$14/linear foot, elbows will be \$14 each (\$7 for material, \$7 for labor – manually update the “ave costs” tab in the flat rate sheet with these costs)

19. We have already run the NEAT/MHEA Audit for some homes. Do we need to go back and enter ancillary measures?

- No, just make sure those items are listed in the flat rate sheet as measures to be installed for the individual jobs. Starting April 1, we will include ancillary measures in NEAT/MHEA and will provide guidance at that time.

20. Will you share the DOE Monitoring Report with the network?

- Yes, we will share the report in an upcoming meeting.

21. When an auditor cannot access an attic, should they call it empty or full?

- Going forward there should be no more inaccessible attics. At a minimum, a borescope should be used to identify whether an attic has insulation. Any hole that is drilled must be plugged and patched back to as close to original as possible. If the home is deferred, HEAP funds may be used to repair the holes that were drilled.

22. Sometimes, the QCI finds that there are measures that need to be installed. How do we handle it when it's something small, like a weatherstrip, and the contractor has to drive one hour one way to do the corrective work?

- Preferred practice is for the contractor to be present during the final inspection of a home. If the QCI finds a missed opportunity (at the time of inspection), and the contractor is not present at the inspection or does not have the needed material, the contractor will be paid the material flat rate price plus a go-back fee of \$75. If the contractor is present and has the material on-hand, they will be paid the standard flat rate. If the contractor failed to install the item, it is considered warranty work, and the contractor will not be paid the go-back fee. Contractors will return to complete Health & Safety work.

23. What about floored attics?

- If the NEAT Audit calls for fill floor cavity for a floored attic, note the cost in the NEAT Audit will be less than the flat rate cost. The average cost on the flat rate price sheet is the material and labor cost per square foot.

24. Currently, bid results are sent to each bidder. When flat rate jobs are awarded, will other contractors get to see who was given jobs and what the cost of the jobs was? There is concern about favoritism and some contractors only getting the higher dollar jobs and none of the lower cost jobs.

- Agencies should copy other contractors on the notice to proceed for a job, so other contractors know what's been released (redacting private information, of course).
25. Contractors have been bidding whole sheets of plywood because that's the most common size that they can buy. If they only need a quarter sheet or half sheet, will they still be paid for a whole sheet?
- Contractors will be paid a minimum of $\frac{1}{4}$ sheet of plywood.
26. Will \$12,000 over expenditure limit waivers continue? Could we deduct the amount for HVAC work?
- We will continue the current waiver process and will revisit it for PY25 based on data collected and feedback from the network.
27. What calculation are we supposed to use for Lead Safe Work Practices?
- Use the calculation that will be provided in an updated Flat Rate Sheet, which will be distributed by the State this week. Please note, the calculation is the same but will no longer use square feet, rather the calculation is per job. Because the quantity is per job, always report seq #9500 as quantity one.