



## BOARD OF SUPERVISORS AGENDA ITEM REPORT AWARDS / CONTRACTS / GRANTS

☐ Award ☐ Contract ☒ Grant

**Requested Board Meeting Date:** August 15, 2022

*\* = Mandatory, information must be provided*

**or Procurement Director Award:** ☐

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**\*Contractor/Vendor Name/Grantor (DBA):**

Tucson Electric Power Company (TEP)

**\*Project Title/Description:**

TEP Low Income Weatherization Program Services

**\*Purpose:**

This agreement provides funding for installation/repair of energy efficiency measures to dwellings occupied by low income households who are TEP customers in Pima County Arizona outside of the Cities of Tucson and South Tucson. Benefit recipients must meet income poverty levels established by the federal Low Income Home Energy Assistance Program. Maximum investment per unit is \$6,000 toward energy efficient including health and safety measures. Administration costs may not exceed 20% of the annual budget to a maximum total of \$29,000.

**\*Procurement Method:**

Not applicable.

**\*Program Goals/Predicted Outcomes:**

Installation of energy efficient measures for homes of income eligible households elderly; persons with disabilities; and families with children in unincorporated Pima County and Towns of Marana, Oro Valley and Sahuarita.

**\*Public Benefit:**

Improving health and safety, as well as energy savings.

**\*Metrics Available to Measure Performance:**

24-units to receive a maximum of \$6,000 towards energy efficient measures and admin costs will not exceed 20% of the annual budget.

**\*Retroactive:**

Yes to January 1, 2022. Agreement from funder recently received.

GMI OK  
AF 7/29/22

THE APPLICABLE SECTION(S) BELOW MUST BE COMPLETED

Click or tap the boxes to enter text. If not applicable, indicate "N/A". Make sure to complete mandatory (\*) fields

**Contract / Award Information**

Document Type: \_\_\_\_\_ Department Code: \_\_\_\_\_ Contract Number (i.e., 15-123): \_\_\_\_\_  
Commencement Date: \_\_\_\_\_ Termination Date: \_\_\_\_\_ Prior Contract Number (Synergen/CMS): \_\_\_\_\_  
☐ Expense Amount \$ \_\_\_\_\_ \* ☐ Revenue Amount: \$ \_\_\_\_\_

**\*Funding Source(s) required:** \_\_\_\_\_

Funding from General Fund? ☐ Yes ☐ No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_

Contract is fully or partially funded with Federal Funds? ☐ Yes ☐ No

If Yes, is the Contract to a vendor or subrecipient? \_\_\_\_\_

Were insurance or indemnity clauses modified? ☐ Yes ☐ No

If Yes, attach Risk's approval.

Vendor is using a Social Security Number? ☐ Yes ☐ No

If Yes, attach the required form per Administrative Procedure 22-10.

**Amendment / Revised Award Information**

Document Type: \_\_\_\_\_ Department Code: \_\_\_\_\_ Contract Number (i.e., 15-123): \_\_\_\_\_  
Amendment No.: \_\_\_\_\_ AMS Version No.: \_\_\_\_\_  
Commencement Date: \_\_\_\_\_ New Termination Date: \_\_\_\_\_  
Prior Contract No. (Synergen/CMS): \_\_\_\_\_

☐ Expense ☐ Revenue ☐ Increase ☐ Decrease

Amount This Amendment: \$ \_\_\_\_\_

Is there revenue included? ☐ Yes ☐ No If Yes \$ \_\_\_\_\_

**\*Funding Source(s) required:** \_\_\_\_\_

Funding from General Fund? ☐ Yes ☐ No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_

**Grant/Amendment Information** (for grants acceptance and awards)

☒ Award ☐ Amendment

Document Type: GTAW Department Code: CR Grant Number (i.e., 15-123): 23-014  
Commencement Date: 01/01/2022 Termination Date: 12/31/2022 Amendment Number: \_\_\_\_\_  
☐ Match Amount: \$ \_\_\_\_\_ ☒ Revenue Amount: \$ 145,000.00

**\*All Funding Source(s) required:** Tucson Electric Power Company

**\*Match funding from General Fund?** ☐ Yes ☒ No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_

**\*Match funding from other sources?** ☐ Yes ☒ No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_

**\*Funding Source:** \_\_\_\_\_

**\*If Federal funds are received, is funding coming directly from the Federal government or passed through other organization(s)?**

Contact: Joel Gastelum/Joel Viers

Department: CWD

Telephone: 724-6750/724-6767

Department Director Signature: [Signature] Date: 7/26/22

Deputy County Administrator Signature: [Signature] Date: 29 Jul 2022

County Administrator Signature: [Signature] Date: 7/29/22



## **Low Income Weatherization Program Services Agreement**

This Low Income Weatherization Program Services Agreement ("Agreement") is entered into as of the 1<sup>st</sup> day of January 2022 ("Effective Date"), by and between Pima County through its Department of Community & Workforce Development ("CWD"), a body politic and corporate of the State of Arizona and Tucson Electric Power Company ("TEP") to provide a program to assist low-income TEP customers in the TEP service area with weatherization services ("Program").

### **I. Scope of Work**

1.1 TEP will collaborate with CWD as provided herein to provide home weatherization improvements qualified TEP low-income customers under the Program. CWD will be responsible for administering the Program, including determining individual customer Program eligibility as described below in paragraph 1.4. CWD will administer the Program in accordance with the guidelines established by the Governor's Office of Energy Policy, ("GOEP") and will follow the most current approved state Weatherization Assistance Program ("WAP") requirements.

1.2 When determining weatherization repairs for each home, CWD shall make every effort to utilize TEP funding first for Energy Efficient (EE) measures that provides energy savings to TEP before allocating EE funds to other sources. Energy Efficient measures are required to provide a Savings to Investment (SIR) of greater than or equal to 1 as determined by a REM design, or as any other approved EE measure determined by the State of Arizona's WAP requirements. TEP has provided herein as Attachment "A" a guideline of some common weatherization measures that CWD can use to determine funding request from TEP. Measures on this attachment are subject to change and notification of such changes will be provided to CWD in the form of an amendment to this Agreement. Approval of funding for any of these measures is not guaranteed, as final approval is determined by the GOEP, TEP or by mutual agreement of both.

1.3 CWD will be responsible for administering the Program in the unincorporated areas of Pima County and in the incorporated cities and towns including the City of South Tucson, excluding the City of Tucson ("the CWD service area").

1.4 The Program will be offered free of charge, to eligible TEP low-income customers ("Eligible Customers"). All Program participants must be TEP customers. As of the Effective Date above, the income poverty levels for Eligible Customers for funding reimbursement from TEP will now match the eligibility levels established annually by the federal Low Income Home Energy Assistance Program ("LIHEAP"). Program participants who are not already on TEP's Lifeline Pricing Plan shall be informed about the opportunity to participate in the Lifeline Program.

1.5 Subject to the limits set forth herein, TEP will reimburse CWD to weatherize Eligible Customer's single-family homes and mobile homes located in TEP's service territory. Homes of Program applicants must not be for sale at the time of participation in the Program. The maximum TEP reimbursement for any Eligible Customer shall not exceed \$6000.00 per residence. An additional Administration fee is allowable, but this fee shall not exceed 20% of the per residence reimbursement. TEP will not be responsible for any weatherization or health and safety costs for any residence in excess of approved allocations provided in this Agreement.

1.6 The WAP rules consider combustion safety to be a critical factor in assuring the health and safety of occupants. Accordingly, TEP will reimburse CWD up to 25% per Eligible Customer residence for work completed under the Program that is related to combustion safety or other acceptable Health and Safety measures as determined by WAP or the GOEP. The 25% allocation for health and safety repairs shall be part of and not in addition to the \$6000.00 of available funds for each home. The allowable annual 25% funding for Health and Safety is based on the current funding requested by CWD on submitted invoices, and should not be confused to mean 25% of the overall budget. Any funds expended for such health safety repairs will be reported separately by CWD as provided in Section II below.

1.7 Any construction contractors hired by CWD to weatherize homes under the Program must meet all rules and certifications required by GOEP.

## **II. Program Reporting, Invoicing and Accruals**

2.1 CWD will complete the required details of each customer job using the on-line database utilized by the GOEP for data collection and data input. TEP has "read only" authorization to review this database and the specific details of each job submitted by CWD. Reports contained in the database detailing the specifics of the home and the customer's eligibility along with the funding allocations being requested by CWD will be used to confirm and approve funding requests from CWD on their invoices.

2.2 CWD is not required to provide TEP with reports necessary to meet TEP's regulatory reporting requirements. However, CWD is required to provide the GOEP accurate and honest information on the customer's financial eligibility, home condition and eventual weatherization repairs and costs using the online database tool. The GOEP utilizes the information provided by CWD to prepare the necessary reports to meet TEP's regulatory reporting requirements.

2.3 TEP is required to operate under GAAP practices for all invoicing. This practice requires TEP to recognize full expenses within the month that they occur, which necessitates an accrual based accounting process for monthly invoices. CWD will now be required to submit accurate and timely accruals for monthly expenses. Tolerance levels may not exceed 2% under or over the monthly expense. CWD must adhere to the 2022 Accrual/Invoice Schedule and Accrual Form both listed below as Exhibits A & B. Exhibit A columns are defined as follows:

- Month: Current month
- Accrual Due Date: Accrual submittal due for any services and incentives that have occurred or will occur within the current month
- Billing Due Date: Invoice submittal due for the prior month's expenses



2.4 All invoices shall utilize a unique invoice number, (use of dates as the invoice number is discouraged unless a unique identifier is included) and shall include the current TEP purchase order number. The invoice shall include the customer name, assigned Job Number from the GOEP database, and total funding request for each specific job. The invoice shall also provide an overall summary breakdown that includes: Total amount of Weatherization costs; total amount of Health and Safety costs, total costs for administration costs and a grand total.

2.5 TEP will review each job using the online database tool to determine if the expenses qualify under the WAP rules. All jobs must be in a completed and submitted status in the database prior to issuance of payment. Any invoices with jobs not in a submitted status will be placed on hold until such time as that status changes in the database.

2.6 TEP at its sole discretion can deny payment on any job, specific measure provided on a job or invoice if any Weatherization requirements are not met. These may include but are not limited to, (a) customer does not meet the financial eligibility; (b) customer is not a TEP customer; (c) measure(s) do not meet the WAP requirements; (d) job includes funding request for Health and Safety and CWD has exceeded its Health and Safety budget allocation; or (e) funding request exceeds the maximum per home allocation.

2.7 In the event of a payment denial, CWD can request a review from TEP and/or the GOEP to determine if corrections can occur to allow CWD to re-invoice TEP. In some cases, adjustments can be made by the GOEP by reallocating funding requests to other sources which would allow CWD to re-invoice TEP. Upon approval of submitted invoices, TEP will process the invoice for payment. Payment terms will be N-15 from date of approval.

2.8 CWD is required to submit monthly accruals to TEP in accordance with the accrual process described in Exhibits "A" & "B" herein.

2.9 Invoices for weatherization jobs that occur in December of each year must be submitted to TEP for payment no later than January 31<sup>st</sup> of the following year. Those expenses that occur in December must be "reserved" for that budget year using the Accrual process described in Exhibits "A" & "B" herein. Failure to comply with this end of year process may result in a reduction in CWD's annual budget for the subsequent year.

### **III. Funding Terms**

3.1 The overall Low Income Budget amounts for Low Income Weatherization ("LIW") agencies in TEP's service territory are subject to the Arizona Corporation Commission ("ACC") approval. Due to the nature of Arizona's regulatory environment, Energy Efficiency (EE) programs, budgets, and scope of work may change, up to and including being canceled in whole or in part, based upon Arizona Corporation Commission ("ACC" or "Commission") decisions and/or TEP's EE program requirements relevant to its EE portfolio. CWD shall be flexible and collaborate with TEP's EE program management to adapt to any Commission and/or program requirement changes.

3.2 TEP uses a fiscal calendar for Low Income Weatherization budgets. Unused funding in one calendar year is not transferable to another budget year. All funding not utilized by CWD will be deemed "lost" for that specific budget year. It is in the best interest of TEP's

customers and CWD to weatherize as many homes as possible each year and utilize their maximum budget allocation.

3.3 Upon review of CWD's performance and a reasonable expectation that funding previously allocated to CWD for a specific budget year will not be utilized, TEP at its sole discretion can reduce CWD's annual budget and transfer all or some percentage of those unused funds to another LIW agency that serves TEP's customers. Notification of any changes to CWD's annual budget will be provided to CWD in the form of an amendment to this Agreement.

3.4 As described in section 3.3 above, TEP can reduce CWD's annual budget based on low performance. In the event that CWD's performance may in fact require additional funding, TEP has the ability to provide additional funding to CWD. Requests for additional funding from CWD must be requested in writing (email or fax is acceptable) from CWD's LIW project manager and countersigned by either CWD's Director. All requests for additional funding are subject to review by TEP and will be based on job projections provided by CWD as described below in paragraph 4.1. Requests for additional funding is not guaranteed and should not be counted on by CWD until approval is provided by TEP. TEP will notify CWD's project manager and Director in writing (email or fax is acceptable) on the outcome of its review. This notification will include the status of the request (approved or denied), amount of additional funding if applicable and any additional information including specific terms or explanations in the case of a denial. Any changes that affect the terms of this Agreement will be provided to CWD in the form of an amendment. Deadline to request additional funding in any budget year is November 1st.

#### **IV. Projection Reports**

4.1 CWD will provide TEP with a quarterly projection report that includes at a minimum the following information:

- a. Number of homes currently in progress
- b. Estimated funding to TEP for those homes in progress
- c. Number of approved homes in the queue but not yet started
- d. Estimated completion dates of homes in progress or in queue
- e. Number of applications under review for approval
- f. Any other information that may be pertinent to LIW job projections

4.2 Based on TEP's calendar year budget, the schedule for TEP to receive these projection reports are below:

- a. For January, February & March report to be received by TEP no later than December 15<sup>th</sup> of the previous year
- b. For April, May, June report to be received by TEP no later than March 15<sup>th</sup>
- c. For July, August, September report to be received by TEP no later than June 15<sup>th</sup>
- d. For October, November, December report to be received by TEP no later than September 15<sup>th</sup>.

#### **V. Annual Budgets**

5.1 For budget year 2022, TEP will reimburse CWD in an aggregate amount of up to **\$145,000.00** for weatherization services provided under this Agreement. The funding in this



section is CWD's annual allocation and may be used for all jobs completed between January 1 and December 31 of 2022. CWD administration costs are not to exceed 20% of the total amount invoiced up to a maximum total of **\$29,000.00**. Health and Safety costs are not to exceed 25% of actual spending as described in paragraph 1.6 above. If CWD utilizes the entire budget year allocation set forth in this paragraph, additional funding may be available. See the terms and conditions for requesting additional funding in paragraph 3.4 above.

5.2 Budget amounts for successive years may change in accordance to those specific terms noted above in Section III. Annual budget amounts will be provided to CWD as an amendment to this Agreement no later than January 31<sup>st</sup> of the new budget year.

## **VI. Term and Termination**

6.1 The program term will be from January 1, 2022 through December 31, 2022 with the option for additional extension terms upon agreement by both parties through an executed amendment. Owner submits an Energy Efficiency (EE) Plan to the Arizona Corporation Commission ("ACC" or "Commission") for approval on an annual or biannual basis. CWD will continue to provide services until the ACC considers and approves the Energy Efficiency Plan submitted by Owner, and Owner executes an amendment with CWD which will include the budget for the remainder of the then current calendar year. In accordance with Section 6.2 of the Agreement, Owner shall provide Seller a 30-day written notice in the event the program is terminated. Seller shall not authorize any additional work after the effective date of termination and will submit all invoices within 45 calendar days from the termination effective date. The parties may renew this Agreement for up to six (6) additional one-year periods or any portion thereof.

6.2 TEP shall have the right to terminate this Agreement and any Scope of Work hereunder at any time with or without cause upon thirty (30) days written notice to CWD.

6.3 If either Party shall at any time commit any material breach of any covenant or warranty under this Agreement and fails to remedy such breach within fifteen (15) days of receipt of written notice thereof, the non-terminating Party may immediately thereafter terminate this Agreement and any Scope of Work hereunder, in whole or in part by providing five (5) days written notice of the termination and reason therefore.

6.4 If this Agreement is terminated after CWD has completed the weatherization services on any eligible customer's job, CWD will be paid for only those jobs completed prior to the termination date that are in compliance with the Low Income Weatherization Program requirements set forth in this Agreement.

6.5 Any modifications, or extension of the Agreement termination date, shall be by formal written amendment executed by the parties hereto.

## **VII. Indemnification**

7.1 To the fullest extent permitted by law, each party mutually agrees to defend, indemnify, and hold harmless the other party and the other party's officers, agents, and employees from all claims, losses, and causes of actions arising out of, resulting from, or in any manner connected with the indemnifying party's performance of this Agreement, but only to the extent such claims, loss, cause of action, damage or injury is directly caused by the negligent acts or omissions of the indemnifying party.

### **VIII. Non-Discrimination**

8.1 The Parties shall not discriminate against any Party's employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin in the course of carrying out Party's duties pursuant to this Agreement as required by law. The Parties shall comply with the provisions of Executive Order 75-5, as amended by Executive Order 2009-9, which are incorporated into this Agreement by reference as if set forth in full herein.

### **IX. Americans with Disabilities Act**

9.1 The parties shall comply with all applicable provisions of the American with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations und the Act, including 28 CFR Parts 35 and 36.

### **X. Authority to Contract**

10.1 TEP and the CWD represent they have the authority to enter this Agreement.

### **XI. Non-Appropriation**

11.1 Notwithstanding any other provision in this Agreement, this Agreement may be terminated if for any reason, there are not sufficient appropriated and available monies for the purpose of maintaining CWD or other public entity obligations under this Agreement. In the event of such termination, the parties shall have no further obligation to one another hereunder, other payment for services rendered prior to termination. Provided, the indemnification obligation set forth above shall survive the termination of this Agreement.

### **XII. Severability**

12.1 If any terms of this Agreement are deemed to be void and/or unenforceable by a competent court or administrative agency, such terms shall be deemed severed from this Agreement which shall otherwise remain in full force and effect.

### **XIII. Applicable Law and Venue**

13.1 This Agreement shall be governed by the laws of the State of Arizona. Jurisdiction and venue in any action arising hereunder shall be in a court of competent subject matter jurisdiction located in Pima County, Arizona.

### **XIV. Israel Boycott Divestments**

14.1 TEP shall not engage in a boycott of Israel in the course of carrying out TEP's duties pursuant to this Agreement as defined by A.R.S. § 35-393.01.

### **XV. Cancellation for Conflict of Interest**

15.1 This Agreement is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511.





IN WITNESS WHEREOF, the parties have executed this Agreement as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**PIMA COUNTY:**

\_\_\_\_\_  
Chair, Board of Supervisors

\_\_\_\_\_  
Date

\_\_\_\_\_  
Clerk Board of Supervisors

\_\_\_\_\_  
Date

**TUCSON ELECTRIC POWER:**

\_\_\_\_\_  
Vanessa Romero  
Procurement & Contract Services

\_\_\_\_\_  
Date

**APPROVED AS TO CONTENT:**



\_\_\_\_\_  
Director, Community and  
Workforce Development

7/22/22

\_\_\_\_\_  
Date

**APPROVED AS TO FORM:**



\_\_\_\_\_  
Deputy County Attorney

July 22, 2022

\_\_\_\_\_  
Date