

DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

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September 12, 2008

TO: Low Income Home Energy Assistance Program (LIHEAP) Service Providers

SUBJECT: 2008 LIHEAP Contract Amendment No. 1

Enclosed is Amendment No. 1 to the 2008 LIHEAP Contract, including updated allocation spreadsheets and budget exhibits. The amendment includes: the distribution of an additional \$1.7 million to California's 2008 FFY LIHEAP Block Grant allotment, a budget adjustment to correct an error resulting in a net decrease of \$34,836 to the combined total of California's FFY08 LIHEAP Block Grant allotment and Emergency Contingency Fund Award, increases to the LIHEAP Labor Rate and other weatherization-related reimbursable activities and line items. The effective date of this amendment is retroactive to August 1, 2008.

Contract Change Highlights

On August 18, 2008, the U.S. Department of Health and Human Services (HHS) notified LIHEAP Grantees that the Consolidated Appropriations Act, 2008, which appropriated FY2008 funds for the LIHEAP program, failed to include authorization to fund the Leveraging and REACH programs in FY 2008. In absence of the required authorization to fund these programs for FY2008, HHS opted to distribute the \$26.7 (the amount originally set aside to fund these programs) to all States using the statutory LIHEAP Block Grant fund distribution formula. California's share of this funding distribution totaled approximately \$1.7 million. The HHS decision to not fund these programs will result in the unavailability of leveraging funds for the 2009 LIHEAP PY, and a net funding reduction to California when comparing the amount of funding (approximately \$2.5 - \$2.7 million) generally received under the Leveraging Program and the amount of this recent release.

Given the unique circumstances of this funding release, the department sought the input of the Energy Council to assist the department in its decision-making for allocating and distributing the recent funding release. The EC conducted personal follow-up with all LIHEAP Service Providers (LSPs) to inform individual agencies of the unique circumstances surrounding the HHS decision to not fund the Leveraging Program for FY08, the various options for distributing funds, and to confirm individual agency preference for funding distribution. The results of EC follow-up confirmed nearly unanimous support by the network to limit the allocation of these funds to only those LSP providers who participated and submitted an application under the FFY08 Leveraging Incentive Program. Therefore, in honoring the collective-decision making process, I support the distribution of these funds to only those LSPs submitting a FFY08 Leveraging Application.

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In addition, CSD was recently informed by HHS to an error that occurred in the federal distribution formula used to determine the allocation of FFY 2008 LIHEAP Block and Emergency Contingency Awards (ECF) to all States. As a result, California's net funding allotment for FFY 2008 LIHEAP Block Grant and ECF was adjusted from \$96,114,281 to \$96,079,445, representing a net funding decrease of \$34,836, and further requiring CSD to adjust the budgets of each individual agency in the amount of the over allocation. Given the nominal amount of the over allocation and in efforts to streamline this transaction, CSD has elected to offset the amount of this over allocation from each agency's non-consideration budget.

The attached funding spreadsheets includes: a spreadsheet reflecting the distribution of the \$1.7 million in additional funding, a spreadsheet reflecting the adjustments to non-consideration program components to correct the over allocation error, and a spreadsheet reflecting the allocation of the \$1.7million across all LIHEAP program components. **Please note:** the additional \$1.7 million is limited to the same terms of use and restrictions applicable to main LIHEAP Block Grant funding; therefore, the use of these funds for weatherization is limited to twenty-five percent and CSD will allocate these funds in accordance with the funding distribution percentages included in your agency's 2008 Local Plan.

In addition to the above funding augmentation and budget adjustments, the following represent other contractual changes incorporated with this amendment:

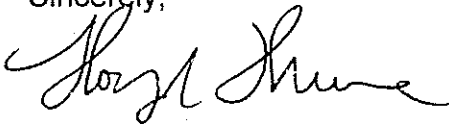
- CSD increased the labor rates statewide based on statistical data received from the Employment Development Department. Enclosed is a spreadsheet titled "2008 PY Updated Weatherization Agency Labor Rates" reflecting updated and newly established hourly labor rates by individual agency.
- Other Program Reimbursement, Travel (Main Contract Pages B14 – B15) – Reimbursement rates for the travel credit and mileage rates were increased for Single Family and Multi-Unit Dwellings. Additionally, language was added to allow contractor to claim reimbursement for lodging and per diem.
- 2008 LIHEAP EHA-16 Program Budget (Exhibit B, Attachment II) – A line item was added to budget costs associated with Water Heater Repair/Replacement.
- Measure Reimbursement (Exhibit B, Attachment IV) – Reimbursement rates were increased to respond to rising fuel and material costs as follows:
 - Single Family Dwelling (SFD) travel rate is one labor hour plus \$18.00 for each completed unit.
 - Multi-Unit Dwelling (MUD) travel rate is \$8.50 for each completed, individual, weatherized unit within the complex.
 - SFD and MUD mileage rate increased to \$.91 per mile for each mile in excess of 30 miles (one way) or 60 miles round trip.
 - Electric hot water heater increased from \$700 to \$980

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- Evaporative cooler, wall/window replacement increased from \$786 to \$900
 - Water Heater Blankets, per blanket increased from \$40 to \$55
 - Window Replacement increased the maximum average from \$825 to \$925
 - Glass Replacement increased from \$350 to \$390
 - Stove Replacement increased from \$695 to \$750
- Provisions for Federally Funded Grants (Exhibit E, E1) – Language was added to clarify that the proof of U.S. citizenship, U.S non-citizen national, or qualified alien status is limited to public agencies.
- Record-Keeping Responsibilities (Exhibit F, Main Contract Page F30) – Language was added to clarify that proof of citizenship is limited to public agencies.
- Definitions (Exhibit G) – Definition of nonprofit charitable organization was added.

Please contact your assigned Field Representative should you have an questions regarding this amendment.

Sincerely,



Lloyd Throne
Director

Attachments