



Board Summary Report

Date: October 21, 2020
To: Board of County Commissioners
Through: Don Klemme, Director, Community Resources Department
From: Steve Elliott, Manager, Weatherization Division
Subject: Weatherization Program

Direction/Information:

The purpose of this report is to seek Board of County Commissioners direction regarding Arapahoe County's intent to continue to locally administer the Weatherization Program and continue to accept weatherization grant funding from the Colorado Energy Office (CEO) for the Community Resources Department – Weatherization Division.

Request and Recommendation:

Direction was requested of the Board of County Commissioners (BOCC) at a December 10, 2018 Study Session. At that Study Session the BOCC directed that staff should provide to the CEO notice of intent to continue to administer the program for the 2019-2020 fiscal year. Due to the COVID-19 pandemic, the CEO amended contracts with each regional service provider to extend the grant performance period through the 2020-2021 fiscal year. However, given the CEO's current requirement for a notice of intent to continue to manage the program for the 2021-2022 fiscal year, it is necessary to again seek BOCC direction. Staff recommendation is to notify the CEO of Arapahoe County's intent to continue to manage the program for reasons supported by the information that follows.

Background:

Annually, the CEO notifies the managing agency for each weatherization region in the state the amount of funds available for expenditure in the region. Contracts are entered and the program continues into the subsequent fiscal year in a seamless (to the customer) transition from one year to the next. Periodically, the CEO requires competitive bidding.

However, for the 2010-2011 fiscal year, the CEO began requiring that each region provide notification of intent to continue to manage the program, regardless of the bidding schedule. The need for the notice of intent resulted from a problem caused in a previous fiscal year when the managing agencies for the Alamosa and Durango regions decided to serve some but not all of the counties of those regions. In an effort to assure that all counties of the state will be served, the CEO now requires managing agencies annually to provide a notice of intent to serve the entire region.

The Weatherization Program, administered locally by the Weatherization Division of the Community Resources Department, and the Low-income Energy Assistance Program (LEAP), administered by the Human Services Department, were created at the federal level in the mid-1970s to address the energy crisis. Both programs have been providing services to low-income citizens since then.

Weatherization program services consist of insulation measures (e.g., insulating walls, attics, basements and crawl spaces), sealing air infiltration and duct leaks, installing energy efficient furnaces, thermostats, refrigerators and lighting, small-scale rooftop solar PV, and providing energy conservation information to customers.

Historically, the majority of the customer base has been identified and referred by the LEAP programs of Adams and Arapahoe Counties. In order to receive assistance from LEAP, clients must apply for services provided by the weatherization program. By design, LEAP clients whose homes receive weatherization services will have more energy efficient homes in subsequent years, resulting in lower need for LEAP assistance. LEAP eligibility is 60% of the state median income for program year 2020-21 (which for a family of four is \$54,732 annually, or \$28,452 for a household of one). Meanwhile, the federal eligibility guidelines for the weatherization program remain at 200% of the federal poverty level (which for a family of four is \$51,500 annually, or \$24,980 for a household of one).

Additionally, there is the health and safety issue of providing weatherization services to low-income, often vulnerable, citizens who are eligible for the program and often reside in substandard housing. For the 2019-2020 fiscal year, over 44% of the homes weatherized had some type of health and safety issue identified and mitigated; with approximately 20% of those being potentially life-threatening health and safety issues such as carbon monoxide leaks, gas leaks, faulty heating systems, unsafe electrical wiring, etc.

Although as many as 18,500 homes have been weatherized since program inception, thousands remain that could benefit from the service. Specifically, recent state demographic data reveals that nearly 61,000 households in Arapahoe County and almost 53,000 households in Adams County are below the 200% federal poverty level. Excluding homes that have previously received weatherization services, it can be estimated that over 95,000 households in the Arapahoe/Adams region could be income-eligible for weatherization services. It is likely that a significant number of those homes are in need of energy efficiency upgrades.

The most recent Colorado Energy Office program evaluation found that the current energy savings of weatherization services to be an average of \$330 per residence per year. It is noteworthy that if the average in energy savings (\$330/year) is multiplied by the projected number of homes weatherized since program inception (18,450), the energy cost savings for all homes weatherized surpasses \$6 million annually.

Discussion:

Arapahoe County continues to administer one of the most efficient and cost-effective weatherization programs in the state of Colorado. For the 2019-2020 fiscal year, 209 homes in the Arapahoe/Adams region received weatherization services by Arapahoe County crews and subcontractors at an average cost of \$8,417 per home. The remainder of the weatherization agencies across the state (excluding Arapahoe County) combined to weatherize a total of 836 homes at an average cost of \$13,245 per home.

As the Arapahoe County weatherization program is recognized to be one of the best in Colorado, there is no assurance that the citizens of the county will receive the same level of service should the program be administered by another organization. This could manifest in shoddy work, a break in service to allow another organization to ramp up, lower numbers of homes served, or some combination.

As the Board of County Commissioners considers whether or not to inform the CEO of its intent to continue to administer the program, areas to consider include the quality of service provided by Arapahoe County staff, the continued employment of 16 weatherization employees, the grant-funded contributions to the Arapahoe County retirement plan, the jobs created by the program for weatherization's current subcontractors, the resultant cost to the community should the program be closed down, the close relationship with the LEAP programs of Arapahoe and Adams Counties, the cost to the county of closing down the program, and the potential for savings associated with less exposure to liability, workers compensation and other claims attributable to the weatherization program.

**Links to Align Arapahoe:
Enhance Quality of Life**

The Weatherization Division provides services that enhance the quality of life for income-eligible residents by reducing energy costs while increasing the comfort and safety of their homes.

Alternatives:

Because administration of the weatherization program is a discretionary decision by the Board of County Commissioners, there are two clear alternatives in regard to responding to the CEO request:

1. Notify the CEO that Arapahoe County intends to continue to administer the program; or
2. Notify the CEO that Arapahoe County no longer intends to administer the program.

Fiscal Impact:

The fiscal impact to the county for discontinuing the administration of the weatherization program primarily would be the unemployment costs for the layoff of 16 workers, the elimination of funding for any existing worker's compensation and unemployment claims, which may potentially be offset by the discontinuance of exposure to new worker's compensation claims, and the elimination of grant-funded contributions to the county's retirement plan. There also may be costs associated with disposing of assets and supplies.

Also discussed above is the cost to the employees and the corresponding cost to the community of eliminating 16+ jobs.

Reviewed by:

Donald A. Klemme, Director, Community Resources
Finance
County Attorney