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California Schools Healthy Air, Plumbing, and Efficiency Ventilation Program

Contingency Funds Frequently Asked Questions

September 2022



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Introduction

The Contingency Funds Frequently Asked Questions (FAQ) document provides answers to questions on the eligible uses of the 20% contingency funds, which are provided with a Heating, Ventilation, and Air-Conditioning (HVAC) Assessment and Maintenance Pathway grant award. The FAQs are organized by topic with the relevant questions and answers for each topic listed in the topic's section and are also summarized in Tables 1 and 2, below. This introduction provides an overview of the general and reporting requirements for the use of the contingency funds, which are provided in the *CalSHAPE Ventilation Program Guidelines, Second Edition*, (guidelines) found on the [CalSHAPE Program webpage](https://www.energy.ca.gov/publications/2022/california-schools-healthy-air-plumbing-and-efficiency-ventilation-program) at <https://www.energy.ca.gov/publications/2022/california-schools-healthy-air-plumbing-and-efficiency-ventilation-program>.

General Requirements

The guidelines state in Chapter 3, Section F:

- The grant award for sites meeting the requirements of the HVAC Assessment and Maintenance Pathway will include a contingency fund of an additional 20 percent of the approved amount for the HVAC assessment, general maintenance, adjustment of ventilation rates, and completion of the HVAC Assessment Report.
- The 20 percent contingency funds can only be used for HVAC system repairs, upgrades, or replacements necessary to make the HVAC system functional or more energy efficient.
- Although not required to be included in the estimate of work to be done, after the project is completed, the LEA will be required to provide documentation demonstrating how the contingency funds were spent.
- Only costs required to complete work identified in the HVAC Assessment and Verification Reports as necessary to make the HVAC system functional or more energy efficient will be deemed eligible costs for expending the 20 percent contingency funds. The contingency funds may be used to cover cost overruns but cannot be used to pay for consultant fees or any portable equipment not directly connected to the eligible HVAC systems as described in PUC Section 1622.

The use of the contingency funds must also comply with the reporting requirements, as described in Chapter 2, Section F and Chapter 4, Section C of the guidelines, to be considered an eligible use of the funds.

The reporting requirements are:

- HVAC Assessment Report - The use of the contingency funds must be noted as a deficiency in the HVAC Assessment Report.
- Final reporting - Specific information on how the use of the contingency funds made the HVAC system functional or more energy efficient must be provided with the final reporting.

The FAQs provided in this document reference the requirements in the guidelines but are for informational purposes only. The list of FAQs may be amended periodically and will be posted to the [CalSHAPE Program webpage](https://www.energy.ca.gov/programs-and-topics/programs/california-schools-healthy-air-plumbing-and-efficiency-program) (<https://www.energy.ca.gov/programs-and-topics/programs/california-schools-healthy-air-plumbing-and-efficiency-program>).

The information provided in the FAQs should not be used in place of the guidelines as program requirements or as a determination of an eligible use of the contingency funds. CEC staff will determine if the repairs, upgrades, and replacements funded by the contingency funds are eligible based on the guidelines and the specific information provided in the HVAC Assessment Report and final reporting. It is the responsibility of the LEA to understand the guidelines and the CalSHAPE Standard Grant Terms and Conditions in Exhibit D of the grant agreement (terms and conditions). Any expenditures inconsistent with either could be subject to repayment or other enforcement actions as specified in the guidelines and terms and conditions.

Table 1: Summary of FAQs on Eligible Uses of Contingency Funds

Possible Uses of Contingency Funds (Can contingency funds be used to cover...?)	Eligible Use? (Yes/No)	Link to FAQ
Topic 1: Carbon Dioxide Monitors		
Carbon dioxide monitor replacements	No	Q 1
Carbon dioxide monitors in rooms other than classrooms	No	Q 2
Carbon dioxide monitor integration and controls	Yes	Q 3
Continuous monitoring of carbon dioxide levels	No	Q 4
Topic 2: General		
Work on any HVAC system at site awarded grant	Yes	Q 1
Work at any site in grant agreement	No	Q 2
Replacement of an existing HVAC system or installation of a new HVAC system	No	Q 3
Overtime costs	No	Q 4
Project management or third-party consultant fees	No	Q 5
Topic 3: HVAC Assessment and Maintenance		
Work on HVAC systems not included in application count	Yes	Q 1
Filters in HVAC systems not included in application count	Yes	Q 2
Ultraviolet germicidal irradiation (UVGI) repair or lamp replacement	Yes	Q 3
UVGI system addition to HVAC system	Yes	Q 4
Economizer dampers and controls repair or replacement	Yes	Q 5
Demand-control ventilation maintenance, replacement, or upgrade	Yes	Q 6
Portable equipment	No	Q 7
Topic 4: Reporting		
Inputting information into CalSHAPE Online System	No	Q 2
Topic 6: Thermostats		
Installation of smart thermostats in classrooms	Yes	Q 1
Materials and programming labor to connect to a centralized control network	Yes	Q 2

Source: California Energy Commission

Table 2: Summary of FAQs on Reporting and Workforce Requirements

Question	Answer	Link to FAQ
Topic 4: Reporting		
Will the contingency fund reporting need to be manually entered into the CalSHAPE Online System?	Yes	Q 1
Will a template with the report format be provided?	No	Q 3
Topic 5: Skilled and Trained Workforce		
Does the contractor hired to perform the work funded by the contingency funds need to be the same contractor that completed the assessment and maintenance work?	No	Q 1

Source: California Energy Commission

Topic 1: Carbon Dioxide Monitors

Q 1. Can contingency funds be used to cover the purchase of replacement carbon dioxide monitors?

A. No, contingency funds cannot be used to purchase carbon dioxide monitors to replace the monitors installed with grant award funding. As described in Chapter 2, Section C of the guidelines, the program requires that all classrooms at a site are equipped with a carbon dioxide monitor and the purchase of additional replacement monitors will not make the HVAC system more functional or energy efficient.

Q 2. Can contingency funds be used to cover the purchase and installation of carbon dioxide monitors in rooms other than classrooms?

A. No, contingency funds cannot be used to purchase and install carbon dioxide monitors in rooms other than classrooms. As described in Chapter 2, Section C of the guidelines, the program requires that all classrooms at a site be equipped with a carbon dioxide monitor and does not include rooms other than classrooms.

Q 3. Can contingency funds be used to cover the cost of carbon dioxide monitor integration and controls?

A. Yes, contingency funds can be used to cover the cost of carbon dioxide monitor integration and/or controls if the integration or controls will make the HVAC system functional or more energy efficient.

Q 4. Can contingency funds be used to cover the cost of continuous monitoring of carbon dioxide levels?

A. No, contingency funds cannot be used for the continuous monitoring of carbon dioxide levels.

Topic 2: General

Q 1. Can the contingency funds be used to cover the cost of repairs, upgrades, or replacements for any HVAC system at a site?

A. Yes, contingency funds can be used for the repairs, upgrades, or replacements in any of the HVAC systems at a site that are identified as necessary in the HVAC Assessment and Verification Reports. As stated in Chapter 3, Section F of the guidelines, only costs required to complete work identified in the HVAC Assessment and Verification Reports as necessary to make the HVAC system functional or more energy efficient will be deemed eligible costs for expending the contingency funds.

Q 2. Can the contingency funds be used to cover the cost of repairs, upgrades, or replacements at any site included in the grant agreement?

A. No, the contingency funds are site-specific. Exhibit B of the grant agreement provides the amount of contingency funds that is available for use at each site. This is the maximum amount of contingency funds that can be used at each site. As stated in Chapter 2, Section J of the guidelines, the contingency funds must be spent at the site for which it was allocated and cannot be used at other sites included in the grant agreement.

Q 3. Can the contingency funds be used to cover the cost of the replacement of an existing HVAC system or installation of a new HVAC system?

A. No, contingency funds cannot be used to cover an HVAC system replacement or installation. The contingency funds can only be used for costs directly related to repairs, upgrades, and replacements that make the HVAC system more functional or energy efficient as described in Chapter 3, Section F of the guidelines. The CEC may offer additional funding for HVAC system repairs, upgrades, or replacements in a future update to the guidelines. Information on the additional funding for repair and replacements is provided in Chapter 3, Section H of the guidelines.

Q 4. Can the contingency funds be used to cover overtime costs?

A. No, contingency funds cannot be used to cover any overtime costs. The contingency funds can only be used for costs directly related to repairs, upgrades, and replacements that make the HVAC system more functional or energy efficient as described in Chapter 3, Section F of the guidelines.

Q 5. Can the contingency funds be used to cover the cost of project management or third-party consultant fees?

- A. No, contingency funds cannot be used to cover the cost of project management or third-party consultant fees. The contingency funds can only be used for costs directly related to repairs, upgrades, and replacements that make the HVAC system more functional or energy efficient as described in Chapter 3, Section F of the guidelines.

Topic 3: HVAC Assessment and Maintenance

Q 1. Can the contingency funds be used to cover the assessment and maintenance work for HVAC systems that were not included in the unit count in the application but were identified at the site after the grant was awarded?

- A. Yes, contingency funds can be used to fund the assessment and maintenance work on HVAC systems identified during the assessment that were not included in the unit count in the application if the work is identified in the HVAC Assessment and Verification Reports as necessary to make the HVAC system functional or more energy efficient. All project requirements for the HVAC Assessment and Maintenance Pathway, as described in Chapter 2 of the guidelines, must be completed for every HVAC system at a site that is awarded a grant.

Q 2. Can the contingency funds be used to cover the purchase and installation of filters for HVAC systems that were not included in the unit count in the application but were identified at the site after the grant was awarded?

- A. Yes, contingency funds can be used to purchase filters for HVAC systems identified during the assessment that were not included in the unit count in the application if the work is identified in the HVAC Assessment and Verification Reports as necessary to make the HVAC system functional or more energy efficient. As explained in the answer for Q 1 in this section, all project requirements for the HVAC Assessment and Maintenance Pathway must be completed for every HVAC system at a site that is awarded a grant and this includes the filtration requirements described in Chapter 2, Section B of the guidelines.

Q 3. Can the contingency funds be used to cover the cost of a UVGI system repair or UVGI lamp replacement during the assessment and maintenance?

- A. Yes, contingency funds can be used to cover the cost of a UVGI system repair or UVGI lamp replacement during the assessment and maintenance. The needed UVGI system repair or UVGI lamp replacement will make the HVAC system functional and is stated to be an eligible use of the contingency funds in Chapter 2, Section B of the guidelines.

Q 4. Can the contingency funds be used to cover the cost of a UVGI system addition to an HVAC system?

- A. Yes, contingency funds can be used to add a UVGI system to an HVAC system. A UVGI system will make the HVAC system functional and qualifies as an eligible use of the contingency funds.
- Q 5. Can the contingency funds be used to cover the cost of economizer dampers and controls in an HVAC system during the assessment and maintenance?
- A. Yes, contingency funds can be used to cover the cost of economizer dampers and controls repair or replacement during the assessment and maintenance. The needed repair or replacement of the economizer dampers and controls will make the HVAC system functional and is stated to be an eligible use of the contingency funds in Chapter 2, Section B of the guidelines.
- Q 6. Can the contingency funds be used to cover the cost of demand-control ventilation maintenance, replacements, or upgrades in an HVAC system during the assessment and maintenance?
- A. Yes, contingency funds can be used to cover the cost of demand-control ventilation maintenance, replacements, or upgrades during the assessment and maintenance. The needed maintenance, replacements, or upgrades of a demand-control ventilation will make the HVAC system functional and is stated to be an eligible use of the contingency funds in Chapter 2, Section B of the guidelines.
- Q 7. Can the contingency funds be used to cover the cost of portable equipment?
- A. No, contingency funds cannot be used to cover the cost of portable equipment. The contingency funds can only be used for costs directly related to repairs, upgrades, and replacements that make the HVAC system more functional or energy efficient as described in Chapter 3, Section F of the guidelines.

Topic 4: Reporting

- Q 1. Will the required reporting on the use of the contingency funds need to be manually entered into the CalSHAPE Online System?
- A. Yes, the detailed information required to be reported on the use of the contingency funds will need to be manually entered into the CalSHAPE Online System with the final reporting. The detailed information includes:
- i. Cost itemized by labor and materials.
 - ii. Identification of the deficiency noted in the HVAC Assessment Report that was resolved by the repair, upgrade, or replacement.
 - iii. Description of how the repair, upgrade, or replacement made the HVAC system functional or more energy efficient.

Q 2. Can the contingency funds be used to cover the cost of inputting documentation into the CalSHAPE Online System?

A. No, contingency funds cannot be used to cover the cost of inputting documentation into the CalSHAPE Online System. The contingency funds can only be used for costs directly related to repairs, upgrades, and replacements that make the HVAC system more functional or energy efficient as described in Chapter 3, Section F of the guidelines.

Q 3. Will the CEC provide a template with the format of the required reporting on the use of the contingency funds?

A. No, a template with the format of the required reporting will not be provided. However, CEC staff will provide detailed instructions on the process to report information on the use of the contingency funds in the CalSHAPE Online System.

Topic 5: Skilled and Trained Workforce

Q 1. Does the contractor hired to perform the work funded by the contingency funds need to be the same contractor that completed the assessment and maintenance work?

A. No, the contractor hired to perform the work funded by the contingency funds does not need to be the same contractor that completed the assessment and maintenance work. As with the work funded by the grant award, local educational agencies (LEA) will have to rely on their own existing authority and processes for hiring contractors and must comply with applicable law. The CEC does not require LEAs to use a particular procurement method.

All repair, upgrade, replacement, or other technical work funded using the contingency funds must meet the skilled and trained work force requirement as specified in Chapter 2, Section I of the guidelines. In addition, the program statutes and guidelines identify which tasks must be performed by a Qualified Adjusting Personnel, Qualified Testing Personnel, Licensed Professionals, and/or a skilled and trained work force. Each of these terms is defined in Chapter 1, Section B, Key Words/Terms of the guidelines.

Topic 6: Thermostats

Q 1. Can contingency funds be used to cover the purchase and installation of smart thermostats in classrooms?

- A. Yes, contingency funds can be used to purchase and install smart thermostats in classrooms if it will make the HVAC system functional or more energy efficient.
- Q 2. Can the contingency funds be used to cover the cost of the materials and programming labor to connect the carbon dioxide monitors or smart thermostats to a centralized control network within the LEA?
- A. Yes, contingency funds can be used to cover the cost of the materials and programming labor to connect the carbon dioxide monitors or smart thermostats to a centralized control network. A centralized control network for the carbon dioxide monitors or smart thermostats will likely make the HVAC system functional or more energy efficient.