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Stimulus near for contractors after long wait

Weatherization upgrades begin next month for Phoenix houses

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The Arizona Republic

After months of uncertainty brought on by the bureaucracy and regulations that come with the federal stimulus, work crews in Phoenix soon will expand a program to weatherize homes for the poor.

The program in Arizona is expected to keep at least 300 contractors on jobs for the next three years and improve 6,400 homes, including at least 40 a month in Phoenix, officials say. Weeks of delays have occurred because federal wage standards have yet to be set.

As much as anything in the \$787 billion stimulus, the sizable funding increase to the 33-year-old weatherization-assistance program signals a new emphasis on energy conservation and blends a desire to help low- [income](#) families with a plan to put Americans back to work.

But like other stimulus projects, it is also testing the public's patience. The stimulus was signed into law Feb. 17.

Officials have been preparing for the larger workload.

Statewide, about four times the usual number of workers have received special training to help make selected homes more energy- efficient, said Charlie Gohman, manager of the Building Science and Efficiency section of the Arizona Department of Commerce.

"The stimulus is driving this," he said.

Phoenix expects to begin work by early August, said Tim Boling, who oversees the city's weatherization efforts.

The additional federal money is a boon for the companies that will help weatherize homes, but the work will be starting near the end of summer, and summer is when relief for the poor is needed most. Typically, the work includes improvements to heating and cooling systems and windows.

The U.S. [Labor Department](#) effectively delayed the start of some work when it ruled May 29 that the Davis-Bacon Act, a Depression-era law that sets wages for some federal jobs, would apply to the weatherization program for the first time.

It is a ruling that chiefly affects up to 40 large urban areas nationwide, including Phoenix, said Jen Stutsman, a spokeswoman for the U.S. Energy Department, which heads the weatherization program.

Dolline Hatchett, a spokeswoman for the Labor Department, said in a statement that the agency is moving quickly to determine the proper wages for contractors but didn't say when that would be finished.

Stutsman said the Energy Department expects a ruling by late August. Hatchett did not say why the Labor Department waited three months after the stimulus went into effect to

rule it applied to the weatherization program.

Gohman said the delay has left some local agencies in Arizona in a "wait-and-see" mode regarding when to launch stimulus-funded projects, but Boling said the city has decided to move ahead.

"We've had some Davis-Bacon training, and we're comfortable," Boling said. "It's new territory for (the Energy Department) but not for us."

The stimulus greatly expands federal funding for weatherization aid, setting aside \$5 billion nationwide over three years for a program that usually receives \$225 million annually.

Arizona will get \$57 million over three years from the stimulus, near the middle of all states. In recent years, Arizona received about \$2 million annually from multiple federal grants. That's in addition to about \$2.5 million annually from utility companies around the state.

The Energy Department reports that weatherized homes can trim utility bills 30 percent.

The weatherization program is available only to low-income families. A family of four would have to earn less than \$45,000 to qualify.

There are similar weatherizing incentives in the stimulus for those who can afford them. Homeowners, for example, can claim up to a \$1,500 [tax credit](#) for purchases of energy-efficient items such as windows and water heaters.

While advocates for the poor welcome the surge in spending, some worry the torrent of cash could lead to cronyism or waste.

In Nevada, for example, a Reno organization that reportedly was terminated two years ago for the way it administered weatherization funds won a stimulus contract for the same type of service. One of the state's losing bidders has filed a lawsuit over the matter, claiming politics steered the contracting process.

In 2007, Pennsylvania's auditor general noted that oversight of the weatherization program was so weak that two agencies in that state each upgraded the same 30 homes, wasting nearly \$100,000.

The Government Accountability Office has warned that oversight is essential for the Energy Department, which overwhelmingly relies on contracting its work with private firms.

"All parties should recognize that the potential risk of fraud increases dramatically when large blocks of funds are quickly disbursed," the GAO wrote in a March report. "Even during periods of normal operation, misuse of funds, submission of false or fictitious data, kickbacks and bribes, and other related fraudulent activity occur with troubling frequency."

Arizona was among the earliest states to gain federal approval for weatherization plans. In early April, the state obtained \$5.7 million from the Energy Department to purchase equipment, such as infrared cameras, used to check the energy efficiency of buildings.

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