



FEMA

**Grant Programs Directorate
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TO: All State Administrative Agency Heads
All State Administrative Agency Points of Contact
All Urban Areas Security Initiative Points of Contact
All State Homeland Security Directors
All State Emergency Management Agency Directors
All Tribal Nation Points of Contact
All Public and Private Sector Port Security Partners
All Eligible Regional Transit Agencies
All Private Sector Transportation Security Partners

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SUBJECT: Maintenance Costs

Recently, the Federal Emergency Management Agency (FEMA) has examined the issue of sustainment as it relates to purchasing maintenance contracts, warranties, repair or replacement costs, upgrades, and user fees with preparedness grant funding. The purpose of this information bulletin (IB) is to provide up-to-date guidance regarding the use of grant funding for these items.

Effective immediately, the use of FEMA preparedness grant funds for maintenance contracts, warranties, repair or replacement costs, upgrades, and user fees are allowable under all active and future grant awards, unless otherwise noted. Grantees are reminded to be sensitive to supplanting issues. Maintenance contracts, warranties, repair or replacement costs, upgrades, and user fees previously purchased with State and or local funds cannot be replaced with Federal grant funding.

The intent of this IB is to provide direct support to the critical capabilities developed using FEMA preparedness grants and other Department of Homeland Security (DHS) support activities. Routine upkeep (i.e. gasoline, tire replacement, routine oil changes, monthly inspections, grounds and facility maintenance etc.) is the responsibility of the grantee and may not be funded with preparedness grant funding.

Maintenance Contracts and Warranties:

In past years, maintenance agreements and warranties were allowable costs, provided they were procured at the time of purchase, but could not exceed the period of performance of the original grant used to purchase the equipment.

To increase the useful life of the equipment, FEMA has determined that maintenance contracts and warranties may be purchased using grant funding from one fiscal year (FY) to cover equipment purchased with funding from a different fiscal year. The use of grant funding for the purchase of maintenance contracts and warranties must meet the following conditions:

- Maintenance contracts and warranties may only be purchased for equipment that has been purchased using FEMA preparedness grant funding [Homeland Security Grant Program (HSGP), Tribal Homeland Security Grant Program (THSGP), Emergency Management Performance Grant Program (EMPG), Interoperable Emergency Communications Grant Program (IECGP), Buffer Zone Protection Program (BZPP), Operation Stonegarden (OPSG), Driver's License Security Grant Program (DLSGP), Transit Security Grant Program (TSGP), Port Security Grant Program (PSGP), and Intercity Passenger Rail (Amtrak)].
- To avoid supplementing Congressional appropriations for specific programs, maintenance contracts and warranties must be purchased using funds from the same grant program used to purchase the original equipment (i.e. if equipment was purchased with HSGP grant funds, the maintenance contract or warranty must be purchased using HSGP grant funds).
- The term of the maintenance contract or warranty shall not exceed the period of performance of the grant to which the contract is being charged.
- Equipment provided to States and local jurisdictions by the Commercial Equipment Direct Assistance Program (CEDAP) is also eligible for support through maintenance contracts and warranties since CEDAP is a one-time equipment grant program and not a recurring grant. Funding from State Homeland Security Program (SHSP) or Urban Areas Security Initiative (UASI) only should be used for this purpose unless otherwise approved by the FEMA Program Analyst.
- Equipment and support provided directly to States and local jurisdictions by any DHS component is also eligible for support through maintenance contracts or warranties once funding for those programs has ended. This includes the Domestic Nuclear Detection Office's (DNDO) limited duration programs such as the Southeast Transportation Pilot (SETCP), West Coast Maritime Pilot (WCMP), and Securing the Cities (STC). Funding from SHSP or UASI only should be used for this purpose unless otherwise approved by the FEMA Program Analyst.

This IB will amend the Maintenance section within IB 293. Maintenance contracts will be an allowable cost using Port Security Grant Program funding as described above. All other portions of IB 293 will remain in effect.

Repair and Replacement Costs:

The cost of repair and replacement parts for equipment purchased using FEMA preparedness grant funding (HSGP, THSGP, EMPG, IECGP, BZPP, OPSG, DLSGP, TSGP, PSGP, and Amtrak) is now an allowable expense.

- Repair and replacement parts may only be purchased for equipment that has been purchased using FEMA preparedness grant funding from those programs listed above.
- To avoid supplementing Congressional appropriations for specific programs, repair and replacement parts must be purchased using the same grant program used to purchase the original equipment. (i.e. if original equipment was purchased with HSGP grant funds, the repair and or replacement parts must be purchased using HSGP grant funds).
- Repair and replacement parts for equipment provided to States and local jurisdictions by CEDAP are also eligible for support since CEDAP is a one-time equipment grant program and not a recurring grant. Funding from SHSP or UASI only should be used for this purpose unless otherwise approved by the FEMA Program Analyst.
- Repair and replacement parts for equipment provided directly to States and local jurisdictions by any DHS component are also eligible for support once funding for those programs has ended. This includes the DNDO's limited duration programs such as the SETCP, WCMP, and STC. Funding from SHSP or UASI only should be used for this purpose unless otherwise approved by the FEMA Program Analyst.

Upgrades:

FEMA preparedness grant funding (HSGP, THSGP, EMPG, IECGP, BZPP, OPSG, DLSGP, TSGP, PSGP, and Amtrak) may be used to upgrade previously purchased allowable equipment. For example, if the grantee purchased risk management software with HSGP funds in FY 2005 and would like to use FY 2009 grant funding to upgrade the software, this is considered allowable.

- Upgrades may only be purchased for equipment that has been purchased using FEMA preparedness grant funding from programs listed above.
- To avoid supplementing Congressional appropriations for specific programs, upgrades must be purchased using the same grant program used to purchase the original equipment. (i.e. if equipment was purchased with HSGP grant funds, the upgrades must be purchased using HSGP grant funds).
- Upgrades for equipment provided to States and local jurisdictions by CEDAP are also eligible for support since CEDAP is a one-time equipment grant program and not a recurring grant. Funding from SHSP or UASI only should be used for this purpose unless otherwise approved by the FEMA Program Analyst.
- Upgrades for equipment provided directly to States and local jurisdictions by any DHS component are also eligible for support once funding for those programs has ended. This includes the DNDO's limited duration programs such as the SETCP, WCMP, and STC

Funding from SHSP or UASI only should be used for this purpose unless otherwise approved by the FEMA Program Analyst.

User fees:

User fees are viewed as costs for specific services required to maintain and provide continued operation of equipment or systems. An example would be the recurring service fees associated with handheld radios or mobile data computers.

- User fees may only be paid for equipment that has been purchased using FEMA preparedness grant funding (HSGP, THSGP, EMPG, IECGP, BZPP, OPSG, DLSGP, TSGP, PSGP, and Amtrak).
- To avoid supplementing Congressional appropriations for specific programs, user fees must be paid for using the same grant program used to purchase the original equipment. (i.e. if equipment was purchased with HSGP grant funds, the user fees must be paid for using HSGP grant funds).
- The service time purchased shall not exceed the period of performance of the grant to which the user fee is being charged.
- User fees for equipment provided to States and local jurisdictions by CEDAP is also eligible for support since CEDAP is a one-time equipment grant program and not a recurring grant. Funding from SHSP or UASI only should be used for this purpose unless otherwise approved by the FEMA Program Analyst.
- User fees for equipment provided directly to States and local jurisdictions by any DHS component also eligible for support once funding for those programs has ended. This includes the DNDO's limited duration programs such as the SETCP, WCMP, and STC are Funding from SHSP or UASI only should be used for this purpose unless otherwise approved by the FEMA Program Analyst.

Requests for maintenance, repair, or replacement costs, upgrades, or user fees for equipment purchased with funds from FEMA preparedness grants that no longer exist [i.e. Law Enforcement Terrorism Prevention Program (LETPP)] are allowable. Sufficient documentation should be maintained to identify the original grant used to purchase the equipment. SHSP or UASI funding only should be used for this purpose unless otherwise approved by the FEMA Program Analyst.

Implementation:

Planned or actual expenditures for maintenance contracts and warranties, repair and replacement costs, upgrades and user fees must be reflected in the Initial Strategy Implementation Plan (ISIP) or Biannual Strategy Implementation Report (BSIR).

With this increased flexibility, grantees are reminded that they must comply with all the requirements in 44 CFR Part 13 and 2 CFR Part 215.

If you have additional questions please contact your FEMA Headquarters or Regional Program Analyst.