



Memo

To: State Homeland Security Program Sub-Applicants

From: Joseph E. Wainscott Jr., Executive Director

Date: 12/11/2009

Re: Maintenance Costs

The Federal Emergency Management Agency (FEMA) has recently 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.

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 must remain vigilant and sensitive to supplanting issues. If these costs were previously purchased with State and/or local funds, they cannot be replaced with Federal grant funding. 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.

To increase the useful life of the equipment purchased, FEMA has determined that maintenance contracts and warranties may be purchased using grant funding from one fiscal year to cover equipment purchased with funding from a different fiscal year. Funding may also 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. User fees are viewed as costs for specific services required to maintain and provide continued operation of equipment or systems.

All maintenance contracts, warranties, repair or replacement costs, upgrades, and user fees must meet the following conditions:

- Maintenance contracts and warranties may only be purchased for equipment that has been purchased using FEMA preparedness grant funding.
- 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 Homeland Security Grant Program (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 purchased with Commercial Equipment Direct Assistance Program (CEDAP) is also eligible for support through maintenance contracts and warranties. Funding from SHSP or

Urban Areas Security Initiative (UASI) should only be used for this purpose unless otherwise approved by FEMA.

- 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.

As a basic rule for vehicles, if the item has to be replaced per the vehicle's service manual or is otherwise expected to be replaced on a period basis due to normal wear and tear, it is considered routine upkeep and is not allowable. If an item has to be replaced because it broke, but otherwise wouldn't normally require replacement, then it is considered repair and is allowable.

The intent is to provide direct support to the critical capabilities developed using FEMA preparedness grants and other Department of Homeland (DHS) support activities. To see the entire information bulletin from FEMA regarding maintenance costs, please visit: www.in.gov/dhs.

Please direct questions to your District Emergency Management Coordinator (DEMC) or a member of the IDHS Grants Management staff.