



Date: December 14, 2009

Fact Sheet on Maintenance Contracts, Warranties, Repair or Replacement Costs, and User Fees When Using FEMA Preparedness Funds

Maintenance Contracts and Warranties: In past years, maintenance agreements and warranties could not exceed the period of performance of the original grant used to purchase the equipment. Now 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. It does not mean that a multi year agreement or warranty can be purchased to run beyond the end of the performance of the grant.

The grant funds used to extend maintenance agreements and warranties must come from the same grant program.

- The Homeland Security Grant Program (HSGP) program includes:
 - State Homeland Security Program (SHSP)
 - Citizen Corp Program (CCP)
 - Urban Area Security Initiative (UASI)
 - Metro Medical Response System (MMRS)
 - Law Enforcement Terrorism Prevention Program (LETPP) (FY04 – FY07).
- Emergency Management Performance Grant (EMPG)
- Interoperable Emergency Communications Grant Program (IECGP)
- Buffer Zone Protection Program (BZPP)
- Operation Stonegarden Grant (OPSG)
- Driver's License Security Grant Program (DLSGP)
- Transit Security Grant Program (TSGP)

- Port Security Grant Program (PSGP)
- Other programs that can use SHSP or UASI funds to purchase additional maintenance agreements and warranties are:
 - Southeastern Transportation Pilot (SETCP)
 - LETPP
 - Commercial Equipment Direct Assistance Program (CEDAP)

Repair and Replacement: The cost of repair and replacement parts or upgrades for equipment purchased using FEMA preparedness grant funding (HSGP, THSGP, EMPG, IECGP, BZPP, OPSG, DLSGP, TSGP, PSGP, and Amtrak) is now an allowable expense using the same grant program funds from the same or other fiscal years. CEDAP, SETCP, DNDO, and LETPP can use SHSP or UASI funds to purchase them.

User Fees: User fees are viewed as costs for specific services required to maintain and provide continued operation of equipment or systems. FEMA has now determined that user fees may be purchased using grant funding from one fiscal year (FY) to provide continued service on a system purchased with funds from a prior fiscal year. The same grant program funds must be used. The service time purchased cannot exceed the period of performance of the grant to which the user fee is being charged. CEDAP, SETCP, and LETPP can use SHSP or UASI funds to pay for continued user fees.

Implementation: Planned or actual expenditures must be reflects in the Biannual Strategy Implementation Report (BSIR).

With this grantees are reminded they must comply with all the requirement in 44 CFR Part 13 and 2 CFR Part 215.

Additional Resources:

<http://www.fema.gov/pdf/government/grant/bulletins/info336.pdf>

[http://thomas.loc.gov/cgi-bin/query/z?c111:S.2793:](http://thomas.loc.gov/cgi-bin/query/z?c111:S.2793)

If you have additional questions please contact your VDEM Grant Specialist @ 804-897-6500.