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SAA Information Bulletin

No. 12-001

December 5, 2011

To: All Councils of Government
All Texas State Homeland Security Grant Program Points of Contact
Urban Area Security Initiatives (UASI) Groups

From: Machel Pharr
Deputy Assistant Director

Subject: Use of State of Texas Period of Performance for Equipment Maintenance
Agreements/Contracts, Warranties and User Fees

FEMA Information Bulletin No. 336 – Maintenance Costs
(<http://www.fema.gov/pdf/government/grant/bulletins/info336.pdf>);

FEMA Information Bulletin No. 348 – Clarification of Supplanting Prohibitions in Information
(IB) #336 (<http://www.fema.gov/pdf/government/grant/bulletins/info348.pdf>)

Texas Comptroller of Public Accounts Purchase Policies and Procedures Guide, Chapter 2,
Section 2.002

This information bulletin authorizes sub-recipients to extend the coverage period on maintenance agreements, warranties, and user fees for equipment, purchased with FEMA preparedness funding, by using the State of Texas' Federal grant performance period in lieu of the sub-grantee's performance period. This will increase the useful life of equipment and sustain services required to maintain continued operation of specific equipment and systems.

Normally, a state agency may not pay for goods or services before their delivery to the agency. As itemized in the Texas Comptroller's Purchase Policies and Procedures Guide located in eXpend it (https://fmx.cpa.state.tx.us/fm/pubs/purchase/restricted/index.php?section=payments&page=adv_payments), advance payments for maintenance and warranty agreements are exceptions to this rule. The other items listed as exceptions to the pre-payment rule are not routine expenditures for Homeland Security Grant Funds; therefore, the SAA will not entertain any request for grant

funds (reimbursement or advances) by sub-recipients for prepayments, other than maintenance agreements, warranties and user fees.

Maintenance agreements, warranties, and user fees previously purchased with State and or local funds cannot be replaced with Federal grant funding. In addition, 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 the grants outlined below.

This Information Bulletin is applicable to all recipients of Homeland Security Grant Program (HSGP), Interoperable Emergency Communications Grant Program (IECGP), Buffer Zone Protection Program (BZPP), Operation Stonegarden Grant Program (OPSG), Transit Security Grant Program (TSGP) funds.

This authorization is limited to the grants identified in FEMA IB No. 336 and to the following expenditures:

- maintenance agreements/contracts or warranties – a contract purchased to increase the useful life of equipment.
- user fees - costs for specific services required to maintain and provide continued operation of equipment or systems. An example is recurring service fees associated with handheld radios or mobile data computers.

Below are the terms of this authorization:

- The maintenance agreement/contract, warranties, and user fees' coverage dates **must** be within the State's Federal grant performance period.
- The maintenance agreement/contract, warranty, or user subscription fee must increase the useful life of equipment and sustain services required to maintain continued operation of specific equipment or systems.
- All maintenance agreements/contracts, warranties, and user fee subscriptions must be in accordance with the requirements set forth in FEMA IB# 336 and 348.
- The expenditure(s) must be allowable.
- The maintenance agreement/contract **must be paid in full** and submitted for reimbursement **within** the **sub-grantees** period of performance as authorized in the most recent Grant Authorization Notice (GAN).
- Sub-recipients must provide a detailed justification in SPARS when submitting the expenditure request which clearly identifies the reason and benefits of using the State's Federal grant performance period for the specific maintenance agreement/contract, warranty, or user fee subscription. The sub-recipient must enter the justification in the "description" portion of the expenditure request and submit the request to the SAA for approval.

- *Only expenditures listed above will be considered for use of the State's Federal grant performance period.*

This Information Bulletin and the policies and procedures included become effective December 5, 2011.