

## Hurricanes Katrina and Rita FEMA-DR-1603/1607-LA Information Sheet - # 013

### Equipment and Furnishings – Repair/Replacement

Under the Public Assistance (PA) Program, damaged equipment and furnishings are eligible for repair, or if damaged beyond repair, replacement with comparable items. In some cases, it may be more cost-effective to replace an item than repair it. In addition, FEMA may approve replacement with a new item if a comparable item is not available within a reasonable time and cost. When replacement of an item is warranted, the following guidance will be used in preparing Project Worksheets (PWs).

#### Building Contents Replacement

Replacement of building contents that were damaged beyond repair will be documented on Category E Project Worksheets as follows:

- When a significant resale market does not exist for the item – the item will be replaced with a new item of similar style and quality, providing the same function and capacity as the damaged item. Typically, this will include basic school and office furniture (desks, chairs, file cabinets, bookcases, etc.), books (both library and text books), and supplies. In addition, it has been determined that damaged desk-top and laptop computers and printers will be replaced with new items of comparable capacity and function. Replacement costs can be established from the internet, local vendors or the applicant.
- When a significant resale market exists for the item – the item will be replaced with a comparable item of the same function, age and condition whenever reasonably available. Typically, this will include specialized items such as medical equipment, high-end copiers, network computer servers, unusual office equipment, etc. A search should be made through the internet or local vendors to establish a reasonable price for replacement.
- Reasonable salvage value (if any) shall be considered for any items being replaced.

Building contents do not include stationary equipment that is part of a building system, such as emergency generators, sump pumps, HVAC components, etc.

#### Vehicle Replacement

Before a damaged vehicle can be considered for replacement, a determination must be made that the damage is beyond repair and the vehicle will be disposed of for salvage value. Generally, if a

vehicle's floor level computer suffered water damage, the vehicle will be considered beyond repair. A replacement vehicle must be of similar age, size, capacity, and class. "Blue Book" values should be used to determine the baseline for the eligible cost. The applicant will need to provide the following information on every vehicle claimed: Make, Model, Style, Year, Engine, Vehicle Identification Number (VIN) and Mileage (if mileage cannot be determined, assume use at 12,000 miles per year). If the applicant wants to replace the vehicle with a new (or substantially newer) and/or upgraded model, it shall be considered an Improved Project and the PA funding will be capped at the damaged vehicle's estimated value.

"Task specific" vehicles (e.g., ambulances, police vehicles, etc.) may need items such as radios, computers, and medical devices. When this is the case, the added equipment may be new, even though the comparable vehicle on which it will be loaded is used.

Show cost calculations, including any salvage value, for each vehicle in the back-up material for the Category E PW.

#### Emergency Purchase of Vehicles Under Category B

Due to the emergency conditions in the immediate aftermath of the disasters, police departments, fire departments, and medical services of local government may have been compelled to acquire a small core number of new emergency vehicles in areas where extreme emergency conditions existed. The vehicles must have been equivalent in size and type to the Applicant's pre-disaster vehicles; the geographic location for use must have been under emergency conditions; and only the most essential vehicles were to be eligible for FEMA funding. Purchases not in compliance with these criteria will receive only partial funding or will be disallowed. When these vehicles are to become additions to the applicant's fleet inventory, these vehicles shall be documented on Category B PWs.

At the end of the designated emergency conditions, the purchased Category B vehicles should be identified as "comparable items" to damaged vehicles from the applicant's fleet and deducted from the fleet totals under Category E. Alternatively, but less preferred, would be to sell the vehicles at Fair Market Value and return the proceeds to FEMA. The parts of the fleet that were lost in the disaster are subject to the normal requirements of repair, or replacement with items comparable in make, model, mileage, etc., to the vehicles lost. Complete documentation of the vehicles being replaced in the PW is critical.

#### Research-related Materials

Several eligible applicants for PA, typically universities and hospitals, operate research programs as part of their institutional missions. For state and local government (public) applicants, all disaster damaged research materials are eligible *as defined below*. For eligible private nonprofit (PNP) applicants, only those disaster damaged research materials that directly relate to the eligible governmental type services provided (education, patient care, etc.) are eligible *as defined below*.

Step 1 **Public agencies:** Go to Step 2.

**PNPs:** Is the item *required* for provision of eligible governmental type services? If **yes**, go to Step 2. If **no**, the item is not eligible for PA funding.

Only items that are required by the applicant to provide eligible services may receive PA funding. For example, materials that are part of a university research program must serve an educational purpose that involves the direct participation of undergraduate or graduate students. Likewise, materials that are part of a hospital research program must also be directly connected to patient care at the hospital. Materials that are used exclusively for research purposes without direct ties to the eligible services of the applicant are not eligible.

**Step 2 Public agencies and PNPs:** Can the item be reasonably obtained commercially? If **yes**, go to Step 3. If **no**, the item is not eligible for PA funding.

Items must be reasonably obtainable in the commercial market. For example, many reagents used in medical research are common and readily available from multiple vendors. Similarly, many common laboratory animals can be easily obtained from commercial suppliers. However, items that are so unique that they are only available as the product of other research efforts (reagent development, animal breeding or surgery, etc.) are not eligible.

**Step 3 Public agencies and PNPs:** Is the cost of the item reasonable? If **yes**, the item is eligible for PA funding. If **no**, the item is not eligible.

The cost must be appropriate for the item based on a comparison of competitive sources. Where unique equipment must be replaced, a specialist familiar with the item should be consulted to determine the cost.

Applicants performing research functions should be encouraged to seek assistance from other funding sources, particularly those supporting the research ongoing at the time of the disaster, for help in restoring those items not eligible for PA funding.

### General Requirements

- The applicant must comply with procurement procedures that satisfy the requirements of 44 CFR 13.36.
- To determine the eligibility of replacement with new equipment, the applicant must provide documentation indicating a good faith effort was made to obtain a comparable replacement.
- Actual or anticipated insurance proceeds must be deducted from the eligible cost (the Insurance Section will make the reduction during review).
- If new equipment is not warranted in the view of FEMA, the applicant may choose to treat the replacement as an improved project. As with other improved projects, the grantee's approval must be obtained. Federal funding for such improved projects is limited to the federal share of the approved estimate of eligible costs.

- If an applicant required equipment and supplies for emergency operations that it did not possess prior to the disaster, FEMA may fund the rental or purchase. However, disposition of purchased items is governed by 44 CFR 13.32 and 44 CFR 13.33. The date on which disposition is to occur, generally at the conclusion of the emergency operation, is to be documented in the PW.
- Benefits may not be duplicated. Any other sources of funding for the replacement of equipment, furnishings or contents must be deducted from eligible FEMA funding prior to PW obligation or as soon as they are identified after obligation.

References:

Stafford Act, Section 312  
44 CFR Part 13  
44 CFR § 206.221  
44 CFR § 206.226  
PA Policy Digest (FEMA 321)  
PA Guide (FEMA 322)  
FEMA Policies 9525.8 and 9525.12.

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*Because this document is not exhaustive, either in topics or in detail, information should be verified with FEMA Public Assistance Program officials before becoming the basis for decision making.*