

share to the cost to lease the facility for 45 days based on a pro-ration of the monthly rate).

- **Contract Costs:** Costs for work performed up to the date and time of expiration. If costs cannot be distinguished by date performed, FEMA may pro-rate costs based on the percentage of work completed prior to the deadline versus the percentage of work remaining. However, Applicants should work with contractors to delineate dates associated with work.

## XIV. Donated Resources

Individuals and organizations often donate resources to assist with response activities. FEMA does not provide PA funding for donated resources. However, FEMA allows the Applicant to use the value of donated resources (non-cash contributions of property or services)<sup>189</sup> related to eligible Emergency Work to offset the non-Federal cost share of its eligible Emergency Work projects and DFA; and to use the value of donated resources related to eligible work on a Permanent Work project to offset the non-Federal cost share of that specific Permanent Work project. FEMA applies the offsets regardless of the cost share arrangements between the Recipient and its Subrecipients.

For Emergency Work specifically, if there is a time-limited 100 percent Federal cost share period (see [Chapter 6:XIII, \*Increased Federal Cost Share for a Limited Timeframe\*](#)) and the Applicant uses resources donated during this time period, it may use the value of those donated resources to offset the non-Federal cost share incurred after the 100 percent Federal cost share period expires. If the Applicant uses resources from its stock that were donated during a previous incident or timeframe, it may use the value of those donated resources to offset its non-Federal cost share if the Applicant has not claimed the resources as an offset in a previous incident.

The Applicant may apply the offset if all of the following conditions are met:

- The donated resource is from a third party. A third party includes private entities or individuals, including individuals that are normally paid employees of the Applicant or Federal, State, or Tribal Government, but are volunteering as unpaid individuals and not on behalf of the employer);
- The donated resource is necessary and reasonable;<sup>190</sup>
- The Applicant uses the resource in the performance of eligible work<sup>191</sup> and within the respective project's period of performance;<sup>192</sup> and
- The Applicant or volunteer organization tracks the resources and work performed, including description, specific locations, and hours.<sup>193</sup> The Applicant must track the donated resources for Permanent Work to the specific project for which it is associated.

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<sup>189</sup> 2 C.F.R.) § 200.96.

<sup>190</sup> 2 C.F.R. § 200.306(b)(3).

<sup>191</sup> Applicants may not use the value of standby time as a donated resource as no work is being performed.

<sup>192</sup> 2 C.F.R. § 200.309. For Emergency Work, the end of the period of performance is equal to the latest Emergency Work Project Worksheet's (PW's) period of performance.

<sup>193</sup> 2 C.F.R. §§ 200.434(d) and 306(b)(1).

FEMA considers unpaid individuals who volunteer their labor to the Applicant to be third-party even if they are officially members or employees of the Applicant organization (e.g. volunteer fire fighters at a PNP volunteer fire department performing eligible Emergency Work).

Resources donated to the Applicant by an organization that would normally provide the same resources under its mission, such as the American Red Cross, are eligible as an offset provided the organization is not federally funded. Additionally, if a mutual aid agreement provides for assistance at no cost to the Applicant, the Applicant may use the value of that assistance to offset its non-Federal cost share.

The value of a donated resource is ineligible as an offset toward the non-Federal cost share if the resource is:

- Donated by a Federal agency,
- Donated by another federally funded source,
- Funded through a Federal award,<sup>194</sup>
- Used as an offset to any other Federal award,<sup>195</sup> or
- Used for ineligible work.

Requesting donated resources from contractors during the solicitation phase of a procurement may violate Federal procurement rules as it may be considered overly burdensome or restrictive of competition.<sup>196</sup> To remain compliant, the Applicant can do the following:

- Accept unsolicited donated resources from contractors;
- Maintain a list of donors; and
- Ask contractors that are donating resources to work with other organizations.

If the Applicant accepts donated resources from contractors, it must not do any of the following:

- Solicit donations in its requests for proposals or solicitations for bids;
- Directly solicit donations or requests for proposals from contractors who are actively bidding on its contracts;
- Grant an award to a contractor which has donated resources for the specific work covered by the contract;
- Show favoritism or give the appearance of showing favoritism to a contractor who has donated resources; and
- Limit competition among contractors based on donated resources, especially for smaller contractors (including women or minority owned businesses) that might not be able to afford to donate resources.

#### **A. Offset Amounts**

FEMA applies values to donated resources as follows:

- **Volunteer Labor:** The offset is based on the same straight-time hourly labor rate, and fringe benefits, as a similarly qualified person in the Applicant's organization who normally performs similar work. FEMA does not offset volunteer labor based on

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<sup>194</sup> 2 C.F.R. § 200.306(b)(5).

<sup>195</sup> 2 C.F.R. § 200.306(b)(2).

<sup>196</sup> 2 C.F.R. § 200.319.

overtime or premium rates. If the Applicant does not have employees performing similar work, FEMA credits the non-Federal share based on a rate consistent with those ordinarily performing the work in the same labor market that the Applicant would otherwise compete for that type of work.<sup>197</sup>

- **Equipment:** The offset is based on equipment rates and must not exceed the fair rental value (if loaned) or the fair market value of equipment that is in similar age and condition at the time of donation (if donated with a transfer of title). See [Chapter 6:III, Applicant-Owned Equipment and Purchased Equipment](#) for information on equipment rates.<sup>198</sup>
- **Supplies or Materials:** The offset is based on current commercial rates; which FEMA validates based on invoices from previous purchases or information available from vendors in the area. The amount must not exceed the fair market value at the time of donation.<sup>199</sup>
- **Buildings or Land:** For buildings or land donated permanently (i.e., with a transfer of ownership), the offset is based on the fair market value at the time of donation as established by an independent appraisal and certified by the Applicant.
- **Space:** For building or land space donated for temporary use, the offset is based on the fair rental value of comparable privately-owned space in the same locality as established by an independent appraisal.<sup>200</sup>
- **Logistical Support:** Reasonable logistical support for volunteers doing eligible work, such as donations warehousing and management related to eligible work, may be eligible either for funding (if the Applicant provides the logistical support) or as a donated resource offset (if a third party provides the logistical support), subject to approval by FEMA.

For Emergency Work, the donated resource offset is applied against the combined non-Federal cost share for all the Applicant's Emergency Work PWs (Category A and B) under the declared incident. The offset may not exceed the total out-of-pocket costs and is capped at the total non-Federal cost share of these PWs. FEMA prepares the Emergency Work donated resource project as a Category B PW separate from Emergency Work PWs for the Applicant's incurred costs. FEMA does not obligate the donated resource PW until after it obligates all Emergency Work PWs for the Applicant.

For Permanent Work, the donated resource offset is applied against the non-Federal cost share of the specific Permanent Work project for which the resources were donated. The offset may not exceed the total out-of-pocket costs. The offset is capped at the non-Federal cost share of that specific Permanent Work PW. The type and amount of resources donated must directly correlate to, and may not exceed, the type and amount approved in the scope of work of the Permanent Work project (e.g., if the approved scope of work includes replacement of 10 chairs and 15 chairs are donated, the donated resource offset is limited to 10 chairs). FEMA adjusts the Permanent Work project to capture any donated resource offsets related to the PW upon receipt of the donated resource information and no later than closeout.

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<sup>197</sup> 2 C.F.R. § 200.306(e) and (f).

<sup>198</sup> 2 C.F.R. § 200.306(g), (h), and (i).

<sup>199</sup> 2 C.F.R. § 200.306(g).

<sup>200</sup> 2 C.F.R. § 200.306(i)(3).

## **B. Documentation Requirements**

The Applicant needs to submit the following to support donated resources (not an all-inclusive list):

For each individual:

- Sign-in sheet (required)
- Name (required)
- Title and function (required for professional services)
- Days and hours worked (required)
- Location of work and work performed (required)

Equipment:

- Same information listed under Chapter 6:III, Applicant-Owned Equipment and Purchased Equipment (required)
- Who donated each piece of equipment (required)

Supplies or materials:

- Quantity used (required)
- Who donated (required)
- Location(s) used (required)
- Invoices or other documentation to validate claimed value

## **XV. Project Management and Design Services**

FEMA provides PA funding for costs related to project management and design activities as part of the project. Project management includes activities performed to manage the actual project. These are activities that would be required regardless of whether the entity is receiving PA funding and differ from management costs, which are costs for activities related to the receipt and administration of PA funding.

Project management activities may include procurement actions, legal review of contracts, monitoring contractor work, construction oversight and inspections, environmental and historic preservation permitting actions, completing load tickets for debris operations. These activities are eligible provided they are tracked and directly related to a specific, eligible project.

Architectural, engineering, and design services for the approved scope of work, including hazard mitigation, are also eligible provided the services are necessary. Some projects do not need these services or require only basic services, while others require specialized engineering and design.

When evaluating the eligibility of project management and design services, FEMA considers whether redesign was necessary due to unexpected site conditions or whether the project includes improvements that are ineligible for funding (costs for management and design services associated with improvements or other ineligible work are not eligible).

## **XVI. Public Assistance Grant Management and Administration**

FEMA provides contributions for management costs that a Recipient or Subrecipient incurs in administering and managing PA awards. For Recipients, FEMA provides PA funding for management costs based on actual costs incurred up to 7 percent of the total award amount. For