



Department of Energy
Washington, DC 20585

WEATHERIZATION PROGRAM NOTICE 13-7
EFFECTIVE DATE: September 24, 2013

SUBJECT: VEHICLE AND EQUIPMENT PURCHASES

PURPOSE: To provide Grantees with guidance on purchasing vehicles and equipment for use in the Weatherization Assistance Program (WAP). This Weatherization Program Notice (WPN) supersedes Section “5.15 Vehicle and Equipment Purchases” in WPN 12-1.

SCOPE: The provisions of this guidance apply to Grantees applying for financial assistance under the Department of Energy (DOE) Weatherization Assistance Program.

LEGAL AUTHORITY: Title IV, Energy Conservation and Production Act, as amended, authorizes the Department of Energy to administer the WAP. (42 U.S.C. § 6861, *et. seq.*)

PROCEDURES: Grantees shall comply with applicable law including regulations contained in 10 CFR 600; 10 CFR 440; 2 CFR Part 225 (OMB Circular A-87), Cost Principles for State, Local, and Indian Tribal Governments; 2 CFR Part 230 (OMB Circular A-122) Cost Principles for Non-Profit Organizations; and other guidance applicable to these regulations as DOE may, from time-to-time, prescribe for the administration of financial assistance.

Equipment means tangible nonexpendable personal property including exempt property charged directly to the award having a useful life of more than one year and an acquisition cost of \$5000 or more per unit. However, consistent with recipient policy, lower limits may be established.

Amortization: As stated in 10 CFR 440.18(c)(3), for the purposes of determining the average cost per dwelling limitation, costs for the purchase of vehicles or other certain types of equipment, as defined above, may be amortized over the useful life of the vehicle or equipment. Amortizing these costs over the useful life of the vehicle or equipment provides the Grantee with a reasonable approach in determining the average cost per home, even though the full purchase price is reported in the year in which it occurs. For example, if a Subgrantee purchases a new vehicle for \$24,000 with an expected useful life for the vehicle of 8 years (96 months), the cost of that vehicle could be amortized at the rate of \$3,000 per year or at \$250 per month.

Prior approval requirements:

10 CFR 440.18(d)(6) requires that any purchase of vehicles must be referred to DOE for prior approval in every instance. In addition, Appendix B to 2 CFR 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87), Selected Items of Cost in 15. b. requires prior approval for purchase of general purpose equipment.

Steps to obtaining prior approval:

- 1) Grantees shall identify any need for vehicles and equipment (including Subgrantee needs) and provide the minimum information identified below, if known at time of application. Upon approval of the award by the DOE Contracting Officer, the prior approval requirement is satisfied without the need for subsequent approvals.
- 2) Grantees that identified a need for vehicles and/or equipment in their annual application (including Subgrantee needs) but were unable to provide the minimum information required below at that time, shall ensure the minimum information required, as identified below, is provided to the DOE Project Officer and DOE Administrator identified in the Assistance Agreement in a timely manner and as agreed upon with DOE.
- 3) Grantees that determine a need for vehicles and/or equipment after the award is approved by the DOE Contracting Officer (including Subgrantee needs), shall submit an individual request to the DOE Project Officer with a copy to the DOE Administrator identified in the Assistance Agreement and provide the minimum information required, as identified below, in a timely manner and as agreed upon with DOE.

Grantees shall review all Subgrantee requests to ensure all requirements are met before making a recommendation to DOE for approval. Upon receipt of the minimum required information for step 2 or 3 above, DOE anticipates review and follow-up if additional information is deemed necessary or approval within ten business days.

Minimum information required:

The following needs to be submitted to DOE:

- A copy of the purchase request identifying the Grantee/Subgrantee.
- Where the vehicle(s) and/or equipment will be used and how it will be used – specify full or part time use in the Weatherization Assistance Program.
- Identify what funding source(s) will be used for purchase (e.g., DOE Weatherization - Program Operations funds) and a statement of whether this is a replacement or ramping-up for program expansion. If this is a replacement, in your explanation, address the trade-in. Please indicate the amount of any non-DOE cost sharing, especially if part-time usage is proposed.

- Note that Grantee purchases of vehicles or equipment which are directly related to specific training and technical assistance activities, such as monitoring, etc. may be charged to technical and training assistance (T&TA). However, T&TA funds shall not be used to purchase vehicles or equipment for Subgrantees to perform Weatherization services. The cost of these vehicles or equipment to support the Program must be charged to the vehicle/equipment or program operations categories. Brief description of how the procurement was done, and confirmation that Agency, Grantee and Federal procurement guidelines were met:
 - 2 CFR Part 225 (former OMB Circular A-87) – Cost Principles for State, Local, and Indian Tribal Governments
 - 2 CFR Part 230 (former OMB Circular A-122) – Cost Principles for Non-Profit Organizations
 - 10 CFR Part 600 – Financial Assistance Rules
- Copies of the bid specification (vehicle/equipment description with required features) and a bid analysis indicating at a minimum, each bidder, their bid price, and a determination whether each proposal met the bid specification.
- Statement that the lowest responsive bid was selected, or provide a sufficient justification of the “best value selection” if lowest bid is not recommended for DOE approval.

As indicated in 10 CFR 600.236(b)(4), Procurement Standards, Grantee and Subgrantee procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

DOE would not need to approve a vehicle lease that does not include a "purchase option." However, if a lease-purchase option is proposed and even if the purchase price is as small as one dollar, DOE would need to approve the purchase of the vehicle. Grantees and Subgrantees may not pre-pay leases that exceed the end of the award project period.

For regulations and guidance regarding equipment, please review 10 CFR 600.134, 600.232, and WPN 13-4, Property Acquired under the Weatherization Assistance Program. For questions, please contact the appropriate DOE project officer.



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Weatherization and Intergovernmental Program