Alaska Mariculture Cluster: Equipment Use and Fee Guide for Subaward Recipients

This guide provides Alaska Mariculture Cluster (AMC) subaward recipients with guidance regarding relevant policies and procedures governing the use of equipment purchased with AMC grant funds. AMC is funded by the U.S. Economic Development Administration (EDA), an agency of the U.S. Department of Commerce, so equipment purchased under the program is subject to federal requirements found primarily in 2 CFR § 200.313 (Uniform Guidance on Equipment) as well as the Build Back Better Regional Challenge Specific Award Conditions. This guide focuses on situations where a subaward recipient wishes to allow a private, for-profit business to use AMC-funded equipment.

Scope

This guide applies to the equipment identified on each subaward recipient's EDA-approved Security Agreement. The federal equipment threshold under 2 CFR § 200.1 has changed over time, most recently rising from $5,000 to $10,000 for awards issued on or after October 1, 2024. These thresholds were not approved to apply to AMC equipment grants until May 2026. Many AMC subawards were executed under the prior $5,000 threshold, so items between $5,000 and $10,000 may still appear on an approved Security Agreement even though they would fall below the current $10,000 threshold. Subaward recipients should rely on their own EDA-approved Security Agreement to determine what qualifies as AMC-funded equipment for purposes of this guide, rather than applying the current threshold retroactively.

Lower-value items that do not meet this threshold are treated as "supplies" under 2 CFR § 200.314 and are not subject to the third-party use, fee, and priority requirements described in this guide. Subaward recipients are nonetheless encouraged to apply similar practices to supplies shared with commercial partners as a matter of good stewardship and consistency.

EDA's interest in AMC-funded equipment (as well as the third-party use, fee, priority, and program income obligations described in this guide) applies only through the equipment's estimated useful life, as determined by EDA and documented in each subaward recipient's Security Agreement.

EDA-Eligible Entities (Subaward Recipients)

Only EDA-eligible entities may purchase equipment through the AMC grant (13 C.F.R. § 300.3) specifically:

- District Organizations of an EDA-designated Economic Development District
- Tribes
- States, counties, cities, or other political subdivisions of a state
- Institutions of higher education
- Public or private nonprofit organizations or associations acting in cooperation with officials of a political subdivision of a state

For-profit businesses are **not** eligible to directly receive AMC subawards or hold title to AMC-funded equipment. However, these entities may use AMC-funded equipment under the conditions described below.

Third-Party Use of AMC-Funded Equipment

Under 2 CFR § 200.313(c), subaward recipients **are permitted** to make federally funded equipment available for use by other entities including private for-profit businesses, provided that such use does not interfere with the purpose for which the equipment was originally acquired. Subaward recipients **are required to charge a fee** (adequate consideration) when equipment is made available to a commercial user. See below.

Priority Order for Equipment Use

Top priority is the subaward recipient's own use of the equipment for the purpose authorized in its approved AMC scope of work, per 2 CFR § 200.313(c)(1). For many subaward recipients, this means the recipient's own operational use, but it can also include private sector use when such use was described in the proposal submitted to SEC and included in the recipient's authorized scope of work.

If equipment is not fully occupied by the recipient's own authorized scope of work, it be made available to other users, in the following order of priority (2 CFR § 200.313(c)(2)): 1)other programs/projects funding by EDA; 2)programs/projects funded by other federal agencies; and 3)non-federally funded programs/projects.

Adequate Consideration Fee Requirement

Specific Award Condition 26 of the AMC grant specifically requires the Recipient to "charge adequate consideration for use of the equipment purchased in whole or in part with proceeds from this Award." Further, under 2 CFR § 200.313(c)(3), a recipient or subrecipient must not use equipment acquired with federal award funds to provide services for a fee that is less than a private company would charge for similar services.

The purpose of these requirements is to protect against unfair competition with the private sector. These requirements are not intended to generate revenue for its own sake or to restrict access to AMC-funded equipment beyond what is needed to prevent that competitive harm.

Determining "Adequate Consideration" Amounts

Due to Alaska's nascent mariculture industry, in many cases there are no entities in the region providing equivalent services. In this case, subaward recipients should not construct an artificial benchmark based on a logistically unrealistic substitute. Instead, subaward recipients may determine adequate consideration using one or more of the following approaches, and should document their reasoning:

- Cost-recovery basis: base the fee on the recipient's actual direct costs of providing access (e.g., utilities, consumables, staff time, maintenance, wear and depreciation).
- Reasonably comparable rates: recipients may reference rates for functionally similar capital equipment or facility access in the same or an adjacent industry within the community or region.

Documentation: retain a brief written explanation of how the fee was determined, including why a given comparator (or the absence of one) was used. This protects both the subaward recipient and SEC at audit.

Periodic review: as the regional mariculture industry matures and private-sector options develop, fees should be revisited to ensure they are not undercutting the private sector.

Program Income

Fees collected from third-party commercial users of AMC-funded equipment constitute "program income" under 2 CFR § 200.307 and must be tracked and reported accordingly. Per Specific Award Condition 27 ("Program Income") of the AMC award, for the estimated useful life of the property, program income must be used in the following order of priority:

Priority	Category
1st	Administration, operation, maintenance, and repair of the property in a manner consistent with good property management practice.
2nd	Economic development activities that are authorized for support by EDA.
3rd	Any income in excess of the above must be deducted from total allowable project costs.

Fair Access Amoung Comparable Users

Fairness applies to both price and access. Subaward recipients should allocate access fairly, rather than granting one business exclusive or preferential use, particularly during periods of peak regional demand (for example, kelp harvesting and processing season). Reasonable approaches could include scheduling on a first-come, first-served or rotating basis, capping the amount of time any one user may reserve during peak periods, or reserving a portion of capacity for other qualified users on request. Subaward recipients are not required to serve every interested business simultaneously, and reasonable constraints like equipment capacity, maintenance windows,

the recipient's own priority use are expected. The goal is to avoid a single private user effectively capturing shared, federally funded capacity to the exclusion of similarly situated competitors.

Equipment Use Agreements

Before allowing any commercial entity to use AMC-funded equipment, the subaward recipient must execute a written Equipment Use Agreement. Each agreement should specify the equipment involved, permitted use, duration of access and scheduling terms, fee amount and payment schedule, liability and insurance, maintenance responsibilities, non-exclusive access (confirmation that the arrangement does not grant one commercial user exclusive or preferential access that unreasonably excludes other similarly situated users, particularly during periods of peak demand), and compliance with federal requirement (a statement that the arrangement is subject to EDA grant terms.

Reporting

- Subaward recipients should maintain a record of third-party use, fees charged, and income received to facilitate accurate reporting.
- Program income must be reported to SEC using the AMC Equipment and Technology Subaward Annual Report template.

Additional Equipment Management Obligations

As a reminder, all AMC equipment subaward recipients are required to do the following through the useful life of the equipment (this is not exhaustive, please refer your subaward and security agreement):

- Maintain a current inventory of all AMC-funded equipment, including location and condition.
- Ensure equipment is actively used for the purpose for which it was acquired.
- Obtain prior written approval from SEC before disposing of, selling, encumbering, or significantly repurposing any AMC-funded equipment.
- Protect equipment from loss, damage, and theft with reasonable safeguards. Notify SEC promptly if equipment is lost, damaged, or stolen.
- Submit an Annual Equipment Report to SEC using the AMC Equipment and Technology Subaward Annual Report template.

Questions?

Contact dan@seconference.org. This guide is intended as a practical summary of federal equipment use requirements as they apply to the AMC program. It does not constitute legal advice. Subaward recipients with complex situations are encouraged to consult with their own counsel and to contact SEC or EDA for written guidance specific to their award.