MEMORANDUM

Date: December 10, 2019

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: **Long Term Fiscal Impact of Federal and/or State Grants that Pay Personnel Services in Only Overtime**

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I. Introduction

During the more recent deliberations by the Board of Supervisors regarding Operation Stonegarden (OPSG) funding, the Board expressed concern over the fiscal impact of accepting large dollar value personnel service grants from OPSG[1] that only compensate law enforcement employees in the form of overtime. This concern centered around the long term fiscal implications for the County's Public Safety Personnel Retirement System (PSPRS) contributions. In fact, our PSPRS contribution has increased from $13.3 million (actual cost) in Fiscal Year (FY) 2014/15 to $21.9 million (budgeted cost) in FY 2019/20 an increase of $8.6 million or 65 percent.

There has been no real analysis of the fiscal impact of accepting these types of grants that purchase personnel services only in the form of overtime payments. There are many grants offered by the federal government or state government that allow the County to provide personnel services through regular or straight time payments. For example, the Board of Supervisors recently approved a Gang Intelligence Immigration Team Enforcement Mission (GIITEM) grant on December 3, 2019. This grant allows the County to be reimbursed 75 percent of the actual personnel cost, in this case, excluding benefits and does not reference overtime. The Board also recently approved a United States Treasury grant in association with US Border Patrol activity that paid only in overtime, but overtime incurred in a continuous operation rather than simply being called back to perform functions for the federal government and being compensated in the form of overtime payment.

We have now developed an analysis of the long-term fiscal impacts to the County in the form of PSPRS contributions for grants that only reimburse personnel services in the form of overtime. This analysis reviewed the receipt of 44 OPSG grants over the past 12 years. These grants represent a total of $16,485,719 of which $10,447,933 was for personnel overtime, mileage or travel and $6,037,786 for equipment. Our analysis concentrated on the last three years of OPSG grants.

II. Status of the Operation Stonegarden Grant for Federal Fiscal Year 2018

The conditionally-approved award for Federal Fiscal Year (FFY) 2018, which is now what we view as 2019 for our fiscal year, was for an additional $1,218,986 in overtime and mileage and $595,600 for equipment. It is this award the Board conditionally approved on May 7, 2019 and modified to reduce the overtime allocation by $200,000 for humanitarian aid and approximately $340,000 for indirect expenses associated with the OPSG grant. To date, I have not received any word from the federal government nor any federal agency regarding the status of this modified funding request. The only communication received was from the State Department of Homeland Security that indicated the federal and state agencies would deny de minimis indirect expense reimbursement.

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[1] Historically, Operation Stonegarden (OPSG) grants are awarded directly by the Federal Emergency Management Agency/U.S. Department of Homeland Security (FEMA/DHS) to the Arizona Department of Homeland Security (AZDOHS), which then passes through an OPSG subaward grant to the Pima County Sheriff's Department.

III. Analysis of Operation Stonegarden Long Term Cost Implications for the County

In August of this year, I requested the Sheriff's, Grants Management and Innovation as well as the Finance and Risk Management Departments to undertake a comprehensive analysis of the actual utilization of OPSG overtime over a period of years and to analyze the cost effectiveness of these grants from a fiscal cost/benefit perspective. In response to my August 19, 2019 request, these departments collaborated on an analysis of OPSG overtime used by Sheriff's Department employees. While I requested an analysis over a five-year period, due to changes in time reporting systems implemented across Pima County by conversion to the ADP time and record keeping system, the data is not available prior to November 2014. Staff was able to begin tracking OPSG charges as of December 2014. There are some gaps in the data between November 2017 and April 2018 due to the disapproval of the OPSG grant and Board of Supervisors action that canceled the OPSG agreement mid-cycle. Hence, the analysis covers a little more than three years.

The available data was analyzed on the basis of allowable overtime charged to OPSG by Sheriff's Department employees, specifically hours of overtime charged/worked and employee related expenses. County staff reviewed the frequency of overtime hours accrued by Sheriff's employees by job type and hours accrued by employees in proximity to retirement date. In total, the data was analyzed for 215 employees that received overtime pay associated with OPSG missions during the analysis period, which dates from December 2014 with interruption in 2017 and 2018 data.

A complete redacted list of the employees receiving OPSG funding comparing regular overtime versus OPSG overtime is attached as Attachment 1. In reviewing the data, OPSG overtime exceeds the regular total overtime for many of these individuals.

Of 215 employees that received overtime funding from OPSG, 77 percent of these employees were deputy sheriffs, 19 percent were sergeants, 4 lieutenants, two criminal investigators, one captain and two 9-11 dispatchers. Of the 215 employees, 38 have terminated their employment with the County, nine of which have entered into retirement.

The number of hours charged over the analysis period in OPSG time, job type and employee type is shown in the table below.

Job Title	Employees		Total Hours		Average OT Hours per Pay Period Worked	Associated Costs	
	#	%	#	%		#	%
Deputy Sheriff	166	77%	40,123	74%	13	$2,844,037	69%
Sergeant	40	19	13,347	25	13	$1,228,633	30
Lieutenant	4	2	425	1	11	$37,289	1
Criminal Investigator	2	1	160	0	9	$9,451	0
Captain Unclassified	1	1	100	0	17	$9,064	0
Sheriff's 911 Dispatcher	2	1	98	0	5	$3,366	0
Grand Total	**215**	**100%**	**54,253**	**100%**	**13**	**$4,131,840**	**100%**

All numbers rounded to the nearest whole number

These 215 employees worked a total of 54,253 overtime hours. Of these hours, the number of overtime hours worked by a single employee was as low as four hours and as high as 2,173 overtime hours worked by a single employee. Based on dollar value, the single employee who worked the least number of OPSG hours worked four hours and received $272 in compensation while the employee who worked the largest number of hours received $209,867 in compensation, again over the analysis period.

Nearly half of the employees who accrued overtime accrued less than 100 hours; however, the top 20 percent of employees accounted for over 63 percent of all overtime earnings or $2.8 million of the total $4.1 million in overtime charges. Hence, total overtime expenditures are weighted toward a small number of employees.

One of the issues we need to resolve is whether any of these employees represented those nearing retirement. The data suggests that, while 77 percent or 166 of all Sheriff's Department employees who utilized overtime were Sheriff's deputies and 40 sergeants, the sergeants represent eight of the top 25 employees receiving overtime accruals. The top 25 employees with the highest utilization of OPSG overtime hours have an average age of 44 years and average length of service of 18 years. This data implies almost all of the top 25 are approaching retirement eligibility. Of the 215 Sheriff employees that accrued OPSG overtime hours, nine employees have retired under the PSPRS and a number of other employees are eligible to retire within the next few years.

To attempt to contain or manage escalating PSPRS costs, the Legislature created two tiers of law enforcement employee classes; those with employees starting on or before January 1, 2012 and those employees starting after January 1, 2012. An analysis of the top 10 utilizers of OPSG overtime by average OPSG overtime per pay period, age of employee, years of service and salary plus OPSG overtime correlated with the proximity to retirement. All of these utilizers fall into the earlier Tier 1 retirement category. Of the top 10 OPSG overtime utilizers currently employed, five employees have over 20 years of service and are currently eligible for retirement, three employees are within one to five years of retirement and two employee are within six to eight years of retirement eligibility.

Of the top 10 OPSG overtime employees, the average hours per pay period was 20.38 hours with a range of 14 hours to 26 hours. For the 215 total employee groups analyzed, the average number of OPSG overtime hours per pay period was 13 hours. Twelve employees averaged more than 20 hours per pay period of OPSG overtime. One employee worked an average of 40 hours of overtime per pay period over a five-month period and is eligible for Tier 1 retirement.

Clearly, there is statistical data that supports the commonly held phrase, "employees who want to retire ask for duty in Ajo to receive Stonegarden overtime." In essence, the federal government is complicit in advancing a policy that potentially causes significantly increased long-term pension cost obligations to local governments, such as Pima County.

IV. Fiscal Impact on County-required Retirement Contributions to the Public Safety Personnel Retirement System (PSPRS)

Given the previous analysis, I asked the Finance and Risk Management Department to undertake a retirement analysis of those deputies who have retired or are eligible to retire in the near term and take a sample of the OPSG overtime utilizers in the top 20 percent to determine the long-term impact of accepting overtime OPSG payments. This analysis was conducted for seven deputies, three of which have retired; one lieutenant who has retired and two retired sergeants; four other deputies and one sergeant remain employed, but are eligible to retire in the near term. This sampling will achieve a representative sample of the long-term retirement fiscal impacts but these impacts may vary among the individuals selected. However, the general conclusions are the same. The model constructed by Finance and Risk Management worked directly on OPSG payments made to those individuals who have retired and on OPSG payments made to the individuals who are nearing retirement or are eligible to retire. The analysis shows gross wages paid in Calendar Year 2015, 2016, 2017 and 2018 and differentiated the overtime compensation between OPSG and non-OPSG wages.

A three-year period was chosen because compensation requirements for retirement are based on the average of the three highest consecutive years of compensation. In the sample selected for Calendar Year (or Tax Year) 2015 to 2018, the total OPSG overtime payments for these individuals was $431,134.72. The pension obligations based on the assumed life expectancy data from the PSPRS Actuarial Report as of June 30, 2018, places the additional retirement payments required based on only OPSG overtime activity at $2,442,086.69. Hence, it can be concluded that $1 in OPSG overtime payment creates approximately a $6 fiscal obligation of the local taxpayer to support the PSRPS for those individuals who have received the overtime benefit from OPSG. This ratio could be much worse if the average three years of OPSG was selected as the comparator. Clearly, this system is grossly unfair to not only the local taxpayer, but frankly also the federal taxpayer who pays overtime when other alternatives are available.

This analysis is shown in Attachment 2. Of the deputies who have retired, or are near retirement, OPSG alone provided approximately 13 percent of their total compensation.

V. Methods of Mitigating the Adverse Impacts to Local Taxpayers Associated with Overtime Funding for any State or Federal Grant

While I have concentrated on OPSG in this analysis, it is applicable to any federal or state grant that compensates for the employment of personnel services only in the manner of overtime payment. A much more rational compensation plan that creates a "win-win" situation for the federal and local taxpayers would be to allow OPSG agencies to purchase local law enforcement services at the discretion of the chief law enforcement official or Sherriff in the manner of overtime and/or straight time. For example, if a federal agency such as the US Border Patrol would like to purchase personnel services from the County in the amount of 10,000 mission hours, they may purchase this assistance through an agreement with the Board of Supervisors and Sheriff. Such an agreement would allow the

Sheriff to make the decision as to hiring approximately five additional, full time, law enforcement officials in this case or to pay a certain portion of this amount in overtime. Hiring new law enforcement officials to provide these functions is much more cost effective than overtime. Hence, it is likely the clear fiscally responsible decision of local officials would be to allow the purchase of these law enforcement service hours to be through the assignment of either existing personnel or through the acquisition of new personnel, not through the payment of overtime. Other mitigation options are explained below:

a) Modification of Federal Operation Stonegarden Legislation

The legislation that allowed the payment of overtime for OPSG comes from the Department of Homeland Security's Appropriation Act of 2006 that states, "funds made available under the paragraph may be used for overtime costs associated with providing enhanced law enforcement operations to support a federal agency or increase border security and border crossing enforcement." This language may have been appropriate at the time is was enacted, but now 15 years later the language is inappropriate, obsolete and costs the federal and local governments more money than necessary to provide these enhanced law enforcement operations. Clearly, this law needs to be amended and local governments should be given the flexibility necessary to minimize their costs while providing appropriate and reasonable border security support services to federal agencies.

This local law enforcement support is appropriate, primarily since federal agencies such as the US Border Patrol are unidimensional when it comes to law enforcement, meaning they have one primary mission – secure the border. While local law enforcement is required to enforce all laws – federal, state and local. Hence, it is clear the unidimensional law enforcement agency, the US Border Patrol, requires local law enforcement support to be completely effective. Hence, this is more fiscally and appropriately achieved through the purchase of local law enforcement service hours rather than the now mandated purchase of overtime.

b) Indirect Cost Reimbursement

One common method of reimbursing local governments for certain costs in providing services to the federal government such as OPSG is the provision of "indirect cost reimbursement" in federal grants. Indirect costs are those that have been incurred for common or joint purposes. For local governments, these costs include: 1) proprietary indirect costs originating in each of its departments; and 2) the costs of central services uniformly allocated to each department through the local government's central services cost allocation plan. Latter costs include, just for example: hiring, training, payroll, accounting, finance and myriad other central support services required to field a law enforcement officer. Indirect costs are applied to federal awards as a percentage or rate. Federal regulations provide detailed guidelines for how to calculate indirect rates for local governmental departments. Although Pima County has never applied for a federally approved indirect cost rate,

it has historically followed federal regulations in order to certify, locally, the indirect cost rates for each department carrying out federal awards.

Our most recent indirect cost reimbursement rate for the Pima County Sheriff's Department is calculated at 28.58 percent. The counties in Arizona were told, in a meeting of the Arizona Border Counties Coalition, that indirect costs would be allowed in the upcoming 2019 federal grants by the Arizona Department of Homeland Security. At the discussion there was no distinction between approved indirect cost federal reimbursement rates and de minimis rates through a letter from the Director of the Arizona Department of Homeland Security, we have been informed that the only indirect cost reimbursement rates would be those that have been federally approved. When the County sought to apply even de minimis (10%) rate against the OPSG grant this year, the Arizona Department of Homeland Security rejected this proposal as well. (Attachment 3)

Please note that federally approved indirect costs are generally only developed and sought when a single agency exceeds $35 million per year in revenue from a federal grant program. The County has not exceeded this amount in a number of years. Therefore, we are now required to go through the laborious and costly process in developing a federally approved indirect cost reimbursement rate for federal grants. It is likely the amount determined will be equal to or mirror the actual internal indirect cost rate we have already developed and certified for the Sheriff's Department at 28.58 percent, but we are required to jump through a large number of federal requirements with the assistance of a consultant that will likely cost between $50,000 and $100,000. I do not object to this, but it would have been helpful to know these requirements one year ago when we could have initiated the rigorous federal approval process, and, by this time, obtained a federally approved indirect rate.

Instead, the County now must procure a consultant to help us review, revise, submit, and negotiate our most recent cost allocation plan and indirect cost rate proposal with the goal of obtaining federally approved indirect cost rates for those departments receiving and implementing federal awards. This demanding and time-consuming process will likely take a minimum of four months to a maximum of twelve months. Therefore, due to the Arizona Department of Homeland Security's unreasonable demands, which the County maintains are out of compliance with federal regulations,, it is likely the County will not be able to apply for an indirect cost reimbursement for any of the Federal Fiscal Year 2018 and perhaps 2019 OPSG grants. This is a significant impediment to further OPSG grant approval and requires appropriate appeal at the Administrative and Legislative levels, if possible.

It is inconceivable that the federal government could impose these excess long-term retirement benefit costs on local governments through grants like OPSG while at the same time denying even de minimis indirect cost reimbursement. We will appeal the decisions of the Arizona Department of Homeland Security relating to the County's right to recover indirect costs and ask for their internal consultation documents with

the Federal Department of Homeland Security on this matter. The unreasonable and insupportable decisions made by the latter agencies relating to indirect costs mirror those relating to possible denial of our OPSG humanitarian aid revision request, which was based on their rules such as Federal Emergency Management Agency (FEMA) Bulletin No. 436. The outright denial of Pima County's effort to recover any indirect or even humanitarian costs relating to OPSG suggests a State and federal stance that OPSG is reserved exclusively for direct law enforcement costs—no matter what official federal bulletins or regulations state. Such is unfortunate.

c) Other Local Cost Mitigation Factors

There are other mitigation measures that could be employed locally by local law enforcement officials such as the Sheriff to significantly reduce the long-term fiscal impact of OPSG overtime. These are to assign only relatively new law enforcement officials to OPSG activities if funding remains only available through overtime. This would eliminate the traditional pension spiking that is occurring through OPSG funding, which is a significant financial detriment to local governments. In addition, the Sheriff could also limit the amount of overtime paid to individual law enforcement officers such as $5,000 as a maximum payment per year, even though in some cases, law enforcement officers have received more than $100,000 in OPSG overtime payments over the previously discussed analysis period. These measures should actively be discussed with the Pima County Sheriff before proceeding with any additional OPSG funding either in the application that is now pending for which we have heard to comment from federal officials or for any future application.

d) Eliminate Pension Spiking Facilitated by Federal Policy or Grant by Modifying State Law

Public safety pension spiking occurs when federal grants such as OPSG or other such grants provide only overtime to County law enforcement officers. Overtime grants to counties can be in some cases over $1 million in overtime. Very often, the selected law enforcement officers are senior and are approaching retirement. Since retirement payments are based on highest years of total compensation, federal grants that offer overtime only contribute to the fiscal burden of the public safety pension system on local taxpayers. The Arizona Legislature could enact laws that specifically exclude federal overtime grant revenues from being included in pension calculations.

VI. Macro Qualitative Analysis of Federal and State Grant Overtime Contributing to Excess Pension Liability

While the previous analysis has been individual specific, the reasonableness of the conclusion can be crosschecked by a macro qualitative analysis of overtime and the magnitude of federal and state grant overtime compared to the actual total budgeted overtime for the Sheriff's Department for law enforcement purposes. In the Fiscal Year 2019/20, the current year, the total revised budgeted overtime for law enforcement within

the department is $1.0 million. Just two federal grants, OPSG funded for $1.2 million in overtime and the Treasury Executive Office of Asset Forfeiture grant funded for $200,000, total nearly $1.4 million in overtime versus the actual budgeted overtime for the law enforcement agency for the entire fiscal year. This indicates these federal grant programs that pay overtime only are a significant contributor to excess pension liability in the PSPRS.

VII. Summary

Many of the proponents of funding OPSG have said the County should not "turn down" free money. Based on this analysis, there is no "free money" and acceptance of any OPSG funding, based on the current structure, is at a financial detriment to local taxpayers.

It is clear, accepting $1 of OPSG overtime costs the local taxpayers approximately $6 or more in long term pension obligations. Therefore, accepting OPSG funding requiring overtime is a losing fiscal game. There are methods that can be used to mitigate this loss; however, the federal government has also precluded much of this mitigation in their denial of de minimis indirect costs allocation funding that would help offset the long-term financial obligations.

Hence, accepting any future OPSG funding becomes a double losing proposition – we lose in long-term pension obligations and we lose because we have been denied de minimis indirect cost reimbursement.

Local sheriffs can mitigate these losses by limiting individual overtime, but finding individuals willing to significantly limit overtime may be difficult. The most urgent action is to petition the federal government to change the methodology of OPSG reimbursement from one that pays overtime only to one that allows local discretion to pay straight time and acquire new full time equivalent staff to meet the annual staffing obligations designed by the federal government for OPSG missions.

Some clarity on the confusing indirect expense allowance would also be helpful since the County receives indirect expense de minimis funding from Department of Justice grants, but not from the Department of Homeland Security OPSG grants. Such seems to be inconsistent and irrational.

Without the Sheriff clearly indicating a strategy to minimize these long term fiscal impacts, acknowledgment that the federal funding law needs to be changed to allow a more flexible application for providing local law enforcement personnel services and the allowance of indirect expenses, I cannot and will not recommend and future acceptance of OPSG funding.

Attachments

c: Jan Lesher, Chief Deputy County Administrator
Michelle Campagne, Director, Finance and Risk Management
Regina Kelly, Director, Grants Management and Innovation Department
Robert Johnson, Deputy Director, Finance and Risk Management
Amy Fish, Deputy Director, Grants Management and Innovation Department

ATTACHMENT 1

Stonegarden Overtime Analysis
Calendar Year 2015 - 2018

		Overtime		
Number	Employee Name	Non-Stonegarden	Stonegarden	Total
1	Jeffrey	$ 9,039	$ 3,381	$ 12,420
2	Colby	6,284	290	6,573
3	Gerald	12,511	55,994	68,505
4	Alejandro	3,602	271	3,873
5	James	16,378	6,651	23,029
6	Cody	3,129	891	4,019
7	Gleason	3,293	11,268	14,560
8	Christopher	5,342	21,082	26,424
9	Michael	1,993	13,900	15,893
10	Kenneth	2,403	4,300	6,704
11	Louis	24,995	6,787	31,781
12	Miguel	222	8,428	8,650
13	Nicholas	5,742	10,077	15,819
14	Geoffrey	13,277	3,168	16,445
15	Greg	44,550	2,904	47,454
16	Kevin	6,343	6,130	12,473
17	Dawn	71,999	6,385	78,384
18	Jenika	1,650	3,889	5,539
19	Levi	4,300	21,190	25,490
20	Luis	3,175	17,229	20,404
21	Ray	809	5,619	6,428
22	Brett	37,848	2,012	39,860
23	Justin	1,134	776	1,910
24	Joseph	3,085	1,463	4,548
25	Tiberius	1,266	3,226	4,491
26	Dennis	3,152	1,460	4,612
27	Javier	1,236	8,579	9,815
28	James	19,774	39,999	59,773
29	Richard Jose	1,430	10,623	12,053
30	Jeremy	14,594	149	14,743
31	Daniel	10,899	512	11,411
32	Rodney	3,575	329	3,903
33	Mario	35,866	3,160	39,026
34	Michael	6,872	26,996	33,868
35	David	2,980	70,580	73,560
36	Richard	984	13,084	14,068
37	Alicia	2,238	1,471	3,709
38	Anthony	20,967	13,356	34,324
39	Samuel	4,372	770	5,142
40	Stevan	11,225	2,994	14,219
41	Jesse	4,012	2,134	6,146
42	Kippy	4,699	41,102	45,801
43	Christopher	1,976	14,652	16,628
44	Nicky	1,529	3,780	5,309
45	Luis	21,138	1,650	22,788
46	Richard	3,156	8,476	11,632
47	Jacob	2,485	8,529	11,014
48	Jeffrey	10,851	626	11,477
49	Edward	5,914	8,751	14,665
50	Kurt	13,560	2,856	16,416
51	Nadeen	2,520	485	3,005
52	Matthew	25,220	18,368	43,589
53	Stephen	2,174	1,800	3,973
54	Jason	18,500	447	18,947

Stonegarden Overtime Analysis
Calendar Year 2015 - 2018

		Overtime		
Number	Employee Name	Non-Stonegarden	Stonegarden	Total
55	Alexander	8,324	24,785	33,109
56	Clint	30,137	9,372	39,509
57	Alberto	1,212	599	1,811
58	Stephen	15,785	1,549	17,334
59	Daniel	3,806	1,517	5,322
60	Robert	6,508	4,558	11,066
61	John	3,978	7,441	11,419
62	Andrew	354	5,761	6,115
63	Matthew	4,292	358	4,650
64	William	182	2,134	2,316
65	Oscar	4,287	7,316	11,602
66	Kathleen	6,274	8,486	14,760
67	Adrian	12,369	16,337	28,706
68	Christopher	7,169	362	7,531
69	Marcos	36,180	17,580	53,760
70	Kevin	5,239	3,756	8,995
71	Chase	15,396	40,855	56,251
72	Christian	9,320	11,129	20,449
73	Erin	15,579	9,059	24,638
74	Brad	4,334	6,943	11,277
75	Jesus	718	4,406	5,124
76	Cris	11,852	32,896	44,748
77	Augustine	8,728	20,806	29,534
78	Hans	13,089	33,422	46,511
79	Travis	301	522	823
80	Curtis	22,152	3,730	25,881
81	Cody	3,196	1,540	4,735
82	James	26,731	37,091	63,822
83	Luis	2,877	20,576	23,453
84	Dwayne	1,538	3,988	5,525
85	Alberto	17,050	3,888	20,938
86	Arturo	1,455	9,773	11,228
87	Benjamin	842	3,390	4,232
88	Ebonisha	1,828	6,638	8,467
89	Gary	3,099	259	3,358
90	Richard	1,180	440	1,620
91	William	3,249	9,431	12,679
92	Benjamin	2,228	2,525	4,754
93	Lee	18,364	3,320	21,684
94	Eric	34,065	1,616	35,681
95	Kenneth	44,579	33,573	78,153
96	Richard	38,031	6,921	44,952
97	Douglas	4,034	304	4,338
98	Benjamin	3,846	11,357	15,203
99	Brian	37,571	32,638	70,209
100	Patrick	27,412	61,729	89,141
101	Richard	3,406	1,935	5,341
102	Tiffany	5,621	408	6,029
103	Devin	9,513	7,547	17,059
104	Fabiola	1,062	776	1,838
105	Gabriel	4,361	92,287	96,648
106	Christopher	8,785	8,977	17,762
107	Alex	6,630	259	6,889
108	Benjamin	1,463	256	1,719

Stonegarden Overtime Analysis
Calendar Year 2015 - 2018

		Overtime		
Number	Employee Name	Non-Stonegarden	Stonegarden	Total
109	Michael	3,132	3,817	6,949
110	Kristopher	3,204	4,880	8,083
111	Chance	13,299	17,299	30,598
112	Sam	2,167	7,570	9,737
113	Joseph	1,933	6,351	8,284
114	Koby	2,463	512	2,975
115	Jay	20,264	369	20,633
116	Kevin	8,766	2,564	11,330
117	Brian	7,866	25,495	33,360
118	Randall	286	259	545
119	Paul	18,362	21,593	39,956
120	Silas	3,935	4,752	8,687
121	Aldo	16,137	7,247	23,384
122	Antonio	12,218	7,693	19,911
123	Pedro	403	1,209	1,612
124	Vincent	22,174	1,825	23,998
125	Scott	228	4,384	4,612
126	James	1,352	369	1,721
127	Erick	14,856	13,479	28,335
128	Raul	5,613	827	6,440
129	John	23,035	5,070	28,105
130	Gabriel	21,923	5,744	27,666
131	Michael	3,704	4,639	8,344
132	Scott	3,453	2,506	5,959
133	Sean	6,935	3,983	10,919
134	Jamie	22,811	26,151	48,962
135	Justin	3,851	1,332	5,184
136	Nathan	2,464	711	3,175
137	Mark	4,470	2,957	7,427
138	John	4,647	35,351	39,998
139	Kori	5,890	23,740	29,630
140	Jorge	12,839	935	13,774
141	Douglas	16,778	867	17,644
142	Juan	55,175	3,351	58,526
143	Rudy	515	452	967
144	Bryce	5,920	6,843	12,763
145	Jakob	2,328	38,749	41,077
146	Nicholas	2,708	19,931	22,639
147	Derek	21,236	13,239	34,475
148	Laurie	8,237	1,211	9,448
149	Jeremy	15,994	68,772	84,766
150	Maurice	3,676	44,543	48,219
151	Luis	4,156	7,148	11,304
152	Blanca	282	751	1,032
153	Moses	2,415	77,715	80,130
154	Terry	14,133	4,250	18,383
155	Victor	2,119	570	2,689
156	Justin	15,229	2,952	18,181
157	Paul	1,639	17,619	19,258
158	Nicholas	20,001	19,776	39,777
159	William	17,147	21,783	38,929
160	Joseph	2,057	2,703	4,761
161	Michael	317	1,729	2,046
162	Guy	12,289	3,309	15,598

Stonegarden Overtime Analysis
Calendar Year 2015 - 2018

		Overtime		
Number	Employee Name	Non-Stonegarden	Stonegarden	Total
163	Jeremy	23,655	25,358	49,012
164	Zachary	673	42,591	43,264
165	Jeffrey	13,524	9,983	23,507
166	Tyler	532	250	783
167	James	10,747	2,904	13,651
168	Jason	31,083	33,729	64,812
169	Christopher	18,080	1,852	19,931
170	Robert	9,141	11,292	20,433
171	Ryan	53,465	14,859	68,325
172	Aiden	2,172	263	2,434
173	Francis	5,393	22,607	28,000
174	Adrian	7,437	257	7,693
175	Carlos	20,894	55,022	75,916
176	Daniel	1,466	7,580	9,046
177	Jonathon	3,483	573	4,056
178	Josefina	7,570	570	8,139
179	Lauren	1,668	807	2,475
180	Matthew	32,297	31,499	63,795
181	Matthew	5,811	1,035	6,846
182	Brandon	973	3,006	3,979
183	Colleen	4,949	2,120	7,069
184	Jordan	9,645	3,680	13,325
185	Thomas	4,085	116,276	120,361
186	Timothy	35,341	775	36,116
187	Joe	5,136	1,100	6,235
188	Daniel	6,646	6,380	13,026
189	Peter	2,199	9,164	11,363
190	Larry	4,741	12,052	16,793
191	John	346	537	884
192	Robert	25,667	3,894	29,561
193	Jairo	1,188	2,581	3,769
194	Bronson	4,308	14,204	18,512
195	Ryan	2,235	867	3,103
196	Jason	3,453	784	4,237
197	Byron	5,062	11,444	16,506
198	Edward	2,552	259	2,811
199	Aimee	2,356	2,743	5,099
200	Jose	1,601	2,905	4,506
201	Michael	896	1,251	2,147
202	Derek	9,220	434	9,654
203	Chamonix	5,973	1,295	7,268
204	Jose	9,583	723	10,306
205	Sergio	22,926	10,181	33,108
206	Marco	42,025	25,982	68,007
207	Dionne	1,091	585	1,677
208	Jesus	4,998	641	5,640
209	Jesus	3,119	729	3,848
210	Manh	2,334	9,696	12,030
211	Michael	24,425	6,806	31,231
212	John	3,041	1,143	4,184
213	John	51,835	12,828	64,663
214	Scott	5,733	6,304	12,037
215	Jennifer	10,539	653	11,192
	Total	**$ 2,172,192**	**$ 2,305,073**	**$ 4,477,264**

ATTACHMENT 2

Stonegarden Retirement Analysis
Calendar Year 2015 - 2018

			Gross Wages Paid														
Position	Retirement Year	Years of Service	2015 Stonegarden	2015 Non-Stonegarden	2015 Total Gross Wages	2016 Stonegarden	2016 Non-Stonegarden	2016 Total Gross Wages	2017 Stonegarden	2017 Non-Stonegarden	2017 Total Gross Wages	2018 Stonegarden	2018 Non-Stonegarden	2018 Total Gross Wages	Total Stonegarden	Total Non-Stonegarden	Total Gross Wages
Deputy 1		27	$ 17,344.25	$ 78,285.81	$ 95,630.06	$ 17,986.57	$ 74,228.68	$ 92,215.25	$ 14,867.16	$ 75,586.82	$ 90,453.98	$ 6,975.67	$ 79,684.04	$ 86,659.71	$ 57,173.65	$ 307,785.35	$ 364,959.00
Deputy 2		29	18,354.58	72,818.88	91,173.46	19,559.21	69,645.27	89,204.48	4,053.29	67,284.92	71,338.21	-	69,034.83	69,034.83	41,967.08	278,783.90	320,750.98
Deputy 3		21	31,494.16	73,230.59	104,724.75	29,800.01	67,852.45	97,652.46	27,129.51	70,132.75	97,262.26	4,458.18	69,889.05	74,347.23	92,881.86	281,104.84	373,986.70
Deputy 4		23	24,628.00	71,080.68	95,708.68	28,588.40	69,130.19	97,718.59	23,672.35	68,349.09	92,021.44	1,333.63	69,243.27	70,576.90	78,222.38	277,803.23	356,025.61
Deputy 5	2018	21	7,084.00	89,157.43	96,241.43	4,377.16	78,642.06	83,019.22	6,325.56	76,239.87	82,565.43	745.56	52,753.86	53,499.42	18,532.28	296,793.22	315,325.50
Deputy 6	2019	27	2,088.50	76,443.80	78,532.30	2,694.31	77,120.13	79,814.44	-	77,185.97	77,185.97	385.90	78,537.36	78,923.26	5,168.71	309,287.26	314,455.97
Deputy 7	2019	23	3,325.19	69,198.88	72,524.07	5,447.62	65,656.81	71,104.43	2,226.19	68,807.49	71,033.68	1,115.86	71,423.21	72,539.07	12,114.86	275,086.39	287,201.25
Lieutenant 1	2018	23	-	103,989.24	103,989.24	-	104,598.80	104,598.80	4,249.79	109,138.24	113,388.03	-	33,858.38	33,858.38	4,249.79	351,584.66	355,834.45
Sergeant 1		15 Note 1	27,886.09	87,502.03	115,388.12	39,354.14	86,359.19	125,713.33	29,988.69	83,869.01	113,857.70	19,375.07	87,139.98	106,515.05	116,603.99	344,870.21	461,474.20
Sergeant 2	2018	26	835.32	88,299.70	89,135.02	2,505.96	85,653.08	88,159.04	438.60	85,213.79	85,652.39	-	86,484.72	86,484.72	3,779.88	345,651.29	349,431.17
Sergeant 3	2019	22	-	88,626.22	88,626.22	-	86,080.42	86,080.42	-	82,532.63	82,532.63	440.24	83,090.16	83,530.40	440.24	340,329.43	340,769.67
			$ 133,040.09	$ 898,633.26	$ 1,031,673.35	$ 150,313.38	$ 864,967.08	$ 1,015,280.46	$ 112,951.14	$ 864,340.58	$ 977,291.72	$ 34,830.11	$ 781,138.86	$ 815,968.97	$ 431,134.72	$ 3,409,079.78	$ 3,840,214.50

						% of Pay Received per Year after Retirement per PSPRS for Members hired prior to January 1, 2012 Note 2											
						50.0%	52.0%	54.0%	56.0%	58.0%	62.5%	65.0%	67.5%	70.0%	72.5%		
			Average of 3 Highest Consecutive Years			Years of Service											
Position	Retirement Year	Years of Service	Stonegarden	Non-Stonegarden	Total	20 Years	21 Years	22 Years	23 Years	24 Years	25 Years	26 Years	27 Years	28 Years	29 Years	Remaining Life Expectancy Note 3	Additional Retirement Amount Calculated on Stonegarden Activity
Deputy 1		27	$ 16,732.66	$ 76,033.77	$ 92,766.43								$ 11,294.55			27	304,952.73
Deputy 2		29	13,989.03	69,916.36	83,905.38										$ 10,142.04	25	253,551.11
Deputy 3		21	29,474.56	70,405.26	99,879.82		$ 15,326.77									35	536,436.99
Deputy 4		23	25,629.58	69,519.99	95,149.57				$ 14,352.57							37	531,044.97
Deputy 5	2018	21	5,928.91	81,346.45	87,275.36		$ 3,083.03									38	117,155.20
Deputy 6	2019	27	1,026.74	77,614.49	78,641.22								$ 693.05			27	18,712.28
Deputy 7	2019	23	2,929.89	68,629.17	71,559.06				$ 1,640.74							36	59,066.58
Lieutenant 1	2018	23	1,416.60	105,908.76	107,325.36				$ 793.29							34	26,972.00
Sergeant 1		15 Note 1	32,409.64	85,910.08	118,319.72	$ 16,204.82										35	567,168.70
Sergeant 2	2018	26	1,259.96	86,388.86	87,648.82							$ 818.97				33	27,026.14
Sergeant 3	2019	22	$ -	$ 85,746.42	$ 85,746.42			$ -								29	-
		Total	$ 130,797.56	$ 877,419.60	$ 1,008,217.16											Total	2,442,086.69

Ratio of Additional Retirement Amount Calculated to Total Stonegarden Gross Wages	6:1

Source: ADP

Note 1: For the purpose of this analysis, we assumed that 20 years of service will be met.
Note 2: Per the Arizona Public Safety Personnel Retirement System Actuarial Report as of June 30, 2018.
Note 3: Assumed a Life Expectancy of 84 years old per the Arizona Public Safety Personnel Retirement System Actuarial Report as of June 30, 2018.

ATTACHMENT 3

State of Arizona

Department of Homeland Security

Governor Douglas A. Ducey

Director Gilbert M. Orrantia

October 30, 2019

The Arizona Border Counties Coalition
Supported by the Pima County Office of Economic Development
130 W. Congress, 10th floor
Tucson, AZ 85701

NOV 6 12:40PM

RE: Arizona Border Counties Coalition Letter Dated October 24, 2019

Dear Arizona Border Counties Coalition,

I have received your letter regarding the recovery of indirect costs on Operation Stonegarden Grant Program funds. Since our initial meeting on April 11, 2019, the Arizona Department of Homeland Security (AZDOHS) has consulted extensively with the U.S. Department of Homeland Security (USDHS), the Arizona Governor's Office of Accounting and Finance, the Arizona Office of the Auditor General and the State of Arizona Comptroller's Office regarding the recovery of indirect costs as they pertain to federal grants.

The USDHS provided final guidance to the AZDOHS that per 2CFR200 §200.414, units of government are not eligible to recover the de minimis indirect cost rate and that the AZDOHS would be out of compliance with federal regulations if it were to offer the de minimis rate to those governmental agencies seeking to recover it. In order to remain in compliance with the federal regulations and to keep a level of consistency throughout the grant programs the AZDOHS administers, any subrecipient of AZDOHS grant funds seeking to recover indirect costs must obtain a federally approved indirect cost rate.

Please be aware that applicants are currently allowed to request indirect costs within their applications and will be able to do so in the future; however, only jurisdictions with an approved indirect cost rate may be reimbursed for the indirect costs.

I hope that the members of the coalition as well as AZDOHS subrecipients understand the benefits of seeking and obtaining a federally approved indirect cost rate. Thank you for your continued efforts and dedication as partners in the OPSG grant program.

Sincerely,

Gilbert M. Orrantia,
Director
Arizona Department of Homeland Security

GMO/tr

Cc:

1700 West Washington Street Phoenix, Arizona 85007
Office: (602) 542-7013 Fax: (602) 542-1729 www.azdohs.gov

The Honorable Douglas Ducey, Governor, State of Arizona
The Honorable Mark J. Dannels, Cochise County Sheriff
The Honorable Tony Estrada, Santa Cruz County Sheriff
The Honorable Leon N. Wilmot, Yuma County Sheriff
The Honorable Mark Napier, Pima County Sheriff
Edward Gilligan, Cochise County Administrator
Jennifer St. John, Santa Cruz County Manager
Susan K. Thorpe, Yuma County Administrator
Chuck Huckelberry, Pima County Administrator
Teresa Bravo, International Projects Coordinator, Pima County Economic Development