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# MEMORANDUM

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Date: April 6, 2020

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

From: C.H. Huckelberry  
County Administrator 

Re: **De Minimis Indirect Cost Rate Approval from the Federal Emergency Management Agency (FEMA) Regarding Operation Stonegarden Grant Funding**

Please see the attached April 1, 2020 letter addressed to Arizona Department of Homeland Security regarding the above subject.

We made our first request for Operation Stonegarden (OPSG) de minimis funding as early as January 2020 or before. The Board of Supervisors rejected Federal Fiscal Year (FFY) 2018 OPSG due to the lack of indirect expenses being allowable, the cost and previous information and data that clearly confirmed the indiscriminate and unmanaged use of OPSG grant funds had a significant impact on long-term County financial costs.

When I receive notice of the FFY 2019 OPSG grant, I will provide the details to you along with a specific recommendation regarding minimizing future long-term costs, if the Board chooses to accept any portion of the 2019 grant award.

CHH/anc

Attachment

c: The Honorable Mark Napier, Pima County Sheriff



**FEMA**

April 1, 2020

Mr. Gilbert M. Orrantia  
Director  
Arizona Department of Homeland Security  
1700 West Washington Street  
Phoenix, AZ 85007

Dear Mr. Orrantia:

The Federal Emergency Management Agency (FEMA), Grant Programs Directorate (GPD) has reviewed the Arizona Department of Homeland Security (AZDOHS) request on behalf of the Pima County Sheriff's Department to utilize the de minimis indirect cost rate when executing its FY 2019 Operation Stonegarden award. As written, the regulations do not allow State and local governments to take the de minimis rate, though 2 C.F.R. § 200.102(b) provides the Federal Awarding Agency (in this case, FEMA) or Cognizant Agency for Indirect Costs the authority to authorize the use of the de minimis rate by a non-Federal entity on a case-by-case basis. After reviewing Pima County Sheriff's Department request, FEMA is permitting AZDOHS (the pass-through entity) to allow Pima County Sheriff's Department (the subrecipient) to use the de minimis cost rate provided for in 2 C.F.R. § 200.414 when executing Pima County FY 2019 Operation Stonegarden operations orders. This approval is based on the following conditions, as stated in the letter dated January 10, 2020 requesting the de minimis rate:

1. Pima County has never had a negotiated indirect cost rate;
2. Pima County is a local government;
3. Pima County received less than \$35 million in direct Federal funding in the past fiscal year;
4. The de minimis indirect cost rate will be applied to the modified total direct costs (MTDC) (defined at 2 C.F.R. § 200.68) incurred while implementing the FY 2019 OPSG subaward and the MTDC will exclude equipment, capital expenditures, and the portion of each subaward in excess of \$25,000;
5. Pima County's project costs will be consistently charged as indirect or direct costs;
6. Pima County presently does utilize a de minimis indirect cost rate with other Federal awards;
7. Pima County will charge only the following as indirect costs: direct salaries and wages, applicable fringe benefits, materials and supplies, services and travel; and
8. The de minimis rate will be requested as part of its FY 2019 OPSG award.

The Pima County Sheriff's Office is reminded that costs charged pursuant to the de minimis rate are only for indirect costs. Humanitarian aid costs are direct costs and may not be charged as indirect costs. Please contact your Program Analyst, Dale P. Finney, at [dale.finney@fema.dhs.gov](mailto:dale.finney@fema.dhs.gov) if you have any questions.

Sincerely,



Bridget Bean  
Assistant Administrator  
Grant Programs Directorate

CC: Chris Logan, Deputy Assistant Administrator, Grant Programs Directorate  
Robert Fenton, Regional Administrator, Region IX  
Stacey Street, Director, Office of Grant Administration  
Kerry L. Thomas, Director, Preparedness Grants Division  
Paulene Graham-Melvin, Grants Division Director, Region IX  
Dale P. Finney, Preparedness Officer, Preparedness Grants Division