



MEMORANDUM

Date: January 6, 2020

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

From: C.H. Huckelberry
County Administrator 

Re: **Operation Stonegarden Indirect Expense, On-again Off-again**

I am providing the Board a copy of an email from the Arizona Department of Homeland Security (AZDOHS) that both the Sheriff and I received today. This communication indicates there has been a reconsideration with regard to indirect expense reimbursement for Operation Stonegarden (OPSG) Grant awards and these exemptions will be granted on a case-by-case basis.

The request is that a de minimis indirect cost rate be submitted and signed by the Sheriff, in response to the eight questions listed in the email. I have directed our Grants Management and Innovation Department to begin assembling the answers to the eight questions that I will provide to the Sheriff.

As the Board recalls, during the Arizona Border Counties Coalition (ABCC) meeting, we were assured indirect cost would be provided for this grant and were then subsequently advised in writing by the AZDOHS, no indirect cost would be approved unless there was an approved federal cost allocation plan for same. Almost all counties do not have such, since indirect expense reimbursement has not been required in the past. To solve this problem we were relying on a de minimis direct expense allocation. In their earlier communication, the AZDOHS indicated that indirect expense reimbursement, as a de minimis amount would also not be allowed. This latest email indicates that there may be a reversal of this policy and the granting of indirect expenses at a de minimis rate on a case-by-case basis.

We will continue to monitor this issue, but clearly, a full indirect cost allocation expense should be approved, similar to what the County uses on a regular basis as indirect costs which amounts to 28.58 percent of personnel costs. A de minimis rate would reimburse the County at 10 percent. Obviously, that is better than nothing, but we need a quicker and shorter path to obtain and negotiate an indirect cost expense ratio for this and all future federal grants.

Attachment

c: The Honorable Mark Napier, Pima County Sheriff
Jan Leshar, Chief Deputy County Administrator
Regina Kelly, Director, Grants Management and Innovation
Amy Fish, Deputy Director, Grants Management and Innovation

Chuck Huckelberry

From: Susan Dzbanko <sdzbanko@azdohs.gov>
Sent: Monday, January 6, 2020 10:33 AM
To: Mark D. Napier; Chuck Huckelberry
Cc: Gilbert Orrantia; John Stuckey; James Murphy; Terry Riordan
Subject: Indirect Cost Clarification-Pima County-Action Requested

This message and sender come from outside Pima County. If you did not expect this message, proceed with caution. Verify the sender's identity before performing any action, such as clicking on a link or opening an attachment.

Good morning Sheriff Napier and Administrator Huckelberry,

As you know, we have been in contact with the Federal Emergency Management Agency (FEMA) Grants Program Directorate (GPD) staff regarding clarification on indirect costs. Our department has been informed that FEMA Assistant Administrator Bridget Bean is exercising her authority via C.F.R 200.102(b) to consider case-by-case exceptions to 2 C.F.R 200 requirements. FEMA staff has communicated to us that she will entertain a request to allow Pima County the de minimis indirect cost rate for their Operation Stonegarden Grant Program (OPSG) awards.

The request for the de minimis indirect cost rate must be submitted on the Sheriff's Department letterhead, signed by you (Sheriff Napier) and include a response to each of the items listed below. The letter should be addressed to Bridget Bean (see address below) but sent directly to me as we have been directed to provide a cover letter along with the submission to FEMA.

Bridget Bean, Assistant Administrator
Grant Programs Directorate
Federal Emergency Management Agency
400 C Street SW, 3 North
Washington, DC 20472-3645

Assistant Administrator Bean and her staff will review the request and provide a response.

1. Whether Pima County has ever had a negotiated indirect cost rate;
2. Whether Pima County is a state or local government;
3. Whether Pima County has received less than \$35 million in direct federal funding in a fiscal year from all Federal agencies
4. Whether the *de minimis* indirect cost rate would be applied to the modified total direct costs (MTDC) (defined at 2 C.F.R. § 200.68) and whether the MTDC would exclude equipment, capital expenditures, and the portion of each subaward in excess of \$25,000;
5. Whether Pima County's project costs would be consistently charged as indirect or direct costs;

6. Whether Pima County presently utilizes a *de minimis* indirect cost rate with other Federal awards; if so, which federal agencies and which grants;
7. Pima County must describe what types of costs it would charge as indirect costs;
8. Whether the *de minimis* rate is being requested as part of a grant application or under an existing award.

In order to expedite this process, please provide the written response no later than January 13, 2020. Please contact me should you have any questions.

Thank you,

Susan

Susan Dzbanko

Assistant Director - Planning and Preparedness

Arizona Department of Homeland Security

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