



MEMORANDUM

Date: December 26, 2019

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

From: C.H. Huckelberry
County Administrator 

Re: **Status of Operation Stonegarden Humanitarian Aid Request by the Board of Supervisors**

It is now late December and we have not received notice of the modified Operation Stonegarden (OPSG) grant request that included \$200,000 for humanitarian aid. Since the Board of Supervisors, through County management, corresponded and communicated directly with the Arizona Department of Homeland Security (AZDOHS) regarding the modified OPSG grant, it was assumed we would be notified of a decision on the grant request. We have received no information on our request. We have heard indirectly from the Sheriff that he received a copy of a letter denying our request for humanitarian aid on November 14, 2019. I have annotated the letter and believe the conclusions to deny the request are seriously flawed (Attachment 1). Unfortunately, no matter how wrong their reasoning is regarding the denial of humanitarian aid, it would appear to be their prerogative to do so unilaterally without appeal.

Below are listed facts that make their conclusion to deny the modified OPSG grant incorrect:

1. A June 25 letter, something we have never seen.
2. The Integrative Planning Team had to approve the requested reallocation and held a meeting on July 30, 2019 to do so. The reallocation was approved by the Integrated Planning Team.
3. The origin of this reallocation request came from the asylum seeker surge that occurred in April and May 2019. The surge overwhelmed all Non-governmental organization (NGO) assets and resources and required both the City and the County to standup temporary shelters to accommodate the flow of asylum seekers being transported and released by US Border Patrol and Immigration and Customs Enforcement (ICE), to NGOs. Had the City and County not stood up these temporary shelters, the Border Patrol and ICE would have been left to house and transport these individuals; hence degrading their ability to provide "border security operations." That alone seems to be an appropriate border security risk for mitigation.
4. They seem to be concerned over the Pima County Board of Supervisors cancellation of 2017 OPSG grant that came after a great deal of public debate. These funds were

not lost to border security; they were simply reallocated by the agency to other local agencies in Arizona. As I recall, the biggest benefactor from this reallocation was the State of Arizona.

5. Given the publicity, most of it adverse, that has surrounded the US Border Patrol over their housing and processing of asylum seekers, it is hard to understand how allocating less than 1.2 percent of the State's Federal Fiscal Year 2018 OPSG \$16.7 million allocation in humanitarian aid to Pima County contravenes border security operations. It is less than one percent.
6. Regarding the statement that the County will pay for an aircraft mounted FLIR as made by the Sheriff, the Sheriff has no approved budget authority to do so.
7. Because humanitarian aid was a condition of grant acceptance by the County, the "law enforcement operations" referenced "during this critical time" have not been available since May 7, 2019 when they could have been immediately available by the simple approval of the request to provide minimal humanitarian aid.

On December 10, 2019, after learning of the November 14, 2019 letter from federal officials denying our request for humanitarian aid, I wrote to AZDOHS Director Gilbert Orrantia requesting guidance on any appeal opportunities to their decision. (Attachment 2) I have yet to receive a response to this request.

It is clear, communication from Federal Department of Homeland Security, Customs and Border Protection regarding OPSG funding is poor and essentially nonexistent for local entities, perhaps other than the Sheriff.

While the letter to the Sheriff denied the humanitarian aid request, our indirect expense reimbursement has also been denied by AZDOHS though an October 30, 2019 letter to the Arizona Border Counties Coalition (ABCC) of which I responded to on November 8 (Attachment 3). The letter is curious since the ABCC were assured of indirect expense reimbursement at an earlier meeting attended by the Director of AZDOHS.

An area we also believe the Arizona Department of Homeland Security is incorrect relates to our *de minimis* indirect expense reimbursement. We receive this reimbursement for other federal grants, in fact, from the Department of Justice and others. We see no reason why it is being denied by the Department of Homeland Security. Such denial is contrary to United States Code, Title 6, U.S.C. § 609(b), the limitations on use of funds does not include indirect costs. Announcements for this funding specifically acknowledge that indirect is an allowable expense. Failure to allow indirect expenses is thus contrary to the United States Code that makes this funding available. Additionally, it is contrary to the Code of Federal Regulations (2 C.F.R § 200.331(a)(4)) which requires that AZDOHS as a pass-through entity to accept the subrecipient's *de minimis* indirect cost rate.

The Honorable Chairman and Members, Pima County Board of Supervisors
Re: **Status of Operation Stonegarden Humanitarian Aid Request by the Board of Supervisors**
December 26, 2019
Page 3

We will continue to pursue an indirect de minimis expense reimbursement at approximately 10 percent of the total grant award related to personnel services while at the same time, developing the data and information to receive federal approval of an actual indirect cost reimbursement rate, which should be in the range of 24 percent to 28 percent.

CHH/anc

Attachments

- c: The Honorable Mark Napier, Pima County Sheriff
Jan Leshner, Chief Deputy County Administrator
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer,
Health and Community Services

ATTACHMENT 1

November 14, 2019

Susan Dzbanko
Assistant Director of Planning and Preparedness
Arizona Department of Homeland Security
1700 West Washington Street
Suite 210
Phoenix, AZ 85007

Ms. Dzbanko:

We are writing as follow-up to our June 13th conference call and June 25th letter that summarized the call and provided guidance on the process for Pima County to follow for a reallocation of a portion of its FY 2018 Operation Stonegarden (OPSG) funding for humanitarian aid.

Based on the Department of Homeland Security, U.S. Customs and Border Protection (CBP), United States Border Patrol's (USBP) operational review of the following OPSG reallocation request: OPSG FRAGO AZ Pima FY18 18-TCATCA-09-007 V1, USBP has determined that there is no border security operational benefit derived from this reallocation request.

The Federal Emergency Management Agency's (FEMA) OPSG administrative review of the USBP operational determination is within the guidelines and special conditions associated with OPSG, and CBP and FEMA collaborated to gain a full understanding of operational aspects of this issue and all parties' concerns relating to the border security mission. We greatly appreciate your patience as we worked through this issue.

USBP has found insufficient basis for the reallocation of operational funds in the previously approved Campaign Plan: (OPSG OO AZ Pima FY18 18-TCATCA-09-007 V0). This Campaign Plan¹ was developed based upon a risk analysis conducted by the USBP. The risks identified during this analysis and in the corresponding Integrated Planning Team (IPT) meeting are still present. Pima County's reallocation request to move operational funding to humanitarian aid does not establish an appropriate and prevalent border security risk for mitigation. While reviewing this reallocation request, USBP's operational review weighed the previous voluntary return of over \$1.2 million in FY17 operational funds by Pima County, which resulted in the loss of over 11,000 Operation Stonegarden-funded overtime hours. A determination to convert additional FY18 OPSG operational funding for humanitarian relief contravenes border security operations as a USBP priority.

The operational intent, terms and conditions, the risk and threats, and the identified border security requirements of the approved Campaign Plan¹ have not changed. Reallocation of the identified funds from approved operational overtime and equipment to the administrative costs associated with humanitarian relief is not consistent with the use of OPSG funds to mitigate existing border security gaps and vulnerabilities. Pima County demonstrates the ongoing necessity for prioritizing this

¹ OPSG OO AZ Pima FY18 18-TCATCA-09-007 V0.

6
equipment/operational capability by its stated intent to procure the aircraft mounted FLIR per its stated structuring within the FRAGO²: "The \$123,179 will be used to purchase the same originally approved Aircraft Mounted FLIR, and PCSD will pay for the remaining balance from non-OPSG funding" (\$378,821 from Pima County budget funds).

7
FEMA Information Bulletin (IB) No. 436, issued November 27, 2018, expanded the allowability of humanitarian relief for unaccompanied minors and families with minors under OPSG. According to IB No. 436, such proposed reallocations must be coordinated with the applicable USBP sector and approved by USBP and FEMA. CBP has determined that, in this case, it is not operationally prudent to make changes to the previously agreed upon budget amounts under Pima County's OPSG subaward to redirect funding from law enforcement operations toward humanitarian relief because reducing the available operational funding during this critical time will be detrimental to the security efforts along the southwest border.

As a reminder, there are other potential sources of DHS grant funds that can support humanitarian needs, including the State Homeland Security Program (SHSP) and the supplemental Emergency Food and Shelter National Board Program (EFSP).

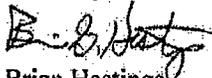
Determination:

No change in relevant risk/threat has been provided to support reprioritization as delineated in this reallocation request as a border security requirement. USBP has determined there is no border security operational benefit derived from this reallocation request. Pima County's reallocation request (OPSG FRAGO AZ Pima FY18 18-TCATCA-09-007 V1) is therefore operationally disapproved.

Staff may direct questions regarding this decision to:

CBP USBP OPSG Assistant Chief Maurice T. Gill at Maurice.gill@dhs.gov
FEMA GPD Branch Chief Alexander R. Mrazik Jr. at Alexander.MrazikJr@fema.dhs.gov

Sincerely,



Brian Hastings
Chief of Law Enforcement Operations
US Border Patrol Headquarters



Bridget Bean
Assistant Administrator
Grant Programs Directorate
Federal Emergency Management Agency

Cc: DISTRIBUTION: US Customs and Border Protection
DISTRIBUTION: Federal Emergency Management Agency
DHS Office for State and Local Law Enforcement

² OPSG FRAGO AZ Pima FY18 18-TCATCA-09-007 V1

ATTACHMENT 2



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, FLOOR 10, TUCSON, AZ 85701-1317
(520) 724-8661 FAX (520) 724-8171

C.H. HUCKELBERRY
County Administrator

December 10, 2019

Gilbert Orrantia, Director
State of Arizona, Department of Homeland Security
1700 W. Washington Street, Suite 210
Phoenix, Arizona 85007

Re: **My Letters to Congressional Delegation dated November 13, 2019 Regarding Information on Pending Operation Stonegarden Grant and Humanitarian Aid Request**

Dear Mr. Orrantia:

I met with Sheriff Napier late Thursday, December 5, 2019 and he indicated there had been a determination and received a copy of a letter related to this matter. I have asked that he forward the letter to me on this subject. I was surprised to learn it was dated November 14, 2019 a day after my November 13, 2019 letter to our congressional delegation on which you were copied.

As you know, the Board of Supervisors must accept any Operation Stonegarden (OPSG) grant. Given our interest in this matter, I had hoped we would have been notified of any determination or outcome in our request for OPSG grant modification. In addition, I now also request a copy of any other correspondence as referenced in the November 14 letter that may have come from the Department of Homeland Security regarding their determination on this matter and in particular, the request for both humanitarian aid and indirect expense reimbursement. (They reference a letter dated June 25th)

I was puzzled by one of their conclusions that "Pima County's reallocation request to move operational funding to humanitarian aid does not establish an appropriate and prevalent border security risk for mitigation". Apparently they are not aware that nongovernmental organization (NGO's) were overwhelmed during the asylum seeker surge in April and May of 2019. They were so overwhelmed that both the City and County stand up temporary shelters to assist the NGO's as well as the Border Patrol.

Gilbert Orrantia, Director

Re: **My Letters to Congressional Delegation dated November 13, 2019 Regarding Information on Pending Operation Stonegarden Grant and Humanitarian Aid Request**

December 10, 2019

Page 2

Had the shelter not been set up the Border Patrol would have had to deal with the community ill-will from releasing several thousand asylum seekers to the streets of Tucson.

Most importantly however, the Border Patrol would have been required to divert their resources to house and transport these asylum seekers thereby detracting from their border security functions. That alone would seem to be an "appropriate and prevalent border security risk for mitigation."

Needless to say I disagree with their conclusion and would like some guidance on how to appeal this decision. Is there any process or avenue for an appeal?

I would appreciate your assistance in this matter and I am providing you with a copy of one of the letters you were copied on November 13, 2019 regarding this subject.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/lab

Enclosure

c: The Honorable Mark Napier, Pima County Sheriff
Roy D. Villareal Chief Patrol Agent – Tucson Sector, US Customs and Border Protection

November 14, 2019

Susan Dzbanko
Assistant Director of Planning and Preparedness
Arizona Department of Homeland Security
1700 West Washington Street
Suite 210
Phoenix, AZ 85007

Ms. Dzbanko:

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The operational intent, terms and conditions, the risk and threats, and the identified border security requirements of the approved Campaign Plan¹ have not changed. Reallocation of the identified funds from approved operational overtime and equipment to the administrative costs associated with humanitarian relief is not consistent with the use of OPSG funds to mitigate existing border security gaps and vulnerabilities. Pima County demonstrates the ongoing necessity for prioritizing this

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As a reminder, there are other potential sources of DHS grant funds that can support humanitarian needs, including the State Homeland Security Program (SHSP) and the supplemental Emergency Food and Shelter National Board Program (EFSP).

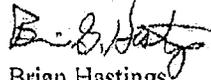
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Staff may direct questions regarding this decision to:

CBP USBP OPSG Assistant Chief Maurice T. Gill at Maurice.gill@dhs.gov
FEMA GPD Branch Chief Alexander R. Mrazik Jr. at Alexander.MrazikJr@fema.dhs.gov

Sincerely,



Brian Hastings
Chief of Law Enforcement Operations
US Border Patrol Headquarters



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Assistant Administrator
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² OPSG FRAGO AZ Pima FY18 18-TCATCA-09-007 V1



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C.H. HUCKELBERRY
County Administrator

November 13, 2019

The Honorable Martha McSally
United States Senator
B40D Dirksen Senate Office Building
50 Constitution Ave NE
Washington, DC 20510

Re: **Assistance in Obtaining Information and Funding our Pima County Operation
Stonegarden Humanitarian Aid Request**

Dear Senator McSally:

On May 7, 2019, Pima County requested humanitarian aid funding from US Department of Homeland Security (DHS) Operation Stonegarden (OPSG) funds and now, seven months later, we have heard nothing about our request.

Decisions made by the DHS as part of its response to the thousands of people crossing the southern border seeking asylum in the United States has severely taxed the resources of this community. Each week, hundreds of people are being brought to Pima County by DHS. Early in this process, they were left here to fend for themselves; most without any resources such as money or a cell phone. We, as a community, could not stand by and watch these asylum seekers struggle to survive while trying to find the means to locate family and friends who will provide them shelter elsewhere in the country.

To provide basic medical, shelter and transportation services for asylum seekers, the Pima County Board of Supervisors, on July 22, 2019, agreed to enter into a cooperative agreement with Catholic Community Services, for a period of up to five years for the provision of migrant shelter services at a County juvenile justice facility, now known as Casa Alitas. The Board has agreed to make this facility available because it is the best, most cost effective and most expedient solution available for providing respite and travel assistance to the hundreds of asylum seekers brought here every week by DHS.

Casa Alitas, the former Juvenile Justice facility, began operation on August 6, 2019. To date it has provided medical assistance, food, shelter and travel services for released asylum seekers. A total of 3,418 have been served to date and the shelter continues to receive a

The Honorable Martha McSally

Re: **Assistance in Obtaining Information and Funding our Pima County Operation Stonegarden Humanitarian Aid Request**

November 13, 2019

Page 2

steady flow of between 150 to 300 per week, primarily from the US Border Patrol. The County has and continues to incur considerable expense in providing the Casas Alitas shelter.

If it were not for this decision by the Board, it is likely a central community shelter for the processing of asylum seekers released in Tucson would cease to exist and DHS agencies would resume their past practice of releasing these people onto our streets.

Pima County, in good faith, applied for a humanitarian aid grant using Federal OPSG funds as provided for in adopted rules, regulations and policy set forth in Federal Emergency Management Grant Programs Directorate Information Bulletin No. 436 issued November 27, 2018. It is under this authority that our humanitarian aid request was filed. There are a series of events that cast doubt on the Department of Homeland Security, specifically the Border Patrol and Federal Emergency Management's willingness to seriously consider providing humanitarian aid through this process.

Summary of key dates and actions:

- The original OPSG award was received by the Sheriff on March 1, 2019 for a total of \$1,814,586. Of this amount, \$1,155,866 was for overtime, \$50,000 for travel, \$13,120 for mileage and \$595,600 for equipment. Given this matter was controversial in the past, I prepared a staff report for the May 7, 2019 Board of Supervisors Agenda. This staff report was written on April 17, 2019, providing the Board with sufficient time to review the material and ask questions, if necessary.
- On April 23, 2019, the County became aware of Federal Emergency Management Agency Grant Programs Directorate Information Bulletin No. 436 that allowed OPSG funds to directly fund and support humanitarian efforts. This Bulletin is dated November 27, 2018.
- On May 7, 2019, the Board of Supervisors acted on the OPSG grant. I recommended the Board accept the grant. By a vote of 3 to 2, the grant was accepted and modified the overtime amount by reducing overtime with an indirect cost reimbursement to the County for our costs associated with the grant, as well as earmarking \$200,000 of the overtime award to be used for humanitarian aid for asylum seekers.
- On June 25, 2019, the County Administrator received notice from Pima County Sheriff Mark Napier that Arizona Department of Homeland Security has set up a process to modify its Federal Fiscal Year (FFY) 2019 OPSG Overtime/Mileage grant award in relation to US FEMA Information Bulletin No. 436.
- On June 27, 2019, Arizona Department of Homeland Security sends the humanitarian aid modification request application and instructions to Pima County.
- On July 11, 2019, Pima County turns in its Humanitarian Aid Modification Request to Arizona Department of Homeland Security.

The Honorable Martha McSally

Re: **Assistance in Obtaining Information and Funding our Pima County Operation Stonegarden Humanitarian Aid Request**

November 13, 2019

Page 3

- On July 11, 2019, the County Administrator receives a letter from Roy D. Villareal, US Customs and Border Protection Chief Patrol Agent (Tucson Sector). Chief Villareal acknowledges Pima County's effort to modify the FFY 2018 OPSG grant award in order to prepare and operate a substitute mass shelter facility for the Benedictine Monastery. Chief Villareal emphasizes that Border Patrol Headquarters "holds final approval" over our humanitarian aid modification and reallocation request. Chief Villareal also suggests that Pima County "concurrently apply for grant funding from the State Homeland Security Program (SHSP)" since it "is a preparedness grant, and does not require Border Patrol review."
- September 12, 2019 - After first acknowledging that counties would be eligible for indirect cost reimbursements, including a de minimis allocation for counties who do not have a federally approved indirect cost rate, we are now told by the Arizona Department of Homeland Security, on September 12, 2019, that there will be no de minimis indirect cost rates approved, even though other federal agencies routinely approve such.

It is clear the US Border Patrol views OPSG funds as an exclusive funding domain for law enforcement. Early in the process, we had to seek out Information Bulletin No. 436 that allowed the redirection of funding to humanitarian aid. Knowing the County sought humanitarian aid for OPSG, the US Border Patrol Tucson Sector Chief suggested a number of other funding sources, all of which have proven to be unavailable, committed to other programs, or tied up in additional processes. The Pima County Sheriff has worked diligently with our federal partners to make the case from a public safety perspective of the need for humanitarian aid. However, he has consistently been told that the focus of CBP is operational only with respect to Stonegarden funding. The Sheriff agreed to reallocate funds from the equipment portion of the grant so as to not adversely impact operational capabilities. This should have removed any objection to the request for humanitarian aid, but failed to do so.

In addition, it was acknowledged the County was eligible for indirect cost reimbursement early in the process. Then, in the middle of the process, we were informed the Federal and State Departments of Homeland Security somehow determined we were ineligible to receive indirect costs at a negotiated de minimis amount, even though the County on a number of occasions negotiated indirect cost de minimis reimbursements from other federal grants.

We are now approaching eight months after we began the process to seek humanitarian aid and five months after we have begun incurring costs in providing a humanitarian shelter and processing site for asylum seekers. We have yet to hear any determination regarding our OPSG humanitarian aid request. Based on these facts, it is clear the US Border Patrol has an ideologically bias against the provision of humanitarian aid using OPSG funding.

The Honorable Martha McSally

Re: **Assistance in Obtaining Information and Funding our Pima County Operation Stonegarden Humanitarian Aid Request**

November 13, 2019

Page 4

We ask for your direct assistance in resolving this unfair, unreasonable and incorrect interpretation of federal policy regarding the use of OPSG funding for humanitarian aid purposes, particularly since the 2018 OPSG funding period expires on December 31, 2019 or less than two months from now.

Pima County has fully cooperated with the US Border Patrol in the past; in fact, we have permitted a checkpoint on a County public highway at their request. We now ask for similar cooperative consideration in the funding of humanitarian aid.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/mp

- c: The Honorable Chairman and Members, Pima County Board of Supervisors
The Honorable Mark Napier, Pima County Sheriff
Arizona Border Counties Coalition Members:
The Honorable Ann English, Cochise County Representative
The Honorable Sharon Bronson, Pima County Representative
The Honorable Bruce Bracker, Santa Cruz County Representative
The Honorable Tony Reyes, Yuma County Representative
Roy D. Villareal, Chief Patrol Agent - Tucson Sector, US Customs and Border Protection
Gilbert Orrantia, Director, Arizona Department of Homeland Security
Susan Dzbanko, Assistant Director, Planning and Preparedness, Arizona Department of Homeland Security
Jan Leshner, Chief Deputy County Administrator

ATTACHMENT 3



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, FLOOR 10, TUCSON, AZ 85701-1317
(520) 724-8661 FAX (520) 724-8171

C.H. HUCKELBERRY
County Administrator

November 8, 2019

Gilbert Orrantia, Director
Arizona Department of Homeland Security
1700 W. Washington Street
Phoenix, Arizona 85007

Re: **Your October 30, 2019 Letter to the Arizona Border Counties Coalition Regarding Indirect Cost Rate Reimbursement of Local Governments for Operation Stonegarden Grants**

Dear Mr. Orrantia:

I appreciate your response to the Arizona Border Counties Coalition (ABCC) regarding their inquiry related to the eligibility of county agencies to receive the de minimis indirect cost reimbursement for their Operation Stonegarden (OPSG) grants. (Attachment 1)

I continue to believe that counties should be eligible to receive this reimbursement. In fact, I am enclosing a recent document for a U.S. Department of Justice grant indicating our eligibility to use the de minimis indirect cost rate for reimbursing Pima County for indirect costs related to the receipt of this Federal grant. (Attachment 2) I doubt the Code of Federal Regulations distinguishes between federal agencies, specifically that one agency such as the U. S. Department of Justice would be eligible to reimburse local governments for their indirect costs at the de minimis rate while the U.S. Department of Homeland Security deems "units of government are not eligible to recover the de minimis indirect cost rate." Perhaps such is a discretionary act of the particular agency.

I have asked the Pima County Attorney's office to review this matter to determine if there is any legal basis for determining the County is ineligible to recover the de minimis indirect cost rate for OPSG grants.

Mr. Gilbert Orrantia

Re: **Your October 30, 2019 Letter to the Arizona Border Counties Coalition Regarding
Indirect Cost Rate Reimbursement of Local Governments for Operation Stonegarden
Grants**

November 8, 2019

Page 2

I ask that you have your Attorney General Representative contact our Chief Civil Deputy County Attorney at 520.724.5761 to discuss this matter and to determine precisely what prevents the County from receiving the de minimis indirect cost rate for our OPSG grants.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/anc

Enclosures

- c:
- The Honorable Douglas Ducey, Governor, State of Arizona
 - The Honorable Sharon Bronson, Pima County ABCC Representative
 - The Honorable Ann English, Cochise County ABCC Representative
 - The Honorable Bruce Bracker, Santa Cruz County ABCC Representative
 - The Honorable Tony Reyes, Yuma County ABCC Representative
 - The Honorable Mark J. Dannels, Cochise County Sheriff
 - The Honorable Tony Estrada, Santa Cruz County Sheriff
 - The Honorable Mark Napier, Pima County Sheriff
 - The Honorable Leon Wilmot, Yuma County Sheriff
 - Edward Gilligan, Cochise County Administrator
 - Jennifer St. John, Santa Cruz County Manager
 - Susan K Thorpe, Yuma County Administrator
 - Teresa Bravo, International Projects Coordinator



Governor Douglas A. Ducey

State of Arizona Department of Homeland Security



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 5 12:40

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,

A handwritten signature in blue ink, appearing to read "Gilbert M. Orrantia".

Gilbert M. Orrantia,
Director
Arizona Department of Homeland Security

GMO/tr

Cc:

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



U.S. Department of Justice

Office of Justice Programs
Office of the Chief Financial Officer

Washington, D.C. 20531

CERTIFICATION OF DE MINIMIS INDIRECT COST RATE

An award recipient that proposes to use federal grant funds to pay for indirect costs but has never received a federally negotiated indirect cost rate may elect to charge a de minimis rate of up to 10% of its modified total direct costs (MTDC) which may be used indefinitely. (2 CFR § 200.414) In order to charge a de minimis rate of up to 10% of its MTDC, the award recipient must submit this certification form to the Office of Chief Financial Officer, Office of Justice Programs.

I certify that Pima County (name of award recipient)

meets the following eligibility criteria to use the 10 % de minimis indirect cost rate:

1. The award recipient has never received a Federally-negotiated indirect cost rate for any federal awards.
2. The award recipient has received less than \$35 million in direct federal funding for the fiscal year requested.
3. The de minimis rate approved will be applied to the MTDC. This base includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (subgrants and subcontracts).
4. The MTDC will exclude equipment, capital expenditures, and the portion of each subaward in excess of \$25,000. Other items will only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.
5. The project costs will be consistently charged as either indirect or direct and will not be double charged or inconsistently charged as both.
6. The proper use and application of the de minimis rate is the responsibility of the award recipient. The Office of Justice Programs may perform a financial monitoring review to ensure compliance with 2 CFR Part 200.

SUBMITTED BY:

Signature:

C. Huckelberry

Date:

11/6/19

Name:

Chuck Huckelberry
(Authorized Official Only)

Title:

County Administrator