

**Draft Minutes of the Finance
Committee of the
Board of Directors of the
Arizona Historical Society**

March 19, 2024

Agenda

1. **Call to Order** – Treasurer Linda Whitaker - 9:07 AM
2. **Roll Call** – Linda Whitaker
 - a. Members:
Present: Linda Whitaker, Richard Powers, Eric Flohr, Bruce Gwynn, James Snitzer
Absent: Sandy Navarrete
 - b. Staff: Vincent Bradley, Sebastian Alt, David Breeckner, Cody Taylor, Jace Dostal, Vanessa Fajardo
3. **Minutes** – draft Minutes of the February 20, 2024 Finance Committee meeting.
 - a. Motion: Richard Powers, Seconded Bruce Gwynn, Passed 4-0-(2)
4. **Call to the Public** – No members of the public present
5. **AHS Financial Overview** – Vincent Bradley
 - a. **Review of monthly financial reports**

The discussion focused on revenue, expenditures, and investment funds. There are some discrepancies in the totals due to encumbrances and spending from enterprise or donation funds. The need for end-of-year reorganizing of funds is highlighted to ensure appropriate allocation and return of funds.

The process of creating funds is underway, with three levels of approval required. The goal is to have the funds ready for the new fiscal year. The difficulty of accessing non-taxpayer money was discussed and the need for proper allocation and spending was emphasized. The timeline for completing the fund creation process was reviewed. Vince and Sebastian will handle it. They were encouraged to report undue delay.

The discussion then shifted to revenue and expenses. The revenue numbers for February as provided, indicate a smaller than expected deficit. The anticipation is that the approximate deficit amount will be resolved by the end of the fiscal year, with finalized figures available by mid-August.

b. Grants

Vince Bradley provided an update on grants: those being spent down, grants applied for but not yet received as well as upcoming grants. Linda Whitaker expressed her satisfaction with the update and praised the Grants team for their work. It is important for the Board and staff to understand this revenue potential and where to target our efforts.

The discussion shifted to hiring updates, with Vince reporting the progress in the second round interviews for the business development manager and the facility rental coordinator positions. A planned posting for the digital image specialist position in the next fiscal year was also noted. The

business development manager will oversee the gift stores, facility rentals, and fundraising initiatives. The role involves developing a fundraising plan and cultivating donors. David Breeckner adds that the business development manager and digital image specialist positions are part of a wider effort to restructure the budget for fiscal year 2025, which includes reallocating positions and creating new ones to support budgetary stability, sustainability, and revenue generation. The location of the business development manager position is discussed, with the possibility of it being based in Tucson depending on the right candidate. Committee members were encouraged to ask questions. Linda asks Vince, Sebastian, and David to go through the attachments that support the key changes in the budget for fiscal year 2025.

6. Draft FY25 Budget Update - David Breeckner and Sebastian Alt

David briefly outlined the three provided documents: the original approved copy of the fiscal year 2025 budget, the resubmission budget proposal, and the updated budget narrative. He explained based on realistic projections for revenue and the unlikelihood of a \$1.45 million increase in appropriations, adjustments were made to reflect the current level of appropriations. The budgetary impact of divestiture of property to the city of Yuma and management of the Sanguinetti House was discussed. This budget proposal reallocates funds based on these adjustments. Linda asked about the reallocation process, specifically whether it supports staff salaries, increasing them to market and state levels for retention and filling vacancies. Vince confirms that staff salaries and retention are indeed the focus behind the money shifting.

During the discussion, Vince Bradley presented the revenue projections, which have been adjusted based on previous end of year reports and current circumstances. He emphasized the importance of setting realistic numbers and working to exceed them. Expenses have increased, particularly in utility costs, offsetting some of the savings from the Yuma closure. The budget for fiscal year 2025 reflects these adjustments and includes increased salaries, new positions, and a projected deficit of \$409,000, which is smaller than the initially proposed deficit but similar to what was originally predicted for this fiscal year.

David Breeckner added that the budget assumes full implementation of the new increases from the beginning of the fiscal year, but there may be delays in realizing the changes. He expects that the deficit will be smaller (subtract \$100,000) due to the phased implementation by the State.

Linda Whitaker inquired about potential delays related to HR and whether additional approvals are needed. Mel Davis explained that the delay until the second quarter is due to the fiscal year closing and the necessary paperwork and preparations for classification. She stated that position descriptions are being prepared ahead of time for submission in July and August to have them in place in the first quarter. Mel assures that the process is being handled appropriately and foresees no issues. Eric Flohr asks about the reallocation of positions and whether the vacancies are being filled with current staff or new hires. Mel Davis stated that the positions being reallocated are currently vacant. She is also updating inactive positions to align with future needs. David Breeckner adds that even if positions are vacant, they are still listed on the books, and updating existing position descriptions is necessary for reallocation.

The discussion then shifted to the proposed budget allocations, with David Breeckner explaining the changes in payroll and salary allocations. The savings from Yuma and anticipated

savings from Flagstaff are being reallocated, committing to staffing investments in Tucson while acknowledging the transition away from Yuma and the proposed closure of Flagstaff for another year. Richard Powers asks if Flagstaff could be turned over to Flagstaff like the plan for Yuma. David Breeckner confirmed that they explored that option but did not receive significant interest from regional partners. He reported that Flagstaff, in the last full year of operations (fiscal year 2019), generated only one-third of its operating costs from revenue. The staffing in Flagstaff has included a director, an assistant, a part time front desk & a maintenance person, and volunteers. It was noted that higher minimum wage in Flagstaff impacts staffing costs.

David Breeckner explained that due to the increased cost of staffing the Pioneer Museum, AHS can only afford to fund two positions instead of the previous four. AHS has explored the possibility of relying on volunteer docents, but previous attempts to engage volunteers were unsuccessful. The total expenditures for the previous fiscal year were \$274,000, which could be reallocated for future use. Jim Snitzer expresses doubt about the museum's reopening and suggests discussing the situation with the local community and seeking support from the legislature. David Breeckner mentioned that local partners showed limited interest when presented with financial information and the options to assume ownership. The possibility of transferring ownership of the museum to the City of Flagstaff was also mentioned, as there is a transfer clause in place for this purpose. The discussion repeated the need for a budget increase of \$1.45 million to sustainably reopen the Pioneer Museum and to meet other operating costs.

The financial challenges, staffing limitations, level of community support, and potential solutions for reopening the museum in Flagstaff were discussed. Committee members noted the passion and attachment of community members to the Pioneer Museum but that the capacity for a level of volunteerism to sustain operating the museum appears to be limited. David Breeckner explained the agency's budget constraints and the need to make hard decisions regarding staffing and facilities to manage the deficit. He highlighted the revenue-generating capacity of facilities in Tempe and Tucson, contrasting them with Flagstaff's limited capacity. There appears to be a significant difference in community support between Yuma and Flagstaff, emphasizing the need to cultivate support in Flagstaff.

Linda suggested developing a long-term plan beyond one year and engaging with City and County officials and other constituencies to address the situation. She emphasized the need for a comprehensive plan and transparent discussions about budget cuts and available resources. She suggested engaging various entities beyond cultural institutions and exploring a Town Hall approach or a call to action to address the museum's challenges.

Jim Snitzer shared his observation about the need for community commitment and involvement in supporting the museum. He mentioned previous instances where communities relied on external funding and suggested that the community itself needs to take responsibility for the museum's future.

Bruce Gwynn shared his experience with the Territorial Prison Yuma and the efforts made to keep it operational through community support and fundraising. He believes that finding dedicated individuals and involving various stakeholders can help initiate positive change.

The participants discussed the importance of broadening community engagement beyond

traditional supporters and cultural institutions. Linda Whitaker agreed and suggested seeking input from a wider range of entities. The need for action surpasses the capacity of the Northern Arizona Pioneers' Historical Society (NAPHS) was emphasized. Overall, the participants highlight the importance of developing a comprehensive plan, involving community stakeholders, and seeking support beyond traditional sources to address the museum's challenges and ensure its long-term sustainability.

During the discussion, Linda Whitaker mentions that the museum's support base does not appear to have grown and suggested looking for support elsewhere. Bruce Gwynn proposed implementing an educational program for third, fourth, or fifth graders, possibly in collaboration with the Arizona Department of Tourism, to attract more visitors. He also suggests reaching out to tour buses and encouraging them to stop at the museum for lunch and shopping. The need to think outside the box and seek encouragement from various entities is emphasized.

Eric Flohr raises the question of whether Northern Arizona University (NAU) could play a role in supporting the museum. David Breeckner explained that he previously explored a student internship program with NAU, but it was not sustainable at the time. However, he mentions that approaching NAU directly as a teaching museum could be an option for future consideration.

Jim Snitzer acknowledged the limited resources and the small group of individuals who care about the museum's success. He suggested that these passionate individuals could be the ones to initiate conversations with the university and Coconino Junior College. Bruce Gwynn shared his experience of engaging with local professors and suggests that community members need to take the initiative and show their passion for the museum.

Jim Snitzer agrees with Bruce's perspective and emphasizes the importance of community members taking ownership of the museum's success. He suggests that while David's expertise is valuable, others need to step up and communicate their perspective to the University and other institutions. Bruce expressed his willingness to visit the museum and engage in conversations to foster understanding and support.

The participants concluded that broader community engagement is crucial, involving organizations such as NAU, Coconino Junior College, and local professors. They highlight the need for passionate individuals to take action and demonstrate their love for the museum. The importance of community involvement, excitement, and interest in driving positive change is emphasized. During the meeting, Jim Snitzer expressed his willingness to help and participate in the discussion. Vince Bradley then acknowledged Bruce's point about operating costs in Yuma, emphasizing that as a state agency, they must adhere to certain rules and guidelines, including a procurement process for contracts. Mel Davis shared that they had planned field trips in Flagstaff based on contact with local schools.

Linda Whitaker addressed the group and stated that they had been discussing recommendations for actions beyond budget changes. She asked Vince, Sebastian, and David if they were ready to proceed with a recommendation for the full board.

Action Item: A motion was made by Bruce Gwynn and seconded by Richard Powers to recommend the 2025 budget proposal to the full Board. By voice vote, Jim Snitzer, Bruce Gwynn, Richard Powers, Eric Flohr and Linda Whitaker approved. (5-0-1)

Linda also proposed considering an interim plan in the event of Flagstaff's closure and initiating a dialogue with the Flagstaff community. David Breeckner supported this idea, suggesting that they seek additional funding and partnerships to support reopening and ensure program continuity. Linda emphasized the need for an active plan and philosophical agreement to continue discussions. She concluded the meeting by expressing the importance of developing a plan for Flagstaff's sustainability and historical presence. She asked Vince and David to draft the plan and emphasized the need for community support for the Pioneer Museum. The meeting provided a preview of the discussions anticipated in the upcoming week. This matter will be discussed at the next Executive Committee meeting.

David mentioned that future financial conversations would focus on the budget for fiscal year 2026, using the recently adapted fiscal year 2025 budget as a starting point.

7. **Adjournment** – Linda Whitaker -10:17 AM

Dated this 22nd day of March 2024

Arizona Historical Society

Linda Whitaker

Linda Whitaker, Treasurer

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Finance Committee Schedule: 9:00 a.m. and Virtual unless announced otherwise

Click the date to register for the meeting

All meetings are hosted live-streamed via Zoom

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