

**MINUTES OF
THE EXECUTIVE BOARD MEETING
10:00 AM, FRIDAY, MAY 16, 2025
LIBRARY PROGRAM ROOM
808 S. 7TH AVE.
SAFFORD, AZ 85546**

OFFICERS PRESENT: Arnold Lopez, Chair, Graham County
David Gomez, Treasurer, Greenlee County

MEMBERS PRESENT Alex Blake, Duncan
IN-PERSON: Paul David, Graham County
Heather Floyd, Cochise County PSR
Edmond Lopez, Graham County PSR
Jorge Maldonado, Nogales
Mark Mermis, Cochise County PSR

ZOOM/PHONE: David Budd, Santa Cruz County PSR
Perrin McNelis, Santa Cruz County PSR nominee
Mark Mermis, Cochise County PSR
Steve Ahmann, Greenlee County PSR

STAFF PRESENT: Vertrees, Chris, Executive Director/Transport Prog Manager
Fowler, Kevin, Economic Development Program Manager
Merideth, John, IT Manager
Osborne, Will, Community Development Program Manager
Vasquez, Celeste, AAA Program Director
Heather Glenn, Administrative Assistant
Carrie Gibbons, AAA Deputy Program Director - Zoom

GUESTS PRESENT: Kevin Adam, RTAC

I. CALL TO ORDER/ESTABLISH QUORUM

Chair Lopez called the public meeting to order at 10:18 a.m.

II. CALL TO THE PUBLIC

No members of the public were present.

II. MEMBER ENTITIES' DISCUSSION

There was no entities discussion at this meeting.

VI. ACTION ITEMS

1. Consent Agenda

a. Approval of the January 21, 2025 Minutes

Mayor Alex Blake, Thatcher, asked that the minutes be amended to reflect that Carolyn Umphrey represents Sierra Vista and not Thatcher. Chair Lopez called for a motion to approve the January 21, 2025 meeting minutes as amended.

MOTION: Heather Floyd, Cochise County PSR

SECOND: Jorge Maldonado, Nogales

ACTION: Unanimous; motion passed

2. Settlement Agreement between SEAGO and former employee Robin Dumas

Chris Vertrees provided background on the issue, stating that Robin Dumas began employment with SEAGO on January 9, 2023, and was involuntarily separated from employment on September 6, 2024. On September 16, 2024, Robin Dumas timely filed an administrative appeal alleging wrongful termination. The appeal was filed in compliance with the process set forth in SEAGO's Policy Manual. Robin Dumas was seeking independent review of the events leading to her separation and requested payment of six months' salary as severance pay.

After reviewing the circumstances leading to and following the termination and multiple discussions with SEAGO Legal Counsel it was determined that mitigating risks and costs of administrative and/or legal proceedings arising from her employment and separation was in the best interests of SEAGO. Therefore, informal negotiations with the claimant, who is not represented, were undertaken.

Robin Dumas has agreed to accept and SEAGO has agreed (with Board approval) to pay Robin Dumas a one-time payroll payment in the amount of \$10,528.00, approximately three months' salary, in full satisfaction of her administrative appeal. The settlement agreement expressly states that SEAGO is not admitting fault; rather, it compromises her claim and eliminates the risk and costs of going forward with the defense of this matter.

The payment will be paid with FY25 Contingency Funding.

Heather Floyd inquired whether policies and procedures were in place when this incident happened. Mr. Vertrees responded that policies and procedures were in place; however, some of them were rather open-ended and that they have since been revised to clear up any ambiguity. Supervisor Gomez commended Mr. Vertrees for his due diligence in negotiating a very fair resolution for all parties.

Motion: Jorge Maldonado

Second: Alex Blake

Action: Unanimous

3. Fiscal Year 2025 Budget Items

a. Sustainability of Fund Balance

Chris Vertrees explained that the purpose of this memorandum is to enable the Administrative Council and Executive Board to better understand the uses of fund balance (if any) in prior years, the amount of fund balance currently available, and to provide a projection of how long uses of fund balance may be sustained. This information is intended to guide decisions as to how much of the fund balance should be used in balancing the annual budget if or when such use is requested. The table below provides an overview of the increases (or uses) of fund balance over the last fifteen fiscal years:

End of Year Fund Balances 11

Fiscal Year Ending	Beginning Balance	Ending Balance	Fund Balance Surplus or (Use)
6/30/2010	\$ 1,921,455	\$ 1,877,819	(\$ 43,636)
6/30/2011(Restated [2])	\$ 1,451,014	\$ 1,297,124	(\$ 153,890 [3])
6/30/2012	\$ 1,297,124	\$ 1,298,000	\$ 876
6/30/2013	\$ 1,298,000	\$ 1,136,413	(\$ 161,587 [4])
6/30/2014	\$ 1,136,413	\$ 1,319,039	\$ 182,626
6/30/2015	\$ 1,319,039	\$ 1,382,732	\$ 63,693
6/30/2016	\$ 1,382,732	\$ 1,414,782	\$ 32,050
6/30/2017	\$ 1,414,782	\$ 1,636,984	\$ 222,202 [5]
6/30/2018	\$ 1,636,984	\$ 1,548,482	(\$ 88,502 [6])
6/30/2019	\$ 1,548,482	\$ 1,589,976	\$ 41,494
6/30/2020	\$ 1,589,976	\$ 1,858,937	\$ 268,961
6/30/2021(Restated [7])	\$ 2,065,716	\$ 2,121,522	\$ 55,806
6/30/2022	\$ 2,121,522	\$ 2,122,490	\$ 968
6/30/2023	\$ 2,122,490	\$ 2,273,516	\$ 151,026
6/30/2024	\$2,273,516	\$ 2,416,323	\$142,807

The fund balance policy established by the Executive Board on February 27, 2015, sets the minimum unrestricted fund balance in the General Fund at 50% of the prior fiscal year's total operating expenditures. In FY 2024, operating expenditures were \$2,168,562. Fifty percent of FY 2024's operating expenditures is \$1,084,281. Fund balance (\$2,416,323) less 50% operating expenditures (\$1,084,281) conceptually makes \$1,332,042 available for use in future budget years before the minimum level of fund balance will be reached.

The table below provides an overview of how long it would take to reduce the existing fund balance of \$2,416,323 to \$1,084,281 (the current minimum required) under several different deficit spending scenarios:

Impact of Fund Balance Use	
Annual Use of Fund Balance	Number of Years
\$ 5,000 per year	266
\$ 10,000 per year	133
\$ 15,000 per year	89
\$ 20,000 per year	67
\$ 25,000 per year	53
\$ 30,000 per year	44
\$ 35,000 per year	38
\$ 40,000 per year	33
\$ 45,000 per year	30
\$ 50,000 per year	27

As shown in the table above, SEAGO would be able to operate for a considerable period of time with moderate use of fund balance and still maintain an operating reserve of \$1,084,281. However, because almost all SEAGO's programs operate on a cost reimbursement basis, limited unrestricted revenue is generated in a given year that can be used to cover any program deficits that may occur. As a Council of Governments, SEAGO has no taxation authority. Apart from the annual assessment charged to our member entities, CDBG project administration fees, and a few limited programs within the AAA, SEAGO

has no predictable source of unrestricted revenue. Therefore, at this time, there is no use of fund balance that could be considered 'sustainable' in the purest sense of the term.

As a result, SEAGO intends to adhere to the following guidelines to sustain the existing fund balance for as long as possible:

- 1) Track the use of fund balance annually to monitor the level of fund balance available for future years.
- 2) Present annual budgets that minimize the use of fund balance to the extent practicable.
- 3) Clearly identify any proposed use of fund balance in the annual budget approval process so that the Administrative Council and Executive Board have the option to control the amount of fund balance used.
- 4) Operate programs within their approved budgets and evaluate accordingly.
- 5) Continue seeking new grants and funding sources, and/or developing new programs and services that generate revenue to replenish any fund balance used.
- 6) Expense depreciation of buildings and improvements to the benefiting programs and use those funds to replenish fund balance that was used to purchase and improve these assets.

b. Discussion and possible action to approve the FY 2026 Assessment Schedule

Chris Vertrees directed the Board to the proposed Assessment Schedule for Fiscal Year 2026. We are happy to report that there are no anticipated increases in the per capita amount used to calculate the dues charged to SEAGO member entities (see Column b).

We are not expecting changes to the EDA planning assessment (see Column c). This assessment enables SEAGO to raise and commit matching funds required for our EDA planning grant. If EDA notifies us of an increase in our match requirement, we may need to choose whether to cover the increase with a one-time use of fund balance or update the member entity assessments accordingly.

I have reached out to Kevin Adam concerning RTAC assessment schedule for FY 26. He has advised that the RTAC Board will meet on April 28, 2025, to approve the FY26 RTAC budget. A recommendation will not be made to change the assessment, leaving the assessment unchanged from last fiscal year at 11.3 cents per capita (see Column d).

There are no program changes impacting the total FY 2026 assessment (shown in Column e). Our Strategic Plan adopted in August 2023 does call for exploration of potential expanded services such as a regional grants coordinator, grant search engine subscriptions, or reviving SEAGO's Housing Program to address the shortage of affordable housing choices across the region. Some of these objectives identify "developing equitable member entity assessments" to pay for these enhanced services. However, staff are not proposing changes to the assessment schedule for the upcoming fiscal year. Should staff propose changes for FY 2027, and if approved by our Executive Board, additional columns would be added to the assessment schedule as appropriate.

At their meeting on May 1, 2025, the Administrative Council unanimously recommended approval of the FY26 Assessment Schedule to the Executive Board.

Mayor Maldonado made a motion to approve the Fiscal Year 2026 Assessment Schedule.

Motion: Jorge Maldonado
Second: Alex Blake
Action: Unanimous

c. Discussion and possible action to approve the proposed FY 2026 SEAGO Budget

Dina Curtiss presented the SEAGO Fiscal Year 2026 Budget and stated that the assumptions used in developing the FY 2026 budget are as follows:

- SEAGO member assessments remain unchanged from FY 2025.
- Congress will continue funding current programs at or above current levels.
- A \$150,000 contingency line item from the fund balance has been included in this year's budget for unanticipated expenses or events that may come up in FY 2026. The Administrative and Executive Committees will be informed of the need to use contingency funds as far in advance as possible.

The proposed FY 2026 budget worksheet provides a detailed overview of each program's budget. Program Managers have participated in the development of their program budget(s), and successful budget implementation will depend on diligent monitoring of revenue and expenditures by each Program Manager.

Mayor Maldonado inquired about the Inflation Reduction Act (IRA) and whether SEAGO is giving money back to Washington DC. Mr. Vertrees explained that there is a reluctance for the Federal Government to approve IRA expenditures and there is extra scrutiny and delay reimbursement because of it.

Supervisor David Gomez made a motion to approve the Fiscal Year 2026 SEAGO Budget.

Motion: David Gomez
Second: Jorge Maldonado
Action: Unanimous

4. Discussion and possible action to approve Perin McNelis as the Santa Cruz County Private Sector Representative

Chris Vertrees reminded members that the Executive Board must include private sector representation as a requirement of the Economic Development Administration. Per SEAGO's Bylaws, Private Sector Representatives are appointed from the nominations submitted by the Member Entity Representatives from each county area, and must represent a low income or minority group, or representative organization, or represent the principal economic interests in the region, such as, but not limited to business, industry, finance, utilities, education, the professions, agriculture, or labor.

The Santa Cruz County private sector representative position is currently held by Mr. David Budd. As of this month, Mr. Budd will reach the end of his second term of office and is therefore ineligible to continue serving as a PSR.

Mr. Budd has nominated Perrin McNelis to be his replacement.

Perin McNelis provided a brief biography for the members, saying she grew up in Tucson but has worked in Patagonia since 2015 and has resided there full time for the past 9 years. She is the Native Plant Program Manager for Borderlands Restoration Network where she dedicates her time to preserving and restoring the unique biodiversity of the Madrean Archipelago ecoregion in southeastern Arizona. Perin studied at New York University and Oregon State University where she earned a Bachelor of Fine Arts in dance with minors in botany and anthropology and is currently pursuing a Master of Natural Resources. She owns property just north of Patagonia where she is building a home with her family and has the intention of being a part of the eastern Santa Cruz County community for the rest of her life. She sits on the board of directors for the Patagonia Regional Times. Perin has a profound love for the natural beauty of the mountains and grasslands of southeastern Arizona and the strong sense of community she finds in this region.

Mayor Maldonado made a motion to appoint Ms. Perin McNelis to a first term as the Santa Cruz County Private Sector Representative on the Executive Board.

Motion: Jorge Maldonado
Second: Edmund Lopez
Action: Unanimous

5. Discussion and possible action to approve an update to the SEAGO Classification Plan

Chris Vertrees In November 2023, an update to SEAGO's Classification and Compensation Plan was approved by the SEAGO Executive Board. Since that time, it has become necessary to realign that plan in response to program/administrative requirements, to provide upward mobility, and to be more reflective of the actual duties performed by staff. In addition, we have found the need to adjust pay grades to address severe retention issues involving case management staff. As a result, the following changes to our Classification and Compensation Plan are being requested:

Information Technology Services

IT Manager: As you are aware, our previous Executive Director (Randy Heiss) performed IT management for SEAGO for many years. His successor (Keith Dennis) also had a skill set that allowed him to assume some IT management duties with the assistance of an IT consultant and our GIS Analyst II. I lack that skill set to perform this function and to invest time in learning those functions would be cost prohibitive and time consuming. With 21 active positions, SEAGO has grown to the point that an IT Manager is needed to address the IT needs of the agency and staff. John Merideth our GIS Analyst II has a skill set that allows him to transition into the position of IT Manager. The cost will be minimal as John will maintain GIS Analyst duties.

Technical Services Coordinator: With moving John Merideth to IT Manager, the reassignment of his current duties is necessary. Those duties include our Pavement Management Assessment project, our traffic counting program, and our population data collection requirements. These duties fit in nicely with our Training Coordinator position that includes the upkeep of our Transit Asset Management and Training databases. No new costs are anticipated as they have already been included in our transportation and mobility management work program and budgets.

GIS Analyst I and II: These job classes have been moved from transportation to Information Technology Services.

Area Agency on Aging

Case Manager: SEAGO has experienced extremely high turnover rates in our case management positions. The starting salary for the position is \$17.80 per hour. This is significantly less than other like positions in the Region as most case managers are starting above \$20.00 per hour. It is recommended that the pay grade be shifted from 102 to 105. This will shift the starting salary to \$20.60 per hour.

Case Manager Supervisor: To align duties with the position title and provide an upward mobility opportunity it is requested that this position be retitled from Case Manager Coordinator to Case Manager Supervisor. To avoid salary compression with the Case Managers, it is recommended that the pay grade be shifted from 105 to 107. This will result in a pay increase of .50 cents per hour.

Health and Nutrition Program Coordinator: SEAGO has tried for years to fill this position with very little luck. No one has held this position for more than a few months. Our current Ombudsman Program Coordinator has supported this program for several years. We are recommending eliminating this position and combining it into one position Ombudsman/HPR Coordinator. This better aligns with the duties being performed by the Ombudsman Program Coordinator. To address the additional duties, it is recommended that the pay grade be shifted from 104 to 107. This will result in a salary increase of \$2.58 per hour.

Office Specialist II: To provide upward mobility and to align current duties with the position title, it is recommended that this position be changed to AAA Administrative Assistant. It is recommended that the pay grade be shifted from 102 to 103. This will result in a pay increase of .50 cents per hour.

Office Specialist I: This position is split between 2 staff that perform information and referral services for the Area Agency on Aging. It relieves case managers from performing these services. It is recommended that the position title be changed to Information and Referral Specialist. Pay grade for the position will be 102.

From a budget standpoint, the elimination of the Health and Nutrition Program Coordinator position eliminates a salary of \$40,810 and ERE costs of \$14,283 from our operating budget. This more than covers the costs of the AAA salary recommendations above and will generate cost savings of \$19,205.

Job descriptions for active positions within the classification plan have been updated or are in the process of being updated to reflect the incumbents' current responsibilities. When we encounter a need to fill inactive positions in the classification plan, we intend to seek authority to do so through the budget process or request position specific action by the Board. Job descriptions for vacant, inactive or new positions will be updated or created as authority to fill them is granted. Updating job descriptions does not require Board approval, whereas updating our classification plan does.

Chair Lopez shared that he also serves on the Board for the Arizona Council on Aging and knows first-hand how important one on one interaction with seniors is and he supports the changes to the Classification Plan.

Mayor Blake commended SEAGO staff for the good work they conducted on the Plan.

At their meeting on May 1, 2025, the Administrative Council unanimously recommended approval of the Classification Plan Update to the Executive Board.

Mayor Blake made a motion to approve the proposed classification plan updates.

Motion: Alex Blake
Second: Jorge Maldonado
Action: Unanimous

6. Discussion and possible action to approve Resolution 25-01

Chris Vertrees stated that each August, the Arizona Rural Policy Forum convenes rural and tribal economic development professionals, community leaders, business owners, nonprofits, and other stakeholders and advocates to harness their collective experience, knowledge and power to sustain rural and tribal communities.

The multi-day forum includes capacity-building sessions, networking receptions, and focused breakouts, such as the funders' roundtable, where communities and nonprofits can connect their visionary projects and local needs to grant-makers who are potential future partners.

This year the forum will be held August 6-8, 2025, in Thatcher at Eastern Arizona College. The address is 615 N. Stadium Avenue, Thatcher, AZ 85552 and is hosted by Local First Arizona.

Mr. Vertrees received a request from Board Member David Budd to formalize our support for this year's Rural Policy Forum in the form of a resolution.

Mr. Budd spoke on the value of attending the Rural Policy Forum. Mayor Blake shared that he and Terry Hinton attended the Forum when it was held in Prescott and found it very valuable.

Supervisor David asked what is the value of the Resolution? Mr. Vertrees responded that it is a demonstration of support from SEAGO.

Edmund Lopez made a motion to approve Resolution 2025-01.

Motion: Edmund Lopez
Second: Alex Blake
Action: Unanimous

V. INFORMATION ITEMS

A. Future Meeting Dates

Chris Vertrees advised the members that the next Board Meeting is scheduled for August 22, 2025 in Greenlee County. He also stated that there is no need for a Joint Committees meeting before then

B. Quarterly Finance Report

Dina Curtiss gave an update on the quarterly finance report and was available for questions.

C. Community Development Report

William Osbourne gave an update on community development and was available for questions.

D. Community Development Block Grant Updates

William Osbourne gave an update on community development block grant projects and was available for questions.

E. SEAGO Economic Development District Report

Kevin Fowler gave an update on economic development and was available for questions.

F. AAA Program Updates

Celeste Vasquez gave an update on AAA updates and was available for questions.

G. AAA Legislative Update

Celeste Vasquez gave an update on legislation affecting AAA and was available for questions.

H. IT Updates

John Merideth gave an update on IT and was available for questions.

I. Transportation Program Updates

Chris Vertrees gave an update on Transportation and was available for questions.

VI. RTAC REPORT

Kevin Adam gave an update on RTAC and was available for questions.

VII. STAFF ANNOUNCEMENTS/ CURRENT EVENTS

Mr. Vertrees thanked SEAGO staff for their great work on the Classification Plan; especially Dina Curtiss.

David Budd shared that he has enjoyed working with SEAGO during the past two years and found it very rewarding.

Dina Curtiss thanked Chris Vertrees for his leadership during the various transitions over the past few months.

VIII. FUTURE AGENDA ITEMS

IX. ADJOURNMENT

Chair Lopez called for adjournment of the meeting at 12:11 p.m.