

Finance

How is the R3 Board/organization funded?

There will be an initial buy-in (base cost) split equally among the cities, to cover overhead. The rest of it would be grant-funded or project based through the Task Orders.

What if a city isn't doing well financially? Will this have an effect on our city?

We're all having financial issues in one way or another. The assets and liabilities of the cities are their own, the assets and liabilities of R3 (if they have any) will be theirs. Issues in one jurisdiction won't contaminate another.

Will the consortium benefit flailing cities and drag on cities that are in a good financial position?

No. It will accelerate their growth. The drag is created more by bad policymaking than a lack of funding (i.e. we wouldn't know what to do with money if we had it). R3 is going to help the council's invest in their strategic priorities and increase private sector wealth and public goods through public sector investment.

Please clarify the yearly buy-in commitment. Is that like buying a share, and the return benefit is directly proportional to what is paid in?

The buy-in will be equal, but whether you put more in will really depend on what kinds of projects you want R3 involved in. If one city has 4 projects and another has 3, they won't be charged the same. The task orders and performance work statements will help keep that fair, you'll pre-agree to terms of support and pay for what you use, above and beyond the base cost.

What are the metrics for ROI for each city? What are the metrics for ROI for the consortium?

We'll use the ten point test to track financially annually, with the goal of staying above (or continuing in) the "better than most" category. Described in more detail in the appendix.

Is the yearly pay in funding future projects?

Yearly pay-in is not project specific, so no. But it will pay for time to pursue grants for the entire enterprise and strategic support for the various cities to help them with their capabilities.

How will grants work if there is a "grant match"? Will funds come from the consortium budget? Yes, but we'd make that decision before applying if there is a match. For that type of thing, we'd want 100% buy-in from all the cities so nobody is forced to spend money they don't have or can't afford.

How will grant funds be dispersed? Is it proportional to the amount of funds that were paid in as the yearly payment in September? Or will some cities benefit more than others and receive more grant funds?

Goal is to keep most of the grant funding in the hands of the cities. R3 will help manage it to ensure it's compliant, but the end-game isn't building a new organization, it's increasing the value of the member cities directly, so unless a grant specifically benefits all of them, we'll want most of those funds to hit their budgets, not R3's.

What controls will there be over the funds that R3 will be given from each city?

Same internal controls as the cities. They'll have a CPA, annual budget, annual audits (or audit review, depending on the amount of funds). They're managed like any other public agency.

What is the estimated initial "pay-in" for the first year, and how is that determined each year?

Depends on if there's 3 cities or 4, and how many of the services they want out of the gate. We talk about 7 different categories, but we don't have to do all 7. We may need to prioritize. I would guess \$50,000 but again, that's something we need to work out.

STRUCTURE, MANAGEMENT & LOGISTICS

Does ORS 190 specify how many board members are required? Is 5 the correct number?

No, can be any number. If we stick with five, three would be from the member cities, two would be at-large appointments by the standing board members. If four cities, they would appoint one at-large position. It could go to seven but that starts to get unruly.

If each city provides 1 council member to be on the board, where do the additional board members come from if there are 5?

Appointed by the standing board members

Who is the managerial director of the board? Will that be publicly advertised? Where will they come from?

Publicly advertised. Hire the best candidate we can find.

How and when does the board report to the cities?

Quarterly or as needed. Goal is to not have a meeting to talk about a meeting. Goal is to get stuff done. Board shouldn't have to meet more than once a quarter unless they really want to, but not more than once a month.

How is the board monitored by each city and how will it maintain transparency?

Each city has a councilor appointed to the board and the city managers will be involved daily with R3, so between those two they should have a pretty good perspective. There will also be a website with real time information to view and/or monitor.

Who hires crews to run joint projects, like the chip sealing for example?

It's determined in the Task Order. There may be a crew chief pulled from Burns public works, working with two guys from John Day and one from Lakeview. Just depends on the project. They can also contract for some project management services.

If new equipment is purchased under the R3, who owns it and where will it be stored?

Owned by R3. If R3 is liquidated, the assets would be sold or split up among the members equally.

How soon does equipment get shared? What if a city pays in for a project like chip sealing, but doesn't see the chip sealer for a year or two?

Then we've failed. Every city should see benefit every year, that's the whole point. We'll need to figure out how to divide up the equipment time, but it should be servicing every member annually.

How are the additional costs of a project paid for? Would that additional money be paid for per project by each city, in addition to the yearly pay-in?

Cities need to pay for their own projects. Burns issues a Task Order to R3 for site development or planning or financial support for a project, that's their cost. John Day uses them for consulting on a project, that's theirs. The only shared costs are for general operations (accounting, grant administration for grants that apply to everyone, etc.).

What if a city doesn't want to be involved in a project? Can they opt-out? Would this have an impact on the amount of the yearly pay-in?

Yes, at least initially we don't have any regional projects except possibly for the 3D home printing. If we decide to pursue a regional project together, that would need to be a board decision and supported by the councils.

How will R3 impact a city's autonomy?

Not at all. They can drop out at any time.

Can the board be overridden by the cities, or by one city?

Nope. Board is independent from the cities, but it is set up to work for them, so they have independent decision making authorities but can't risk getting sideways with their members or they'll just drop out and the agency will cease to exist.

What if the board wants to do, or does, something that the cities don't want to do?

They can talk it out, or drop out of the initiative, but hopefully the board (made up primarily of city councilors) isn't going to act against the best interests of its member cities.

What if there is conflict between the cities on what direction to take, or what projects are acceptable?

They either reach a negotiated agreement or they don't proceed.

When can the 30-day "opt-out" occur? If it happens mid-year, is the amount the city paid in for the year lost?

Probably. There needs to be some skin in the game, if you're going to jettison mid-year it will have a financial impact on the agency and the remaining members just in terms of what they can get done and what they budgeted for, so yeah – I would think that fiscal year's buy-in would be forfeit but then they would have no further financial obligations.

Who hires the crews for a project?

Negotiated between the cities asking for the project and R3, but the idea is that they aren't "hired" as much as "authorized" to do work. We'd issue a charge authorization to the employees (Dan's public works director is authorized 80 hours at his charge out rate to do x,y,z for this project in John Day, plus travel reimbursed at IRS mileage rates and per diem). We'd calculate that cost, and if John Day wants that employee, and Burns can make his time available, then John Day would pay that cost to R3 and R3 would pass it on to Burns to make them whole for the time their staff member is not working for Burns.

We'd have overhead costs just issuing charge authorizations and making up the blended teams, but it would be far cheaper doing that than it would to hire a consulting firm at \$250 an hour to do the same things.