

Summary of R3 IGAs, Costs-to-Date, and Invoices

This memo provides a summary for the R3 board of the R3 intergovernmental agreements (IGAs), costs incurred to date, and invoices pending board review and approval.

IGA Background

There are three IGAs related to R3. In order of adoption, they are:

- Original IGA between Lakeview and Burns, effective May 1, 2023
- First Amended and Restated IGA, effective July 1, 2023
- Burns and R3 IGA, effective July 26, 2023

Burns and Lakeview undertook R3's initial activities as the founding parties. They signed the original IGA following adoption by ordinance in March 2023. It was then recorded by Beery, Elsner & Hammond with the Oregon Secretary of State with an effective date of May 1, 2023.

Creating R3 was necessary to receive legal recognition and become eligible for a \$10 million state appropriation in HB3410, which the legislature approved in June and was signed into law by the Governor on July 31, 2023. Had Burns and Lakeview not founded R3 last spring, there would have been no appropriation and no funding.

These original parties later approved the first amended and restated intergovernmental agreement to add John Day and Baker City, bringing the consortium to four members. This amended IGA took effect on July 1.

The board members from all four parties unanimously approved a separate IGA between R3 and the City of Burns on July 26 to manage the organization until the state appropriation is received and R3's financial accounts are established.

Burns agreed that fees under that IGA would not exceed five thousand dollars (\$5,000.00) in any 30-day time period without the consent of the R3 Board, and the parties agreed to reimburse for the City of Burns for its actual and reasonable costs within 30 days of receiving an invoice.

Costs-to-Date

The current obligations for the R3 organization (costs-to-date) total **\$53,038.60**.

The City of Burns has incurred actual expenses for R3 of **\$40,038.60**. If these costs were to be invoiced to all parties, it would equate to **\$10,009.65 per party**.

However, only \$16,744.75 of this expense was incurred under Burns's IGA with R3 that took effect on July 26. The remainder (\$23,293.85) was for costs incurred creating R3 between April and June. Regardless of the timing, all costs incurred by the City of Burns were essential to launch R3 and make the state funding available for all the parties who later joined.

Summary of Invoices

There are 16 invoices pending board approval, which are enclosed.

The City of Burns has not submitted any invoices to the R3 board of directors for approval. Neither have any of R3's consultants.

Per Mayor Rookstool's request at the November board meeting, the City of Burns transmitted some of these invoices to John Day and the other parties to R3. However, no invoices have ever been brought to the R3 board of directors for review or approval.

Until the R3 board of directors reviews and approves its invoices, no party should make or approve payments.

Board review and approval is a prerequisite to ensure that the invoices submitted to the parties are accurate and reflect actual costs incurred under the terms of the respective IGAs.

Burns has now paid 14 of the 16 invoices submitted to date. These include invoices for pre-agreement expenditures associated with creating the agency, the cost of developing the original IGA, the cost of creating the amended IGA, and costs associated with Burns's IGA incurred since July 26 related to running the agency.

The City of Burns has now paid Catalyst for its pre-agreement costs associated with establishing R3 that were incurred before September 18, 2023.

Catalyst has not submitted any invoices to R3 under its professional services agreement, which took effect on September 18, and agreed not to invoice the agency until the grant funds are received.

Recommendation

R3's board of directors should review and approve the 16 invoices submitted with this agenda.

As a separate action, the board should decide whether (and how much) to charge to the parties to the agreement by selecting one of the five options below.

Option A)	\$13,259.65	per party, no residual expenses
Option B)	\$10,009.65	per party; \$13,000 in residual expenses owed to Catalyst upon receipt of state funds
Option C)	\$4,186.19	per party; \$13,000 owed to Catalyst, \$23,293.85 owed to Burns upon receipt of state funds
Option D)	\$40,038.60	owed to Burns upon receipt of state funds; \$13,000 owed to Catalyst, no payments by parties
Option E)	\$53,038.60	owed to Burns upon receipt of state funds, full payment to Catalyst, no payments by parties

Date	Invoice No.	Amount	Vendor	Status	Agreement
5/31/2023	INV-000069	\$10,702.50	Catalyst	Paid by Burns	Original IGA
6/30/2023	INV-000078	\$2,025.00	Catalyst	Paid by Burns	Original IGA
7/31/2023	INV-000084	\$7,143.75	Catalyst	Paid by Burns	Original IGA
8/31/2023	INV-00100	\$5,118.75	Catalyst	Paid by Burns	Burns-R3 IGA
9/29/2023	INV-00108	\$2,475.00	Catalyst	Paid by Burns	Burns-R3 IGA
10/31/2023	INV-00113	\$6,500.00	Catalyst	Unsubmitted	R3 Agreement with Catalyst
11/30/2023	INV-00124	\$6,500.00	Catalyst	Unsubmitted	R3 Agreement with Catalyst
4/1/2023	307867-1	\$769.50	Beery, Elsner & Hammond	Paid by Burns	Original IGA
5/1/2023	31025	\$713.80	Beery, Elsner & Hammond	Paid by Burns	Original IGA
6/1/2023	31218	\$1,939.30	Beery, Elsner & Hammond	Paid by Burns	Original IGA
7/31/2023	31778	\$2,795.00	Beery, Elsner & Hammond	Paid by Burns	Burns-R3 IGA
9/1/2023	32015	\$598.50	Beery, Elsner & Hammond	Paid by Burns	Burns-R3 IGA
9/1/2023	32014	\$3,221.00	Beery, Elsner & Hammond	Paid by Burns	Burns-R3 IGA
9/30/2023	32236	\$997.50	Beery, Elsner & Hammond	Paid by Burns	Burns-R3 IGA
10/1/2023	32237	\$484.50	Beery, Elsner & Hammond	Paid by Burns	Burns-R3 IGA
11/27/2023	32464	\$1,054.50	Beery, Elsner & Hammond	Paid by Burns	Burns-R3 IGA
Total	16	\$53,038.60			
Burns Paid to Date	14	\$40,038.60			