

Council Agenda Bill

AB Number

AB25-070

Agenda Bill Information

Title*

King County Regional Opioid Abatement Council Agreement Amendment

Action*

Discussion

Council Agenda Section

Committee Report

Council Meeting Date*

Department*

Legal

Staff Member

Dena Burke

Committee Date

09/03/2025

Committee

Finance and Administration

Exhibits

Packet Attachments - if any

AB25-070 Budgetary Status.docx

13.83KB

Summary

Introduction*

Brief summary.

The city entered into an ILA with King County regarding distribution of opioid settlement funds. The city received a request from the King County Regional Opioid Abatement Council requesting written confirmation to an amendment to the allocation of administrative costs as set forth below.

Proposed Motion

Background/Overview*

What was done (legislative history, previous actions, ability to hyperlink)

Each of the participating agencies are contributing 10% of their allocation of opioid settlement funds to cover OAC administrative costs. While the OAC originally anticipated being able to credit back unused portions of the parties' contributions on a yearly basis, the disbursements of opioid settlement funds are not being spread evenly over the settlement period. Unexpectedly, there were large disbursements in 2023 and 2024. As a result, the parties' contributions to OAC administrative costs in the earlier years will exceed annual costs and in the later years, will be less than needed to cover

annual OAC administrative costs. With current planned staffing levels necessary to administer OAC through 2039, if the OAC were to annually credit back the unused contributions, the OAC Administrator will incur funding deficits starting in 2028, and significant deficits by 2033.

To address this situation, the OAC is proposing to carry the parties' excess contributions from the early years into the later years to cover the OAC administrative costs over the entire settlement period (through 2039). Instead of crediting cities back unspent funds yearly, the OAC Administrator would hold back credits to cover the deficits as needed, potentially until the end of the settlement period. The OAC Administrator would provide an administrative budget forecast update yearly at the annual open OAC meeting. At the end of the settlement period, the OAC Administrator would credit back all unspent contributions. Holding back the current year's credits and amortizing fees moving forward will reduce the deficit and likely allow for a total of approximately \$1 million to be returned to Parties at the end of the settlement period (2039). Without amortization of balloon payments, the OAC Administrator may be unable to facilitate the OAC.

In order to effectuate this change, **the OAC proposes the following change to the King County Regional OAC agreement:**

Section 6.F: If the amount contributed by a Party to the OAC Administrative Costs fund under Section 6.B in a year exceeds that Party's proportionate share of the OAC Administrative Costs for that year, King County Treasury shall retain some or all of the excess amount in the OAC Administrative Costs fund for payment of OAC Administrative Costs in later years ~~and reduce that Party's required contribution for the following year by that same amount.~~ Any excess contributions remaining in the fund after termination and payment of all OAC Administrative Costs will be returned to the contributing Party for use as authorized by the MOU.

To allow for future modifications of the OAC Agreement similar to the change requested above, **the OAC is proposing to replace Section 9 with the following:**

This Agreement may be amended as follows:

(1) The OAC shall provide all Parties with written notice of the proposed amendment.

(2) *Any Party objecting to the amendment shall have ninety (90) days to provide the OAC with a written objection.*

(3) *If one or more Party(ies) objects, the proposed amendment is rejected.*

(4) *If no Party objects to the proposed amendment within 90 days of the notice described in (1) above, the OAC shall schedule a vote on the proposed amendment.*

(5) *If unanimously approved by all four members of the OAC, the amendment is adopted and effective immediately.*

(6) *If an amendment is adopted, the OAC shall provide the Parties with written notice of the amendment and the effective date.*

Notwithstanding the above, the OAC may by unanimous vote of all four OAC members and without prior notice to the Parties, amend the definitions of Opioid Litigation and National Settlement Agreements in order to make this Agreement applicable to future opioid litigation settlements.

Analysis*

The city will be seeking community volunteers for the newly formed Opioid Funding Advisory Committee. Once established, that committee will ensure Snoqualmie opioid settlement funds are dispersed for approved uses in accordance with the agreements.

Budgetary Status*

This action has no budgetary implications.

Budget Summary