



Lacey City Council Worksession Agenda

Refer to the bottom of the agenda for meeting information.

Tuesday, February 24, 2026

6:00 PM

Council Chambers and Online

1. Call to Order

2. Roll Call

3. Land Acknowledgement

We, the City of Lacey, are on the ancestral land of the Tribal People of the Treaty of Medicine Creek, including the Nisqually Indian Tribe and Squaxin Island Tribe. We acknowledge and remember those Tribal People not recognized today who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here. We recognize and respect the Tribal People of the Treaty of Medicine Creek as the traditional stewards of this land since time immemorial and their role today in taking care of these lands in perpetuity. We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and city to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.

4. Approval of the Agenda

5. Public Comment

Refer to the bottom of the agenda for instructions on how to provide public comment.

6. Agenda Items

A. Historical Commission 2026 Work Plan

Jen Burbidge, Parks, Culture and Recreation Director
Historical Commission Representatives

B. Parks, Culture, and Recreation Board 2026 Work Plan

Jen Burbidge, Parks, Culture and Recreation Director
Parks, Culture, and Recreation Board Representatives

C. ULID No. 25 Bond Ordinance and Debt Issuance Briefing

Troy Woo, Finance Director

D. Fund Level Budget Amendment Process

Rick Walk, City Manager
Troy Woo, Finance Director

E. Opioid Settlement Interlocal Agreement Update

Rick Walk, City Manager

F. Council Reports

City Council

7. Adjourn

Meeting Information:

Attendance (Remote or In-Person)

The public may attend the meeting in-person, or you may view or listen to the meeting using one of the following platforms:

In-Person:	Council Chambers at Lacey City Hall 420 College Street SE, Lacey, WA 98503
Zoom:	https://us02web.zoom.us/webinar/register/WN_9pPLg9GfSmi5lO34lrDVeA
Website:	https://cityoflacey.org/government/public-meetings/
Facebook:	https://www.facebook.com/cityoflacey
YouTube:	https://www.youtube.com/watch?v=Dk-rF348hn8
Phone:	(888) 788-0099 or (877) 853-5247 (Webinar ID 838 0235 4974)

Verbal Public Comment

Each speaker is limited to three minutes. Comments are welcome on matters connected to City business or specific agenda items.

Prior to starting your comments, please provide your:

- a. Name
- b. City of residence or connection to the City
- c. Topic or subject matter of your comments

Those wishing to provide verbal public comment may do so in-person or by Zoom:

In-Person:	Use the sign-up sheet located in the Council Chambers.
Zoom:	Preregister using the following Zoom link no later than two hours prior to the meeting: https://us02web.zoom.us/webinar/register/WN_9pPLg9GfSmi5lO34lrDVeA

Instructions and access details will be provided once registration is complete.

Written Public Comment

Public comments may also be submitted by email to PublicComment@cityoflacey.org. The commenting period will close two hours before the meeting time. Written comments will be provided to the City Council electronically prior to the meeting. Comments will not be addressed during the Council meeting; however, comments received will be added to the official record.



STAFF REPORT

Council Worksession
February 24, 2026

Subject: Historical Commission 2026 Work Plan
To: Lacey City Council
Prepared by: Erin Quinn Valcho, Museum Curator *ugv*
Department Director: Jen Burbidge, Parks, Culture, & Recreation Director *jb*
Reviewed By: Not Applicable
Final Review: Rick Walk, City Manager *RW*

Purpose: Informational

Recommendation: Review only. After discussion, City Council has option to place the 2026 Historical Commission Work Plan an upcoming regular public meeting consent agenda

Brief: The annual Historical Commission accomplishments from 2025, and priorities for the upcoming year. Staff and the board will present on the annual work plan to the City Council.

Alternatives:

1. No change: Continue as is.
2. Review the 2026 Historical Commission Work Plan and add to the City Council consent agenda for approval.
3. Review the 2026 Historical Commission Work Plan and provide direction to City staff on potential amendments. Some other option not contemplated in the above.

Prior Review:

Historical Commission - 12/17/2025

Historical Commission - 1/21/2026

Advisory Board Recommendation(s):

Historical Commission – Approved the work plan at the December 17, 2025 meeting; updated at the January 21, 2026 meeting.

Fiscal Impact:

Budgeted Item: No

Amount: \$ Not applicable

Project Code: Not applicable

Attachments:

1. 2025 Historical Commission Accomplishments
2. 2026 Historical Commission Work Plan

Policy or Legal Alignment:

1. [LMC 2.42](#)

Background:

The Historical Commission provides leadership in raising awareness of Lacey's history and preservation of local historic resources. The Commission guides the creation of public education and interpretive programs, encourages preservation of items and properties that are of historical significance, and reviews nominations to the Lacey Register of Historic Places.

Each year the Historical Commission identifies priorities for the upcoming year and reports out a yearly work plan to the full City Council.



Lacey Historical Commission

2025 Accomplishments

2025 Work Plan Accomplishments

- Installed a historic kiosk at the Regional Athletic Complex (RAC) through a partnership with the Thurston County Historic Commission. Hosted a joint dedication ceremony and ribbon-cutting ceremony.
- Issued a Certificate of Appropriateness to the property owner of the Lacey Women's Club for their rehabilitation project and the building's change in use.
- Recommended to approve the application for Special Tax Valuation for the Bowker House.
- Presented the five-year fundraising plan to City Council, developed in partnership with the Lacey Community Foundation.
- Awarded the 2025 Ken Balsley Lacey Historian of the Year to John Dziedzic.
- Celebrated Lacey History Month in May.
- Completed historic preservation assessments of the Jacob Smith House, Long Lake House, and McKinney Building. Foundation laid to submit the Jacob Smith House nomination to the Lacey Register of Historic Places.
- Approved nine museum acquisitions which included the Olympia Area Dixieland Jazz Society Collection, artifacts from Union Mills, genealogical records of the pioneer Hawk and Mayes families, and an Evergreen Ballroom coat check tag.
- Identified 343 properties on the historic property inventory, 57 of which are potentially eligible for the historic register and 115 are undetermined.
- Add a page to the website identifying historic register properties and their histories.
- Exhibits and museum offices moved to the 6th Avenue location. Preview tours offered in December to stakeholders and the public. Opening to the public expected in January.
- Significant progress made on move of collections and research center to the Russell House.

Other Noteworthy Accomplishments

- Welcomed Commissioners Montgomery and Shipley to the Historic Commission. Said goodbye to Commissioners Halvorson and Tyler. Commissioner Ed Holm was reappointed to another term.
- Hosted 9 HistoryTalks! (466 live participants, 2,093 post-event views).
- Completed MOU with Thurston County for reprinting *Water, Woods & Prairies*.
- Museum exhibits completely redesigned and new exhibit *Bits and Bobs* developed and installed.
- Lacey Depot rentals brought \$9,100 in revenue.

- Replaced the furnace and air conditioner at the Russell House.
- Lacey Museum hosted two public events, The Great Lacey Adventure Scavenger Hunt and Art Rocks! A Community Rock Painting Event.

Lacey Historical Commission

2026 WORK PLAN

Approved January 21, 2026

Task	Responsible Commissioner	Status	Target Completion date
ONGOING OR ANNUAL			
1. Parks, Culture & Recreation Staff Updates		Quarterly	
2. Support Lacey Museum Programs, Collections, and Projects		As needed	
3. Review Museum Collections Acquisitions		Monthly, as needed	
4. Strategic Plan Annual Review		Upcoming agenda	
5. Historic Register Properties Design Reviews		As needed	
6. Grant Opportunities		CLG Grant for interpretive markers	
7. May is Lacey History Month		May	Spring 2026
8. Ken Balsley Lacey Historian of the Year		May	Spring 2026
9. Tribal Updates and Collaboration	All	As needed	
SPECIAL PROJECTS			
10. America's 250 th Anniversary	All	Upcoming agenda	Fall 2026
11. Lacey's 60 th Anniversary	All	Upcoming agenda	Fall 2026
12. Lacey Historic Markers Map Layer	Chair Wyckoff and Commissioner Montgomery	Upcoming agenda	Fall 2026
13. New Lacey Museum and Cultural Center	All	Pending funding	TBD
14. Lacey Depot Historic Photos	All	Upcoming agenda	Fall 2026
15. Jacob Smith House Interpretive Marker	All	Upcoming agenda	Fall 2026
16. Lacey Research Center and Collections Move	All	In progress	Spring 2026
17. Tour of Museum Sites	All	Upcoming agenda	Summer 2026
18. Homann Park Interpretive Marker	All	Upcoming agenda	Fall 2026
19. Bowker House Plaque	All	Upcoming agenda	Summer 2026
POLICIES & PROCEDURES			
20. City Council Public Art & Monuments Policy Review: Art Donation Policies	All	Upcoming agenda	Spring 2026
21. Museum Policy Update	Commissioner Goetz	Upcoming agenda	TBD
22. Historical Commission CLG Procedures	Commissioner Goetz	Upcoming agenda	TBD
23. Historical Commission Policy Review	Commissioner Goetz	Pending Citywide Policy Review	TBD
HISTORIC PRESERVATION			

Task	Responsible Commissioner	Status	Target Completion date
24. Bowker House Special Valuation Agreement 10 Year monitoring	All	Upcoming agenda	December 2036
25. Jacob Smith House Local Register Nomination	All	Upcoming agenda	Spring 2026
26. McKinney House Parcel Assessment	All	Upcoming agenda	Winter 2026
27. Historic Register Properties Inventory Process & Map	Chair Wyckoff and Commissioner Montgomery	In progress	Fall 2026 (Web page completed, map in progress)



STAFF REPORT

Council Worksession
February 24, 2026

Subject: Parks, Culture and Recreation Board 2026 Work Plan
To: Lacey City Council
Prepared by: Jenny Wilson, Senior Parks Planner *JW*
Department Director: Jen Burbidge, Parks, Culture, & Recreation Director *JB*
Reviewed By: Not Applicable
Final Review: Rick Walk, City Manager *RW*

Purpose: Informational

Recommendation: Review only. After discussion, City Council has option to place the 2026 Parks, Culture and Recreation Work Plan an upcoming regular public meeting consent agenda

Brief: The annual Parks, Culture and Recreation Board accomplishments from 2025, and priorities for the upcoming year. Staff and the board will present on the annual work plan to the City Council.

Alternatives:

1. No change: Continue as is.
2. Review the 2026 Parks, Culture and Recreation Board Work Plan and add to the March 3rd City Council consent agenda for approval.
3. Review the 2026 Parks, Culture and Recreation Board Work Plan and provide direction to City staff on potential amendments. Some other option not contemplated in the above.

Prior Review:

Parks, Culture, and Recreation Commission - 12/3/2025 [LINK](#)
Select a Meeting Type -

Advisory Board Recommendation(s):

Parks, Culture, and Recreation Board – Approved the work plan at the December 3, 2025 meeting.

Fiscal Impact:

Budgeted Item: No
Amount: \$ Not applicable
Project Code: Not applicable

Attachments:

1. 2026 Parks, Culture and Recreation Board Work Plan

Policy or Legal Alignment:

1. [LMC 2.44](#)

2. 2025 Parks, Culture and Recreation Board Accomplishments

Background:

The Parks, Culture & Recreation Board provides leadership in the area of Parks, Culture and Recreation. The Board makes recommendations regarding planning, promotion, management, acquisition, construction, development, maintenance, and operation of Lacey's parks, trails, public recreation facilities and cultural and recreational programs.

Furthermore, the Board makes rules and regulations in regards to the use of the parks and other recreational facilities as best serves the interests of the public. They also receive money or donated properties for the purpose of acquisition of parks or the improvement of the parks or recreation system, and expend and use them in such manner as shall best carry out the interests of the donors, provided that all money received shall be placed properly into restricted accounts to ensure donor's wishes are carried out.

A list of current Parks Board Commissioners is available on the Parks, Culture and Recreation Board [website](#).

Each year the Board reports on accomplishments from the prior year, and identifies priorities for the upcoming year by reporting their annual work plan to the full City Council.

Lacey Parks, Culture, and Recreation Board

2026 WORK PLAN

Approved: December 3, 2025

Task	Responsible Commissioner	Status	Target Completion date
ONGOING			
1. Parks, Culture & Recreation Staff Updates			
2. Annual Budget, Parks Capital Improvement Program, and City Capital Facilities Plan Update			
3. Grant Opportunities			
4. July is Parks & Recreation Month			
5. Annual Report			
6. Regional Trails Plan			
CONSTRUCTION PROJECTS			
7. Long Lake House Demo	All	In Progress	Spring/Summer 2026
8. Bush Park Playground Replacement	All	In Progress	Spring 2026
9. Wonderwood Park Trail & Court Upgrades (Sunset)	All	Upcoming Agenda	2027
10. Long's Pond Dock Replacement	All	Upcoming Agenda	2027
SPECIAL PROJECTS			
11. Financial Assistance Policy Review	All	Upcoming Agenda	Winter 2026
12. Park Facilities Security Camera Expansions	All	Upcoming Agenda	Winter 2026
PARK RULES			
13. Metal Detecting Update	All	Upcoming Agenda	Winter 2026
14. Ebikes & E-scooters Update (with partners)	All	Upcoming Agenda	Winter 2026
15. Affixing Signs Update	All	Upcoming Agenda	Winter 2026
16. Mobile Vendors in Parks Consider & Research	All	Upcoming Agenda	Spring 2026
PLANNING			
17. RAC Improvements Planning & Design	All	In Progress	2026
18. McKinney House and Parcel Assessment	All	In Progress	Winter 2026
19. Lake Lois Habitat Reserve – update interpretive signage & brochure	All	Upcoming Agenda	Spring 2026
20. Rainier Vista – Pickleball and Ping Pong	All	Upcoming Agenda	Fall 2026
21. Wanschers Park Lift Station	All	Upcoming Agenda	Spring 2026
22. RAC Lights LED Conversion	All	TBD	Pending funding
23. Huntamer Park Improvements	All	TBD	Pending funding

Lacey Parks, Culture and Recreation Board

2025 Accomplishments

2025 Work Plan Accomplishments

- Greg Cuoio Park construction is substantially complete, and the financial plan was approved.
- Completed construction of the new bridge at Woodland Creek Park.
- Installed a historic kiosk at the Regional Athletic Complex (RAC) through a partnership with the Thurston County Historic Commission and the Lacey Historical Commission. Hosted a joint dedication ceremony and ribbon-cutting ceremony.
- Awarded two Washington State Recreation and Conservation Office (RCO) grants;
 - Rainier Vista Park Improvements (pickleball, ping pong, and safety net installation): \$500,000
 - William A. Bush Park Playground Replacement: \$220,710
- Awarded \$5,000 from the PARC foundation of Thurston County to support Summer Youth Activities.
- The Park Improvement Funding Workgroup made a final recommendation to City Council to pursue formation of a Metropolitan Park District (MPD). Informative presentations were provided to boards, commissions, and community groups about the MPD proposal.
- Reviewed funding strategies and initial concept designs for the RAC Improvements Project.
- Partnered with Intercity Transit's Walk N Roll program to offer a week-long teen bike education program at Woodland Creek Community Park.
- Completed planning and outreach for the William A. Bush playground replacement options. Gateway Rotary, a funding partner, helped gather over 460 community votes on the preferred design.
- Continued research and education efforts regarding off-leash dogs in parks.
- Continued partnership with North Thurston Public Schools (NTPS) to explore opportunities for the Young Child & Family Center of Lacey project.
- Renewed 25-year lease agreement with the Meadowlake Homeowners Association for maintenance and operations of Arbors Park.
- Reviewed historic preservation and critical areas reports for the McKinney Building and made a recommendation to City Council on next steps.
- Published the 2024 Annual Report
- Celebrated July is Parks and Recreation month.

Other Noteworthy Accomplishments

- Welcomed Commissioner Roth and Commission Gipson to the Parks Board. Commissioner Fosbre and Commissioner Kumar were reappointed to additional terms.
- Partnered with Thurston County Pickleball Club through an agreement contributing over \$99,000 toward the tennis court resurfacing project at Rainier Vista Park.
- Finalized agreements with South Puget Sound Disc Golf Association to assist with design, construction, and maintenance of the disc golf course at Greg Cuoio Park.
- Partnered with Hawks Prairie and Lacey Rotary to sponsor a parks trail map project.
- Held a groundbreaking ceremony for Greg Cuoio Park.
- Approved installation of two benches through the Parks Enhancements Program.
 - One at Lacey Depot Park, honoring former Parks & Recreation Director Lori Flemm.
 - One at the RAC, provided by former Parks Board Commissioner Glen Crandal.
- Conducted a parks tour with the Parks Board and City Council, visiting the Greg Cuoio Park construction site and other park sites.
- Approved three park rentals with alcohol beverage sales.

- Developed the framework for the future Park Watch Program.
- Submitted 21 budget requests focused on safety, critical infrastructure, and essential equipment for parks, maintenance, and facilities.
- Presented the five-year fundraising plan, developed in partnership with the Lacey Community Foundation.
- Parks Maintenance coordinated a warranty replacement of the synthetic soccer field at the RAC.
- Parks Maintenance launched the Parks Condition Assessment project to evaluate assets and assist in prioritizing improvement needs.
- Provided a presentation and park tour for participants in the Lacey Community Academy.
- Hosted the annual volunteer appreciation picnic at Rainier Vista Park.
- Hosted 12 Women's and Men's United States Soccer League games at the RAC



STAFF REPORT

Council Worksession
February 24, 2026

Subject: ULID No. 25 Bond Ordinance – Tolmie Estates
To: Lacey City Council
Prepared by: Chelsea Knight, Acting Financial Services Manager
Department Director: Troy Woo, Finance Director
Reviewed By: Troy Woo, Finance Director
Final Review: Rick Walk, City Manager

RW TW TW

Purpose: Briefing

Recommendation: No action requested.

Brief: The City Council adopted Ordinance No. 1687 approving the final assessments for ULID No. 25. Now that the appeal/prepayment periods have expired, the City can issue debt to reimburse the Wastewater Capital Fund for the Tolmie Park Estates sewer project. Because of the small debt amount of the ULID it is difficult to market externally. The City plans to internally finance the bonds by selling them to the City of Lacey LID Debt Fund. A placement agent market rate analysis recommends financing the \$224,060.45 amount for 15-years at 4.4% interest.

Alternatives:

1. Provide direction on other elements to consider
2. Some other option not contemplated

Prior Review:

Council Regular Meeting – 12/2/2025

Advisory Board Recommendation(s):

Not Applicable

Fiscal Impact:

Budgeted Item: No

Amount: Not applicable

Project Code: Not applicable

Funding Source: Not Applicable

Attachments:

1.

Policy or Legal Alignment:

1. WA State BARS Manual Section 3.9.1

Background:

On December 2, 2025, the City Council adopted Ordinance No. 1687, which approved the final assessments for Utility Local Improvement District (ULID) No. 25. The required appeal period and prepayment period have expired, so the debt may be issued to reimburse the Wastewater Capital Fund.

Shortly after the ULID project was identified, it was determined that any ULID debt would likely need to be internally funded. The size of the ULID, in terms of the dollar amount and number of parcel owners, makes it difficult to market to bond buyers or direct placements with banks. Funds are available in the City of Lacey's LID Debt Fund for long-term investment. The proposed ULID bonds will be sold to the LID Debt Fund to reimburse the Wastewater Capital Fund for the construction of the Tolmie Park Estates sewer project to address the onsite septic system failure.

The City's adopted investment policy limits the investment maturity to five years unless:

“...the maturity of such investments is made to coincide as nearly as practical with the expected use of the reserve funds.”

There are no plans to expend the fund balance of the LID Debt Fund.

Based on the Washington State Auditor's Office (SAO) guidance for interfund loans, staff engaged the services of bond counsel (Foster Garvey) and a placement agent (DA Davidson).

With the Washington State Budgeting, Accounting, and Reporting System (BARS) Manual, the SAO recommends the following in regard to interfund loans:

- Interfund loans are approved by ordinance or resolution indicating the lending and borrowing funds, planned schedule of repayment, and a reasonable interest rate.
- The borrowing fund must anticipate sufficient revenues to repay the loan.
- The term of the loan may continue for longer than one year, but must be temporary in nature (concerns about any permanent diversion of funds). Any loans longer than three years will be scrutinized for a permanent diversion of funds.

Bond counsel and the placement agent will provide guidance and documentation to satisfy the SAO suggested procedures. The services and guidance will be focused on the development of a bond ordinance and market rate analysis.



The market rate analysis was performed on January 29, 2026. The proposed rate is slightly higher than traditional City issued bonds, but lower than a private bank loan. The proposed bonds are considered a junior lien utility security status. This credit security is lower than revenue bonds issued for city project purposes, which increases the interest rate. The junior lien approach protects any outstanding and future utility fund bond issues by not jeopardizing the utilities' strong credit status.

The market analysis includes a total par amount of \$224,060.45 with 15-year repayment period and a 4.4 percent interest rate. The payments will be uniform or mortgage style throughout the repayment period. Ordinance No. 1687 included consideration of 3.0 percent for financing costs. The adopted assessment roll amount included fixed amounts for financing and City of Lacey administrative fees, so the rate will not be adjusted.

The proposed approach to the bond financing is advantageous to the ULID parcel owners and city staff.

- With the LID Debt Fund purchasing the bonds, the ULID parcel owners save about \$30,000 in debt issuance costs (pre-marketing, credit rating, development of official statement, etc.) and city staff avoids significant workloads.
- The parcel owners do not have a debt reserve requirement, which saves interest related to the upfront funding of the reserve.
- The bonds are not open market bonds, so the continuing disclosure requirements will not be a burden to city staff.
- The ULID parcel owners receive the benefit of the City's strong credit rating, because the city utility revenues act as a backstop in the event ULID assessments are not adequate to make the annual debt payments.
- The ULID debt should not be considered balance sheet debt to the parcel owners, because no assets are leveraged towards the repayment of debt.

The sections of the proposed ordinance will be similar to other recent bond ordinances adopted by the City Council. The proposed ordinance will provide provisions for the method and timing of payments, pledge of City utility revenues for repayment, identification of the required funds for accounting purposes, and the form of the bonds. The proposed bond ordinance will be more straightforward than a traditional bond issue, because it does not include sections for tax-exempt status and the delegation authority.

The City Council will consider the ULID bond ordinance on March 3, 2026.





STAFF REPORT

Council Worksession
February 24, 2026

Subject: Fund Level Budget Amendment Policy
To: Lacey City Council
Prepared by: Troy Woo, Finance Director
Department Director: Troy Woo, Finance Director
Reviewed By: Not Applicable
Final Review: Rick Walk, City Manager

tw

RW

Purpose: Briefing

Recommendation: No action requested.

Brief: During the fiscal year, City departments may need to adjust approved budget appropriations to address unforeseen operational needs or changing priorities. The administrative fund/department level budget amendment policy establishes a policy for reallocating City Council approved appropriations within a single fund or department, without increasing total fund budgets. Administrative approval of the policy improves flexibility to respond to emerging needs.

Alternatives:

1. Provide direction on other elements to consider
2. Some other option not contemplated

Prior Review:

Internal – 12/30/2025

Advisory Board Recommendation(s):

Not Applicable

Fiscal Impact:

Budgeted Item: No

Amount: Not applicable

Project Code: Not applicable

Funding Source: Not Applicable

Attachments:

1. Fund Level Budget Amendment Policy

Policy or Legal Alignment:

1. RCW 35A.33.120

Background:

During the course of a fiscal year, City departments may encounter unforeseen operational needs, emergencies, or shifts in program priorities that require adjustments to approved budget allocations. While budget amendments are permitted under state law, the City has not previously had a formal, comprehensive policy documenting the rules, procedures, and limitations governing fund and department budget amendments. Historically, increases and offsetting decreases to single budget line items that did not result in additional fund level appropriations were not typically included in City Council budget amendment ordinances for efficiency reasons.

RCW 35A.33.120 authorizes municipalities to amend their budgets during the fiscal year but requires that such amendments maintain balanced funds and comply with statutory restrictions. The proposed policy codifies these requirements and establishes a consistent framework for managing budget amendments across all departments.

The newly established Fund/Department Budget Amendment Policy outlines clear guidelines for when and how budget amendments may occur. Key elements of the policy include:

- Amendments must occur within a single fund and may not increase total fund appropriations
- Each amendment must include a corresponding reduction to offset any increase
- Amendments may not draw on unbudgeted reserves or result in deficit spending
- Departments must provide justification and work collaboratively with the Finance Department
- The Finance Department is responsible for review, processing, and compliance oversight
- The City Manager will issue final approval of fund level budget amendment requests in accordance with RCW and administrative policy.
- The policy is structured to align with other City administrative policies, improving clarity, consistency, and ease of use for staff. Adoption of the policy strengthens internal controls, promotes transparency, and supports responsible financial management.



There is no fiscal impact associated with adoption of this policy. The policy does not authorize additional spending or increase budget appropriations. It provides procedural guidance for reallocating existing appropriations within approved funds.

The implementation of the Fund/Department Level Budget Amendment Policy formalizes an approved practice to maintain the integrity of the budget, lessens the administration burden of tracking over and under spending at the single line-item budget level, enhances fiscal accountability and ensures compliance with state law. The policy provides staff with clear direction while maintaining flexibility to respond to unforeseen needs during the fiscal year.

The purpose of the briefing is to inform the City Council of the draft administrative fund level budget amendment process policy. After discussion, the City Manager will move forward with finalizing the policy to provide guidance for future fund level budget amendment process.



CITY OF LACEY

FUND/DEPARTMENT LEVEL BUDGET AMENDMENT POLICY

SECTION 1	GENERAL
SECTION 2	AMENDMENT REQUIREMENTS
SECTION 3	AMENDMENT PROCEDURE
SECTION 4	LIMITATIONS
SECTION 5	ADMINISTRATION

1. GENERAL

- A. It is the policy of the City of Lacey to allow fund and department budget amendments during the fiscal year in a manner that complies with the authority granted by RCW 35A.33.120 and supports responsible financial management. All such budget amendments shall be subject to the review and approval of the City Manager, or the City Manager's authorized designee.
- B. Fund and department budget amendments are intended to address unforeseen needs, emergencies, or changes in operational priorities by reallocating appropriations within an individual fund. Amendments made under this policy shall not increase the total appropriations of any fund.
- C. All departments are expected to exercise sound fiscal judgment when requesting budget amendments and to ensure that requests are necessary, justified and consistent with City goals.

2 AMENDMENT REQUIREMENTS

All fund and department budget amendments shall comply with the following requirements:

- A. Budget amendments must occur within a single fund and include a corresponding reduction in another expenditure line within that same fund.
- B. The total appropriations of any fund may not be increased through amendments made under this policy.
- C. Budget amendments may only be initiated for the following purposes:

1. Addressing unforeseen operational needs or emergencies within a fund; or
 2. Reallocating appropriations to better align with departmental or program priorities
- D. Budget amendments may not draw upon unbudgeted reserves, nor may they result in deficit spending for any fund.

3 AMENDMENT PROCEDURE

- A. When a department identifies the need for a budget amendment, the department shall prepare a written justification describing the need for the amendment and the proposed offsetting reductions.
- B. The Finance Department shall work collaboratively with the requesting department to prepare a formal amendment proposal that includes.
1. Identification of affected accounts, showing both increases and corresponding decreases;
 2. A written justification for the amendment; and
 3. Supporting documentation, when applicable.
- C. The Finance Department shall periodically consolidate amendments for presentation to the City Manager for approval.
- D. Upon approval, the Finance Department shall process the budget amendment by making the necessary adjustments in the City's financial system and ensuring compliance with fund-specific and statutory limitations.

4 LIMITATIONS

- A. All budget amendments are subject to the following limitations:
1. Adjustments must remain within the same fund or department and may not increase total fund appropriations.
 2. Each amendment must include a corresponding reduction in another expenditure line within the same fund.
 3. Amendments may not utilize unbudgeted reserves or create deficit spending under any circumstances.

5 ADMINISTRATION

- A. The Finance Department is responsible for administering this policy,

developing amendment procedures, reviewing proposed amendments for compliance and ensuring adherence with RCW 35A.33.120.

- B. At a minimum, this policy shall be reviewed annually by the Finance Department and updated as necessary to ensure consistency with state law, financial best practices and the City's operational objectives.



STAFF REPORT

Select a Meeting Type
Date of Meeting/Report

Subject: First Amendment Interlocal Agreement for Opioid Abatement Council Independent Committee

To: Lacey City Council

Prepared by: Rick Walk

Department Director: Not Applicable

Reviewed By: Dave Schneider, City Attorney

Final Review: Rick Walk, City Manager

RW

Purpose: Briefing

Recommendation: Review only.

Brief: The City Council will be briefed on the proposed amendments to the Interlocal Agreement for Opioid Abatement Council Independent Committee. The purpose of the amendments is to create an efficient structure for pooling the opioid settlement fund received by each partner jurisdiction into a regional pot using the Opioid Abatement Council to make recommendation how to allocate the pooled services to address opioid addiction within the community. After discussion, Council will have the option to either suggest further amendments or move the proposed draft ILA to a future Council meeting for final action.

Alternatives:

1. No change: Continue as is.
2. Some other option not contemplated in the above.

Prior Review:

Fiscal Impact:

Budgeted Item: Yes

Amount: \$

Project Code:

Funding Source: Budget Account Code or delete

Attachments:

1. First Amendment Interlocal Agreement for Opioid Abatement Council Independent Committee
2. 2023 Interlocal Agreement for Opioid Abatement Council Independent Committee
3. Opioid Settlement Regional OAC ILA - (Staff Report) - 07.06.2023

Policy or Legal Alignment:

1. One Washington Settlement Memorandum of Understanding

Background:

On July 20, 2023, Thurston County and the Cities of Tumwater, Olympia and Lacey entered into the Interlocal Agreement for Opioid Abatement Council Independent Subcommittee. The interlocal agreement established the Opioid Abatement Council (OAC) for the purposes of monitoring and providing oversight obligations regarding the distribution of opioid funds received through the national opioid settlements administered under the One Washington Memorandum of Understanding (MOU). For more information on the original ILA and the One Washington Settlement, see attachment 3 (Opioid Settlement Regional OAC ILA - Staff Report - 07.06.2023).

The basic premise of the 2023 ILA was to establish the monitoring and oversight of the use of opioid funds in compliance with the opioid settlements and to provide a vehicle for pooling the funds received within the region to fund initiatives that can have greater impact in addressing opioid addiction.

However, the ILA did not provide a mechanism for pooling the local settlement dollars without creating additional ILA's specific to a funding proposal. Specifically, Section 5 of the 2023 Interlocal Agreement (ILA) established that the parties retain full control, autonomy, and discretion over the use and distribution of their allocation of opioid funds, provided the funds are used for purposes consistent with the ILA, and the One Washington MOU.

After authorizing the ILA, the Lacey City Council appointed Councilmember Greenstein as the Council's representative on the OAC. The OAC have had several meetings over the past eighteen months. The primary focus of the meetings has been discussing amendments to the existing ILA allowing the pooling of funds with the OAC recommending how to distribute the pooled funds to address opioid addiction in the region. The OAC also discussed the process for how the Board of County Commissioners (BOCC) would consider the OAC recommendation and how to resolve a disagreement between the BOCC and OAC. Based on the discussion amendments to the ILA have been proposed as drafted in the attached draft amended ILA (attachment 1).

The proposed amended language is primarily to Section 5 of the ILA and includes the following:

- Timing for when the jurisdictions declare the percentage of their funds to be pooled.
- The lead agency may utilize 10% of pooled funds for administrative costs.
- All pooled funds to be deposited in the treasury of the lead agency (Thurston County).
- The process for the OAC to make funding recommendations to the BOCC.
- The process to be followed if the BOCC does not approve the OAC funding recommendation.

At the worksession, staff will brief the City Council on the amendments to the ILA. The City Council will have the opportunity to discuss the amendments and consider moving the amended ILA forward for action at a regular scheduled council meeting.

FIRST AMENDED AND RESTATED INTERLOCAL AGREEMENT FOR OPIOID ABATEMENT COUNCIL INDEPENDENT SUBCOMMITTEE

This Interlocal Agreement (the "**Agreement**") is made and entered into pursuant to Chapter 39.34 RCW, the "Interlocal Cooperation Act," by and between Thurston County, Washington, a political subdivision of the State of Washington; the City of Lacey, a municipal corporation organized under the laws of the State of Washington; the City of Olympia, a municipal corporation organized under the laws of the State of Washington; and the City of Tumwater, a municipal corporation organized under the laws of the State of Washington. The above-mentioned local governments will be collectively referred to herein as the "**Parties**."

RECITALS

- A. The Parties are all "**Participating Local Governments**" as defined by the "One Washington Memorandum of Understanding Between Washington Municipalities" ("**One WA MOU**"), attached hereto as **Exhibit A** and incorporated herein by reference.
- B. The One WA MOU is one of the primary governing documents concerning how Participating Local Governments are to receive opioid abatement funding (referred to therein as "**Opioid Funds**") resulting from the settlement of opioid litigation. The One WA MOU provides that Opioid Funds are to be allocated within allocation regions, referred to therein as "**Allocation Regions**"). The Parties are all within the Cascade Pacific Action Alliance Region.
- C. The One WA MOU provides that each Allocation Region must have an Opioid Abatement Council ("**OAC**"), whose composition and responsibilities shall be defined by Regional Agreement or as set forth in Section C.4 of the One WA MOU.
- D. The Participating Local Governments in the Cascade Pacific Action Alliance Region established an OAC by executing the "Regional Agreement of the Cascade Pacific Action Alliance Region Participating Local Governments (the "**Regional Agreement**)", attached herein as **Exhibit B** and incorporated herein by reference.
- E. The Regional Agreement provides that the Cascade Pacific Action Alliance Region's OAC is comprised of independent subcommittees, with the independent subcommittee of the Parties herein being the "**Thurston County and Cities Independent Subcommittee**." Section 8 of the Regional Agreement provides that each independent subcommittee is responsible for the specific functional duties of the OAC.
- F. On July 20, 2023, the Parties entered into an Agreement titled Interlocal Agreement for Opioid Abatement Council Independent Subcommittee, which constituted the agreement between the Parties as to how the OAC duties of the Thurston County and Cities Independent Subcommittee are to be performed, consistent with the One WA MOU and Regional Agreement.
- G. The Parties now wish to amend and restate the Agreement to clarify how some opioid settlement funding would be pooled for the greater benefit of the Parties.

AGREEMENT

- 1. **Incorporation of Recitals.** The foregoing Recitals A through G are incorporated herein by reference as substantive provisions of this Agreement.
- 2. **Thurston County and Cities Council.** The Parties agree that the Regional Agreement sets forth specific OAC administrative tasks for each independent subcommittee. The

Parties also agree that Section C(4)(h) of the One WA MOU provides that the OAC "shall be composed of representation from both Participating Counties and Participating Towns or Cities within the Region," and that the "method of selecting members, and the terms for which they will serve" will be determined by the Participating Local Governments. Accordingly, the Parties agree that each Participating Local Government within the Thurston County and Cities Independent Subcommittee will appoint one representative to serve on the "**Thurston County and Cities Council.**" The term for each member of the Thurston County and Cities Council will be three (3) years, and terms may be successive with no term limits.

3. **Administrative Duties.** The administrative duties of the Thurston County and Cities Independent Subcommittee will be performed as follows:
 - a. At least annually, the Thurston County and Cities Council will convene to review and fulfill oversight obligations regarding the distribution of Opioid Funds from Participating Local Governments to programs and services within the territories of the Parties.
 - b. At least annually, the Thurston County and Cities Council will convene to review the Parties' expenditure reports for compliance with the Approved Purposes listed in the One WA MOU and any opioid settlement.
 - c. The Parties will make all their decisions on Opioid Fund allocation applications, distributions, and expenditures publicly available. Thurston County will compile or link the Parties' information on a single webpage.
 - d. The Parties will all make expenditure data publicly available, at least on an annual basis. Thurston County will develop and maintain a centralized public dashboard or other repository for the publication of the Parties' expenditure data on the Thurston County website and update it at least annually.
 - e. Hearing complaints by the Parties regarding alleged failure to (1) use Opioid Funds for Approved Purposes, or (2) comply with reporting requirements will be handled as follows:
 - I. Each Party will maintain its own internal complaint process and hear complaints internally, with an opportunity to correct any complaint.
 - II. If the Party is unable to resolve the complaint through its own internal complaint process, the Thurston County and Cities Council will convene to hear the complaint, and the Party will have an opportunity to present its position on the complaint through written and oral argument. If the Thurston County and Cities Council concludes that the Party did not comply with the Approved Purposes from the One WA MOU or that the Party otherwise misused its allocation of Opioid Funds, the Thurston County and Cities Council may take any remedial action consistent with the terms of the One WA MOU.

4. **Public Records; Records Maintenance and Audits.** Each Party is responsible for its own compliance with the Public Records Act, Chapter 42.56 RCW, in connection with this Agreement. The Parties agree to cooperate with each other to the extent necessary for any Party to comply with the Public Records Act. That said, no Party is required to coordinate its response to a public records request with another Party or forward a public records request to another Party to the extent the Party believes a public records request was misdirected to it.

Opioid Funds will be subject to mechanisms for auditing and reporting to provide public accountability and transparency. All records related to the receipt and expenditure of Opioid Funds shall be maintained for no less than five (5) years and such records shall be available for review by the Parties to this Agreement, government oversight authorities, and the public.

5. **Funding.** The Parties agree to pool some or all opioid settlement funding received after January 1, 2018, as directed by each jurisdiction's legislative body on an annual basis.

- a. Each jurisdiction must convey to the Thurston County and Cities Independent Subcommittee the percentage of its funding or specific dollar amount to be pooled for the following calendar year by June 30th each year.
 - I. If no decision is conveyed by June 30th, then the amount to be pooled shall remain the same as the prior year.
 - II. For calendar years 2026 and 2027, Thurston County agrees to pool \$500,000 per year.
- b. The Lead Agency may utilize up to 10% of the pooled funding for administrative costs related to the shared budget, such as contract and fiscal management.
 - I. This 10% is independent from the 10% outlined in Section 7 for the administration of the Opioid Abatement Council and is to be tracked separately to be reported on an annual basis.
- c. All funds contributed by the Parties for the purposes set forth in this Agreement, shall be deposited in the treasury of the Lead Agency, as described in Section 6.
 - I. Unspent pooled funds may be carried over and used in subsequent years to the extent which is allowed by federal and state law for projects, programs, and activities consistent with this Agreement, as per the decision-making process in Section 7d.
 - II. Unallocated opioid settlement funds will be returned to the Parties for their own use, with all funds to be used in accordance with the One Washington MOU – including allowable uses, reporting, and all other sections.
- d. The Thurston County and Cities Independent Subcommittee will make funding recommendations and serve in an advisory capacity to the Thurston County Board of County Commissioners. The

BoCC will authorize funding for these grants but will not deviate from the funding recommendations provided by the Subcommittee.

- I. Pooled funding recommendations will be presented to the BoCC as one recommendation. The BoCC must approve the entire recommendation for the approval to move forward and the funding to be authorized. No changes may be made to the recommendation by the BoCC.
- II. In the event the BoCC does not approve the funding recommendation, the Subcommittee will review the recommendations and consider revisions. The Subcommittee will submit a final recommendation to the BoCC, who will assess the recommendations and make a final decision to either approve or reject the entire recommendation.
- III. In the event the BoCC does not approve the funding recommendation for the second time, the pooled funds will be returned to the Parties for their own use.

6. **Lead Agency.** Thurston County will act as the Fiscal Agent and Lead Agency on behalf of the Parties in administering all contracts and processing all invoices and receipts for any pooled funds. Thurston County shall name a program manager who shall be responsible for the operations of the Thurston County and Cities Independent Subcommittee. The program manager will be responsible for the following: meeting coordination and agenda preparation, support related to opioid settlement funding, and coordination of the request for proposal and award process. Lead Agency will document all costs related to Section 5.a and report such costs to the Parties on an annual basis. The Lead Agency will coordinate with the Parties in preparing required local and state reporting materials.
7. **Administrative Costs.** Pursuant to Section C(4)(b) of the One WA MOU, ten percent (10%) of Opioid Funds received by all of the Participating Local Governments will be reserved, on an annual basis, for administrative costs related to the OAC. Under the Regional Agreement, the independent subcommittees of the Cascade Pacific Action Alliance Region OAC are required to provide an annual budget and accounting for actual costs and will be reimbursed for those costs from the independent subcommittee's proportionate share of Opioid Funds, provided the reasonable administrative costs shall not exceed actual costs or 10%, whichever is less.

The Parties agree to separately and individually create an annual budget and document their administrative costs related to performing their obligations related to the OAC and this Agreement, and to provide the budget and administrative cost documentation to the Thurston County and Cities Council at least annually. The Parties understand and agree they will be reimbursed for those costs from their proportionate share of Opioid Funds.

8. **Mutual Indemnity.** To the extent of its comparative liability, each Party agrees to indemnify, defend and hold the other Party, its elected and appointed officials, employees, agents and volunteers, harmless from and against any and all claims, damages, losses and expenses, including but not limited to court costs, attorney's fees and alternative dispute resolution costs, for any personal injury, for any bodily injury, sickness, disease or death and for any damage to or destruction of any property (including the loss of use resulting therefrom) which are alleged or proven to be caused by an act or omission, negligent or otherwise, of its elected and appointed officials, employees, agents or volunteers.

In the event of any concurrent act or omission of the Parties, each Party shall pay its proportionate share of any damages awarded. The Parties agree to maintain a consolidated defense to claims made against them and to reserve all indemnity claims against each other until after liability to the claimant and damages, if any, are adjudicated. If any claim is resolved by voluntary settlement and the Parties cannot agree upon apportionment of damages and defense costs, they shall submit apportionment to binding arbitration.

9. **Survival of Indemnity Obligations.** The Parties agree all indemnity obligations shall survive the completion or expiration of this Agreement.
10. **Compliance with Laws.** The Parties and their officials, officers, employees, agents, and subcontractors shall comply with all applicable federal, state, and local laws, regulations, rules, and policies.
11. **Relationship of the Parties.** The Parties' relationship exists solely for the limited purposes outlined in the Regional Agreement and the One WA MOU for receiving Opioid Funds. This Agreement, and the Parties' activities under it, shall not be construed as creating any kind of partnership or joint venture, nor shall it be construed as creating any kind of independent contractor, agency, or employment relationship between the Parties.
12. **No Third-Party Rights.** This Agreement is entered into by the Parties solely for their own benefit and it creates or grants no rights of any kind to any other party.
13. **Waiver.** No term or condition of this Agreement shall be deemed waived unless such waiver is expressly agreed to in writing by all Parties. In addition, waiver of any breach of this Agreement shall not be deemed a waiver of any prior or subsequent breach.
14. **Amendment.** This Agreement can only be amended in writing, and only upon execution by all Parties.
15. **Entire Agreement.** The Parties acknowledge that this Agreement is the complete expression of their agreement regarding the subject matter of this Agreement. Any oral or written representations or understandings not incorporated into this Agreement are specifically excluded.
16. **Headings.** The headings in this Agreement are for convenience only and shall not be deemed to affect the meaning of its provisions.
17. **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, such invalidity shall not affect the validity of the remaining provisions that can be given effect without the invalid provision, provided that the underlying intent of the Parties can still be given effect.
18. **Signature Authority.** Each person signing this Agreement on behalf of a Party warrants that he or she has full authority to sign this Agreement on that Party's behalf.
19. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed one agreement. Each counterpart may be

executed and delivered by facsimile to the other party.

20. **Exhibits.** The following exhibits are incorporated into this Agreement by reference.

I. Exhibit A- One Washington Memorandum of Understanding Between Washington Municipalities" ("**One WA MOU**")

II. Exhibit B - Regional Agreement of the Cascade Pacific Action Alliance Region Participating Local Governments (the "**Regional Agreement**")

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this __ day of _____, 2026.

CITY OF LACEY

DATED: _____

Attest: _____
Clerk

City Manager

Approved as to form:

City Attorney

CITY OF OLYMPIA

DATED: _____

Attest: _____
Clerk

City Manager

Approved as to form:

City Attorney

CITY OF TUMWATER

DATED: _____

Mayor

Attest: _____
Clerk

Approved as to form:

City Attorney

THURSTON COUNTY

DATED: _____

County Manager

Attest: _____
Clerk

Approved as to form:
Jon Tunhiem, Prosecuting Attorney

Deputy Prosecuting Attorney

INTERLOCAL AGREEMENT FOR OPIOID ABATEMENT COUNCIL INDEPENDENT SUBCOMMITTEE

This Interlocal Agreement (the “**Agreement**”) is made and entered into pursuant to Chapter 39.34 RCW, the “Interlocal Cooperation Act,” by and between Thurston County, Washington, a political subdivision of the State of Washington; the City of Lacey, a municipal corporation organized under the laws of the State of Washington; the City of Olympia, a municipal corporation organized under the laws of the State of Washington; and the City of Tumwater, a municipal corporation organized under the laws of the State of Washington. The above-mentioned local governments will be collectively referred to herein as the “**Parties**.”

RECITALS

- A. The Parties are all “**Participating Local Governments**” as defined by the “One Washington Memorandum of Understanding Between Washington Municipalities” (“**One WA MOU**”), attached hereto as **Exhibit A** and incorporated herein by reference.
- B. The One WA MOU is one of the primary governing documents concerning how Participating Local Governments are to receive opioid abatement funding (referred to therein as “**Opioid Funds**”) resulting from the settlement of opioid litigation. The One WA MOU provides that Opioid Funds are to be allocated within allocation regions, referred to therein as “**Allocation Regions**”). The Parties are all within the Cascade Pacific Action Alliance Region.
- C. The One WA MOU provides that each Allocation Region must have an Opioid Abatement Council (“**OAC**”), whose composition and responsibilities shall be defined by Regional Agreement or as set forth in Section C.4 of the One WA MOU.
- D. The Participating Local Governments in the Cascade Pacific Action Alliance Region established an OAC by executing the “Regional Agreement of the Cascade Pacific Action Alliance Region Participating Local Governments (the “**Regional Agreement**”), attached herein as **Exhibit B** and incorporated herein by reference.
- E. The Regional Agreement provides that the Cascade Pacific Action Alliance Region’s OAC is comprised of independent subcommittees, with the independent subcommittee of the Parties herein being the “**Thurston County and Cities Independent Subcommittee**.” Section 8 of the Regional Agreement provides that each independent subcommittee is responsible for the specific functional duties of the OAC.
- F. This Agreement constitutes the agreement between the Parties as to how the OAC duties of the Thurston County and Cities Independent Subcommittee are to be performed, consistent with the One WA MOU and Regional Agreement.

AGREEMENT

- 1. **Incorporation of Recitals.** The foregoing Recitals A through F are incorporated herein by reference as substantive provisions of this Agreement.
- 2. **Thurston County and Cities Council.** The Parties agree that the Regional Agreement sets forth specific OAC administrative tasks for each independent subcommittee. The Parties also agree that Section C(4)(h) of the One WA MOU

provides that the OAC “shall be composed of representation from both Participating Counties and Participating Towns or Cities within the Region,” and that the “method of selecting members, and the terms for which they will serve” will be determined by the Participating Local Governments. Accordingly, the Parties agree that each Participating Local Government within the Thurston County and Cities Independent Subcommittee will appoint one representative to serve on the “**Thurston County and Cities Council**.” The term for each member of the Thurston County and Cities Council will be three (3) years, and terms may be successive with no term limits.

3. **Administrative Duties.** The administrative duties of the Thurston County and Cities Independent Subcommittee will be performed as follows:

- a. At least annually, the Thurston County and Cities Council will convene to review and fulfill oversight obligations regarding the distribution of Opioid Funds from Participating Local Governments to programs and services within the territories of the Parties.
- b. At least annually, the Thurston County and Cities Council will convene to review the Parties’ expenditure reports for compliance with the Approved Purposes listed in the One WA MOU and any opioid settlement.
- c. The Parties will make all their decisions on Opioid Fund allocation applications, distributions, and expenditures publicly available. Thurston County will compile or link the Parties’ information on a single webpage.
- d. The Parties will all make expenditure data publicly available, at least on an annual basis. Thurston County will develop and maintain a centralized public dashboard or other repository for the publication of the Parties’ expenditure data on the Thurston County website and update it at least annually.
- e. Hearing complaints by the Parties regarding alleged failure to (1) use Opioid Funds for Approved Purposes, or (2) comply with reporting requirements will be handled as follows:
 - i. Each Party will maintain its own internal complaint process and hear complaints internally, with an opportunity to correct any complaint.
 - ii. If the Party is unable to resolve the complaint through its own internal complaint process, the Thurston County and Cities Council will convene to hear the complaint, and the Party will have an opportunity to present its position on the complaint through written and oral argument. If the Thurston County and Cities Council concludes that the Party did not comply with the Approved Purposes from the One WA MOU or that the Party otherwise misused its allocation of Opioid Funds, the Thurston County and Cities Council may take any remedial action consistent with the terms of the One WA MOU.

4. **Public Records; Records Maintenance and Audits.** Each Party is responsible for its own compliance with the Public Records Act, Chapter 42.56 RCW, in connection with this Agreement. The Parties agree to cooperate with each other to the extent necessary for any Party to comply with the Public Records Act. That said, no Party is required to coordinate its response to a public records request with another Party or forward a public records request to another Party to the extent the Party believes a public records request was misdirected to it.

Opioid Funds will be subject to mechanisms for auditing and reporting to provide public accountability and transparency. All records related to the receipt and expenditure of Opioid Funds shall be maintained for no less than five (5) years and such records shall be available for review by the Parties to this Agreement, government oversight authorities, and the public.

5. **Autonomy of Local Governments.** The Parties herein retain full control, autonomy, and discretion over the use and distribution of their allocation of Opioid Funds, provided the Opioid Funds are used for purposes consistent with this Agreement, the Regional Agreement, and the One Washington MOU. This Agreement does not create a joint budget or establish joint acquisition of property by the Parties.
6. **Administrative Costs.** Pursuant to Section C(4)(b) of the One WA MOU, ten percent (10%) of Opioid Funds received by all of the Participating Local Governments will be reserved, on an annual basis, for administrative costs related to the OAC. Under the Regional Agreement, the independent subcommittees of the Cascade Pacific Action Alliance Region OAC are required to provide an annual budget and accounting for actual costs and will be reimbursed for those costs from the independent subcommittee's proportionate share of Opioid Funds, provided the reasonable administrative costs shall not exceed actual costs or 10%, whichever is less.

The Parties agree to separately and individually create an annual budget and document their administrative costs related to performing their obligations related to the OAC and this Agreement, and to provide the budget and administrative cost documentation to the Thurston County and Cities Council at least annually. The Parties understand and agree they will be reimbursed for those costs from their proportionate share of Opioid Funds.

7. **Mutual Indemnity.** To the extent of its comparative liability, each Party agrees to indemnify, defend and hold the other Party, its elected and appointed officials, employees, agents and volunteers, harmless from and against any and all claims, damages, losses and expenses, including but not limited to court costs, attorney's fees and alternative dispute resolution costs, for any personal injury, for any bodily injury, sickness, disease or death and for any damage to or destruction of any property (including the loss of use resulting therefrom) which are alleged or proven to be

caused by an act or omission, negligent or otherwise, of its elected and appointed officials, employees, agents or volunteers.

In the event of any concurrent act or omission of the Parties, each Party shall pay its proportionate share of any damages awarded. The Parties agree to maintain a consolidated defense to claims made against them and to reserve all indemnity claims against each other until after liability to the claimant and damages, if any, are adjudicated. If any claim is resolved by voluntary settlement and the Parties cannot agree upon apportionment of damages and defense costs, they shall submit apportionment to binding arbitration.

8. **Survival of Indemnity Obligations.** The Parties agree all indemnity obligations shall survive the completion or expiration of this Agreement.
9. **Compliance with Laws.** The Parties and their officials, officers, employees, agents, and subcontractors shall comply with all applicable federal, state, and local laws, regulations, rules, and policies.
10. **Relationship of the Parties.** The Parties' relationship exists solely for the limited purposes outlined in the Regional Agreement and the One WA MOU for receiving Opioid Funds. This Agreement, and the Parties' activities under it, shall not be construed as creating any kind of partnership or joint venture, nor shall it be construed as creating any kind of independent contractor, agency, or employment relationship between the Parties.
11. **No Third-Party Rights.** This Agreement is entered into by the Parties solely for their own benefit and it creates or grants no rights of any kind to any other party.
12. **Waiver.** No term or condition of this Agreement shall be deemed waived unless such waiver is expressly agreed to in writing by all Parties. In addition, waiver of any breach of this Agreement shall not be deemed a waiver of any prior or subsequent breach.
13. **Amendment.** This Agreement can only be amended in writing, and only upon execution by all Parties.
14. **Entire Agreement.** The Parties acknowledge that this Agreement is the complete expression of their agreement regarding the subject matter of this Agreement. Any oral or written representations or understandings not incorporated into this Agreement are specifically excluded.
15. **Headings.** The headings in this Agreement are for convenience only and shall not be deemed to affect the meaning of its provisions.
16. **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, such invalidity shall not affect the validity of the remaining

provisions that can be given effect without the invalid provision, provided that the underlying intent of the Parties can still be given effect.

17. **Signature Authority.** Each person signing this Agreement on behalf of a Party warrants that he or she has full authority to sign this Agreement on that Party's behalf.
18. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed one agreement. Each counterpart may be executed and delivered by facsimile to the other party.
19. **Exhibits.** The following exhibits are incorporated into this Agreement by reference.
 - i. **Exhibit A** – One Washington Memorandum of Understanding Between Washington Municipalities” (“**One WA MOU**”)
 - ii. **Exhibit B** – Regional Agreement of the Cascade Pacific Action Alliance Region Participating Local Governments (the “**Regional Agreement**”)

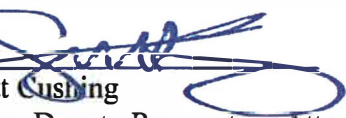
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this 24th day of July, 2023.

THURSTON COUNTY

BY: 

Ramiro Chavez
County Manager

APPROVED AS TO FROM

BY: 

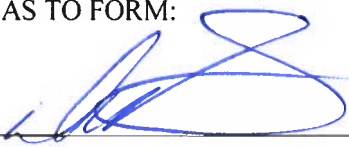
Scott Cushing
Senior Deputy Prosecuting Attorney

CITY OF LACEY

BY: 
Rick Walk, City Manager

July 20, 2023
Date

APPROVED AS TO FORM:

BY: 
David Schneider, City Attorney

July 20, 2023
Date

CITY OF TUMWATER

BY: Debbie Sullivan
Debbie Sullivan, Mayor

7/18/23
Date

APPROVED AS TO FORM:

BY: Karen Kirkpatrick
Karen Kirkpatrick, City Attorney

7/18/23
Date

CITY OF OLYMPIA

BY: Steven J. Burney
Steven J. Burney, City Manager

07/12/2023
Date

APPROVED AS TO FORM:

BY: Mark Barber
Mark Barber, City Attorney

06/30/2023
Date



LACEY CITY COUNCIL MEETING

July 6, 2023

SUBJECT: Regional Agreements related to the Opioid Litigation Settlement

RECOMMENDATION: **Motion:** Authorize the Interim City Manager to execute the Regional Agreement of the Cascade Pacific Action Alliance Region Participating Local Governments.

Motion: Authorize the Interim City Manager to execute the Interlocal Agreement for Opioid Abatement Council Independent Subcommittee

STAFF CONTACT: Rick Walk, Interim City Manager 
Dave Schneider, City Attorney 

ORIGINATED BY: City Attorney's Office

ATTACHMENTS:

1. Draft Regional Agreement of the Cascade Pacific Action Alliance Region Participating Local Governments.
2. Draft Interlocal Agreement for Opioid Abatement Council Independent Subcommittee
3. One WA MOU Exhibit A Opioid Treatment Strategies

FISCAL NOTE: None

PRIOR REVIEW: April 28, 2022 Council Worksession and Retreat
September 15, 2022 Council Meeting
March 16, 2023 Council Meeting

BACKGROUND: The opioid crisis has been an ongoing epidemic in our nation for several years. The State of Washington, and the communities and families throughout it, have not avoided the devastation this crisis has caused.

On April 28, 2022 the Lacey City Council authorized the City Manager to sign the "One WA MOU" agreement, which was a requirement for the distributor settlement to become effective.

The One WA MOU is an allocation agreement that provides a framework for how distributor settlement funds would be allocated through the state.

On September 15, 2022 the Lacey City Council authorized the City Manager to enter into a settlement the Washington Attorney General obtained for \$518 million dollars against the three largest opioid distributors – McKesson, AmerisourceBergen, and Cardinal Health. That distributor settlement agreement became effective at the end of last year and the disbursement of payments has begun.

On March 16, 2023 the Lacey City Council authorized the Interim City Manager to execute the Allocation Agreement II and all documents necessary to participate in the settlements with the major pharmacies/dispensers (Walgreens, CVS, Walmart) and manufacturers (Teva and Allergan). The total share of this settlement for Washington State is \$434 million dollars. This total amount would be divided evenly between the state and cities, \$217 million dollars each. This amount would be payable over the next 15 years, with payments projected to begin in late summer or early fall of 2023.

The One WA MOU designated a regional structure for decision-making related to opioid fund allocation based on nine designated Accountable Community of Health Regions in the State of Washington. The allocation of opioid funds will be allocated, distributed and managed within each region as determined by the establishment of a regional agreement. Thurston County is within the Cascade Pacific Action Alliance Region (CPAAR) which includes Cowlitz, Grays Harbor, Lewis, Mason, Pacific and Wahkiakum Counties, including the following cities within those counties:

1. Lacey, Olympia, and Tumwater (Thurston County)
2. Longview and Kelso (Cowlitz County)
3. Aberdeen (Grays Harbor County)
4. Centralia (Lewis County)
5. Shelton (Mason County)

In accordance with ONE WA MOU, the participating local governments within CPAAR have developed a draft regional agreement, attached as Exhibit 1, for decision making related to opioid fund allocation. The key points of the agreement are summarized below:

- Establishes the CPAAR Opioid Abatement Council (CPAAR-OAC) to oversee allocation, distribution, expenditures, and dispute resolution of opioid funds to the participating local governments.
- Establishes independent sub-committees within CPAAR based on the county level. Lacey, Olympia, Tumwater and Thurston County comprise the Thurston County sub-committee.
- Each participating local government will directly receive opioid fund and maintain full discretion over the use and distribution of their allocation of opioid funds, provide funds are used solely for approved purposes enumerated in Exhibit A of One WA MOU (exhibit 3).
- Administration fees shall be actual costs not to exceed 10% of allocation.

- If a participating city elects not to retain its settlement allocation, its allocation will be re-allocated to the County the city is located in.
- Establishes auditing and reporting requirements.
- Specifies each sub-committee of the CPAAR-OAC is responsible for monitoring the distribution of opioid funds, developing a centralized dashboard for publication of expenditure data and resolving disputes.

As a result of the execution of the regional agreement, an interlocal agreement between the Cities of Lacey, Olympia, Tumwater and Thurston County will need to be executed to create the Thurston County and Cities Independent Subcommittee. The draft Interlocal Agreement for Opioid Abatement Council Independent Sub-Committee for the Thurston County and Cities is attached as Exhibit 2. The key points of this agreement are summarized as follows:

- Establishes the Thurston County and Cities Council, to consist of one representative appointed by each jurisdictions' governing body to serve a three-year term that may be successive without term limits.
- The Thurston County and Cities Council will meet at least annually to review and fulfill oversight obligations regarding distribution of opioid funds, review annual reports for compliance, establish a central webpage for publication of application, distribution and expenditure information for each member and resolve disputes.
- Establishes each party is responsible for public records, records maintenance and audits.
- Establish each party retains full control, autonomy and discretion over the use and distribution of their allocation of opioid funds, provided the funds are used for purposes consistent with One WA MOU.

In Accordance with the One WA MOU, participating local governments are required to enter into regional agreements creating a regional structure to specify how opioid funds will be allocated, distributed and managed within each region. To implement this requirement, staff recommends two actions in the following order:

1. Authorize the execution of the Regional Agreement of the Cascade Pacific Action Alliance Region Participating Local Governments (exhibit 1).
2. Authorize the execution of the Interlocal Agreement for Opioid Abatement Council Independent Subcommittee (exhibit 2)

ADVANTAGES:

1. Participation will render the City of Lacey eligible to receive a portion of funds to be spent on opioid remediation efforts.

DISADVANTAGES:

1. None identified.

