CITY COUNCIL
ANDY RYDER
Mayor

MALCOLM MILLER
Deputy Mayor

LENNY GREENSTEIN
MICHAEL STEADMAN
CAROLYN COX
ED KUNKEL
ROBIN VAZQUEZ

INTERIM CITY MANAGER
RICK WALK

LACEY CITY COUNCIL AGENDA
MARCH 16, 2023
6:00 P.M.
REMOTE AND IN PERSON

The Lacey City Council meeting will be conducted both remote and in person.

The public may attend the meeting in person in the Council Chambers at Lacey City Hall, 420 College Street SE, Lacey, Washington, or you may view or listen to the meeting by using one of the following platforms:

Live Meetings, YouTube, Facebook, Thurston Community Media, Channel 3 with your local cable provider, or Zoom https://us02web.zoom.us/webinar/register/WN_olBpfvFxTAWSwR5BrqcZzA

The public may listen to the meeting via telephone by dialing toll-free: **(888) 788-0099** or **(877) 853-5247** - when prompted enter Webinar ID **898 0979 4129**

CALL TO ORDER:

1. PLEDGE OF ALLEGIANCE

2. APPROVAL OF AGENDA & CONSENT AGENDA ITEMS:

A. Council Worksession minutes of February 23, 2023.
B. Council minutes of March 2, 2023.
C. A motion to approve payment of claims, wages, and transfers for February 7, 2023, through March 3, 2023.

**Items listed under the consent agenda are considered to be routine and will be enacted by one motion and one vote. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.*

3. PUBLIC RECOGNITIONS AND PRESENTATIONS:

A. 2022 Police Department Award Highlights *(Robert Almada, Chief of Police)*

4. PUBLIC COMMENT:

VERBAL PUBLIC COMMENT
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.
By Zoom: Preregister using the following Zoom link no later than ***4:00 p.m. on March 16, 2023****:*
https://us02web.zoom.us/webinar/register/WN_olBpfvFxTAWSwR5BrqcZzA
Instructions and access details will be provided once registration is complete.

WRITTEN PUBLIC COMMENT
Public comments may also be submitted by email to publiccomment@ci.lacey.wa.us. 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. The commenting period will close at ***4:00 p.m. on March 16, 2023****.*

5. **PUBLIC HEARING:**

6. **PROCLAMATIONS:**

7. **REFERRAL FROM PLANNING COMMISSION:**

8. **REFERRAL FROM HEARINGS EXAMINER:**

9. **RESOLUTIONS:**

   A. Resolution No. 1127: Investment Policy Amendments *(Troy Woo, Director of Finance)*

10. **ORDINANCES:**

    A. Ordinance No. 1636: 2022 Carryover Budget Amendment *(Troy Woo, Director of Finance)*

11. **MAYOR'S REPORT:**

12. **CITY MANAGER'S REPORT:**

    A. Opioid Settlement Agreement *(Dave Schneider, City Attorney)*

    B. Award Contract PW 2022-16 Citywide Signal ITS Detection Upgrade (*Martin Hoppe, Transportation Manager)*

    C. Letter of Intent: Brewery Assets Transfer *(Peter Brooks, Water Resources Manager)*

13. **STANDING GENERAL COMMITTEES:**

    A. Finance Committee *(02.28.2023)*
    B. General Government Committee *(02.28.2023)*
    C. Land Use and Environment Committee *(02.28.2023)*
    D. Transportation Committee *(03.07.2023)*

14. **OTHER BUSINESS:**

15. **BOARDS, COMMISSIONS AND COMMITTEE REPORTS:**

    A. *Mayor Andy Ryder*:
       1. Mayors' Forum
       2. Thurston Chamber Shared Legislative Committee
       3. Transportation Policy Board (TPB)

    B. *Deputy Mayor Malcolm Miller*:
       1. Economic Development Council (CDC)
       2. Lodging Tax Advisory Committee (LTAC)
       3. Thurston County Coalition Against Trafficking (TCCAT)
       4. Thurston Thrives

    C. *Councilmember Carolyn Cox:*
       1. Climate Action Steering Committee
       2. LOTT Clean Water Alliance
       3. Regional Housing Council

    D. *Councilmember Lenny Greenstein:*
       1. Emergency Medical Services (EMS)

2. TCOMM911

E. *Councilmember Michael Steadman*:
   1. Community Action Council
   2. Nisqually River Council
   3. Thurston County Law & Justice Council

F. *Councilmember Ed Kunkel*:
   1. Joint Animal Services Commission (JASCOM)
   2. Lacey South Sound Chamber
   3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)
   4. Solid Waste Advisory Committee (SWAC)

G. *Councilmember Robin Vazquez:*
   1. Intercity Transit Authority
   2. Olympic Region Clean Air Agency (ORCAA)
   3. Thurston Regional Planning Council (TRPC)
   4. Thurston County Board of Health

16. ADJOURN

MINUTES OF THE JOINT WORKSESSION
LACEY CITY COUNCIL
AND
LACEY HISTORICAL COMMISSION
THURSDAY, FEBRUARY 23, 2023
6:00 P.M. – 7:44 P.M.
REMOTE AND IN-PERSON

To hear the full discussion of a specific topic, or the complete meeting, watch the recorded meeting available on YouTube: https://www.youtube.com/watch?v=8Y-NKYwvJ9o

COUNCIL PRESENT: DEPUTY MAYOR MILLER, COUNCILMEMBERS COX (REMOTE), STEADMAN, GREENSTEIN, AND VAZQUEZ

COUNCIL EXCUSED: MAYOR RYDER, COUNCILMEMBER KUNKEL

COMMISSIONERS PRESENT: JIM KEOGH (CHAIR), KEVIN WYCKOFF (VICE-CHAIR), ALAN TYLER, KIMBERLY GOETZ (AUDIO ONLY), ED HOLM, TULA'I PATANE (AUDIO ONLY)

COMMISSIONERS EXCUSED: JANINE BERMUDEZ

STAFF PRESENT: R. WALK, S. KELLEY-FONG, J. BURBIDGE, D. SCHNEIDER, E. QUINN-VALCHO, F. ROVA-CHAMROEUN, E. FONTAINE

ACTION: APPROVE WORKSESSION AGENDA
MOTION: MOTION MADE, SECONDED AND CARRIED BY COUNCILMEMBERS GREENSTEIN AND VAZQUEZ

VISITOR CONVENTION BUREAU PRESENTATION

PRESENTER: ANNETTE PITTS, CEO OF EXPERIENCE OLYMPIA & BEYOND CEO
ACTION: INFORMATION ONLY

Annette Pittz, CEO of Experience Olympia & Beyond, presented on recent research and surveys surrounding hospitality.

Experience Olympia & Beyond is the official destination marketing organization for Thurston County and each of its communities. It was highlighted that recent research has challenged previous assumptions about Thurston County visitor, resident and stakeholder perceptions.

The presentation reviewed response comparisons from visitor, resident and stakeholder groups. The findings will be integrated through the following services:

- Sports
- Meetings
- Tour & Travel
- Independent Leisure
- Group Leisure: Weddings & Reunions
- Residents & Stakeholders

HISTORICAL COMMISSION WORK PLAN REVIEW

STAFF: JENNIFER BURBIDGE, DIRECTOR OF PARKS, CULTURE, AND RECREATION
ERIN QUINN-VALCHO, MUSEUM CURATOR
FELICIA ROVA-CHAMROEUN, MUSEUM COORDINATOR

ACTION: APPROVE THE HISTORICAL COMMISSION 2022 ACCOMPLISHMENTS AND 2023 WORK PLAN AS AMENDED.

MOTION: MADE, SECONDED AND CARRIED BY COUNCILMEMBERS GREENSTEIN AND STEADMAN.

Historical Commissioners presented the following 2022 Accomplishments and 2023 Work Plan highlights:

2022 Accomplishments

- Lacey Depot Grand Opening
  - Seconded year of hosting food trucks
  - $3800 in rental revenue
- Jackson Goose Pond Marker
- Grants and Other Funding

2023 Work Plan

- Museum Strategic Plan
- Historic properties inventory
- 2023 Lacey Parks, Culture and Recreation Comp Plan
- Regional Athletic Center Kiosk

Staff also provided the Lacey Museum Annual Report and highlighted information for each of the following:

- Welcomed new Museum Coordinator, Felicia Rova-Chamroeun
- Staffing and Volunteers
- Exhibits and Visitation Statistics
- Annual Attendance Comparison
- Programs and Events
- Collections and New Acquisitions
- New Museum Project Update
- Food Truck Plaza at The Depot
- Next Steps

Staff updated the Council that the 2023 Work Plan should include the McKinney House for researching and planning and proposed that any action include the 2023 Work Plan, as amended.

Jim Kainber, team member with the PARC Foundation of Thurston County, provided a briefing on the Lacey Community Foundation.

MINUTES OF A REGULAR MEETING OF THE LACEY CITY COUNCIL THURSDAY, MARCH 2, 2023, IN PERSON AND REMOTE ATTENDANCE

To hear Council's full discussion of a specific topic, or the complete meeting, watch the video-stream available on YouTube – https://www.youtube.com/watch?v=kLJ5XOjgHqM&list=PL0fqffnajWBrFio1FPqKAy4gZNX6G-U4C&index=2

CALL TO ORDER

Mayor Ryder called the meeting to order at 6:00 p.m.

Mayor Ryder called for a moment of silence to honor the late Ken Balsely, Lacey Historian and Community Member.

Mayor amended the agenda to include agenda item *11.B. Request to Fly the Gold Star Flag*

1. PLEDGE OF ALLEGIANCE

Mayor Ryder led the Pledge of Allegiance.

Council Present:
Mayor Andy Ryder
Deputy Mayor Malcolm Miller
Councilmember Lenny Greenstein
Councilmember Michael Steadman (remote)
Councilmember Carolyn Cox
Councilmember Ed Kunkel
Councilmember Robin Vazquez

Staff Present:
Rick Walk, Interim City Manager
Robert Almada, Chief of Police
Shannon Kelley-Fong, Assistant City Manager
Scott Egger, Public Works Director
Dave Schneider, City Attorney
Elissa Fontaine, Deputy City Clerk

2. APPROVAL OF AMENDED AGENDA AND CONSENT AGENDA

Consent Agenda Items:

A. Council Worksession minutes of February 9, 2023.
B. Council meeting minutes of February 16, 2023.
C. A motion to approve payment of claims, wages and transfers for February 10, 2023, through February 22, 2023.

COUNCILMEMBER GREENSTEIN MOVED TO APPROVE THE AMENDED AGENDA AND CONSENT AGENDA. COUNCILMEMBER VAZQUEZ SECONDED. MOTION CARRIED.

3. PUBLIC RECOGNITIONS AND PRESENTATIONS

4. PUBLIC COMMENT

Verbal Public Comments: The deadline to pre-register to speak via Zoom was 4:00 p.m. the day of the meeting.

Zero (0) people signed up to speak at the meeting, but individually confirmed they signed up in support of another agenda item and did not wish to provide public comment:

Zero (0) people signed up to speak via Zoom:

Written Public Comments: The deadline to submit written public comments was 4:00 p.m. the day of the meeting. Written comments are not addressed during the meeting; however, they are added to the official record.

Zero (0) written public comments were received.

5. PUBLIC HEARING

6. PROCLAMATIONS

A. **American Red Cross Month:** Mayor Ryder and Council proclaimed March 2023, as American Red Cross Month. Justin Mears, Red Cross Volunteer, was not yet present and later accepted the proclamation at the close of the Council meeting.

7. REFERRAL FROM PLANNING COMMISSION

8. REFERRAL FROM HEARINGS EXAMINER

9. RESOLUTIONS

A. **Resolution No. 1126 – Corporate Sponsorship and Naming Rights Policy:** Shannon Kelley-Fong, Assistant City Manager, presented updates to the Sponsorship and Naming Rights Policy, as well as Resolution No. 1126, relating to amending the City Council Policies and Procedures Manual, Chapter 5.13

DEPUTY MAYOR MILLER MOVED TO APPROVE THE UPDATED SPONSORSHIP AND NAMING RIGHTS POLICY. COUNCILMEMBER VAZQUEZ SECONDED. MOTION CARRIED.

MAYOR RYDER MOVED TO ADOPT RESOLUTION NO. 1126, AMENDING THE CITY COUNCIL POLICY AND PROCEDURES MANUAL AS RECOMMENDED BY THE PARKS, CULTURE, AND RECREATION BOARD AND THE COMMISSION ON EQUITY. COUNCILMEMBER GREENSTEIN SECONDED. MOTION CARRIED

10. ORDINANCES

11. MAYOR'S REPORT

A. **Parks, Culture, and Recreation Board Appointments:** Mayor Ryder recommended the appointments of Bill Fosbre, Chris Porrazzo, and Hillary Dyktsra to the Parks, Culture, and Recreation Board.

MAYOR RYDER MOVED TO APPOINT BILL FOSBRE, CHRIS PORRAZZO, AND HILLARY DYKTSRA TO THE PARKS, CULTURE, AND RECREATION BOARD. COUNCILMEMBER GREENSTEIN SECONDED. MOTION CARRIED.

B. **Request to fly Gold Star Flag:** Councilmember Kunkel provided an update on the Gold Star Memorial Monument and outlined the request to fly the Gold Star Flag.

COUNCILMEMBER GREENSTEIN MOVED TO APPROVE FLYING THE GOLD STAR FLAG IN PLACE OF THE CITY FLAG AT CIVIC PLAZA FOR THE WEEK OF MONDAY MARCH 27TH THROUGH SUNDAY APRIL 2ND ONLY. DEPUTY MAYOR MILLER SECONDED.

MAYOR RYDER, DEPUTY MAYOR MILLER, AND COUNCILMEMBERS GREENSTEIN, KUNKEL, COX AND VAZQUEZ VOTED IN FAVOR.

COUNCILMEMBERS STEADMAN AND KUNKEL RECUSED THEMSELVES FROM VOTING.

MOTION CARRIED.

12. CITY MANAGER'S REPORT

A. **Award PW 2023-06 2023 Mullen Road Sewer Improvements.** Scott Egger, Public Works Director, presented the Public Works Contract Number PW 2023-06, for the 2023 Mullen Road Sewer Improvements. The project was advertised for three weeks and bids were opened February 16, 2023. Nine (9) bids were received.

> **DEPUTY MAYOR MILLER MOVED TO AWARD CONTRACT PW 2023-06 FOR THE 2023 MULLEN ROAD SEWER IMPROVEMENTS TO MILES RESOURCES, LLC FROM PUYALLUP, WASHINGTON IN THE AMOUNT OF $1,209,708.70. COUNCILMEMBER COX SECONDED. MOTION CARRIED.**

Rick Walk, Interim City Manager, provided a briefing on the City of Lacey Employee Recognition Event. The event was held March 1, 2023, at the Saint Martin's Pavilion.

Rick Walk, Interim City Manager, also provided an update on the Lacey Cultural Celebration. The event is scheduled for March 4, 2023, from 10:00 a.m. – 6:00 p.m. at Saint Martin's University.

13. STANDING COMMITTEES

14. OTHER BUSINESS

15. BOARDS, COMMISSIONS AND COMMITTEE REPORTS

A. <u>Mayor Ryder</u>
   1. Mayor's Forum – **made report**
   2. Thurston Chamber Shared Legislative Committee – **no report**
   3. Transportation Policy Board – **made report**

B. <u>Deputy Mayor Miller</u>
   1. Economic Development Council (EDC) – **made report**
   2. Lodging Tax Advisory Committee (LTAC) – **no report**
   3. Thurston County Coalition Against Trafficking (TCCAT) – **no report**
   4. Thurston Thrives – **no report**

C. <u>Councilmember Cox</u>
   1. Climate Mitigation Steering Committee – **made report**
   2. LOTT Clean Water Alliance – **no report**
   3. Regional Housing Council – **no report**

D. <u>Councilmember Greenstein</u>
   1. Emergency Medical Services (EMS) – **no report**
   2. TCOMM911 – **made report**

E. <u>Councilmember Steadman</u>
   1. Community Action Council – **no report**
   2. Nisqually River Council – **no report**
   3. Thurston County Law & Justice – **no report**

F. Councilmember Kunkel
   1. Joint Animal Services Commission (JASCOM) – **no report**
   2. Lacey South Sound Chamber – **no report**
   3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB) – **made report**
   4. Solid Waste Advisory Committee (SWAC) – **made report**

G. Councilmember Vazquez
   1. Intercity Transit – **made report**
   2. Olympic Region Clean Air Agency – **no report**
   3. Thurston Regional Planning Council – **no report**
   4. Thurston County Board of Health – **no report**

Mayor Ryder provided a few additional words on the Lacey Museum and Cultural Center in honor of the late Ken Balsley.

16. Adjourn

Mayor Ryder adjourned the Council Meeting at 6:57 p.m.

MAYOR: ____________________________________

ATTESTED BY CITY CLERK: ___________________

DATE APPROVED: ____________________________

CITY OF LACEY

Shaping our community together

LACEY CITY COUNCIL MEETING
3/16/2023

SUBJECT: **Disbursement Approval**

RECOMMENDATION: **By motion, approve payment of claims, wages, and transfers.**

STAFF CONTACT: Troy Woo, Finance Director

ORIGINATED BY: Troy Woo, Finance Department TW
Chelsea Yarwood, Accounting Manager CY

BACKGROUND:

The action requested of the City Council is by motion to approve payment of claims, wages and transfers for 2/7/2023 through 3/3/2023. The disbursements consist of the following:

Checks:	Week of	Beg. Check No.	End. Check No.	Amount
	2/24/2023	268852	268933	411,291.52
	*2/28/2023	268934	268937	2,081.56
	3/3/2023	268938	269023	323,637.67

Electronic Transfers:	Week of	Amount
	2/7/2023	524.00
	2/13/2023	45,169.58
	2/22/2023	30.00
	2/22/2023	61.80
	2/23/2023	87,466.76
	2/24/2023	405,414.28
	2/27/2023	70,737.10
	*2/28/2023	1,659.700.88
	*2/28/2023	17,800.08
	3/3/2023	444,877.45

Payroll:	Month Ended:	Wages
	*2/28/2023	1,806.726.89

Significant Disbursements:

KMB Architects	$	218,501.23	Police Dept Facility
Phoenix Fabricators	$	266,617.73	Terry Cargil Reservoir
Thurston County Auditor	$	72,350.18	2022 Voter Registration
City of Lakewood	$	50,000.00	Executive Leadership
Dual Coast Electric	$	73,964.83	Chargepoint
Puget Sound Energy	$	130,646.35	Utilities
CDW Government Inc	$	91,441.58	Computer Equipment

* Disbursements for employee out-of-pocket deductions and employee benefits.

CITY OF LACEY

Shaping our community together

LACEY CITY COUNCIL MEETING
March 16, 2023

SUBJECT: **Investment Policy Amendments**

RECOMMENDATION: **Motion: Adopt Resolution No. 1127, amending the official investment policy of the City.**

STAFF CONTACT: Rick Walk, Interim City Manager RW
Troy Woo, Finance Director TW

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS:
1. Resolution No. 1127
2. Redline Copy of the Proposed Investment Policy

FISCAL NOTE:

WORK PLAN GOAL AND STRATEGY: None

PRIOR REVIEW: Finance & Economic Development Committee - February 28, 2023

BACKGROUND:

On February 17, 2022, the City Council adopted Resolution No. 1115, which updated the City's investment policy. The City's investment advisor has recommended three minor updates to the City's investment policy.

The proposed investment policy changes are consistent with the Revised Code of Washington (RCW), Washington State Investment Board, Washington Public Treasurers Association, Washington Municipal Treasurers' Association (WMTA) model investment policy, and the Washington State Auditor's Office Budgeting, Accounting, and Reporting System (BARS) manual as guidance.

The amendments are related to recent updates to State's investment policy. The policy recommendations are intended to add clarity and to follow the State statutes more closely. The proposed changes relate to the following policy sections:

- Diversification Table updated to be consistent with State statutes (page labelled "Page 8|15")
    - Change Municipal Obligations minimum rating from AA-/Aa3 to A-/A3
    - Change the Banker's Acceptance maximum maturity from "Not Applicable" to 180 days

- Section 6.2 Suitable Investments (page labelled "Page 7|15") - State Local Government Investment Pool (LGIP) updated to reference the Washington State Treasurer's Office and not the Washington State Finance Director's Office.

Staff requests review of the proposed resolution and upon concurrence adopt the resolution amending the investment policy.

ADVANTAGES:

1. More concise policy guidance for authorized investments, reporting requirements, and diversification of the portfolio.

2. The proposed changes provide policy and best practice alignment with the authoritative bodies of Washington State.

3. The investment policy will continue to be designed to protect and preserve public dollars, maintain cash flow for operations, and to enhance investment interest earning to help fund public services.

DISADVANTAGES:

1. None identified.

RESOLUTION NO. 1127

CITY OF LACEY

A RESOLUTION OF THE CITY OF LACEY, WASHINGTON, AMENDING THE OFFICIAL INVESTMENT POLICY OF THE CITY.

WHEREAS, the stewardship of public funds, their safe-keeping, legal use and proper management, is one of the most important responsibilities entrusted to the officials and managers of the City of Lacey, and

WHEREAS, the City Council authorized an investment advisory services agreement, which requires detailed guidance and parameters for investment activities, and

WHEREAS, the City Council adopted Resolution No. 625 on June 9, 1988, Resolution No. 810 on July 22, 1999, Resolution No. 1006 on February 13, 2014, Resolution No. 1055 on January 18, 2018, Resolution No. 1089 on May 14, 2020, and Resolution No. 1115 on February 17, 2022 which established and amended the City of Lacey's official investment policy, and

WHEREAS, recent changes to the Revised Code of Washington and Washington State Investment Board investment policy create the need for additions and amendments to said policy,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, that the certain policy set forth in the document entitled "City of Lacey Investment Policy," attached hereto and made a part hereof as though fully set forth at length is hereby approved and adopted as the investment policy to be followed by the City Council and management of the City of Lacey.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this 16th day of March, 2023.

CITY COUNCIL

____
Mayor

Attest:

____
City Clerk

Approved as to form:

____
City Attorney

INVESTMENT POLICY

Table of Contents

	Finance	
	Policy Title: Investment Policy	**Effective:** ~~May 14, 2020~~ February 22, 2022 **Revised:** ~~February 22, 2022~~March 16, 2023

PURPOSE

It is the policy of the City of Lacey (City) to invest public funds in a manner, which will provide the highest investment return with the maximum security while meeting the daily cash flow demands. All investments shall conform to all Washington State statutes governing the investment of public funds.

This investment policy defines the parameters within which funds are to be invested by the City. This policy also formalizes the framework to provide the investment authority and constraints for the City to maintain an effective and judicious management of funds within the scope of this policy.

This policy is intended to be broad enough to allow the City Manager and Finance Director to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets. This policy:

- Sets out guidelines for the prudent management of the City's funds;
- Describes realistic parameters and goals for safely investing those funds;
- Establishes expectations for generally acceptable returns at a suitable level of risk that matches the purpose of the City's funds;
- Provides the framework within which the City Manager and Finance Director will operate by setting out objectives, guidelines, and structure that include details on the universe of permitted investments and any restrictions of their use.

An amendment of this policy requires City Council approval.

SCOPE

This investment policy applies to all financial assets of the funds of the City of Lacey, including the Surface Water Utility fund. These funds, presented in the City's Annual Financial Report, include:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Debt Service Funds
- Trust and Agency Funds
- Retirement/Pension Funds
- Any new fund created by the City Council, unless specifically exempted

REFERENCES

Revised Code of Washington:

- Chapter 35A.40
- Chapter 39.58
- Chapter 39.59
- Chapter 43.250
- Chapter 43.84

INVESTMENT TERMINOLOGY

For investment terminology refer to the Appendix on page 12.

1 GOVERNING AUTHORITY

Authority to manage the City of Lacey's investment program is derived from the following: Revised Code of Washington (RCW), Washington Municipal Treasurer's Association model investment policy, Washington State Auditor's Office's Budgeting, Accounting, and Reporting System (BARS) manual, and Resolution No. 1055 and City of Lacey Policy 1.18.18. Management responsibility for the investment program is hereby delegated to the Finance Director, who shall establish procedures for the operation of the investment program consistent with this investment policy.

2 OBJECTIVES

All funds will be invested in a manner that conforms with federal, state and other legal requirements. The objectives, in order of priority, of the investment activities will be as follows:

2.1 SAFETY

Safety of principal is the primary objective of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, funds will be diversified utilizing highly rated securities and by investing in a variety of securities and financial institutions. The investment portfolio will be invested in a manner that complies with Washington State statutes and all other legal requirements of the City.

2.2 LIQUIDITY

The investment portfolio will provide liquidity sufficient to enable the City to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a minimum balance to meet daily obligations.

2.3 RETURN ON INVESTMENT

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints, the City's investment objectives and the cash flow characteristics of the portfolio.

3 Standards of Care

3.1 Delegation of Authority

Governing Body*:* The ultimate responsibility and authority for the investment of City funds resides with the City Council who has the authority to establish policy that directs the management of the City investment program.

Authority: Pursuant to the LMC 2.16.020, the overall management responsibility for the investment program is hereby delegated to the City Manager and Finance Director, who shall establish written procedures for the operation of the investment program that are consistent with this investment policy. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Investment Advisor: The City may contract with an external non-discretionary investment advisor (Advisor) to assist with the management of the City's investment portfolio in a manner that is consistent with the City's objectives and this policy. Such Advisors shall provide recommendations and advice regarding the City investment program including but not limited to advice related to the purchase and sale of investments by this Investment Policy.

3.2 Prudence

The standard of prudence to be used by the Finance Director or investment officers in the context of managing the overall portfolio is the prudent person rule which states: *Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.*

Investment officers acting in accordance with written procedures, the investment policy, and exercising due diligence shall be relieved of personal responsiblitiy for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3.3 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program or which could impair their ability to make impartial investment decisions. Employees and investment officers shall disclose to the City Council any material financial interest in financial institutions that conduct business with the City and they shall further disclose any personal financial/investment positions that could be related to the performance of the City's portfolio. Employees Involved in the City Investment program must avoid conflicts of interest.

Association with the investment program in any capacity is considered employee involvement. Employees must avoid personal business activity that may:

- Conflict with the proper execution of the investment program.
- Impair their ability to make impartial investment decisions.

3.3.1 Employees Associated with the City Investment Program Must Disclose

The disclosure should list:

- Any material interests in financial institutions that conduct business with the City.
- Any personal financial or investment positions that could influence the performance of the City's investment portfolio, particularly with regard to the timing of purchases and sales.

4 SAFEKEEPING, CUSTODY, AND CONTROLS

4.1 DELIVERY VS. PAYMENT

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the City's safekeeping institution prior to the release of funds.

4.2 THIRD PARTY SAFEKEEPING

Prudent treasury management requires that all purchased securities be bought on a DVP basis and be held in safekeeping by an independent third-party financial institution or the City's designated depository.

The Finance Director shall designate all safekeeping arrangements and an agreement of the terms shall be executed in writing. The third-party custodian shall be required to provide a statement to the City listing at a minimum each specific security, book yield, description, maturity date, market value, par value, purchase date, and CUSIP number.

All collateral securities pledged to the City for certificates of deposit or demand deposits shall be held in accordance with the State of Washington's Public Deposit Protection Commission (PDPC).

4.3 INTERNAL CONTROLS

The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:

- Control of collusion;
- Separation of transaction authority from accounting and recordkeeping;
- Custodial safekeeping;
- Clear delegation of authority to subordinate staff members;
- Written confirmation of transactions for investments and wire transfers;
- Dual authorizations of wire transfers;
- Staff training; and
- Review, maintenance and monitoring of security procedures both manual and automated.

4.4 External Controls

The Finance Director shall establish an annual process of independent review by an external auditor. This review will assure the policies and procedures are being complied with by providing internal control. Such review may also result in recommendations to change operating procedures to improve internal control.

5 Authorized Financial Dealers

5.1 Broker/Dealers

The Finance Director shall maintain and review annually a list of all authorized financial institutions and broker/dealers that are approved to transact with the City for investment purposes. The City shall follow Government Finance Officers Association (GFOA) best practices for evaluating and selecting financial institutions and broker/dealers.

The Finance Director or designee may utilize the investment advisor's approved broker/dealer list in lieu of the City's own approved list. The Advisor must submit the approved list to the City annually and provide updates throughout the year as they occur. The Advisor shall follow GFOA best practices for evaluating and selecting financial institutions and broker/dealers. The Advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The annual investment advisor broker/dealer review procedures include but are not limited to:

a. FINRA Certification check:
   i. Firm profile
   ii. Firm history
   iii. Firm operations
   iv. Disclosures of arbitration awards, disciplinary and regulatory events
   v. State Registration Verification
b. Financial review of acceptable FINRA capital or letter of credit for clearing settlements.

The Advisor may be authorized through the contracted agreement to open accounts on behalf of the City with the broker/dealers on the approved broker/dealer list.

5.2 Investment Advisors

Advisors must be registered under the Investment Advisers Act of 1940 and must act in a non-discretionary capacity, requiring approval from the City prior to all transactions.

5.3 Bank Institutions

The City will only place funds in qualified depositories in the State of Washington as provided in Chapter 39.58 RCW and as regulated by the Washington State Finance Director's Public Deposit Protection Commission (PDPC). Listings with the PDPC will be verified by the Advisor or designated investment officer annually.

5.4 Competitive Transactions

Transactions must be executed on a competitive basis and documented. Competitive prices should be provided from at least three separate brokers, financial institutions or through a national electronic trading platform. If the purchased security is only offered by one broker then other securities with similar structure may be used for documentation purposes. When an Advisor handles trade executions, they must provide the competitive documentation as requested.

6 Authorized and Suitable Investments

6.1 Authorized Investments

Eligible investments are only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250, and 43.84.080).

Additional specifications:

- The State of Washington Local Government Investment Pool is the only government-sponsored Pool approved for investment of funds.
- This policy recognizes S&P, Moody's, and Fitch as the major Nationally Recognized Statistical Ratings Organizations (NRSRO).
- Minimum credit ratings and percentage limitations apply to the time of purchase.
- All securities must be purchased on the secondary market and may not be purchased directly from the issuer.
- Securities rated in the broad single-A category with a negative outlook may not be purchased. Portfolio holdings of corporate notes downgraded to below single A and portfolio holdings of securities rated single A with their outlooks changed to negative may continue to be held. No additional purchases are permitted.
- Interfund loans issued by the City may also be included as investments.

6.2 Suitable Investments

The City is empowered to invest in the following types of securities:

- **US Treasury Obligations:** Direct obligations of the United States Treasury.
- **US Agency Obligations:** US Government Agency Obligations and US Government Sponsored Enterprises (GSEs) which may include, but are not limited to the following: Federal Farm Credit Banks Funding Corporation (FFCB), Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Tennessee Valley Authority (TVA).
- **Supranational Bonds:** United States dollar denominated bonds, notes or other obligations that are issued or guaranteed by supranational institutions, provided, that at the time of investment, the institution has the United States as its largest shareholder. These include: International Bank for Reconstruction and Development (IBRD or World Bank); the International Finance Corporation (IFC); the Asian Development Bank (ADB) and the Inter-American Development Bank (IADB).
- **Municipal Debt Obligations:** Bonds of the State of Washington, any local government in the State of Washington, General Obligation bonds outside the State of Washington; at the

time of investment the bonds must have one of the three highest credit ratings of a nationally recognized rating agency. City of Lacey long-term interfund loans may be included as investments of municipal debt and are not required to be rated.

- **Corporate Notes:** Unsecured debt obligations purchased in accordance with the investment policies and procedures adopted by the State Investment Board. Corporate notes must be rated at least weak single A (A-) or better by all the major rating agencies that rate the note at the time of purchase for inclusion in the corporate note portfolio. The maturity must not exceed 5.5 years and the maximum duration of the corporate note portfolio cannot exceed 3 years. The percentage of corporate notes that may be purchased from any single issuer rated AA- or better by all major rating agencies that rate the note is 3% of the assets of the total portfolio. The percentage of corporate notes that may be purchased from any single issuer rated in the broad single A (A-) category from all the major rating agencies that rate the security is 2% of the total portfolio. The individual country limit of non-U.S. and non-Canadian exposure is 2% of the total portfolio. The exposure is determined by the country of domicile of the issuers of portfolio securities.
- **Commercial Paper:** Commercial paper must be rated with the highest short-term credit rating category of any two major Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. If the commercial paper is rated by more than two major NRSROs, it must have the highest rating from all of them. Commercial paper holdings may not have maturities exceeding 270 days. Any commercial paper purchased with a maturity longer than 100 days must also have an underlying long-term credit rating at the time of purchase in one of the three highest rating categories of an NRSRO. The percentage of commercial paper that may be purchased from any one issuer is 3% of the market value of the total portfolio. Issuer constraints will apply to the combined holdings of corporate notes and commercial paper holdings.
- **Certificates of Deposit:** Non-negotiable Certificates of Deposit of financial institutions that are qualified public depositories as defined in RCW 39.58.010(2) and by the restrictions within.
- **Bank Time Deposits and Savings Accounts Issued by Banks:** Deposits in PDPC approved banks.
- **Bankers' Acceptance:** Bankers' Acceptances generally are created based on a letter of credit issued to finance transactions. They are used to finance the shipment of some specific goods within the United States. They are issued by qualified financial institutions and must be purchased on the secondary market.
- **State Local Government Investment Pool:** Investment Pool managed by the Washington State ~~Finance Director's~~Treasurer's Office.

6.3 Bank Collateralization

The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. Under RCW 39.58.240, all public Finance Directors and other custodians of public funds are relieved of the responsibility of executing tri-party agreements, reviewing pledged securities, and authorizing additions, withdrawals, and exchanges of collateral.

7 INVESTMENT PARAMETERS

7.1 DIVERSIFICATION

The City will diversify the investment of all funds by adhering to the constraints by issuer type in accordance with the following table:

Table of Portfolio Constraints

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P, Moody's or Equivalent	Maximum Maturity
US Treasury Obligations	100%	None	N/A	5.5 years
US Agency Obligations	100%	35%	N/A	5.5 years
Supranational Agency Notes	10%	5%	AA- / Aa3	5.5 years
Municipal Obligations	30%	5%	A- / A3	5.5 years
City of Lacey Interfund Loans	15%	None	N/A	N/A
Corporate Notes	25%	3%* for AA- 2%* for A-, A, A+	A- / A3	5.5 years
Commercial Paper		3%*	A1 / P1 Long Term A-/A3	270 days
Certificates of Deposit	20%	5%	Deposits in PDPC approved banks	5.5 years
Bank Time Dposits/Savings Accounts	20%	None	Deposits in PDPC approved banks	N/A
Banker's Acceptance	10%	5%	N/A	180 days
State LGIP	100%	None	N/A	N/A

*Issuer constraints apply to the combined issues in corporate and commercial paper holdings.

7.2 INVESTMENT MATURITY

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. The City will not directly invest in securities maturing more than five and a half (5.5) years from the date of purchase.

- The maximum weighted maturity of the total portfolio shall not exceed 2 years. This maximum is established to limit the portfolio to excessive price change exposure.
- Liquidity funds will be held in the State Pool, PDPC bank deposits, or cash matched securities.
- Investment funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5.5 years and will be only invested in high quality and liquid securities.

- Interfund loan maturities are excluded from the maturity constraint rules.
- Specific dedicated funds such as bond reserves and designated perpetual funds may be excluded from the maturity constraints.

Total Portfolio Maturity Constraints:

Maturity Constraints	**Total Portfolio Minimum**
Under 30 days	10%
Under 1 year	25%
Under 5.5 years	100%

Maturity Constraints	**Total Portfolio Maximum**
Weighted Average Maturity	2 years
Duration of Corporate Note Portfolio	3 years

Security Structure Constraint	**Total Portfolio Maximum**
Callable Agency Securities	25%

7.3 Strategic Allocations

7.3.1 Funds and their Allocation

The City has two classifications of investment funds: Liquidity and Core.

a. Liquidity funds for the operating account will be allocated to LGIP, CD's, PDPC Bank Deposits, Bankers Acceptances, and Commercial Paper.
b. The structure of the Investment Core Fund will be targeted to a selected market benchmark based on the risk and return objectives of the portfolio.

7.3.2 Monitoring and Portfolio Adjustment

As a general practice, securities will be purchased with the intent to hold to maturity. However, it is acceptable for securities to be sold under the following circumstances:

a. A security with a declining credit may be sold early to protect the principal value of the portfolio.
b. A security may be sold to bring the portfolio duration or maturity in alignment with the structure of the underlying benchmark portfolio.
c. A security exchange that would improve the quality, yield and target maturity of the portfolio based on market conditions.
d. A sale of a security to provide for unforeseen liquidity needs.

7.4 Prohibited Investments

The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program.

The City shall not invest in:

a. Mortgage-backed securities
b. Derivative Products
c. Securities that leverage the portfolio or are used for speculation of interest rates
d. Mutual Funds
e. Repurchase Agreements
f. Reverse Agreements

8 Reporting Requirements

8.1 Reporting

The Finance Director shall be responsible for investment reporting. At a minimum, quarterly reporting shall be made to the City Manager and annual reporting shall be made to the City Council including, but not limited to; securities holdings, cash balances, and market values in the investment portfolio.

Specific reporting requirements:

- Book Yield
- Holdings Report including mark-to-market and security description
- Transactions Report
- Weighted Average Maturity
- Performance in relation to established benchmarks

8.2 Performance Standards

The portfolio shall be managed to obtain a fair rate of return and earnings rate that incorporates the primary objectives of protecting the City's capital and assuring adequate liquidity to meet cash flow needs.

For purposes of this policy, "earnings rate" will be the composite rate of both the Liquidity and Core funds and be compared to the LGIP rate. The goal is for the total portfolio, to generally perform better than the LGIP due to the longer weighted average maturity and the earnings rate is expected to trend in a similar manner as interest rates change.

The investment portfolio performance may be tracked against a market index such as the US treasury 0-3 year index or US treasury 0-5 year index on a total return basis. This will provide for accountability of price changes in the portfolio and help inform the strategy related to the duration of the portfolio.

8.3 Compliance Report

A compliance report will be generated quarterly comparing the portfolio positions to this investment policy.

8.4 Accounting Method

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies including, but not necessarily limited to, the Governmental Accounting Standards Board (GASB).

Pooling of Funds: Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation in the investment program and in accordance with generally accepted accounting principles.

9 Investment Policy Adoption

The City's Investment Policy and amendments shall be adopted by resolution by the City Council. The Policy shall be reviewed annually by the Finance Director or the Finance Committee when applicable, and any modifications made to the Investment Policy must be approved and adopted by the City Council.

APPENDIX - INVESTMENT TERMINOLOGY

***Accrued Interest*:** The interest accumulated on a bond since issue date or the last coupon payment. The buyer of the bond pays the market price and accrued interest, which is payable to the seller.

Agency: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Government Sponsored Enterprises (GSEs) are backed by each particular agency with a market perception that there is an implicit government guarantee.

Agency Securities: Government sponsored enterprises of the US Government.

Amortization: In portfolio accounting, periodic charges made against interest income on premium bonds in anticipation of receipt of the call price at call or of par value at maturity.

***Asset*:** Available property, as for payment of debts

Average Maturity: A weighted average of the expiration dates for a portfolio of debt securities. An income fund's volatility can be managed by shortening or lengthening the average maturity of its portfolio.

***Bankers Acceptances*:** A time draft accepted (endorsed) by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. BAs are short-term non-interest-bearing notes sold at a discount and redeemed by the accepting bank at maturity for full face value.

***Bank Wire*:** A virtually instantaneous electronic transfer of funds between two financial institutions.

***Basis Points*:** A measure of an interest rate, i.e., 1/100 of 1 percent, or .0001.

Bid: The indicated price at which a buyer is willing to purchase a security or commodity. When selling a security, a bid is obtained. (See Offer)

***Bond*:** An interest-bearing security issued by a corporation, government, governmental agency, or other body. It is a form of debt with an interest rate, maturity, and face value, and specific assets sometimes secure it. Most bonds have a maturity of greater than one year and generally pay interest semiannually.

***Broker*:** An intermediary who brings buyers and sellers together and handles their orders, generally charging a commission for this service. In contrast to a principal or a dealer, the broker does not own or take a position in securities.

***Certificates of Deposit*:** Instruments issued by a bank specifying that a sum of money has been deposited, payable with interest to the bearer of the certificate on a certain date.

Collateral: Securities or other property that a borrower pledges as security for the repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commercial Paper: Short-term, unsecured, negotiable promissory notes issued by corporations.

Current Maturity: The amount of time left until an obligation matures. For example, a one-year bill issued nine months ago has a current maturity of three months.

CUSIP: A CUSIP number identifies securities. CUSIP stands for Committee on Uniform Security Identification Procedures, which was established under the auspices of the American Bankers Association to develop a uniform method of identifying municipal, U.S. government, and corporate securities.

Dealer: An individual or firm that ordinarily acts as a principal in security transactions. Typically, dealers buy for their account and sell to a customer from their inventory. The dealer's profit is determined by the difference between the price paid and the price received.

Delivery: Either of two methods of delivering securities: delivery vs. payment and delivery vs. receipt (also called "free"). Delivery vs. payment is the delivery of securities with an exchange of money for the securities.

Diversification: Dividing available funds among a variety of securities and institutions so as to minimize market risk.

Duration: A measure used to calculate the price sensitivity of a bond or portfolio of bonds to changes in interest rates. This equals the sum of the present value of future cash flows.

Full Faith and Credit: Indicator that the unconditional guarantee of the United States government backs the repayment of debt.

General Obligation Bonds (GOs): Bonds secured by the pledge of the municipal issuer's full faith and credit, which usually includes unlimited taxing power.

Government Bonds: Securities issued by the federal government; they are obligations of the U.S. Treasury; also known as "governments."

Interest: Compensation paid or to be paid for the use of money. The rate of interest is generally expressed as an annual percentage.

Investment Core Funds: Core funds are defined as operating fund balance and other fund balances that exceeds the City's daily liquidity needs. Core funds are invested out the yield curve to diversify maturity structure in the overall portfolio. Having longer term investments in a portfolio will stabilize the overall portfolio interest earnings over interest rate cycles.

Investment Securities: Securities purchased for an investment portfolio, as opposed to those purchased for resale to customers.

Liquidity: The ease at which a security can be bought or sold (converted to cash) in the market. A large number of buyers and sellers and a high volume of trading activity are important components of liquidity.

Liquidity Component: A percentage of the total portfolio that is dedicated to providing liquidity needs for the City.

LGIP: Local Government Investment Pool run by the State of Washington ~~Finance Director's~~Treasurer's office established to help cities with short-term investments.

Mark to Market: Adjustment of an account or portfolio to reflect actual market value rather than book price, purchase price or some other valuation.

Market Value: The market value of a security is the price at which can be sold on that date.

Maturity: The date upon which the principal or stated value of an investment becomes due.

Municipals: Securities, usually bonds, issued by a state, its agencies, by cities or other municipal entities. The interest on "munis" is usually exempt from federal income taxes and state and local income taxes in the state of issuance. Municipal securities may or may not be backed by the issuing agency's taxation powers.

Non-Discretionary Investment Advisor: Non-discretionary investment advisor services may include investment management oversight, investment research, portfolio analysis, portfolio reporting and portfolio recommendations based upon the specific investment policy and investment objectives of each client. Clients must approve any such recommendations before the securities are purchased or sold in their accounts.

Par Value: The value of a security expressed as a specific dollar amount marked on the face of the security or the amount of money due at maturity. Par value should not be confused with market value.

Portfolio: A collection of securities held by an individual or institution.

Principal: The cost of an instrument on which interest is earned.

Prudent Person Rule: A long-standing common-law rule that requires a trustee who is investing for another to behave in the same way as a prudent individual of reasonable discretion and intelligence who is seeking a reasonable income and preservation of capital.

Quotation or Quote: A bid to buy or the lowest offer to sell a security in any market at a particular time.

Repurchase Agreement: Range in maturity from overnight to fixed time to open end. Repos involve a simultaneous sale of securities by a bank or government securities dealer to an investor with an agreement for the bank or government securities dealer to repurchase the securities at a fixed date at a specified rate of interest.

Safekeeping: An arrangement under which an organization's securities are kept in a bank vault or in the case of book entry securities, are held and recorded in the customer's name. Evidence of this arrangement is a safekeeping receipt.

Secondary Market: A market where certain securities may be bought and sold at prevailing market prices after their initial distribution but before their stated maturity date.

Treasury Bill (T-Bill): An obligation of the U.S. government with a maturity of one year or less. T-bills bear no interest but are sold at a discount.

Treasury Bonds and Notes: Obligations of the U.S. government that bear interest. Notes have maturities of one to ten years; bonds have longer maturities.

Yield: The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security. Net yield, or yield to maturity, is the current income yield minus any premium above par or plus any discount from par in the purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

***Yield to Maturity*:** The average annual yield on a security, assuming it is held to maturity; equals to the rate at which all principal and interest payments would be discounted to produce a present value equal to the purchase price of the bond.

Ratings Table – Long-Term

	S&P	Moody's	Fitch	Definition
Three Highest Rating Categories	AAA	Aaa	AAA	Highest credit quality
	AA+, AA, AA-	Aa1, Aa2, Aa3	AA+, AA, AA-	Very high credit quality
	A+, A, A-	A1, A2, A3	A+, A, A-	High credit quality
	BBB+, BBB, BBB-	Baa1, Baa2, Baa3	BBB+, BBB, BBB-	Good credit quality
	BB+, BB, BB-	Ba1, Ba2, Ba3	BB+, BB, BB-	Non-investment grade

Ratings Table – Short-Term

	S&P	Moody's	Fitch	Definition
Highest Rating Category	A1+, A1	P1+, P1	F1+, F1	Highest credit quality
	Municipal Commercial Paper			
	A-1, A-1+, SP-1+, SP-1	P1, MIG1, VMIG1	F1+, F1	Highest credit quality

LACEY CITY COUNCIL MEETING
March 16, 2023

SUBJECT: **2022 Budget Encumbrance Carryovers**

RECOMMENDATION: **Motion: Adopt Ordinance No. 1636 amending the 2023 fiscal year budget to re-appropriate 2022 budgeted amounts from projects not completed in 2022.**

STAFF CONTACT: Rick Walk, Interim City Manager RW
Troy Woo, Finance Director TW

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS:
1. Ordinance No. 1636
2. Summary for Ordinance

FISCAL NOTE: See attached Ordinance Exhibit “A”

WORK PLAN GOAL AND STRATEGY: None

PRIOR REVIEW: Finance and Economic Development Committee on February 28, 2023

BACKGROUND:

Despite all the extensive budget planning and efforts to complete projects and purchases prior to the year-end closing, staff are not always able to complete all of the projects and purchases. The projects and purchases are expected to be completed during 2023, so it becomes necessary to carryover previously approved budget appropriations into the next year. These proposed amendments are limited to carryover encumbrances and capital projects.

This carryover process addresses concerns that authorized budgets will be exceeded when large carryover projects do not have the authorized appropriations until late into the year. It is the City’s practice to amend the budget once per year during September. If the City

Council approves these appropriations earlier in the year, the risk of exceeding authorized expenditure levels is minimized.

The encumbrance and capital carryover requests are limited to purchase orders that were initiated in the previous year and capital projects that were authorized in the previous year's budget. The outstanding purchase order carryover requests are limited to significant (over $2,500) unfilled material, equipment, and supply orders. Capital project carryover requests do not have a dollar threshold. The funds requesting the carryovers must have adequate fund balance before the requests can be granted.

Each fund is detailed separately on the proposed carryover amendment list. There are three columns of dollar values. The first column contains the amount currently authorized for that line item in the 2023 budget. The second column is the amount of the proposed adjustment. The last dollar column shows what the new total of that particular line-item account will be if the amendments are adopted. Total lines are included to illustrate the grand total of the fund before and after the amendments. This is important since the budget is adopted by fund total and not by line-item detail. A brief explanation or description is also provided for each line-item of the form.

It is recommended that City Council review and adopt the ordinance amending the 2023 Budget.

ADVANTAGES:

1. The proposed adjustments to the 2023 Budget reflect more accurately the necessary requirements of each fund or adjustments made by City Council action.

2. The proposed adjustments ensure that the proper level of budget appropriations have been authorized to complete prior year projects and purchases.

DISADVANTAGES:

1. There are no significant disadvantages since there must be adequate fund balance to match the proposed carryover expenditure.

ORDINANCE NO. 1636

CITY OF LACEY

AN ORDINANCE AMENDING THE 2023 FISCAL YEAR BUDGET AND ORDINANCE NO. 1632 ADOPTING SAID BUDGET TO RE-APPROPRIATE 2022 BUDGETED AMOUNTS FOR PROJECTS NOT COMPLETED IN 2022 AND ADOPTING A SUMMARY FOR PUBLICATION.

WHEREAS, at the end of the 2022 fiscal year, certain funds which had been appropriated had not been spent because the programs, improvements, contracts or orders had not, as yet, been completed, and

WHEREAS, in order to complete such programs, projects and orders, and to pay the cost thereof, it is necessary that such funds be re-appropriated in the 2023 budget, NOW, THEREFORE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, AS FOLLOWS:

Section 1. The 2023 fiscal year budget and Ordinance No. 1632 adopting said budget are hereby amended in the manner set forth on Exhibit A, which is attached hereto and made a part hereof as though fully set forth at length.

Section 2. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 3. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, on this 16th day of March, 2023.

CITY COUNCIL

By:______________________
Mayor

Approved as to form:

____
City Attorney

Attest:

____
City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE NO. 1636

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on March 16, 2023, Ordinance No. 1636 entitled "**AN ORDINANCE AMENDING THE 2023 FISCAL YEAR BUDGET AND ORDINANCE NO. 1632 ADOPTING SAID BUDGET TO RE-APPROPRIATE 2022 BUDGETED AMOUNTS FOR PROJECTS NOT COMPLETED IN 2022 AND ADOPTING A SUMMARY FOR PUBLICATION.**"

A section by section summary of this ordinance is as follows:

Section 1 amends the 2023 fiscal year budget and Ordinance No. 1632, adopting said budget by re-appropriating funds from the 2022 fiscal year budget which were not expended because the programs, projects, contracts and orders were not completed in 2022.

Section 2 provides provisions for corrections.

Section 3 approves this summary.

A copy of the full text of this ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: March 20, 2023

2023 Budget Amendments - Ordinance No. 1636 Exhibit "A"

Account Numbers	Account Description	2023 Budget	Budget Amendment	2023 Budget as Amended	Comments
	Current Expense Fund				
Revenues					
001-0000-308-0000	Beginning Cash	5,710,718	3,536,805	9,247,523	Beginning Cash/Cash Reserves
Total Current Expense Fund Revenues		54,845,909	3,536,805	58,382,714	
Expenditures					
001-0301-519-4920	Miscellaneous / Special Projects	25,000	17,019	42,019	Leadership on Equity
001-0302-519-4919	Miscellaneous / Neighborhood Grant Prog	60,000	19,418	79,418	Augment 2023 Neighborhood Grant Program
001-0302-519-4953	Public Art	50,000	39,610	89,610	Art Plan
001-0304-511-4956	Miscellaneous / Youth Council	5,000	5,945	10,945	Youth Council enhancements
001-0802-565-4001	Homeless Services	200,000	55,000	255,000	Family Support SVCS - Coordinated Entry
001-0802-565-4001	Homeless Services	255,000	47,834	302,834	Illegal Homeless Encampment Cleanup
001-0802-565-4001	Homeless Services	302,834	100,000	402,834	Shelter Resources
001-0802-565-4001	Homeless Services	402,834	80,000	482,834	TOGETHER! - Host Homes
001-0802-565-4001	Homeless Services	482,834	115,000	597,834	Providence partnership
001-0802-565-4001	Homeless Services	597,834	100,000	697,834	TOGETHER! - Host Homes
001-0805-565-6001	Capital Outlays - Equipment	-	5,434	5,434	Veterans Service Hub - computers and furniture
001-0805-565-6001	Capital Outlays - Equipment	5,434	2,111	7,545	Veterans Service Hub - Training and Meeting Room Equipment
001-0805-594-6502	Veterans Affairs LeaseImp	-	175,547	175,547	Outstation Lease Improvements
001-0903-513-4101	Professional Services - Other	180,000	20,000	200,000	Equity Map
001-0903-513-4101	Professional Services - Other	200,000	43,917	243,917	Lacey 311 System
001-0903-513-4101	Professional Services - Other	243,917	95,976	339,893	Lacey Cares Initiative
001-2104-521-4930	Miscellaneous / Software Maintenance	19,854	3,303	23,157	Field Training software
001-3301-576-4803	Repairs & Maintenance / Rep & Maint-Facilities	-	1,000	1,000	Maintenance Shop minor restroom remodel
001-3301-576-4803	Repairs & Maintenance / Rep & Maint-Facilities	1,000	20,000	21,000	Install M&O Shop automated gates (2)
001-3601-519-4101	Professional Services / Prof. Svc-Other	-	49,380	49,380	Arc Flash Hazard Assessment
001-3601-519-4803	Repairs & Maintenance / Rep & Maint-Facilities	141,000	145,000	286,000	City Hall elevator car replacement
001-3601-572-3123	Supplies / Supplies-Building Maint.	5,385	32,500	37,885	LED lighting enhancements - Library
001-3701-558-4920	Special Projects	280,000	200,000	480,000	Special Projects - Climate Action Implementation
001-3701-558-4920	Special Projects	480,000	60,662	540,662	Special Projects - Climate Action Phase IV - Pro SVC
001-3701-558-4920	Special Projects	540,662	68,632	609,294	Special Projects - Food Truck Site
001-3701-558-4920	Special Projects	609,294	48,000	657,294	Capital Facilities Plan - Makers Architecture & Urban Design
001-3701-558-7000	Planning & Comm. Devel. / Economic Development	500,000	40,000	540,000	Springboard/Incubation/Entrepreneur
001-3701-558-7000	Planning & Comm. Devel. / Economic Development	540,000	150,000	690,000	Economic Development opportunities
001-3701-558-7000	Planning & Comm. Devel. / Economic Development	690,000	50,000	740,000	Lacey Midtown utility box wraps and other Midtown branding
001-7401-574-3101	Supplies / Office & Operating Supply	2,750	15,000	17,750	Woodland Creek Food Forest
001-7401-574-4101	Professional Services - Other	12,000	50,000	62,000	Young Child & Families Center Feasibility Study
001-7401-574-4101	Professional Services - Other	62,000	39,575	101,575	Community Outreach and Engagement Specialist
001-7501-597-0201	Transfers Out / Transfer Out 301 Fund	-	85,010	85,010	Capital Project Transfers Out - Police Station
001-7501-597-0201	Transfers Out / Transfer Out 301 Fund	85,010	149,154	234,164	Capital Project Transfers Out - Building access controls
001-7501-597-1003	Transfers Out / Transfer Out 303 Fund	181,250	843,327	1,024,577	Capital Project Transfers Out - Park cameras, outdoor ping pong, Wonderwood Trail, Cuoio Park, Honor Wall
001-7501-597-1102	Transfers Out / Transfer Out 302 Fund	300,000	563,451	863,451	Capital Project Transfers Out - Body Worn Cameras and Technology/Workspace
Total Current Expense Fund Expenditures		54,845,909	3,536,805	58,382,714	

Account Numbers	Account Description	2023 Budget	Budget Amendment	2023 Budget as Amended	Comments
	Criminal Justice Fund				
Revenues					
003-0000-308-0000	Beginning Cash	-	1,600,000	1,600,000	Beginning Cash/Cash Reserves
Total Criminal Justice Fund Revenues		1,452,855	1,600,000	3,052,855	
Expenditures					
003-2106-597-0201	Transfers Out / Transfer Out 301 Fund	-	1,600,000	1,600,000	Capital Project Transfers Out - Police Station
Total Criminal Justice Fund Expenditures		1,452,855	1,600,000	3,052,855	

	Community Buildings Fund				
Revenues					
005-0000-308-0000	Beginning Cash	238,750	133,500	372,250	Beginning Cash/Cash Reserves
Total Community Buildings Fund Revenues		892,281	133,500	1,025,781	
Expenditures					
005-7612-575-3123	Repairs & Maintenance / Rep & Maint-Equipment	875	69,000	69,875	LED lighting enhancements - Senior Center and Community Center
005-7612-575-4803	Repairs & Maintenance / Rep & Maint-Equipment	750	60,000	60,750	Jacob Smith House roof replacement
005-7612-575-4803	Repairs & Maintenance / Rep & Maint-Equipment	60,750	4,500	65,250	Jacob Smith House gutter replacement
Total Community Buildings Fund Expenditures		892,281	133,500	1,025,781	

	Regional Athletic Complex (M&O) Fund				
Revenues					
007-0000-308-0000	Beginning Cash	-	28,000	28,000	Beginning Cash/Cash Reserves
Total Regional Athletic Complex (M&O) Fund Revenues		1,332,495	28,000	1,360,495	
Expenditures					
007-3305-576-4803	Repairs & Maintenance / Rep & Maint-Facilities	3,500	28,000	31,500	Re-Surface RAC Basketball Courts
Total Regional Athletic Complex (M&O) Fund Expenditures		1,332,495	28,000	1,360,495	

	Street Fund				
Revenues					
101-0000-308-0000	Beginning Cash	287,151	13,650	300,801	Beginning Cash/Cash Reserves
Total Street Fund Revenues		4,531,909	13,650	4,545,559	
Expenditures					
101-4201-543-4803	Repairs & Maintenance / Rep & Maint-Facilities	-	650	650	Maintenance Shop minor restroom remodel
101-4201-543-4803	Repairs & Maintenance / Rep & Maint-Facilities	650	13,000	13,650	Install M&O Shop automated gates (2)
Total Street Fund Expenditures		4,531,909	13,650	4,545,559	

Account Numbers	Account Description	2023 Budget	Budget Amendment	2023 Budget as Amended	Comments
	Building Improvement Fund				
Revenues					
301-0000-308-0000	Beginning Cash	50,000	2,706,911	2,756,911	Beginning Cash/Cash Reserves
301-0000-397-1101	Transfers In / Transfer In 001,003,005	-	85,010	85,010	2022 Transfers-In Carryover - Police Station
301-0000-397-1101	Transfers In / Transfer In 001,003,005	85,010	1,600,000	1,685,010	2022 Transfers-In Carryover - Police Station
301-0000-397-1101	Transfers In / Transfer In 001,003,005	1,685,010	149,154	1,834,164	2022 Transfers-In Carryover - Building access controls
Total Building Improvement Fund Revenues		168,241	4,541,075	4,709,316	
Expenditures					
301-0101-514-6003	Capital Outlays / Capital-Improvements	45,875	149,154	195,029	Electronic Door Hardware (security)
301-0101-514-6003	Capital Outlays / Capital-Improvements	195,029	290,340	485,369	Asset Management/Facility Condition Assessment
301-0101-514-6004	Capital Outlays / Capital Outlays - Buildings	-	2,089,083	2,089,083	Land Acquisition/Site Plan/Plan Development
301-0101-514-6004	Capital Outlays / Capital Outlays - Buildings	2,089,083	12,498	2,101,581	Office Remodel - Community and Economic Development
301-0101-514-6005	Capital Outlays / Capital Outlay-Land	-	2,000,000	2,000,000	Land for New Police Station Facility
Total Building Improvement Fund Expenditures		168,241	4,541,075	4,709,316	
	Capital Equipment Fund				
Revenues					
302-0000-308-0000	Beginning Cash	417,020	1,850,179	2,267,199	Beginning Cash/Cash Reserves
302-0000-397-1101	Transfers In / Transfer In 001,003,005	587,151	563,451	1,150,602	2022 Transfers-In Carryover - Body Worn Cameras and Technology/Workspace
Total Capital Equipment Fund Revenues		1,104,365	2,413,630	3,517,995	
Expenditures					
302-0102-519-6404	Capital Outlays / Community Relations	123,490	1,317	124,807	Website Design & Review
302-0102-519-6404	Capital Outlays / Community Relations	124,807	25,000	149,807	Veterans' Services HUB signage
302-0102-519-6406	Capital Outlays / Common Facilities	-	43,692	43,692	F150 Lightning Pro - new pool vehicle
302-0102-519-6406	Capital Outlays / Common Facilities	43,692	194,895	238,587	Technology & Workplace improvements
302-0102-519-6410	Capital Outlays / Police	466,998	368,556	835,554	Body Worn Video Program
302-0102-519-6410	Capital Outlays / Police	835,554	41,716	877,270	Equip new vehicle - Lacey Resource Unit
302-0102-519-6410	Capital Outlays / Police	877,270	167,904	1,045,174	Police Facility, Vehicle, and Equipment Enhancements
302-0102-519-6411	Capital Outlays / Capital-Public Works-Admi	8,156	36,600	44,756	F150 Lightning Pro - vehicle for new Capital Projects Inspector position - supply chain delay
302-0102-519-6412	Capital Outlays / Capital-Public Works-Pks	66,651	70,697	137,348	F450 Flatbed Truck (Parks Maintenance new vehicle) - supply chain delay
302-0102-519-6412	Capital Outlays / Capital-Public Works-Pks	137,348	51,473	188,821	F150 Lightning Pro (replace retained vehicle #92) - supply chain delay
302-0102-519-6415	Capital Outlays / Capital-Community Develop	56,950	51,473	108,423	F150 Lightning Pro (replace retained vehicle #322) - supply chain delay
302-0102-519-6416	Capital Outlays / Parks and Recreation	15,000	7,024	22,024	Needle Deposit Boxes for Parks Restrooms
302-0102-519-6416	Capital Outlays / Parks and Recreation	22,024	8,000	30,024	Park Rules Signage
302-0102-519-6417	Capital Outlays / Capital-City Streets	289,751	25,465	315,216	F450 Flatbed Truck replacement (#265) - supply chain delay
302-0102-519-6417	Capital Outlays / Capital-City Streets	315,216	51,473	366,689	F150 Lightning Pro (replace retained vehicle #23) - supply chain delay
302-0102-597-1107	Transfers Out / Transfer Out 307 Fund	-	805,000	805,000	Capital Project Transfers Out - RAC Parking Lot
302-0104-559-6001	Capital Outlays / Economic Development	-	463,345	463,345	Midtown District strategic investments
Total Capital Equipment Fund Expenditures		1,104,365	2,413,630	3,517,995	
	Parks & Open Space Fund				
Revenues					
303-0000-308-0000	Beginning Cash	-	109,199	109,199	Beginning Cash/Cash Reserves
303-0000-397-1101	Transfers In / Transfer In 001,003,005	181,250	843,327	1,024,577	2022 Transfers-In Carryover - Park cameras, outdoor ping pong, Wonderwood Trail, Cuoio Park, Honor Wall
Total Parks & Open Space Revenues		217,340	952,526	1,169,866	

Account Numbers	Account Description	2023 Budget	Budget Amendment	2023 Budget as Amended	Comments
Expenditures					
303-0106-576-6001	Capital Outlays / Capital Outlays-Equipment	-	303,449	303,449	Park Facilities Security Camera Expansion
303-0106-576-6003	Capital Outlays / Capital Improvements	181,250	540,356	721,606	Greg Cuoio Community Park Master Plan
303-0106-576-6003	Capital Outlays / Capital Improvements	721,606	59,822	781,428	Wonderwood Park Trail and Court Upgrades
303-0106-576-6003	Capital Outlays / Capital Improvements	781,428	25,000	806,428	Outdoor Ping Pong Tables
303-0106-576-6003	Capital Outlays / Capital Improvements	806,428	23,899	830,327	Honor Wall
Total Parks & Open Space Expenditures		217,340	952,526	1,169,866	
	RAC Capital Fund				
Revenues					
307-0000-308-0000	Beginning Cash	-	1,774,242	1,774,242	Beginning Cash/Cash Reserves
307-0000-397-1012	Transfers In / Transfer In 001,003,005	-	805,000	805,000	2022 Transfers-In Carryover - RAC Parking Lot
Total RAC Capital Revenues		1,642,392	2,579,242	4,221,634	
Expenditures					
307-0106-576-6001	Capital Outlays / Capital Equipment	-	177,705	177,705	RAC Fencing (Softball Fields #1 and #2)
307-0106-576-6003	Capital Outlays / Capital Improvements	-	91,537	91,537	RAC Parking Lot Design
307-0106-576-6219	Capital Outlays / Sport Com-Prel Design	-	5,000	5,000	RAC Phase 3 Preliminary Design
307-0106-576-6221	Capital Outlays / Sport Com-Contractor Prim	-	2,305,000	2,305,000	RAC Parking Lot Construction
Total RAC Capital Expenditures		1,642,392	2,579,242	4,221,634	
	Water Utility Fund				
Revenues					
401-0000-308-0000	Beginning Cash	-	1,105,402	1,105,402	Beginning Cash/Cash Reserves
Total Water Utility Fund Revenues		15,795,039	1,105,402	16,900,441	
Expenditures					
401-3401-534-4102	Professional Services / Prof. Svc-Engineering	501,778	62,015	563,793	Arc Flash Hazard Assessment
401-3401-534-4803	Repairs & Maintenance / Rep & Maint-Facilities	2,000	1,600	3,600	Maintenance Shop minor restroom remodel
401-3401-534-4803	Repairs & Maintenance / Rep & Maint-Facilities	3,600	32,000	35,600	Install M&O Shop automated gates (2)
401-3402-514-3137	Supplies / Meter	300,000	705,773	1,005,773	Replace failing meter transmission units, water meters for new development, and replace failing meters
401-3403-534-3111	Supplies / Water Treatment Supplies	-	100,000	100,000	Replace filter media at Hawks Prairie Water Treatment Facility
401-3403-534-3148	Supplies / Repairs & Maintenance	512,300	9,262	521,562	Acid wash for treatment materials.
401-3403-534-3148	Supplies / Repairs & Maintenance	521,562	6,320	527,882	Flow meter replacement Woodland Creek
401-3403-534-3148	Supplies / Repairs & Maintenance	527,882	15,000	542,882	Move power meter from failing pole
401-3403-534-3148	Supplies / Repairs & Maintenance	542,882	38,500	581,382	Eliminate old chlorine tanks in old booster building at Source 20
401-3403-534-4101	Professional Services / Prof. Svc-Other	91,100	38,030	129,130	Pump skid replacement / rebuild for CL2 generation at ATEC
401-3403-534-6001	Capital Outlays / Capital Outlays-Equipment	-	5,563	5,563	Laptop and phone for new Water Control Technician
401-3404-534-3119	Supplies / Inventory	230,000	39,923	269,923	Water parts inventory
401-3404-534-3137	Supplies / Meters	-	44,791	44,791	1.5" and 2" meters inventory
401-3404-534-6001	Supplies / Meters	26,000	6,625	32,625	F250 Valve Truck replacement (#247) - supply chain delay
Total Water Utility Fund Expenditures		15,795,039	1,105,402	16,900,441	

Account Numbers	Account Description	2023 Budget	Budget Amendment	2023 Budget as Amended	Comments
	Wastewater Utility Fund				
Revenues					
402-0000-308-0000	Beginning Cash	-	257,468	257,468	Beginning Cash/Cash Reserves
Total Wastewater Utility Fund Revenues		23,266,901	257,468	23,524,369	
Expenditures					
402-3501-535-4102	Professional Services / Prof. Svc-Engineering	340,750	50,474	391,224	Arc Flash Hazard Assessment
402-3501-535-4803	Repairs & Maintenance / Rep & Maint-Facilities	2,000	1,400	3,400	Maintenance Shop minor restroom remodel
402-3501-535-4803	Repairs & Maintenance / Rep & Maint-Facilities	3,400	28,000	31,400	Install M&O Shop automated gates (2)
402-3501-535-6001	Capital Outlays / Capital Outlays-Equipment	73,369	43,053	116,422	F250 4x4 with plow (new vehicle for Journey Lvl Tech) - supply chain delay
402-3503-535-3148	Supplies / Repairs and Maintenance	315,990	3,328	319,318	Liftstation 43 cable compression kit and Liftstation 54 pump parts
402-3504-535-6001	Capital Outlays / Capital Outlays-Equipment	-	131,213	131,213	Crane Truck replacement (#294) - supply chain delay
Total Wastewater Utility Fund Expenditures		23,266,901	257,468	23,524,369	
	Stormwater Utility Fund				
Revenues					
403-0000-308-0000	Beginning Cash	-	7,350	7,350	Beginning Cash/Cash Reserves
Total Stormwater Utility Fund Revenues		5,465,197	7,350	5,472,547	
Expenditures					
403-4201-538-4803	Repairs & Maintenance / Rep & Maint-Facilities	-	350	350	Maintenance Shop minor restroom remodel
403-4201-538-4803	Repairs & Maintenance / Rep & Maint-Facilities	350	7,000	7,350	Install M&O Shop automated gates (2)
Total Stormwater Utility Fund Expenditures		5,465,197	7,350	5,472,547	
	Water Construction Fund				
Revenues					
410-0000-308-0000	Beginning Cash	9,457,076	1,033,865	10,490,941	Beginning Cash/Cash Reserves
Total Water Construction Fund Revenues		18,949,204	1,033,865	19,983,069	
Expenditures					
410-3418-534-9001	Preliminary Engineering	2,838,625	61,861	2,900,486	Carry forward preliminary engineering cost various water construction projects
410-3418-534-9005	Construction Engineering	1,141,625	42,959	1,184,584	Carry forward construction engineering costs various water construction projects
410-3418-534-9013	Construction/Utilities	13,764,750	529,831	14,294,581	Carry forward utility construction costs various water construction projects
410-3418-534-9022	Purchase of Land	700,000	399,214	1,099,214	Carry forward utility construction costs various water construction projects
Total Water Construction Fund Expenditures		18,949,204	1,033,865	19,983,069	
	Wastewater Construction Fund				
Revenues					
411-0000-308-0000	Beginning Cash	8,382,626	313,423	8,696,049	Beginning Cash/Cash Reserves
Total Wastewater Construction Fund Revenues		12,525,000	313,423	12,838,423	

Account Numbers	Account Description	2023 Budget	Budget Amendment	2023 Budget as Amended	Comments
Expenditures					
411-3518-535-9001	Preliminary Engineering	1,843,500	11,554	1,855,054	Carry forward preliminary engineering cost various wastewater construction projects
411-3518-535-9005	Construction Engineering	809,125	22,640	831,765	Carry forward construction engineering costs various wastewater construction projects
411-3518-535-9013	Construction/Utilities	9,722,375	279,229	10,001,604	Carry forward utility construction costs various wastewater construction projects
Total Wastewater Construction Fund Expenditures		12,525,000	313,423	12,838,423	

	Stormwater Construction Fund				
Revenues					
412-0000-308-0000	Beginning Cash	-	95,000	95,000	Beginning Cash/Cash Reserves
Total Stormwater Construction Fund Revenues		2,336,636	95,000	2,431,636	
Expenditures					
412-4218-542-9004	Storm Drainage	595,750	87,875	683,625	Carry forward utility construction costs various stormwater construction projects
412-4218-542-9005	Construction Engineering	50,250	7,125	57,375	Carry forward construction engineering costs various stormwater construction projects
Total Stormwater Construction Fund Expenditures		2,336,636	95,000	2,431,636	

	Equipment Rental				
Revenues					
501-0000-308-0000	Beginning Cash	418,209	515,062	933,271	Beginning Cash/Cash Reserves
Total Equipment Rental Fund Revenues		3,861,519	515,062	4,376,581	
Expenditures					
501-4801-548-6002	Capital Outlays - Replacement	1,213,903	41,948	1,255,851	F250 Valve Truck replacement (#247) - supply chain delay
501-4801-548-6002	Capital Outlays - Replacement	1,255,851	31,218	1,287,069	F450 Flatbed Truck replacement (#265) - supply chain delay
501-4801-548-6002	Capital Outlays - Replacement	1,287,069	180,212	1,467,281	Crane Truck replacement (#294) - supply chain delay
501-4801-548-6002	Capital Outlays - Replacement	1,467,281	107,265	1,574,546	Two Police Utility Vehicle replacements (#422 and #427) - supply chain delay
501-4801-548-6002	Capital Outlays - Replacement	1,574,546	51,473	1,626,019	F150 Lightning Pro (replace vehicle #24) - supply chain delay
501-4801-548-6002	Capital Outlays - Replacement	1,626,019	51,473	1,677,492	F150 Lightning Pro (replace vehicle #182) - supply chain delay
501-4801-548-6002	Capital Outlays - Replacement	1,677,492	51,473	1,728,965	F150 Lightning Pro (replace vehicle #319) - supply chain delay
Total Equipment Rental Fund Expenditures		3,861,519	515,062	4,376,581	

	Information Services				
Revenues					
502-0000-308-0000	Beginning Cash	109,746	52,390	162,136	Beginning Cash/Cash Reserves
Total Information Services Fund Revenues		2,914,721	52,390	2,967,111	
Expenditures					
502-1801-518-4930	Miscellaneous / Software Maintenance	472,304	52,390	524,694	Crowdstrike managed security service
Total Information Services Fund Expenditures		2,914,721	52,390	2,967,111	

LACEY CITY COUNCIL MEETING
March 16, 2023

SUBJECT:	Opioid Litigation Settlement
RECOMMENDATION:	Authorize the Interim City Manager to execute the Allocation Agreement II and all documents necessary to participate in settlements with Walgreens, CVS, Walmart, Teva and Allergan.
STAFF CONTACT:	Rick Walk, Interim City Manager RW Dave Schneider, City Attorney DS
ORIGINATED BY:	City Attorney's Office
ATTACHMENTS:	1. New Opioids Settlement Presentation 2. Allocation Agreement II
FISCAL NOTE:	None
PRIOR REVIEW:	April 28, 2022 Council Worksession and Retreat September 15, 2022 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 disbursal of payments has begun.

There has now been a national settlement reached between the major pharmacies/dispensers (Walgreens, CVS, Walmart) and manufacturers (Teva and Allergen). 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 total settlement requires all Washington cities with a population over 10,000 to join in the settlement. There is a steep drop-off if not all cities participate. Additionally, if not enough cities join, the settlements will be void. The deadline for participation is April 18, 2023.

Each participating city is required to sign the Allocation Agreement II, which provides for the same proportional share as the previous distributor settlement per the One WA MOU. Funds must be spent on an Approved Use for fighting the opioid epidemic.

ADVANTAGES:

1. Participation will assist with finalizing the $434 million dollar settlement for the state of Washington.
2. Participation will render the City of Lacey eligible to receive a portion of funds to be spent on opioid remediation efforts.

DISADVANTAGES:

1. None.

New Opioid Settlements

February 13, 2023 presentation

Jeff Rupert, Washington AGO

1

Key points

- Local governments will receive up to $217 million over 15 years
- The sign-on deadline is April 18, 2023
- An eligible city can participate even if did not file a lawsuit
- If not enough local governments participate, no one gets any of the settlement money
- When combined with the earlier distributor settlement, Washington local governments will receive $432 million

2

Washington cities and counties will receive up to $217 million from these settlements

- The local governments will receive up to $217 million payable over 15 years
- The amount varies depending on how many eligible Washington cities and counties join
- Steep drop if not all join

3

Who must join the settlements for them to become effective?

- Unlike the distributor deal, the national sign-on level of local governments is the data point
- The AGO strongly encourages all eligible Washington cities and counties to join
- Not joining will significantly lower what other cities and counties receive

4

What happens if not enough cities and counties join the settlements?

- If not enough local governments join by April 18, 2023, the settlements are void
- No one gets any of the settlement money

5

How to calculate the share your city or county would receive

- Same as the distributor settlement
- Your share can be calculated by multiplying $217 million and your city or county's percentage in Exhibit B of the One Washington MOU
- Attorneys' fees of 15% then need to be deducted, but this deduction will not occur in later payment years

6

State/local government split of settlement proceeds

- Each eligible city and county needs to sign the Allocation Agreement II
- Very similar to the to the Allocation Agreement for the distributor settlement
- Total Washington share of new settlements is $434 million
- Will be split 50% local governments/50% State
- Local government share is then being allocated per the One Washington MOU

7

How a city or county can join the settlements

- Emails with DocuSign links will be sent to each city and county by the Implementation Manager
- If you do not receive this email, please contact the AGO and opioidsparticipation@rubris.com
- Electronically sign (1) the five Participation Forms and (2) the Allocation Agreement II
- Deadline is April 18, 2023

8

Who are the eligible cities?

- Any city can join, but those that can directly receive a share of the settlement funds are those identified in the One Washington MOU
- Cities with a population of over 10,000 on the July 1, 2019 census population estimate

9

When do settlement payments start and how much are they?

- The settlement terms vary, but first payments will be made in 2023 unless there are delays
- Will be somewhat frontloaded
- If full participation by local governments, then $45.8 million is payable in the first year

10

A local government can decide to spend settlement money or pool it with others

- A local government can spend settlement money itself or regionally
- Settlement funds must be spent on an Approved Use (which is nearly identical to the distributor settlement) for fighting the opioid epidemic
- There are reporting requirements

11

Nearly all other states are joining these settlements

- Unlike the distributor settlement, this is a national deal
- It varies from settlement to settlement, but generally 48 states or more are joining each settlement or have previously settled

12

New settlements do not affect your distributor settlement payments

- Eligible cities and counties that signed up on the payment portal should have received their first distributor settlement payment
- The remaining amount due to local governments is $186.6 million before attorneys' fees, payable over 16 years
- Next payment is on July 15, 2023

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How to access the settlement documents

- https://nationalopioidsettlement.com has the full settlement terms and more information about the settlements
- While this website also has the sign-on documents, a city or county should use the email from the Implementation Manager to access the DocuSign platform

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Key points

- The deadline to sign and return the Participation Forms and Allocation Agreement II is April 18, 2023
- The local governments will receive up to $217 million payable over 15 years
- If not enough local governments participate, no one gets any of the settlement money

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Questions

- Contact Jeff Rupert, the AGO Complex Litigation Division Chief, at 206-389-2116 or Jeffrey.Rupert@atg.wa.gov
- You also can contact comopioidscases@atg.wa.gov
- https://nationalopioidsettlement.com has more information about the settlements and the sign-on process

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WASHINGTON STATE ALLOCATION AGREEMENT GOVERNING THE ALLOCATION OF FUNDS PAID BY CERTAIN SETTLING OPIOID MANUFACTURERS AND PHARMACIES

JANUARY 27, 2023

This Washington State Allocation Agreement Governing the Allocation of Funds Paid by Certain Settling Opioid Manufacturers and Pharmacies (the "Allocation Agreement II") governs the distribution of funds obtained from (1) Walmart, (2) Teva, (3) Allergan, (4) CVS, and (5) Walgreens (the "Settling Entities") in connection with the resolution of any and all claims by the State of Washington and the counties, cities, and towns in Washington State ("Local Governments") against the Settling Entities via the following settlements:

- Walmart Settlement Agreement dated November 12, 2022 and any subsequent amendments ("Walmart Settlement").
- Teva Public Global Settlement Agreement dated November 22, 2022 and any subsequent amendments ("Teva Settlement").
- Allergan Public Global Settlement Agreement dated November 22, 2022 and any subsequent amendments ("Allergan Settlement").
- CVS Settlement Agreement dated December 9, 2022 and any subsequent amendments ("CVS Settlement").
- Walgreens Settlement Agreement dated December 9, 2022 and any subsequent amendments ("Walgreens Settlement").

Collectively, the Walmart Settlement, the Teva Settlement, the Allergan Settlement, the CVS Settlement, and the Walgreens Settlement shall be referred to as "the Settlements". Each of the Settlements can be accessed at https://nationalopioidsettlement.com/. The terms and definitions of each of the respective Settlement are incorporated into this Allocation Agreement II, and any undefined terms in this Allocation Agreement II are as defined in the Settlements.

1. This Allocation Agreement II is intended to be a State-Subdivision Agreement as defined in the Settlements. This Allocation Agreement II shall be interpreted to be consistent with the requirements of a State-Subdivision Agreement in the Settlements.

2. This Allocation Agreement II shall become effective only if all of the following occur:

   A. The State of Washington joins one of the Settlements and becomes a Settling State as provided for in the respective Settlement.

   B. One of the Settlements becomes final and effective and a Consent Judgment is filed and approved as provided for in the respective Settlement.

C. The number of Local Governments that execute and return this Allocation Agreement II satisfies the participation requirements for a State-Subdivision Agreement as specified in one of the Settlements, Washington is a Settling State for that Settlement, and a Consent Judgment has been filed and approved for that Settlement.

3. *Requirements to become a Participating Local Government*. To become a Participating Local Government that can participate in this Allocation Agreement II with respect to any one of the Settlements, a Local Government must do all of the following:

A. The Local Government must execute and return this Allocation Agreement II.

B. The Local Government must release its claims against the Settling Entities identified in the respective Settlement and agree to be bound by the terms of the Settlement by timely executing and returning the Participation Form for that Settlement. The forms are attached hereto as Exhibits 1-5.

C. Litigating Subdivisions, also referred to as Litigating Local Governments, must dismiss the Settling Entities identified in the respective Settlement with prejudice from their lawsuits.

D. Each of the Local Governments that is eligible to participate in this Allocation Agreement II has previously executed and signed the One Washington Memorandum of Understanding Between Washington Municipalities ("MOU") agreed to by the Participating Local Governments in Washington State, which is attached hereto as Exhibit 6. By executing this Allocation Agreement II, the local government agrees and affirms that the MOU applies to and shall govern the Local Government Share as modified by this Allocation Agreement II for each of the Settlements in which the Local Government participates.

A Local Government that meets all of the conditions in this paragraph for any of the Settlements shall be deemed a "Participating Local Government" for that Settlement. A Local Government can be a "Participating Local Government" for less than all of the Settlements. If a Local Government is a Participating Local Government for less than all of the Settlements, the Local Government can only receive a portion of the Washington Abatement Amount for the specific Settlement(s) for which it is a Participating Local Government.

4. This Allocation Agreement II applies to the following, all of which collectively shall be referred to as the "Washington Abatement Amount":

A. For the Walmart Settlement, the State of Washington's allocation of the (1) Global Settlement Remediation Amount and (2) Additional Remediation Amount.

B. For the Teva Settlement, the State of Washington's allocation of the (1) Net Abatement Amount and (2) Additional Restitution Amount.

C. For the Allergan Settlement, the State of Washington's allocation of the (1) Global Settlement Abatement Amount and (2) Additional Restitution Amount.

D. For the CVS Settlement, the State of Washington's allocation of the (1) Maximum Remediation Payment and (2) Additional Remediation Amount.

E. For the Walgreens Settlement, the State of Washington's allocation of the (1) Adjusted State Remediation Payment and (2) Additional Remediation Amount.

As specified in each of the Settlements, the Washington Abatement Amount will vary dependent on the percentage of Participating Local Governments and whether there are any Later Litigating Subdivisions.

5. The Teva Settlement provides the option for Settling States to obtain Settlement Product or the discretion to convert any portion of the Settlement Product allocated to the Settling State into a cash value equaling twenty percent (20%) of the WAC value of the Settling State's allocated Settlement Product in specified years. It shall be solely the decision of the State regarding whether to convert any portion of the Settlement Product allocated to Washington into a cash value or to obtain the Settlement Product. If the State elects to obtain Settlement Product, the State in its sole discretion shall make all decisions related to the Settlement Product, including but not limited to where, how, and to whom it shall be distributed. For purposes of calculating the division of the Washington Abatement Amount in Paragraph 10 of this Allocation Agreement II, the Settlement Product allocated to Washington shall be considered "State Share" and shall have the cash value assigned to it in the Teva Public Global Settlement Agreement dated November 22, 2022.

6. This Allocation Agreement II does not apply to the State Cost Fund, State AG Fees and Costs, or any attorneys' fees, fees, costs, or expenses referred to in the Settlement or that are paid directly or indirectly via the Settlements to the State of Washington ("State's Fees and Costs").

7. This Allocation Agreement II and the MOU are a State Back-Stop Agreement. The Settling Entities are paying a portion of the Local Governments' attorneys' fees and costs as provided for in the Settlements. The total contingent fees an attorney receives from the Contingency Fee Fund in the Settlements, the MOU, and this Allocation Agreement II combined cannot exceed 15% of the portion of the LG Share paid to the Litigating Local Government that retained that firm to litigate against the Settling Entities (i.e., if City X filed suit with outside counsel on a contingency fee contract and City X receives $1,000,000 from the Walmart

Settlement, then the maximum that the firm can receive is $150,000 for fees as to the Walmart Settlement; if City X did not retain the same firm for potential litigation against CVS and City X receives $1,000,000 from the CVS Settlement, then the firm receives no fees from the CVS Settlement.)

8. No portion of the State's Fees and Costs and/or the State Share as defined in Paragraphs 6 and 10 of this Allocation Agreement II shall be used to fund the Government Fee Fund ("GFF") referred to in Paragraph 12 of this Allocation Agreement II and Section D of the MOU, or in any other way to fund any Participating Local Government's attorneys' fees, costs, or common benefit tax.

9. The Washington Abatement Amount shall and must be used by the State and Participating Local Governments for future Opioid Remediation as defined in the Settlements, except as allowed by the Settlements.

10. The State and the Participating Local Governments agree to divide the Washington Abatement Amount as follows:

    A. Fifty percent (50%) to the State of Washington ("State Share").

    B. Fifty percent (50%) to the Participating Local Governments ("LG Share").

11. The LG Share shall be distributed to Participating Local Governments pursuant to the MOU attached hereto as Exhibit 6 as amended and modified in this Allocation Agreement II.

12. For purposes of this Allocation Agreement II only, the MOU is modified as follows and any contrary provisions in the MOU are struck:

    A. Exhibit A of the MOU is replaced by Exhibit E of each of the respective Settlements.

    B. The definition of "Litigating Local Governments" in Section A.4 of the MOU shall mean Litigating Subdivisions as defined in each the respective Settlements.

    C. The definition of "National Settlement Agreement" in Section A.6 of the MOU shall mean the Settlements.

    D. The definition of "Settlement" in Section A.14 of the MOU shall mean the Settlements.

    E. The MOU is amended to add new Section C.4.g.vii, which provides as follows:

        "If a Participating Local Government receiving a direct payment (a) uses Opioid Funds other than as provided for in the respective Settlements, (b) does not comply with conditions for receiving direct payments under the MOU, or (c) does not promptly submit necessary reporting and compliance information to its Regional Opioid Abatement Counsel ("Regional OAC") as defined at Section C.4.h of the MOU, then the Regional OAC may suspend direct payments to the Participating Local Government after notice, an opportunity to cure, and sufficient due process. If direct payments to Participating Local Government are suspended, the payments shall be treated as if the Participating Local Government is foregoing their allocation of Opioid Funds pursuant to Section C.4.d and C.4.j.iii of the MOU. In the event of a suspension, the Regional OAC shall give prompt notice to the suspended Participating Local Government and the Settlement Fund Administrator specifying the reasons for the suspension, the process for reinstatement, the factors that will be considered for reinstatement, and the due process that will be provided. A suspended Participating Local Government may apply to the Regional OAC to be reinstated for direct payments no earlier than five years after the date of suspension."

F. The amounts payable to each law firm representing a Litigating Local Government from the GFF shall be consistent with the process set forth in the *Order Appointing the Fee Panel to Allocate and Disburse Attorney's Fees Provided for in State Back-Stop Agreements*, Case No. 1:17-md-02804-DAP Doc #: 4543 (June 17, 2022). JoJo Tann (the "GFF Administrator"), who is authorized by the MDL Fee Panel (David R. Cohen, Randi S. Ellis and Hon. David R. Herndon (ret.)) to calculate the amounts due to eligible counsel from each State Back-Stop fund (i.e., the GFF) (*see id.* at p. 4), will oversee and confirm the amounts payable to each law firm representing a Litigating Local Government from the GFF. Upon written agreement between the law firms representing the Litigating Local Governments on the one hand and the Washington Attorney General's Office on the other, in consultation with the Washington State Association of Counties and the Association of Washington Cities, the GFF Administrator may be replaced by another person, firm, or entity.

G. The GFF set forth in the MOU shall be funded by the LG Share of the Washington Abatement Amount only. To the extent the common benefit tax is not already payable by the Settling Entities as contemplated by Section D.8 of the MOU, the GFF shall be used to pay Litigating Local Government contingency fee agreements and any common benefit tax referred to in Section D of the MOU, which shall be paid on a pro rata basis to eligible law firms as determined by the GFF Administrator.

H. To fund the GFF, fifteen percent (15%) of the LG Share shall be deposited in the GFF from each LG Share settlement payment until the Litigating Subdivisions' contingency fee agreements and common benefit tax (if any) referred to in Section D of the MOU are satisfied. Under no circumstances will any Primary Subdivision or Litigating Local Government be required to contribute to the GFF more than 15% of the portion of the LG Share allocated to such Primary Subdivision or Litigating Local Government. In addition, under no circumstances will any portion of the LG Share allocated to a Litigating Local Government be used to pay the contingency fees or litigation expenses of counsel for some other Litigating Local Government.

I. The maximum amount of any Litigating Local Government contingency fee agreement (from the Contingency Fee Fund of the respective Settlements) payable to a law firm permitted for compensation shall be fifteen percent (15%) of the portion of the LG Share paid to the Litigating Local Government that retained that firm (i.e., if City X filed suit with outside counsel on a contingency fee contract and City X receives $1,000,000 from the Walmart Settlement, then the maximum that the firm can receive is $150,000 for fees.) The firms also shall be paid documented expenses due under their contingency fee agreements that have been paid by the law firm attributable to that Litigating Local Government. Consistent with Agreement on Attorneys' Fees, Costs, and Expenses, which is Exhibit R of the Settlements, amounts due to Participating Litigating Subdivisions' attorneys under this Allocation Agreement II shall not impact (i) costs paid by the subdivisions to their attorneys pursuant to a State Back-Stop agreement, (ii) fees paid to subdivision attorneys from the Common Benefit Fund for common benefit work performed by the attorneys pursuant to Exhibit R of the Settlements, or (iii) costs paid to subdivision attorneys from the MDL Expense Fund for expenses incurred by the attorneys pursuant to the Settlements.

J. Under no circumstances may counsel receive more for its work on behalf of a Litigating Local Government than it would under its contingency agreement with that Litigating Local Government. To the extent a law firm was retained by a Litigating Local Government on a contingency fee agreement that provides for compensation at a rate that is less than fifteen percent (15%) of that Litigating Local Government's recovery, the maximum amount payable to that law firm referred to in Section D.3 of the MOU shall be the percentage set forth in that contingency fee agreement.

K. For the avoidance of doubt, both payments from the GFF and the payment to the Participating Litigating Local Governments' attorneys from the Contingency Fee Fund in the respective Settlements shall be included when calculating whether the aforementioned fifteen percent (15%) maximum percentage (or less if the provisions of Paragraph 10.J of this Allocation Agreement II apply) of any Litigating Local Government contingency fee agreement referred to above has been met.

L. To the extent there are any excess funds in the GFF, the GFF Administrator and the Settlement Administrator shall facilitate the return of those funds to the Participating Local Governments as provided for in Section D.6 of the MOU.

13. In connection with the execution and administration of this Allocation Agreement II, the State and the Participating Local Governments agree to abide by the Public Records Act, RCW 42.56 *et seq.*

14. All Participating Local Governments, Regional OACs, and the State shall maintain all non-transitory records related to this Allocation Agreement II as well as the receipt and expenditure of the funds from the Settlements for no less than five (5) years.

15. If any party to this Allocation Agreement II believes that a Participating Local Government, Regional OAC, the State, an entity, or individual involved in the receipt, distribution, or administration of the funds from the Settlements has violated any applicable ethics codes or rules, a complaint shall be lodged with the appropriate forum for handling such matters, with a copy of the complaint promptly sent to the Washington Attorney General, Complex Litigation Division, Division Chief, 800 Fifth Avenue, Suite 2000, Seattle, Washington 98104.

16. To the extent (i) a region utilizes a pre-existing regional body to establish its Opioid Abatement Council pursuant to the Section 4.h of the MOU, and (ii) that pre-existing regional body is subject to the requirements of the Community Behavioral Health Services Act, RCW 71.24 *et seq.*, the State and the Participating Local Governments agree that the Opioid Funds paid by the Settling Entities are subject to the requirements of the MOU and this Allocation Agreement II.

17. Upon request by any of the Settling Entities, the Participating Local Governments must comply with the Tax Cooperation and Reporting provisions of the respective Settlement.

18. Venue for any legal action related to this Allocation Agreement II (separate and apart from the MOU or the Settlements) shall be in King County, Washington.

19. Each party represents that all procedures necessary to authorize such party's execution of this Allocation Agreement II have been performed and that such person signing for such party has been authorized to execute this Allocation Agreement II.

FOR THE STATE OF WASHINGTON:

ROBERT W. FERGUSON
Attorney General

JEFFREY G. RUPERT
Division Chief

Date: 1-27-23

FOR THE PARTICIPATING LOCAL GOVERNMENT:

Name of Participating Local Government: ____

Authorized signature: ____

Name: ____

Title: ____

Date: ____

EXHIBIT 1
<u>Subdivision Settlement Participation Form</u>
(Exhibit K of the Walmart Settlement)

EXHIBIT K

Subdivision Participation Form

Governmental Entity:	State:
Authorized Official:	
Address 1:	
Address 2:	
City, State, Zip:	
Phone:	
Email:	

The governmental entity identified above ("Governmental Entity"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement dated November 14, 2022 ("Walmart Settlement"), and acting through the undersigned authorized official, hereby elects to participate in the Walmart Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Walmart Settlement, understands that all terms in this Election and Release have the meanings defined therein, and agrees that by this Election, the Governmental Entity elects to participate in the Walmart Settlement and become a Participating Subdivision as provided therein.

2. The Governmental Entity shall promptly, and in any event within 14 days of the Effective Date and prior to the filing of the Consent Judgment, dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in In re National Prescription Opiate Litigation, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs' Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal With Prejudice substantially in the form found at https://nationalopioidsettlement.com/.

3. The Governmental Entity agrees to the terms of the Walmart Settlement pertaining to Subdivisions as defined therein.

4. By agreeing to the terms of the Walmart Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.

5. The Governmental Entity agrees to use any monies it receives through the Walmart Settlement solely for the purposes provided therein.

6. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity's state where the Consent Judgment is filed for purposes limited to that court's role as provided in, and for resolving disputes to the extent provided in, the Walmart Settlement.

7. The Governmental Entity has the right to enforce the Walmart Settlement as provided therein.

8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Walmart Settlement, including but not limited to all provisions of Section X (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in their official capacity elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Walmart Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Walmart Settlement shall be a complete bar to any Released Claim.

9. In connection with the releases provided for in the Walmart Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

> **General Release; extent.** A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in the Walmart Settlement.

10. Nothing herein is intended to modify in any way the terms of the Walmart Settlement, to which Governmental Entity hereby agrees. To the extent this Election and Release is interpreted differently from the Walmart Settlement in any respect, the Walmart Settlement controls.

I have all necessary power and authorization to execute this Election and Release on behalf of the Governmental Entity.

Signature: ___________________________________

Name: ___________________________________

Title: ___________________________________

Date: ___________________________________

EXHIBIT 2

Subdivision Settlement Participation Form

(Exhibit K of the Teva Settlement)

Exhibit K
Subdivision and Special District Settlement Participation Form

Governmental Entity:	State:
Authorized Signatory:	
Address 1:	
Address 2:	
City, State, Zip:	
Phone:	
Email:	

The governmental entity identified above ("*Governmental Entity*"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Agreement dated November 22, 2022 ("*Teva Settlement*"), and acting through the undersigned authorized official, hereby elects to participate in the Teva Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Teva Settlement, understands that all terms in this Election and Release have the meanings defined therein, and agrees that by this Election, the Governmental Entity elects to participate in the Teva Settlement as provided therein.

2. Following the execution of this Settlement Participation Form, the Governmental Entity shall comply with Section III.B of the Teva Settlement regarding Cessation of Litigation Activities.

3. The Governmental Entity shall, within 14 days of the Reference Date and prior to the filing of the Consent Judgment, file a request to dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in In re National Prescription Opiate Litigation, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs' Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal With Prejudice substantially in the form found at https://nationalopioidsettlement.com.

4. The Governmental Entity agrees to the terms of the Teva Settlement pertaining to Subdivisions as defined therein.

5. By agreeing to the terms of the Teva Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.

6. The Governmental Entity agrees to use any monies it receives through the Teva Settlement solely for the purposes provided therein.

7. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity's state where the Consent Judgment is filed for purposes limited to that court's role as provided in, and for resolving disputes to the extent provided in, the Teva Settlement.

8. The Governmental Entity has the right to enforce the Teva Settlement as provided therein.

9. The Governmental Entity, as a Participating Subdivision or Participating Special District, hereby becomes a Releasor for all purposes in the Teva Settlement, including but not limited to all provisions of Section V (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in their official capacity elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Teva Settlement are intended by Released Entitles and the Governmental Entity to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Teva Settlement shall be a complete bar to any Released Claim.

10. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision or Participating Special District as set forth in the Teva Settlement.

11. In connection with the releases provided for in the Teva Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

    > **General Release; extent.** A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

    A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in the Teva Settlement.

12. Nothing herein is intended to modify in any way the terms of the Teva Settlement, to which Governmental Entity hereby agrees. To the extent this Election and Release is interpreted differently from the Teva Settlement in any respect, the Teva Settlement controls.

I have all necessary power and authorization to execute this Election and Release on behalf of the Governmental Entity.

Signature: ___________________________________

Name: ___________________________________

Title: ___________________________________

Date: ___________________________________

EXHIBIT 3
<u>Subdivision Settlement Participation Form</u>
(Exhibit K of the Allergan Settlement)

EXHIBIT K
Subdivision and Special District Settlement Participation Form

Governmental Entity:	State:
Authorized Signatory:	
Address 1:	
Address 2:	
City, State, Zip:	
Phone:	
Email:	

The governmental entity identified above ("*Governmental Entity*"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Agreement dated November 22, 2022 ("*Allergan Settlement*"), and acting through the undersigned authorized official, hereby elects to participate in the Allergan Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Allergan Settlement, understands that all terms in this Election and Release have the meanings defined therein, and agrees that by this Election, the Governmental Entity elects to participate in the Allergan Settlement as provided therein.

2. Following the execution of this Settlement Participation Form, the Governmental Entity shall comply with Section III.B of the Allergan Settlement regarding Cessation of Litigation Activities.

3. The Governmental Entity shall, within fourteen (14) days of the Reference Date and prior to the filing of the Consent Judgment, file a request to dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity authorizes the MDL Plaintiffs' Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal With Prejudice substantially in the form found at https://nationalopioidsettlement.com.

4. The Governmental Entity agrees to the terms of the Allergan Settlement pertaining to Subdivisions and Special Districts as defined therein.

5. By agreeing to the terms of the Allergan Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.

6. The Governmental Entity agrees to use any monies it receives through the Allergan Settlement solely for the purposes provided therein.

7. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity's state where the Consent Judgment is filed for purposes limited to that court's role as provided in, and for resolving disputes to the extent provided in, the Allergan Settlement.

8. The Governmental Entity has the right to enforce the Allergan Settlement as provided therein.

9. The Governmental Entity, as a Participating Subdivision or Participating Special District, hereby becomes a Releasor for all purposes in the Allergan Settlement, including, but not limited to, all provisions of **Section V (Release)**, and along with all departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, and any person in their official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Allergan Settlement are intended to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Allergan Settlement shall be a complete bar to any Released Claim.

10. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision or Participating Special District as set forth in the Allergan Settlement.

11. In connection with the releases provided for in the Allergan Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

    > **General Release; extent.** A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

    A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in the Allergan Settlement.

12. Nothing herein is intended to modify in any way the terms of the Allergan Settlement, to which the Governmental Entity hereby agrees. To the extent this Settlement Participation Form is interpreted differently from the Allergan Settlement in any respect, the Allergan Settlement controls.

I have all necessary power and authorization to execute this Settlement Participation Form on behalf of the Governmental Entity.

Signature: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

EXHIBIT 4

<u>Subdivision Settlement Participation Form</u>

(Exhibit K of the CVS Settlement)

EXHIBIT K

Subdivision Participation and Release Form

Governmental Entity:	State:
Authorized Signatory:	
Address 1:	
Address 2:	
City, State, Zip:	
Phone:	
Email:	

The governmental entity identified above ("*Governmental Entity*"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement dated December 9, 2022 ("*CVS Settlement*"), and acting through the undersigned authorized official, hereby elects to participate in the CVS Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the CVS Settlement, understands that all terms in this Participation and Release Form have the meanings defined therein, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the CVS Settlement and become a Participating Subdivision as provided therein.

2. The Governmental Entity shall promptly, and in any event no later than 14 days after the Reference Date and prior to the filing of the Consent Judgment, dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs' Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal with Prejudice substantially in the form found at https://nationalopioidsettlement.com.

3. The Governmental Entity agrees to the terms of the CVS Settlement pertaining to Participating Subdivisions as defined therein.

4. By agreeing to the terms of the CVS Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.

5. The Governmental Entity agrees to use any monies it receives through the CVS Settlement solely for the purposes provided therein.

6. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity's state where the Consent Judgment is filed for purposes limited to that court's role as provided in, and for resolving disputes to the extent provided in, the CVS Settlement. The Governmental Entity likewise agrees to arbitrate before the National Arbitration Panel as provided in, and for resolving disputes to the extent otherwise provided in, the CVS Settlement.

7. The Governmental Entity has the right to enforce the CVS Settlement as provided therein.

8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the CVS Settlement, including without limitation all provisions of Section XI (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in their official capacity elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the CVS Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The CVS Settlement shall be a complete bar to any Released Claim.

9. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the CVS Settlement.

10. In connection with the releases provided for in the CVS Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

    > **General Release; extent.** A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her would have materially affected his or her settlement with the debtor or released party.

    A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in the CVS Settlement.

11. Nothing herein is intended to modify in any way the terms of the CVS Settlement, to which Governmental Entity hereby agrees. To the extent this Participation and Release Form is interpreted differently from the CVS Settlement in any respect, the CVS Settlement controls.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

EXHIBIT 5
Subdivision Settlement Participation Form
(Exhibit K of the Walgreens Settlement)

EXHIBIT K

Subdivision Participation and Release Form

Governmental Entity:	State:
Authorized Signatory:	
Address 1:	
Address 2:	
City, State, Zip:	
Phone:	
Email:	

The governmental entity identified above ("*Governmental Entity*"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement dated December 9, 2022 ("*Walgreens Settlement*"), and acting through the undersigned authorized official, hereby elects to participate in the Walgreens Settlement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Walgreens Settlement, understands that all terms in this Participation and Release Form have the meanings defined therein, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the Walgreens Settlement and become a Participating Subdivision as provided therein.

2. The Governmental Entity shall promptly, and in any event no later than 14 days after the Reference Date and prior to the filing of the Consent Judgment, dismiss with prejudice any Released Claims that it has filed. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs' Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal with Prejudice substantially in the form found at https://nationalopioidsettlement.com.

3. The Governmental Entity agrees to the terms of the Walgreens Settlement pertaining to Participating Subdivisions as defined therein.

4. By agreeing to the terms of the Walgreens Settlement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.

5. The Governmental Entity agrees to use any monies it receives through the Walgreens Settlement solely for the purposes provided therein.

6. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity's state where the Consent Judgment is filed for purposes limited to that court's role as provided in, and for resolving disputes to the extent provided in, the Walgreens Settlement. The Governmental Entity likewise agrees to arbitrate before the National Arbitration Panel as provided in, and for resolving disputes to the extent otherwise provided in, the Walgreens Settlement.

7. The Governmental Entity has the right to enforce the Walgreens Settlement as provided therein.

8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Walgreens Settlement, including without limitation all provisions of Section XI (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in their official capacity elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Walgreens Settlement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Walgreens Settlement shall be a complete bar to any Released Claim.

9. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Walgreens Settlement.

10. In connection with the releases provided for in the Walgreens Settlement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

> **General Release; extent.** A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in the Walgreens Settlement.

11. Nothing herein is intended to modify in any way the terms of the Walgreens Settlement, to which Governmental Entity hereby agrees. To the extent this Participation and Release Form is interpreted differently from the Walgreens Settlement in any respect, the Walgreens Settlement controls.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: ___________________________________

Name: ___________________________________

Title: ___________________________________

Date: ___________________________________

EXHIBIT 6

One Washington Memorandum of Understanding Between Washington Municipalities

ONE WASHINGTON MEMORANDUM OF UNDERSTANDING BETWEEN WASHINGTON MUNICIPALITIES

Whereas, the people of the State of Washington and its communities have been harmed by entities within the Pharmaceutical Supply Chain who manufacture, distribute, and dispense prescription opioids;

Whereas, certain Local Governments, through their elected representatives and counsel, are engaged in litigation seeking to hold these entities within the Pharmaceutical Supply Chain of prescription opioids accountable for the damage they have caused to the Local Governments;

Whereas, Local Governments and elected officials share a common desire to abate and alleviate the impacts of harms caused by these entities within the Pharmaceutical Supply Chain throughout the State of Washington, and strive to ensure that principals of equity and equitable service delivery are factors considered in the allocation and use of Opioid Funds; and

Whereas, certain Local Governments engaged in litigation and the other cities and counties in Washington desire to agree on a form of allocation for Opioid Funds they receive from entities within the Pharmaceutical Supply Chain.

Now therefore, the Local Governments enter into this Memorandum of Understanding ("MOU") relating to the allocation and use of the proceeds of Settlements described.

A. Definitions

As used in this MOU:

1. "Allocation Regions" are the same geographic areas as the existing nine (9) Washington State Accountable Community of Health (ACH) Regions and have the purpose described in Section C below.

2. "Approved Purpose(s)" shall mean the strategies specified and set forth in the Opioid Abatement Strategies attached as Exhibit A.

3. "Effective Date" shall mean the date on which a court of competent jurisdiction enters the first Settlement by order or consent decree. The Parties anticipate that more than one Settlement will be administered according to the terms of this MOU, but that the first entered Settlement will trigger allocation of Opioid Funds in accordance with Section B herein, and the formation of the Opioid Abatement Councils in Section C.

4. "Litigating Local Government(s)" shall mean Local Governments that filed suit against any Pharmaceutical Supply Chain Participant pertaining to the Opioid epidemic prior to September 1, 2020.

5. “Local Government(s)” shall mean all counties, cities, and towns within the geographic boundaries of the State of Washington.

6. “National Settlement Agreements” means the national opioid settlement agreements dated July 21, 2021 involving Johnson & Johnson, and distributors AmerisourceBergen, Cardinal Health and McKesson as well as their subsidiaries, affiliates, officers, and directors named in the National Settlement Agreements, including all amendments thereto.

7. “Opioid Funds” shall mean monetary amounts obtained through a Settlement as defined in this MOU.

8. “Opioid Abatement Council” shall have the meaning described in Section C below.

9. “Participating Local Government(s)” shall mean all counties, cities, and towns within the geographic boundaries of the State that have chosen to sign on to this MOU. The Participating Local Governments may be referred to separately in this MOU as “Participating Counties” and “Participating Cities and Towns” (or “Participating Cities or Towns,” as appropriate) or “Parties.”

10. “Pharmaceutical Supply Chain” shall mean the process and channels through which controlled substances are manufactured, marketed, promoted, distributed, and/or dispensed, including prescription opioids.

11. “Pharmaceutical Supply Chain Participant” shall mean any entity that engages in or has engaged in the manufacture, marketing, promotion, distribution, and/or dispensing of a prescription opioid, including any entity that has assisted in any of the above.

12. “Qualified Settlement Fund Account,” or “QSF Account,” shall mean an account set up as a qualified settlement fund, 468b fund, as authorized by Treasury Regulations 1.468B-1(c) (26 CFR §1.468B-1).

13. “Regional Agreements” shall mean the understanding reached by the Participating Local Counties and Cities within an Allocation Region governing the allocation, management, distribution of Opioid Funds within that Allocation Region.

14. “Settlement” shall mean the future negotiated resolution of legal or equitable claims against a Pharmaceutical Supply Chain Participant when that resolution has been jointly entered into by the Participating Local Governments. “Settlement” expressly does not include a plan of reorganization confirmed under Title 11of the United States Code, irrespective of the extent to which Participating Local Governments vote in favor of or otherwise support such plan of reorganization.

15. “Trustee” shall mean an independent trustee who shall be responsible for the ministerial task of releasing Opioid Funds from a QSF account to Participating Local Governments as authorized herein and accounting for all payments into or out of the trust.

16. The “Washington State Accountable Communities of Health” or “ACH” shall mean the nine (9) regions described in Section C below.

B. Allocation of Settlement Proceeds for Approved Purposes

1. All Opioid Funds shall be held in a QSF and distributed by the Trustee, for the benefit of the Participating Local Governments, only in a manner consistent with this MOU. Distribution of Opioid Funds will be subject to the mechanisms for auditing and reporting set forth below to provide public accountability and transparency.

2. All Opioid Funds, regardless of allocation, shall be utilized pursuant to Approved Purposes as defined herein and set forth in Exhibit A. Compliance with this requirement shall be verified through reporting, as set out in this MOU.

3. The division of Opioid Funds shall first be allocated to Participating Counties based on the methodology utilized for the Negotiation Class in *In Re: National Prescription Opiate Litigation*, United States District Court for the Northern District of Ohio, Case No. 1:17-md-02804-DAP. The allocation model uses three equally weighted factors: (1) the amount of opioids shipped to the county; (2) the number of opioid deaths that occurred in that county; and (3) the number of people who suffer opioid use disorder in that county. The allocation percentages that result from application of this methodology are set forth in the “County Total” line item in Exhibit B. In the event any county does not participate in this MOU, that county’s percentage share shall be reallocated proportionally amongst the Participating Counties by applying this same methodology to only the Participating Counties.

4. Allocation and distribution of Opioid Funds within each Participating County will be based on regional agreements as described in Section C.

C. Regional Agreements

1. For the purpose of this MOU, the regional structure for decision-making related to opioid fund allocation will be based upon the nine (9) pre-defined Washington State Accountable Community of Health Regions (Allocation Regions). Reference to these pre-defined regions is solely for the purpose of

drawing geographic boundaries to facilitate regional agreements for use of Opioid Funds. The Allocation Regions are as follows:

- King County (Single County Region)
- Pierce County (Single County Region)
- Olympic Community of Health Region (Clallam, Jefferson, and Kitsap Counties)
- Cascade Pacific Action Alliance Region (Cowlitz, Grays Harbor, Lewis, Mason, Pacific, Thurston, and Wahkiakum Counties)
- North Sound Region (Island, San Juan, Skagit, Snohomish, and Whatcom Counties)
- SouthWest Region (Clark, Klickitat, and Skamania Counties)
- Greater Columbia Region (Asotin, Benton, Columbia, Franklin, Garfield, Kittitas, Walla Walla, Whitman, and Yakima Counties)
- Spokane Region (Adams, Ferry, Lincoln, Pend Oreille, Spokane, and Stevens Counties)
- North Central Region (Chelan, Douglas, Grant, and Okanogan Counties)

2. Opioid Funds will be allocated, distributed and managed within each Allocation Region, as determined by its Regional Agreement as set forth below. If an Allocation Region does not have a Regional Agreement enumerated in this MOU, and does not subsequently adopt a Regional Agreement per Section C.5, the default mechanism for allocation, distribution and management of Opioid Funds described in Section C.4.a will apply. Each Allocation Region must have an OAC whose composition and responsibilities shall be defined by Regional Agreement or as set forth in Section C.4.

3. King County's Regional Agreement is reflected in Exhibit C to this MOU.

4. All other Allocation Regions that have not specified a Regional Agreement for allocating, distributing and managing Opioid Funds, will apply the following default methodology:

a. Opioid Funds shall be allocated within each Allocation Region by taking the allocation for a Participating County from Exhibit B and apportioning those funds between that Participating County and its Participating Cities and Towns. Exhibit B also sets forth the allocation to the Participating Counties and the Participating Cities or Towns within the Counties based on a default allocation formula. As set forth above in Section B.3, to determine the allocation to a county, this formula utilizes: (1) the amount of opioids shipped to the county; (2) the number of opioid deaths that occurred in that county; and (3) the number of people who suffer opioid use disorder in that county. To determine the allocation within a county, the formula utilizes historical federal data showing how the specific Counties and the Cities and Towns within the Counties have made opioids epidemic-related expenditures in the past. This is the same methodology used in the National Settlement Agreements for county and intra-county allocations. A Participating County, and the Cities and Towns within it may enter into a separate intra-county allocation agreement to modify how the Opioid Funds are allocated amongst themselves, provided the modification is in writing and agreed to by all Participating Local Governments in the County. Such an agreement shall not modify any of the other terms or requirements of this MOU.

b. 10% of the Opioid Funds received by the Region will be reserved, on an annual basis, for administrative costs related to the OAC. The OAC will provide an annual accounting for actual costs and any reserved funds that exceed actual costs will be reallocated to Participating Local Governments within the Region.

c. Cities and towns with a population of less than 10,000 shall be excluded from the allocation, with the exception of cities and towns that are Litigating Participating Local Governments. The portion of the Opioid Funds that would have been allocated to a city or town with a population of less than 10,000 that is not a Litigating Participating Local Government shall be redistributed to Participating Counties in the manner directed in C.4.a above.

d. Each Participating County, City, or Town may elect to have its share re-allocated to the OAC in which it is located. The OAC will then utilize this share for the benefit of Participating Local Governments within that Allocation Region, consistent with the Approved Purposes set forth in Exhibit A. A Participating Local Government's election to forego its allocation of Opioid Funds shall apply to all future allocations unless the Participating Local Government notifies its respective OAC otherwise. If a Participating Local Government elects to forego its allocation of the Opioid Funds, the Participating Local Government shall be excused from the reporting requirements set forth in this Agreement.

e. Participating Local Governments that receive a direct payment maintain full discretion over the use and distribution of their allocation of Opioid Funds, provided the Opioid Funds are used solely for Approved Purposes. Reasonable administrative costs for a Participating Local Government to administer its allocation of Opioid Funds shall not exceed actual costs or 10% of the Participating Local Government's allocation of Opioid Funds, whichever is less.

f. A Local Government that chooses not to become a Participating Local Government will not receive a direct allocation of Opioid Funds. The portion of the Opioid Funds that would have been allocated to a Local Government that is not a Participating Local Government shall be redistributed to Participating Counties in the manner directed in C.4.a above.

g. As a condition of receiving a direct payment, each Participating Local Government that receives a direct payment agrees to undertake the following actions:

i. Developing a methodology for obtaining proposals for use of Opioid Funds.

ii. Ensuring there is opportunity for community-based input on priorities for Opioid Fund programs and services.

iii. Receiving and reviewing proposals for use of Opioid Funds for Approved Purposes.

iv. Approving or denying proposals for use of Opioid Funds for Approved Purposes.

v. Receiving funds from the Trustee for approved proposals and distributing the Opioid Funds to the recipient.

vi. Reporting to the OAC and making publicly available all decisions on Opioid Fund allocation applications, distributions and expenditures.

h. Prior to any distribution of Opioid Funds within the Allocation Region, The Participating Local Governments must establish an Opioid Abatement Council (OAC) to oversee Opioid Fund allocation, distribution, expenditures and dispute resolution. The OAC may be a preexisting regional body or may be a new body created for purposes of executing the obligations of this MOU.

i. The OAC for each Allocation Region shall be composed of representation from both Participating Counties and Participating Towns or Cities within the Region. The method of selecting members, and the terms for which they will serve will be determined by the Allocation Region's Participating Local Governments. All persons who serve on the OAC must have work or educational experience pertaining to one or more Approved Uses.

j. The Regional OAC will be responsible for the following actions:

i. Overseeing distribution of Opioid Funds from Participating Local Governments to programs and services within the Allocation Region for Approved Purposes.

ii. Annual review of expenditure reports from Participating Local Jurisdictions within the Allocation Region for compliance with Approved Purposes and the terms of this MOU and any Settlement.

iii. In the case where Participating Local Governments chose to forego their allocation of Opioid Funds:

(i) Approving or denying proposals by Participating Local Governments or community groups to the OAC for use of Opioid Funds within the Allocation Region.
(ii) Directing the Trustee to distribute Opioid Funds for use by Participating Local Governments or community groups whose proposals are approved by the OAC.
(iii) Administrating and maintaining records of all OAC decisions and distributions of Opioid Funds.

iv. Reporting and making publicly available all decisions on Opioid Fund allocation applications, distributions and expenditures by the OAC or directly by Participating Local Governments.

v. Developing and maintaining a centralized public dashboard or other repository for the publication of expenditure data from any Participating Local Government that receives Opioid Funds, and for expenditures by the OAC in that Allocation Region, which it shall update at least annually.

vi. If necessary, requiring and collecting additional outcome-related data from Participating Local Governments to evaluate the use of Opioid Funds, and all Participating Local Governments shall comply with such requirements.

vii. Hearing complaints by Participating Local Governments within the Allocation Region regarding alleged failure to (1) use Opioid Funds for Approved Purposes or (2) comply with reporting requirements.

5. Participating Local Governments may agree and elect to share, pool, or collaborate with their respective allocation of Opioid Funds in any manner they choose by adopting a Regional Agreement, so long as such sharing, pooling, or collaboration is used for Approved Purposes and complies with the terms of this MOU and any Settlement.

6. Nothing in this MOU should alter or change any Participating Local Government's rights to pursue its own claim. Rather, the intent of this MOU is to join all parties who wish to be Participating Local Governments to agree upon an allocation formula for any Opioid Funds from any future binding Settlement with one or more Pharmaceutical Supply Chain Participants for all Local Governments in the State of Washington.

7. If any Participating Local Government disputes the amount it receives from its allocation of Opioid Funds, the Participating Local Government shall alert its respective OAC within sixty (60) days of discovering the information underlying the dispute. Failure to alert its OAC within this time frame shall not constitute a waiver of the Participating Local Government's right to seek recoupment of any deficiency in its allocation of Opioid Funds.

8. If any OAC concludes that a Participating Local Government's expenditure of its allocation of Opioid Funds did not comply with the Approved Purposes listed in Exhibit A, or the terms of this MOU, or that the Participating Local Government otherwise misused its allocation of Opioid Funds, the OAC may take remedial action against the alleged offending Participating Local Government. Such remedial action is left to the discretion of the OAC and may include withholding future Opioid Funds owed to the offending Participating Local Government or requiring the offending Participating Local Government to reimburse improperly expended Opioid Funds back to the OAC to be re-allocated to the remaining Participating Local Governments within that Region.

9. All Participating Local Governments and OAC shall maintain all records related to the receipt and expenditure of Opioid Funds for no less than five (5) years and shall make such records available for review by any other Participating Local Government or OAC, or the public. Records requested by the public shall be produced in accordance with Washington's Public Records Act RCW 42.56.001 *et seq*. Records requested by another Participating Local Government or an OAC shall be produced within twenty-one (21) days of the date the record request was received. This requirement does not supplant any Participating Local Government or OAC's obligations under Washington's Public Records Act RCW 42.56.001 *et seq*.

D. Payment of Counsel and Litigation Expenses

1. The Litigating Local Governments have incurred attorneys' fees and litigation expenses relating to their prosecution of claims against the Pharmaceutical Supply Chain Participants, and this prosecution has inured to the benefit of all Participating Local Governments. Accordingly, a Washington

Government Fee Fund (“GFF”) shall be established that ensures that all Parties that receive Opioid Funds contribute to the payment of fees and expenses incurred to prosecute the claims against the Pharmaceutical Supply Chain Participants, regardless of whether they are litigating or non-litigating entities.

2. The amount of the GFF shall be based as follows: the funds to be deposited in the GFF shall be equal to 15% of the total cash value of the Opioid Funds.

3. The maximum percentage of any contingency fee agreement permitted for compensation shall be 15% of the portion of the Opioid Funds allocated to the Litigating Local Government that is a party to the contingency fee agreement, plus expenses attributable to that Litigating Local Government. Under no circumstances may counsel collect more for its work on behalf of a Litigating Local Government than it would under its contingency agreement with that Litigating Local Government.

4. Payments from the GFF shall be overseen by a committee (the “Opioid Fee and Expense Committee”) consisting of one representative of the following law firms: (a) Keller Rohrback L.LP.; (b) Hagens Berman Sobol Shapiro LLP; (c) Goldfarb & Huck Roth Riojas, PLLC; and (d) Napoli Shkolnik PLLC. The role of the Opioid Fee and Expense Committee shall be limited to ensuring that the GFF is administered in accordance with this Section.

5. In the event that settling Pharmaceutical Supply Chain Participants do not pay the fees and expenses of the Participating Local Governments directly at the time settlement is achieved, payments to counsel for Participating Local Governments shall be made from the GFF over not more than three years, with 50% paid within 12 months of the date of Settlement and 25% paid in each subsequent year, or at the time the total Settlement amount is paid to the Trustee by the Defendants, whichever is sooner.

6. Any funds remaining in the GFF in excess of: (i) the amounts needed to cover Litigating Local Governments’ private counsel’s representation agreements, and (ii) the amounts needed to cover the common benefit tax discussed in Section C.8 below (if not paid directly by the Defendants in connection with future settlement(s), shall revert to the Participating Local Governments *pro rata* according to the percentages set forth in Exhibits B, to be used for Approved Purposes as set forth herein and in Exhibit A.

7. In the event that funds in the GFF are not sufficient to pay all fees and expenses owed under this Section, payments to counsel for all Litigating Local Governments shall be reduced on a *pro rata* basis. The Litigating Local Governments will not be responsible for any of these reduced amounts.

8. The Parties anticipate that any Opioid Funds they receive will be subject to a common benefit "tax" imposed by the court in *In Re: National Prescription Opiate Litigation*, United States District Court for the Northern District of Ohio, Case No. 1:17-md-02804-DAP ("Common Benefit Tax"). If this occurs, the Participating Local Governments shall first seek to have the settling defendants pay the Common Benefit Tax. If the settling defendants do not agree to pay the Common Benefit Tax, then the Common Benefit Tax shall be paid from the Opioid Funds and by both litigating and non-litigating Local Governments. This payment shall occur prior to allocation and distribution of funds to the Participating Local Governments. In the event that GFF is not fully exhausted to pay the Litigating Local Governments' private counsel's representation agreements, excess funds in the GFF shall be applied to pay the Common Benefit Tax (if any).

E. General Terms

1. If any Participating Local Government believes another Participating Local Government, not including the Regional Abatement Advisory Councils, violated the terms of this MOU, the alleging Participating Local Government may seek to enforce the terms of this MOU in the court in which any applicable Settlement(s) was entered, provided the alleging Participating Local Government first provides the alleged offending Participating Local Government notice of the alleged violation(s) and a reasonable opportunity to cure the alleged violation(s). In such an enforcement action, any alleging Participating Local Government or alleged offending Participating Local Government may be represented by their respective public entity in accordance with Washington law.

2. Nothing in this MOU shall be interpreted to waive the right of any Participating Local Government to seek judicial relief for conduct occurring outside the scope of this MOU that violates any Washington law. In such an action, the alleged offending Participating Local Government, including the Regional Abatement Advisory Councils, may be represented by their respective public entities in accordance with Washington law. In the event of a conflict, any Participating Local Government, including the Regional Abatement Advisory Councils and its Members, may seek outside representation to defend itself against such an action.

3. Venue for any legal action related to this MOU shall be in the court in which the Participating Local Government is located or in accordance with the court rules on venue in that jurisdiction. This provision is not intended to expand the court rules on venue.

4. This MOU may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The Participating Local Governments approve the use of electronic signatures for execution of this MOU. All use of electronic signatures

shall be governed by the Uniform Electronic Transactions Act. The Parties agree not to deny the legal effect or enforceability of the MOU solely because it is in electronic form or because an electronic record was used in its formation. The Participating Local Government agree not to object to the admissibility of the MOU in the form of an electronic record, or a paper copy of an electronic document, or a paper copy of a document bearing an electronic signature, on the grounds that it is an electronic record or electronic signature or that it is not in its original form or is not an original.

5. Each Participating Local Government represents that all procedures necessary to authorize such Participating Local Government's execution of this MOU have been performed and that the person signing for such Party has been authorized to execute the MOU.

[Remainder of Page Intentionally Left Blank – Signature Pages Follow]

This One Washington Memorandum of Understanding Between Washington Municipalities is signed this _____ day of ___________________, 2022 by:

____

Name & Title ___________________________________

On behalf of ____________________________________

4894-0031-1574, v. 2

EXHIBIT A

O P I O I D A B A T E M E N T S T R A T E G I E S

PART ONE: TREATMENT

A. TREAT OPIOID USE DISORDER (OUD)

Support treatment of Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health (SUD/MH) conditions, co-usage, and/or co-addiction through evidence-based, evidence-informed, or promising programs or strategies that may include, but are not limited to, the following:

1. Expand availability of treatment for OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, including all forms of Medication-Assisted Treatment (MAT) approved by the U.S. Food and Drug Administration.

2. Support and reimburse services that include the full American Society of Addiction Medicine (ASAM) continuum of care for OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, including but not limited to:

    a. Medication-Assisted Treatment (MAT);

    b. Abstinence-based treatment;

    c. Treatment, recovery, or other services provided by states, subdivisions, community health centers; non-for-profit providers; or for-profit providers;

    d. Treatment by providers that focus on OUD treatment as well as treatment by providers that offer OUD treatment along with treatment for other SUD/MH conditions, co-usage, and/or co-addiction; or

    e. Evidence-informed residential services programs, as noted below.

3. Expand telehealth to increase access to treatment for OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, including MAT, as well as counseling, psychiatric support, and other treatment and recovery support services.

4. Improve oversight of Opioid Treatment Programs (OTPs) to assure evidence-based, evidence-informed, or promising practices such as adequate methadone dosing.

5. Support mobile intervention, treatment, and recovery services, offered by qualified professionals and service providers, such as peer recovery coaches, for persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction and for persons who have experienced an opioid overdose.

6. Support treatment of mental health trauma resulting from the traumatic experiences of the opioid user (e.g., violence, sexual assault, human trafficking, or adverse childhood experiences) and family members (e.g., surviving family members after an overdose

or overdose fatality), and training of health care personnel to identify and address such trauma.

7. Support detoxification (detox) and withdrawal management services for persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, including medical detox, referral to treatment, or connections to other services or supports.

8. Support training on MAT for health care providers, students, or other supporting professionals, such as peer recovery coaches or recovery outreach specialists, including telementoring to assist community-based providers in rural or underserved areas.

9. Support workforce development for addiction professionals who work with persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction.

10. Provide fellowships for addiction medicine specialists for direct patient care, instructors, and clinical research for treatments.

11. Provide funding and training for clinicians to obtain a waiver under the federal Drug Addiction Treatment Act of 2000 (DATA 2000) to prescribe MAT for OUD, and provide technical assistance and professional support to clinicians who have obtained a DATA 2000 waiver.

12. Support the dissemination of web-based training curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service-Opioids web-based training curriculum and motivational interviewing.

13. Support the development and dissemination of new curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service for Medication-Assisted Treatment.

B. SUPPORT PEOPLE IN TREATMENT AND RECOVERY

Support people in treatment for and recovery from OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction through evidence-based, evidence-informed, or promising programs or strategies that may include, but are not limited to, the following:

1. Provide the full continuum of care of recovery services for OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, including supportive housing, residential treatment, medical detox services, peer support services and counseling, community navigators, case management, and connections to community-based services.

2. Provide counseling, peer-support, recovery case management and residential treatment with access to medications for those who need it to persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction.

3. Provide access to housing for people with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, including supportive housing, recovery housing, housing assistance programs, or training for housing providers.

4. Provide community support services, including social and legal services, to assist in deinstitutionalizing persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction.

5. Support or expand peer-recovery centers, which may include support groups, social events, computer access, or other services for persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction.

6. Provide employment training or educational services for persons in treatment for or recovery from OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction.

7. Identify successful recovery programs such as physician, pilot, and college recovery programs, and provide support and technical assistance to increase the number and capacity of high-quality programs to help those in recovery.

8. Engage non-profits, faith-based communities, and community coalitions to support people in treatment and recovery and to support family members in their efforts to manage the opioid user in the family.

9. Provide training and development of procedures for government staff to appropriately interact and provide social and other services to current and recovering opioid users, including reducing stigma.

10. Support stigma reduction efforts regarding treatment and support for persons with OUD, including reducing the stigma on effective treatment.

C. CONNECT PEOPLE WHO NEED HELP TO THE HELP THEY NEED (CONNECTIONS TO CARE)

Provide connections to care for people who have – or are at risk of developing – OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction through evidence-based, evidence-informed, or promising programs or strategies that may include, but are not limited to, the following:

1. Ensure that health care providers are screening for OUD and other risk factors and know how to appropriately counsel and treat (or refer if necessary) a patient for OUD treatment.

2. Support Screening, Brief Intervention and Referral to Treatment (SBIRT) programs to reduce the transition from use to disorders.

3. Provide training and long-term implementation of SBIRT in key systems (health, schools, colleges, criminal justice, and probation), with a focus on youth and young adults when transition from misuse to opioid disorder is common.

4. Purchase automated versions of SBIRT and support ongoing costs of the technology.

5. Support training for emergency room personnel treating opioid overdose patients on post-discharge planning, including community referrals for MAT, recovery case management or support services.

6. Support hospital programs that transition persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, or persons who have experienced an opioid overdose, into community treatment or recovery services through a bridge clinic or similar approach.

7. Support crisis stabilization centers that serve as an alternative to hospital emergency departments for persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction or persons that have experienced an opioid overdose.

8. Support the work of Emergency Medical Systems, including peer support specialists, to connect individuals to treatment or other appropriate services following an opioid overdose or other opioid-related adverse event.

9. Provide funding for peer support specialists or recovery coaches in emergency departments, detox facilities, recovery centers, recovery housing, or similar settings; offer services, supports, or connections to care to persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction or to persons who have experienced an opioid overdose.

10. Provide funding for peer navigators, recovery coaches, care coordinators, or care managers that offer assistance to persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction or to persons who have experienced on opioid overdose.

11. Create or support school-based contacts that parents can engage with to seek immediate treatment services for their child; and support prevention, intervention, treatment, and recovery programs focused on young people.

12. Develop and support best practices on addressing OUD in the workplace.

13. Support assistance programs for health care providers with OUD.

14. Engage non-profits and the faith community as a system to support outreach for treatment.

15. Support centralized call centers that provide information and connections to appropriate services and supports for persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction.

16. Create or support intake and call centers to facilitate education and access to treatment, prevention, and recovery services for persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction.

17. Develop or support a National Treatment Availability Clearinghouse – a multistate/nationally accessible database whereby health care providers can list locations for currently available in-patient and out-patient OUD treatment services that are accessible on a real-time basis by persons who seek treatment.

D. ADDRESS THE NEEDS OF CRIMINAL-JUSTICE-INVOLVED PERSONS

Address the needs of persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction who are involved – or are at risk of becoming involved – in the criminal justice system through evidence-based, evidence-informed, or promising programs or strategies that may include, but are not limited to, the following:

1. Support pre-arrest or post-arrest diversion and deflection strategies for persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, including established strategies such as:

   a. Self-referral strategies such as the Angel Programs or the Police Assisted Addiction Recovery Initiative (PAARI);

   b. Active outreach strategies such as the Drug Abuse Response Team (DART) model;

   c. "Naloxone Plus" strategies, which work to ensure that individuals who have received naloxone to reverse the effects of an overdose are then linked to treatment programs or other appropriate services;

   d. Officer prevention strategies, such as the Law Enforcement Assisted Diversion (LEAD) model;

   e. Officer intervention strategies such as the Leon County, Florida Adult Civil Citation Network or the Chicago Westside Narcotics Diversion to Treatment Initiative;

   f. Co-responder and/or alternative responder models to address OUD-related 911 calls with greater SUD expertise and to reduce perceived barriers associated with law enforcement 911 responses; or

   g. County prosecution diversion programs, including diversion officer salary, only for counties with a population of 50,000 or less. Any diversion services in matters involving opioids must include drug testing, monitoring, or treatment.

2. Support pre-trial services that connect individuals with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction to evidence-informed treatment, including MAT, and related services.

3. Support treatment and recovery courts for persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, but only if these courts provide referrals to evidence-informed treatment, including MAT.

4. Provide evidence-informed treatment, including MAT, recovery support, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction who are incarcerated in jail or prison.

5. Provide evidence-informed treatment, including MAT, recovery support, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction who are leaving jail or prison have recently left jail or prison, are on probation or parole, are under community corrections supervision, or are in re-entry programs or facilities.

6. Support critical time interventions (CTI), particularly for individuals living with dual-diagnosis OUD/serious mental illness, and services for individuals who face immediate risks and service needs and risks upon release from correctional settings.

7. Provide training on best practices for addressing the needs of criminal-justice-involved persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction to law enforcement, correctional, or judicial personnel or to providers of treatment, recovery, case management, or other services offered in connection with any of the strategies described in this section.

E. ADDRESS THE NEEDS OF PREGNANT OR PARENTING WOMEN AND THEIR FAMILIES, INCLUDING BABIES WITH NEONATAL ABSTINENCE SYNDROME

Address the needs of pregnant or parenting women with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, and the needs of their families, including babies with neonatal abstinence syndrome, through evidence-based, evidence-informed, or promising programs or strategies that may include, but are not limited to, the following:

1. Support evidence-based, evidence-informed, or promising treatment, including MAT, recovery services and supports, and prevention services for pregnant women – or women who could become pregnant – who have OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, and other measures to educate and provide support to families affected by Neonatal Abstinence Syndrome.

2. Provide training for obstetricians or other healthcare personnel that work with pregnant women and their families regarding treatment of OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction.

3. Provide training to health care providers who work with pregnant or parenting women on best practices for compliance with federal requirements that children born with Neonatal Abstinence Syndrome get referred to appropriate services and receive a plan of safe care.

4. Provide enhanced support for children and family members suffering trauma as a result of addiction in the family; and offer trauma-informed behavioral health treatment for adverse childhood events.

5. Offer enhanced family supports and home-based wrap-around services to persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, including but not limited to parent skills training.

6. Support for Children's Services – Fund additional positions and services, including supportive housing and other residential services, relating to children being removed from the home and/or placed in foster care due to custodial opioid use.

PART TWO: PREVENTION

F. <u>PREVENT OVER-PRESCRIBING AND ENSURE APPROPRIATE PRESCRIBING AND DISPENSING OF OPIOIDS</u>

Support efforts to prevent over-prescribing and ensure appropriate prescribing and dispensing of opioids through evidence-based, evidence-informed, or promising programs or strategies that may include, but are not limited to, the following:

1. Training for health care providers regarding safe and responsible opioid prescribing, dosing, and tapering patients off opioids.

2. Academic counter-detailing to educate prescribers on appropriate opioid prescribing.

3. Continuing Medical Education (CME) on appropriate prescribing of opioids.

4. Support for non-opioid pain treatment alternatives, including training providers to offer or refer to multi-modal, evidence-informed treatment of pain.

5. Support enhancements or improvements to Prescription Drug Monitoring Programs (PDMPs), including but not limited to improvements that:

    a. Increase the number of prescribers using PDMPs;

    b. Improve point-of-care decision-making by increasing the quantity, quality, or format of data available to prescribers using PDMPs or by improving the interface that prescribers use to access PDMP data, or both; or

    c. Enable states to use PDMP data in support of surveillance or intervention strategies, including MAT referrals and follow-up for individuals identified within PDMP data as likely to experience OUD.

6. Development and implementation of a national PDMP – Fund development of a multistate/national PDMP that permits information sharing while providing appropriate safeguards on sharing of private health information, including but not limited to:

    a. Integration of PDMP data with electronic health records, overdose episodes, and decision support tools for health care providers relating to OUD.

b. Ensuring PDMPs incorporate available overdose/naloxone deployment data, including the United States Department of Transportation's Emergency Medical Technician overdose database.

7. Increase electronic prescribing to prevent diversion or forgery.

8. Educate Dispensers on appropriate opioid dispensing.

G. **PREVENT MISUSE OF OPIOIDS**

Support efforts to discourage or prevent misuse of opioids through evidence-based, evidence-informed, or promising programs or strategies that may include, but are not limited to, the following:

1. Corrective advertising or affirmative public education campaigns based on evidence.

2. Public education relating to drug disposal.

3. Drug take-back disposal or destruction programs.

4. Fund community anti-drug coalitions that engage in drug prevention efforts.

5. Support community coalitions in implementing evidence-informed prevention, such as reduced social access and physical access, stigma reduction – including staffing, educational campaigns, support for people in treatment or recovery, or training of coalitions in evidence-informed implementation, including the Strategic Prevention Framework developed by the U.S. Substance Abuse and Mental Health Services Administration (SAMHSA).

6. Engage non-profits and faith-based communities as systems to support prevention.

7. Support evidence-informed school and community education programs and campaigns for students, families, school employees, school athletic programs, parent-teacher and student associations, and others.

8. School-based or youth-focused programs or strategies that have demonstrated effectiveness in preventing drug misuse and seem likely to be effective in preventing the uptake and use of opioids.

9. Support community-based education or intervention services for families, youth, and adolescents at risk for OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction.

10. Support evidence-informed programs or curricula to address mental health needs of young people who may be at risk of misusing opioids or other drugs, including emotional modulation and resilience skills.

11. Support greater access to mental health services and supports for young people, including services and supports provided by school nurses or other school staff, to

address mental health needs in young people that (when not properly addressed) increase the risk of opioid or other drug misuse.

H. PREVENT OVERDOSE DEATHS AND OTHER HARMS

Support efforts to prevent or reduce overdose deaths or other opioid-related harms through evidence-based, evidence-informed, or promising programs or strategies that may include, but are not limited to, the following:

1. Increase availability and distribution of naloxone and other drugs that treat overdoses for first responders, overdose patients, opioid users, families and friends of opioid users, schools, community navigators and outreach workers, drug offenders upon release from jail/prison, or other members of the general public.

2. Provision by public health entities of free naloxone to anyone in the community, including but not limited to provision of intra-nasal naloxone in settings where other options are not available or allowed.

3. Training and education regarding naloxone and other drugs that treat overdoses for first responders, overdose patients, patients taking opioids, families, schools, and other members of the general public.

4. Enable school nurses and other school staff to respond to opioid overdoses, and provide them with naloxone, training, and support.

5. Expand, improve, or develop data tracking software and applications for overdoses/naloxone revivals.

6. Public education relating to emergency responses to overdoses.

7. Public education relating to immunity and Good Samaritan laws.

8. Educate first responders regarding the existence and operation of immunity and Good Samaritan laws.

9. Expand access to testing and treatment for infectious diseases such as HIV and Hepatitis C resulting from intravenous opioid use.

10. Support mobile units that offer or provide referrals to treatment, recovery supports, health care, or other appropriate services to persons that use opioids or persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction.

11. Provide training in treatment and recovery strategies to health care providers, students, peer recovery coaches, recovery outreach specialists, or other professionals that provide care to persons who use opioids or persons with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction.

12. Support screening for fentanyl in routine clinical toxicology testing.

PART THREE: OTHER STRATEGIES

I. FIRST RESPONDERS

In addition to items C8, D1 through D7, H1, H3, and H8, support the following:

1. Current and future law enforcement expenditures relating to the opioid epidemic.

2. Educate law enforcement or other first responders regarding appropriate practices and precautions when dealing with fentanyl or other drugs.

J. LEADERSHIP, PLANNING AND COORDINATION

Support efforts to provide leadership, planning, and coordination to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, the following:

1. Community regional planning to identify goals for reducing harms related to the opioid epidemic, to identify areas and populations with the greatest needs for treatment intervention services, or to support other strategies to abate the opioid epidemic described in this opioid abatement strategy list.

2. A government dashboard to track key opioid-related indicators and supports as identified through collaborative community processes.

3. Invest in infrastructure or staffing at government or not-for-profit agencies to support collaborative, cross-system coordination with the purpose of preventing overprescribing, opioid misuse, or opioid overdoses, treating those with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, supporting them in treatment or recovery, connecting them to care, or implementing other strategies to abate the opioid epidemic described in this opioid abatement strategy list.

4. Provide resources to staff government oversight and management of opioid abatement programs.

K. TRAINING

In addition to the training referred to in various items above, support training to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, the following:

1. Provide funding for staff training or networking programs and services to improve the capability of government, community, and not-for-profit entities to abate the opioid crisis.

2. Invest in infrastructure and staffing for collaborative cross-system coordination to prevent opioid misuse, prevent overdoses, and treat those with OUD and any co-occurring SUD/MH conditions, co-usage, and/or co-addiction, or implement other

strategies to abate the opioid epidemic described in this opioid abatement strategy list (e.g., health care, primary care, pharmacies, PDMPs, etc.).

L. RESEARCH

Support opioid abatement research that may include, but is not limited to, the following:

1. Monitoring, surveillance, and evaluation of programs and strategies described in this opioid abatement strategy list.

2. Research non-opioid treatment of chronic pain.

3. Research on improved service delivery for modalities such as SBIRT that demonstrate promising but mixed results in populations vulnerable to opioid use disorders.

4. Research on innovative supply-side enforcement efforts such as improved detection of mail-based delivery of synthetic opioids.

5. Expanded research on swift/certain/fair models to reduce and deter opioid misuse within criminal justice populations that build upon promising approaches used to address other substances (e.g. Hawaii HOPE and Dakota 24/7).

6. Research on expanded modalities such as prescription methadone that can expand access to MAT.

EXHIBIT B

County	Local Government	% Allocation
Adams County		
	Adams County	0.1638732475%
	Hatton	
	Lind	
	Othello	
	Ritzville	
	Washtucna	
	County Total:	0.1638732475%
Asotin County		
	Asotin County	0.4694498386%
	Asotin	
	Clarkston	
	County Total:	0.4694498386%
Benton County		
	Benton County	1.4848831892%
	Benton City	
	Kennewick	0.5415650564%
	Prosser	
	Richland	0.4756779517%
	West Richland	0.0459360490%
	County Total:	2.5480622463%
Chelan County		
	Chelan County	0.7434914485%
	Cashmere	
	Chelan	
	Entiat	
	Leavenworth	
	Wenatchee	0.2968333494%
	County Total:	1.0403247979%
Clallam County		
	Clallam County	1.3076983401%
	Forks	
	Port Angeles	0.4598370527%
	Sequim	
	County Total:	1.7675353928%

*** - Local Government appears in multiple counties

EXHIBIT B

County	Local Government	% Allocation
Clark County		
	Clark County	4.5149775326%
	Battle Ground	0.1384729857%
	Camas	0.2691592724%
	La Center	
	Ridgefield	
	Vancouver	1.7306605325%
	Washougal	0.1279328220%
	Woodland***	
	Yacolt	
	County Total:	6.7812031452%
Columbia County		
	Columbia County	0.0561699537%
	Dayton	
	Starbuck	
	County Total:	0.0561699537%
Cowlitz County		
	Cowlitz County	1.7226945990%
	Castle Rock	
	Kalama	
	Kelso	0.1331145270%
	Longview	0.6162736905%
	Woodland***	
	County Total:	2.4720828165%
Douglas County		
	Douglas County	0.3932175175%
	Bridgeport	
	Coulee Dam***	
	East Wenatchee	0.0799810865%
	Mansfield	
	Rock Island	
	Waterville	
	County Total:	0.4731986040%
Ferry County		
	Ferry County	0.1153487994%
	Republic	
	County Total:	0.1153487994%

*** - Local Government appears in multiple counties

EXHIBIT B

County	Local Government	% Allocation
Franklin County		
	Franklin County	0.3361237144%
	Connell	
	Kahlotus	
	Mesa	
	Pasco	0.4278056066%
	County Total:	0.7639293210%
Garfield County		
	Garfield County	0.0321982209%
	Pomeroy	
	County Total:	0.0321982209%
Grant County		
	Grant County	0.9932572167%
	Coulee City	
	Coulee Dam***	
	Electric City	
	Ephrata	
	George	
	Grand Coulee	
	Hartline	
	Krupp	
	Mattawa	
	Moses Lake	0.2078293909%
	Quincy	
	Royal City	
	Soap Lake	
	Warden	
	Wilson Creek	
	County Total:	1.2010866076%

*** - Local Government appears in multiple counties

EXHIBIT B

County	Local Government	% Allocation
Grays Harbor County		
	Grays Harbor County	0.9992429138%
	Aberdeen	0.2491525333%
	Cosmopolis	
	Elma	
	Hoquiam	
	McCleary	
	Montesano	
	Oakville	
	Ocean Shores	
	Westport	
	County Total:	1.2483954471%
Island County		
	Island County	0.6820422610%
	Coupeville	
	Langley	
	Oak Harbor	0.2511550431%
	County Total:	0.9331973041%
Jefferson County		
	Jefferson County	0.4417137380%
	Port Townsend	
	County Total:	0.4417137380%

EXHIBIT B

County	Local Government	% Allocation
King County		
	King County	13.9743722662%
	Algona	
	Auburn***	0.2622774917%
	Beaux Arts Village	
	Bellevue	1.1300592573%
	Black Diamond	
	Bothell***	0.1821602716%
	Burien	0.0270962921%
	Carnation	
	Clyde Hill	
	Covington	0.0118134406%
	Des Moines	0.1179764526%
	Duvall	
	Enumclaw***	0.0537768326%
	Federal Way	0.3061452240%
	Hunts Point	
	Issaquah	0.1876240107%
	Kenmore	0.0204441024%
	Kent	0.5377397676%
	Kirkland	0.5453525246%
	Lake Forest Park	0.0525439124%
	Maple Valley	0.0093761587%
	Medina	
	Mercer Island	0.1751797481%
	Milton***	
	Newcastle	0.0033117880%
	Normandy Park	
	North Bend	
	Pacific***	
	Redmond	0.4839486007%
	Renton	0.7652626920%
	Sammamish	0.0224369090%
	SeaTac	0.1481551278%
	Seattle	6.6032403816%
	Shoreline	0.0435834501%
	Skykomish	
	Snoqualmie	0.0649164481%
	Tukwila	0.3032205739%
	Woodinville	0.0185516364%
	Yarrow Point	
	County Total:	26.0505653608%

*** - Local Government appears in multiple counties

EXHIBIT B

County	Local Government	% Allocation
Kitsap County		
	Kitsap County	2.6294133668%
	Bainbridge Island	0.1364686014%
	Bremerton	0.6193374389%
	Port Orchard	0.1009497162%
	Poulsbo	0.0773748246%
	County Total:	3.5635439479%
Kittitas County		
	Kittitas County	0.3855704683%
	Cle Elum	
	Ellensburg	0.0955824915%
	Kittitas	
	Roslyn	
	South Cle Elum	
	County Total:	0.4811529598%
Klickitat County		
	Klickitat County	0.2211673457%
	Bingen	
	Goldendale	
	White Salmon	
	County Total:	0.2211673457%
Lewis County		
	Lewis County	1.0777377479%
	Centralia	0.1909990353%
	Chehalis	
	Morton	
	Mossyrock	
	Napavine	
	Pe Ell	
	Toledo	
	Vader	
	Winlock	
	County Total:	1.2687367832%

*** - Local Government appears in multiple counties

EXHIBIT B

County	Local Government	% Allocation
Lincoln County		
	Lincoln County	0.1712669645%
	Almira	
	Creston	
	Davenport	
	Harrington	
	Odessa	
	Reardan	
	Sprague	
	Wilbur	
	County Total:	0.1712669645%
Mason County		
	Mason County	0.8089918012%
	Shelton	0.1239179888%
	County Total:	0.9329097900%
Okanogan County		
	Okanogan County	0.6145043345%
	Brewster	
	Conconully	
	Coulee Dam***	
	Elmer City	
	Nespelem	
	Okanogan	
	Omak	
	Oroville	
	Pateros	
	Riverside	
	Tonasket	
	Twisp	
	Winthrop	
	County Total:	0.6145043345%
Pacific County		
	Pacific County	0.4895416466%
	Ilwaco	
	Long Beach	
	Raymond	
	South Bend	
	County Total:	0.4895416466%

*** - Local Government appears in multiple counties

EXHIBIT B

County	Local Government	% Allocation
Pend Oreille County		
	Pend Oreille County	0.2566374940%
	Cusick	
	Ione	
	Metaline	
	Metaline Falls	
	Newport	
	County Total:	0.2566374940%
Pierce County		
	Pierce County	7.2310164020%
	Auburn***	0.0628522112%
	Bonney Lake	0.1190773864%
	Buckley	
	Carbonado	
	DuPont	
	Eatonville	
	Edgewood	0.0048016791%
	Enumclaw***	0.0000000000%
	Fife	0.1955185481%
	Fircrest	
	Gig Harbor	0.0859963345%
	Lakewood	0.5253640894%
	Milton***	
	Orting	
	Pacific***	
	Puyallup	0.3845704814%
	Roy	
	Ruston	
	South Prairie	
	Steilacoom	
	Sumner	0.1083157569%
	Tacoma	3.2816374617%
	University Place	0.0353733363%
	Wilkeson	
	County Total:	12.0345236870%
San Juan County		
	San Juan County	0.2101495171%
	Friday Harbor	
	County Total:	0.2101495171%

*** - Local Government appears in multiple counties

EXHIBIT B

County	Local Government	% Allocation
Skagit County		
	Skagit County	1.0526023961%
	Anacortes	0.1774962906%
	Burlington	0.1146861661%
	Concrete	
	Hamilton	
	La Conner	
	Lyman	
	Mount Vernon	0.2801063665%
	Sedro-Woolley	0.0661146351%
	County Total:	1.6910058544%
Skamania County		
	Skamania County	0.1631931925%
	North Bonneville	
	Stevenson	
	County Total:	0.1631931925%
Snohomish County		
	Snohomish County	6.9054415622%
	Arlington	0.2620524080%
	Bothell***	0.2654558588%
	Brier	
	Darrington	
	Edmonds	0.3058936009%
	Everett	1.9258363241%
	Gold Bar	
	Granite Falls	
	Index	
	Lake Stevens	0.1385202891%
	Lynnwood	0.7704629214%
	Marysville	0.3945067827%
	Mill Creek	0.1227939546%
	Monroe	0.1771621898%
	Mountlake Terrace	0.2108935805%
	Mukilteo	0.2561790702%
	Snohomish	0.0861097964%
	Stanwood	
	Sultan	
	Woodway	
	County Total:	11.8213083387%

*** - Local Government appears in multiple counties

EXHIBIT B

County	Local Government	% Allocation
Spokane County		
	Spokane County	5.5623859292%
	Airway Heights	
	Cheney	0.1238454349%
	Deer Park	
	Fairfield	
	Latah	
	Liberty Lake	0.0389636519%
	Medical Lake	
	Millwood	
	Rockford	
	Spangle	
	Spokane	3.0872078287%
	Spokane Valley	0.0684217500%
	Waverly	
	County Total:	8.8808245947%
Stevens County		
	Stevens County	0.7479240179%
	Chewelah	
	Colville	
	Kettle Falls	
	Marcus	
	Northport	
	Springdale	
	County Total:	0.7479240179%
Thurston County		
	Thurston County	2.3258492094%
	Bucoda	
	Lacey	0.2348627221%
	Olympia	0.6039423385%
	Rainier	
	Tenino	
	Tumwater	0.2065982350%
	Yelm	
	County Total:	3.3712525050%
Wahkiakum County		
	Wahkiakum County	0.0596582197%
	Cathlamet	
	County Total:	0.0596582197%

*** - Local Government appears in multiple counties

EXHIBIT B

County	Local Government	% Allocation
Walla Walla County		
	Walla Walla County	0.5543870294%
	College Place	
	Prescott	
	Waitsburg	
	Walla Walla	0.3140768654%
	County Total:	0.8684638948%
Whatcom County		
	Whatcom County	1.3452637306%
	Bellingham	0.8978614577%
	Blaine	
	Everson	
	Ferndale	0.0646101891%
	Lynden	0.0827115612%
	Nooksack	
	Sumas	
	County Total:	2.3904469386%
Whitman County		
	Whitman County	0.2626805837%
	Albion	
	Colfax	
	Colton	
	Endicott	
	Farmington	
	Garfield	
	LaCrosse	
	Lamont	
	Malden	
	Oakesdale	
	Palouse	
	Pullman	0.2214837491%
	Rosalia	
	St. John	
	Tekoa	
	Uniontown	
	County Total:	0.4841643328%

*** - Local Government appears in multiple counties

EXHIBIT B

County	Local Government	% Allocation
Yakima County		
	Yakima County	1.9388392959%
	Grandview	0.0530606109%
	Granger	
	Harrah	
	Mabton	
	Moxee	
	Naches	
	Selah	
	Sunnyside	0.1213478384%
	Tieton	
	Toppenish	
	Union Gap	
	Wapato	
	Yakima	0.6060410539%
	Zillah	
	County Total:	2.7192887991%

*** - Local Government appears in multiple counties

Exhibit C

KING COUNTY REGIONAL AGREEMENT

King County intends to explore coordination with its cities and towns to facilitate a Regional Agreement for Opioid Fund allocation. Should some cities and towns choose not to participate in a Regional Agreement, this shall not preclude coordinated allocation for programs and services between the County and those cities and towns who elect to pursue a Regional Agreement. As contemplated in C.5 of the MOU, any Regional Agreement shall comply with the terms of the MOU and any Settlement. If no Regional Agreement is achieved, the default methodology for allocation in C.4 of the MOU shall apply.

Shaping our community together

CITY OF LACEY

LACEY CITY COUNCIL MEETING
March 16, 2023

SUBJECT: **Citywide Signal ITS Detection Upgrade**

RECOMMENDATION: **Motion to award Lacey Contract Number PW 2022 - 16 to low bidder City Electric Co. from LA Center, Washington in the amount of $423,960.00.**

STAFF CONTACT:
Rick Walk, Interim City Manager RW
Scott Egger, Public Works Director SE
Aubrey Collier, City Engineer AC
Martin Hoppe, Transportation Manager MH
Chris Stolberg, Transportation Engineer CRS
Tyson Poeckh, Project Administrator TP

ORIGINATED BY: Public Works Department

ATTACHMENTS: NONE

FISCAL NOTE: This project was included in Lacey's 2023 Budget. Funding for the project is a TRPC CMAQ grant award and Arterial Street Funds. Project Code ST22DU. A budget amendment of an additional $100,000 is required.

WORK PLAN GOAL: Quality Transportation & Infrastructure

PRIOR REVIEW: N/A

BACKGROUND:

This project is a joint project between Thurston County and the City of Lacey. This contract provides for the installation of new vehicle detectors at 10 intersections.

Intersections include:

1. Martin Way & Carpenter Road (THCO)
2. 3rd Avenue SE & College Street SE
3. 6th Avenue SE & Sleater Kinney Road SE

4. 7th Avenue SE & Sleater Kinney Road SE
5. Pacific Avenue SE & Sleater Kinney Road SE
6. Pacific Avenue SE & South Sound Center
7. Ruddell Road SE & 22nd Avenue SE
8. College Street SE & Mullen Road SE
9. Ruddell Road SE & Mullen Road SE
10. Ruddell Road SE & 54th Avenue SE

The project was advertised for nine weeks and bids were opened February 23, 2023. Four bids were received. The bids ranged from a low of $423,960 to a high of $494,712. City Electric Co, from LA Center, Washington, is low bidder at $423,960. The Engineer's Estimate is $315,000. A Bid Summary Sheet is attached.

Although the bids were higher than expected, the City's match is less than it would cost to purchase the detectors alone. There is also an outside chance that TRPC's new Congestion Reduction Program (CRP) could cover the additional cost.

City Electric Co is qualified and capable of performing the work. Start date of the project is anticipated to be Spring 2023, and there are 40 working days allotted.

ADVANTAGES:

1 The new detectors use both video detection and thermal imaging which make them more reliable especially in inclement weather.

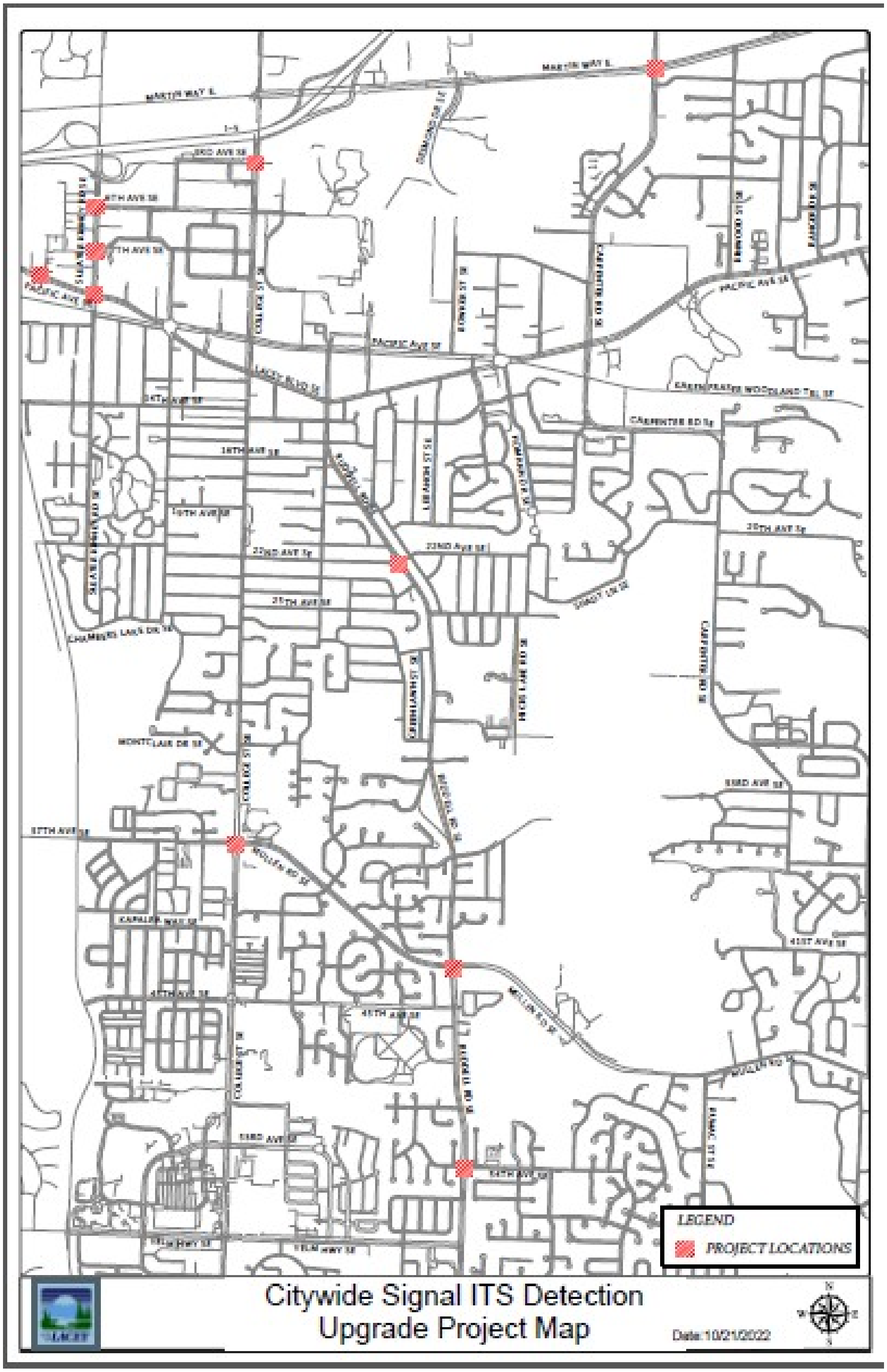
2 The detectors are also better for detecting bicycles.

DISADVANTAGES:

1 Typical traffic delays can be expected during construction.

CITY OF LACEY
Citywide Signal ITS Detection Upgrade
PW 2022-16

CONTRACTOR	LOCATION	BID	POS.
City Electric Co	Puyallup, WA	$423,960	1
Northeast Electric, LLC.	Woodland, WA	$447,000	2
Titan Earthwork, LLC	Pacific, WA	$483,400	3
Prime Electric, LLC	Bellevue, WA	$494,712	4
ENGINEER'S ESTIMATE $315,000			


MARTIN WAY E
PACIFIC AVE SE
LEGEND
PROJECT LOCATIONS
Citywide Signal ITS Detection
Upgrade Project Map
Date:10/21/2022

Shaping our community together
CITY OF LACEY

LACEY CITY COUNCIL MEETING
3/16/23

SUBJECT: **Letter of Intent to Transfer Brewery Assets**

RECOMMENDATION: **Authorize the Interim City Manager to draft and sign a letter of intent to transfer the City of Lacey's brewery assets to the City of Tumwater.**

STAFF CONTACT: Rick Walk, Interim City Manager RW
David Schneider, City Attorney
Scott Egger, P.E., Public Works Director SE
Peter Brooks, P.E., Water Resources Manager PCB

ORIGINATED BY: Public Works/Water Resources

ATTACHMENTS: N/A

FISCAL NOTE: N/A

WORK PLAN GOAL AND STRATEGY: None

OTHER POLICY DOC. ALIGNMENT: Water Rights Mitigation Management

PRIOR REVIEW: The Lacey City Council approved the Brewery Asset Transfer MOA at the 1/19/23 Council Meeting

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BACKGROUND:

In November of 2008, the cities of Olympia, Tumwater, and Lacey jointly purchased the water rights and certain tangible assets (land, wells, a water reservoir) from the former brewery in Tumwater. At the time several things were unclear including; the quantity of water right that had not been relinquished and could thus be transferred to the cities, the quality of water produced from the wells, and the condition of the appurtenant wells. Assessments of the purchased property were conducted, and the Department of Ecology rendered its determination of the amount of water right which could be transferred to the cities. The general conclusion is that the brewery would be an expensive source of water supply for Lacey to develop due to location, logistics, and amount of water produced in comparison with Lacey's other future water supply options.

At its March 11, 2021, Worksession, the Lacey City Council was briefed on the status of the brewery water rights and property. Staff requested direction from the Council on whether to pursue an option allowing for Lacey to transfer some or all of its brewery assets to either Olympia or Tumwater. Council directed staff to pursue options to accomplish such a transfer. A memorandum of agreement (MOA) was prepared which provides the process for one of the partner cities to transfer its assets to another. At its January 19, 2023 Council Meeting, the City Council authorized the Interim City Manager to sign the MOA.

The MOA prescribes that in order to initiate a transfer of assets, the transferring city first needs to send a letter of intent to the partner city to which the assets would be transferred. The proposed letter of intent will contain two conditions. First, the partners have to come to agreement on the valuation of the assets. Second, the City Council has to approve the transfer.

ADVANTAGES:

1. Sending the letter of intent with the specified caveats initiates the transfer process in accordance with the MOA.

DISADVANTAGES:

1. None apparent.

FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES
FEBRUARY 28, 2023
8:30 A.M. – 9:04 A.M.
REMOTE & IN PERSON

To view the full video or a specific topic you may watch the video-stream on the City of Lacey's YouTube Channel: https://youtube.com/live/1gMbTOouc00

COUNCIL PRESENT: MAYOR RYDER (CHAIR) (REMOTE), DEPUTY MAYOR MILLER, COUNCILMEMBER GREENSTEIN

STAFF PRESENT: RICK WALK, SCOTT EGGER, TROY WOO, TABETHA RESTOULE

ACTION: APPROVE THE FINANCE & ECONOMIC DEVELOPMENT COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED, AND CARRIED BY COUNCILMEMBER GREENSTEIN AND DEPUTY MAYOR MILLER.

2022 4TH QUARTER INVESTMENT REPORT

STAFF: TROY WOO, DIRECTOR OF FINANCE
ACTION: INFORMATION ONLY

Troy Woo, Finance Director, presented the 2022 4th Quarter Investment Report. The main components of the quarterly report included the following:

- a market commentary with market outlook
- An investment policy compliance report.
- quarterly asset allocation changes and historical balances
- a summary of the City's total invested funds including information relating to types, maturities, and investment activity, investment earning and accruals that occurred during the report period.

In summary, Lacey's core fund portfolio narrowly underperformed the investment strategy benchmark. The core fund net total return for the quarter was 0.87 percent. The benchmark total return for the period was 0.93 percent. The net total return includes changes to market value, which decreased due to the environment of historic interest rate increases.

2022 CARRYOVER BUDGET AMENDMENT

STAFF: TROY WOO, DIRECTOR OF FINANCE

ACTION: RECOMMEND TO THE FULL CITY COUNCIL ADOPTION OF THE 2022 BUDGET CARRYOVER ORDINANCE.

MOTION: MOTION MADE, SECONDED, AND CARRIED BY MAYOR RYDER AND COUNCILMEMBER GREENSTEIN.

Staff provided details of the re-appropriation of funds from the 2022 fiscal year budget to the 2023 budget.

The encumbrance and capital carryover requests are limited to purchase orders that were initiated in the previous year and capital projects that were authorized in the previous year's budget. The outstanding purchase order carryover requests are limited to significant (over $2,500) unfilled material, equipment, and supply orders. Capital project carryover requests do not have a dollar threshold. The funds requesting the carryovers must have adequate fund balance before the requests can be granted.

Rick Walk, Interim City Manager, also highlighted a personnel change as part of the budget amendment. Staff is recommending adding a limited term Department Assistant III position in the Public Works Maintenance Shop. This position will support the onboarding of the new asset management system. Council expressed support of staff's recommendation.

GENERAL GOVERNMENT & PUBLIC SAFETY COMMITTEE
FEBRUARY 28, 2023
9:30 A.M. – 10:01 A.M.
REMOTE AND IN PERSON

To hear the full discussion of a specific topic, or the complete meeting, you may watch the video-stream available on the City of Lacey's YouTube Channel: https://youtube.com/live/aisN-wHYtWQ

COUNCIL PRESENT: COUNCILMEMBER GREENSTEIN (CHAIR), MAYOR RYDER (REMOTE) COUNCILMEMBER KUNKEL

STAFF PRESENT: RICK WALK, ROBERT ALMADA, TABETHA RESTOULE

ACTION: APPROVE THE GENERAL GOVERNMENT & PUBLIC SAFETY COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED, AND CARRIED BY MAYOR RYDER AND COUNCILMEMBER KUNKEL

CRIME STATISTICS UPDATE

STAFF: ROBERT ALMADA, CHIEF OF POLICE
ACTION: INFORMATION ONLY

Chief Almada presented 2022 Crime Statistics. Staff advised that the crime data presented is preliminary and subject to change. Finalized data for the year 2022 will not be available until July 2023.

The presentation included the following highlights:

- 2022 Lacey Police Department Activity
- Crime Rate Comparisons
- Preliminary 2022 Crime Data & Crime Trends
- Pandemic and Legislative Impacts

LAND USE & ENVIRONMENT COMMITTEE
FEBRUARY 28, 2023
10:32 A.M. – 11:13 A.M.
REMOTE AND IN-PERSON

To hear the complete meeting or to listen to a specific topic, please watch the recorded meeting available on the City of Lacey's YouTube Channel: https://youtube.com/live/gsCYPgXooEk

COUNCIL PRESENT: COUNCILMEMBER COX (CHAIR)(REMOTE), COUNCILMEMBERS GREENSTEIN AND VAZQUEZ (REMOTE)

STAFF PRESENT: RICK WALK, SCOTT EGGER, GRANT BECK, HANS SHEPHERD, TABETHA RESTOULE

ACTION: APPROVE THE LAND USE & ENVIRONMENT COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED, AND CARRIED BY COUNCILMEMBERS GREENSTEIN AND VAZQUEZ

CLIMATE ACTION IMPLEMENTATION UPDATE

STAFF: GRANT BECK, PLANNING AND DEVELOPMENT SERVICES MANAGER
HANS SHEPHERD, SENIOR PLANNER
ACTION: INFORMATION ONLY

Staff provided an overview of changes made to the Interlocal Agreement for the Climate Action Plan between the cities of Lacey, Olympia, Tumwater, Thurston County, and the Thurston Regional Planning Council (TRPC). The main topics included the following:

- Evolving Implementation Strategy
- Proposed Organizational Structure
- Thurston Climate Mitigation Plan (TCMP) Implementation Works

Staff has also been working to formulate a partnership with Puget Sound Energy (PSE), to offer an expanded rebate program based on the offerings PSE currently has available. The rebate programs are related to retrofits of homes weatherization, windows, space heaters, water heaters, thermostats, and appliances.

TRANSPORTATION COMMITTEE MINUTES
MARCH 7, 2023
11:01 A.M. – 11:55 A.M.
REMOTE AND IN PERSON ATTENDANCE

To view the full meeting or a specific topic, you may watch the full video-stream which is available on the City of Lacey's YouTube Channel: https://youtube.com/live/OhGfP4I6r5s

COUNCIL PRESENT: DEPUTY MAYOR MILLER (CHAIR), COUNCILMEMBERS STEADMAN (REMOTE) AND VAZQUEZ (REMOTE)

STAFF PRESENT: RICK WALK, SCOTT EGGER, AUBREY COLLIER, ASHLEY SMITH, MARCUS HOCH, MARTIN HOPPE, CHRIS STOLBERG, TABETHA RESTOULE

ACTION: APPROVE THE TRANSPORTATION COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED, AND CARRIED BY COUNCILMEMBERS STEADMAN AND VAZQUEZ

TRANSPORTATION UPDATE

STAFF: AUBREY COLLIER, CITY ENGINEER
ACTION: INFORMATION ONLY

Staff provided an update on current and upcoming construction projects within the City.

The presentation included highlights for the following projects:

- Carpenter Rd Utilities/Overlay
- 2022 Overlay/Utilities
- 2022 Sidewalk Repairs
- Electric Vehicle Charging Stations
- Citywide ITS Upgrades
- Golf Club/Lacey BLVD Utility/Paving
- Sleater Kinney/Pacific Pole Replacement
- 2023 Mullen Rd Sewer Improvements