



Memorandum

Date: 8/5/2024
Meeting of: City Council Special Meeting

File No. AM No. 24-110
Type: Consent Item

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Executive	Malisa Files	425-556-2166
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DEPARTMENT STAFF:

N/A	N/A	N/A
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TITLE:
Approval of Washington State Opioid Settlement with Kroger

OVERVIEW STATEMENT:

On June 7, 2022, the City Council was briefed on the first of the Attorney General’s Washington State opioid settlements and approved the City to move forward with the One Washington Memorandum of Understanding between Washington municipalities to participate in the settlement agreement. Currently, Redmond has participated in three settlement agreements, one for distributors, one for manufacturers and the third for Johnson & Johnson. The Attorney General has settled another opioid case with Kroger. Redmond is required to sign a participation and allocation agreement (see Attachment A and B), governed under the initial One Washington Memorandum of Understanding (Attachment C) to receive money from the Kroger settlement.

Additional Background Information/Description of Proposal Attached

REQUESTED ACTION:

Receive Information **Provide Direction** **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
One Washington Memorandum of Understanding between Washington municipalities
- **Required:**
The distribution of the opioid settlement is governed by the court approved settlement documents.
- **Council Request:**
N/A
- **Other Key Facts:**
Council has already approved Redmond’s participation in opioid settlements by signing the One Washington Memorandum of Understanding between Washington municipalities. Signing the additional agreements will ensure the City is a part of the distribution of funds from the Kroger settlement.

OUTCOMES:

To be eligible for a portion of the Kroger Washington State Opioid Settlement and ensure the settlement is finalized, cities must approve the allocation and participation agreement by August 12, 2024. In June 2022, Redmond signed on to the One Washington Memorandum of Understanding that allows the City to participate in opioid settlements going forward. The Kroger settlement will be the fourth opioid case in which Redmond will participate, including:

- Amerisource Bergen Corporation, Cardinal Health, Inc, and McKesson Corporation
- CVS, Walgreens, Walmart, TEVA and Allergan
- Johnson & Johnson Corporation

In the first two settlements Redmond has been or will be receiving approximately \$54,000 annually spread over seventeen and fifteen years, respectively. The Johnson & Johnson payout will be a one-time lump sum payout to all participating governments in Summer 2024 of approximately \$245,000.

For those municipalities over 10,000 population, the allocation formula is a combination of population and the effect of opioids on a community. The total allocation amount that will go to municipalities equals approximately \$23.7 million. Redmond’s portion would be 0.4839486007% or approximately \$114,938. The settlement will be paid out over 11 years equaling \$10,400 per year. Details of the Kroger case can be found here <https://www.atg.wa.gov/kroger-opioid-settlement>.

Once the money is received, the funds must be spent on opioid abatement strategies as outlined in Appendix A of the One Washington Memorandum of Understanding between Washington Municipalities. For Redmond, the money could be spent on programs such as, current and future law enforcement expenditures relating to the opioid epidemic, education of law enforcement or other first responders regarding appropriate practices and precautions when dealing with fentanyl or other drugs, connecting those who need help to the help they need (connections to care) as well as other abatement strategies.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

Redmond will receive approximately \$114,938 over 11 years or \$10,400 per year. With this settlement, the City will receive total revenue of approximately \$2.1 million from all four opioid settlements.

Approved in current biennial budget: Yes No N/A

Budget Offer Number:
N/A

Budget Priority:
Safe and Resilient

Other budget impacts or additional costs: Yes No N/A
If yes, explain:
N/A

Funding source(s):
As of May 2024, the City has received \$344,118 in opioid settlement funds.

Budget/Funding Constraints:
N/A

Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
9/6/2022	Business Meeting	Approve
3/7/2023	Business Meeting	Approve
7/16/2024	Committee of the Whole - Public Safety and Human Services	Provide Direction

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

Time Constraints:

The Participation and Allocation Forms must be approved and signed by August 12, 2024, for Redmond's distribution to occur.

ANTICIPATED RESULT IF NOT APPROVED:

If the agreements are not approved, the City of Redmond will not receive a distribution from the Kroger Opioid Settlement.

ATTACHMENTS:

- Attachment A: Kroger Participation Form
- Attachment B: Kroger Allocation Agreement
- Attachment C: One Washington Memorandum of Understanding between Municipalities

