

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 6, 2026

CAO File No. 0220-06367-0001

Council File No. 23-0670-S2

Council District: All

To: The City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Council Action dated November 04, 2025; recommendations 3c and 7d

Subject: **STAFFING RESOURCES TO SUPPORT OPIOID REMEDIATION PROGRAMS**

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. Authorize resolution authority for one Management Analyst, Class Code 9184-0, in the Department on Disability, for the period August 1, 2026 through June 30, 2027, to support contract administration of opioid remediation programs, subject to allocation by the Board of Civil Service Commissioners;
2. Authorize the Controller to appropriate \$167,913 from the Opioids Settlement Trust Fund No. 66E/10 from Account No. 10W719, Abatement Fund, to Account No. 10E165, Disability, within the same fund to support direct costs associated with contract administration and accounting operations for opioid remediation programs within the Department on Disability;
3. Increase appropriations by \$167,913 within Fund No. 100/65, Department on Disability, as follows:

Account No.	Account Name	Amount
001010	Salaries General	\$119,913
001070	Salaries, As-Needed	\$48,000
	Total	\$167,913

4. Authorize the Controller to appropriate \$384,656 from the Opioids Settlement Trust Fund No. 66E/10 from Account No. 10W719, Abatement Fund, to Account No. 10E299, Reimbursement of General Fund Costs, within the same fund for the reimbursement of related costs, to be reimbursed on an invoice basis by the City Administrative Officer.
5. Instruct the Department on Disability to:
 - a. Separately track all encumbrances and expenditures of Opioids Settlement Trust

- Fund monies so that unspent funds can be returned to the Opioids Settlement Trust Fund at the end of the fiscal year; and
- b. Submit quarterly reports to the City Administrative Officer listing labor expenditures, non-labor expenditures, and encumbrances, with an accounting of the Opioids Settlement Trust Fund monies provided.
6. Authorize the City Administrative Officer to make technical corrections as necessary to implement the above instructions.

SUMMARY

On November 04, 2025 the Council approved recommendations outlined in Option B of the June 20, 2025 Chief Legislative Analyst (CLA) report pursuant to C.F. 23-0670-S2. Option B instructs the Department on Disability (DOD) to draft a Request for Proposals (RFP) for the delivery of community-based opioid remediation to seven regions which include: East Valley, West Valley, East, Central, Harbor, West and South Los Angeles (referred to as the Opioid Remediation Program). The Council instructed the City Administrative Officer (CAO) to report on a staffing plan for temporary as-needed staffing or contractual services to support accounting, contract monitoring, data collection and reporting requirements associated with the Opioid Remediation Program for DOD. In addition, the Council instructed the CLA, with assistance from the CAO, to report on an option to add two positions in DOD and the CAO to administer all programs funded by the Opioids Settlement Trust Fund. This report addresses the proposed staffing needs for all Opioids Settlement Trust Fund-related programs approved to date.

DISCUSSION

The Opioids Settlement Trust Fund is estimated to receive between five to six million dollars annually until 2032 and two to three million dollars through 2038. After 2038, no further payments are anticipated. The Opioids Settlement funds must be used in compliance with the requirements of the settlement agreements as defined by the California Department of Health Care Services (DHCS) for opioid remediation activities. These activities include prevention, harm reduction, treatment, and recovery services. The Fund is administered by the CAO.

Department on Disability Resource Needs

During the 2026-27 Budget deliberations, DOD requested one full-time position at either a Management Analyst or Management Assistant level and funds to hire a part-time Accounting Clerk. DOD states that the workload is sufficient to justify these positions, based on the 2026-27 Adopted Budget and related programs approved by the Council in 2025-26 to be administered by DOD. This includes the harm reduction services within the HIV/AIDS Prevention Services contract for 2026-27, the \$3.5 million set aside for a new harm reduction pilot program RFP (C.F. 23-0670-S2), and an RFP to develop a pilot program to distribute fentanyl testing devices (C.F. 24-1221). This request for positions was discussed in Budget Memo No. 149 released by this Office (C.F. 26-0600).

After reviewing this staffing request, this Office recommends to add resolution authority for one

Management Analyst and Salaries, As-Needed Account funding to hire Student Workers/Student Professional Workers, as these job classifications are appropriate for the proposed scope of work. DOD agrees with this modified staffing proposal. The Management Analyst will administer and manage the opioid abatement and harm reduction programs. This will include contract monitoring, data collection, and reporting requirements associated with opioids settlement-funded programs administered by DOD. The As-Needed Student Workers/Student Professional Workers will assist with financial administration, which includes vendor set-up, processing, and payment.

Resolution authority is appropriate for the Management Analyst, due to the time-limited nature of the settlement funds. Further, the current opioid-related work performed by DOD consists of contracted services that are renewed yearly, or new pilot programs that have been approved on a one-time basis.

The As-Needed staffing support is recommended to correspond with existing workload. Of the three programs noted above, only the harm reduction work within the HIV/AIDS Prevention Services contract has been implemented as this was an existing program. The harm reduction pilot program RFP is expected to be released in 2026-27 (C.F. 23-0670-S2), and the fentanyl testing devices RFP is in the early stages of development (C.F. 24-1221). The new Management Analyst will help facilitate the RFP process and subsequent contract negotiations.

DOD Staffing Cost

This Office recommends total funding of \$552,569 from the Opioids Settlement Trust Fund for the DOD's staffing needs for all Opioids Settlement Trust Fund-related programs, consisting of \$167,913 in direct costs and \$384,656 in indirect costs.

Specifically, this Office recommends to provide 11-months funding (\$119,913) and resolution authority for one Management Analyst and funding in DOD's Salaries, As-Needed Account (\$48,000) for Student Workers/Student Professional Workers to provide support on a part-time basis. Additionally, this Office recommends funding in the amount of \$384,656 to reimburse indirect costs for the Management Analyst (\$274,698 indirect) and As-Needed Student Workers/Student Professional Workers (\$109,958 indirect). The direct cost amount is consistent with DOD's previous request in a separate report to the Council (C.F. 23-0670-S2).

This Office calculated the indirect costs by using the Federal Cost Allocation Plan (CAP) 48 DOD rate of 229.08 percent. This consists of Fringe Benefits (51.88 percent), Central Services (28.65 percent), and Department Administration and Support (148.55 percent). CAP rates for smaller departments tend to be higher than larger City departments, resulting in higher indirect costs. While DHCS has preliminarily advised that indirect costs are an eligible expense for the use of Opioids Settlement Funds, should any portion of the CAP be determined to be ineligible by DHCS, this Office will recommend a reduction in the related cost reimbursement to the General Fund via the Financial Status Report. Should this be the case, the General Fund will be required to absorb these costs.

The total cost for one Management Analyst for 11 months is reflected in the table below:

Classification	Count	CAP	Eleven-Months		
			Salary	Indirect Cost	Total Cost
9184-0 - Management Analyst	1	229.08%	\$ 119,913	\$ 274,698	\$ 394,611
TOTAL	1		\$ 119,913	\$ 274,698	\$ 394,611

CAO Resource Needs

The CAO is the administrator of the Opioids Settlement Trust Fund. As the Fund administrator, the CAO's responsibilities include accounting and oversight of all Fund expenditures, as well as preparing annual expenditure reports to the DHCS. This Office is not requesting additional resources to support the implementation of the Opioids Settlement Trust Fund programs and Fund administration at this time. This is because the programs are still in development and the Fund administration workload is being absorbed by existing administrative and accounting staff. As these programs expand, and the workload increases, it will be necessary to reassess the CAO's staffing needs. This reevaluation will occur as part of the annual budget process.

Feasibility of Using Opioids Settlement Trust Fund for Positions

The use of Trust Fund dollars for administrative City costs is subject to rules set forth in the Settlement agreement. The DHCS requires that recipients of Opioid funds adhere to the Reasonable Administrative Costs (RAC) Policy for indirect and direct costs. This Office has received written confirmation from DHCS that the proposed DOD positions providing contract oversight and accounting support related to opioid remediation activities fall under Exhibit E of the National Opioid Settlement Agreements (Schedule B, Category J. Leadership, Planning, and Coordination). This allows Opioids Settlement funds to be used for both direct and indirect costs to fund one Management Analyst and to pay for accounting support in DOD.

Positions funded by Opioid funds are subject to the RAC Policy set by DHCS and would be restricted to opioid remediation/abatement activities and may not assist DOD in non-opioid administrative or operational work. While there are adequate funds to offset the cost of the recommended staffing in this report, funding will need to be evaluated annually to determine if the revenues received can support all programs and positions, to ensure there is no impact on the General Fund. To ensure appropriate oversight of these funds, and in compliance with DHCS guidelines, this Office recommends that DOD track all encumbrances and expenditures of the Opioids Settlement Trust Fund monies, so that unspent funds can be returned to the Opioids Settlement Trust Fund at the end of the fiscal year; and, submit quarterly reports to the CAO listing labor expenditures, non-labor expenditures, and encumbrances with an accounting of the Opioids Settlement Trust Fund monies provided.

FISCAL IMPACT STATEMENT

Approval of this report will have no impact on the General Fund as sufficient funds are available within the Opioids Settlement Trust Fund No. 66E to pay for the proposed staffing recommended in this report for a total of \$552,569 (\$167,913 direct and \$384,656 indirect). The recommendations in the report will increase the DOD's 2026-27 operating budget by \$167,913 and are anticipated to

reimburse the General Fund for related costs of up to \$384,656. Should DHCS subsequently determine that any portion of the City's related costs are ineligible for reimbursement, the General Fund will be required to absorb these costs.

FINANCIAL POLICIES STATEMENT

The recommendation in this report complies with the City's Financial Policies.

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