



NATIONAL PRESCRIPTION OPIATE LITIGATION - DISTRIBUTOR SETTLEMENT AGREEMENTS

City Council Meeting
December 14, 2021

Jeff Berk, Chief Assistant City Attorney

BACKGROUND

- A \$26.5 billion dollar settlement was reached in a nationwide opioid litigation case brought by states and local governments throughout the United States. The County of Sonoma was a party to the action and has notified all the cities in the County that it can opt into the settlement and receive a portion of the proceeds, but must use those proceeds for abatement measures with strict annual reporting to the state.

ANALYSIS

- The City can decide whether it wants to keep the proceeds and use it for programs within its jurisdiction, which would require annual reporting to the state on how the money was used, or it could direct that the proceeds go to the County. The agreement allows a city to change this decision periodically.
- There are specific permitted uses for the settlement proceeds. The proceeds cannot be spent on anything that is not encompassed within these uses.

PERMITTED USES

- City staff has done a preliminary review of the permitted uses of the proceeds and believes that there are existing (and potentially some new) programs that these funds could be used, with possibilities including:
 - homeless outreach, specifically education and harm reduction
 - first responder strategies and training regarding overdose treatment/prevention and education/wellness support
 - enhancement of the inRESPONSE program

LOCAL ALLOCATION

- The amount the local governments in California will get is dependent upon the number of cities and counties in California that take formal action to opt in.
- Assuming 100% participation by all local governments in California (best case scenario), the maximum the City can receive is \$2.9 million.
 - 20% of any settlement amount is spread over years 1-11
 - 80% of any settlement amount is spread over years 1-18
 - \$181,616 estimate for years 1-11 (best case scenario)
 - \$128,889 estimated for years 12-18 (best case scenario)

RECOMMENDATION

It is recommended by the City Attorney that the Council, by resolution, authorize the City Manager to execute the following settlement agreements, subject to approval as to form by the City Attorney: (1) Participation Agreement to the Distributors Settlement Agreement and any and all documents ancillary thereto; (2) Participation Agreement to the Janssen Settlement Agreement and any and all documents ancillary thereto; (3) Proposed California State-Subdivision Agreement Regarding Distribution and Use of Settlement Funds- Distributor Settlement; and (4) Proposed California State-Subdivision Agreement Regarding Distribution and Use of Settlement Funds- Janssen Settlement; and directing use of settlement proceeds.

Questions?