



Item Number: 19

**City Council / Board of Directors**

**Written Communications**

**Meeting of: June 20, 2023**

**Submitted By:**

Keith C. Metzler, City Manager

**Subject:**

National Opioid Settlement Agreements

**Recommendation:**

That the Honorable City Council:

- (1) Adopt Resolution No. 23-060, approving a budget amendment for Fiscal Year 2022-2023 to appropriate \$61,252.75 in both revenue and expenditures related to the National Opioid Settlement Agreements;
- (2) Adopt Resolution No. 23-061, authorizing the City of Victorville to agree to certain settlement agreements; and
- (3) Authorize the City Manager to use all Opioid Settlement Fund Disbursements, including future funds, in accordance with the List of Opioid Remediation Uses provided in the Opioid Settlements.

**Fiscal Impact:**

Adopting Resolution No. 23-060 will increase the City's Fiscal Year 2022-2023 revenue budget by \$61,252.75 (2654020-47415-42006) and increase the expense appropriations by \$61,252.75 (2654020-52300-42006). All future Opioid Settlement Fund Disbursements will be used in accordance with the List of Opioid Remediation Uses.

**Strategic Plan Goal:**

The City of Victorville Strategic Plan 2020-2023 identifies multi-year strategic goals and various strategies to work toward achieving those goals. Goal D, Reduce Homelessness, focuses on implementing effective solutions to reduce homelessness.

**Background:**

On December 7, 2021, a Closed Session item was presented to the City Council relating to the National Prescription Opiate Litigation Settlements with opioid manufacturer Janssen Pharmaceuticals (parent company of Johnson & Johnson) and the "big three" distributors, McKesson, AmerisourceBergen, and Cardinal Health ("the Distributors") and

authorized the City Manager as the City's authorized representative to take all reasonable and necessary actions related to the settlements. Since the initial settlements with Janssen and Distributors, new National Opioid Settlements have been reached with Teva, Allergan, Walmart, CVS and Walgreens, which the City has elected to participate in.

Before the settlement funds were allocated to state and local governments, the City had three options for receiving these funds; allocate 100% of the proceeds to San Bernardino County, allocate a percentage of proceeds to San Bernardino County, or elect to receive 100% of the funds. It was the City Council's direction to receive the entire yearly allotment directly. On December 22, 2021, a letter was sent to Leonard Hernandez, Chief Executive Officer of San Bernardino County, informing him of said allotment and that the City will assist the County in addressing the opioid crisis in our community.

The National Opioid Settlement Agreements will provide substantial funds to states and eligible local governments for the abatement of the opioid epidemic across the country. The settlement totals approximately \$46 billion (\$21 billion from the Distributors, \$20 billion from Teva, Allergan, Walmart, CVS, and Walgreens, and \$5 billion from Janssen Pharmaceuticals). Of this potential \$46 billion, approximately \$44 billion in settlement proceeds are payable to state and local governments. Funds from each settlement will be distributed to the City for a period of up to eighteen (18) years.

The National Opioid Settlements will be distributed as follows:

- Distributors will pay a maximum of \$21 billion over 18 years;
- Teva is to pay up to \$3.34 billion over 13 years and to provide either \$1.2 billion of its generic version of the drug Narcan over 10 years or \$240 million of cash in lieu of product, as each state may elect;
- Allergan to pay up to \$2.02 billion over 7 years;
- Walmart to pay up to \$2.74 billion in 2023, and all payments to be made within 6 years;
- CVS to pay up to \$4.90 billion over 10 years;
- Walgreens to pay up to \$5.52 billion over 15 years; and
- Janssen will pay a maximum of \$5 billion over no more than nine years.

The settlement proceeds to be paid to state and local governments are proportional to the number of state and local governments that approved the settlements. Based on the allocation formula for the states, the maximum amount California will receive will be approximately \$2.05 billion from the Distributors and Janssen Agreements, and the multistate settlements with Teva, Allergan, Walmart, CVS and Walgreens are currently pending. Victorville will receive approximately \$415,000 over 18 years.

**Discussion:**

In 2021, San Bernardino County had 349 deaths related to any opioid overdose, 1,065 emergency department visits, 243 hospitalizations, and 966,931 prescriptions for opioids. On October 17, 2022, the San Bernardino County Health Officer issued a health advisory

to bring attention to the dangers of fentanyl due to the marked increase of overdose deaths in the county.

The San Bernardino County's Point-In-Time Count reflected 25.5% in 2022 and 33.5% in 2023 of the Victorville homeless population having a substance use disorder. This results in an 8% increase from the previous year.

High Desert Homeless Services (HDHS), the Interim Shelter operator, has reported issues regarding client drug abuse. Monthly data indicates that over half of the Interim Shelters population has a substance use disorder and/or requires medication to address a mental health or physical ailment. Given our low-barrier approach to shelter admission, shelter clients require a higher level of care. HDHS's Substance Use Disorder (SUD) case manager indicated the need for a structured program, such as journaling, dialectical behavior therapy, or a cognitive-behavioral approach to provide our clients with evidence-based psychoeducation. Additionally, there have been instances where Narcan has been administered to address overdoses. Although the staff is prepared for situations that arise when an overdose occurs, they would benefit from additional training, programming, and services that will educate clients and prevent such incidents from occurring. This program will be equally important once the Wellness Center is operative.

Thus far, the City has received \$61,252.75 from the National Opioid Settlements. These settlement funds are restricted on how they can be expended and must align with the List of Opioid Remediation Uses shown in Attachment B. After reviewing the qualified opioid remediation uses from the Opioid Settlements, staff recommends that the funds should be used for the following:

1. Additional training for the Interim Shelter, Wellness Center, and City staff. Training will include topics such as resilience, motivational interviewing, Cognitive-Behavioral Therapy (CBT), transtheoretical model of behavioral change, integrity, fidelity, skill enhancements, trauma-informed care, interactive journaling, opioid overdose first aid, and life-saving CPR/First Aid/AED training.
2. Evidence-based psychoeducational and counseling services for Interim Shelter and Wellness Center Campus clients. Broadened scope of recovery services to include co-occurring SUD or mental health conditions.
3. Comprehensive wraparound services to individuals in recovery, including housing, transportation, and job placement/training at both the Wellness Center and through community outreach. Support the shelter and wraparound services at the Wellness Center and the City's outreach services related to opioid remediation uses.
4. Providing awareness of the opioid crisis through potential campaigns.
5. Any other expenditures in accordance with the List of Opioid Remediation Uses.

The Interim Shelter currently has one full-time SUD Counselor available for clients. Once operable, the Wellness Center will provide additional SUD counselors from the Symba

Center, which is the Wraparound Services Provider. Staff anticipates the continued need for substance abuse services at the Wellness Center and through community outreach. Evidence-based psychoeducation, awareness, staff training, and wraparound services already exist at the Interim Shelter. Said services planned for the Wellness Center will help support the wellness of those individuals in need and address the opioid crisis by enhancing the wraparound services by improving staff's ability to provide impactful and appropriate services. This will also broaden the scope of recovery services to solidify a heightened approach that would best benefit the client.

Staff recommends that the Honorable City Council adopt Resolution No. 23-060 and authorize the City Manager to use all Opioid Settlement Fund Disbursements, including future funds, in accordance with the List of Opioid Remediation Uses provided in the Opioid Settlements.

Staff remains available for any questions the City Council may have.

- Attachments:**
- A. Resolution No. 23-060
  - B. Resolution No. 23-061
  - C. List of Opioid Remediation Uses