



CITY OF MENIFEE

SUBJECT: National Opiate Litigation Settlement Fund Allocation

MEETING DATE: July 17, 2024

TO: Mayor and City Council

PREPARED BY: Christine Booker, Budgets & Grants Analyst

REVIEWED BY: Chris Karrer, Police Chief

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Authorize the City Manager, or his designee, to program the National Opiate Litigation Settlement Funds received through June 30, 2024, for prevention education and intervention programs reaching vulnerable populations including homeless and at-risk youth residing within the City; and
2. Adopt a budget amendment resolution approving an increase in revenue and appropriation of expenditures in the amount of \$38,384.38 to the project account as assigned by the Finance Department for the use of the funds received from the Janssen and Distributors Settlements, and the National Opioid Abatement Trust.

DISCUSSION

The State of California joined a national lawsuit against manufacturers, distributors, and other entities deemed responsible for aiding the opioid epidemic. On July 21, 2021, a \$26 billion offer to settle was made by opioid manufacturer Janssen Pharmaceuticals, Inc. (parent company of Johnson & Johnson) and the “big three” distributors, McKesson, AmerisourceBergen, and Cardinal Health (“the Distributors”) to resolve their liabilities in over 3,000 opioid crisis-related lawsuits nationwide. Additionally, proposed multistate settlements with opioid manufacturers Teva and Allergan and pharmacies Walmart, Walgreens, and CVS (collectively, the “Pharmacies”) are pending.

It is estimated that California will receive approximately \$3.04 billion from each of these settlements through 2038. The City of Menifee opted to participate in the National Opiate Litigation with Janssen, the Distributors, and the Pharmacies as a subrecipient and as such is allocated roughly 0.032% of each distribution payment issued to the participating subdivisions within California. Since the last Council approval in August of 2023, the City has received an additional \$24,121 from the Distributors Settlement, \$10,898 from the Janssen Settlement, and \$3,365 from

the National Opioid Abatement Trust for an approximate total of \$38,384. Cities that elected to participate in the National Prescription Opiate Litigation have the option of providing services as a subrecipient or transferring funds to the County or another subrecipient. As a designated subrecipient, the City is required to submit an expenditure plan for the current fiscal year and usage report for the prior fiscal year annually to the State of California by September 30. Staff anticipate completing the usage report for the prior fiscal year by July 30, following the opening of the State submittal portal. The anticipated expenditure for the upcoming fiscal year will continue with the same percentage distributions as prior years as shown in Table 1 below.

In keeping with the terms of the Settlement Agreement, staff recommends utilizing the Settlement Funds for opioid prevention education and intervention programs reaching vulnerable populations including homeless and at-risk youth residing within the City. Additionally, a small portion of the funding could be dedicated to the City’s Trauma Intervention Program providing emotional care for families when opioid dependent individuals experience medical emergencies as outlined in the attached “List of Opioid Remediation Use.”

The State of California further requires that at least 50% of all Settlement Funds be allocated to what has been identified as High Impact Abatement Activities (HIAA) outlined in Section 1, Table 1 of “California Opioid Settlements Allowable Expenditures”. In keeping with these requirements, staff proposes concentrating the use of the Settlement Funds in the following areas:

1. Addressing the needs of communities of color and vulnerable populations (including sheltered and unsheltered homeless populations) that are disproportionately impacted by Substance Use Disorder.
2. Intervention to prevent drug addiction in vulnerable youth. Under the proposed plan, Menifee Police Department would utilize existing personnel to provide the identified programming in alignment with the Settlement Fund requirements as outlined in Table 1 below.

TABLE 1 – Funding Allocation Summary

Allocation	Description	% of Funding
School Resource Officer (SRO) Salary	Direct contact with students to initiate preventive measures. Note: percentage allocation applies solely to the portion of the SRO’s salary funded by the City of Menifee.	Up to 10%
Police Community Engagement Specialist Salary	Engage in community outreach activities providing opioid education and issuing Public Service Announcements; and collaborate with SRO’s to provide youth education.	Up to 10%
Homeless Liaison Officer Salary	Make contact with the homeless population and provide resources for opioid dependency treatment.	Up to 10%

Community Behavioral Assessment Team Salary	Work with at-risk or vulnerable populations in the city to identify those dependent upon opioids and connect them with needs resources/treatment programs.	Up to 10%
Riverside University Health Systems (RUHS) Homeless Housing Opportunities Partnership and Education Contract	Contract with RUHS to identify opioid dependency drug addiction cases in the homeless population and provide resources and treatment assistance.	5%
Trauma Intervention Program Contract	Contract dealing with emotional care for family members after opioid dependent individuals have medical emergencies.	5%

STRATEGIC PLAN OBJECTIVE

Safe and Vibrant Community

FISCAL IMPACT

Given that there are multiple Settlements providing varying levels of funding on an annual basis over the 15-year period, staff recommends programming the Settlement Funds as they are received. The fiscal impact associated with the acceptance of the Settlement Funds received through June 30, 2024, would result in an increase of \$38,384.38 in federal grant revenue within the Grant Fund (2301-441000) and an appropriation in expenditures to the National Opioid Settlement for Menifee Police Department within the Grant Fund (2301-MPD-658165). No match by the City would be required.

Payment Type	Allocation Amount	Status	Funding Received*
Distributor Year 3	\$15,444.88	Paid	8/2/2023
Distributor Year 4	\$8,676.56	Paid	4/30/2024
Janssen Year 3	\$10,897.84	Paid	7/20/2023
National Opioid Abatement Trust	\$3,365.10	Paid	11/9/2023
TOTAL	\$38,384.38		

*Settlement funds must be expended within five years of receipt or transferred to the state.

ATTACHMENTS

1. List of Opioid Remediation Uses
2. Budget Amendment Resolution