

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: July 11, 2024

PREPARED BY: Ivan Tenorio, Homeless and Supportive Services Manager

REQUEST: ADOPT RESOLUTION OPTING INTO SETTLEMENT AGREEMENT WITH DISTRIBUTORS OF OPIOIDS, GROCERY CHAIN KROGER, AND FUTURE PROPOSED OPIOID SETTLEMENTS

RECOMMENDATION:

1. Adopt a Resolution entitled “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO ENTER INTO THE SETTLEMENT AGREEMENT WITH KROGER CO., AGREE TO THE TERMS OF THE STATE SUBDIVISION AGREEMENT, AND AUTHORIZE THE CITY MANAGER TO EXECUTE FUTURE PROPOSED OPIOID SETTLEMENT AGREEMENTS.”
2. Authorize the City Manager to execute the Participation Agreements with the settling defendants, Kroger, and to execute any future proposed Opioid Settlement agreements.
3. Approve prioritizing street outreach and establishing pathways to treatment for homeless individuals grappling with substance use issues for use of settlement funds.

BACKGROUND/ANALYSIS:

Last year, California Attorney General Robert Bonta unveiled a potential multistate agreement with Kroger, a chain pharmacy, amounting to a maximum of \$1.2 billion. California could receive up to \$122 million in abatement funds through this settlement. Similar to the other settlements involving Janssen/J&J, Distributors, Teva, Allergan, Walmart, CVS, and Walgreens, local government backing, and endorsement are crucial to maximize the funds allocated to our communities.

Of the \$122 million proposed settlement for California, the majority of the abatement funds (85%) will go to cities and counties. Per our direct administrator of the settlement funds, staff has not yet been provided what the city’s percentage of the abatement will be, but upon approval, staff can then reconcile and update the Opioid Settlement budget at mid-year budget time.

USE OF RECEIVED FUNDS:

Like the Distributor and J&J settlements approved by Council at the April 13, 2023 meeting, funds obtained from these agreements must be allocated toward future opioid remediation or abatement efforts. Based on prior assessments of eligible uses of settlement funds and the potential impact of targeted initiatives, **staff recommends prioritizing street outreach and establishing pathways to treatment for homeless individuals grappling with substance use issues.**

Currently the city’s contract with City Net, through its designated Palm Desert team conducts drug screening assessments for each individual who participates during the intake process. City

Net can also connect individuals to substance treatment programs, if they express interest. These efforts align with the Department of Health Care Services' auditing requirements and staff would like to stress that strict adherence to funding guidelines requires annual reporting once funds have been utilized.

FUTURE OPIOID SETTLEMENTS:

As part of this action, Staff is requesting that the City Council authorize the City Manager to also be able to execute any future opioid class settlement agreements.

FINANCIAL IMPACT:

The funds received by opting into the settlement agreement(s) are restricted, therefore there is no direct impact to the General Fund. Funds relative to the agreements are deposited and appropriated in the Opioid Settlement Special Funds.

ATTACHMENTS:

1. Resolution
2. Kroger Settlement Overview
3. Subdivision Document