



FRUITA
COLORADO

AGENDA ITEM COVER SHEET

TO: FRUITA CITY COUNCIL AND MAYOR

FROM: MARGARET SELL, FINANCE DIRECTOR/CITY CLERK

DATE: MARCH 7, 2023

AGENDA TEXT: OPIOID SETTLEMENT PARTICIPATION - Authorizing the City Manager to Execute the Opioid Settlement Participation Forms with Tevra, Allergan, Walmart, CVS and Walgreens

BACKGROUND

The State, as well as several Colorado local governments pursued litigation against various pharmaceutical companies for their role in causing the opioid epidemic in Colorado. That litigation recently resulted in settlements with Purdue Pharma, McKinsey & Co., Johnson & Johnson, AmerisourceBergen, Cardinal Health, and McKesson in 2021 resulting in up to approximately \$400 million in settlement funds for both the State and Colorado local governments to abate the opioid crisis. Colorado has reached additional settlements with 5 pharmaceutical companies (Teva, Allergan, CVS, Walgreens and Walmart) for an additional statewide allocation of \$200,283,971 with Mesa County's share of that allocation estimated at \$5,667,938.

The City signed an MOU governing the distribution of funds in 2021 and that MOU is applicable to the additional settlements. Funds are restricted in use for Approved Purposes that focus on abatement strategies as outlined in Exhibit A of the MOU which consist of 1) Treatment 2) Prevention and 3) Additional Areas. Mesa County has created a "Regional Council" consisting of members from the local governments to determine what Approved Purposes to fund with the Region's allocation. The Regional Council will have the power to designate a fiscal agent prior to receipt of funds and shall make annual reports on the use of funds to the Abatement Council.

To maximize the settlement funds within Colorado, it is important that all Colorado counties and municipalities (subdivisions) participate in these settlements by signing the Subdivision Settlement Participation Forms that releases the City's (subdivisions) legal claims against Teva, Allergan, CVS, Walgreens and Walmart. Signing the participation forms will put Colorado and local governments in a position to maximize our share of the settlements and begin putting the settlement funds to use abating the crisis in our communities. These participation forms must be submitted by April 7, 2023.

Attached are copies of:

1. A summary of the signed MOU for the Colorado Opioids Settlement
2. Summary of settlement agreements with each pharmaceutical company from the Colorado Director of Opioid Response, Heidi Williams
3. Subdivision Settlement Participation Forms

4. Estimated Allocation to Regions for Maximum Local Government Participation

FISCAL IMPACT

The estimated allocation to regions with maximum local government participation. Mesa County's allocation is estimated at \$5.7 million. Distribution of funds will be over a period of years as noted on the attached allocation worksheet.

APPLICABILITY TO CITY GOALS AND OBJECTIVES

The opioid crisis is a significant concern in the community with opioid misuse and addiction having far reaching effects on the lifestyle and economic health of the public. The prevention and treatment of opioid disorders is part of the core values of the City to protect the public's health, safety and welfare. The City's participation in this settlement will help to provide the community with treatment, prevention, education, and alternatives to opioid use.

OPTIONS AVAILABLE TO THE COUNCIL

Participate in the state-wide settlement agreements with funding from opioid distributors (pharmaceutical companies) to help offset negative impacts from opioid use.

Decline to participate in the settlement agreements with risk that the state may not receive full settlement dollars based on reduced levels of participation from local governments.

RECOMMENDATION

It is the recommendation of staff that the Council by motion:

AUTHORIZE THE CITY MANAGER TO SIGN AND EXECUTE THE FOLLOWING DOCUMENTS RELATED TO THE CITY OF FRUITA'S PARTICIPATION IN THE COLORADO OPIOID SETTLEMENT

- **SETTLEMENT PARTICIPATION FORM (TEVA SETTLEMENT)**
- **SETTLEMENT PARTICIPATION FORM (ALLERGAN SETTLEMENT)**
- **SETTLEMENT PARTICIPATION FORM (WALMART SETTLEMENT)**
- **SETTLEMENT PARTICIPATION FORM (CVS SETTLEMENT)**
- **SETTLEMENT PARTICIPATION FORM (WALGREENS SETTLEMENT)**