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**TO:** MAYOR & CITY COUNCIL

**FROM:** MARY ELIZABETH GEIGER, CITY ATTORNEY

**DATE:** AUGUST 6, 2024

**AGENDA TEXT:** RESOLUTION 2024-24 – A request to approve a Resolution approving the Colorado Opioid Settlement and Recovery – Kroger - and authorizing the City Manager and/or Mayor to execute and submit all required documents to fulfill participation requirements

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### BACKGROUND

In 2021 the City opted into the State's opioid settlement with McKesson, Cardinal Health, AmerisourceBergan and Johnson & Johnson and entered into an MOU with the State for it to manage and distribute the funds from the settlement and elected for the City's funds from the settlements to go to the Mesa County Regional Opioid Abatement Council. The City also entered into additional settlements the State secured with Teva, Allergan, Walmart, CVS, and Walgreens in 2023.

This year, the State has entered into a settlement agreement with Kroger Co. requiring it to pay approximately \$1.2 billion to participating states and subdivisions to remediate and abate the impacts of the opioid crisis. Depending on such participation, the settlement requires payments over 11 years after its effective date. The settlement also includes injunctive relief governing opioid dispensing practices and requires Kroger to implement safeguards to prevent diversion of prescription opioids.

There are two key participation steps:

1. Colorado decides to participate in the settlement (which it already has)
2. Eligible political subdivisions of Colorado decide whether to participate in the settlement – the more that participate, the more funds flow to Colorado for distribution. If a political subdivision does NOT participate it cannot directly share in any of the settlement funds.

The State is using a company called Rubris Inc. as its implementation administrator. Rubris has provided notice to the City of the participation forms with the due date of **August 12, 2024**. Rubris will manage the collection of these forms.

### FISCAL IMPACT

Funding received by the City as part of this settlement would go to the Regional Opioid Abatement Council led by Mesa County. Fruita Police Chief Dave Krouse participates on the regional board. The board oversees a grant process for local entities fighting the opioid crisis.

## **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 staff's recommendation that the Fruita City Council:

- **MOVE TO APPROVE A RESOLUTION APPROVING THE COLORADO OPIOID SETTLEMENT AND RECOVERY – KROGER - AND AUTHORIZING THE CITY MANAGER AND/OR MAYOR TO EXECUTE AND SUBMIT ALL REQUIRED DOCUMENTS TO FULFILL PARTICIPATION REQUIREMENTS**