



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6241
March 21, 2023
Consent Agenda**

AGENDA BILL INFORMATION

TITLE:	AB 6241: Opioid Distributors Washington Settlement	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Authorize the City Manager to sign and submit the Participation Forms and Allocation Agreement related to opioid settlements with Teva, Allergan, CVS, Walgreens, and Walmart.	

DEPARTMENT:	City Manager
STAFF:	Jessi Bon, City Manager Bio Park, City Attorney
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Participation Forms 2. Allocation Agreement 3. One Washington MOU
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to present the Participation Forms (Exhibit 1) and Allocation Agreement (Exhibit 2) for opioid settlements with Teva, Allergan, CVS, Walgreens, and Walmart (“New Opioid Settlements”) for claims related to the opioid epidemic.

- Under the New Opioid Settlements, the state of Washington and its local governments will receive up to \$434 million over 15 years, if all eligible local governments participate.
- The Allocation Agreement sets forth the terms under which the settlement funds will be split between the state and local governments. The funds will be split 50/50 - \$217 million being allocated to the state and \$217 million to local governments.
- Settlement funds allocated to local governments will be further allocated to each participating jurisdiction under the terms of the One Washington MOU Between WA Municipalities (MOU), which the City has already signed (Exhibit 3).
- The City’s share of settlement funds is estimated to be around \$325,000 paid over 15 years, assuming all eligible local governments participate, and the maximum settlement amount is collected.

BACKGROUND

National opioid settlements have been reached with Teva, Allergan, CVS, Walgreens, and Walmart (“Opioid Vendors”) for claims related to the opioid epidemic. Under the New Opioid Settlements, Opioid Vendors will pay up to \$434 million over 15 years.

Washington cities and counties with a population over 10,000 can join this settlement. If enough join, local governments will receive up to \$217 million that must be spent on efforts to combat the opioid epidemic. The state will also receive \$217 million to be spent throughout Washington on combatting the opioid epidemic.

Local governments must spend the settlement money on approved uses, must keep records of its spending, must file reports with the settlement administrator, and must comply with all terms of the national settlements. A local government can either spend the money itself or elect to pool its money with other local governments on a regional basis.

ISSUE/DISCUSSION

The deadline for local governments to join the New Opioid Settlements is April 18, 2023. If every eligible local government does not join, the settlement amount will be reduced. The New Opioid Settlements may even be voided if not enough local governments join. Two things need to happen for the City of Mercer Island to join the New Opioid Settlements:

- (1) Execute the Participation Forms (Exhibit 1) releasing all City’s claims related to the opioid epidemic against the Opioid Vendors.
- (2) Execute the Allocation Agreement (Exhibit 2) consenting to both the allocation of settlement funds between the state and local governments, and the use of the One Washington MOU Between WA Municipalities (Exhibit 3) to further allocate the local government portion of the funds.

Again, under the Allocation Agreement the settlement funds will be split evenly with the state receiving 50% (\$217 million) and eligible local governments as a group receiving 50% (\$217 million). Terms of the One Washington MOU will be used to split the local government portion of the settlement funds among eligible local governments participating in the New Opioid Settlement. Under the One Washington MOU, settlement funds are allocated based on the formula used in prior opioid litigations in other states. The formula as applied to the City of Mercer Island is described and explained in [AB 6070](#), and it is estimated that the City’s share of settlement funds will be around \$325,000 paid over 15 years, if all eligible jurisdictions participate and the maximum settlement amount is collected by the state from Opioid Vendors. The City is already a signatory to the One Washington MOU.

Settlement funds may only be used for approved purposes. Approved purposes relate to abating and mitigating impacts of the opioid epidemic. Examples include programs to treat and prevent opioid use disorder and impacts therefrom (similar to programs offered by YFS); programs to support those in recovery; assistance to criminal justice system in dealing with opioid related crimes; training first responders and law enforcement officers on responding to opioid emergencies; and purchase of medication and supplies to combat overdose.

NEXT STEPS

Once participation in the New Opioid Settlements is authorized, signed copies of the Participation Forms and Allocation Agreement will be submitted to the State Attorney General’s Office by the April 18, 2023 deadline.

RECOMMENDED ACTION

Authorize the City Manager to sign and submit the Participation Forms and Allocation Agreement related to opioid settlements with Teva, Allergan, CVS, Walgreens, and Walmart, substantially in the form attached as Exhibits 1 and 2 to AB 6241, respectively.