



Mayor Robert E. Simison

City Council Members:

Treg Bernt
Joe Borton
Luke Cavener

Brad Hoaglund
Jessica Perreault
Liz Strader

TO: Robert E. Simison and Members of the City Council

FROM: Kurt Starman, Deputy City Attorney and Tracy Basterrechea, Police Chief

RE: Idaho Opioid Settlement Intrastate Allocation Agreement

DATE: November 22, 2021

MEMORANDUM

The State of Idaho recently joined two nationwide settlement agreements that resolve several opioid-related claims against Johnson & Johnson and three opioid distributors. Unless the City intends to pursue its own claims against Johnson & Johnson and the distributors, it would be advantageous for the City to join these settlement agreements, as well.

Based on the default allocation formula in the settlement agreements, the City would receive approximately \$431,000 over 17 years to combat the opioid crisis. These funds could be used, for example, to assist the Meridian Anti-Drug Coalition with its efforts.

As noted above, the settlement agreements include a default allocation formula. However, the settlement agreements also allow each state to develop its own allocation formula. Consequently, the State of Idaho is proposing an Intrastate Allocation Agreement that would modify the default allocation formula. Under the default allocation formula, settlement funds would be distributed as follows: 15 percent to the State; 15 percent to cities and counties; and 70 percent to a trust fund which would be administered by a committee. Under the Intrastate Allocation Agreement, the State would receive 40%; cities and counties would receive 40%; and the State's regional health districts would receive 20%. Under this formula, it is anticipated the City would receive approximately \$1,150,000 over 17 years (as opposed to \$431,000 under the default allocation formula). Further, the City would be eligible to receive additional funding associated with other pending opioid claims, including claims against Purdue Pharma. One disadvantage, however, is that the Intrastate Allocation Agreement includes additional reporting and accounting requirements, including a requirement for an audit each year that could cost up to \$7,000. Nevertheless, the Intrastate Allocation Agreement is superior to the default allocation formula because it would provide far more funding to the City to combat the opioid crisis.

The nationwide settlement agreements are not yet in final form. It is anticipated, however, that the settlement agreements will be ready for the City Council's consideration within the next 45 days. In the interim, the State is requesting that cities and counties approve the Intrastate Allocation Agreement by December 3, 2021. Therefore, Staff recommends that the City Council approve the Intrastate Allocation Agreement.