



Legislation Details (With Text)

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| File #: | 15-19849 | Version: | 2 | Name: | |
| Type: | Business Item | Status: | | Approved | |
| File created: | 2/22/2023 | In control: | | City Council Business Meeting | |
| On agenda: | 3/13/2023 | Final action: | | 3/13/2023 | |
| Title: | Direct Proceeds from the Opioid Litigation Settlement Funds to Mecklenburg County | | | | |
| Attachments: | 1. Opioid Fund Budget Ordinance, 2. Opioid Settlement Resolution for ILA, 3. Opioid Settlement Interlocal Agreement | | | | |

| Date | Ver. | Action By | Action | Result |
|-----------|------|-------------------------------|---------|--------|
| 3/13/2023 | 2 | City Council Business Meeting | Approve | Pass |

Direct Proceeds from the Opioid Litigation Settlement Funds to Mecklenburg County

Action:

- A. Adopt a budget ordinance appropriating proceeds of \$1,050,000 from the State’s National Opioid Litigation Settlement Fund to the City’s National Opioid Litigation Settlement Fund,**
- B. Adopt a resolution authorizing the City Manager, or his designee, to negotiate and execute interlocal agreements with Mecklenburg County to pool the City’s and County’s share of the National Opioid Litigation Settlement Fund proceeds including proceeds from future settlement funds, and**
- C. Authorize the City Manager, or his designee, to negotiate and execute all documents related to directing additional proceeds from the City’s National Opioid Litigation Settlement Fund as authorized by the supplemental agreements.**

Staff Resource(s):

Ryan Bergman, Strategy and Budget Director
Lina James, City Attorney’s Office

Explanation

- In 2021, the North Carolina Department of Justice (NCDOJ) entered into two national opioid litigation settlement agreements on behalf of local government with the largest pharmaceutical manufacturers and distributors (McKesson, Cardinal Health, and AmerisourceBergen, and Johnson & Johnson) which resulted in payments of \$757.7 million to the state and local governments in North Carolina to respond to the opioid public health crisis.
- Additional national opioid litigation settlements have been reached with pharmacies including CVS, Walgreens, Walmart, Allergan, and Teva.
- These additional settlement funds are projected to award approximately \$606.9 million to the state and local governments in North Carolina to respond to the opioid public health crisis.
- The City has been allocated a total of \$14,467,489 through these settlement funds. These proceeds are scheduled to be paid in annual installments over the next 15 years, with an estimated annual average payment of \$964,499.
 - Mecklenburg County has been allocated a total of \$58,430,874, with an estimated annual average payment of \$3,895,392.

- The Memorandum of Agreement (MOA) and supplemental agreements for additional funds governing these settlement proceeds states that it must be used for opioid remediation activities. It also authorizes NC cities to redirect their share of settlement proceeds to their county counterparts.
- On December 12, 2022, staff presented City Council with recommended uses for this funding. Staff recommended partnering with Mecklenburg County to invest the City's share of settlement proceeds in two specific permitted uses included in the MOA: recovery housing support and employment-related services.
 - These two uses most closely align to the city's core services.
 - Partnering with the county allows the city to utilize existing county services and pool resources for a greater overall impact.
- The city, like other municipalities allocated funds through the MOA and SAAF, may elect to have these funds given directly to the county in which they are located.
- Through notice to NCDOJ execution of an interlocal agreement, the city will be able to direct its share of the opioid litigation settlement fund proceeds to Mecklenburg County and provide the county with guidance on how the city's portion of the funds should be spent in accordance with the permitted uses included in the MOA.
- This action will apply to all funding allocated to the city through the MOA and supplemental agreements or any amendments or sub-agreements made to the MOA and supplemental agreements.
- If the city enters into and is eligible to receive and redirect settlement proceeds from other national opioid litigation settlements to the county, the city will negotiate the interlocal agreement to include such terms.

Fiscal Note

Funding: National Opioid Settlement Fund (Fund 2696)

Attachment(s)

Budget Ordinance

Resolution

Proposed Interlocal Agreement