

TOWN *Of* **PARADISE VALLEY**



STAFF REPORT

TO: Mayor Bien-Willner and Town Council Members

FROM: Jill Keimach, Town Manager
Andrew J. McGuire, Town Attorney

DATE: October 14, 2021

DEPARTMENT: Town Attorney's Office
Andrew McGuire, 602-257-7664

AGENDA TITLE:

Approve the One Arizona Distribution of Opioid Settlement Funds Agreement, enrolling the Town in a statewide distribution of funds for opioid abuse education, treatment, prevention, and emergency response, pursuant to national settlements with pharmaceutical supply chain participants.

RECOMMENDATION:

Approve the One Arizona Distribution of Opioid Settlement Funds Agreement, and authorize the Mayor or Town Manager to execute the same.

SUMMARY STATEMENT:

The Opioid Epidemic led to national litigation against certain members of the prescription opioid supply chain, including the opioid manufacturer Janssen (Johnson and Johnson) and three major opioid distributors (McKesson, AmericasourceBergen, and Cardinal, collectively the "Distributors"). This litigation was resolved through two national settlements, one with Janssen and one with the Distributors. Funds from these settlements are will be distributed to state governments, which will then distribute them to counties, cities, and towns.

Arizona is expecting roughly \$549 Million from these settlements, a portion of which will be distributed to Arizona counties, cities, and towns pursuant to the "One Arizona Distribution of Opioid Settlement Funds Agreement" (the "One Arizona Agreement"). The Town previously approved and authorized the execution of a One Arizona Opioid Settlement Memorandum of Understanding, through Resolution No. 2020-39.

44% of funds allocated to Arizona will stay at the state level, and 56% will go to counties, cities, and towns, with counties receiving the majority of such funds. These allocations were derived from a regional allocation model that used three equally-weighted factors:

(1) the amount of opioids shipped to a region; (2) the number of opioid deaths that occurred in that region; and (3) the number of people who suffered opioid use disorder in that region.

Maricopa County can expect 57.93% of the allocation to Arizona counties, cities, and towns, and Paradise Valley can expect .34% of that Maricopa County share. This money will not come lump-sum, and the use of funds is restricted to opioid abuse education, treatment, prevention, and emergency response. The Attorney General is advising that distributions to counties, cities, and towns may begin by July of 2022.

The Attorney General is requesting that the One Arizona Agreement be executed and returned to the AG's Office no later than November 10, 2021. According to the Attorney General, cities and towns that do not sign the One Arizona Agreement will not be included in the distribution of settlement funds. After entering this One Arizona Agreement, the Town will be asked to sign on to the two settlement agreements, which should be finalized near the end of the year.

BUDGETARY IMPACT:

1. The total distribution to Paradise Valley could be as high as approximately \$600,000.
2. The level of the actual distribution will depend on the final number of participants in all agreements. Low participation by cities and towns in Maricopa County could reduce the total allocation to Maricopa County governments; similarly, low participation by Arizona counties, cities, and towns could reduce the total allocation to Arizona.
3. The Janssen Settlement is scheduled for distribution over 9 years, and the Distributors Settlement is scheduled for distribution over 17 years.
4. The distributions should be somewhat front-loaded; however, there is no way to reliably predict the timing or exact amounts of payments at this time.
5. The use of funds will be heavily restricted.

ATTACHMENTS:

- A. Staff Report
- B. Letter from the Attorney General
- C. One Arizona Distribution of Opioid Settlement Funds Agreement