

RESOLUTION NO. _____(CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE APPROVING AN AGREEMENT AMONG THE COUNTY OF SANTA CRUZ, AND THE CITIES OF SANTA CRUZ, SCOTTS VALLEY, CAPITOLA AND WATSONVILLE FOR THE USE OF OPIOID SETTLEMENT FUNDS AND DESIGNATING THE CITY MANAGER PRO TEMPORE, OR THEIR DESIGNEE, AS THE LEAD REPRESENTATIVE IN THE STAKEHOLDER GROUP; AND AUTHORIZING THE CITY MANAGER PRO TEMPORE TO EXECUTE THE AGREEMENT

WHEREAS, in the United States last year, over 100,000 people died because of an opioid addiction, representing a twenty-five (25) percent increase over the prior year; and

WHEREAS, the cities of Santa Cruz, Watsonville, Scotts Valley, and Capitola (together "CITIES" and individually "CITY") and the County of Santa Cruz ("COUNTY") have been significantly impacted by the opioid epidemic through residents suffering from addiction and loss of life, and high demands for substance use disorder services in which the COUNTY has invested significant funding to support; and

WHEREAS, CITIES and COUNTY have a mutual interest in best supporting the needs of individuals who would benefit from timely access to evidence based substance use disorder treatment; and

WHEREAS, in 2017, multiple public agencies sued distributors AmerisourceBergen, Cardinal Health and McKesson and manufacturer Janssen Pharma, alleging damages caused by years of opioid marketing, sales, and overprescribing in their respective communities. Several of the lawsuits were consolidated in *In re: National Prescription Opiate Litigation* (U.S.D.C. Case No. 1:17-CV-2804). The parties settled on July 21, 2021. Pursuant to the settlement agreement (Settlement Agreement), the manufacturer and distributors have agreed to provide funding (Settlement Funds) to states to support ongoing treatment and services for individuals with a

substance use disorder; and

WHEREAS, pursuant to the Settlement Agreement, COUNTY and CITIES are entitled to a portion of the Settlement Funds. Initially, all Settlement Funds allocated to the State will be distributed to COUNTY. If CITIES take no action, COUNTY retains the Settlement Funds. If a CITY wants to receive its portion of the Settlement Funds, it must elect to do so each year by following the procedures dictated by the Settlement Administrator. The Settlement Funds must be used for services described in Exhibit E to the Settlement Agreement, "List of Opioid Remediation Uses," or any additional priority areas added by the California Department of Healthcare Services (DHSC). A true and correct copy of Exhibit E to the Settlement Agreement is attached hereto; and

WHEREAS, the State of California has established five (5) key priority areas for the use of the Settlement Funds:

1. The provision of matching funds or operating costs for substance use disorder facilities within the Behavioral Health Continuum Infrastructure Program;
2. Creating new or expanded substance use disorder (SUD) treatment infrastructure;
3. Addressing the needs of communities of color and vulnerable populations (including sheltered and unsheltered homeless populations) that are disproportionately impacted by SUD;
4. Diversion of people with SUD from the justice system into treatment, including by providing training and resources to first and early responders and implementing best practices for outreach, diversion and deflection, employability, restorative justice, and harm reduction; and

5. Interventions to prevent drug addiction in vulnerable youth.

WHEREAS, COUNTY has encouraged CITIES to allow their portions of the Settlement Funds to remain with the COUNTY in order to have a greater collective impact and to support the needs of all residents of the County who struggle with substance use. This will support treatment interventions in all geographic areas of the County of Santa Cruz in accordance with the terms and conditions of the Settlement Agreement;

WHEREAS, an Agreement has been prepared between the COUNTY and CITIES to establish the obligations of each party relating to the use of the Settlement Funds; and

WHEREAS, pursuant to the terms of the Agreement the City of Watsonville will have the opportunity to designate a lead representative to join the Stakeholder Group; and

WHEREAS, the Agreement does not obligate the City to leave any Settlement Funds allocated to the City of Watsonville through the Settlement with the County of Santa Cruz and the City of Watsonville could request all or a portion of the Settlement Funds, pursuant to the procedures in the Settlement Agreement; and

WHEREAS, the Agreement also provides that in the event that a CITY determines that it is going to retain its portion of the Settlement Funds, that CITY will need to notify the County in January and would need to meet and confer with the COUNTY about the process or use of the funds and assume responsibility for the contracting and reporting process under the terms and conditions of the Settlement Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. This action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section

15378(b)(5), in that approving the Agreement does not meet CEQA's definition of a "project," because the action does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and because the action constitutes organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment and if a "project," is exempt under the "common sense" exception (14 Cal. Code Regs. § 15061(b)(3)) because it can be seen with certainty that there is no possibility that this action may have a significant effect on the environment.

2. That the Agreement among the County of Santa Cruz and the Cities of Santa Cruz, Scotts Valley, Capitola, and Watsonville for the use of Opioid Settlement Funds, a copy of which is attached hereto and incorporated herein by this reference, is fair and equitable and is hereby approved.

3. That the City Manager Pro Tempore, or their designee, shall be the be Lead Representative for the City of Watsonville in the Stakeholder Group and the City Manager Pro Tempore is hereby authorized and directed to execute said Agreement for and on behalf of the City of Watsonville, with minor revisions that may be approved by the City Manager Pro Tempore and the City Attorney.
