



City Council Staff Report

Subject: National Opioid Litigation Settlement with Kroger Co.

Date: February 25, 2025

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Department: City Manager's Office

Recommendation:

Adopt a Resolution of the City Council of the City of Rocklin Approving Participation in Settlement of National Opioid Litigation with Kroger Co; Appointing the City Manager as the City's Authorized Representative, and Authorizing the City Manager to Take all Reasonable and Necessary Actions.

Background:

On March 22, 2024, a nationwide settlement agreement (Settlement) was reached that resolves the legal claims of states and local political subdivisions against regional supermarket pharmacy Kroger Co. related to alleged opioid misconduct that contributed to the opioid epidemic. Approximately \$1.2 billion from the Settlement will be used by participating states and subdivisions to remediate and abate the impacts of the opioid crisis. Depending on participation by states and subdivisions, the Settlement requires payments over eleven years after its effective date.

The California Department of Justice, Office of the Attorney General (OAG) has engaged all cities in the State, encouraging participation in the Settlement. According to the OAG, the settlement would resolve opioid litigation brought by states and local political subdivisions against Kroger Co. Similar to the prior national opioid settlement, the amount the State of California receives is dependent upon how many states and eligible subdivisions join the settlements.

Eligible subdivisions within each state decide whether to participate in each settlement, including acceptance of any applicable state-subdivision agreement. The California State Subdivision Agreement provides the framework for how the funds from the settlements may be distributed, allocated, and spent in California. Pursuant to that Agreement, funds received by the State of California will be divided into three funds.

1. State fund 15%;
2. California subdivision fund 15%; and
3. California abatement accounts fund 70%.

If the City does not opt in, the City's allocation will be paid to Placer County. The settlements require the funds to be used primarily for opioid abatement. The list of approved uses is included in Attachment 2, and includes the following:

- Expanded training and increased distribution of Naloxone or other FDA-approved drug to reverse opioid overdoses;
- Medication-Assisted Treatment distribution and other opioid-related treatment; specific services for pregnant and postpartum women;
- Expanding treatment for neonatal abstinence syndrome;
- Expansion of warm hand-off programs and recovery services;
- Treatment for incarcerated population;
- Prevention programs; and
- Expanding syringe service programs.

In addition, pursuant to the California State Subdivision Agreement, no less than 50 percent of the funds must be used for one or more of the following identified High Impact Abatement Activities:

- Provision of matching funds or operating costs for substance use disorder facilities within the Behavioral Health Continuum Infrastructure Program;
- Creating new or expanded Substance Use Disorder (SUD) Treatment infrastructure;
- Addressing the needs of communities of color and vulnerable populations that are disproportionately impacted by SUD;
- Diversion of people with SUD from the justice system into treatment; and/or
- Interventions to prevent drug addiction in vulnerable youth.

The recommended action to approve participation in the settlement agreement allows the City to receive funds from the settlement. It does not obligate the City to any specific program or use of funds at this time. However, funds must be used in compliance with the proposed Subdivision Settlement Agreement (Attachment 2).

Fiscal Impact:

There is no direct fiscal impact on the City's General Fund by participating in the Settlement Agreement. By opting to participate in the Settlement the City would be entitled to receive a portion of settlement funding for opioid abatement activities.

ATTACHMENTS:

1. [Resolution](#)
2. [Proposed California State-Subdivision Settlement Agreement](#)