



## City Council Agenda Item

**City Council Meeting Date:** September 16, 2025

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Jeff Malawy, City Attorney  
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**SUBJECT:** Approval of Additional National Opioid Settlements with Secondary Manufacturers Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus; Adoption of Resolution No. 6777(25) Authorizing the City Manager to Execute the Settlement Documents

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### **Recommendation:**

Staff recommends the City Council:

- 1) Approve the Combined Subdivision Participation and Release Form for the City's participation in the National Opioid Settlement Agreements with Secondary Opioid Manufacturers Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus (Secondary Manufacturers) (Attachment 1);
- 2) Approve the Eight Proposed California State-Subdivision Agreements Regarding Distribution and Use of Settlement Funds relating to the National Opioid Settlement Agreements with the Secondary Manufacturers (Attachment 2);
- 3) Adopt Resolution No. 6777(25) approving and authorizing the City Manager to carry out all necessary acts such that the City can participate in the National Opioid Settlements with the Secondary Manufacturers, including signing necessary documents and transmittal thereof as necessary (Attachment 3); and
- 4) Elect that Lompoc's share of the settlement funds will continue to be received directly by Lompoc instead of being allocated to the County of Santa Barbara.

### **Background:**

In December 2021, the City entered into settlement agreements with McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Corporation. (collectively, the

Distributors) and Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc., and Janssen Pharmaceutica, Inc. (collectively, the Manufacturer) (together, the 2021 Settling Defendants). The 2021 settlement agreements related to litigation by various states, cities, and counties relating to the above corporations' manufacture and distribution of opioids and, in particular, the impact of such activities upon the national opioid epidemic (2021 Settlement Agreements). The 2021 Settlement Agreements required that a "critical mass" of public agencies participate in order for it to become effective, which was achieved in 2022.

In April 2023 new additional settlement agreements (2023 Settlement Agreements) were entered with Teva, Allergan, Walmart, Walgreens, and CVS, who are additional defendants that are retailers and manufacturers of opioids (2023 Settling Defendants). The terms of the 2023 Settlement Agreements were similar to the 2021 Settlement Agreements, which included the requirement that a critical mass of participation was reached, a broad release of the 2023 Settling Defendants from liability relating to opioids, and included direct or indirect payment of settlement funds to the various local agencies agreeing to participate.

In July 2024, a new additional settlement agreement was entered with Kroger (2024 Settlement Agreement). The terms of the 2024 Settlement Agreement are similar to the 2021 and 2023 Settlement Agreements as noted above.

At the last City Council meeting, a new additional settlement agreement was entered with Purdue Pharma, LP and the Sackler Family (2025 Settlement Agreement). The terms of the 2025 Settlement Agreement are similar to the 2021, 2023, and 2024 Settlement Agreements as noted above.

In all of these agreements, the City Council elected to directly receive the settlement funds rather than allocate its funds to the County. To date, the City has received payments for these settlement funds above, totaling \$466,680.63. Staff is continuing efforts to determine the most practical eligible use for the funds within Lompoc. The City must spend the funds within 5 years after receipt, or they are transferred to the State. Total payments to Lompoc under the 2021, 2023, 2024, and 2025 Settlement Agreements will be approximately \$1.4 million total, paid over approximately 18 years.

**Discussion:**

At this time, an additional settlement agreement with eight secondary opioid manufacturers (Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus) has been proposed (Secondary Manufacturers Settlement Agreement). The terms of the Secondary Manufacturers Combined Participation Form and Proposed California State-Subdivision Agreements are very similar to the 2021, 2023, 2024, and 2025 Settlement Agreements, which include the requirement that a critical mass of participation is required, provide for a broad release of the Secondary Manufacturers from liability relating to opioids, and includes direct or indirect payment of settlement funds to the various local

agencies agreeing to participate. Additional information about all of these settlements can be found at [www.nationalopioidsettlement.com](http://www.nationalopioidsettlement.com).

The Secondary Manufacturers Settlement Agreement could provide up to approximately \$70 million to California state, counties, and cities. That amount assumes maximum participation. Similar to the 2021, 2023, 2024, and 2025 Settlement Agreements, the more local agencies that participate, the more funds will be available to California.

A rough estimate of Lompoc's share of this maximum amount would be approximately 0.0389379%, or up to \$27,256. It must be emphasized that this amount is an estimate of what the City may receive and assumes a best-case scenario where all local agencies participate. The exact actual amount will not be known until the process is completed.

Similar to the 2021, 2023, 2024, and 2025 Settlement Agreements, the use of the funds is restricted to opioid remediation purposes (Attachment 4).

The deadline for the City Council to approve participation in the Secondary Manufacturers Settlement Agreements is October 8, 2025.

#### Choice to Allocate Funds to County or Directly to Lompoc

The Secondary Manufacturers Settlement Agreement provides that any city that has elected to directly receive funds under the 2021 Distributors Settlement will automatically directly receive the Secondary Manufacturers settlement funds.

Therefore, since Lompoc has elected to directly receive the 2021 Distributor Settlement funds rather than let its funds be sent to the County, Lompoc will automatically directly receive the Secondary Manufacturers settlement funds, unless the City Council wishes to change that and allow all opioid settlement funds to go to the County.

Each year, Lompoc can choose whether that year's payment will go to the County or to Lompoc. The choice must be made at least 60 days prior to the payment date. The City must spend the funds within 5 years after receipt, or they will be transferred to the State.

#### **Fiscal Impact:**

By participating in the Secondary Manufacturers Settlement Agreement, the City may receive an estimated \$27,256, the use of which is restricted to certain opioid abatement or related uses.

#### **Conclusion:**

Staff recommends the City Council participate in the Secondary Manufacturers Settlement by approving the forms and agreements at Attachments 1 and 2 and adopting Resolution No. 6777(25) (Attachment 3).

Respectfully submitted,



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Jeff Malawy, City Attorney

- Attachments:
- 1) Combined Subdivision Participation and Release Form (full copies of all eight settlement agreements can be found at <https://nationalopioidsettlement.com/additional-settlements/>)
  - 2) Eight Proposed California State-Subdivision Agreements Regarding Distribution and Use of Settlement Funds (one for each of Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus settlements) (Appendices included only in first Agreement, but apply to all Agreements)
  - 3) Resolution No. 6777(25) approving and authorizing the City Manager to carry out all necessary acts such that the City can participate in the National Opioid Settlements with the eight Secondary Manufacturers, including signing necessary documents and transmittal thereof as necessary.
  - 4) List of Eligible Opioid Remediation Uses for Settlement Funds