



## City Council Agenda Item

**City Council Meeting Date:** April 21, 2026

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Jeff Malawy, City Attorney  
jmalawy@awattorneys.com

**SUBJECT:** Approval of Additional National Opioids Settlement with Six Regional Distributors/Dispensers: Associated Pharmacies, Inc; J M Smith Corporation; Louisiana Wholesale Drug Company, Inc.; Morris and Dickson Co.; North Carolina Mutual Wholesale Drug Company, Inc.; and United Natural Foods, Inc.; Adoption of Resolution No. 6810(26) Authorizing the City Manager to Execute the Settlement Documents

---

### **Recommendation:**

Staff recommends the City Council:

- 1) Approve the Combined Subdivision Participation and Release Form and Settlement Agreement for the City's participation in the National Opioid Settlement with six regional distributors/dispensers: Associated Pharmacies, Inc; J M Smith Corporation; Louisiana Wholesale Drug Company, Inc.; Morris and Dickson Co.; North Carolina Mutual Wholesale Drug Company, Inc.; and United Natural Foods, Inc. (Remnant Defendants), which will provide a one-time payment up to \$5,066 to Lompoc for opioid remediation uses (Attachment 1); and
- 2) Adopt Resolution No. 6810(26) approving and authorizing the City Manager to carry out all necessary acts such that the City can participate in the National Opioid Settlement with the Remnant Defendants, including signing necessary documents and transmittal thereof as necessary (Attachment 2).

### **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.

In 2025, additional settlement agreements were entered with Purdue Pharma, LP, the Sackler Family, and eight secondary opioid manufacturers (Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus) (2025 Settlement Agreements). The terms of the 2025 Settlement Agreements 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 approximately \$500,000. 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 six regional distributors/dispensers (Associated Pharmacies, Inc; J M Smith Corporation; Louisiana Wholesale Drug Company, Inc.; Morris and Dickson Co.; North Carolina Mutual Wholesale Drug Company, Inc.; and United Natural Foods, Inc.) (the Remnant Defendants) has been proposed (2026 Settlement Agreement). The terms of the 2026 Settlement Agreement are similar to the 2021, 2023, 2024, and 2025 Settlement Agreements, as they provide for a broad release of the Remnant Defendants from liability relating to opioids and include direct payment of settlement funds to the various local agencies agreeing to participate, provided a sufficient number of local agencies participate such that the Remnant Defendants proceed with the settlement. Additional information about all of these settlements can be found at [www.nationalopioidsettlement.com](http://www.nationalopioidsettlement.com).

The 2026 Settlement Agreement will provide a maximum total amount of \$97,625,000 to counties and cities throughout the United States if all Remnant Defendants decide to proceed with the settlement. Unlike the 2021, 2023, 2024, and 2025 Settlement Agreements, the Remnant Defendants will receive a report of the number of local agencies that decided to participate, and then each Remnant Defendant will decide for itself whether the level of participation is sufficient to proceed with settling.

Lompoc's share of this maximum amount is 0.0051901125%, or up to \$5,066.

Similar to the 2021, 2023, 2024, and 2025 Settlement Agreements, the use of the funds is restricted to opioid remediation purposes (Attachment 3).

The deadline for the City Council to approve participation in the 2026 Settlement Agreement is May 4, 2026.

#### Funds Are a One-Time Payment Directly to Lompoc

The 2021, 2023, 2024, and 2025 Settlement Agreements contained a process under which the City could either allow its share of the total settlement funds to go to the County of Santa Barbara for countywide opioid remediation uses, or the City could choose to directly receive its share of the settlement funds. In all years, Lompoc chose to directly receive the funds.

The 2026 Settlement Agreement is different. It provides a one-time payment directly to any local agency that participates in the settlement. Therefore, Lompoc will directly receive the funds from the 2026 Settlement Agreement.

#### Fiscal Impact:

By participating in the 2026 Settlement Agreement, the City may receive an estimated \$5,066, the use of which is restricted to certain opioid abatement or related uses.

#### Conclusion:

The City Council may participate in the 2026 Settlement Agreement by approving the forms and agreements at Attachment 1 and adopting Resolution No. 6810(26) (Attachment 2).

Respectfully submitted,



---

Jeff Malawy, City Attorney

- Attachments:
- 1) Combined Subdivision Participation and Release Form (full copy of the settlement agreement can be found at <https://nationalopioidsettlement.com/remnant-settlements/>)
  - 2) Resolution No. 6810(26) 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 six regional distributors/dispensers, including signing necessary documents and transmittal thereof as necessary.
  - 3) List of Eligible Opioid Remediation Uses for Settlement Funds