



Report to City Council

TO: Mayor and City Council

FROM: Brian Mohan, City Manager

AGENDA DATE: June 17, 2025

TITLE: OPIOID SETTLEMENT FUNDS EXPENDITURE PLAN
(REPORT OF: CITY MANAGER) (DISTRICT – NOT APPLICABLE)

TITLE SUMMARY: Opioid Settlement Funds Expenditure Plan

DISTRICT: Not Applicable

Recommendation(s)

That the City Council:

1. Authorize budget as set forth in the Fiscal Impact Section.
2. Approve the Opioid Settlement Funds Expenditure Plan; and
3. Approve Agreement with Riverside University Health Systems - Behavioral Health for Behavioral Health Crisis Response and Care Coordination - Mobile Crisis Management Team(s) for \$1,020,355; and
4. Authorize Request for Proposal issuance for the identification of gaps in opioid misuse education and prevention programs in the community and for the creation of related media campaign(s); and
5. Authorize City Manager or designee to approve subsequent agreements that effectuate the Opioid Settlement Funds Expenditure Plan in accordance with available Opioid Settlement Funds and Procurement Procedures 3.09 up to the available budget as previously approved by Council and with concurrence of the City Attorney.

SUMMARY

The City of Moreno Valley receives funds from national opioid settlements and bankruptcies as a California Participating Subdivision to provide opioid remediation programs and services in and for the community. Use of the funds is limited to certain approved opioid remediation strategies set forth in the National Opioid Settlement Agreements and the California Allocation Agreement. This report reviews the settlement terms and outlines a proposed Opioid Settlement Funds Expenditure Plan that would provide behavioral health and substance abuse crisis response and management, and opioid misuse education and prevention in the community.

DISCUSSION

Background

On July 22, 2021, a settlement was announced in multi-district federal litigation against opioid manufacturers and distributors generally alleging that they contributed to the national opioid crisis by ignoring signs of opioid addiction and overselling opioids. The \$26 billion settlement covers all states, counties, and cities — even those who were not part of the litigation. Under the terms of the settlement, California is scheduled to receive approximately \$2.3 billion, over a 16-year period, with the state responsible for distributing the funds to participating California cities and counties. Under the California Allocation Agreement, roughly 70% of the state allocation is designated for local governments.

The City of Moreno Valley was established as a California Participating Subdivision by Resolution 2022-01 on January 4, 2022, and on June 24, 2024, the City Council authorized the City Manager to execute related participation agreements. Since that time, the City has received funds which have been placed in a trust account. By the end of Calendar Year 2025 the City will have received \$1,395,989.42 and the City will continue to receive settlement funds through 2038. Barring any additional settlements, over the 16-year allocation period, the City of Moreno Valley will receive \$3,773,626.10 (Attachment A).

The California (CA) Abatement Accounts Fund was established to provide funds to participating cities and counties for the abatement of the opioid crisis. Allocations from this fund must be expended on future opioid remediation activities focused on prevention, intervention, harm reduction, treatment, and/or recovery services. The allowable uses are further defined in the List of Opioid Remediation Uses in Exhibit E of the National Opioid Settlement Agreements (Attachment B). In addition to the approved expenditures in Exhibit E, the state prioritizes remediation activities that are referred to as High Impact Abatement Activities (HIAA). No less than 50% of the funds received by a California Participating Subdivision from the Abatement Accounts Fund in each calendar year will be used for one or more of the HIAA (See Attachment B).

The California Department of Health Care Services (DHCS) is responsible for providing oversight of the CA Subdivision Fund including monitoring the Participating Subdivisions for compliance with annual reporting requirements. With respect to payments from the CA Subdivision Fund to the Participating Subdivisions, on behalf of the state, the National

Administrator- Brown Greer PLC manages that process.

Expenditure Plan

The City of Moreno Valley began receiving Opioid Settlement Fund allocations in 2022 and will continue through 2038. Funds received each year must be encumbered or expended no later than five years after receipt. Therefore, the total projected funds for opioid remediation are not a lump sum, and annual sums will vary depending upon the settlement amount and allocations per individual settlement agreement. The City's expected annual allocations and their expenditure deadlines are outlined in Attachment A.

In strict consideration of the approved Opioid Remediation Uses in Exhibit E and the established priorities (Attachment B), staff proposes an expenditure plan that meets the needs of the community, the use requirements, and is flexible enough to allow for any future unanticipated changes with project partners. The Opioid Settlement Funds Expenditure Plan includes a Cooperative Agreement with RUHS-BH that establishes three 5-year, and one 3-year commitment(s) to maintain the Riverside County University Health System-Behavioral Health (RUHS-BH) Mobile Crisis Management Team (MCMT) program's operation in Moreno Valley by providing gap funding for approximately 40% of program costs. RUSH-BH can secure reimbursements for the balance of costs (Attachment C).

The proposed Opioid Settlement Fund Expenditure Plan also funds the identification of areas where there are gaps in awareness of the issues caused by opioid misuse and programs/campaigns to effectuate opioid use harm prevention. The goal is to improve or initiate awareness and prevention activities along-side community partners with the ability to adjust as needed based on availability of funds.

Proposed Opioid Settlement Funds Expenditure Plan 2025									
Fund Allocation Time Period	Total Spending Requirement	Spending Deadline	Agency	Activity	Duration / Term	Year Term Ends	Costs	Notes	
2022-2025	\$ 1,395,989.42	2027-2030	RUHS-BH TBD	Support Ongoing Mobile Crisis Management Team(s)* Education and Prevention Program(s)/Campaign(s)	1 5-Year Agreement with options to renew 5-Years	2030	\$ 1,020,355.00 \$ 375,634.42	Two (2) Teams	
2026-2030	\$ 1,174,619.09	2031-2035	RUHS-BH TBD	Support Ongoing Mobile Crisis Management Team(s)* Education and Prevention Program(s)/Campaign(s)	Flexible: Subject to maximizing funds to maintain support for MCMT(s), total spending requirements, and any documented changes in the needs of the community and personnel costs for MCMT(s).	Up to 2035	\$ 1,061,169.20 \$ 113,449.89	Two (2) Teams	
2031-2035	\$863,533.18	2036-2040	RUHS-BH TBD	Support Ongoing Mobile Crisis Management Team(s)* Education and Prevention Program(s)/Campaign(s)	Flexible: Subject to maximizing funds to maintain support for MCMT(s), total spending requirements, and any documented changes in the needs of the community and personnel costs for MCMT(s).	Up to 2040	\$ 551,807.98 \$ 311,725.20	One (1) Team	
2036-2038	\$339,484.41	2041-2043	RUHS-BH TBD	Support Ongoing Mobile Crisis Management Team(s) Education and Prevention Program(s)/Campaign(s)	Flexible: Subject to maximizing funds to maintain support for MCMT(s), total spending requirements, and any documented changes in the needs of the community and personnel costs for MCMT(s).	Up to 2043	\$ 339,484.41 \$ -	Partial Team	

Baseline average cost per year for two teams: \$204,071; RUHS-BH applies 4% inflator for personnel costs.
Teams consist of four (4) RUHS-BH personnel.

1. Mobile Crisis Management Team(s) Program Goals

A. MCMTs provide alternatives to those at risk of injury or death without

- appropriate behavioral health/substance use crisis/triage services provided directly in the community and in collaboration with local law enforcement.
- B. Reduces incarceration and involuntary behavioral health treatment/hospitalizations for individuals whose behavior is influenced by a behavioral health disorder/crisis and who are the subject of calls for service.
 - C. Attempt to divert individuals with behavioral health and/or substance use problems into appropriate community services and supports.
 - D. Engage hard-to-reach homeless who suffer from a serious behavior illness and/or substance use disorder and link them to all available RUHS-BH and community resources in a coordinated and effective manner.

The RUHS-BH MCMT program meets remediation use requirements by providing 24/7 crisis response, warm hand-off services, and case management. The program broadens the scope of transition to recovery and wrap-around services and focuses on the diversion of people with substance use disorder from the justice system. See Attachment B -Section A.5, B, C.11 and D.1, and E.

2. Opioid Misuse Awareness / Prevention Campaign(s)

Core strategies for opioid remediation include Prevention Programs (Attachment B Section G.1 and H.6). As such, opioid misuse awareness and prevention programs/campaign(s) are instrumental in prevention of overdose deaths and other harm reduction.

Staff proposes the issuance of an RFP for services to identify the gaps in opioid misuse awareness and use prevention by working with other community agencies and Community Based Organizations (CBOs). The Expenditure Plan proposes multi-year education and prevention programs as funding allows.

ALTERNATIVES

- 1. Approve the Recommendations as proposed. This alternative provides the most comprehensive opioid remediation services and programs without significant administrative burdens. *Staff recommends this alternative.*
- 2. Do not approve the Recommendations as proposed and provide direction to staff. This alternative may impact the level of current opioid remediation programs and services and would eliminate citywide opioid misuse education and prevention efforts. *Staff does not recommend this alternative.*

FISCAL IMPACT

There is no impact to the General Fund. Opioid Settlement Funds that have been received are allocated to a trust account (Fund 4010). Funds will be transferred to restricted Fund 2022 to allow for detailed revenue and expenditure tracking and reporting for City and State reporting requirements. Expenditures related to the Opioid Settlement Fund

Expenditure Plan will be allocated based on the available fund balance. Total expenditures for FY 2025/26 will not exceed \$1,395,989.

Description	Fund	GL Account No.	Type (Rev/Exp)	FY 25/26 Budget	Proposed Adjustments	FY 25/26 Amended Budget
Receipt of Allocation	OSF	2022-16-15-16316-580010	Rev	\$0	\$1,395,989	\$1,395,989
Contractual Services- Other	OSF	2022-16-15-16316-625099	Exp	\$0	\$1,395,989	\$1,395,989

NOTIFICATION

The City Council Public Safety Subcommittee approved the proposed Opioid Settlement Funds Expenditure Plan on May 20, 2025, the City Attorney's Office reviewed the Cooperative Agreement and concurred that the Agreement satisfies the Opioid Remediation Use requirements and the publication of the agenda.

PREPARATION OF STAFF REPORT

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CITY COUNCIL GOALS

CITY COUNCIL STRATEGIC PRIORITIES

- 1. Economic Development**
- 2. Public Safety**
- 3. Library**
- 4. Infrastructure**
- 5. Beautification, Community Engagement, and Quality of Life**
- 6. Youth Programs**

Report Approval Details

Document Title:	STAFFREPORT_CM_20250617_OPIOIDSETTLEMENTFUNDSEXPENDITUREPLAN.docx
Attachments:	- ATTACHMENT A_OPIOID SETTLEMENT FUNDS ANNUAL ALLOCATIONS.pdf - ATTACHMENT B_EXHIBIT E_FINALSETTLEMENTAGREEMENT_082021.pdf - ATTACHMENT C_25.26 City of Moreno Valley - MCMT Cooperative Agreement 20250519.pdf
Final Approval Date:	Jun 11, 2025

This report and all of its attachments were approved and signed as outlined below:

Brian Mohan

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