



# City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: AUGUST 6, 2024

FROM: HOUSING AND HUMAN SERVICES      WARDS: ALL

SUBJECT: MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF RIVERSIDE AND THE COUNTY OF RIVERSIDE, RIVERSIDE UNIVERSITY HEALTH SYSTEM - BEHAVIORAL HEALTH FOR A THREE-YEAR TERM NOT TO EXCEED \$2,019,522.87 AND ACCEPT THE DISTRIBUTION AND USE OF NATIONAL OPIOID SETTLEMENT AGREEMENT FUNDS IN THE AMOUNT OF \$4,245,621– SUPPLEMENTAL APPROPRIATION

**ISSUE:**

Approve the Memorandum of Understanding between the City of Riverside and the County of Riverside, Riverside University Health System – Behavioral Health for a three-year term not to exceed \$2,019,522.87 and accept the distribution and use of National Opioid Settlement Agreement Funds in the amount of \$4,245,621.

**RECOMMENDATIONS:**

That the City Council:

1. Approve a Memorandum of Understanding between the City of Riverside and the County of Riverside, Riverside University Health System – Behavioral Health for a three-year term not to exceed \$2,019,522.87 for Behavioral Health Triage and Outreach Services;
2. Accept the distribution and use of National Opioid Settlement Agreement funds in the amount of \$4,245,621; and
3. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record an increase in revenue and appropriate expenditures in the amount of \$4,245,621 in the Grants and Restricted Programs Fund, Opioid Settlement revenue and expenditure accounts.

**BACKGROUND:**

The United States is facing an ongoing public health crisis of opioid abuse, addiction, overdose, and death. In response to the opioid crisis, counties, cities, and states across the country filed lawsuits to hold opioid manufacturers, distributors, pharmacies, and others responsible for the harms caused by their negligence, and creation of a public nuisance.

Big Pharma supplied over 100 billion pain pills throughout the nation between a 9-year span. People interacting with opioids experienced highs and lows similar to heroin use. According to the National Institute on Drug Abuse, in 2020 there were 68,630 overdose deaths. Opioids include heroin, fentanyl, and pain relievers available by prescription drugs such as Vicodin and Oxycontin.

California Cities and Counties with a population larger than 10,000 (based on the 2019 US Census) are eligible to participate in the Opioid Settlement Agreement. There are the “big 3” drug distributors AmerisourceBergen, Cardinal Health & McKesson and opioid manufacturer Johnson & Johnson who were sued for their negligence. Through this settlement, California is expected to receive approximately 10% of the overall settlement funds with \$4,245,621 earmarked to the City of Riverside.

The Allocation Agreements identify California Opioid fund distribution as follows:

- 15% to the State (State of California Fund Allocation)
- 70% to local governments (CA Abatement Accounts Fund Allocation)
- 15% to litigating local governments (CA Subdivision Fund Allocation)

The funds in the CA Abatement Accounts Fund will be allocated based on three variables:

1. On a model developed in connection with the proposed negotiating class in the National Prescription Opiate Litigation (MDL No. 2804).
2. The percentage from the CA Abatement Accounts Fund allocated to each eligible local government (any county or city above 10,000 in population) or “Eligible Local Government”.
3. The City’s share of the CA Abatement Accounts Fund is a product of the total in the CA Abatement Accounts Fund multiplied by the City’s percentage.

In regard to California’s High Impact Abatement Activities (HIAA), the Department of Health Care Services (DHCS) states “No less than fifty percent (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.” According to DHCS, High Impact Abatement Activities include: “Provision of matching funds or operating costs for substance use disorder facilities with an approved project within the Behavioral Health Continuum Infrastructure Program (BHCIP), creating new or expanded substance use disorder (SUD) treatment infrastructure, addressing the needs of communities of color and vulnerable populations (including sheltered and unsheltered homeless populations) that are disproportionately impacted by SUD, diversion of people with SUD from the justice system into treatment, including by providing training and resources to first and early responders (sworn and non-sworn) and implementing best practices for outreach, diversion and deflection, employability, restorative justice, and harm reduction, and interventions to prevent drug addiction in vulnerable youth.”

## **DISCUSSION:**

The City of Riverside anticipates receiving \$4,245,621 from the National Opioid Settlement. The list of approved opioid remediation uses includes intervention, treatment, education, and recovery services that will best support our City in its efforts to provide services that will meet the need of our local community. Ongoing Narcan training will be provided to the Public Safety Engagement (PSET) and Park and Neighborhood Services (PANS) teams to deploy in an effort to reverse opioid overdoses. This training is listed as an approved core strategy in the National Opioid Settlement efforts, Preventative Programs, funding and training for first responders to participate in pre-arrest diversion program or post overdose response teams.

Additionally, through entering into a three-year agreement between the City of Riverside and the County of Riverside University Health System – Behavioral Health, three teams consisting of a Behavioral Health Specialist III and a Mental Health Peer Support Specialist will add experienced team members to PSET team, providing wrap-around services to those in recovery, including: housing, transportation, job placement/training, and warm-hand offs to transition to recovery.

The three-year Memorandum of Understanding (MOU) with the County of Riverside University Health System – Behavioral Health includes salaries and benefits, operational expenses, and indirect costs for the six positions in the amount of \$2,375,909.26. The County of Riverside anticipates receiving Medi-Cal revenue to offset costs in the amount of \$356,386.39 for a total of compensation not to exceed \$2,019,522.87 over the three-year term. The table below identifies expenditures associated with services outlined in the MOU.

PERSONNEL					ANNUAL COST	THREE YEAR COST
Job Code	Position Title	FTE	Salary	Benefit	Total Salary and Benefits (S&B)	Grand Total
79726	Certified Peer Support Specialist	3	\$63,434.00	\$37,391.58	\$302,476.74	\$ 907,430.22
79751	Behavioral Health Specialist III	3	\$68,970.00	\$39,700.87	\$326,012.61	\$ 978,037.83
<b>Total S&amp;B</b>					<b>\$628,489.35</b>	<b>\$1,885,468.05</b>
OPERATIONS					ANNUAL COST	THREE YEAR COST
	Transportation				\$38,333.33	\$114,999.99
	Program Supplies				\$ 833.33	\$ 2,499.99
	Other Ops Expenses				\$ 8,000.00	\$ 24,000.00
	Communication				\$ 4,946.67	\$ 14,840.00
	Equipment				\$ 3,066.67	\$ 9,200.00
	Office Supplies				\$ 5,000.00	\$ 15,000.00
<b>Total Operations</b>					<b>\$60,180.00</b>	<b>\$180,540.00</b>
INDIRECT COST					ANNUAL COST	THREE YEAR COST
	Indirect (15%)				\$103,300.40	\$ 309,901.21
<b>SUBTOTAL</b>					<b>\$791,969.75</b>	<b>\$2,375,909.26</b>
EXPECTED REVENUE					ANNUAL COST	THREE YEAR COST
	Medi-Cal Revenue - FFP				\$(118,795.46)	\$(356,386.39)
<b>TOTAL</b>					<b>\$673,174.29</b>	<b>\$2,019,522.87</b>

The expansion of the PSET team to include Certified Peer Support Specialists and Behavioral Health Specialists aligns with National Opioid Settlement core strategy D.1.3 which work to ensure that individuals who have received naloxone to reverse the effects of an overdose are linked to treatment programs or other appropriate services and D.3.7 – to provide training on best practices for addressing the needs of criminal justice-involved persons with Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health Condition.

The chart provided herein lists the uses identified by the Riverside Police Department, Riverside Fire Department and Housing and Human Services for City Council’s consideration.

**Proposed Expenditures**

Potential Uses	Cost (3-year term)	Narrative
Certified Mental Health Peer Support Specialist	\$907,430.22	This position brings people together with similar lived experiences to share hope and recovery and engages with the unhoused population to offer linkage to community self-help groups, resource assistance, advocacy, assistance in building coping skills, providing a positive and safe place for a person to work toward recovery, and recovery coaching.

Behavioral Health Specialist III	\$978,037.83	Social workers play a vital role in supporting individuals with substance use disorder as well as those with mental health disorders in diagnosing the issue, working with the individuals to create a plan with attainable goals and making referrals to hospitals or treatment centers.
Operational & Indirect Costs associated with BH MOU	\$490,441.21	Transportation, program supplies, telephones, equipment, and office supplies for Peer Support Specialists and Behavioral Health Specialists.
Vehicle rental for 2 vehicles and fuel	\$270,000	Transportation to provide Outreach Services to clients in Riverside. (\$90,000 annually)
Housing Case Management	\$294,000	Fund a case manager for individuals exiting from a substance abuse treatment program and placed in housing. (\$98,000 annually)
Mental Health Awareness and Narcan Training	\$30,000	Mental Health and Substance Abuse Awareness Training including updates to current trends in the field of homelessness support services and Narcan training to Housing and Human Services team members and supporting city departments that provide social services for the unhoused population including Parks, Public Works, and Library staff members. (\$10,000 annually)
	\$2,969,909.26	Three-year Projection of Proposed Expenditures
	-\$356,386.39	Projected RUHS-BH MOU Off-set
	<b>\$2,613,522.87</b>	<b>Total Projected Expenditures through FY 2026/27</b>

An annual update will be provided identifying the use and expenditures related to the Settlement Funds.

**STRATEGIC PLAN ALIGNMENT:**

The uses of the Opioid Settlement Use Agreement funds align with the Community Well-Being Strategic Priority and Goal No. 2.2. Collaborate with partnering agencies to improve household resilience and reduce the incidence and duration of homelessness.

The Project aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – Activities and actions by the City serve the public interest, benefit the City’s diverse populations, and result in greater public good.
2. **Equity** – All individuals will be treated with dignity, respect, and compassion regardless of the circumstances, ability, or identity.
3. **Fiscal Responsibility** – The City will utilize the opioid settlement funds in a responsible manner while working toward the outlined strategies and appropriate remediation uses.
4. **Innovation** – Riverside is inventive and timely in meeting the community’s changing needs and prepares for the future through collaborative partnerships and adaptive processes.

- 5. **Sustainability & Resiliency** – Riverside is committed to meeting the needs of the present without compromising the needs of the future and ensuring the City’s capacity to persevere, adapt and grow during good and difficult times alike.

**FISCAL IMPACT:**

The total fiscal impact of this settlement will be an increase in revenue and expenditures of \$4,245,621. The payments from the settlement will be received in 20 installments and will be used to cover the costs of the Riverside University Healthcare System-Behavioral Health agreement in the amount of \$2,019,522.87 over the course of three years. The breakdown of revenue and appropriations are approximations at this point but will be recorded in the funds and accounts listed in Table 1 below. Currently the City has received approximately \$852,313.19 in settlement funds and interest as part of the settlement.

**Table 1. Settlement Funding**

Fund	Program	Account	Amount	
Grants & Restricted Programs	<i>Revenue</i>			
	Opioid Distributor	9924600-339000	\$2,602,370	
	Opioid Distributor – Interest*	9924600-371100	*N/A	
	Opioid Janssen	9924700-339000	\$1,372,739	
	Opioid Janssen – Interest*	9924700-371100	*N/A	
	Opioid Abatement	9924800-339000	\$270,512	
	Opioid Abatement – Interest*	9924800-371100	*N/A	
	<b>Total Revenue</b>			<b>\$4,245,621</b>
	<i>Expenditures</i>			
	Opioid Distributor	9924600-440309	\$2,602,370	
	Opioid Janssen	9924700-440309	\$1,372,739	
	Opioid Abatement	9924800-440309	\$270,512	
	<b>Total Expenditures</b>			<b>\$4,245,621</b>

*\*Interest accrued and appropriation requests will be included in annual program updates.*

Prepared by: Michelle Davis, Housing and Human Services Director  
 Availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer  
 Approved by: Mike Futrell, City Manager  
 Approved as to form: Phaedra Norton, City Attorney

Attachments:

- 1. Cooperative Agreement
- 2. Presentation