



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Response to Request for Options to Combat the Illicit Fentanyl Crisis

OVERVIEW

On December 16, 2022, our Office received a memorandum from Councilmember von Wilpert and Councilmember Campillo requesting options to support the [Mayor's Executive Order 2022-1](#) related to law enforcement response to fentanyl and the County of San Diego's *Comprehensive Approach to the Opioid Crisis* to help prevent future opioid-related addiction and overdose deaths in San Diego. The memorandum also requested our Office provide options for the City's anticipated opioid settlement funds. This report responds to that request, and we have included the memorandum as Attachment 1 to this report.

Our Office met with numerous stakeholders, including the Mayor's Office, the Homelessness Strategies and Solutions Department (HSSD), the San Diego Housing Commission (SDHC), the San Diego Police Department (SDPD), the Fire-Rescue Department, the Library Department, the City Attorney's Office, County of San Diego Behavioral Health Services, the McAlister Institute, the Alpha Project, and People Assisting the Homeless (PATH).

Our understanding is that the Mayor plans to release details regarding his spending proposal for the opioid settlement funds in the next few weeks. That proposal will be incorporated into the FY 2024 Proposed Budget, meaning that the City Council will have additional opportunity to review and consider how the City spends settlement funds during the upcoming budget process.

This report provides background on the illicit fentanyl crisis and existing City and County programs and services, shares major findings from our review of the County's efforts and our discussions with stakeholders, and highlights key policy considerations for the City Council.

BACKGROUND

Pharmaceutical fentanyl is a synthetic opioid approved for treating severe pain, typically advanced cancer pain. It is prescribed in the form of transdermal patches or lozenges which slowly dissolve in the mouth, and it is 50 to 100 times more potent than morphine. However, most recent cases of fentanyl-related harm, overdose, and deaths are linked to illegally made fentanyl. This fentanyl is sold through illegal drug markets for its heroin-like effect. It is often mixed with heroin, methamphetamine, and/or cocaine as a combination product—with or without the user’s knowledge.

Rates of overdose deaths involving illicit fentanyl and fentanyl analogs have increased dramatically over the last several years. According to data sourced from the County of San Diego Medical Examiner’s Office, the number of accidental fentanyl overdose deaths increased by 2,345% Countywide, from 33 deaths in 2016 to 807 deaths in 2021.

Of the 807 fentanyl-related overdose deaths occurring in the County in 2021, 383, or approximately 47%, of those deaths were due to an overdose event that occurred within the City of San Diego. Those 383 overdose fatalities in the City of San Diego represent a rate of 27.1 per 100,000 individuals in the City population. Of those deaths, 82% were male, 27% were 25-34 years old, and 56% were White, non-Hispanic.

Individuals who are Black/African American experienced the highest rate of fatal overdose in the City, with rates more than two times that of their White counterparts. Black/African Americans in the City had the highest rate of death in 2021 with 66.9 deaths per 100,000 individuals in the City population; that is followed by Whites and Hispanic/Latinos at 34.4 and 19.3 per 100,000 individuals, respectively.

Notably, a significant portion of accidental fentanyl overdose deaths are occurring within the City’s population of people experiencing homelessness. Of the 383 fatalities occurring in the City in 2021, at least 113, or approximately 30%, are believed to be homeless.¹

Opioid Settlement Overview and Anticipated City Funding

In 2021, nationwide settlements were reached to resolve opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors—McKesson, Cardinal Health, and AmerisourceBergen (Distributors)—and against manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (collectively, J&J). These 2021 National Settlements have been finalized, and payments have already begun. In all, the Distributors will pay up to \$21 billion over 18 years, and J&J will pay up to an additional \$5 billion over no more than nine years. The City Attorney’s Office estimates that the City should expect to receive approximately \$40 million over 18 years. The specific annual payments amounts are unknown and

¹ Includes sudden or non-natural deaths examined by the Medical Examiner who could be identified as those living a transient/homeless lifestyle, found in an encampment, homeless shelter, or living in their vehicles. Deaths occurring under the care of a physician/hospital due to natural causes may not be included.

will vary in amount over the payment term. To date, the City has already received \$4.4 million; no additional funding is anticipated before the end of FY 2024.

While the 2021 National Settlements are furthest along, there are other settlements aimed at opioid abatement and remediation. In late 2022, agreements were announced with three pharmacy chains—CVS, Walgreens, and Walmart—and two additional manufacturers—Allergan and Teva. In January 2023, each of those pharmacy chains and manufacturers confirmed that a sufficient number of states had agreed to the settlements to move forward. As with the 2021 National Settlements, states and local governments that want to participate in the 2022 National Settlements now will have the opportunity to opt in. The greater the level of subdivision participation, the more funds will ultimately be paid out for abatement. Assuming maximum participation, the 2022 National Settlements require:

- Walmart to pay up to \$3 billion over 6 years
- CVS to pay up to \$5 billion over 10 years
- Walgreens to pay up to \$5.5 billion over 15 years
- Teva to pay up to \$4.25 billion over 6 years
- Allergan to pay up to \$2.37 billion over 7 years

Additional funds may be received through companies such as Purdue Pharma and Mallinckrodt PLC, which are pursuing bankruptcy plans that include funding opioid abatement trusts. Nationally, a settlement with Purdue Pharma is expected to total \$6 billion, of which California would receive \$86 million. However, the settlement is not finalized because the case arises from bankruptcy court and is being appealed in federal court.

The settlements with Johnson & Johnson and three opioid distributors outline nine core abatement strategies to address the opioid crisis:

- Broaden access to naloxone
- Increase use of medications to treat opioid use disorder
- Provide treatment and support during pregnancy and the postpartum period
- Expand services for neonatal opioid withdrawal syndrome
- Fund warm hand-off programs and recovery services
- Improve treatment in jails and prisons
- Enrich prevention strategies
- Expand harm reduction programs
- Support data collection and research

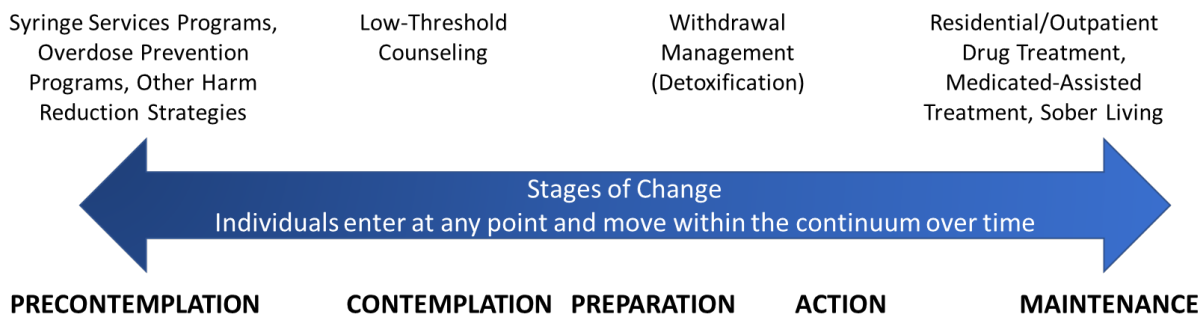
While the settlements encourage states and localities to choose projects that are part of these nine strategies, jurisdictions are given significant discretion in how to spend settlement funds. Selecting programs in these areas, however, is not sufficient to make sure that the dollars have the greatest impact, according to the Johns Hopkins Bloomberg School of Public Health. In their [“Primer on Spending Funds from the Opioid Settlement: A Guide for State and Local Decision Makers,”](#) they

discuss each of the nine core abatement strategies and outline some considerations that jurisdictions should use in making decisions.

The amount of funding that the City could receive under the 2022 National Settlements, and Purdue Pharma and Mallinckrodt PLC bankruptcy proceedings, is currently unknown. It is our understanding the City Attorney's Office is planning to release a memorandum in the next few weeks that will provide more information concerning the 2021 and 2022 National Settlements, and ongoing bankruptcy proceedings.

Existing Programs and Services for Opioid Use Disorder

The City and County operate several existing programs and services for individuals with opioid use disorders, including programs operated in City-County partnerships. The existing programs and services are aimed at various stages of change for individuals with substance use disorders, as seen in the figure below.



Description of Stages of Change for addiction and continuum of Evidence-Based Substance Use Services. Adapted from [City of San Francisco 2022 Overdose Prevention Plan](#), page 10.

Local City and County programs include drug diversion, treatment, housing supports, and harm reduction strategies. We briefly summarize these efforts below:

- The **Prosecution and Law Enforcement Assisted Diversion Services (PLEADS)** is a collaboration between the City Attorney's Office, SDPD, and the County, which began in November 2019. PLEADS is a voluntary diversion pathway for individuals to avoid prosecution and jail time by agreeing to accept addiction treatment and other support services. Individuals suspected of being under the influence of a controlled substance in public can be referred by SDPD to the program. Services are provided by the McAlister Institute at their Recovery and Bridge Center, where individuals can then be connected to existing services in the County, such as withdrawal management or medicated-assisted treatment. Between November 2019 and December 2022, 1,070 individuals accepted treatment from the program, out of 2,239 individuals referred to treatment by SDPD (48%). The City has a cost-sharing agreement with the County and funds the City's portion of PLEADS through a combination of state grant funds (\$207,000 for FY 2023) and City General Fund through HSSD (\$228,572 for FY 2023).
- Prior to 2022, the City also had a second drug diversion program, the **San Diego Misdemeanants At-Risk Track (SMART)**, which was also a collaboration between the City Attorney's Office, SDPD, the County, among others. The program offered an

alternative to jail time for chronic misdemeanor drug offenders who accepted treatment. SMART was discontinued in fall 2021 due to a variety of factors, including changes in State law that reduced the incentive for offenders to participate (which is discussed later in the report), lack of ongoing funding, challenges related to the facility secured for program expansion, and pandemic-related impacts on booking practices and court enforcement.

- The **Resource Access Program (RAP)** was implemented in 2008 within the Emergency Medical Services (EMS) division of the Fire-Rescue Department. RAP uses real-time data analytics to identify high 911 utilizers experiencing chronic homelessness, mental illness, substance abuse disorders, or other difficult social or medical situations. Once identified, individuals are targeted by specialized staff for intervention and service navigation. Thus far in FY 2023, RAP Community Paramedics have responded to 1,083 incidents (911 and non-emergency) involving 261 unique patients; of those, 59 individuals have been carried into intense case management because of high utilization or extreme vulnerability where it is thought there was a threat to life/safety.
- The **Community Harm Reduction Shelter** is a collaboration between the County and City that opened in December 2021. The low-barrier shelter has a 44-bed capacity and is operated by the Alpha Project. The County contracts with Family Health Centers of San Diego to provide outreach, case management, substance use disorder counseling, peer support, mental health services, and medical consultation for individuals experiencing homelessness with co-occurring mental health conditions and substance use disorders.
- The **Rosecrans Sprung Shelter** is also a collaboration between the County and City that opened in September 2022. The low-barrier shelter has a 150-bed capacity and is operated by the Alpha Project. The County contracts with Vista Hill to provide mental health and addiction treatment services. Both the Rosecrans and Community Harm Reduction shelters operate under the same service model.
- The **Community Harm Reduction Safe Haven Shelter** is a collaboration between the County and City opened in January 2023. The low-barrier shelter has a 22-bed capacity and is operated by Episcopal Community Services. The County contracts with Family Health Centers of San Diego to provide care coordination, case management, and support services for individuals experiencing homelessness, as well as mental health and/or chronic substance use conditions.
- The County runs a **distribution program for naloxone** and the **Leave Behind Naloxone Program**, which is supplied for free through the State Naloxone Distribution Project. Naloxone is a medication that can rapidly reverse the effects of an opioid overdose if administered in time. The County's naloxone distribution program aims to provide wide access to naloxone through the distribution of naloxone kits at specified pick-up locations or through delivery, targeted outreach and training efforts, partnerships with community-based organizations, and installing naloxone vending machines throughout the County. Through the County's Leave Behind Naloxone program, emergency medical services agencies, first responders, and community organizations can leave behind a naloxone kit following an emergency patient contact, including when a patient refuses transport to the hospital after an overdose is reversed.

- The County has developed and is pursuing an action plan to implement **Syringe Services Programs** to reduce disease transmission from illicit drug use and offer linkages to services and treatment. Currently, the Family Health Centers of San Diego operates its own limited Syringe Services Program, which provides a one-for-one syringe exchange to reduce disease. The program also provides harm reduction education, case management, and referrals to drug treatment and detoxification services. The non-profit Harm Reduction Coalition of San Diego also operates a syringe exchange program and distributes other harm reduction supplies, such as naloxone and fentanyl test strips.

POLICY DISCUSSION

County Opioid and Illicit Fentanyl Efforts

The City of San Diego, along with other localities in the region, rely on the County to provide essential health services, including public health, medical care, mental health, and substance use disorder treatment services. The County's efforts to combat the opioid and illicit fentanyl crisis have a significant effect on regional outcomes, including those for the City. This section summarizes the County's framework for its opioid settlement funds and its strategies to address fentanyl specifically, as well spending plans from other major cities.

On October 25, 2022, the County of San Diego Board of Supervisors approved [*A Comprehensive Approach to the Opioid Crisis and Adoption of the San Diego County Opioid Settlement Framework*](#).² The framework prioritizes specific programs and services for the County's opioid settlement funds, up to approximately \$118 million over 18 years. The framework reflects feedback from a range of stakeholders, including opioid experts, health care representatives, first responders, advocates, drug treatment specialists, law enforcement, and city officials. Of note, a member of the team at Johns Hopkins School of Public Health that coordinated the creation of the "[*Principles for the Use of Funds From the Opioid Litigation*](#)," to be discussed later, was a participant during the County's stakeholder meetings, and, based on our review, the framework largely adheres to Johns Hopkins principles.

The framework includes three main components summarized below:

1. **Healthcare integration.** According to the framework, integrating physical health, mental health, substance use disorder treatment, and community-based services is critical to improving overall health outcomes for individuals with substance use disorders. For instance, the framework includes expanding access to medicated-assisted treatment (MAT)³ through a variety of approaches (e.g. funding treatment, starting MAT in

² Attachment A of the County framework further details the [*County Opioid Settlement Framework*](#). The County also has a [*Comprehensive Substance Use Harm Reduction Strategy*](#), presented to the Board of Supervisors on June 8, 2021.

³ Medicated-assisted treatment (MAT) is the use of medications (e.g. methadone, buprenorphine, and naltrexone) to treat people with opioid use disorders and is widely considered to be an evidence-based approach. Research has found treatment using buprenorphine and methadone to be most effective in reducing cravings, withdrawal symptoms, and the risk of overdose deaths by 50%. Due to the chronic nature of opioid use disorders, maintenance MAT may be required over a significant period of time, potentially indefinitely. For more information, see page 6 of the Johns Hopkins "[*Primer on Spending Funds from the Opioid Litigation*](#)" and US Food and Drug's [*MAT webpage*](#).

emergency rooms, providing MAT training), providing treatment and recovery support (such as residential and inpatient treatment, outpatient treatment or counseling, and recovery housing), and connecting patients in the hospital for a drug overdose with a wellness advocate to provide linkages to appropriate support services. Additionally, the framework prioritizes other therapy options, as well as expanding services and treatment for individuals with substance use disorders who may also have co-occurring mental health needs, are involved in the court systems, or are pregnant.

2. ***Harm reduction and prevention.*** The second framework component focuses on harm reduction and prevention. Harm reduction strategies involve directly engaging individuals with substance use disorders to prevent overdoses and infectious disease transmission, while also serving as a pathway to treatment and recovery services. The framework prioritizes wider distribution of naloxone and access to treatment. This includes increasing access to naloxone and naloxone training for individuals likely to treat or encounter overdoses. For access to treatment, the framework includes improving sobering and treatment capacity by establishing additional detoxification and sobering centers, as well as offering low-barrier harm reduction programs, including education and training, testing, peer support service, and referrals to treatment. The framework also proposes a pilot program for paramedics to begin MAT when responding to certain emergency calls. For prevention, the framework prioritizes funding for public health messaging campaigns. Additionally, the framework mentions using data to evaluate programs and strategies funded by the opioid settlement funds, as well as funding for household drug disposal programs.
3. ***Social supports and services.*** Social supports are services intended to help individuals get into or remain in recovery. The framework acknowledges that substance use and the experience of homelessness have compounding and bidirectional effects, with homelessness exacerbating the harmful effects of drug use, and vice versa. Hence, the last framework component focuses on providing wrap-around services and housing, as well as workforce investment. Under wrap-around services, the framework mentions broadening recovery services to include co-occurring mental health and substance use disorders, providing comprehensive wrap-around services, providing housing and supportive services for individuals who are involved in the court systems, and providing community support services through community-based organizations. For housing, the framework calls for access to housing and a range of services and treatments for individuals with opioid use disorder. Under workforce investment, the framework supports workforce development for addiction professionals and peer support specialists.

Based on our review, the County framework appears to incorporate the nine core opioid abatement strategies outlined in the previously discussed opioid settlement agreements.

In addition to the County framework for opioid settlement funds, on December 13, 2022, the County Board of Supervisors moved forward to implement ‘[Illicit Fentanyl Crisis Strategies](#).’ These initial actions will be funded with federal American Rescue Plan Act funding. The four strategies are briefly described below:

1. ***Conduct overdose prevention education.*** The County aims to increase awareness through public messaging about the changing illicit drug supply, risk for overdose, and risk reduction strategies. The County's efforts include two public health messaging campaigns on the dangers of illicit fentanyl and available services, as well as a partnership with the San Diego County Office of Education to implement a life skills curriculum addressing illicit fentanyl.
2. ***Expand naloxone distribution program.*** The County seeks to expand the naloxone distribution network and community access to naloxone through the regional San Diego Overdose Education and Naloxone Distribution program, launched in July 2022. This includes targeted naloxone outreach and training efforts, partnerships with community-based providers, implementing 12 naloxone vending machines throughout the County, partnering with County jails and institutions of higher education to provide or expand access to naloxone, and continuing the County Leave Behind Naloxone program, which was previously mentioned.
3. ***Intervene early with individuals at highest risk for overdose.*** This strategy includes peer specialist providing outreach and education to individuals in emergency departments who recently experienced a non-fatal overdose. Peer specialist efforts may include developing an overdose response plan, providing naloxone training, and exploring strategies to reduce another overdose.
4. ***Improve detection of overdose outbreaks to facilitate more effective response.*** To improve overdose outbreak detection and response, the County established a multidisciplinary County of San Diego Overdose Unit, including public health and behavioral health staff. The unit will help expand the County's overdose data and surveillance infrastructure, including the countywide integration of a new overdose mapping program in partnership with County EMS. County efforts also include increasing access to drug checking services through existing regional syringe service program planning work, such as low-cost fentanyl test strips.

We also reviewed spending plans from other localities, to the extent details were publicly available. Similar to the City of San Diego, most localities are in the process of developing their spending plans for the opioid settlement funds, but three major cities, New York City, Chicago, and Philadelphia, released high-level details of their spending plan. However, we note that in contrast to most California cities where the governmental function of health services is provided by the county, New York City, Chicago, and Philadelphia have dedicated city departments that provide health care and mental health services. Hence, spending plans from these cities will likely more closely resemble County-level spending plans. Anticipating a total of \$286 million over the next 18 years, New York City plans to use the first round of funding on harm reduction activities, expansion of emergency department substance use consult teams, behavioral health workforce training, and additional support for families of drug overdose decedents. Chicago anticipates \$78 million over 18 years and plans to prioritize low-barrier harm reduction access, linkages to care and treatment for substance use disorder (including through interactions with public safety departments), long-term support for people in recovery, public education and outreach, and data analytics capacity. Philadelphia anticipates \$200 million over 18 years and plans to use its initial

funds to launch a mobile methadone clinic, fund mobile wound care, expand targeted outreach, provide additional housing opportunities for long-term recovery, expand MAT services, as well as establish the Overdose Prevention and Community Healing Fund to award grants to organizations in the communities most affected by the overdose epidemic. Based on this review, the County of San Diego's framework is largely aligned with spending plans available from three other major cities, with some exceptions (most notably, Philadelphia's community-based grants.)

IBA Findings Based on Stakeholder Meetings

Supply of naloxone appears widely available, with opportunities to increase access

The departments we spoke to indicate that they secure their supply of naloxone, usually in nasal spray form, primarily from the County or State. Fire-Rescue was the only department that mentioned supplementing their County supply with purchases through the Falck EMS contract to ensure staff have access to naloxone. Fire-Rescue also distributes naloxone kits as a participant in the County's Leave Behind Naloxone Program. Members of the SDPD's Neighborhood Policing Unit are issued, trained to use, and carry naloxone supplied by the County. Homelessness outreach workers are also trained and have access to naloxone from the County and the El Dorado Community Service Center, which is a drug and alcohol addiction treatment center located in the City. HSSD outreach staff indicated that use of naloxone occurs often and shared that the County recently started providing an injectable form of naloxone to administer intravenously in cases where more than one dose of naloxone might be needed. Homelessness outreach providers report how often naloxone is administered in a State-operated database. One homelessness outreach provider, PATH, indicated administering naloxone around once a month. Homelessness shelter staff also have access to and are trained to administer naloxone, which is typically supplied by the County, but SDHC staff indicated that shelter staff are sometimes weary to intervene. The City's Library Department receives its supply of naloxone from the State and offers training on administering naloxone to staff on a voluntary basis. About 30 library staff participated in the most recent training, along with library security guards.

Stakeholders generally consider the accessibility and availability of naloxone to be adequate, but when we asked County staff about the sufficiency of current naloxone distribution, staff emphasized continued efforts and work to expand access to naloxone beyond existing levels. County staff stressed that given increasing mortality rates from fentanyl overdoses, more must be done to increase access to naloxone in any setting where direct services are provided, along with implementing other harm reduction strategies such as offering fentanyl test strips and linkages to care through safe syringe exchange programs. Staff also stressed the importance of the City coordinating its work with the County to maximize efforts to increase access to naloxone. Lastly, although naloxone supply chain and storage are not currently concerns, several stakeholders did mention the possibility of such issues in the future.⁴

More data is becoming available to track overdoses in near real-time

Various City departments collect data on opioid overdoses and subsequent responses, which could better inform the City's overall approach to preventing overdoses in the long term. This February,

⁴ The [Governor's 2023-24 proposed budget](#) includes \$79 million for the Naloxone Distribution Project, along with \$4 million for fentanyl test strips, and \$10 million for grant for education, testing, recovery, and support services.

SDPD began utilizing software called “O/D Maps” that enables the department to map the location of drug overdose calls, as well as collect data on whether the overdose was fentanyl related, whether naloxone was administered, and whether a death occurred. The data tool allows SDPD to immediately alert officers, respond, and direct resources to areas of the City experiencing a sudden increase in overdoses. The County is also starting to develop a mapping program to collect better data on where and when overdoses occur across the region, integrating data across County EMS, County Fire, and Public Safety. The City’s Fire-Rescue department also maintains an extensive database through its RAP (discussed below) tracking calls directed to EMS due to fentanyl impacts. For each call, EMS inputs whether the individual is also experiencing homelessness, whether a death occurred, and the location where naloxone is administered, if EMS needed to administer naloxone. The department did note its RAP database cannot capture all data related to overdoses. For instance, no data can be collected when EMS is not called when an overdose occurs, when naloxone is administered at home or privately by someone other than EMS, or when a death results after EMS is no longer on the scene.

An area where there is very limited available data relates to the intentional use of fentanyl. Both SDPD and the County shared anecdotal evidence suggesting that intentional use of fentanyl is becoming more common. However, according to the County, the current tools for combatting the opioid crisis, which relies on harm reduction strategies, would remain the same, regardless of how widespread intentional fentanyl use becomes.

Limited access to substance use disorder treatment is a frequently cited issue

The lack of *timely* access to drug treatment in the City is seen as a major challenge in combatting the opioid crisis by most stakeholders, except for the County which viewed current capacity for treatment in the region as better than most other areas of the State. Several stakeholders highlighted that when an individual with opioid use disorder decides they are ready to seek treatment, the window of opportunity to connect the individual with treatment is very time sensitive. In other words, many barriers may prevent an individual with an opioid use disorder from wanting treatment, including stigma, denial of a problem, or co-occurring mental health needs, *but once an individual is ready for treatment, the treatment must be easily and readily available to maximize the chances for recovery.*

Stakeholders pointed to several examples of friction that might make accessing drug treatment more challenging, especially for individuals also experiencing homelessness. For instance, because only outpatient drug treatment facilities exist within the City boundaries, the lack of residential drug treatment facilities in the City was seen to delay access to treatment. For individuals experiencing homelessness and an opioid use disorder, lacking access to regular shelter can make successful outpatient treatment more difficult. Hence, residential treatment programs or the City’s current harm reduction shelter approach, discussed previously, could be more suitable for individuals also experiencing homelessness. County staff shared a different perspective, and consider the level of medical necessity and treatment more important factors in deciding the setting for treatment (i.e. residential or outpatient), irrespective of housing status. The County’s current approach focuses on outpatient treatment, offering supplemental housing resources if housing is a challenge.

Regarding other barriers, individuals with co-occurring mental health and opioid use disorders face additional challenges when programs are designed to only address one set of challenges, or when one condition could disqualify an individual from treatment for the other (e.g. if a clean drug test or sobriety is needed for mental health treatment). Stakeholders also mentioned that individuals seeking drug treatment often must repeatedly contact a nearby treatment center for several days before receiving an appointment for intake. Co-locating both substance use counseling and mental health services at homeless shelters, or having one centralized location where individuals could walk in for treatment at any time of day, could reduce existing barriers to timely treatment.

Stakeholders have mixed impressions of the adequacy of current capacity for drug treatment in the City. The McAlister Institute is one of the larger providers contracted by the County to provide substance use disorder treatment. According to the McAlister Institute, there is a lack of timely access to withdrawal management, which provides medical and psychological care for patients experiencing withdrawal symptoms after ceasing or reducing drug use (known as detoxification or “detox”). The McAlister Institute also shared that the capacity for withdrawal management is inadequate in the County due to the limited number of residential detox beds and few providers with expertise in withdrawal management. The McAlister Institute reported experiencing a regular influx of calls (sometimes 40 to 50 calls per day) from individuals who could not be accommodated because of a shortage in detox beds. According to the McAlister Institute, staff are often too busy to answer call requests for treatment and to collect contact information from individuals requesting treatment. As a result, data on the community demand for additional beds and treatment services is incomplete, which poses challenges for substantiating the need for more treatment to the County. The McAlister Institute indicated that corrective actions are being taken to improve data collection. Staff from HSSD and PATH similarly reported the shortage of detox beds to be a barrier to timely treatment.

From the County perspective, the region’s capacity for drug treatment is better than most other parts of the state. County staff see getting individuals with opioid use disorder into the mindset to seek and accept treatment as a bigger barrier than access to detox beds. County staff did not view bed capacity to be a major gap in the community and instead focused on the need for more harm reduction strategies in the community and opportunities to connect individuals with resources and services.

Fewer legal consequences seen to reduce incentive to seek drug treatment

Several stakeholders believe that policy reforms included in Proposition 47 and subsequent State law changes reduced the incentives for individuals with opioid use disorder to seek drug treatment. Approved by voters in November 2014, Proposition 47 reduced penalties for drug possession offenses, including illegal opioids, by reclassifying drug possession from a felony to a misdemeanor. According to SDPD, prior to Proposition 47, individuals possessing narcotics could be arrested, which could then be used as an opportunity to encourage drug treatment and behavior change, but since passage of Proposition 47, individuals are issued a ticket citation for simple possession and released. The City Attorney’s Office described other changes to State law⁵ that

⁵ See [Chapter 334, Statutes of 2020 \(AB 3234, Ting\)](#).

gave broad authority to the courts to mandate diversion for misdemeanors, including drug possession, leaving discretion up to the judge regarding the terms and conditions of diversion, which might not include drug treatment for drug-related misdemeanors. These changes left the City's San Diego Misdemeanants At Risk Track (SMART) program, which was supported by Proposition 47 grant funds to divert low-level drug offenders into treatment with housing provided, somewhat irrelevant as offenders had other diversion options to avoid criminal proceedings. The need for progressive consequences to help incentivize change was also echoed by the McAlister Institute, to ensure that there are repercussions for not seeking or accepting treatment.

Fentanyl crisis places strain on staff, contributing to trauma and burnout

In addition to the direct detrimental impacts fentanyl and opioids have on individuals who use drugs, the fentanyl crisis also has secondary impacts on staff who work closely with those most impacted. SDHC shared that shelter staff are spending increasingly more time on crisis management to address substance use disorders and mental health challenges. During overdoses, homelessness outreach and shelter staff act as first responders, who are on the scene before paramedics or police are called. Since staff time and attention are redirected here, capacity to focus on case management and accessing housing resources for the rest of the sheltered population becomes more constrained. Growing substance use and mental health issues are also contributing to higher rates of burnout and turnover among shelter staff. However, some shelter staff we spoke viewed addressing substance use and mental health needs as part of case management if those are the most pressing needs at the time.

Trauma and burnout seem most pronounced among staff whose typical job duties do not include interacting with individuals with substance use disorder or responding to overdose events. For instance, the Library Department indicated that the opioid crisis is having a similar impact on library staff, with some staff being physically assaulted and traumatized from drug-related incidences in and around the libraries. This has contributed to a higher turnover of library staff as well. The McAlister Institute, where staff are expected to work with individuals with opioid use disorder, mentioned the traumatic effects on staff when they need to administer naloxone and revive someone who is overdosing in a treatment center.

Stakeholders proposed various activities for the opioid settlement funds

Through our stakeholder discussions, we identified three key policy levers that largely capture recommendations on how the City should prioritize opioid settlement funds to prevent fentanyl overdoses most effectively. These policy levers relate to prevention, demand, and supply, as illustrated in the figure below. Each has notable tradeoffs. For instance, using one-time funding for prevention through building awareness and education could reduce future demand for illicit fentanyl and opioids, especially if targeted to youth, but prevention outcomes would likely only be realized in the future and could be diffuse, depending on the effectiveness of education efforts. Demand could be reduced by increasing opioid use disorder treatment that helps reduce overall rates of opioid addiction; this could have an immediate impact, but, as previously discussed, there are numerous barriers to treatment at both the individual and systemic level. The City also has a limited role here, largely relying on the County for services, and ongoing funding would be required, though opioid settlement funds are one-time. Some stakeholders focused on reducing

supply through law enforcement efforts and taking more consistent punitive action against illicit fentanyl dealers. If effective, these efforts could have a high impact by making illicit fentanyl harder to find and purchase, but City enforcement also faces limits, with State law limiting the effectiveness of some local diversion programs, and with the federal and State governments largely responsible for drug enforcement.

Prevention	Reduce Demand	Reduce Supply
Education and awareness to reduce future demand.	Drug treatment services to reduce demand.	Law enforcement to reduce illicit fentanyl and opioid supply.
Tradeoffs <ul style="list-style-type: none"> • Future, potentially high, impact • One-time funding • Delayed, diffuse impact 	Tradeoffs <ul style="list-style-type: none"> • Immediate impact • Barriers to treatment • Ongoing costs to City • Limited City role, largely County responsibility 	Tradeoffs <ul style="list-style-type: none"> • High impact, if effective • Limited City role, many stakeholders involved (<i>incl. federal and State governments</i>)

Below, we summarize some of the activities that stakeholders suggest could be funded by the opioid settlement funds to enhance the City’s response to the fentanyl crisis. Not all of these fall under one of the nine core abatement strategies; though they are believed to be permissible under settlement terms, additional reviews by the City Attorney’s Office may be necessary to determine eligibility. We also provide additional considerations for the City Council.

- **Enforcement.** Both SDPD and staff from the SDHC discussed the importance of enforcing the distribution of illicit fentanyl to reduce the overall available supply. SDPD mentioned that settlement funds could be utilized to provide necessary training for officers to build expertise on fentanyl response, provide funding for specific fentanyl operations on an overtime basis, and procure crime lab equipment to analyze and process fentanyl to enhance and accelerate prosecutions. *It is our understanding that these enforcement related actions are among the items that the Mayor is considering funding in the FY 2024 Proposed Budget using City settlement funds.* It should be noted that the Police Department is currently experiencing significant staffing challenges; to that end, SDPD acknowledged that their ability to increase the number of fentanyl narcotics operations may be limited, even if funding for these activities was available.
- **Resource Access Program.** The Fire-Rescue Department cited a need for additional paramedics and other substance abuse specialist positions within RAP, previously discussed, that would better allow them to meet the need of individuals with substance use disorder. They also discussed various equipment needs, including additional vehicles, which would allow physician assistants to travel independently to reduce response times,

and medical equipment that could medically clear a patient in the field so that patient could be taken directly to a service provider without having to go to a hospital first. Other needs included funding for education/training, technology modifications, and dedicated treatment beds. *It is our understanding that these enhancements to RAP are among the items that the Mayor is considering funding in the FY 2024 Proposed Budget using City settlement funds.*

- **Public education.** Some stakeholders mentioned City-wide public education campaigns and programming to raise awareness about the dangers of fentanyl. As noted earlier in this report, public education is programmed into the Harm Reduction and Prevention component of the *County Opioid Settlement Framework*. While the County has a significant role in public health messaging about fentanyl, including partnering with the San Diego County Office of Education to incorporate information about fentanyl into school curricula, the City could invest in additional public campaigns to further enhance this messaging. We note that ready-made media campaigns are available from certain digital marketing companies and may be significantly less costly and quicker to implement than new campaigns developed from scratch.
- **Drug treatment.** Several stakeholders support establishing and increasing opportunities for residential treatment within City boundaries. Suggestions included partnering with the County to open a residential treatment center located in the City, co-locating mental health and substance use disorder counseling at existing homelessness services facilities; embedding mental health and substance use disorder needs in permanent housing assessments as support services needed for successful housing; and establishing a centralized access hub where anyone seeking drug treatment can access services on a walk-in basis, at any time of the day, and receive treatment in a timely manner. Although most stakeholders considered improving access to timely drug treatment a high priority, they also recognized that issues related to capacity and availability of treatment largely fall under the County's purview, with opportunities for the City to partner and coordinate with the County, especially from a facilities perspective.
- **One-time capacity building.** Stakeholders also offered ideas focused on equipping the City with training and data to strengthen its response to the fentanyl crisis. Opioid settlement funds could fund harm reduction training for relevant staff, a thorough review of the programs and services available through the City to identify critical service and coordination gaps, exploring data collection to more completely assess outstanding needs for drug treatment services, and opportunities for data sharing and cross-departmental coordination.

Given these varied stakeholder responses, an effective response will require a comprehensive multi-pronged approach and partnership with the County, including prevention, treatment, and recovery strategies. Lastly, in addition to the activities previously indicated, *it is our understanding that the Mayor is considering funding for the Prosecution and Law Enforcement Assisted Diversion Services (PLEADS) in the FY 2024 Proposed Budget using City settlement funds.*

KEY CONSIDERATIONS

As previously noted, the Mayor intends to include the expenditure of the City’s opioid settlement funds in the FY 2024 Proposed Budget. Below are some key considerations for the City Council when Council evaluates such use in the Mayor’s proposal in FY 2024 and beyond.

- ***Adhere to Principles.*** The Johns Hopkins Bloomberg School of Public Health has developed “[Principles for the Use of Funds From the Opioid Litigation](#)” to guide states, counties, and cities on how they can most effectively allocate their portion of the opioid settlement funding. These principles are nationally recognized and have been endorsed by more than 30 leading health groups, including the American Medical Association. The City should strive to adhere to these principles when making spending decisions. The principles include:
 1. *Spend the money to save lives*
 - Establish a dedicated fund in which to put the dollars
 - Use dollars to supplement rather than supplant existing funding
 - Do not spend all the money at once
 - Report to the Public on where the money is going
 2. *Use evidence to guide spending*
 - Direct funds to programs supported by evidence
 - Remove policies that may block adoption of programs that work
 - Build data collection capacity
 3. *Invest in youth prevention*
 - Direct funds to evidence-based interventions
 4. *Focus on racial equity*
 - Invest in communities affected by discriminatory policies
 - Support diversion from arrest and incarceration
 - Fund anti-stigma campaigns
 - Involve community members in solutions
 5. *Develop a fair and transparent process for deciding where to spend funds*
 - Determine areas of need
 - Get input from groups that touch different parts of the epidemic to develop the plan
 - Ensure that there is representation that reflects the diversity of affected communities when allocating funds
- ***City Opioid Settlement Funds are limited.*** The City’s opioid settlement funding will be finite with respect to both the aggregate amount and the funding term. This is an important consideration when making spending decisions. Allocations should ideally be spent on items that are one-time in nature. If a multi-year program is being considered, it should be understood that opioid settlement funding for such a program will be limited by the settlement funding term, and annual funding amounts are likely to fluctuate year-to-year

due to how the settlement agreements are structured. Additional City personnel should not be considered unless they are “term-limited” temporary positions.

- ***Spend Opioid Settlement Funds as they are collected.*** Generally speaking, it is broadly advised that the settlement funds should be used over time as the funding is received. According to the “Principles for the Use of Funds From the Opioid Settlement,” “ameliorating the toll of substance use, and addressing the underlying root causes, will require sustained funding by states and localities. Jurisdictions should avoid the temptation to exchange future payments that result from the opioid litigation for an upfront lump sum payment, as happened in many states with dollars from the tobacco settlements.”
- ***Consider tradeoffs associated with offsetting existing costs.*** Enhanced levels of service (i.e., new programs, expanded existing programs, etc.) are likely needed to combat the ongoing fentanyl crisis. While it may be opportunistic to utilize opioid settlement funds to offset existing costs, doing so is likely to have a limited impact. Enhancing or expanding existing programs and services may be acceptable and worthwhile; however, the Council should ensure that they understand when proposed opioid settlement funds are allocated for existing uses or uses that otherwise would have been funded with other sources absent the opioid settlements.
- ***Complementing and not duplicating existing efforts.*** Effective use of the City’s settlement dollars should recognize that the County is most directly responsible for providing essential health services in the region, including public health, medical care, mental health, and substance use disorder treatment services. We found that their approach to combating the opioid and illicit fentanyl crisis, outlined in the *County of San Diego’s Framework for the Opioid Settlement Funds and Strategies to Address Fentanyl*, to be in-line with best practices and other major cities. The City should ensure its use of settlement dollars complements regional programs, and avoids establishing duplicative programs.
- ***Use data to inform spending decisions.*** Comparatively, the amount of opioid settlement funds the City expects to receive is small in relation to the County. Using data to inform how and where the City’s limited opioid settlement funds can be most effectively deployed will derive the greatest impact. For instance, if Council is evaluating the use of settlement funds to expand an existing program, Council may wish to review program outcomes to inform spending decisions. Additionally, efforts should be taken to improve data collection.

CONCLUSION

This report responds to the Councilmember memorandum requesting options to support efforts from the Mayor and the County to combat the illicit fentanyl crisis, including options for the City’s anticipated opioid settlement funds.

As reflected in the Policy Discussion section, the County has plans and strategies to address the illicit fentanyl and opioid crisis, including its framework for the opioid settlement funds, but there are opportunities for the City to complement the County’s efforts and/or address the gaps identified through our stakeholder discussions. Based on our review, the County’s framework largely incorporates the nine core abatement strategies outlined in the opioid settlement agreements, and

the County is also implementing strategies specific to the illicit fentanyl crisis. However, as we heard from stakeholders, including County staff, there are always opportunities to do more, especially through expanding access to naloxone and treatment, as well as promoting public awareness.

In this report, we summarize the recommendations most frequently mentioned by stakeholders regarding how the City should prioritize its opioid settlement funds. These recommendations included enhancing law enforcement and RAP operations, partnering with the County to improve access to drug treatment, strengthening the City's capacity for crisis response, and complementing the County's public education efforts. Some of these options will likely require additional collaboration with the County to identify how the City can best complement County efforts using the City's opioid settlement funds. We also provide best practices and key policy considerations for the City Council, including spending settlement funds as they are collected (rather than as an upfront lump sum payment), and recognizing both the opportunities and limitations associated with the opioid settlement funds.

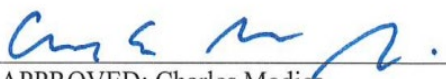
Our Office appreciates the opportunity to explore these options and would like to thank the various stakeholders for meeting with us, providing input, and answering questions related to this research request. Our Office continues to be available to assist Council with any future next steps, including review of the Mayor's proposed opioid settlement fund spending plans which are anticipated to be released in the coming weeks.



Amy Li
Fiscal & Policy Analyst



Baku Patel
Fiscal & Policy Analyst



APPROVED: Charles Modica
Independent Budget Analyst



Councilmember Marni von Wilpert
Councilmember Raul Campillo
City of San Diego
MEMORANDUM

DATE: December 16, 2022

TO: Charles Modica, Independent Budget Analyst

FROM: Councilmember Marni von Wilpert

Councilmember Raul Campillo

SUBJECT: Combating the Fentanyl Crisis

Too many San Diego families are experiencing the tragedy of lives lost to opioid overdoses, especially from fentanyl. Last year the number of overdose deaths surged 33 percent in San Diego, from 976 in 2020 to 1,303 in 2021. While other substances including methamphetamine, cocaine and alcohol were the cause of some of the accidental overdose deaths, the recent surge in the presence of fentanyl, a synthetic and hard-to-detect opioid up to 50 to 100 times stronger than morphine, has fueled the increase in deaths.

Earlier this week, the Washington Post profiled the City of San Diego's fentanyl crisis, citing San Diego as ground zero for fentanyl trafficking into the United States. By 2019, fentanyl deaths in San Diego had risen 787 percent over a period of five years. Last year, the County of San Diego reported 814 fentanyl-related deaths, as we know, this year that number is growing. The fentanyl crisis is hitting our unsheltered residents particularly hard. The County Medical Examiner's Office counted more than 200 homeless San Diegans who died of overdoses involving fentanyl last year, and data for the first quarter of 2022 showed fentanyl deaths among people experiencing homelessness were up 23 percent this year so far.

This epidemic is also greatly affecting youth in San Diego. In 2021, 22 young people under the age of 21, including 12 teens under the age of 18, died from a fentanyl overdose in San Diego County. According to the California Department of Public Health Overdose Surveillance Dashboard, opioid-related overdose deaths in California's youth ages 10-19 years increased from 54 in 2018 to 274 in 2020, marking a 407% increase over two years, largely driven by fentanyl. In addition, fentanyl-related overdose deaths in California's youth ages 10-19 years increased from 36 in 2018 to 261 in 2020, a 625% increase. We must work together to educate our youth about the dangers of fentanyl and protect them from this dangerous drug.

In December 2021, the County and the City of San Diego today opened a Community Harm Reduction Team, 44-bed shelter for people experiencing homelessness and who are struggling with substance use disorders or mental health issues or both. Family Health Centers and Alpha Project partnered to provide behavioral health services, case management, and connections to permanent housing and medical care. In September 2022, the City and County opened a new shelter in the Midway District near Rosecrans, able to house up to 150 people. This shelter too has mental health and drug treatment services on-site.

On October 25, 2022, the County of San Diego approved a “Comprehensive Approach to the Opioid Crisis and Adoption of the San Diego County Opioid Settlement Framework.” (see attached). On November 29, 2022, Mayor Todd Gloria issued an Executive Order to combat the fentanyl crisis here in San Diego. In relevant part, the Executive Order 2022-1 directs city staff to immediately begin work, in concert with the San Diego City Council and City Attorney, to develop a community outreach plan and spending strategy for the estimated \$30 million in [national opioid settlement](#) funding that will be coming to the city over the next eight years.

Our request to the IBA is to compile a report, and present findings to the City’s Public Safety Committee to support the Mayor’s Executive Order and the County of San Diego’s Comprehensive Approach to the Opioid Crisis to help prevent further opioid-related addiction and overdose deaths here in San Diego. The options could include, but are not limited to, policies, programs, and services being utilized in other large cities, strategies for obtaining the \$30 million national opioid settlement up front (rather than a little over \$3 million per year for 8 years), and/or recommendations to the Housing Commission, especially as it relates to our homelessness services.

The goals we would like to achieve include public education about the risks and negative health effects of opioid use disorder, including the potential for fatal overdoses; preventing San Diegans from developing opioid use disorder and related overdose deaths; helping San Diegans who are currently experiencing opioid use disorder to recover from their addictions.

One example could be supporting the County’s efforts to do emergency-room level interventions for overdose victims, as well as crisis intervention and support for families, friends, and partners when someone has experienced an overdose. Our Housing Commission and Homelessness Strategies Department, for example, could strive to have all homelessness service centers – including bridge shelters – have access to on-site substance abuse counselors and medicated assisted treatment options. We would welcome any ideas for helping unsheltered individuals who are being preyed upon by fentanyl drug dealers – including safe camping sites. We also welcome strategies to support the City Attorney’s work to help serial misdemeanants, homeless court, or drug court programs.

Fortunately, the County of San Diego and the City have become closer partners in combating public health crises, like the COVID-19 pandemic. We hope to work alongside the County to help bring an end to the deadly opioid epidemic. We stand ready to do our part to address the fentanyl crisis here in San Diego.

CC: Hon. Mayor Todd Gloria
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