



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** JUNE 18, 2024

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** CHERAN C. IVERY, CITY ATTORNEY /s/

**DOCKET TITLE:**

Consideration of a Resolution of the Alexandria City Council Approving of the City's Participation in the Proposed Settlement of Opioid-Related claims against Kroger and its Related Corporate Entities and Directing the City Attorney and/or the City's Outside Counsel to Execute the Documents Necessary to Effectuate the City's Participation in the Settlements. [ROLL-CALL VOTE]

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**ISSUE:** Consideration of a resolution of the Alexandria City Council approving of the City's participation in the proposed settlement of opioid-related claims against Kroger and its related corporate entities and directing the City Attorney and/or the City's outside counsel to execute the documents necessary to effectuate the City's participation in the settlements.

**RECOMMENDATION:** That City Council adopt the resolution attached as Attachment 1 approving the settlement with Kroger and its related corporate entities and authorizing the City Attorney and/or the City's outside counsel to execute the documents necessary to effectuate the City's participation in this settlement.

**BACKGROUND:** The City of Alexandria, along with at least seventy-eight other Virginia localities, has been engaged in litigation against various defendants involved in the manufacture, sale, and distribution of pharmaceutical opioid products. The City's suit seeks recovery of the public funds previously expended and to be expended in the future combatting opioid addiction and its many outgrowths. Similar lawsuits asserting claims on behalf of the Commonwealth have been filed by the Virginia Office of the Attorney General (OAG). This same type of litigation by state and local actors is occurring across the country. These suits are starting to come to a close through either settlements or bankruptcy plans which means funds from the litigation will start to flow to the states and localities in the coming months.

**DISCUSSION:** The settlement with Kroger and its related corporate entities is the culmination of many months of litigation and negotiation between local governments, including the City of Alexandria through the City's outside counsel. On March 22, 2024, a \$1.37 billion nationwide settlement agreement was finalized with Kroger for their role in the opioid epidemic.

Per the terms of this settlement, Kroger will pay approximately \$10.5 million to the Commonwealth over the course of eleven years. An additional approximately \$17.4 million will be made available to Virginia as incentive payments, the value of which are dependent upon participation and release from the litigating localities. It is presently estimated the City of Alexandria will receive \$124,334.00 over the lifetime of the settlement.

In addition to the financial terms of the settlement, Kroger is also agreeing to injunctive relief terms. Specifically, Kroger is required to implement additional programs to prohibit filling fraudulent prescriptions, flagging suspicious prescriptions, and reporting patient, prescription, and prescriber red flags. Additionally, Kroger is prohibited from using compensation structures incentivizing the sale of controlled substances. We believe accepting the terms of this settlement would be in the best interest of the City of Alexandria as it will provide additional funds to support the City's opioid remediation efforts.

**FISCAL IMPACT:** It is presently estimated the City of Alexandria will receive \$124,334.00 over the eleven-year lifetime of the settlement.

**ATTACHMENTS:**

Attachment 1: Resolution.

**STAFF:**

Cheran Ivery, City Attorney  
C. Dean Kime, Assistant City Attorney