



Agenda Report

Fullerton City Council

MEETING DATE: SEPTEMBER 16, 2025

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: SUNAYANA THOMAS, DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT

PREPARED BY: TAYLOR SAMUELSON, SENIOR ADMINISTRATIVE ANALYST

SUBJECT: \$750,000 NATIONAL OPIOID SETTLEMENT FUNDS ALLOCATION TO PARTIALLY OFFSET NORTH SERVICE PLANNING AREA NAVIGATION CENTER COSTS

SUMMARY

Staff recommends allocating \$750,000 National Opioid Settlement (NOS) Funds to partially offset North Service Planning Area (NSPA) Navigation Centers ongoing obligations. The California Department of Health Care Services (DHCS) confirms this as an eligible use of funds and aligns with opioid remediation activities spending categories.

PROPOSED MOTION

1. Approve \$750,000 budget appropriation and allocation from the City Opioid Settlement Fund (Fund 21) for payment to partially offset city obligations for NSPA Navigation Center costs.
2. Authorize City Manager, or designee, to execute documents or budget adjustments related to Opioid Settlement Fund (Fund 21) use for NSPA Navigation Center costs and future opioid settlement fund allocations.

ALTERNATIVE OPTIONS

- Approve the proposed motion
- Request additional information and defer action to a future date
- Decline to allocate funds at this time
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

CITY MANAGER REMARKS

None.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Infrastructure and City Assets.

FISCAL IMPACT

The City NSPA obligation totals approximately \$3.84 million, consisting of:

- \$1.15 million for FY 2023–24
- \$1.72 million for FY 2024–25
- \$972,987 interfund advances to SB 2-PHLA Fund 28.

The \$750,000 Opioid Settlement Funds (Fund 21) allocation would partially offset these costs. The City requested \$2,220,154 Permanent Local Housing Allocation (PLHA) funding from the California Department of Housing and Community Development (HCD). The City would use all HCD funds to further offset City NASPA obligations.

The City funded costs to date with Senate Bill 2 (SB 2) / PLHA housing funds, interfund loans and temporary grant sources. The City faces a more than \$1.2 million annual structural shortfall for NSPA related costs, largely due to projections showing SB 2 revenues will remain flat at approximately \$500,000 annually.

The \$750,000 Opioid Settlement Funds allocation would offset part of this gap and reduce reliance on the City General Fund or further internal borrowing. Fullerton received \$887,232.53 in NOS allocations since 2023 and projects receiving additional annual distributions through 2038, with expenditure deadlines extending to 2040.

Staff estimated Fullerton NOS revenue totaled \$887,232.53 through 2024, with additional distributions projected through 2038. The City expended \$197,089 NOS Funds to date. This proposed allocation, alongside the previously approved HOPE Center Medication Assisted Treatment (MAT) services agreement, aligns total planned expenditures with eligible uses outlined in the National Opioid Settlement Exhibit E and Department of Health Care Services (DHCS) High Impact Abatement Activities (HIAA) guidelines.

BACKGROUND AND DISCUSSION

The Buena Park and Placentia NSPA Navigation Centers opened in 2018 as a regional collaboration with 13 North Orange County cities, including Fullerton. These centers

comply with federal rulings requiring cities to offer adequate shelter before enforcing anti-camping ordinances.

The centers provide interim housing facilities for individuals experiencing homelessness, focusing on those with substance use and behavioral health needs. Services include housing placement, case management, behavioral health care and counseling employment assistance, MAT (on-site at Buena Park) and linkages to County mental health and recovery services. 59 individuals from Fullerton received MAT services at these sites, including ten unsheltered clients, between February 2024 and August 2024.

The proposed \$750,000 allocation for the Navigation Centers builds on this action and reflects ongoing collaboration with DHCS, which confirmed the following eligible expense categories:

- MAT access and coordination (Schedule A – B.4; HIAA #2)
- case management and housing navigation (Schedule A – E.4, E.5; HIAA #3)
- behavioral and mental health services (Schedule A – E.3; HIAA #3)
- transportation to treatment services (Schedule A – E.4; HIAA #3)
- job training and support services (Schedule A – E.4; HIAA #3).

City Council authorized an agreement with the HOPE Center of Orange County on March 18, 2025 to provide MAT services, funded entirely through NOS revenues. The agreement covers MAT case worker services through FY 2027-28, caps the Fullerton Year 1 obligation at \$125,000, includes a total \$250,000 annual cap (shared with Brea, Buena Park and Placentia) and has full funding through the City NOS allocations.

The March 2025 agreement and this proposed allocation represent a strategic and compliant approach to using Opioid Settlement Funds for the highest impact needs. A significant funding gap remains to meet City NSPA obligations despite this allocation. Staff will present additional options to address the remaining gap at a future City Council meeting.

Attachments:

- Attachment 1 – DHCS Technical Assistance Form and Guidance
- Attachment 2 – Summary of NOS Funds Received and Expended
- Attachment 3 – NSPA Financial Projections

cc: Interim City Manager Eddie Manfro