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BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

50 June 4, 2024

June 04, 2024

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

EDWARD YEN
EXECUTIVE OFFICER

Dear Supervisors:

APPROVE SPENDING PLANS FOR FUNDS RELATED TO THE STATE OF CALIFORNIA SETTLEMENT WITH JUUL LABS, INC., AND DELEGATE AUTHORITY TO CHANGE PERCENTAGE ALLOCATIONS, AMOUNTS, AND/OR ALLOWABLE USES, AND EXECUTE OR AMEND CONTRACTS RELATED TO APPROVED SPENDING PLAN ACTIVITIES (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

SUBJECT

Request approval of the spending plan for funds from the State of California’s settlement with the electronic cigarette manufacturer JUUL Labs, Inc. (JUUL), and to delegate authority to the Director of the Department of Public Health (Public Health), or designee, to amend to change percentage allocations, amounts and/or allowable uses, with advance notice to the Board, and execute or amend contracts to implement spending plan activities.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the spending plan (Enclosure) authorizing the utilization of approximately \$3.4 million in annual funding for abatement under the JUUL settlement for the next eight Fiscal Years (FY) beginning in FY 2024-25.
2. Delegate authority to the Director of Public Health, or designee, to amend and/or adjust the spending plan amounts for all JUUL settlement abatement funds through FY 2031-32, based on needs, available funding, and allowable uses, with advance notice to the Board.
3. Delegate authority to the Director of Public Health, or designee, to enter new contracts, amend or terminate such contracts, and/or amend existing contracts to implement JUUL settlement-related programming, provided the agreements are approved as to form by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In April of 2023, the State of California received a \$175.8 million settlement as a result of a \$462 million multistate settlement agreement with electronic cigarette maker, JUUL, that was negotiated by the California Department of Justice (DOJ) and six other states. The suit pertained to JUUL's targeting of young people as a market for its electronic nicotine delivery system (ENDS) products, which are used in vaping. The County of Los Angeles (County) received approximately \$3.4 million in year one abatement funding for programming, and those funds currently reside in a new dedicated, interest-bearing Special Revenue Fund. It is anticipated that this abatement funding will be available annually for up to eight years. JUUL can also avail itself of a pre-payment clause no sooner than September 1, 2025. Public Health is charged with developing an annual spending plan for Board approval for the referenced abatement funds.

Per the court-approved settlement, abatement funds must be used for activities directly related to six focus areas regarding the prevention and treatment of nicotine addiction; and educate consumers, as well as the public on the harmful effects of vaping and/or nicotine use and addiction, including but not limited to: 1) programs that provide cessation assistance to Los Angeles County (LAC) residents; 2) educational prevention programs designed to prevent or reduce use of ENDS and nicotine products; 3) research in support of preventing ENDS use by LAC residents; 4) research into the health effects of ENDS use; 5) programs or equipment designed to abate the impacts that ENDS and other nicotine products have had on youth, which aim to reduce those impacts in the future; and finally, 6) other prevention, treatment, consumer education, and enforcement efforts.

In alignment with these focus areas, Public Health will use JUUL funds to support four key initiatives:

1. Tobacco Retail License Enforcement Enhancements and Expansion;
2. Youth and Young Adult Designed and Led Social Media and Peer Education Campaigns;
3. Vaping Cessation Project; and
4. Student Well Being Centers.

The full spending plan (Enclosure) provides additional details regarding each of these proposals.

Approval of Recommendation 1 will result in the approval of the recommended spending plan, authorizing approximately \$3.4 million in annual spending under the JUUL settlement abatement funds for the next eight FYs beginning in FY 2024-25.

Approval of Recommendation 2 will delegate authority to the Director of Public Health, or designee, to change or adjust the spending plan amounts for JUUL settlement funds for allowable uses, with advance notice to the Board.

Approval of Recommendation 3 will delegate authority to the Director of Public Health, or designee, to execute new contracts, amend or terminate such contracts, and/or amend existing contracts, to implement programming at an amount not to exceed the JUUL settlement abatement funds through FY 2032-33. This authority is needed to deploy resources and streamline services to ensure that settlement-funded activities reach the community as quickly as possible. Any contracts to be executed or amended as a result of this delegated authority will be funded by the JUUL settlement funds.

Implementation of Strategic Plan Goals

The recommended actions support the following elements of the County's Strategic Plan:

1. North Star 1 – "Healthy Individuals and Families,"
2. North Star 2 – "Public Health,"
3. North Star 3 – "Streamlined and Equitable Contracting & Procurement," and "Flexible & Efficient Infrastructure".

FISCAL IMPACT/FINANCING

JUUL settlement abatement funds received by the County at approximately \$3.4 million in annual funding for abatement under the JUUL settlement will reside in an interest-bearing Special Revenue Fund administered by Public Health. Departmental program costs will be limited to available JUUL settlement abatement funding. There are no net County costs associated with this action.

The proposed spending plan (Enclosure) has been reviewed by County Counsel and aligns with all requirements for use.

Public Health recognizes that JUUL settlement abatement funds will be available to programs subject to the terms of the settlement (i.e., annual payments over eight years or a single pre-payment); County will receive a maximum of \$48 million over eight years and a minimum of approximately \$42 million, as there is a pre-payment discount clause where pre-payment may not be sooner than September 1, 2025. If a single prepayment is chosen, Public Health will make necessary adjustments at no net County cost.

Programs and initiatives funded using settlement funds will either sunset after use of final payment or Public Health will identify other existing resources to continue activities beyond JUUL settlement abatement fund availability at no net County cost.

Funding will be included in Public Health's fiscal year (FY) 2024-2025 Final Adopted Budget and will be included in future FYs, as necessary.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Per the court-approved settlement, abatement funds are to be used for program activities that will prevent and treat nicotine addiction; and educate consumers, as well as the public on the harmful effects of vaping and/or nicotine use and addiction.

Settlement fund usage is not subject to audits or any expiration dates.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

While they are available, JUUL settlement abatement funds will support vital activities focused on preventing and mitigating the public health harms of electronic cigarette and tobacco use across the most affected LAC communities.

The Honorable Board of Supervisors

6/4/2024

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Respectfully submitted,

A handwritten signature in black ink that reads "Barbara Ferrer". The signature is written in a cursive, flowing style.

Barbara Ferrer, PhD, MPH, MEd

Director

BF:gs
#07614

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

**Los Angeles County Department of Public Health:
JUUL Settlement Fund Proposed Annual Spending Plan**

Background: In April of 2023, the State of California received a \$175.8 million settlement a result of a \$462 million multistate settlement agreement with electronic cigarette maker, JUUL that was negotiated by the California Department of Justice (DOJ) and six other states. The suit pertained to JUUL's targeting of young people as a market for its electronic nicotine delivery system (ENDS) products, which are used in vaping. The County of Los Angeles (County) received **\$3.4 million** in year one abatement funding for programming, which resides in a new dedicated, interest-bearing Special Revenue Fund. It is anticipated that this **abatement funding will be available annually for up to eight years**. JUUL can also avail themselves of a pre-payment clause no sooner than September 1, 2025. The Department of Public Health (Public Health) is charged with developing an annual spending plan for Board of Supervisors approval for these abatement funds. Per the court-approved settlement, abatement funds must be used for activities in the six following focus areas that will prevent and treat nicotine addiction; and, educate consumers and the public on vaping and/or nicotine use and addiction, including but not limited to: 1) programs that provide cessation assistance to Los Angeles County (LAC) residents; 2) educational prevention programs designed to prevent or reduce use of ENDS and nicotine products; 3) research in support of preventing ENDS use by LAC residents; 4) research into the health effects of ENDS use; 5) programs or equipment designed to abate the impacts that ENDS and other nicotine products have had on youth and which aim to reduce those impacts in the future; and 6) other prevention, treatment, consumer education, and enforcement efforts.

Proposal: Public Health proposes four key initiatives that will be funded through the JUUL settlement in alignment with the six focus areas above.

1. **Tobacco Retail License (TRL) Enforcement Enhancements and Expansion:** Public Health's Division of Chronic Disease and Injury Prevention (CDIP) will expand its existing TRL enforcement activities to target flavored vaping and tobacco products. The project's strategies and expanded scope of activities will include contracting for youth decoy operations (e.g., stings to prevent ENDS sales to minors), compliance visits by Public Health Environmental Health Inspectors, and retailer education (e.g., creating and operating a responsible retailer initiative).
 - a. Estimated annual budget: **\$351,000**
 - b. New Department items requested (*as part of estimated annual budget*): **none**

2. **Youth and Young Adult Designed and Led Social Media and Peer Education Campaigns:** CDIP will contract with subject matter experts and community partners (e.g., youth focused community-based organizations, media consultants) in order to engage youth in developing their own social media and peer education campaigns; with the goal of educating peers as to the risks of vaping and tobacco use. This initiative will deliver meaningful public health education to youth across LAC while building participant capacity and skills.
 - a. Estimated annual budget: **\$504,000**
 - b. New Department items requested (*as part of estimated annual budget*): **none**

3. **Vaping Cessation Project:** This CDIP initiative will increase the capacity of health agency partners, community partners, and clinicians to provide cessation assistance to LAC residents who vape or use other tobacco products. This project will focus on priority populations with the highest vaping and tobacco use rates, including youth. Providing cessation services to ENDS users is particularly challenging for providers given the extremely high concentration of nicotine per vape (as compared with cigarettes), which then increases the likelihood of addiction in users. Contracts will be pursued to offer provider education.
 - a. Estimated annual budget: **\$248,000**
 - b. New Department items requested (*as part of estimated annual budget*): **none**

4. **Student Well Being Centers:** Public Health's Education Sector Unit (ESU), which is a part of the Office of Planning, Integration, and Engagement, will use JUUL funds to expand on the work of school-based Student Well Being Centers (WBCs) and their associated Peer Health Advocate Programs to provide education regarding the risks of vaping use/prevention and reduce risky behaviors among LAC youth. Vaping has been identified as a major problem by WBC school leadership, and JUUL funds will allow the WBCs to respond to this issue by purchasing and incorporating anti-vaping content into its ongoing substance use prevention activities and to hire staff to extend WBC hours (full school schedule availability) to better serve youth seeking education and services.
 - a. Estimated annual budget: **\$ 2.35 million**
 - b. New Department items requested (*as part of estimated annual budget*): **10**