



AGENDA REPORT

TO: Steven Falk
Interim City Administrator

FROM: Joe DeVries
Deputy City Administrator

SUBJECT: Sugar Sweetened Beverage
Community Advisory Board Funding
Recommendations

DATE: May 1, 2023

City Administrator Approval

Date: May 11, 2023

RECOMMENDATION

Staff Recommends That City Council Receive An Informational Report On The Sugar Sweetened Beverage Tax And The Recommendations Of The Sugar Sweetened Beverage Community Advisory Board For The Allocation Of Measure HH, Fund 1030 Revenue For The 2023-25 Fiscal Years.

EXECUTIVE SUMMARY

The Sugar Sweetened Beverage Tax was approved by Oakland voters in November 2016 and went into effect in July 2017. The tax is levied on distributors of sugar-sweetened beverages, including soda, energy drinks, and sports drinks. The revenue generated from the tax is dedicated to improving public health by funding programs that promote healthy eating and active living, particularly in low-income communities and communities of color.

The City Council adopted [Resolution No. 87062 C.M.S.](#) in February 2018, establishing a separate fund within the City's General-Purpose Fund into which all Measure HH revenue would be placed (Fund 1030). The resolution requires that the City Council receive and consider the recommendations of the Sugar Sweetened Beverage Community Advisory Board (Board) prior to allocation. These funds are proposed to be allocated as part of the City's FY2023-25 Budget, therefore the recommendations from the Board should be considered prior to adoption.

At its May 2023 monthly meeting the Board voted unanimously to recommend the following funding allocation for the FY2023-25 Budget:

FY 2023-2025 SSB Board Funding Recommendations	% of SSB Fund Revenues
City of Oakland Human Services Department and Services (HSD) and Parks, Recreation and Youth Development Department (OPRYD)	16%
Oakland Unified School District (OUSD)	16%
Community Investments through direct assistance and community-based grants	60%
Project Delivery – Administration, Evaluation, Communications	8%

BACKGROUND / LEGISLATIVE HISTORY

Measure HH, the Sugar-Sweetened Beverage Distribution Tax Ordinance (the “Ordinance”), was approved by the Oakland voters in the November 8, 2016 General Election. The Ordinance established the tax of 1 cent per ounce on the distribution of sugar-sweetened beverages (SSB) effective July 1, 2017. The Ordinance also established the SSB Board to advise and make recommendations to the City Council on the expenditure of these tax revenues.

The Board has a Vision and set of Guiding Principles that it uses to guide its recommendations:

Vision: *Ensuring the right to a healthy life by investing in the health of Oakland children and families, building hope for a better tomorrow.*

Guiding Principles: *We are committed to achieving the highest level of health and well-being for Oakland children and families, particularly those who are most affected by the impacts of sugar sweetened beverages including but not limited to the following:*

- a. Social justice through food system change
- b. Dental disease prevention and overall health promotion
- c. Addressing health disparities and inequities for low-income and our most vulnerable communities
- d. Healthy eating and active living for all

The table below shows the Board’s recommendation for past fiscal years and demonstrates the Board’s interest in supporting a combination of City, Oakland Unified School District (OUSD), and Community programs that address their guiding principles:

FY 2018-2019 SSB Board Funding Recommendations	% of SSB Fund Revenues
City of Oakland Departments and Services	20%
Oakland Unified School District (OUSD)	20%
Grant Program Includes funding remaining eligible grant proposals from the Year 1 Community Grants RFP for the Reducing Consumption of Sugar Sweetened Beverages	40%
Special Initiatives	10%
Project Delivery - Evaluation	10%

FY 2019-2020 & FY 2020-2021 SSB Board Funding Recommendations	% of SSB Fund Revenues
City of Oakland Departments and Services	20%
Oakland Unified School District (OUSD)	20%
Grant Program	40%
Special Initiatives	10%
Project Delivery - Evaluation	10%

FY 2021-2023 SSB Board Funding Recommendations	% of SSB Fund Revenues
City of Oakland Human Services Department and Services (HSD)	10%
City of Oakland Parks, Recreation and Youth Development Department (OPRYD)	10%
Oakland Unified School District (OUSD)	12%
Community Investments through direct assistance and community-based grants	60%
Project Delivery – Administration, Evaluation, Communications	12%

SSBT PROGRAMS

Community Grants Program

The City of Oakland released a Request for Proposals (RFP) on March 25, 2022, making \$3 million available for grants in FY 2022-2024. The RFP identified three areas for funding: *Healthy Neighborhoods and Places*, *Prevention and Mitigation*, and *Policy and Advocacy*, with a focus on areas disproportionately impacted by sugar-related diseases. Target populations included children and their families, pregnant mothers, households with limited resources, and communities disproportionately targeted by the beverage industry. The proposal deadline was April 25, 2022, and 45 grant proposals were received. The proposals were evaluated based on a set of criteria and were ranked by scores received from evaluators. No agency received the full amount requested due to the high demand for funds. A strong focus was placed on prioritization of resources for neighborhoods most affected by sugar sweetened beverage consumption, expertise in serving local communities, and innovative or emerging practices focused on changing food systems or community practices.

On June 22, 2022, City council adopted [Resolution 89302 C.M.S.](#), awarding grant agreements to twenty-six (26) non-profit and public agencies to provide services that help achieve the Board's goals to reduce sugar consumption, raise awareness of the health impacts of sugar consumption, and expand food and nutrition programs to improve health outcomes. A total of \$3,000,000 is being awarded to these organizations over a two-year grant cycle, with the funds drawn from SSBTD revenues, with \$1,000,000 allocated from fiscal year 2021-22 and \$2,000,000 allocated from fiscal year 2022-23.

Attachment A contains a list of organizations that have received SSBT grants and a summary of the funded programs.

Saba Grocers Food Card Program

On April 19, 2022, Council adopted [Resolution 89122](#) awarding \$1,000,000 in SSBT funds to SABA Grocers food card distribution to needy families. As part of the FY 2022-2023 Midcycle Budget, an additional \$1,000,000 from the 1010 – General Purpose Fund (GPF) was allocated to SABA Grocers to bolster their work addressing food insecurity in low-income communities by providing gift cards.

Saba Grocers Initiative establishes food infrastructure by helping to establish the food supply-chain infrastructure that small immigrant businesses need to access economies of scale and invests in communities of color by partnering with resident leaders to disseminate financial support to residents to purchase fresh fruits and vegetables at participating grocery stores. The program is particularly effective in communities where access to fresh and healthy food is limited.

This grant enables Saba Grocers to expand their work with corner stores, providing refrigeration equipment to house produce, reorganize store inventory to promote healthy products, conduct staff training with store personnel, and provide gift cards for customers who do not qualify for other benefits so that they can purchase the produce provided. The program is expected to distribute 1200 Saba Food Cards to 1200 families. Each card will be loaded with \$100 and reloaded for a 12-month period. Each participant will have access to an online SABA web platform and App to activate and track financial spending, access an interactive map of store locations, and receive multilingual and multi-media notifications on nutrition. The remaining \$560,000 of the grant funds will go towards card production, program evaluation, fiscal sponsor fees and other overhead costs.

Attachment B shows the SABA Grocers Initiative's Scope of Work for the Food Card Program.

Summer Food Service Program

The City of Oakland has been providing the Summer Food Service Program (SFSP) for 38 years, with funding from the United States Department of Agriculture and administered by the California Department of Education (CDE), Nutrition Services Division. Last summer, SFSP vendors delivered meals to 45 community sites, providing 39,320 breakfasts and 62,437 lunches to children. However, due to pandemic-era precautions, some sites were closed, and only children enrolled in programs were able to receive meals.

This year we intend to help address rising food insecurity in Oakland by continuing to provide high-quality meals and consistent and effective service delivery to our service sites. children in communities experiencing food insecurity. All of our sites are open this year, and we are expanding service to over 50 sites. We have also added three new small vendors, all small locally owned businesses, since last summer.

The SFSP is augmented with Sugar Sweetened Beverage funds, about two dollars per meal, allowing for higher quality meals and bigger portions. The program contracts with vendors to prepare both snack and lunch for delivery to Oakland Parks, Recreation and Youth Development (OPRYD), Oakland Public Library (OPL), and community sites. The City is reimbursed based on meals delivered in compliance with CDE and USDA requirements.

The addition of locally based small businesses owned by women of color in the community as vendors provides economic opportunities and local jobs. These new vendors have created menus that are healthier, more delicious, and culturally accessible, incorporating more fruits and vegetables, lean proteins, and whole grains, and accommodating dietary restrictions.

OUSD Central Kitchen

The Oakland Unified School District serves almost 35,000 children across 108 facilities and campuses – more young people than any organization in Oakland. The OUSD Central Kitchen and Instructional Garden is located in West Oakland and serves as a hub to produce nutritious meals and integrate access to healthy food with environment, food and garden education. The Center delivers fresh meals to schools across Oakland, supports school gardens, with the harvests shared with students, staff and the community, and provides student internships and dual enrolment learning opportunities with Laney College.

The Oakland Unified School District (OUSD) received a grant agreement of \$1,000,000 from SSBT funds in the FY 2021-23 Biennial Budget. With the grant, OUSD will continue to provide fresh meals to schools across Oakland and address food insecurity.

In addition, the partnership provides opportunities for increased collaboration such as local procurement of fruits and vegetables, with a focus on supporting farmers from historically marginalized ethnic groups, more field trips, interns, and curriculum development for teachers, development of the farm space and community garden space, more water promotion and intentional promotion of the Oakland Drinks Water Campaign. The partnership also aims to start community programming such as cooking, nutrition education, and garden classes, and an on-site produce stand for the community. The SSBT and OUSD partnership is excited to work together towards creating a healthier, more sustainable food system in Oakland.

Work with DSAL to create food hubs

The City of Oakland, in collaboration with Deputy Sheriff's Activities' League (DSAL) and Black Cultural Zone (BCZ), has been actively working to establish food hubs throughout the city, placing a particular emphasis on the development of the Arroyo Viejo Recreation Center food hub. On December 6, 2022, the City Council approved [Ordinance No. 13711 C.M.S.](#) which detailed the formal agreement between the City of Oakland, DSAL, and BCZ to execute a lease agreement for use of space in Arroyo Viejo Recreational Facility to operate a food hub.

Food hubs are an important part of the food economy, providing food distribution, rental commercial kitchen space, and food rescue services to meet community nutrition needs. On October 19, 2021, the City Council recognized that a commercial kitchen at the recreation center is part of a larger ecosystem of food economy that currently exists in Oakland, and in August 2022, the Alameda County Board of Supervisors authorized an amendment to an existing community-based organization contract with DSAL, providing funding for the capital expansion and construction management of food hubs at the West Oakland Mount Zion Multipurpose Center and the East Oakland Arroyo Viejo Food Hub. The funding from DSAL will be used for capital expenses and construction management, while funding from BCZ (\$600,000) will be used to operate and manage the rentable commercial kitchen. DSAL will partner with BCZ, who will carry out community-based events for the public, highlighting local food vendors working out of that space.

With these efforts, the City of Oakland is taking a significant step towards promoting healthy and sustainable food systems while creating employment opportunities for the community. The SSB Advisory Board has expressed its excitement to see these efforts come to fruition and is committed to supporting these initiatives as they are in alignment with their goals and vision of investing in the health of Oakland children and families.

SSB Advisory Board

On June 15, 2022, the Oakland Sugar Sweetened Beverage (SSB) Community Advisory Board sent a letter to the city council to express its disapproval of the allocation of revenue from the SSB tax. With a projected revenue for 2022-2023 of \$7.89 million, the Board had proposed that 60% of the budget be allocated to community grants and 20% to city agencies in the adopted budget for FY 2021-23. However, the final budget funded city agencies at 70%, mostly allocated to Oakland Parks Recreation and Youth Development, while only 12% went to community investment grants. This was in contrast to San Francisco's budget, which largely adopted their SSB CAB's recommendations.

The SSB CAB's main concern is that funding from the SSB tax is effective in reducing sugar consumption, dental caries, obesity, diabetes, and related conditions. They believe that SSB tax funding should be used for initiatives specifically linked to nutrition and wellness programs in neighborhoods at risk for health disparities. They are also insistent that the SSB tax should not be used to backfill the general budget, and funding allocated to city departments should only be for programs aligned with nutrition, health, and wellness.

The Oakland SSB CAB recommends that the upcoming FY SSB tax revenue allocations prioritize community investment, as investing in trusted community organizations directly impacts residents most adversely affected by sugar sweetened beverage consumption.

Attachment C shows the Advisory Board's funding recommendations for Fiscal Years 2023-25. The advisory board urges councilmembers to take these recommendations seriously and allocate SSB tax revenue accordingly.

ANALYSIS AND POLICY ALTERNATIVES

The Board is recommending an increase in the allocation to community investments through direct assistance and community-based grants to 60% of the total fund. The Board envisions doing this through an expansion of the Community Grants Program that was developed in keeping with the Board's vision, guiding principles and recommended funding areas.

The Community Grants Program emphasized the prioritization of resources for neighborhoods where the effect of sugar-sweetened beverage consumption is most prevalent, as indicated by the highest incidences of obesity, diabetes, and other related chronic diseases; the use of evidence based programs and promising practices that would demonstrate expertise and effectiveness in serving local communities; and opportunities for innovation and emerging practices focused on changing food systems and/or community practices, in three identified funding areas:

1. Healthy Neighborhoods and Places
2. Health Care Prevention and Mitigation
3. Policy and Advocacy

The focus continues to be on food access, including support for OUSD's Central Kitchen project as a vehicle to ensure food security for the most vulnerable children in Oakland. The Summer Food Service Program is also an essential program to ensure that children continue to receive nutritious meals when school is out of session. The direct assistance portion of the recommendation is to expand on the previously funded efforts to provide debit cards to needy families to purchase fresh produce and other healthy foods at neighborhood retail establishments.

FISCAL IMPACT

This is an Informational Report and has no fiscal impact, however, the recommendations, if adopted, will have an impact on the City's FY23-25 budget.

PUBLIC OUTREACH / INTEREST

At publicly noticed Board meetings the Board discussed these recommendations. At the May 8, 2023 monthly meeting the recommendation was approved unanimously.

COORDINATION

This report was prepared in consultation with the SSB Community Advisory Board and has been reviewed by the Budget Bureau and City Administrator.

SUSTAINABLE OPPORTUNITIES

Economic: SSB funding will provide employment opportunities through projects in Oakland. The community grant-receiving agencies are largely Oakland-based and employ Oakland residents and have a direct impact on the local economy. SSB funds are used to leverage and match additional local, county, state, federal and philanthropic funds, thereby, having a positive impact on the Oakland economy. Some of the programming recommended for funding will also provide employment opportunities to low-income Oakland residents.

Environmental: Investments in projects and programming that promotes healthy eating contribute to the overall wellbeing of Oakland's neighborhoods.


Social Equity: Increased investments in community health, especially among neighborhoods and populations most impacted by the consumption of sugar-sweetened beverages, will have long-term benefits that address health disparities and social inequity.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That City Council Receive An Informational Report On The Sugar Sweetened Beverage Tax And The Recommendations Of The Sugar Sweetened Beverage Community Advisory Board For The Allocation Of Measure HH, Fund 1030 Revenue For The 2023-25 Fiscal Years.

For questions regarding this report, please contact Michael Akanji, City Administrator Analyst at 238-6454.

Respectfully submitted,



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Deputy City Administrator

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Attachments (3):

- A. SSBT Grant Recipients 2022-24
- B. SABA Grocers Initiative Scope of Work
- C. Sugar Sweetened Beverage Community Advisory Board Funding Recommendations