



Office of the City Manager

ACTION CALENDAR
January 22, 2019

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Kelly Wallace, Interim Director, Health, Housing, & Community Services

Subject: Companion Report: Allocation of \$4.75 Million Over Two Years, FY20 and FY21, to Reduce Consumption and Health Impacts of Sugar-Sweetened Beverages (SSBs).

RECOMMENDATION

Accept the Sugar Sweetened Beverage Product Panel of Experts (SSBPPE) report with the attached clarifications considered.

FISCAL IMPACTS OF RECOMMENDATION

The fiscal impacts include allocating up to \$4.75 million dollars from general funds over two years, FY20 and FY21.

CURRENT SITUATION AND ITS EFFECTS

The Public Health Division works in close partnership with the Sugar Sweetened Beverage Product Panel of Experts to reduce consumption and the negative health impacts of sugar sweetened beverages. City of Berkeley staff greatly appreciate the continued dedication and efforts of SSBPPE to address these important issues and guide the City of Berkeley in these efforts.

It is important to clarify two points referenced in the SSBPPE report:

- 1) Most significantly, it is important to note that the tax passed on the distribution of sugar sweetened beverages in November 2014 (Measure D) was a general tax and not a special tax. Therefore, as noted in the text of the SSBPPE report, the recommended allocation “is independent of the amount of tax collected from the distribution of SSB in Berkeley.”

It is true that more revenue from this measure has been deposited into the general fund than has been allocated to support the SSB programs. While it is entirely appropriate for the SSBPPE to ask that the general fund allocation for these programs be increased, it is also important to remember that it is not a dollar for dollar revenue/expense relationship between the SSB revenue and the allocation of funds to support the work of the SSBPPE, as would be the case

were it a special tax. Likewise, it is difficult to know if the actual revenue collected through this tax is unallocated as stated in the report.

- 2) Regarding revenue versus expenses for this program, our accounting differs slightly from that reported by the SSBPPE. The Commission report includes a variance figure of \$1.75 million dollars (revenue-expenditure). It should be noted that the FY15 through FY18 revenue numbers are the actual revenues received by the City and the FY19 number is a projected amount. Based on these numbers, the estimated variance (see below) is about \$1.475 million, with no expenses applied to this program for the first 10 months following the election, even though significant staff time was devoted to the initial implementation effort.

General Fund for Sugar Sweetened Beverage Programs and Activities					
Costs by Fiscal Year					
	FY15 and FY16	FY17	FY18	FY19 (budgeted)	TOTAL
Total General Fund for Sugar-Sweetened Programs and Activities EXPENSES:	\$ 328,205	\$ 1,631,213	\$ 1,573,407	\$ 1,604,625	\$ 5,137,450
Total SSB Tax REVENUE:	\$ 2,000,258	\$ 1,578,389	\$ 1,517,949	\$ 1,515,000	\$ 6,611,596
Variance:	\$ 1,672,053	\$ (52,824)	\$ (55,458)	\$ (89,625)	\$ 1,474,146
<i>** There was significant staff work in HHCS and PH that is not captured in these figures. Only PH costs from the SSB staff personell are included. SSB staff was not hired until 9 months after work began on these efforts, 5 months after SSBPPE was established.</i>					

BACKGROUND

The SSBPPE and City of Berkeley staff have worked together successfully through two previous rounds of community agency funding. Additionally, City staff have worked closely with all contracted providers this year to help identify meaningful outcome measures for the funded programs to better demonstrate the success of their efforts. We look forward to releasing the RFP by January 25, 2019, and to working with SSBPPE and the funded agencies to continue making a significant difference in the community.

ENVIRONMENTAL SUSTAINABILITY

This recommendation has no direct environmental sustainability impacts. To the extent that these initiatives lead community members to drink tap water rather than canned or bottled beverages, there may be a reduction in solid waste.

RATIONALE FOR RECOMMENDATION

Clarify information regarding the program in order to continue the good work of the commission and funded agencies on these important public health issues.

ALTERNATIVE ACTIONS CONSIDERED

Maintain the current level of SSB funding, assess the impact of current programs and determine future funding levels based on a return of investment model.

CONTACT PERSON

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