



# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Michael Akanji, City  
Administrator Analyst

**SUBJECT:** Sugar-Sweetened Beverage Tax  
Community Grants Program

**DATE:** April 7, 2022

City Administrator Approval

Date: Apr 7, 2022

## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt A Resolution Awarding a Grant Agreement to SABA Grocers through their fiscal sponsor InAdvance In A Total Amount Not To Exceed \$1,000,000 using Fiscal Year 2021-2022 and Fiscal Year 2022-23 Sugar Sweetened Beverage Tax Revenue To Implement The Saba Grocers Initiative Food Card Program.**

## **EXECUTIVE SUMMARY**

The City Administrator's Office (CAO) recommends the City Council approve the proposed resolution awarding a grant agreement for the Saba Grocers Initiative Food Card Program, which meets the vision of the SSB Community Advisory Board by providing access to healthy food in Oakland's most underserved neighborhoods.

The City Council's adopted budget for FY2021-23 set aside a portion of the funding to be recommended for allocation to community efforts by the SSB Board as follows:

- \$1 million in year one and \$2 million in year two for community programs for a total of \$3 million over two years.
- \$500,000 each year toward gift card programs for low-income families to purchase fresh produce

As the only provider currently partnered with the City of Oakland with a debit card program in place, the Saba Grocers Healthy Retail Initiative demonstrates strategic alignment with the SSB Community Advisory Board's vision and guiding principles, and prioritization of resources for neighborhoods most affected by the consumption of sugar-sweetened beverages.

## **BACKGROUND / LEGISLATIVE HISTORY**

Measure HH, the Sugar-Sweetened Beverage Distribution Tax Ordinance was approved by the Oakland voters in the November 8, 2016 General Election. The Ordinance established the tax of

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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

On May 7, 2019, the City Council approved Resolution No. 87661 C.M.S., which authorized the City Administrator to negotiate and execute grant agreements with fourteen non-profit and public agencies recommended for funding to provide service for Fiscal Year 2019-2020 to reduce consumption of sugar-sweetened beverages in a total amount not to exceed \$2,000,000 from Fiscal Year 2017-2018 SSBT revenues. The Sugar Freedom Project and Mandela Partners Healthy Grocer Initiative were among the agencies that received Sugar Sweetened Beverage Tax (SSBT) funding at this time to develop community engagement and leadership to implement the Board's mission of reducing sugar-sweetened beverage consumption.

On June 23, 2020, the City Council adopted a Fiscal Year 20-21 midcycle budget with amendments that included CARES Act funding allocations to provide critical resources to our residents and businesses most impacted by COVID-19. The City of Oakland received \$36.9 million in CARES Act Funding allocated from the State of California. Funds were used to provide financial and technical assistance to Oaklanders and address the City's public health and safety impacts of the COVID-19 pandemic. Of this, \$500,000 was allocated to the Saba Grocers Initiative (**Attachment A**), which distributed 1,000 Saba Food Cards worth \$250 each to residents living in neighborhoods with high COVID rates. Closed-loop restricted access cards were developed by Saba to be used at 26 independently-owned stores across the City of Oakland. They were accompanied by COVID kits that included 2 masks and an 8oz bottle of hand sanitizer. In addition, Saba Grocers Initiative installed 13 hand sanitizer stations at 13 neighborhood stores.

Program participants were identified from the zip codes most impacted by COVID-19 and experiencing economic duress due to the pandemic. Priority was given to individuals and families who identified as undocumented, unsheltered, seniors, persons living with disabilities, single mothers and families with children under 5, pregnant women, those residing in limited

English-speaking communities, those without access to SNAP/EBT benefits and other government benefits, individuals with COVID diagnosis, families of currently incarcerated folks, and recently released incarcerated.

The cards were distributed by a network of nonprofit partners that included the Sugar Freedom Project, East Oakland Collective, Homies Empowerment, Trybe, Street Level Health Project, Parks & Rec and Head Start, Lighthouse Mosque, Madison Park Academy (OUSD), corner store owners and community organizers also helped identify card recipients.

The initiative allowed 7 corner store participants located in Oakland's flatland communities to expand their produce and grocery selection. Stores were provided with energy-efficient commercial refrigerators stocked with produce at the start of the program. They were also provided with a subsidy which allowed them to lower prices on essential grocery items. Store owners were required to list items at a price point approved by the Saba Grocers Initiative. Fresh produce was delivered on a weekly basis and store employees received training in produce handling, maintenance, sales, and ordering. Stores were required to purchase fresh produce and market it to customers at all point-of-sale transactions.

During the fall of 2020, the SSB Community Advisory Board had a remaining \$500,000 in funding upon which to make recommendations to the City that would align with its mission. At its meeting on October 12, 2020, the SSB Board advised staff to identify groups whose mission would align with the "Healthy Neighborhoods and Places" portion of the Board's guiding principles.

At its meeting on November 9, 2020, The Saba Grocers Retail Initiative presented a proposal to the Board which included Saba's Food Card to be given to 1000 families that had already been identified. **(Attachment B)**. At its December 2020 meeting The Board unanimously voted to award \$175,000 each to the Saba Grocers Retail Initiative and Mandela Partners' Healthy Grocer Initiative. Both support stocking fresh produce at corner stores through East and West Oakland and providing subsidies to low-income families to purchase that produce. Saba Grocers' subsidy was unique in that it was in the form of a gift card. The Board also unanimously recommended an extension of the Sugar Freedom Project's existing work at \$150,000.

## **ANALYSIS AND POLICY ALTERNATIVES**

The consumption of sugar-sweetened beverages has been linked to diabetes and other chronic disease. Evidence of the disparity of these impacts and their effect within Oakland communities includes the high rates of obesity among Oakland children and higher rates of diabetes and dental decay among Oakland citizens, particularly in communities of color as documented by the Alameda County Public Health Department.

The Sugar Sweetened Beverage Advisory Board has a vision to prioritize resources in 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 order to help soften the impact of the pandemic, the Board is supporting neighborhood initiatives to increase access to healthy and affordable food and active living, as well as promote community driven efforts to advance knowledge, attitude and behavior change around nutrition, physical education, water consumption, and increase access to healthy drinks and food through expansion of healthy retail and food systems

The Saba Grocers' Healthy Retail Initiative latest proposal (**Attachment C**) will 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 Saba Grocers use InAdvance as their fiscal sponsor and coordinate closely with the Sugar Freedom Project, a project of InAdvance which received initial SSB funding in 2019. It will provide gift cards that can be used at the network of corner stores the Saba Grocers are working with to access fresh produce. The goal is to distribute 2,000 Saba Food Cards to 2,000 residents over two batches. The first batch of 1000 cards will be distributed in the summer of 2022 with the remaining 1000 cards distributed in the fall of 2022. Each card will be loaded with \$75 and reloaded for a 5-month period. Each resident/family will receive a total of \$375 over 5 months.

Saba Grocers will partner with Oakland HeadStart, free food distribution partners to distribute the cards, and the Sugar Freedom Project to assign cards to families/residents most marginalized (i.e. without access to EDD, Pan-EBT, EBT etc.) . Each resident will be registered for a card and will return to pick it up at a distribution site. Cards will be personalized with recipient name, and multi-lingual program information. Each resident will have access to an online Saba web platform, and application (app) to activate and track spending. Monthly notifications of funds will be sent to each participant in multiple languages. Residents will be able to report and receive a stolen or lost card through a 24/7 toll free customer service line listed on the back of the card, app, and all program materials. Each resident will be able to shop at 20-30 small independent stores across the city of Oakland.

The Saba Grocers Initiative Food Card program supports several of Oakland's CityWide priorities. It contributes towards increased economic security by reducing the cost of food, and provides holistic community safety through increased access to healthy and affordable food. By attempting to address food insecurity in our most underserved areas, we are increasing the level of trust that Oakland citizens have in city government.

### **FISCAL IMPACT**

Funds in the amount of \$1,000,000 are available in the Adopted FY 2021-2023 Adopted Budget for these grant awards in Measure HH (SSBDT) Fund (1030), Policy and Planning Org (78311), Third Party Grants Contracts Account (54912), GPF Hunger Program Project (1004117), Fostering safe and Healthy Communities Program (SC22).

### **PUBLIC OUTREACH / INTEREST**

At the publicly noticed Board meetings in October, November, and December 2020, the Board discussed recommendations on where to allocate remaining SSB funds. At the December 2020 meeting, after a report by Saba Grocers detailing their community programs (**Attachment B**), the Board unanimously voted to allocate \$500,000 to three programs, of which \$175,000 was allocated to the Saba Grocers Healthy Retail Initiative programs.

At the July 12, 2021 meeting, the board recommended that staff perform a quick evaluation of the programs and then extend the contracts/award funding to the existing providers that distributed gift cards. At the October 11, 2021 meeting, SABA Grocers presented an extensive PowerPoint Presentation about the gift card program they developed during the pandemic, first with CARES Act dollars and then supplemented with SSB funding.

### **COORDINATION**

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

### **PAST PERFORMANCE, EVALUATION AND FOLLOW-UP**

The City of Oakland is partnering with Mathematica, a policy research organization, to conduct an evaluation of the Reducing Consumption of Sugar Sweetened Beverage (SSB) Community Grants investments. Mathematica evaluators have reached out to previous grantees including SABA Grocers to discuss program goals, challenges and successes. Mathematica anticipates wrapping up data collection in March 2022 and preparing grantee profiles to be reviewed in April 2022.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** Increased resources to address food access and the creation of healthy food options have a positive impact on employment and productivity, leading to economic benefits in neighborhoods and communities, as well as long-term benefits for Oakland through positive health outcomes.

**Race and Equity:** Increased investments in community health, collaborations to support food access and removing barriers to accessing healthy food, which most impact families affected by poverty, will have long-term benefits that address health disparities and social inequity.

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

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt A Resolution Awarding a Grant Agreement to SABA Grocers through their fiscal sponsor InAdvance In A Total Amount Not To Exceed \$1,000,000 using Fiscal Year 2021-2022 and Fiscal Year 2022-23 Sugar Sweetened Beverage Tax Revenue To Implement The Saba Grocers Initiative Food Card Program.

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

Respectfully submitted,

  
MICHAEL AKANJI  
City Administrator Analyst

Attachments (3):

- A. Saba Grocers Initiative – CARES Project
- B. East Oakland Healthy Corner Store Proposal
- C. Saba Grocers Project Proposal

