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CITY OF OAKLAND

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TO: Members of the Life Enrichment Committee

FROM: Vice Mayor Annie Campbell Washington, Chair of Life Enrichment Committee
Councilmember Rebecca Kaplan

DATE: February 13, 2018

RE: Report and Action to Adopt a Resolution Providing 1) That A New Separate Account Shall Be Established Within The General Fund To Hold General Fund Tax Revenues Generated By The Oakland Sugar-Sweetened Beverage Distribution Tax, And 2) Determining That The City Council Shall Not Appropriate Sugar-Sweetened Beverage Distribution Tax Revenues Prior To Receiving And Considering The Community Advisory Board's Recommendations Regarding Appropriation Of The General Fund Revenues, And 3) Providing That The Sugar-Sweetened Beverage Distribution Tax Revenues Shall Be Held In The Subfund Until Completion Of This Appropriation Process

Dear Oakland City Council Colleagues,

Presented here is a report and resolution providing that a new separate account be established within the General Fund to hold revenues generated by the Oakland Sugar-Sweetened Beverage Distribution Tax and providing that these funds be held until the Community Advisory Board presents recommendations to the City Council for appropriation and expenditure. We look forward to a discussion at the Life Enrichment Committee and respectfully request that the Committee move this item forward to the full City Council for consideration in a timely manner.

Oaklanders Overwhelmingly Supported the November 2016 Ballot Measure for an Oakland Sugar Sweetened Beverage Excise Tax – Measure HH

The Oakland City Council voted affirmatively to place a Sugar-Sweetened Beverage Excise Tax on the November 2016 Ballot. This Ballot Measure was named Measure HH and was passed overwhelmingly by 61.35% of Oakland voters.

Measure HH Revenues Estimated at \$10 Million Annually

The SSB tax is calculated as follows: one cent (\$0.01) per fluid ounce of a bottled sugar sweetened beverage, upon the initial distribution within the City of Oakland.

Revenues collected from this tax are estimated to be \$10 million annually and can be used to support health education programs and efforts to improve children's health across Oakland, especially in neighborhoods most impacted by the chronic diseases associated with sugar intake.

Measure HH Established the Sugar-Sweetened Beverage Tax Community Advisory Board

Measure HH requires the City Council to establish a nine-member Community Advisory Board with specific membership requirements. The Members of this Board were recently sworn in and have begun meeting publicly on the second Monday of each month in Oakland City Hall from 6:30-8:30 PM.

The membership of the Advisory Board includes:

- a) At least three (3) members of the Board are residents who live in areas, as defined by the most current census tracts, which are disproportionately impacted by diseases related to the consumption of sugar sweetened beverages, as measured by the most recent data available to the Alameda County Department of Public Health;
- b) At least two (2) members of the Board are: one medical and one dental professional who have public health experience or who engage in prevention, diagnosis, treatment, or research of, or education about, chronic diseases linked to the consumption of sugar sweetened beverages;
- c) At least two (2) members of the Board represent the Oakland Unified School District (OUSD) as follows: there is one (1) OUSD Parent Representative and one (1) OUSD Teacher Representative; and

- d) At least two (2) members have experience in addressing public health issues related to diabetes, obesity and sugary drink consumption, community-based youth food and nutrition programs, oral health or early childhood nutrition.

The Community Advisory Board Will Publish An Annual Report to the Mayor and City Council

The Advisory Board must publish an annual report to the Oakland City Council including the following:

- a) Recommendations on how to allocate the City's general funds to reduce the consumption of sugar sweetened beverages in Oakland and to address the results of such consumption;
- b) How and to what extent the City Council and Mayor have implemented the recommendations presented by the Board;
- c) Information, if available, concerning the impact of the Chapter on the public health of the residents of the City; and
- d) Any additional information deemed appropriate.

Intended Impacts of the SSB Tax

The Sugar Sweetened Beverage Tax is expected to:

- 1.) Raise awareness. The public deserves the right to know about the link between sugary drinks, diabetes and other diseases, and how the beverage industry targets its marketing towards youth and communities of color.
- 2.) Raise revenue for community programs that combat the impact of sugary drink marketing. Revenue from the tax could fund community and school-based programs across Oakland that give families tools to make healthy choices about what they eat and drink.
- 3.) Reduce consumption. Studies coming out of Mexico are showing the tax has led to a significant reduction in consumption. These reductions could prevent deadly diseases and save billions in health care costs.

Safeguard The Public Trust By Establishing A New SubFund

It is critically important with this voter-approved measure and all others, that we spend these public dollars in accordance with the law and in accordance with the expectations of the voters. Measure HH established a Community Advisory Board with very specific expertise to make

recommendations to the City Council on how the funds should be spent to ensure that the funds are used in ways that will make an impact on the public health outcomes and diseases related to soda consumption.

To this end, we respectfully request that the Oakland City Council adopt this Resolution to establish a new separate account within the General Fund to hold General Fund Tax revenues generated by the Oakland Sugar-Sweetened Beverage Distribution Tax, and determining that the City Council shall not appropriate Sugar-Sweetened Beverage Distribution Tax Revenues prior to receiving and considering the Community Advisory Board's recommendations regarding appropriation of the General Fund Revenues, and providing that the Sugar-Sweetened Beverage Distribution Tax Revenues shall be held in the Subfund until completion of this appropriation process.

Sincerely,



Annie Campbell Washington, Vice Mayor



Rebecca Kaplan, City Councilmember

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OAKLAND CITY COUNCIL

DRAFT

City Attorney

RESOLUTION NO. _____ C.M.S.

Introduced by Vice Mayor Campbell Washington and
City Councilmember Kaplan

RESOLUTION PROVIDING 1) THAT A NEW SEPARATE ACCOUNT SHALL BE ESTABLISHED WITHIN THE GENERAL FUND TO HOLD GENERAL TAX REVENUES GENERATED BY THE OAKLAND SUGAR-SWEETENED BEVERAGE DISTRIBUTION TAX, AND 2) DETERMINING THAT THE CITY COUNCIL SHALL NOT APPROPRIATE SUGAR-SWEETENED BEVERAGE DISTRIBUTION TAX REVENUES PRIOR TO RECEIVING AND CONSIDERING THE COMMUNITY ADVISORY BOARD'S RECOMMENDATIONS REGARDING APPROPRIATION OF THE GENERAL FUND REVENUES, AND 3) PROVIDING THAT THE TAX REVENUES SHALL BE HELD IN THE SUBFUND UNTIL COMPLETION OF THIS APPROPRIATION PROCESS.

WHEREAS, the Voters of Oakland overwhelmingly adopted Measure HH by over 62%, in November 2016;

WHEREAS, the passage of Measure HH established the Sugar-Sweetened Beverage Distribution tax in Oakland, imposing a 1 cent per ounce general tax on the distributors of sugar-sweetened beverages; and

WHEREAS, Measure HH requires the City Council to establish a nine-member Community Advisory Board with specific membership requirements, and established that the Board would be responsible for publishing an annual report that includes the following: "1) Recommendations on how to allocate the City's general funds to reduce the consumption of sugar sweetened beverages in Oakland and to address the results of such consumption; 2) How and to what extent the City Council and Mayor have implemented the recommendations presented by the Board; 3) Information, if available, concerning the impact of this Chapter on the public health of the residents of the City; and 4) Any additional information that the Panel deems appropriate"; and

WHEREAS, within 15 days of publication, the Board's annual report is transmitted to the City Council by the City Administrator; now therefore be it

RESOLVED, that the Oakland City Council finds and determines that it is necessary to establish a separate account to hold General Fund Tax revenues received from the Sugar-Sweetened Beverage Distribution Tax until they are appropriated by the City Council, and therefore...; and be it

FURTHER RESOLVED, that the City Administrator or her designee is directed to establish a new subfund within the General Purpose Fund, designated as the Sugar-Sweetened Beverage Distribution Tax Fund ("the Fund"), and to deposit all general tax revenue received from the Sugar-Sweetened Beverage Distribution Tax into the Fund; and

FURTHER RESOLVED, that the Oakland City Council, hereby amends the Fiscal Year 2017-19 budget to deposit all general tax revenue received from the Sugar-Sweetened Beverage Distribution Tax into the Fund for future appropriation; and be it

FURTHER RESOLVED, that the Oakland City Council finds and determines that the Oakland Sugar-Sweetened Beverage Distributor taxes shall be appropriated by the Oakland City Council only after the recommendations of the Board, regarding the expenditure of general fund revenues for programs that prevent or reduce the health consequences of consuming sugar-sweetened beverages received, reviewed and considered by the Oakland City Council; and be it

FURTHER RESOLVED, that the Oakland City Council directs the City Administration to timely provide the Board with staffing and resources to properly function funded by the Sugar Sweetened Beverage Distribution Tax Fund; and be it

FURTHER RESOLVED, that any Sugar-Sweetened Beverage Distribution Tax revenues received in any fiscal year but not expended that year, shall be carried forward into the next fiscal year to be used based on and/or according to the recommendations contained in the annual report of the Board to the extent approved by the Oakland City Council.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN,
AND PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California