

Sweetened Beverage Tax Community Advisory Board Meeting Notes

MEETING SUMMARY	Date: October 18, 2018
	Time: 1:30 PM – 3:00 PM
	Location: Seattle Municipal Tower, 31 Floor, Room 3147 700 Fifth Ave, Seattle 98104
MEMBERS PRESENT:	In person: Jen Hey; Christina Wong On phone: Jim Krieger, Lisa Chen, Ahmed Ali, Mackenzie Chase, Yolanda Matthews
MEMBERS ABSENT:	Laura Cantrell Flores, Dila Perera, Leika Suzumura, <i>Seat 8 – Vacant (Public Health Representative)</i>
GUESTS:	Office of Sustainability & Environment: Bridget Igoe, Shaunice Wilson

DECISIONS MADE	1. The Board will not endorse CM Mosqueda’s bonding proposal. The co-chairs will respond via email directly to CM Mosqueda.
	2. The Board authorized the co-chairs to finalize a letter to Council regarding the 2019-2020 proposed spending plan for SBT revenues. The letter shall <ul style="list-style-type: none"> • Express deep dissatisfaction with the proposed budget • Strongly recommend that Council re-align the SBT spending plan in accordance with the ordinance and the Board’s recommendations • Underscore how the proposed spending plan would erode public and community trust

FOLLOW-UP ACTION ITEMS			
#	ITEM	RESPONSIBLE PERSON(S)	TARGET DATE
1	Draft letter in response to proposed budget	B. Igoe, J. Krieger, C. Wong	10/18/2018
2	Circulate final draft to Board members for final review and copy editing	B. Igoe	10/18/2018
3	Transmit final letter to Council	B. Igoe	ASAP (before 10/22/2018)
4	Email CM Mosqueda re: bonding proposal	J. Krieger and C. Wong	ASAP (before 10/22/2018)

Meeting Notes

Christina Wong, Co-Chair, facilitated the meeting

Welcome and Introductions

- Board members introduced themselves by sharing their names and organizations. City staff introduced themselves by sharing their names and departments.
- Board reviewed agenda and major goals of the meeting—to discuss the Proposed 2019-2020 Budget and decide on a response and recommendations to include in a letter to Council.

Public Comment

None

Review budget process and proposed budget

C. Wong reviewed City Council's Budget Committee Schedule, noting that the Committee is scheduled to deliberate the Sweetened Beverage Tax (SBT) budget on Monday, Oct. 22.

The Board reviewed detailed information provided by the City Budget Office about the revised 2018 budget and the Mayor's proposed uses for the SBT revenues in 2019 and 2020. Highlights from the discussion:

- The 2018 projected revenues for the SBT have been revised from \$14.8 million to \$20.7 million.
- In 2018, SBT investments in *Healthy Food and Beverage Access* increased from \$3.2 million to \$6.5 million and *Birth-to-Three Services* increased from \$4.4 million to \$7.5 million. These increases reflect the following:
 - The Executive's proposal to replace or supplant \$5.1 million in General Fund with SBT revenues. In other words, the Mayor wants to use SBT funds to support programs that were previously paid for with General Fund (GF), to free up GF to pay for other things.
 - The addition of ongoing investments from the 2018 reserve funds that were recommended by the Board.
- Several Board members raised specific concerns about the proposal to use \$2.5 million in SBT funds to support the Child Care Assistance Program (CCAP), given that this subsidy program is not exclusively focused on the birth-to-three population and does not reflect the birth-to-three priorities recommended by the Board.
- In the proposed 2019-2020 budget, there are no longer funds set-aside for Board recommendations. The \$2.77 million in 2018 reserve funds were moved into *ongoing* investments in accordance with the Board's recommendations

- The 2019 proposed spending plan for SBT revenues does not reflect the Board’s recommendations:

2019 Board Recommendations vs. Spending Plan		
Category	Board’s Recommendation	Proposed Spending
Ongoing	100%	100%
Administration ¹	0%	0.0%
Healthy Food and Beverage Access	32.5%	42.3%
Birth-to-Three Services ²	30%	44.9%
Programs for Good Nutrition and Physical Activity	15%	8.5%
Public Awareness Campaign	10%	1.4%
Support for People with Diabetes and Obesity	10%	1.4%
Evaluation Support for Community Based Organizations	3%	1.4%
Community Advisory Board (CAB) Reserve		

Updates from co-chairs on budget process

C. Wong and J. Krieger reported on their recent meetings with Councilmembers to discuss the Board’s 2018 and 2019 budget recommendations in light of the Mayor’s proposed spending plan.

Councilmember Mosqueda specifically asked for the Board’s feedback on a proposal to bond higher-than-expected SBT revenues (currently \$5 million in year 1). According to Council central staff estimates, bonding against the full \$5 million over 10 years, at 3.8% interest, the City could see \$40 million up-front. CM Mosqueda’s proposal would use the money to support affordable housing developments with healthy food access and birth-to-three services co-located on the first floors.

The Board reviewed the bonding proposal and discussed several concerns:

- Given that the intention of the SBT is to decrease consumption of sugary drinks, the City should expect to see lower revenues over time. Using an unstable revenue source to guarantee a bond is not advisable.
- The low likelihood that the spending plan for the bond revenues would be restricted to programs and services intended by the SBT.
- Funding affordable housing development, while an important priority for the City, is outside the scope and intent of the SBT ordinance.

****Decision Point:** The Board decided not to endorse CM Mosqueda’s bonding proposal. There were no blocking concerns. The co-chairs will respond via email directly to CM Mosqueda.

Presentation from budget letter work group and Board discussion

C. Wong presented an outline of draft remarks for a Board letter to Council regarding the Mayor's proposed budget. Board member comments and suggested edits:

- The Board letter needs to be more strongly worded. "Concern" over the \$5.1 million in replacements doesn't adequately reflect how the Board and stakeholders in the community regard this proposal. The letter should make a bold statement about how the Mayor's proposal erodes public trust and all the community work done to support the passage of this tax on the basis that it would be used to support low-income communities of color.
- The use of SBT funds to supplant General Funds is similar to the "shell games" that governments did with tobacco settlement money.
- The point about supplanting CCAP funds needs to be clarified or removed.
- The Board should hold the line and strongly recommend that Council adopt a budget that aligns with the Board's original budget recommendations. The Board should use this letter to send a strong message to the Executive and City Council that the proposed budget goes against the commitments made to the community—particularly communities of colors who are most impacted by the tax—about the intent of the SBT ordinance and the role of the Board.
- The letter should also make the point that this proposed spending plan pits essential programs against one another. and community—particularly communities of color. (don't want communities pitting against each other).

Board action on recommendations regarding proposed budget

****Decision Point:** The Board authorized the co-chairs to finalize a letter to Council regarding the 2019-2020 proposed spending plan for SBT revenues. The letter shall:

- Express deep dissatisfaction with the proposed budget
- Strongly recommend that Council re-align the SBT spending plan in accordance with the ordinance and the Board's recommendations
- Underscore how the proposed spending plan would erode public and community trust

B. Igoe (Board staff) will circulate the final draft to CAB members before it is transmitted.

The meeting adjourned at 3:05 PM.