

Sweetened Beverage Tax Community Advisory Board (CAB)

Special Meeting – COVID-19 Response and SBT Revenues

Meeting Notes

MEETING SUMMARY	Date: Friday – March 20, 2020 Time: 9-10 am Location: Skype Call
MEMBERS PRESENT:	Tanika Thompson-Bird, Jen Moss, Adrian Lopez-Romero, Laura Flores Cantrell, Barbara Baquero, Rebecca Finkel
MEMBERS ABSENT:	Christina Wong, Dila Perera, Paul Sherman, <i>Seat 4 – Vacant since May 2019 (Community Representative),</i> <i>Seat 1 – Vacant since February 2020</i>
CITY GUESTS:	Office of Sustainability & Environment: Alyssa Patrick City Budget Office: Akshay Iyengar Human Services Department: Tara James

DECISIONS MADE	The CAB approved a draft memo in response to proposed changes to SBT allocations due to emergency response needs and expected economic downturns because of the coronavirus outbreak.
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FOLLOW-UP ACTION ITEMS			
#	ITEM	RESPONSIBLE PERSON(S)	TARGET DATE
1	Submit CAB response to CBO and Council	Alyssa	3/23/20
2	CBO and department response to CAB memo – will likely be a combination of memos and presentations at April CAB meeting (this will include information from OSE/partner departments on voucher eligibility)	CBO – Akshay Iyengar is point person	4/17/20

Meeting Notes

WELCOME, INTRODUCTIONS, PUBLIC COMMENT

- CAB members and city staff introduced themselves.

Public Comment

None

CAB DISCUSSION OF CORONAVIRUS IMPACTS ON SBT REVENUES AND ALLOCATIONS

Facilitated by Alyssa Patrick, CAB staff liaison

Overview of Expected Revenue and Allocation Impacts

Presented by Akshay Iyengar, City Budget Analyst

Key points:

- The city is experiencing severe economic shock and it is uncertain how long this is going to last and what the immediate and long-term impacts will be.
- The team at CBO that does economic forecasting has revised their forecast this year downward substantially across all revenue streams expecting a downturn across all city revenue streams, including the Sweetened Beverage Tax revenue.
- For the SBT specifically, a 21% decrease is expected at this point mostly due to the decline in restaurant activities amid business closures. This would reduce expected revenue in 2020 by around \$5 million. We had estimated 24 million in 2020, and now think it will be 19 million – and that could still change as well.
 - Under direction of the Mayor, the City has also set up an emergency grocery voucher program to help those facing increased food insecurity during this crisis. The city's investment in that program is \$5 million and will be coming from SBT revenues.
 - Due to the projected revenue downturn and the new emergency voucher program, there is an expected \$10 million hole to fill.

Q&A

- In a normal year before the downtown, what is the percentage split of SBT revenue from restaurant sales versus grocery sales?
 - Response: A. Iyengar is not sure of that proportion. He will check in with his colleagues at CBO and include this in response to the CAB.
- How does the anticipated hole from this new forecast covered through existing rainy-day funds the CAB set aside at a meeting late last year?
 - Response: The main sources that we're proposing to fill this hole are unspent 2019 SBT funds, SBT reserves, and reprioritizing money from existing programs.
 - **\$5.5 million in unspent 2019 SBT revenue.** CBO's recent analysis of 2019 actual spending identified these unallocated and unspent SBT funds that carry forward into 2020. The city is immediately applying those funds to the emergency grocery fund and towards filling part of the anticipated SBT revenue decline. IT will not make up for the entire shortfall anticipated, so other sources of funds had to be identified.
 - **\$1.1 million reduction in reserves.** The 2020 budget included \$2 million in reserves to backfill ongoing programs in years where revenues decrease. The city is tapping a little more than half of that reserve now; it is possible we'll have to draw down the rest of it later depending on how things continue to evolve.
 - **Reprioritizing funds towards essential services:** Following citywide direction from the Mayor's Office, the priority is to fill the hole from a couple other sources. All city departments have been asked to basically freeze non-essential hiring and services and prioritize funding towards emergency response. The proposed changes to the SBT allocations are in-line with that recommendation. In conversations with department heads, we identified funds in DON and Parks we felt would be better used for this emergency grocery voucher funding at this time.
 - **\$3,225,000 from Department of Neighborhoods (DON).** This is a transfer of DON's 2020 Healthy Food Fund appropriations (\$2.5 million) as well as \$725,000 from one-time P-Patch funding. The reason we,

- along with department leadership, identified reprioritizing these funds is because it is a new program, so no funds have been distributed.
 - **\$413,000 from Parks & Recreation.** This was originally earmarked for water bottle filling stations and for expanding summer youth programs. Given recreation and community centers are closing and many Parks resources are pivoting to provide essential services, it felt appropriate to freeze these funds since they were largely unspent.
 - Is the City tapping into other resources to fill emergency needs?
 - Response: SBT funds and reprioritization of allocations is going towards funding the emergency grocery voucher program and addressing the projected SBT revenue downturn. The City has rainy day and emergency funds that it is tapping to fill other city priorities at this time.
 - Are the currently proposed reallocations impacting any other programs or initiatives that SBT funds have supported?
 - Response: No
 - Do you have any insight on the equity behind how vouchers and possible future resources are going to be distributed?
 - Response: Alyssa following up with information about this from the departments that helped determine eligibility.

CBO will respond to some of the questions raised during this meeting and the CAB's formal response to be submitted to Council and CAB via memo and/or presentation within the next week or two.

Reviewing CAB response

Facilitated by Alyssa Patrick, CAB staff liaison

Prior to the meeting, CAB members received a draft memo drafted by co-chairs with support from the staff liaison responding to the proposed changes to SBT allocations. **Members on the call unanimously agreed to move forward with the drafted memo.**

Moving forward, CAB members discussed the need to adjust planning that happened at the February 2020 retreat to account for changes in SBT revenue. B. Baquero noted in particular that the CAB would need a new plan for communicating with the partners who recently completed community engagement activities for the CAB.

Ideas for the April 17 meeting (likely to be held virtually) included:

- An update from CBO/relevant departments about what other measures are being taken to fill the City's expected economic downturn and fund emergency measures.
 - Tara James from HSD gave an initial response to the question of what other emergency funding measures are being taken:
Citywide all the departments have been told that discretionary projects and hiring are canceled or on hold unless they are for meeting critical needs – food, shelter, basic life. Changes in SBT funding is a small portion of what's happening citywide.
- Information about how federal relief funds coming to the city will be prioritized – will any be used to backfill the SBT-funded programs which are being pulled back currently?