



Office of the City Manager

CONSENT CALENDAR
March 25, 2025

To: Honorable Mayor and Members of the City Council

From: Paul Buddenhagen, City Manager

Submitted by: Henry Oyekanmi, Director of Finance
Scott Gilman, Director of Health, Housing and Community Services

Subject: Companion Report: Allocation of \$2,294,774 Million Over Two Years, FY2026 and FY2027, to Reduce Consumption and Health Impacts of Sugar-Sweetened Beverages (SSBs).

RECOMMENDATION

Adopt a Resolution allocating \$2,294,774 from the General Fund total for Fiscal Year 2026 (July 1, 2025, through June 30, 2026) and Fiscal Year 2027 (July 1, 2026, through June 30, 2027) to be invested in a grant program administered and coordinated by the Department of Health, Housing, and Community Services' (HHCS) Public Health Division (HHCS/PHD). This program will align with the Sugar-Sweetened Beverage Product Panel of Experts (SSBPPE) Commission's goals to reduce sugar-sweetened beverage (SSB) consumption in Berkeley and address the health effects of SSB consumption. The total amount will be distributed in two installments of \$1,147,387 annually for FY2026 and FY2027, as follows:

- A. Award up to \$905,292 of the allocated amount to the Berkeley Unified School District (BUSD) for the period of July 1, 2025, to June 30, 2027, through a grant proposal process. These funds will support the reduction of SSB consumption through the implementation and enhancement of BUSD cooking and gardening programs. The BUSD funding process will be separate from the general community-based organization funding process and guided by the SSBPPE Commission's Criteria for BUSD Funding (Attachment 2).
- B. Award up to \$905,292 of the allocated amount for the period of July 1, 2025, to June 30, 2027, through a Request for Proposal (RFP) process managed by HHCS/PHD. These grants will be awarded to community-based organizations (CBOs) and will align with the SSBPPE Commission's goals to reduce SSB consumption and address the effects of SSB consumption. The RFP process to determine CBO funding will be separate from the BUSD funding process and guided by the SSBPPE Commission's Criteria for Community Agency Grants (Attachment 3).

- C. For the period of July 1, 2025, to June 30, 2027, allocate \$128,990 to the Finance Department for staffing costs and Muni-Services fees, and \$355,200 to HHCS/PHD for staffing, operating, service delivery and consulting costs. HHCS/PHD will coordinate and monitor the grant process, manage awarded contracts, and provide activities aligned with the sugary beverage tax goals including providing education, outreach, and technical assistance to support local vendors as they work to comply with the Healthy Checkout ordinance and monitoring Berkeley funded hydration stations, and HHCS will provide an annual presentation to the SSBPPE Commission focused on process and outcome data and updates on Finance Department fees related to the sugary drink tax, to inform the Commission's annual report.

- D. Carry over any sugary drink tax revenue received in excess of \$2,294,774 during FY2026 and FY2027 to be awarded for related services in FY2027–FY2029.

FISCAL IMPACTS OF RECOMMENDATION

Based on recent trends in sugar-sweetened beverage tax revenue (detailed below), projections for FY2026 and FY2027 indicate approximately \$1,147,387 in revenue per year. These projections will be revised after the mid-year revenue numbers are analyzed.

The requested amounts for the Finance Department and HHCS/PHD are based on current needs to maintain consistent service levels supporting BUSD, awarded CBO contracts, external consultants, the SSBPPE Commission, and related activities. Current staffing and FTEs remain the same, with the exception of personnel pay rate and Cost-of-Living Adjustment (COLA) increases due to newly negotiated employee contracts. Funding is subject to appropriation in FY2026 and FY2027.

CURRENT SITUATION AND ITS EFFECTS

In November 2014, Berkeley voters passed Measure D, which mandates a 1 cent per ounce tax on the distribution of sugary drinks in Berkeley and the convening of a Panel of Experts (SSBPPE) to recommend investments to reduce sugary drink consumption and address the health consequences of such consumption. In November 2024, Berkeley voters passed Measure Z, removing the January 1, 2027, expiration date and extending the tax until repealed or modified by voters.

The City of Berkeley has enjoyed a successful partnership with the SSBPPE and funded CBOs for over ten years and fully supports the purpose and intent of Measures D and Z. As revenues decrease due to the success of the tax, it is essential to continue strategies that promote healthier behaviors and decrease SSB consumption. Community-based partnerships have positively impacted health education and policy, systems, and environmental changes that support the SSBPPE's goals and mission. City staff are committed to providing administrative support and programmatic activities

that enhance the City’s community-based partners' successful implementation of strategies for improved community health.

The associated annual costs for the Finance Department’s administration of the tax and HHCS/PHD’s coordination and management of the RFP process, resulting contracts, and related policies (such as the Healthy Checkout Ordinance) are outlined below. HHCS will also conduct a time study to ensure appropriate allocation of funding needed to meet the SSBPPE administrative expectations. In FY 24/25 the percent allocation was 28%. Under this proposal the administrative percent drops to 21% for FY 25/26.

Projected Annual Costs for Mandated Activities (Finance and HHCS)	Amount
Finance Department Staff (.30 FTE)	\$41,547
Muni Services Fees (@ 2%)	\$22,948
Finance Department Subtotal	<u>\$64,495</u>
HHCS: Administrative Staff (estimated salary including benefits)	\$93,954
HHCS: Nutritionist @ 20% (estimated salary including benefits)	\$42,774
HHCS: Contracted Program Evaluation Consulting Services	\$19,000
HHCS: Other Operational Expenses	\$21,872
HHCS Costs Subtotal	<u>\$177,600</u>

Total Annual SSB Tax utilized for administrative expenses **\$242,095**

BACKGROUND

Measure D, the Sugar Sweetened Beverage tax, was passed on July 1, 2014, to support increased water consumption and decreased SSB consumption. Allocations from the City General Fund supported HHCS/PHD in developing and overseeing SSBPPE community agency contracts, providing SSBPPE secretarial support, conducting program evaluations, and supporting programmatic initiatives aligned with Measure D. The tax was extended by voters through Measure Z in November 2024, removing the January 1, 2027, expiration date.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no environmental impacts.

RATIONALE FOR RECOMMENDATION

This recommendation allows the City to continue its commitment to public health, specifically reducing SSB consumption in Berkeley, while aligning program investment with projected funding. Modifying the City’s scope of work and calculating funding for City services based on actual costs, rather than an assumed percentage of tax revenue, will allow for program implementation and sustainability.

ALTERNATIVE ACTIONS CONSIDERED

Staff appreciates the SSBPPE's commitment to BUSD programming and the important work of CBOs. Staff did not identify an alternative recommendation consistent with projected sugary beverage tax revenue and current City costs.

CONTACT PERSONS

Henry Oyekanmi, Director of Finance (510) 981-7200

Scott Gilman, Director, Health, Housing, and Community Services (510) 981-5400

Attachments:

1: Resolution

2: SSBPPE Commission's Criteria for BUSD Funding

3: SSBPPE Commission's Criteria for Community Agency Funding

RESOLUTION NO. ##,###-N.S.

ALLOCATION: \$2,294,774 TOTAL FOR SUGAR-SWEETENED BEVERAGE CONSUMPTION AND REDUCTION GRANT PROGRAM IN FY2026 AND FY2027

WHEREAS, the consumption of sugar-sweetened beverages (“SSB”) in Berkeley is impacting the health of the people in Berkeley; and

WHEREAS, in FY2024 and FY2025, the City Council awarded a total of \$2 Million by Resolution #70,765,-NS upon the recommendation of the SSBPPE Commission to demonstrate the City’s long-term commitment to decreasing the consumption of SSB and mitigate the harmful impacts of SSB on the population of Berkeley; and

WHEREAS, many studies demonstrate that high intake of SSB is associated with risk of Type 2 Diabetes, obesity, tooth decay, and coronary heart disease; and

WHEREAS, the above conditions are all demonstrated to increase both the severity of COVID19 related illness and risk of death; and

WHEREAS, hundreds of millions of dollars have been spent in an ongoing massive marketing campaign, which particularly targets children and people of color; and

WHEREAS, an African American resident of Berkeley is 14 times more likely than a White resident to be hospitalized for diabetes; and

WHEREAS, 40% of 9th graders in Berkeley High School are either overweight or obese; and

WHEREAS, tooth decay is the most common childhood disease, experienced by over 70% of California’s 3rd graders; and

WHEREAS, in 2012, a U.S. national research team estimated levying a penny-per-ounce tax on sweetened beverages would prevent nearly 100,000 cases of heart disease, 8,000 strokes, and 26,000 deaths over the next decade and 240,000 cases of diabetes per year nationwide.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is hereby authorized to allocate \$2,294,774 million from the General Fund to be disbursed in two (2) installments of \$1,147,387 million in FY26 and \$1,147,387 million in FY27 and invested as follows:

1. For the period, July 1, 2025 to June 30, 2027, direct the City Manager to allocate \$128,990 to the Finance Department for staffing costs and Muni-Services fees and \$355,200 to HHCS/PHD for staffing, operating and consulting costs. HHCS/PHD will coordinate and monitor the grant process, manage resulting contracts

awarded, support activities aligned with the goal of the sugary beverage tax, including the Healthy Retail Checkout ordinance, and provide an annual presentation to the SSBPPE Commission that includes process and outcome data and updates on Finance Department fees related to the sugary drink tax for the SSBPPE Commission to inform the development of the Commission's annual report.

2. Allocate up to \$905,292 of remaining funds to Berkeley Unified School District (BUSD) through a grant proposal to reduce the consumption of sugar-sweetened beverages (SSBs) through the implementation and enhancement of the BUSD cooking and gardening programs for the period, July 1, 2025 to June 30, 2027; and
3. Allocate up to \$905,292 of funds through a RFP process managed by the Public Health Division for grants to community-based organizations consistent with the SSBPPE Commission's goals to reduce the consumption of SSB and to address the effects of SSB consumption for the period, July 1, 2025 to June 30, 2027; and
4. Carryover any sugary drink tax revenue received in excess of \$2,294,774 million during FY2026 and FY2027 to be awarded for related services in FY2027 – FY2029.

A records signature copy of the said agreement and any amendments to be on file in the Office of the City Clerk.

SSBPPE Commission's Criteria for the BUSD Funding Proposal

Required components for BUSD proposal:

List specific activities for how the BUSD proposed project will meet the following:

- 1) Decrease access to SSBs and/or improve access to drinking water.
- 2) Increase or strengthen SSB policies in school and outside of school.
- 3) Support the annual administration of the Berkeley adapted Youth Risk Behavior Survey (YRBS) or California Healthy Kids Survey (CHKS) to evaluate student's SSB knowledge, consumption, access, and policy perceptions.
- 4) Increase and strengthen the garden program through nutrition education curriculum, the ways the curriculum addresses SSB consumption, and communication of SSB education and policy efforts to parents
- 5) If there is a plan to work with partners, who are they and how do you anticipate they will collaborate with BUSD staff? Identify which grade levels will be associated with each partnership.

Anticipated obstacles: What obstacles do you anticipate how will you try to address them?

Project Measures: Describe the ways in which you will measure outcomes, including the way you will administer the YRBS or CHKS survey and for which students, measures for the garden and cooking program, and other measures to understand if your program is working.

Sustainability Plan: Please describe how your organization will sustain the proposed project/ program activities beyond the funding period.

Communications Plan: Describe how you will meet communication requirements. Include what type of communication product(s) will be produced and what information will be shared.

Agreement to participate in the three meetings per year (1-2 sentence statement of agreement): Grantees are expected to do a presentation at one commission meeting, host one site visit for commissioners, and will attend one resource sharing meeting with other grantees.

Additional Requirements for BUSD:

Please confirm with a yes to each of the following requirements:

- 1) Proposal reflects approval from the BUSD School Board: Yes/No
- 2) BUSD will not sell or serve sugar-sweetened beverages (as defined by the SSB tax) at any BUSD schools or campuses: Yes/No
- 3) Awarded funding will not supplant BUSD FY26 and FY27 General Fund allocations: Yes/No
- 4) Funded projects will publicly reflect support from Healthy Berkeley Program: Yes/No

Funded projects and programs will include evaluation of their process and outcomes: Yes/No

SSBPPE Commission's Selection Criteria for Community Agency Funding

Required components of project proposals from community-based organizations:

Proposed Project and Activities:

- 1) Briefly describe the goal of the program or project you would like to see funded.
- 2) Identify which strategies you intend to use in your program.
- 3) Identify the kinds of activities you will use in your program.
- 4) How many people do you expect to reach with your project?
- 5) Do you plan to work with partners? If so, who are they?

Applicants who have previously received funding should describe how they will build on past accomplishments, reach new participants, and whether there is deeper engagement with the same community members in new ways that reinforce and build upon previous funding.

Anticipated obstacles: What obstacles do you anticipate and how will you try to address them?

Project Measures: Describe all the things that you will measure to know if your program is working.

Sustainability Plan: Please describe how your organization will sustain the proposed project/program activities beyond the funding period.

Communications Plan: Include what type of communication product(s) will be produced and what information will be shared.

Agreement to participate in the three meetings per year (1-2 sentence statement of agreement): Grantees are expected to do a presentation at one commission meeting, host one site visit for commissioners, and will attend one resource sharing meeting with other grantees. (See Section II.D. above.)

Scoring criteria:

1. The proposed project aims to decrease consumption of sugary drinks, increase access to drinking water, and/or address health effects from consumption of sugary drinks. (25%)
2. The proposed project indicates how people and communities in the priority populations will be reached. (20%)
3. Describes both strategies and activities that will be used to reach their goals (30%)
4. The proposal includes a plan for sustaining their efforts and communicating activities, and successes to the larger Berkeley community. (15%)
5. Proposal budget matches the work plan and is appropriate. (10%)