

Sweetened Beverage Tax Community Advisory Board (CAB) Meeting Notes

MEETING SUMMARY	Date: Thursday, October 10, 2019
	Time: 9-11am
	Location: 2100 24 th Avenue South, Seattle, WA 98144
MEMBERS PRESENT:	Christina Wong, Dila Perera, Jen Moss, Laura Cantrell, Lisa Chen, Paul Sherman, Tanika Thompson
MEMBERS ABSENT:	<i>Seat 2 – Vacant (Food Access Representative)</i> <i>Seat 3 – Vacant (Food Access Representative)</i> <i>Seat 4 – Vacant (Community Representative)</i> <i>Seat 10 – Vacant (Early Learning Representative)</i>
CITY GUESTS:	Office of Sustainability & Environment (OSE): Bridget Igoe City Budget Office: Ben Noble, Aaron Blumenthal

DECISIONS MADE	1. The CAB reached consensus on key features of its response to the 2020 Proposed Budget. See page 4 for details.
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FOLLOW-UP ACTION ITEMS			
#	ITEM	RESPONSIBLE PERSON(S)	TARGET DATE
1.	Draft letter to City Council responding to the 2020 Proposed Budget	C. Wong, with support from B. Igoe (CAB staff)	ASAP
2.	Review and provide comments on draft letter	CAB members	ASAP
3.	Finalize and transmit letter	C. Wong, with support from B. Igoe	10/17/19

Meeting Notes

Welcome, Introductions

Community Advisory Board (CAB) members, City staff, and public guests introduced themselves.

Public Comment

Mary Jean Gilman, Friends of the Ballard P-Patch

M.J. Gilman spoke in support of the \$3 million in Sweetened Beverage Tax one-time funds proposed for P-Patch. The Ballard P-Patch has operated since 1976, providing fresh organic produce and supporting food security efforts in the community through produce donations to food banks. The garden property is now at risk due to economic pressure to develop real estate in the neighborhood.

Rich Macdonald, P-Patch Gardener

R. Macdonald spoke in support of the \$3 million in Sweetened Beverage Tax one-time funds proposed for P-Patch. SBT is an appropriate funding source: P-Patch market giving programs

donate tons of produce to food banks, gardens are associated with low-income housing sites, and lower income gardeners and immigrant communities access P-Patch gardens.

Erin Lau, Project Manager, Det. Cookie Chess Park (submitted written comment)

In weighing how to allocate surplus funds from the Sweetened Beverage Tax, we would like the Community Advisory Board to consider a project that is helping the mental and physical development of youth as young as 5 yrs old, in a district highly impacted by the tax. This project is the Detective Cookie Chess Park, in Rainier Beach, which is envisioned to be a permanent outdoor space where chess can be played year round. The park will honor all the work that Detective Cookie, a Seattle Policewoman, has done in the past decade to not only teach chess to youth, but foster lifelong skills that contribute to a healthy development. You may think that chess only affects the mental abilities of players, but according to a new report featured on NPR, playing chess over a several day tournament can also help one burn significant calories, losing 10-12 lbs. This project has already gone through design and permitting and is ready to be built as soon as the funds are raised (\$300-400k). We are looking for any portion of our total fundraising goal. Please learn more about us at our website: <https://detectivecookiechesspark.org>

2020 Proposed Budget

Ben Noble, City Budget Office Director

Aaron Blumenthal, City Budget Office Analyst

Key presentation points:

- This year, Council provided additional direction to fund only new activities with SBT funds [passage of [CB 119551](#)]. A full \$6 million is now available on an ongoing basis. Additionally, \$4 million in one-time funds are also available.
- The proposed budget includes the following major investments:
 - \$3 million ongoing to expand the Child Care Assistance Program. This funding will support increasing income eligibility from 300% to 350% of the Federal Poverty Level, fund enrollment increases, support providers who participate in the program, and enhance staffing capacity. The key drivers behind this proposal were to provide childcare benefits in response to high costs, affordability, and responding to community needs.
 - \$2.5 million ongoing for a Healthy Food Fund, a new community grant program to provide resources for food access and improve public health. This program would be designed by the Department of Neighborhoods (DON) and the Office of Sustainability & Environment (OSE) and be managed by DON, which is the largest community grant making entity in the City.
 - \$825,000 additional ongoing resources to food banks.
 - \$3 million in one-time funding for P-Patch community gardens. P-Patch community gardens have had no significant infusion of capital since the 2008 Parks and Open Space Levy. In proposing SBT investments in P-Patches, the Executive saw connections to direct food access, nutrition education, food provision to food banks and other community food sites, and general community building that happens around food.
- There is also a proposal to invest \$2 million in a stabilization fund or financial cushion should the revenues decline. The long-term goal of the SBT is to discourage consumption and it's unknown how this revenue stream will respond to a recession.
- See **Appendix A** for the SBT Financial Plan handout provided.

Q&A:

- Regarding the P-Patch proposal, were any of the CAB’s recommendations for one-time investments considered?
 - Response: The challenge is these are one-time funds. Capital investments in P-Patches is a smart and effective way to deploy one-time funds since the community gardens are self-sustaining with just a little bit of capital investment. We did look at water bottle filling stations and some of the logistics with Seattle Public Schools but it came down to debating priorities and not spreading investments too far and too thin. Additionally, there is some vision around the Healthy Food Fund to fill some of those other CAB priorities.
- How does the Healthy Food Fund differ from the existing Food Access Opportunity Fund?
 - Response: The Healthy Food Fund is intended to be funding that could be directed to community-led programming. The two funds are not necessarily different but they are currently independent.
- What are the mechanics of the proposed SBT stabilization fund? Will it raise interest and will that interest that go back into the reserve?
 - Response: The reserve will have very low return rate. Interest generated will be returned to the SBT Fund, now that this is a separate fund. The City’s broader General Fund has a rainy day fund and we can dip into that as needed.
- Isn’t the City’s rainy day fund set at 10%? How is the proposed SBT stabilization fund level set compared to other City stabilization funds? And would it be protected—i.e. SBT cash reserve funds cannot be used for General Fund needs?
 - Response: Setting the stabilization fund level is more art than science. The City has two financial reserves to draw upon in the event of certain unanticipated expenditure or revenue pressures – the Emergency Subfund and the Revenue Stabilization Account. Taken together, both funds are about 10%.
- What proportion of the Child Care Assistance Program subsidies serve the 0-5 population?
 - Response: Don’t have exact data on hand, but about half of the vouchers serve the 0-5 population, but there is a potential to use the vouchers for afterschool care as well.
- When the Healthy Food Fund rolls out, will it have the same structure and requirements as DON’s Neighborhood Matching Fund (which provide matching dollars to community projects)?
 - Response: The criteria and structure for the Healthy Food Fund are not set. While the Fund would be administered by DON, it is not inherent that there would be a match requirement.

CAB Response to 2020 Proposed Budget

The CAB reviewed the new SBT investments proposed by the Mayor in 2020 (see **Appendix B** for a summary) and discussed which of the investments it endorsed and rejected.

The CAB deliberated each proposed SBT investment and its response and recommendation. Using fist to five to test for agreement on each response and recommendation, the CAB reached consensus on the following responses:

Mayor's Proposal		CAB Response	
Program/Proposal	Amount	Endorses/Rejects	Comments/Rationale
Healthy Food Fund	\$2,500,000 Ongoing	Endorses	This proposal aligns with CAB's 2020 budget recommendations to invest more in community-led programming.
Fresh Bucks Expansion	\$2,000,000 Ongoing	Endorses	This proposal aligns with CAB's 2020 budget recommendations to expand Fresh Bucks.
Child Care Assistance Program Expansion	\$3,000,000 Ongoing	Partially endorses and recommends alternative funding proposals	<ul style="list-style-type: none"> • Supports use of SBT for some CCAP expansion; however, overall, this proposal does not align with the CAB's 2020 budget recommendations. • SBT funding is intended to prioritize investments in prenatal-to-age-three programming, yet approximately half of CCAP recipients are outside this age range. • Recommends this money is redirected to create a new grantmaking program for community-based organizations that specialize in prenatal-to-age-three and kindergarten readiness services. See CAB's 2020 budget recommendations for specific details.
P-Patch Community Gardens	\$3,000,000 One-time	Rejects and recommends alternative funding proposals	<ul style="list-style-type: none"> • Not aligned with CAB's 2020 budget recommendations. • The CAB has questions about the real impact P-Patch has on food access and food security and who is accessing/benefitting from P-Patch community gardens (what % are low incomes and people of color). • Recommends this money is redirected to all the one-time investments identified in the CAB's original 2020 budget recommendations, except the public awareness campaign. The CAB wants to see how this campaign rolls out before expanding it further.
Cash Balance Reserve in the SBT Fund	\$2,000,000	Approves with modifications	<ul style="list-style-type: none"> • SBT is intended to curb consumption so this reserve would create a fund to keep critical programs "whole" should the revenue decline. • Recommends the reserve is protected for its intended purpose and cannot be raided for other purposes. • Recommends the reserve level is limited to 5% of ongoing investments.

Additionally, the CAB recommends:

- Expanding senior meals and home delivery programs
- Expanding the fruit and vegetable snack program beyond elementary schools.

Based on these CAB decisions, C. Wong will draft a letter to City Council responding to the 2020 Proposed Budget. The draft letter will be sent to CAB members for review and comment before a final version is transmitted. The goal is to issue the letter by October 17, 2019.

-END-

Appendix A: SBT Financial Plan

Sweetened Beverage Tax Fund (00155)								
	2018	2019	2019	2020	2020	2021	2022	2023
Amounts in \$1,000s	Actuals*	Adopted	Revised	Endorsed	Proposed*	Projected	Projected	Projected
Revised Beginning Fund Balance								
Beginning Funding Source/Fund Balance*	(485)	0	11,036	4,368	4,368	2,029	2,616	2,794
Technical Adjustments	0	0						
<i>Revised Beginning Funding Source/Fund Balance*</i>	(485)	0	11,036	4,368	4,368	2,029	2,616	2,794
Sources of Funds								
Sweetened Beverage Tax	22,254	21,386	23,970	24,329	24,329	24,451	24,573	24,696
<i>Source of Funds Total</i>	22,254	21,386	23,970	24,329	24,329	24,451	24,573	24,696
Expenditures								
Office of City Auditor	(360)	(750)	(750)	(750)	(500)	(515)	(530)	(546)
Office of Sustainability and Environment	(2,284)	(3,856)	(3,856)	(3,557)	(5,954)	(6,133)	(6,133)	(6,133)
Finance and Administrative Services	(779)	0	0	0	0	0	0	0
Department of Education and Early Learning	(3,833)	(9,985)	(9,985)	(9,886)	(8,765)	(9,028)	(9,299)	(9,578)
Human Services Department	(3,477)	(5,911)	(5,911)	(5,641)	(5,150)	(5,304)	(5,463)	(5,627)
Department of Parks and Recreation	0	(150)	(150)	(150)	(300)	(309)	(318)	(328)
Department of Neighborhoods	0	0	0	0	(5,500)	(2,575)	(2,652)	(2,732)
Worker Retraining	0	(500)	(500)	(500)	(500)	0	0	0
Budget Adjustments								
2018 Encumbrance Carryforwards			(2,460)					
2018 Operating Carryforwards			(4,657)					
2nd Quarter Supplemental			(2,369)					
<i>Total Expenditures</i>	(10,734)	(21,151)	(30,638)	(20,484)	(26,668)	(23,863)	(24,395)	(24,943)
<i>Ending Funding Source/Fund Balance*</i>	11,036	235	4,368		2,029	2,616	2,794	2,546
Financial Reserves								
2018 Encumbrance Carryforwards	(2,460)							
2018 Operating Carryforwards	(4,657)							
Revenue Stabilization Reserve	0	0	0		(2,000)	(2,000)	(2,000)	(2,000)
<i>Total Reserves</i>	(7,117)	0	0		(2,000)	(2,000)	(2,000)	(2,000)
<i>Ending Unreserved Funding Source/Fund Balance*</i>	3,918	235	4,368		29	616	794	546
<p>*In 2018-2019, the Sweetened Beverage Tax was deposited in the General Fund and recorded as a Funding Source. City departments hold expenditure authority in the General Fund through 2019. In 2020, per Ordinance 125886, all appropriations will move to a new Sweetened Beverage Tax Fund, and remaining Sweetened Beverage Tax revenues will be transferred to establish beginning Fund balance in 2020. 2018 Beginning Funding Source Balance will show negative because Finance and Administrative Services spent revenue to administer the Tax before taxes were collected.</p>								

Appendix B: Summary of New SBT Investments Proposed in 2020

[SBT Revenue Overview](#)

Summit Code	Revenue	2018 Actuals	2019 Adopted	2019 Revised	2020 Endorsed	2020 Projected*
318100	Sweetened Beverage Tax	22,254	21,386	23,970	21,921	24,329

Primary source for table: [General Fund Revenue, 2018-2020 \(in thousands of dollars\)](#) (p52)

*Source for 2020 Projected SBT revenue: SBT Financial Plan

Summary of *New* 2020 Proposed SBT Investments

Description	Department	2020 Proposed	Position Allocation	Ongoing or One-Time
Child Care Assistance Program Expansion	DEEL	\$3,000,000	5.5 FTE	Ongoing
Healthy Food Fund	DON	\$2,500,000	1.5 FTE	Ongoing
P-Patch Community Gardens	DON	\$3,000,000		One-Time
Food Banks	HSD	\$825,000		Ongoing
Administrative Support	HSD	\$300,000	2.0 FTE	Ongoing
Fresh Bucks Voucher Expansion	OSE	\$2,000,000		Ongoing
Expand Recreation Programming	SPR	\$150,000		Ongoing

[Executive Summary](#) (p20)

- First, \$2 million will be dedicated to a significant expansion of the Fresh Bucks program, which provides direct assistance for the purchase of healthy foods to those who might not otherwise be able to afford such options. Also included in this budget is an additional \$680,000 added in 2019 after the adoption of the 2019 Adopted Budget, not shown in the table above. This brings the total new investment in Fresh Bucks to \$2.7 million in 2020.
- An additional \$3 million will be made available to the Department of Education and Early Learning (DEEL) to expand the eligibility and depth of the subsidies offered through the City's Child Care Assistance Program (CCAP). Specifically, this funding will support increasing income eligibility from 300% to 350% of the Federal Poverty Level (FPL), fund enrollment increases, reflect the increasing cost of childcare, support providers who participate in the program, and enhance staffing capacity. The 2020 Proposed Budget almost doubles the funding for the program, and as a result, an additional 500-700 families will receive childcare vouchers.
- The proposed budget provides \$2.5 million to the Department of Neighborhoods to create a Healthy Food Fund, a new community grant program to improve public health. The Fund is consistent with the recommendations from the Sweetened Beverage Tax Community Advisory Board (CAB), which provides recommendations regarding the City's use of SBT revenue.
- Additional funding of \$150,000 will be provided to fund youth-focused recreational activities and summer lunch programming in the Department of Parks and Recreation, under the Summer of Safety/Destination Summer Camp programs.
- One-time \$4 million unspent fund balance mentioned above will be used for two purposes: the creation of a one-time \$3 million opportunity fund to address capital needs at P-patches and community gardens, which can directly help provide access to healthy food for both the gardeners themselves and the agencies to whom the P-patches and community gardens donate;

and the creation of a fund reserve to protect against a future downturn of SBT revenues. Initially, the reserve would be funded at \$2 million, combining \$1 million of one-time revenue and the remainder of unallocated revenue for 2020.

[Department of Education and Early Learning](#)

[Child Care Assistance Program Expansion - \\$3,000,000 Ongoing | Position Allocation 5.50 \(p6-7\)](#)

The 2020 Proposed Budget includes funding to continue the expansion of the Child Care Assistance Program (CCAP) including increasing income eligibility from 300% to 350% of the Federal Poverty Level (FPL), fund enrollment increases, reflect the increasing cost of child care, support providers who participate in the program and enhance staffing capacity. The base budget for the CCAP program is \$3.1 million. The 2020 Proposed Budget almost doubles the funding for the program, and as a result, an additional 500-700 families will receive voucher subsidies.

In 2018, DEEL contracted with a consultant to do a comprehensive study of the CCAP program. Among other things, the consultant recommended that the income eligibility for the program be expanded to 350% to match increases in median income and cost of living in the city. As of September 1, 2019, DEEL increased the eligibility level for the program from 300% FPL to 350% FPL, or approximately \$90,000 for a family of four. DEEL also increased the subsidy rate from 10% to 25% for families at the higher levels of the sliding scale to make child care more affordable for families.

The 2020 Proposed Budget also includes funding to pay for provider rate increases based on the cost of child care. DEEL does an annual provider rate study, and makes adjustments to subsidies based on this information. In 2019, there was an 8.5% increase in rates based on this study. DEEL anticipates another rate increase in 2020.

In addition to the rate increases, as DEEL has done more outreach to eligible families, enrollment in the program has grown. Enrollment counts in 2019 are almost 30% higher than 2018. DEEL expects this enrollment trend to continue in 2020, and the 2020 Proposed Budget includes funding to support the increased enrollment.

However, for the program expansion to continue, there needs to be enough providers in the program for families to have access to child care. To help support increased participation by providers, the 2020 Proposed Budget includes funding to provide direct financial assistance to encourage providers to meet the eligibility requirements for program participation.

The 2020 Proposed Budget also adds six positions to DEEL to support the program expansion. These positions include intake representatives, education specialists, a grants and contracts position, and accounting support. The City of Seattle - 2020 Proposed Budget - 166 - Department of Education and Early Learning staff will provide coaching and support to providers, assist families with enrollment, and perform accounting work to support the program.

[Department of Neighborhoods](#)

[Healthy Food Fund - \\$2,500,000 Ongoing | Position Allocation 1.50 \(p7\)](#)

This proposal uses \$2.5 million in ongoing funding from the Sweetened Beverage Tax (SBT) to create a Healthy Food Fund, a new community grant to improve public health. The Fund is in line with the recommendations from the Community Advisory Board (CAB), which provides recommendations regarding the City's use of SBT revenue. The Advisory Board recommends that the 2020 Proposed

Budget invest more in community-led activities and provide more support for one-time investments in infrastructure to increase community capacity to offer healthier food options. The program will include funding for two permanent positions: a 1.0 FTE Planning and Development Specialist II and a 0.5 FTE Admin Spec II. Also included is one-time funding for a one-year Term-Limited Temporary (TLT) Planning and Development Specialist II.

[P-Patch Community Garden Preservation and Enhancement Expenditures - \\$3,000,000 One-Time \(p7\)](#)

This proposal provides one-time funding from the Sweetened Beverage Tax to provide additional support for the P-Patch Community Gardening program, which produces fresh, healthy foods for the public and develops a sense of community. This allows the department to invest in the community gardens to create a more financially sustainable program. The department will consider land acquisition, garden relocation, and capital infrastructure. The department will look towards working with the Sweetened Beverage Community Advisory Board, local community garden partners, and other stakeholders to best determine which projects to fund. The department will hire a TLT projects coordinator to support these efforts.

[Human Services Department](#)

[Food Banks and HSD Staff Capacity - \\$1,125,000 | Position Allocation 2.00 \(p8\)](#)

This item provides Sweetened Beverage Tax (SBT) revenue to the Human Services Department to support the expansion of staff and programs. Approximately \$300,000 will provide for the addition of a Sr. Grants and Contracts Specialist and a Strategic Advisor II to the department. The remainder of this add, which is approximately \$825,000, will be used to support the work of food banks.

The addition of Sweetened Beverage Tax revenue has resulted in a significant increase to HSD's budget for food and nutrition programs since 2018. These two staff are needed to ensure this funding receives sufficient oversight as it gets programmed, monitored, and reported. The Strategic Advisor II will also be the primary point of contact within HSD for communicating with key stakeholders on issues related to the use of SBT revenue, such as the SBT Community Advisory Board, the Mayor's Office, and Seattle City Council. These staff positions will account for 5.8% of HSD's \$5,149,713 in SBT-backed spending in the 2020 Proposed Budget. This total represents a true increment to HSD's budget relative to spending before the SBT was imposed, because the use of SBT to replace previous General Fund support has been eliminated from the 2020 budget.

[Office of Sustainability & Environment](#)

[Fresh Bucks Expansion - \\$2,000,000 \(p5\)](#)

This change increases the funding for the Fresh Bucks program by \$2,000,000, tripling the number of eligible residents for the voucher component of the program to 6,000 recipients, for a total of over 12,000 served by all Fresh Bucks services. This supports OSE's Fresh Bucks voucher program, a key element of the Fresh Bucks Program's strategy to reach residents in the "food security gap" who experience food insecurity but do not qualify for other food assistance programs. OSE has identified continued demand for this program, with further expansion possible as funds become available.

Seattle Parks and Recreation

Expand Recreation Programming - \$150,000 (p9)

The 2020 Proposed Budget adds \$150,000 of Sweetened Beverage Tax funds to Seattle Parks and Recreation to expand two programs keeping youth safe and active in structured recreation programming during the summer: Destination Summer Camps and Summer of Safety.

Destination Summer Camps are highly subsidized, low-fee activity camps sited in low-income neighborhoods. In 2018, the department piloted this program with external funding at Garfield Community Center and had more than 580 program registrations. Funding from the Sweetened Beverage Tax will provide a sustainable funding source for this program and allow for expansion to additional sites in Southeast Seattle.

The Summer of Safety program provides free, structured recreation for youth not otherwise engaged in formal programming. The program is currently offered at four locations 3-4 days per week. Sweetened Beverage Tax funding will allow these sites to operate five days per we