

Sweetened Beverage Tax Community Advisory Board (CAB)
Meeting Notes

MEETING SUMMARY	<p>Date: September 30, 2022</p> <p>Time: 9am – 11am</p> <p>Location: Virtual</p>
MEMBERS PRESENT:	Barbara Baquero, Bilan Aden, Rebecca Finkle, Munira Mohamed, Barbara Rockey, Dan Torres, Tanika Thompson
MEMBERS ABSENT:	Jaimée Marsh, Jen Moss, Kristin Sukys, Christina Wong
GUESTS:	Office of Sustainability & Environment: Bridget Igoe, Gurdeep Gill, Robyn Kumar, Suzy Knutson Department of Neighborhoods: Lisa Chen Human Services Department: Sean Walsh City Budget Office: Greg Shiring and Julie Dingley

DECISIONS MADE	The CAB came to consensus on the key points to include in its letter to City Council, responding to the SBT items in the <i>2023-2024 Proposed Budget</i> .
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Welcome and Introductions

T. Thompson, CAB Co-Chair, opened the meeting.

- CAB members introduced themselves.
- City staff introduced themselves.

There was no public comment.

Overview of the [2023-2024 Proposed Budget](#)

Discussion with Julie Dingley, Director of the City Budget Office (CBO), about the City’s overall budget followed by a briefing with Greg Shiring, CBO budget analyst, about the 2023-2024 Proposed Budget and SBT.

J. Dingley provided an overview of the entire 2023-2024 Proposed Budget, the city’s economic and revenue situation, and challenges posed by a General Fund deficit and inflationary pressures. **Details are available [here](#).**

G. Shiring summarized how the proposed budget incorporated the feedback provided by the CAB in its [August recommendations](#):

- The SBT budget reductions are significantly lower than originally anticipated. The August revenue forecast dictated that SBT programming needed to be reduced approximately \$1.3 million in annual spending for the fund to remain balanced.

- The CAB provided a list of program priorities and reduction possibilities to the Mayor’s Office. These proposals helped inform a discussion that resulted in the Mayor’s Office providing guidance to find an alternative approach and/or additional funding so that—in line with CAB recommendations—no cuts were taken to direct services and benefits for individuals in need.
- This process resulted in annual ongoing reductions of \$478,000 rather than \$1.3 million.

The CAB reviewed the SBT Financial Plan in the proposed budget (page 661 from [2023-2023 Proposed Budget](#) or see screenshot below). Key highlights:

- SBT program reductions are not as significant as originally forecast due to the reinstatement of \$945,000 Coronavirus Local Fiscal Recovery (CLFR) funding in one-time 2022 and the use of reserves in out years (2025-2026).
- There were increases to the 2023 SBT base budget of approximately \$545,000 for technical adjustments that include contract inflation and Annual Wage Increases.
- After base budget increases, reductions of \$578,000 were then taken in 2023 and ongoing reductions of \$478,000 were taken in 2024 in various SBT-funded programs (summarized below).

Summary of proposed changes:

- **Total SBT reductions in 2023 are \$578,000 and in 2024 are \$478,000, taken from the following**
 - \$100,000 for Program Evaluation in 2023 only (HSD)
 - \$90,000 for indirect and overhead in 2023 and 2024 (HSD)
 - \$115,000 for eliminating a vacant position in 2023 and 2024 (DON)
 - \$273,000 for professional development for CCAP providers in 2023 and 2024 (DEEL)
- **Additionally, \$350,000 SBT funding in HSD is reprioritized to fund food for people experiencing food insecurity**, via HSD’s Food Lifeline contract that supports food and meal programs. The \$350,000 SBT would shift from the Public Awareness Campaign (\$250,000) and Program Evaluation (\$100,000).

Sweetened Beverage Tax (00155)

Amounts in \$1,000s	2021 Actuals	2022 Adopted	2022 Revised	2023 Proposed	2024 Proposed	2025 Projected	2026 Projected
Beginning Budgetary Fund Balance							
Beginning Balance Sheet Fund Balance	6,373	(297)	8,252	2,484			
Budgetary Fund Balance Adjustment	(277)		(30)				
<i>Beginning Budgetary Fund Balance</i>	6,096	(297)	8,222	2,484	2,511	2,673	2,839
Sources of Funds							
Sweetened Beverage Tax	21,379	20,384	21,766	21,984	22,534	22,984	23,444
Transfer from General Fund		1,389					
Transfer from Coronavirus Local Fiscal Recovery Fund		945	945				
<i>Total Budgetary Revenues</i>	21,379	22,718	22,711	21,984	22,534	22,984	23,444
Expenditures							
Office of City Auditor	200						
Office of Sustainability and Environment	7,381	5,948	5,948	6,091	6,111	6,233	6,358
Department of Education and Early Learning	5,661	7,832	7,832	7,735	7,839	7,996	8,156
Human Services Department	4,700	4,935	4,935	4,941	5,218	5,323	5,429
Department of Parks and Recreation	65	303	303	302	311	317	324
Department of Neighborhoods	1,247	2,973	2,973	2,889	2,892	2,950	3,009
<i>Total Budgetary Expenditures</i>	19,253	21,991	28,450	21,957	22,371	22,819	23,275
Budget Adjustments ¹							
Office of City Auditor			800				
Office of Sustainability and Environment			65				
Department of Education and Early Learning			3,176				
Human Services Department			2,329				
Department of Parks and Recreation			(50)				
Department of Neighborhoods			139				
<i>Ending Balance Sheet Adjustment</i>							
<i>Ending Budgetary Fund Balance</i>	8,222	430	2,484	2,511	2,673	2,839	3,008
Planning Reserves							
Revenue Stabilization Reserve	2,000	2,000	2,000	2,000	2,000	1,800	1,300
Planning Reserve		164		181	513	1,002	1,615
<i>Total Reserves</i>	2,000	2,164	2,000	2,181	2,513	2,802	2,915
<i>Ending Unreserved Budgetary Fund Balance</i>	6,222	(1,734)	484	330	160	37	93

Notes:

¹ 2022 Budget Adjustments include AWI, carryforwards, supplementals and 2021 encumbrance carryforwards.

Screenshot of page 661 in the [2023-2023 Proposed Budget](#)

CAB Discussion and Response

CAB discussion about the 2023-2024 Proposed Budget and how it wants to respond.

The CAB took a 10-minute break so members could individually review key materials including:

- Summary of the proposed budget
- Summary of its budget recommendations from [June](#) (when forecasts predicted stable SBT revenue) and [August](#) (when forecasts predicted SBT revenue shortfall).

Staff from DEEL, DON, HSD, and OSE were in attendance to field any programmatic questions from the CAB about how the proposed reductions would impact their programs/services.

When the CAB returned from its break, it engaged in a discussion to help develop its response to the proposed budget to be written in a letter directed to City Council. The CAB discussion focused on these questions:

- *Does the CAB support the SBT items in the proposed budget? Why or why not?*
- *What changes does the CAB recommend, if any? What considerations or context does the CAB want to emphasize?*
- *What additional considerations and closing remarks would the CAB want to include in a letter to City Council?*

Highlights from the conversation are outlined below.

Does the CAB support the SBT items in the proposed budget? Why or why not?

Ideally, the CAB would like to see NO reductions. But given the economic and revenue situation, CAB sentiment was that it supports how the SBT shortfall was handled in the proposed budget. Specific points raised in the discussion included:

- SBT reductions were minimized by using federal funding in 2022 and the reserve funds.
- Direct services and food/meals were not cut.
- Budget shows close alignment with CAB's August recommendations

Some concerns/considerations the CAB raised:

- The CAB would like to see funding for the public awareness campaign reinstated in the future, as funding allows.
- The CAB recommends the city pursue external resources and relationships to support continued program evaluation, which is important to assess impact. Consider collaborations with universities and students to support this work and fill in the gaps.
- Public awareness in terms of culturally relevant outreach and in-language information about what food assistance and prenatal-to-three programs/services are available is crucially important.
- There is another revenue forecast in November and the outlook could change again. CAB wants to be consulted if there are changes to SBT spending plans, especially since it is tracking program priorities for additional investments (see [June recommendations](#) for details).
- With decreasing revenues and yet the clear enormity of need and inflationary pressures, the city needs to consider other stable sources of funding to support these critical programs/services.
 - City needs to support the robustness of community-based organizations. There is extra strain and burden on CBOs and service providers who are getting less support due to inflationary pressures. Those that are doing the work need additional supports.
 - Perhaps philanthropic partners could help pick up the slack, especially with the Food Equity Fund and Prenatal-to-Three Grant Program which are funding BIPOC-led organizations.

HSD staff responded to some CAB questions about the program evaluation work proposed for temporary reductions.

- HSD's work benefits folks who are food insecure. We don't have a lot of information on the extent of need, the cultural relevance of the food, or the quality and quantity. With the program

evaluation dollars, HSD was looking to partner and co-design with service providers a robust data gathering system that is respectful to clients but can really identify needed changes. Work started but now it is paused. HSD is looking at what it can do with small funds in 2023, a bit more in 2024, and then full funds in 2025. Organizations are very appreciative that the city has an interest in how well they are deploying their services. It feels like the kind of partnership that we want.

DON staff responded to some CAB questions about Food Equity Fund (FEF) and included these updates:

- The Food Equity Fund compliments HSD’s funding but is more open and flexible in terms of project types. Measuring outcomes is a little more challenging given the range of projects. A newer data point DON is tracking are the number of organizations that have never received city funding before.
- FEF transitioned away from line-item invoices and moved to an outcome-based model. This lessens the burden on CBOs.
- Staff are hearing from grantees directly on their priorities. There is huge demand for the FEF program. DON had \$8.4m in requests for grants and yet funding is actually reduced in coming years since the one-time Equitable Communities Initiative funding ended. DON continues to explore creative funding models - e.g. a grant cycle for small, grassroots organizations or different grant sizes. FEF is trying to be nimble, flexible, and align with [CAB RFP recommendations](#).

****Decision Point****

After reviewing a summary of key points to include in a letter to City Council, the CAB used “five to five” to test for agreement. All CAB members indicated a vote of “5” – strong agreement.

For next steps, the CAB Executive Committee (T. Thompson, J. Moss, D. Torres) will prepare a draft letter with support from staff. CAB will have an opportunity to review and comment on the letter before it is transmitted to City Council.

General CAB Business & Updates

- *CAB members updates on any aligned work*
- *City staff updates on SBT programs and services*
- *Annual Report*

The CAB adjourned at 11:00 and did not have time to discuss the last agenda item.

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