

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: May 2, 2022

SUBJECT: Annual Sugar-Sweetened Beverage Tax Study Session

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SUMMARY

In November 2016 Albany voters approved Measure O1, a general tax on sugar-sweetened beverages. Per the ordinance language, the City Council is to hold a study session annually to receive input and recommendations regarding the expenditure of proceeds from the tax. This report provides a general update on the Council approved FY2022 Sugar-Sweetened Beverage tax funded programs currently in progress and FY2023 recommendations for the proceeds from the Sugar-Sweetened Beverage Tax received from the City's Parks, Recreation & Open Space Commission, Social & Economic Justice Commission, and Transportation Commission.

STAFF RECOMMENDATION

That the Council:

1. Receive a status update on FY2022 funded programs
2. Conduct a study session to receive input and recommendations for the expenditure of FY2023 proceeds from the Sugar-Sweetened Beverage Tax
3. Provide a preliminary prioritization of items to be funded with the tax proceeds in FY2023.

BACKGROUND

In November 2016 Albany voters approved Measure O1, (Ordinance No. 2016-02), a general tax on sugar-sweetened beverages. Per the ordinance language, the Council is to hold a study session annually to receive input and recommendations regarding the expenditure of proceeds from the tax, and solicit recommendations from a number of organizations, including: the City's Parks, Recreation & Open Space Commission, Social & Economic Justice Commission, Transportation Commission, a designated representative from the Albany Unified School District (AUSD), and individuals with specialized expertise in areas such as public health issues and programs relating to diabetes, obesity and sugary drink consumption.

DISCUSSION

FY2022 Sugar-Sweetened Beverage Tax Funded Programs

The Council approved FY2022 Sugar-Sweetened Beverage Tax Expenditure Plan includes expenditures for continued funding for the crossing guard program during the school year, the Healthy Me Music & Movement program which teaches preschool, transition kindergarten and kindergarten students, the importance of good nutrition, drinking water, fitness, hygiene, and social skills, and a Bike Safety Program which teaches elementary school students street riding. Funding for new programs include AUSD's All-bany Swims, a pilot program which teaches 1st, 2nd & 3rd grade students basic swimming skills, and partial funding for Move'n'Groove, an event held on April 24, 2022 to promote outdoor exercise through a 5K course around Albany High School and Memorial Park while being entertained by live bands stationed around the course. A summary table (Attachment 1) and progress reports received for FY2022 funded programs (Attachments 2-5) as well as a pricing letter from All City Management Services (ACMS) (Attachment 6) for the crossing guard program are attached to this staff report for additional information. It should be noted that there is interest from all programs funded in FY2022 for continued support in FY2023.

FY2023 Sugar-Sweetened Beverage Tax Recommendations

Per the Ordinance, Council is to hold a study session to receive input and recommendations regarding the expenditure of proceeds from the tax. Recommendations have been received from the City's Parks, Recreation and Open Space Commission, Social & Economic Justice Commission, and Transportation Commission (Attachments 7-9). As mentioned previously, there is ongoing support to continue funding for currently funded programs. New recommendations include the allocation of funds for bicycle path improvements adjacent to the SAHA (Satellite Affordable Housing Associates) housing development, outdoor exercise equipment on Ohlone Greenway, additional locations for the installation of water bottle fillers, installation of quads BikeLink lockers at Albany Waterfront, and funding for Berkeley Garden Club talks. The Social & Economic Justice Commission did not make a recommendation for specific programs, but recommends that the City Council mandate programs be administrated through an equity lens, specifically to target lower-income areas and lower-income people, that there be cultural variety in programming with serious and determined outreach to lower-income communities and language minorities.

A summary table of programs suggestions (Attachment 10) has been created to assist Council in the preliminary prioritization of items. Whenever possible, rough cost estimates have been included to help inform the discussion regarding possible expenditures.

Further recommendations from individuals with specialized expertise in areas such as public health issues and programs relating to diabetes, obesity and sugary drink consumption are also anticipated to be received during the study session.

The preliminary prioritization of items to be funded with FY2023 tax proceeds by Council should be based on typical usage of the tax proceeds. Per the voter approved ordinance, the Sugar-Sweetened Beverage Tax is General Fund revenue that the City Council aims to apply towards specific purposes related to health and wellbeing and approved expenditures are incorporated into

the City's annual operating budget. The City's Finance Department projects that approximately \$260,000 in revenue will be collected in FY2023.

SUSTAINABILITY CONSIDERATIONS

Many of the recommended usages of the sugar-sweetened beverage tax proceeds would have a positive impact on environmental sustainability including promotion of alternative modes of transportation (biking/walking).

FINANCIAL CONSIDERATIONS

Sugar-Sweetened Beverage Tax is General Fund revenue that the City Council has agreed to appropriate for specific purposes and approved expenditures are incorporated into the City's annual operating budget. The City utilizes the services of Avenu Insights to administer collection of the Sugar-Sweetened Beverage Tax. Collection of the tax began in April 2017. The City has received the following amounts per fiscal year between April 2017 and February 2022.

Fiscal Year	2017	2018	2019	2020	2021	2022
Tax Collected	\$55,219.44	\$269,734.67	\$266,341.96	\$277,040.07	\$265,984.38	\$176,397.98*

*Fiscal year ends June 2022. Total include proceeds received between July 2021 – February 2022.

The City's Finance Department projects that approximately \$260,000 in revenue will be collected in FY2023.

NEXT STEPS

Pending direction provided by the Council, staff will work to provide a more detailed cost estimate on projects/programs that are given a high priority by the Council for inclusion in the City's budget.

Attachments

1. FY2022 Sugar-Sweetened Beverage Tax Funded Programs
2. Status Report – Healthy Me Music & Movement
3. Status Report – Bike Safety Program
4. Status Report – Move'n'Groove
5. Status Report – All-bany Swims
6. ACMS Pricing Letter School Year 2022-2023
7. Parks, Recreation & Open Space Commission Sugar-Sweetened Beverage Tax expenditure recommendations
8. Social & Economic Justice Commission Sugar-Sweetened Beverage Tax expenditure recommendations
9. Transportation Commission Sugar-Sweetened Beverage Tax expenditure recommendations
10. FY2023 Sugar-Sweetened Beverage Tax Program Suggestions Summary Sheet
11. Sugar-Sweetened Beverage Tax Ordinance