



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Angel Ríos, Jr.

**SUBJECT:** ACTIONS RELATED TO FOOD  
DISTRIBUTION AGREEMENTS

**DATE:** June 26, 2020

Approved

Date

6/29/2020

## RECOMMENDATION

Adopt a resolution to authorize the City Manager to negotiate and execute:

1. Agreement(s) to Provide Food for a Limited Duration between the City of San José and Catholic Charities of Santa Clara County (San José, CA) to provide groceries to temporarily sheltered, unsheltered, isolated, medically vulnerable, and low-income individuals experiencing food insecurity due to the impacts of the COVID-19 pandemic for a term retroactive to March 17, 2020 through August 31, 2020 with the maximum compensation not to exceed \$1,300,000;
2. An Agreement to Provide Meals for Limited Duration between the City of San José and Revolution Foods, Inc. (Oakland, CA) to provide meals for individuals experiencing food insecurity due to the impacts of the COVID-19 pandemic for a term retroactive to June 23, 2020 through August 31, 2020 with the maximum compensation not to exceed \$1,689,000;
3. Amended Purchase Order(s) with First 5 Santa Clara County (San José, CA) for the purchase of baby formula, diapers, and wipes to distribute to families experiencing food and necessity insecurities and to mitigate the effects of COVID-19 to extend the term retroactive to June 2020 through August 31, 2020, and to increase the compensation by \$1,000,000 for a maximum not-to-exceed compensation of \$1,500,000;
4. Continuation and Amendment to the two Agreements to Provide Meals for Limited Duration between the City of San José and Hunger at Home (San José, CA) to provide meals to temporarily sheltered, unsheltered, isolated, medically vulnerable, and low-income individuals experiencing food insecurity due to the impacts of the COVID-19 pandemic to add one option to extend the term retroactive to June 20 through August 31, 2020 with no change to the maximum compensation amounts of \$884,000 for service in San José and \$416,000 for service in Santa Clara County and outside of San José; and

5. Amendment to the two Agreements to Provide Meals for a Limited Duration between the City of San José and Team San Jose (San José, CA) to provide meals to unhoused individuals to add an option to extend the term from August 9 through August 31, 2020 with no change to the maximum compensation amounts of \$955,723 for service in San José and \$449,752 for service in Santa Clara County and outside of San José.

## **OUTCOME**

The recommended action enables the City of San José (City) to provide food and necessities to individuals and families in the City and County of Santa Clara experiencing food insecurity and other impacts due to the COVID-19 pandemic.

## **BACKGROUND**

As a result of local, state, and federal mandates and advisories in response to COVID-19, the City Emergency Operations Center (EOC) received a request on March 18, 2020 from the County of Santa Clara (County) EOC to set up, administer, and staff a countywide free food distribution program for children, adults, and senior citizens impacted by the COVID-19 Emergency. The City has committed to supporting the community's food distribution network by providing funding for prepared meals, groceries, and labor costs related to food distribution. In order to meet this objective, the City has contracted with and relies upon multiple organizations within the community that make up the food distribution ecosystem.

Since March 20, 2020, the Administration has pursued a reimbursement agreement with the County to ensure the City is compensated for food and necessities services provided to residents in the unincorporated County pockets. On May 19, 2020, City Council authorized the City Manager to negotiate and execute a reimbursement agreement with the County, estimated to be signed by June 30, 2020, and utilize the initial reimbursement agreement as a model to consider in approaching other cities for similar reimbursement agreements. In a separate action before the City Council on June 30, 2020, the Administration is seeking authority to negotiate and execute additional reimbursement agreements with substantially similar terms with other cities in the county that have received food distribution services since March 20, 2020.

Since the Santa Clara County Health Order was issued on March 16, 2020, and the County's request for assistance, City Council authorized contracts with a variety of food and necessities providers to meet the hunger needs of our community. On May 12, June 2, and June 16, 2020, the City Council authorized the agreements and Not-to-Exceed (NTE) Amounts in Table 1, below:

**Table 1**

<b>Organization</b>	<b>Original NTE Amount</b>	<b>Original Term End Date</b>
Revolution Foods, Inc. #1	\$1,900,000	June 23, 2020
Revolution Foods, Inc. #2	\$22,000,000	August 10, 2020
The Health Trust	\$696,452	July 31, 2020*
San Jose Unified School District	\$2,400,000	June 12, 2020
First 5 Santa Clara County	\$511,348	June 23, 2020**
Hunger at Home	\$1,300,000	July 14, 2020
Team San Jose	\$1,644,750	August 8, 2020
World Central Kitchen	\$3,564,000	June 10, 2020***
Veggielution	\$69,000	September 5, 2020

\* With one extension to August 31, 2020. This contract amount is separate from the \$1,200,000 for The Health Trust as a subcontractor to Loaves and Fishes contract utilizing Community Development Block Grant funding.

\*\* A previous purchase order for a not-to-exceed amount of \$211,348 to First Five was executed under the City Manager’s contract authority to provide diapers and wipes for April 2020.

\*\*\* With month-to-month extensions per FEMA and CalOES determination

The agreements have a variety of end-dates, and they need to be extended to August 31, 2020, in order to maintain operational continuity of service. Staff anticipates issuing a solicitation for food distribution services within the next 30 days with services beginning in the fall of 2020.

**ANALYSIS**

The Administration recommends that the following agreements be negotiated and executed within the previously appropriated funds on May 12, 2020. The following table (Table 2) summarizes the recommended changes to compensation, including the Not-to-Exceed Amount (NTE), and terms of the agreements in this memorandum.

**Table 2**

<b>Organization</b>	<b>Original NTE Amount</b>	<b>Recommended NTE Amount</b>	<b>Original Term End Date</b>	<b>Recommended Term End Date</b>
Catholic Charities	N/A	\$1,300,000	N/A	August 31, 2020
Revolution Foods, Inc.	\$22,000,000	\$1,689,000	August 10, 2020	August 31, 2020
First 5 Santa Clara County	\$511,348	\$1,500,000	June 23, 2020	August 31, 2020
Hunger at Home	\$1,300,000	\$1,300,000	July 14, 2020	August 31, 2020
Team San Jose	\$1,644,750	\$1,644,750	August 8, 2020	August 31, 2020

***Catholic Charities***

Catholic Charities of Santa Clara County (Catholic Charities) plays a key role in meeting the hunger needs of those impacted by the COVID-19 pandemic and has been providing critical food preparation and distribution services since March 2020. The proposed agreement with Catholic Charities would provide funding to operate a food distribution system that includes processing groceries donated from Second Harvest of Silicon Valley into meal-packs, then providing the meals through either drive-through distribution sites, such as parish sites or community centers, or delivering directly to individual homes for those too vulnerable or unable to visit a nearby distribution site. Home deliveries will serve up to 38,901 meals per week and distribution sites will serve up to 157,342 meals per week. Services will be provided to residents of the City as well as to residents of other Santa Clara County jurisdictions outside of city limits. For home deliveries of groceries and food distribution at drive-through sites up to 35% of services will be provided outside of San José with the remainder provided inside San José. For home deliveries and site distribution services, the total not-to-exceed compensation is \$1,300,000 through August 31, 2020.

Catholic Charities has a mission to serve and advocate for individuals and families in need, especially those living in poverty, and has been delivering groceries to those in need since March 17, 2020, in coordination with Second Harvest Silicon Valley. This work has been done in response to the COVID-19 pandemic and resultant orders from the Santa Clara County Health Officer to shelter-in-place.

***Revolution Foods***

The agreement with Revolution Foods was previously authorized by City Council on May 12, 2020, to be effective for a term through August 11, 2020, with a not-to-exceed amount of \$22,000,000. This was the second of two agreements authorized with Revolution Foods and was designed as a mechanism to address any drastic, worst-case scenario food supply chain disruptions. Based on the needs demonstrated by the community, the first agreement with Revolution Foods was able to meet the needs of the community through June 23, 2020. After analyzing the meal distribution data thus far and communicating with school sites, staff has determined that approximately 45,000 - 55,000 meals per week should be made available at various school and community center distribution sites through the summer to provide a transition period. By providing this level of service through August, the maximum compensation of the second agreement will be \$1,689,000, far below the \$22,000,000 originally authorized. With the significant reduction in expected expenditures against this agreement, the Food Distribution team will be able to allocate remaining funding to other Food and Necessities needs through December 30, 2020 utilizing competitive solicitations.

***First 5 Santa Clara County***

First 5 is able to use its unique distribution system of 17 Family Resource Centers in San José to distribute diapers, wipes, and baby formula to low-income residents affected by the COVID-19 pandemic. The proposed amendment to the Purchase Order to increase by \$1,000,000 for a maximum amount not to exceed \$1,500,000 through August 31, 2020, will allow the City to

assess and meet the need for diaper, wipes, and baby formula to be distributed to the community on a month-to-month basis.

A previous purchase order for a not-to-exceed amount of \$211,348 to First Five was executed under the City Manager's contract authority to provide diapers and wipes for April 2020.

***Hunger at Home and Team San Jose***

The proposed continuation and amendments to the agreements with Hunger at Home and Team San Jose would extend the term of the agreements until August 31, 2020. This would allow the two organizations to continue to provide meals to unhoused individuals that have been placed in temporary shelters due to their high-risk status and the need to have a shelter to "shelter-in-place." The agreements would not increase in compensation, as the past utilization and expected future level of utilization through August 31, 2020, will be within the agreements' current compensation limits.

**CONCLUSION**

Approval of this recommendation would ensure there is no lapse in service while the City transitions food distribution service for non-City of San José residents back to the County and other respective jurisdictions outside of the City limits while issuing a competitive procurement for award during the recovery phase this fall.

**EVALUATION AND FOLLOW-UP**

The Administration is negotiating a Food and Necessities agreement with the County through December 30, 2020, allowing either party to terminate at convenience and with a recommendation to transition services by August 31, 2020.

Actions included in the memorandum for Item 3.8, Other Santa Clara County Cities Food Reimbursement Agreements, on June 30, 2020, City Council agenda recommend a negotiate and execute a Food and Necessities agreement with the incorporated cities within the County through December 30, 2020 allowing either party to terminate at convenience and with a recommendation to transition services by August 31, 2020.

The Administration will return to City Council for authority to negotiate and execute any future agreements to support emergency operations up to and/or beyond August 31, 2020.

**CLIMATE SMART SAN JOSE**

The recommendations in this memo do not have any negative impact on Climate Smart San José energy, water, or mobility goals.

## **PUBLIC OUTREACH**

This memorandum will be posted on the City's website for the June 30, 2020, Council agenda.

## **COORDINATION**

This memorandum, related documents and resolutions were prepared in coordination with the Budget Office, Finance Department, Parks Recreation & Neighborhood Services Department, and the City Attorney's Office.

## **COMMISSION RECOMMENDATION/INPUT**

No commission recommendation or input is associated with this action.

## **COST SUMMARY/IMPLICATIONS**

As described in the City Manager's Budget Addendum #20, Coronavirus Relief Fund and Resident Assistance, the Administration has estimated a total cost for the Food and Necessities Program of \$45.0 million, of which \$35.0 million is allocated within the Coronavirus Relief Fund and \$10.0 million is anticipated to be provided by other funding sources, including reimbursements from the Federal Emergency Management Agency (FEMA).

On June 23, 2020, the City Council approved specific appropriation adjustments within the Coronavirus Relief Fund that align with major program areas of the City's COVID-19 pandemic response. A total of \$15.0 million is currently allocated for Food and Necessities initiatives in 2019-2020, with an additional \$20.0 million allocated for 2020-2021. The total NTE value (\$7.4 million) for the contracts included in this memorandum is recommended to be funded from the existing allocations within Coronavirus Relief Fund for the applicable fiscal years. However, the Administration will continue to assess expenses that may be eligible for reimbursement and attribute those costs to the appropriate funding source, consistent with the funding framework approved by City Council on May 12, 2020, and subsequently amended by City Manager's Budget Addenda #3 (Coronavirus Relief Fund and General Fund Adjustments) and #20 (Coronavirus Relief Fund and Resident Assistance) for 2020-2021.

**BUDGET REFERENCE**

The table below identifies the fund and appropriation to support the contracts recommended in this memorandum.

<b>Fund #</b>	<b>APPN #</b>	<b>Appn. Name</b>	<b>Current Total Appn *</b>	<b>Amt. for Contract **</b>	<b>2020-2021 Adopted Operating Budget Page</b>	<b>Last Budget Action (Date, Ord. No.)</b>
401	210R	Food and Necessities	\$20,000,000	\$2,288,652	N/A	6/23/2020, Ord. No. 30437

\* 2020-2021 Adopted Operating Budget as approved by City Council on June 30, 2021. Costs incurred during 2019-2020 are supported by the existing \$15.0 million appropriation within the Coronavirus Relief Fund.

\*\*Amount represents the additional contractual authority for Catholic Charities and First Five of Santa Clara County which has not been previously approved by City Council. The remaining recommended actions do not alter NTE compensation.

**CEQA**

Not a Project, File No. PP17-008, General Procedure and Policy Making resulting in no changes to the physical environment.

/s/  
 ANGEL RÍOS, JR.  
 Deputy City Manager, City Manager’s Office

For questions, please contact Angel Ríos, Deputy City Manager, at (408) 793-5553.