



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Angel Ríos, Jr.

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

**DATE:** July 31, 2020

Approved

Date

7/31/20

## **RECOMMENDATION**

Adopt a resolution to authorize the City Manager to:

- (a) Negotiate and execute a First Amendment to the two Agreements to Provide Meals for Limited Duration between the City of San José and World Central Kitchen (Washington, DC) to add up to three options through October 9, 2020, to be concurrent with any extensions by CalOES for the Great Plates Program based on the same terms and conditions; and exercise up to three options to extend the term and amend the maximum compensation for the two Agreements, subject to the appropriation of funds;
- (b) Negotiate and execute a Second 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 extend the Term by adding up to two options through September 30, 2020, and increase the maximum aggregate compensation amounts to \$1,894,800 with \$1,288,464 for service in San José and \$606,336 for service in Santa Clara County and outside of San José;
- (c) Negotiate and Execute a Second 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 up to two options to extend the term through September 30, 2020, with no change to the aggregate maximum compensation amounts of \$1,300,000 with \$884,000 for service in San José and \$416,000 for service in Santa Clara County and outside of San José;
- (d) Negotiate and Execute a Second Amendment to the two Agreements to Provide Meals for Limited Duration between the City of San José and The Health Trust (San José, CA) to prepare and deliver frozen meals to higher risk-eligible individuals aged 60+ and to unhoused individuals to add up to two options to extend the term through September 30,

2020, and increase the maximum aggregate compensation amounts of \$930,060 with \$725,350 for service in San José and \$204,710 for service in Santa Clara County and outside of San José; and

- (e) Negotiate and execute an Agreement between the City of San José and Deloitte Consulting, LLP (New York, NY) for providing professional consulting services to plan and implement the food and necessities distribution program response to the COVID-19 emergency, retroactive to March 29, 2020, through June 20, 2020, for a maximum compensation amount of \$498,000.

## **OUTCOME**

The recommended actions will enable 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 personnel and 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, as well as the expertise of consulting firms to establish effective internal organizational structures to ensure an effective food delivery coordination system. Since the start of the pandemic food distribution response in March, as of July 31, 2020, 52.5 million meals have been served by food network partners throughout the County to the following residents: low-income families with eligible school-age children; all ages during evenings and weekends at select schools; seniors at congregate sites; seniors over 65 sheltering at home; seniors over 60 at home meeting eligibility criteria; homeless individuals; temporary sheltered; and low-income individuals impacted by the economic effects of COVID-19.

On June 30, 2020, the City and County executed a reimbursement agreement to ensure the City is compensated for food and necessities services provided to residents in the unincorporated County pockets since March 20, 2020. Also, on June 30, 2020, the City Council authorized the City Manager to negotiate and execute reimbursement agreements with each of the other cities in Santa Clara County. As of the date of this Memorandum, the Administration initiated negotiations with the cities of Milpitas and Gilroy and plans on follow up with other cities in the coming weeks.

In response to the March 16, 2020 Santa Clara County Public Health Order, and the County's request for assistance, City Council authorized contracts with a variety of food and necessities providers to meet the hunger and basic necessity needs of our community. On May 12, June 2, June 16, and June 30, 2020, the City Council authorized the agreements, federal Funding Source assumptions, and Not-to-Exceed (NTE) Amounts in Table 1, below:

**Table 1**

<b>Organization</b>	<b>Funding Source</b>	<b>Current NTE Amount</b>	<b>Current Term End Date</b>
Revolution Foods, Inc. #1	Coronavirus Relief Fund	\$1,900,000	June 23, 2020
Revolution Foods, Inc. #2	Coronavirus Relief Fund	\$1,689,000*	August 31, 2020
The Health Trust	FEMA	\$696,452	August 31, 2020**
San José Unified School District	Coronavirus Relief Fund	\$2,400,000	June 12, 2020
First 5 Santa Clara County	Coronavirus Relief Fund	\$1,500,000	August 31, 2020**
Hunger at Home	Coronavirus Relief Fund	\$1,300,000	August 31, 2020
Team San Jose	FEMA	\$1,644,750	August 31, 2020
World Central Kitchen	FEMA	\$3,564,000	June 10, 2020
Veggielution	Coronavirus Relief Fund	\$69,000	September 5, 2020

\* City Council authorized up to \$22,000,000 on 5/12/2020 for a worst-case funding scenario. However, the subsequent contract #2 has an updated not-to-exceed amount of \$1,689,000.

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

\*\*\* A previous purchase order for a not-to-exceed amount of \$211,348 to First 5 was executed under the City Manager's contract authority to provide diapers and wipes for April 2020.

Staff anticipates issuing a solicitation for food distribution services by early August 2020 to conduct ongoing services in response to the COVID-19 pandemic.

## **ANALYSIS**

The Administration recommends that the following agreements be negotiated and executed within the previously appropriated funds on May 12, 2020 and revised on June 30, 2020. The following table (Table 2) summarizes the recommended changes to compensation and term, including the Not-to-Exceed Amount (NTE), and terms of the agreements in this memorandum.

**Table 2**

<b>Organization</b>	<b>NTE Amount</b>	<b>Option #1</b>	<b>Option #2</b>	<b>Option #3</b>	<b>Term End Date</b>
World Central Kitchen	\$3,564,000	\$809,600 August 9, 2020	\$809,600 September 9, 2020	\$809,600 October 9, 2020	October 9, 2020
Team San Jose (Continuity of Service extension)	\$1,894,800	\$376,650 August 31, 2020	\$364,500 September 30, 2020	n/a	September 30, 2020
Hunger at Home (Continuity of Service extension)	\$1,300,000	\$232,500 August 31, 2020	\$225,000 September 30, 2020	n/a	September 30, 2020
The Health Trust (Continuity of Service extension)	\$930,060	\$227,040 August 31, 2020	\$227,040 September 30, 2020	n/a	September 30, 2020
Deloitte Consulting, LLP	\$498,000	n/a	n/a	n/a	June 20, 2020
Total	\$8,186,860				

***World Central Kitchen***

The City first authorized an agreement with World Central Kitchen (WCK) on May 12, 2020, to run the “Great Plates Delivered Program”, a food distribution program approved by the California Governor’s Office of Emergency Services (CalOES) and the Federal Emergency Management Agency (FEMA). Through the Great Plates Delivered Program, selected local food providers deliver meals to individuals at high-risk for severe illness from COVID-19, as defined by the Centers for Disease Control (CDC). WCK subcontracted with Sourcewise, a nonprofit organization that provides services and support to seniors in Santa Clara County, to conduct program eligibility determination through an intake process and help ensure compliance with nutritional standards as established by the “Great Plates Delivered” program. This program has grown since its launch in May and is now delivering roughly 2,000 meals per day to individuals that benefit from reducing their risk by sheltering in place. The program has been approved by CalOES through August 10, 2020. Based on need, the State may request an extension for the Great Plates Delivered program from FEMA, and approval is expected to be given in 30-day increments. Due to the fact that approval has been given with short notice and is given in monthly increments, staff is requesting approval to extend the term of the agreements through October 9, 2020.

***Team San Jose, Hunger at Home, and The Health Trust***

The proposed amendments to the agreements with Team San Jose, Hunger at Home, and The Health Trust would extend the term of the respective agreements until September 30, 2020. This would allow Team San Jose and Hunger at Home 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.” Meanwhile, the amendment would allow The Health Trust to continue to provide meals to high-risk individuals in their homes and reduce their risk of exposure to COVID-19.

- The Team San Jose agreements would increase compensation to \$1,894,800, which is split into an agreement with maximum compensation of \$1,288,464 for service in San José and \$606,336 for service in Santa Clara County and outside of San José.
- The Hunger at Home agreements would not change the aggregate maximum compensation amounts for Hunger at Home of \$1,300,000 with \$884,000 for service in San José and \$416,000 for service in Santa Clara County and outside of San José.
- The Health Trust agreements would increase the maximum aggregate compensation amounts of \$930,060 with \$725,350 for service in San José and \$204,710 for service in Santa Clara County and outside of San José.

### ***Deloitte Consulting***

To maximize the City’s effectiveness in distributing food to its most vulnerable population, staff worked with Deloitte Consulting, LLP (Deloitte) to assist in the development and implementation of a food distribution program. Deloitte provided support in program management, strategic planning, technical guidance, and logistics planning. Deloitte’s expertise supported City staff in developing an effective food distribution organization, data reporting system, and a deeper understanding of the existing food distribution networks in Santa Clara County which led to a more effective program. The agreement will be effective for the period of March 29, 2020 through June 20, 2020, for a maximum compensation of \$498,000.

## **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 this fall for services inside San José only. Staff anticipates releasing competitive solicitations for some of the food distribution services in early August, with a target of going into agreements with successful bidders as soon as possible. By approving the extension of the agreements outlined in this memorandum, the City will be able to continue to provide food distribution services in the event the award of contract is not able to be made within the expected timeframe.

## **EVALUATION AND FOLLOW-UP**

The Administration’s current plan is to end all food and necessities distribution services for non-City of San José jurisdictions on September 30, 2020. Food distribution services for residents of the City of San José to support vulnerable and at-risk populations impacted by COVID-19 and the associated recession will continue through the end of the calendar year subject to availability of funds. 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 September 30, 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 August 4, 2020, Council agenda.

### **COORDINATION**

This memorandum, related documents and resolutions were prepared in coordination with the Budget Office, Finance 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 \$45.04 million, of which \$35.0 million is allocated within the Coronavirus Relief Fund and \$10.04 million is anticipated to be provided by other funding sources, including FEMA reimbursements.

On June 23, 2020, the City Council approved specific appropriation adjustments within the Coronavirus Relief Fund (CRF) 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 (\$8.2 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	\$8,186,860	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.

\*\*Amounts represent revised NTE compensation for the contracts recommended in this memorandum.

\*\*\* Refer to MBA #33, Adoption of the 2020-2021 Operating and Capital Budgets (pp. 29 – 30) for a detailed summary of the allocations within the Coronavirus Relief Fund, pending release of the 2020-2021 Adopted Operating Budget.

### **CEQA**

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

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