

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Angel Ríos, Jr.

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

DATE: August 7, 2020

Approved



Date

8/7/2020

RECOMMENDATION

Adopt a resolution to authorize the City Manager to:

1. Negotiate and execute a First Amendment to the Agreement between the City of San José and San José Conservation Corps (San José, CA) to Provide Disaster Relief Support for Limited Duration to provide food distribution workforce support to the Second Harvest of Silicon Valley from August 24, 2020 through December 30, 2020, and increase the maximum aggregate compensation amount to \$4,577,783;
2. Negotiate and execute the two Agreements to Provide Meals 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 and families experiencing food insecurity due to the impacts of the COVID-19 to extend the Term by adding up to one option through September 30, 2020, with no change to the maximum aggregate compensation amounts to \$1,300,000 with \$914,550 for service in San José and \$385,450 for service in Santa Clara County and outside of San José; and
3. Amend 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 through December 30, 2020, with no change to the maximum aggregate compensation amount of \$1,500,000.

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, as well as other necessities. 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 through July 31, 2020, 52.5 million meals¹ 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 has 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, June 30, and August 4, 2020, the City Council authorized the agreements, federal Funding Source assumptions, and Not-to-Exceed (NTE) Amounts in Table 1, below:

Table 1

Organization	Funding Source	Current NTE Amount	Current Term End Date
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	\$930,060	September 30, 2020
San José Unified School District	Coronavirus Relief Fund	\$2,400,000	June 12, 2020

¹ Aggregate data based on the Food Distribution Dashboard aggregate data as of July 31, 2020. 52.5 Million meals since March is equivalent to 2.625 million meals a week, 10.5 million meals per month, reaching 126 million meals per year.

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Organization	Funding Source	Current NTE Amount	Current Term End Date
First 5 Santa Clara County***	Coronavirus Relief Fund	\$1,500,000	August 31, 2020
Hunger at Home	Coronavirus Relief Fund	\$1,300,000	September 30, 2020
Team San Jose	FEMA	\$1,894,800	September 30, 2020
World Central Kitchen	FEMA	\$3,564,000	October 9, 2020
Veggielution	Coronavirus Relief Fund	\$69,000	September 5, 2020
	Total	\$15,246,860	

* The 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.

** 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 mid-August 2020 to conduct ongoing services in response to the COVID-19 pandemic.

ANALYSIS

The Administration recommends agreements be executed with the following organizations.

Table 2

Organization	NTE Amount	Option #1	Term End Date
San José Conservation Corps	\$4,577,783	\$3,440,000	December 30, 2020
Catholic Charities (time extension only)	\$1,300,000	No change in compensation	September 30, 2020
First 5 Santa Clara County (time extension only)	\$1,500,000	No change in compensation	December 30, 2020
Total	\$7,377,783		

San José Conservation Corps

On June 23, 2020, City Council authorized the City Manager to negotiate and execute an agreement with San José Conservation Corps to provide food distribution workforce support to Second Harvest, the largest food distributor in the region, from June 23, 2020, and ending on August 23, 2020, with a maximum compensation not to exceed \$1,137,784. Staff recommends extending the agreement with San José Conservation Corps to provide workforce support at three (3) warehouse locations through December 30, 2020.

Workforce support involves general food distribution labor such as grocery boxing, packaging meals, preparing site distribution lines, cleaning and disinfecting areas, and food delivery to distribution sites. Work hours are limited to five days per week, eight hours per day, with one

one-hour lunch break per day. Staffing is comprised of ten (10) corps members to one (1) supervisor with pay rates ranging from the lowest of \$40.40 per hour for corps members to the highest pay rate of \$51.09 per hour for Supervisor positions in August 2020, which include full benefits and overhead. The current compensation would allow for staffing a maximum of 88 Full Time Equivalent (FTE) positions through August 23, 2020. The proposed amendment would increase the maximum aggregate compensation by \$3,440,000 to \$4,577,783 to allow for peak staffing to go above 120 FTE positions with a daily average of 109 FTEs, providing the flexibility to meet potential increase in demand on Second Harvest.

This approach mirrors a similar use of conservation corps throughout California, which not only meets the food distribution workforce demand but also provides the additional benefit of building and sustaining a local, skilled workforce providing an essential service through its education and training programs to its participants.

Catholic Charities of Santa Clara County

The proposed amendments to the agreements with Catholic Charities of Santa Clara County (Catholic Charities) would extend the term through September 30, 2020. This would allow Catholic Charities to continue to provide groceries to temporarily sheltered, unsheltered, isolated, medically vulnerable, and low-income individuals and families experiencing food insecurity due to the impacts of the COVID-19. The amendments to the Catholic Charities agreements will not change the maximum aggregate compensation amounts City Council approved on June 30, 2020, of \$1,300,000 with \$914,550 for service in San José and \$385,450 for service in Santa Clara County and outside of San José.

First 5 Santa Clara County

First 5 Santa Clara County (First 5) is able to use its unique distribution system of 23 Family Resource Centers in Santa Clara County (17 of which are in and serve the City of San José) to distribute diapers, wipes, and baby formula to low-income residents affected by the COVID-19 pandemic. The recommendation extends the Purchase Order(s) through December 30, 2020, with no change in the maximum aggregate maximum compensation of \$1,500,000, which City Council approved on June 30, 2020. The amendment will allow the City to assess and meet the need for diaper, wipes, and baby formula to be distributed to the community on a monthly basis. Service provided on or after October 1, 2020, would be limited to the seventeen (17) San José Family Resource Centers serving only City of San José residents.

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 mid-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 food and necessities distribution 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 11, 2020, Council agenda.

COORDINATION

This memorandum, related documents and resolutions were prepared in coordination with the Budget Office; Finance Department; Human Resources Department; Parks, Recreation and 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 \$45.04 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 (\$7.38 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.

Fund #	APPN #	Appn. Name	Current Total Appn*	Amt. for Contract **	2020-2021 Adopted Operating Budget Page ***	Last Budget Action (Date, Ord. No.)
401	210R	Food and Necessities	\$20,000,000	\$7,377,783	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.

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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.