



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Kip Harkness  
Jim Shannon

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

**DATE:** October 13, 2020

Approved

Date

10/16/2020

## **RECOMMENDATION**

(1) Adopt a resolution authorizing the City Manager to:

- (a) Negotiate and execute an Agreement 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 pandemic to extend the term by adding up to four (4) options through December 30, 2020, with a maximum aggregate compensation amount of \$914,550 for service in San José.
- (b) Negotiate and execute Third Amendments to the two (2) 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 five (5) options to extend the term of both agreements to December 30, 2020, with an increase to the maximum aggregate compensation amount to \$1,752,795 with \$931,775 for service in San José and \$821,020 for service inside Santa Clara County and outside of San José; and
- (c) Negotiate and execute Third Amendments to the two (2) 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 six (6) options to extend the term to December 30, 2020, with an increase to the maximum aggregate compensation amount to \$3,338,469 with \$2,545,133 for service in San José and \$793,336 for service in Santa Clara County and outside of San José; and.
- (d) Negotiate and Execute a Third Amendment to the Agreement 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 six options to extend the term through December 30, 2020, with an increase to the maximum compensation amount to \$1,295,350 for service in San José.

- (e) Negotiate and execute a Second Amendment to the two (2) Agreements to Provide Meals for Limited Duration between the City of San José and World Central Kitchen (Washington, DC) to add up to six (6) options through January 9, 2021, based on the same terms and conditions, with no change to the maximum compensation amounts of \$2,316,600 for services inside San José and \$1,247,400 for service in Santa Clara County and outside of San José.
- (2) Adopt the following Funding Sources Resolution and Appropriation Ordinance amendments in the Emergency Reserve Fund:
  - (a) Increase the estimate for Revenue from the Federal Government in the amount of \$1,750,000; and,
  - (b) Increase the appropriation to the City Manager's Office for COVID-19 Emergency Response in the amount of 1,750,000.

## **OUTCOME**

The recommended actions will enable the City of San José (City) to provide continuity of services for 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 while the City transitions to competitively procured contracts to maximize reimbursement.

## **BACKGROUND**

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. In March 2020, the County of Santa Clara (County) EOC asked the City of San José to set up, administer, and staff a countywide free food distribution program for residents impacted by the COVID-19 pandemic. To implement the food distribution system, the City contracted with multiple organizations within the community. Since the start of the pandemic food distribution response in March, food distribution partners throughout the County, both funded by the City and independently of the City's funding, have served 68 million meals.

On May 12, June 2, June 16, June 30, August 4, and August 11, 2020, the City Council authorized contracts with a variety of food and necessities providers to meet the hunger and necessity needs of our community set forth in Table 1, below.

**Table 1**

<b>Organization</b>	<b>Funding Source</b>	<b>Current NTE Amount</b>	<b>Current Term End Date</b>
Catholic Charities of Santa Clara County	Coronavirus Relief Fund	\$1,300,000	September 30, 2020
Deloitte Consulting, LLP	FEMA	\$498,000	June 20, 2020
First 5 Santa Clara County***	Coronavirus Relief Fund	\$1,500,000	December 30, 2020
The Health Trust**	FEMA	\$930,060	September 30, 2020
Hunger at Home	Coronavirus Relief Fund	\$1,300,000	September 30, 2020
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
San Jose Conservation Corps	Coronavirus Relief Fund	\$4,577,783	December 30, 2020
San José Unified School District	Coronavirus Relief Fund	\$2,400,000	June 12, 2020
Team San Jose	FEMA	\$1,894,800	September 30, 2020
Veggielution	Coronavirus Relief Fund	\$69,000	December 30, 2020
World Central Kitchen	FEMA	\$3,564,000	October 9, 2020
	<b>Total</b>	<b>\$21,622,643</b>	

\* 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.

For the organizations that are identified as funded by FEMA (The Health Trust, Team San Jose, World Central Kitchen, Deloitte Consulting, LLP), the City will use General Fund dollars (via the Emergency Reserve Fund) to pay the agreements with the expectation of FEMA reimbursement for activities in San José. For services to areas outside of San José, FEMA will not reimburse for those activities; therefore the Administration is seeking reimbursement from the other municipalities in Santa Clara County. 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. In August 2020, the County reimbursement agreement was extended through September 30, 2020. The City Council directed 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, Morgan Hill, and Gilroy and plans on follow up with other cities in the coming weeks.

As of early July 2020, the Administration had been working with the County to transition services to areas outside of the City of San José back to the County. In preparation for this transition, the Administration issued a solicitation for Meal and Grocery Delivery Services for services inside San José on August 6, 2020 and a solicitation for Meal Delivery to Temporary Shelters for services inside San José on August 19, 2020 in response to the COVID-19 pandemic. The Administration anticipates presenting the selected vendors for the "Meal and

Grocery Delivery Services Request for Proposals” to City Council for approval in November 2020.

In late September 2020, the County asked the City to continue meal delivery services to vulnerable homeless residents and residents in isolation and quarantine locations inside and outside of San José, with reimbursement by the County for non-San José residents. To meet this request, the City would need to amend agreements to continue meal delivery services, and amend the existing County reimbursement agreement, or negotiate a separate agreement to confirm reimbursement for the cost of the services. Separately, in anticipation of an agreement with the County, which is expected to be presented to Council in October 2020, the Administration issued a new competitive solicitation for “Meal Delivery to Temporary Shelters” which addresses the vulnerable homeless, isolating, and quarantining residents for both inside and outside of San José. The Administration anticipates presenting the selected vendors for the “Meals to Temporary Shelters Request for Bids” to Council for approval in December 2020.

## **ANALYSIS**

The Administration recommends amendments to current agreements with the following organizations. The amendments are structured to allow for options to allow for a transition without a lapse in service to providers selected through the competitive procurements. All providers have been provided a copy of the draft amendment retroactive to October 1, 2020 pending Council approval.

**Table 2**

<b>Organization</b>	<b>Not To Exceed Amount</b>	<b>Total Compensation</b>	<b>Term End Date</b>
Catholic Charities (inside San José)	\$1,300,000	No change in compensation	December 30, 2020
Hunger at Home (County-wide)	\$1,752,795	Increase of \$452,795	December 30, 2020
Team San Jose (County-wide)	\$3,338,469	Increase of \$1,443,669	December 30, 2020
The Health Trust (inside San José)	\$1,295,350	Increase of \$365,290	December 30, 2020
World Central Kitchen (Countywide)	\$3,564,000	No change in compensation	January 9, 2021
<b>Total</b>	<b>\$11,250,614</b>	<b>Increase of \$2,261,754</b>	

### ***Catholic Charities of Santa Clara County***

The City Council approved on August 11, 2020 an agreement with Catholic Charities for a maximum aggregate compensation of \$1,300,000 with \$914,550 for services inside San Jose and \$385,450 for services in Santa Clara County outside of San Jose. The proposed change to the agreements with Catholic Charities would extend the term of the agreement for services inside the City of San José limits through December 30, 2020 without an increase to the total maximum

compensation. 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 extended term is possible because Catholic Charities will be using funding from their Paycheck Protection Program loan toward staffing costs.

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

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

- The Hunger at Home agreements would increase the maximum aggregate compensation amount to \$1,752,795 with \$931,775 for service in San José and \$821,020 for service in Santa Clara County and outside of San José. Staff initially estimated in May that 25% - 35% of compensation would be allocated to services outside San José. However, these agreements allocate 46% of the aggregate compensation to services outside of San José.
- The Team San Jose agreements would increase the maximum aggregate compensation to \$3,338,469 with \$2,545,133 for service in San José and \$793,336 for service in Santa Clara County and outside of San José.
- The Health Trust agreements would increase the maximum aggregate compensation amounts of \$1,295,350 for service in San José.

***World Central Kitchen***

The amendment to the agreements with World Central Kitchen for the Great Plates Delivered program would allow the services to continue through January 9, 2021. Due to the uncertainty created by the month-to-month nature of the extensions by FEMA and CalOES, the Administration recommends extending the agreements and ensure the program continues through January 9, 2021, to provide consistency and security to program participants, restaurant owners, and restaurant employees. If CalOES does not extend the program, the current program budget of \$3,564,000 within the Emergency Reserve Fund will be adequate to continue services through January 9, 2021. If CalOES ends the program on October 9, 2020, the amount potentially not eligible for FEMA reimbursement would be approximately \$1,300,000; should this occur, the Administration will work to identify alternative funding sources to offset the shortfall, including the Coronavirus Relief Fund and the Continuity of Operations Reserve in the General Fund.

## **CONCLUSION**

Approval of this recommendation would ensure that the City can meet the County's request for extension of services and ensure there is no lapse in service while finalizing competitive procurements for award this fall.

## **EVALUATION AND FOLLOW-UP**

The Administration will return to City Council for authority to negotiate and execute any future agreements to support food and necessities distribution subject to available funding.

## **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 October 20, 2020, Council agenda.

At the City's request, World Central Kitchen and Sourcewise conducted an anonymous satisfaction survey of the Great Plates Delivered participants to be confident in the positive impact of continuing the program.

During the weeks of September 21 and 28, the City's EOC Director contacted each food network partner impacted by this recommendation to thank them for their efforts to reduce countywide insecurity, provide clarity to the current situation and path forward, and provide contract funding assurances for any retroactive contracts and other concerns.

## **COORDINATION**

This memorandum, related documents and resolutions were prepared in coordination with the Finance Department, the 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**

On September 22, 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, and in anticipation of these contract extensions. Remaining expenses under the revised total NTE value (\$11,250,614) for the food distribution contracts included in this memorandum are recommended to be funded from the existing allocation within the Coronavirus Relief Fund (\$12.0 million), and increased funding in the Emergency Reserve Fund in the amount of \$1.75 million (\$6.75 million total) to reflect the continuation of contracts into 2020-2021 and potential remaining expenditures under NTE amounts. The residual contract authority for services to be delivered in 2020-2021 is shown in the table below for the respective funding sources. The additional costs in the Emergency Reserve Fund are expected to be offset by reimbursements from the Federal Emergency Management Agency, with match requirements supported by the Coronavirus Relief Fund (\$7.0 million).

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), Manager's Budget Addenda #20 (Coronavirus Relief Fund and Resident Assistance) for 2020-2021, as well as the Coronavirus Relief Fund Rebalancing actions approved by City Council on September 22, 2020.

## **BUDGET REFERENCE**

The table below identifies the adjustments to the respective funds and appropriations to support the contracts recommended in this memorandum.


<b>Fund #</b>	<b>APPN #</b>	<b>Appn. Name</b>	<b>Current Total Appn.</b>	<b>Recommended Budget Action</b>	<b>Amt. for Contract</b>	<b>2020-2021 Proposed Operating Budget Page*</b>	<b>Last Budget Action (Date, Ord. No.)</b>
401	210R	Food and Necessities	\$12,000,000	\$0	\$2,480,018	N/A	9/22/2020, Ord. No. 30482
406	R110	Revenue from the Federal Government	\$10,000,000	\$1,750,000	N/A	IX-35	9/22/2020 Ord. No. 79723
406	209U	COVID-19 Emergency Response	\$5,000,000	\$1,750,000	\$6,656,674	IX-35	6/23/2020, Ord. No. 30437

\*The 2020-2021 Proposed Operating Budget was adopted by the City Council on June 23, 2020.


## **CEQA**

Not a Project, File No. PP17 003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment. (City Manager)

/s/  
KIP HARKNESS  
Deputy City Manager

  
JIM SHANNON  
Budget Director

I hereby certify that there will be available for appropriation in Emergency Reserve Fund in the Fiscal Year 2020-2021 monies in excess of those heretofore appropriated therefrom, said excess being at least \$1,750,000.

  
JIM SHANNON  
Budget Director

For questions, please contact Dolan Beckel, Director, Office of Civic Innovation, EOC Food and Necessities Distribution Branch, at (408) 745-9696.