CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 11/2/2021
District A, District B, District C, District D, District F, District H, District I, District J, District K
Item Creation Date: 5/26/2021

HCD21-33 Mercato Delivery, Inc.

Agenda Item#: 18.

Summary:

ORDINANCE approving and authorizing an agreement between the City of Houston and **MERCATO, INC.** to provide Community Development Block Grant Funds for a pilot program to subsidize merchant onboarding and subscription fees for an online grocery delivery service for residents in low- and moderate-income areas; providing a maximum contract amount - **DISTRICTS A - PECK; B - JACKSON; C - KAMIN; D - EVANS-SHABAZZ, F - THOMAS; H - CISNEROS; I - GALLEGOS; J - POLLARD and K - CASTEX-TATUM**

Background:

The Housing and Community Development Department (HCDD) recommends Council approval of an Ordinance authorizing an Agreement between the City of Houston (City) and Mercato, Inc. to provide $100,000.00 in federal Community Development Block Grant (CDBG) funds, for a pilot program. The pilot program (Mercato Delivery Service) will subsidize (i) subscription fees for an online grocery delivery service serving approximately 1,000 residents in low- and moderate-income (LMI) areas, and (ii) onboarding costs for participating grocery stores serving LMI areas.

Mercato, Inc. will create an online platform to provide individuals with access to online ordering and delivery of fresh produce and groceries by connecting independently owned and specialty grocery stores to individuals in food desert areas. Mercato will work with leading courier networks to provide grocery delivery to residents within a five-mile radius of local and independently owned grocery stores.

Mercato, Inc. will provide the City with a revenue share for each participating merchant, which the City may use in any future CDBG program. Mercato, Inc. and the City have identified multiple independently owned and specialty food stores to participate in the Mercato Delivery Service, and will market and outreach through targeted social media advertising, mailers, and online launches.

Sources:	Amount:	Uses:	Amount:
CBDG Funds	$100,000.00	Subscription & Merchant Onboarding Fees	$100,000.00
Total	**$100,000.00**	**Total**	**$100,000.00**

No Fiscal Note is required on grant items.

This item was reviewed by the Housing and Community Affairs Committee on March 23, 2021.

DocuSigned by:
Keith W. Byram
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Keith W. Byram, Interim Director

Amount and Source of Funding:

$100,000.00
Federal Government – Grant Funded
Fund 5000

Contact Information:

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ATTACHMENTS:

Description	Type

Description	Type
Coversheet	Signed Cover sheet
Delinquent Tax Report	Backup Material
Affidavit of Ownership	Backup Material
SAP Funding	Financial Information
PNFDF	Financial Information
Verification of Grant Funding .YL	Financial Information
Caption	Other