



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: February 4, 2008

Approved

Christine F. Shuppy

Date

2-14-08

COUNCIL DISTRICT: City-Wide

SUBJECT: REPORT ON STATUS OF THE CITY'S VENDING MACHINE PROGRAM AND APPROVAL OF AN AMENDMENT TO THE NUTRITION SPECIFICATIONS FOR THE CITY'S VENDING MACHINE PROGRAM

RECOMMENDATION

Approval of Report on Status of Healthy Food Choices offered through the City Vending Machine Program and direction to amend the nutrition specifications for the City's vending machine program by allowing the sale of fresh, canned, and dried fruits and vegetables.

OUTCOME

To report on status of healthy food and drink choices offered at vending machines located at City facilities and to expand the variety of healthy snack choices by relaxing the two grams (2g) dietary fiber requirement for fresh, canned, and dried fruits and vegetables.

BACKGROUND

On March 14, 2006, Item 3.4, the City Council directed the Director of Finance to issue a citywide vending machine solicitation which included 50% healthy food and drink choices for vending machines located throughout the City and 100% healthy food and drink choices for vending machines located at City libraries. Additionally, Council directed staff to report on the status of the City's vending machine program. Unless directed otherwise, this status report is intended to be the final report to council on the status of the city's vending machine program.

On October 1, 2006, the City signed an agreement with Action Vending based on an open and transparent process. Action Vending met and/or exceeded all specifications and agreed to install

February 4, 2008

Subject: City's Vending Machine Program

Page 2

energy efficient vending machines that are programmed to shut off when not being used. Action Vending also provided the largest variety of product at the lowest cost in each product category and offered the most advantageous commission to the City at 25 % of gross sales. This commission represents an increase of 10 percentage points from the previous vending services agreement.

Prior to placing new vending machines at library locations with a 100% healthy beverage and snack items, Santa Clara County Public Health and Healthy Silicon Valley conducted a taste test/survey with library patrons at the Biblioteca Latinoamericana. Potential items for sale from the vendor's stock were offered for tasting and 40 library patrons selected their top choices. Pursuant to Council Direction, all other City vending machines were changed out to the 50% healthy choices and machines were replaced with new or upgraded machines within 25 business days of completing the libraries. Action Vending also worked closely with Healthy Silicon Valley to develop new healthy information placards for all snack machines reflecting healthy choices.

One of the dietary requirements for healthy snack choices is a minimum of 2 grams of dietary fiber. Dietary fiber, though not a nutrient, is an important component of healthy diets. Although there is no Recommended Dietary Allowance (RDA) for fiber, the National Academy of Sciences suggests consumption of 19 to 38 grams per day (depending on age and gender). Since most children and adults consume less than this amount (typically around 15 grams), Council included a 2g dietary fiber requirement in the specifications for snack foods sold in vending machines in the original specifications for healthy snacks and drinks. On November 21, 2006, Council amended the nutrition specifications for healthy items sold at City's vending machines by relaxing the 2 grams of dietary fiber to allow for sale of dairy products.

ANALYSIS

As directed by Council, Action Vending reports that citywide vending machine sales in Calendar Year 2007 decreased by 1.47% from sales recorded in calendar year 2006. However, as the table below depicts, the supplier recorded higher sales at the Airport (increase by 28.30 %) and reduced sales at Library, General Services (which includes the City Hall location), and PRNS locations. Of particular note is the 31.65% decrease in sales at Library locations in comparison to calendar year 2006.

Department	Sales in 2006	Sales in 2007	Percent Change
Aviation	\$98,929	\$126,927	+28.30%
General Services	\$33,906	\$31,674	-6.58%
Library	\$82,483	\$56,377	-31.65%
PRNS	\$40,722	\$37,358	-8.26%
Total	\$256,040	\$252,336	-1.47%

Action Vending suggests that the primary reason for the lower sales volume at Library locations is the focus on 100% healthy food choices. Libraries have also reported an increase in patrons

February 4, 2008

Subject: City's Vending Machine Program

Page 3

bringing in their own snacks and complaining of a lack of choices within the vending products being offered, particularly in the snack choices. In comparison, at other City locations, Action Vending reports that total sales is split equally between healthy and conventional drink and snack items.

Based on the sales and anecdotal data described above, staff contacted Dr. Marjorie Freedman, Assistant Professor of Nutrition, San José State University, to identify additional food and beverage choices for the City's vending machine program. Based on the input from Dr. Freedman, staff now proposes to reduce the dietary fiber requirement from 2 grams to 1 gram for fresh, canned, and dried fruits and vegetables. Current federal governmental recommendations are to consume at least 5-9 servings of fruits and vegetables per day. Consumption is typically much lower than this, averaging about 2-3 servings per day (with one of those servings being French fries). Although most fresh fruits and vegetables are good sources of fiber, provision of fresh fruits and vegetables is often impossible through a vending machine program. Thus, it is reasonable to offer fresh, canned, and dried fruits and vegetables, which may provide only 1 gram of fiber, to be sold in vending machines. These products often contain other nutrients (such as vitamin A and C), and can help increase overall consumption of fruits and vegetables.

It is important to note that staff is proposing the change only for fresh, canned, and dried fruits and vegetables. If the 2 grams dietary fiber recommendation were lowered to 1 gram for all food categories, many snack products that have little to no nutritional value (cookies, chips) would be allowed to be sold and is contrary to the overall goal of providing healthy snack items at City vending machines.

Recognizing that sales at Library vending machines dropped significantly and ensuring that nutritional standards are not compromised, staff recommends that the dietary fiber requirement be relaxed to allow for fresh, canned, and dried fruit and vegetables. This change to the dietary fiber requirement in healthy snacks will expand the variety of healthy snack products available while affirming the goal of providing healthy snacks through the City's vending machine program.

EVALUATION AND FOLLOW-UP

Following Council approval of the amendment to the specifications, the Purchasing Division will issue an amendment to the vending machine agreement that will allow the vendor to sell items in accordance with the new nutritional guidelines.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
(Required: Website Posting)
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any criteria listed above, the memorandum will be posted on the City's website for the February 26, 2008 Council agenda. Additionally, the memorandum was reviewed by Dr. Marjorie Freedman, Professor of Nutrition, San José State University and by Healthy Silicon Valley.

COORDINATION

This memorandum was coordinated with the Library and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This memorandum aligns with the guiding principle of "respecting community and neighborhood priorities."

COST SUMMARY/IMPLICATIONS

Not applicable.

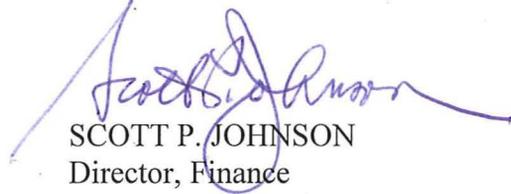
BUDGET REFERENCE

Not applicable.

HONORABLE MAYOR AND CITY COUNCIL
February 4, 2008
Subject: City's Vending Machine Program
Page 5

CEQA

Not a project.



SCOTT P. JOHNSON
Director, Finance

For questions please contact Walter C. Rossmann, Chief Purchasing Officer, at (408) 535-7051.