

April 6, 2017

Attachment: Vending Machine Health and Choice Initiative, 10 Pages
(All Appendices can be provided, as requested)

TO: House Human Services and Housing Committee Chairperson Alissa Keny-Guyer and
Committee Members:

**RE: *The Vending Machine Health & Choice Initiative* project, dated October 2013.
Submitted by Randy Hauth, Licensed Blind Manager – Owner of Custom Concepts &
Design, LLC – Regarding HB 3253**

My name is Randy Hauth and I am a Licensed Blind Manager, and owner of Custom Concepts & Design, LLC. I am taking the opportunity to provide you with informational materials titled “*Vending Machine Health & Choice Initiative*”, dated October 2013, as it relates to HB3253.

This project was in conjunction with the Clackamas County Wellness program, Oregon Commission for the Blind, and Canteen NW and looked to provide healthy options for employees in their pursuit of a healthier lifestyle.

I proudly provide this informational material to you as I was the Licensed Blind Manager involved in this project, in partnership with my subcontractor - Canteen NW. Similar to the Clackamas County project, Canteen NW, myself, and another Licensed Blind Manager or two, have also meet with and collaborated with the Multnomah County Wellness Committee on a similar endeavor over the past year or so.

As a successful business man, who happens to be blind, I purposely named by company Custom Concepts & Design, LLC – as that is what business is all about, working with the customers and patrons of my business to customize and design a reasonable model, plan, or approach that is a win-win for all involved. I believe the attached informational material demonstrates that Licensed Blind Managers, individually, as well as alongside their chosen subcontractors and teaming partners, can and have taken progressive steps in the area of providing healthy options as driven by our customers’ interests, affordability, taste/appetite for with exposure to such products, which also nets a positive business result for the blind business person.

In summary, Licensed Blind Managers are skilled, knowledgeable, independent, and well-versed business entrepreneurs, and we know how to collaborate effectively with others to drive successful and effective results – whether it’s working together on healthy vending projects, or choosing to partner with subcontractors to efficiently drive profits. I, and others, are motivated, and ready to propel the Business Enterprise Program in Oregon forward, with your support of HB3253 and the forthcoming amendments.

Sincerely,

Randy Hauth, Licensed Blind Manager/Custom Concepts & Design, LLC – Owner
Portland, OR 97217

Vending Machine Health and Choice Initiative

Presented by:

Eric Barrera – Juvenile

Jeannine Breshears – Tourism

Krista Weatherford- Employee Services

Leadership Academy 2012/13

October 2013

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Project Description

The Vending Machine Health & Choice initiative is a project, which in conjunction with the Clackamas County Wellness program, Oregon Commission for the Blind, and Canteen NW looked to provide healthy options for employees in their pursuit of a healthier lifestyle. The goal of the project was to provide 50% of the food and beverage choices in vending machines to be considered as healthier options, in addition to keeping traditional food and beverage favorites. A pilot project was conducted at PSB and DSB with the goal of creating a model, which we hope to implement in vending machines offering healthy choices throughout Clackamas County.

Research

The project packet came with research and data from Canteen NW, our vending supplier, and Deschutes County's Healthy Food Initiative program materials. As we started to wrap our heads around this project, it was necessary to understand the relationship between the Commission for the Blind and the legal right they have to all public buildings and their vending. Research into the Randolph-Sheppard Act helped us to understand more about this mandated relationship. The Act became law after it was enacted by the United States Congress and signed by President Franklin D. Roosevelt on June 20, 1936 and has been updated over time. This program gives business opportunities to blind persons to create employment and help them strive to be self-supporting.

While the Wellness Coordinator thought the timing was right to attempt this change, the topic was also on the 2013 Oregon House of Representatives agenda and caused some media stir. The original bill (House Bill 3403) initial purpose was to make all public building vending machines within the State of Oregon serve 100% healthy food. Articles in the Oregonian and reports from National Public Radio quickly reported outcry from both the Commission for the Blind and the public—100% healthy doesn't sell and adults should be able to make their own choices on what they eat. House Bill 3403 changed the bill to establish a Healthy Vending Task force instead of mandating 100% healthy vending choices.

Additional research showed City of Seattle and State of Alabama with similar and successful initiatives already in place.

We felt we had current support and relevance that our project should support health and choices in our vending machines and we were moving in the right direction.

Resources: (See Appendix A)

Randolph-Sheppard Act: Wikipedia, National Association of Blind Merchants

Deschutes County's Healthy Food Initiative: T. Madrigal (Healthy Communities and Wellness Coordinator) Deschutes County

2013 Session House Bill 3403: <http://gov.oregonlive.com/bill/2013/HB3403>

In Defense of Chocolate: Oregonian article, 4/9/13

Why Healthful Vending Machines Might Hurt The Blind: National Public Radio, 5/28/13
www.npr.org

Battle for Healthy Snacks: Portland Tribune, 5/26/11

Bill Would Ban Pop and Junk Food in Public Machines: The Lund Report, 4-9-13,
www.thelundreport.org

Guidelines for Successful Healthy Vending Machines in Alabama: 10/2011 www.adph.org

Healthier Vending Machine Initiatives in State Facilities: www.cdc.gov

Seattle Puts Healthy Snacks in City's Vending Machines: Food Safety News, 3-5-13

Stakeholders

On the surface this project would not appear to have a large number of stakeholders. However, as we started collecting data, it became very apparent that we had underestimated the true number of stakeholders. Not only were our county employees who utilize the vending machines important, there were many others behind the scenes who are impacted by the utilization of the vending machines. Those include but are not limited to, the vendor who supplies the products for the vending machines, the Oregon Commission For the Blind whose blind business owner profits from the sales from these vending machines, the office of Wellness who is striving to promote healthier lifestyles throughout the county, purchasing and finance who manage the vending machines contracts, the office of Sustainability which has concerns about the energy consumption of these vending machines, Facilities who have to sometimes move the vending machines or move electrical outlets in order to accommodate the machines, employees who have not traditionally used vending machines due to the lack of healthy options, and the general public to name a few.

Marketing Plan Overview

The objective of the Vending Machine Health & Choice program is to provide the options for healthy choices to employees in their pursuit of a healthier lifestyle. The goals are:

To provide 50% of the food and beverage choice options in vending machines to be considered healthier or healthiest options through Canteen NW's *Choice Plus* program.

Expand employees awareness pertaining to how healthy vending options help support healthy and productive employees. Employees will have more opportunities to consume more nutritious food and beverages while at work, thus contributing to the improved health and wellness of Clackamas County's workforce.

Inform county employees of the Oregon State Law requiring public sector vending machine contracts with the Oregon Commission for the Blind as a way to employ and financially support blind individuals. Purchases at vending machines support a blind entrepreneur. It is our goal to maintain a profitable vendor business partnership as well as a healthy workforce.

Create a model for the Wellness department to replicate and eventually rollout to all remaining county facilities that utilize vending machines.

A SWOT analysis determined what factors might affect our marketing efforts:

Strengths -- Clackamas County Wellness program is committed to developing a healthy workforce; Canteen vending has the existing *Choices Plus* program with point of sales materials

Weaknesses -- Price of vending choices vs. grocery store; range of product selections; limitation of carousel vending machines offering perishable items; shelf life and waste of perishable items; difficult to reach people who like the machines as they are

Opportunities -- Increased public awareness and pursuit of healthy lifestyle, wellness and sustainability; survey and tasting panel provides employees the opportunity to give input and ownership to the vending choices

Threats -- Perception of choices of traditional "favorites" vs. healthy snacks and beverages; concern that healthy choices cost more than traditional snacks; machine locations (employee and public access); close proximity to grocery stores and restaurants within easy driving distance; lack of awareness in regards to availability of healthy options; lack of awareness of beneficiary of the profits; re-opening of coffee cart vendor in lobby of DSB offering fresh food options; a lot of feedback to the Wellness Coordinator on this topic.

Pilot Program

The target market identified in which to conduct the pilot program included the PSB and DSB, made up of over 700 employees with access to designated lunchrooms with vending machines in both buildings. This large audience would enable us to complete a representative test case in order to create the model for implementation by the Wellness Team in vending machines offering health and choice throughout the county.

Survey

A feedback survey was developed to determine employees' snack preferences pertaining to both healthy and traditional snack choices and their vending machine purchases. The survey was conducted through SurveyMonkey, with a completion of 289 surveys within a two week period. Survey reminder flyers were posted on each of the vending machines, tables and bulletin boards in the lunch rooms. Team members attended the annual employee appreciation luncheon distributing reminder flyers and canvassing the employees as a final reminder push to complete the survey. Employees were given an incentive to complete the survey by receiving an invitation to take part in a special food tasting panel to help pick which healthy snacks and beverages would be added to the machines.

Tasting Panel

The tasting panel was conducted on August 15 during a brown bag lunch session. 62 survey respondents requested an invitation to attend the panel and 30 were ultimately able to participate, offering their taste buds and ratings to some healthy snacks and beverages. The snacks and beverages that received rave reviews were then featured in the vending machines during the month of September as the pilot sales period.

Pilot Sales Period

The vendor, Canteen NW, worked with their assigned driver to restock the vending machines, install the *Choice Plus* label on the slots for easy identification of the healthy choice options, and display point of sale machine clings and flyers. Vending machine new healthy choices were made available to the employees on September 3. Project team members were able to inspect the machines upon pilot launch and quickly determined some machines were "out of order" and not fully stocked with the new healthy choice options. The vendor was immediately notified and team members were able to meet with the vendor on site to inspect and assess the machines and make recommendations for additional improvements.

Communication tools used throughout this process to inform and promote the Health & Choice program included eblast messages to employees in PSB and DSB, flyers posted on the machines, and a newsletter article in the Wellness & Safety monthly newsletter distributed to all county employees promoting the entire project, including photos from the tasting panel.

Results and Evaluation of Pilot Period

Sales and what was purchased

The pilot period for a sales comparison for both the PSB and DSB buildings was September 2012 and September 2013. Sales increased by 143% in September 2013 with both buildings sales combined. During the pilot period, in the PSB building, 41% of the snacks purchased fell into the *Choice Plus* category and in the DSB building, the percentage was a bit lower with 34%.

In the large snack category in the DSB building, 14 items were available for sale. 8 of those 14 items fell into the Choice Plus category. The Choice Plus large snack category had 54% of the sales with Boulder Canyon Chipotle Cheese Rice chips (a Choice Plus item) as the number one seller for this category. Traditional large snacks like Fritos, Lays Regular Chips, and Cheetos Crunchy were in positions 2, 3 and 4. The PSB building had similar results with 53% of sales in the Choice Plus category for large snacks. In the PSB, Food Should Taste Good Multigrain Tortilla Chips and Fritos Chili Cheese chips were neck and neck in units sold.

In the beverage category in the PSB building, 29 items were available for sale. 14 of the 29 items fell into the Choice Plus Category. While diet soda and diet energy drinks could be considered Choice Plus items, the feedback from employees and the Wellness Coordinator indicated that the artificial sweeteners should disqualify them so we pulled them from the list. The beverage category had the least amount of impact. Employees love their diet soda and Choice Plus beverages made up only 17% of the sales. Water was the number one seller of the Choice Plus beverage items. In the ongoing challenge of Coke or Pepsi—in the PSB—they are pretty much neck and neck! In the DSB building, Choice Plus beverages only made 10% of the beverage sales. Diet soda is also the best selling item for the DSB and Diet Pepsi is clearly the most popular.

Employee feedback

"Had a meeting in the lunchroom; over the course of 20 minutes, the vending machine was very busy, with an air of excitement and curiosity."

Employee feedback came into the Wellness team immediately upon launch of the pilot program. In general, there was expressed excitement and curiosity in support of the program and appreciation of having more healthy choice options. Employees who typically frequent the vending machines were quick to speak out about concerns and questions pertaining to their favorite items taken away, particularly related to beverages and availability of regular soda vs. diet and cans vs. bottles. Concern over the pricing of the items was expressed, in the case of a slight increase in previous snacks as a result of the vendor working to raise some prices and reduce the actual cost of the new healthy choice items to maintain a balanced price point. Overall, the complaint level was very low.

Labeling issues were also expressed. Some "Choice Plus" vending labels were too small and hard to see (the vendor ran out of the larger green labels so installed small ones that were less apparent). There were noticeable inconsistencies with the labeling of the "Choice Plus" items due to vendor error in labeling (popcorn was not labeled as healthy and the energy drinks were labeled healthy) or restocking into the correct lanes. Questions were raised related to the definition of healthy choice. The healthy choice label on the machines includes a definition and the nutritional information but the print is so tiny it is hard to see and read.

Due to feedback from employees, we were able to work with the vendor to change the labeling of the diet sodas and remove them from the healthy choice category. The "Choice Plus" program includes diet beverages in the healthy category since they meet the nutritional criteria for lower amounts of sugar. Employees expressed concern with the perception of diet being healthy when they contain certain levels of chemicals and artificial sweeteners used as sugar substitutes.

Foods Should Taste Good Chips sold out in one day. This showed favorable support for the program but provided a new challenge for the vendor who typically schedules once a week for restocking. Empty lanes do not lend to a positive appearance and sales for the machines since there are fewer available options. The vendor will continue to monitor the sales to determine when a second lane of the more popular items is needed when reconfiguring the machines in order to maintain a balance of options available throughout the week.

Lessons Learned

In our excitement to get this project off the ground and share our new healthier snacks with PSB and DSB there were some things that we learned that we would have been better off being a little more patient with. For example, scheduling the launch date for this project a day after a holiday weekend made it difficult for the project to start off smoothly. Employees were extra busy due to the shortened week and Canteen NW did not have a chance to get the machines totally updated and fully stocked. In hindsight, we feel if we had waited and utilized that extra week to ensure that the machines were fully stocked, appropriately labeled, and working properly we would have had a much more impactful launch. Once the machines were properly labeled, in working order, and initially fully stocked we learned that many of the most popular items sold out quickly. Unfortunately the volume of sales is not high enough to warrant Canteen NW restocking the machines more than once a week. Hopefully, this issue can be remedied with time once Canteen NW can develop a consistent pattern of stocking the most popular items in the machines.

Follow Up Tasks

Updated Machines

Canteen NW has offered to update our vending machines in the PSB/DSB to machines with better energy savings, credit card readers, and a separate display for nutrition and ingredients of snacks. After discussion with Canteen NW, we decided to defer the new machines until after the pilot period was completed as to not skew the sales comparison. As new buildings are incorporated, this discussion will need to happen. Since each building has a different level of sales, it may not be feasible for Canteen NW to update all county vending machines.

Six month survey

We felt that it would be important to follow up with employees with a survey six months after the pilot period. This survey would help determine if the changes to the machines resulted in long term changes in snack selection and routine use of the machines. A copy of the proposed follow up survey is in the Appendix H.

Energy Concerns

During our internal stakeholders meeting, the concern was raised about the energy consumption of the machines. After discussion with Canteen NW, we decided to defer the energy portion of the project until after the pilot period was completed. Sustainability and Facilities agreed to defer this portion of the project and will work with Wellness to incorporate these upgrades..

Technology: Vending Misers sensor– energy savings (power down/scale down machines); County would buy the sensor.

Logistical – how do we get the volt meter behind the machines? Sustainability and Wellness needs to work with Facilities and let Canteen NW know in advance when the meter is going in.

Need more information on the Energy Star rated machines from Canteen NW.

Conclusion and recommendations

In conclusion, we found that both the employees of Clackamas County and our vendor appear committed to providing and welcoming some healthier food options in their vending machines. Not only did our employees provide valuable feedback in their surveys and taste tests, but also our vendor has committed to being a more visible partner by not only stocking healthier options in the vending machines but displaying these new healthier options at our Clackamas County Wellness Fair in the future. By providing choice and healthier options in addition to the traditional snacks, this project has not only continued to serve the regular vending customer but has also provided them with new healthier options that are selling and made vending machines an option for a larger customer base. It is the hope of this workgroup that this pilot project can be replicated in other departments throughout Clackamas County so that all the vending machines in the county can offer both health and choice.

Team Members: Leadership Academy 2012/13: Eric Barrera, Jeannine Breshears, Krista Weatherford (Oct 2013)

Appendices

Appendix A. Research Resources

Appendix B. Marketing Plan

Appendix C. Survey

Appendix D. Tasting Panel

Appendix E. Pilot Launch Eblast

Appendix F. Health & Wellness Newsletter Article

Appendix G. Point of Sales Materials

Appendix H. Follow Up Assessment Survey