



CITY OF LONG BEACH

DEPARTMENT OF HEALTH AND HUMAN SERVICES

R-26

2525 GRAND AVENUE • LONG BEACH, CALIFORNIA 90815 • (562) 570-4000 • FAX: (562) 570-4049

December 6, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive the attached Resolution adopting the City of Long Beach Healthy Beverage Vending Policy, and defer considering adoption of such Policy until a Request For Proposal (RFP) for vending machine operations is completed to determine the fiscal impacts of the Policy's implementation. (Citywide)

DISCUSSION

On April 19, 2011, the City Council requested the creation of a healthy food and beverage policy that promotes good nutrition and healthy environments within City facilities and at City-sponsored meetings/events. This action was recommended due to the significant health consequences associated with the growing rate of overweight and obese youth and adults in Long Beach.

As originally proposed, this policy was to include the following standards:

- 100% of the snacks and beverages sold in vending machines on City property and/or where City programs operate shall meet specified nutrition standards;
- 100% of the beverages and snack foods served at meetings/events/celebrations led or coordinated through the City staff shall meet specified nutrition standards;
- Specified nutrition standards will be based on nationally recognized and accepted guidelines, similar to those used for foods and beverages sold in California schools (SB 12 and SB 965); and
- The standards are to include limits on sugar, fat, sodium and calories for snack foods, as well as the elimination of sugar-sweetened beverages, and limits on artificially sweetened beverages.

For purposes of clarity and discussion, staff determined the requested policy would be best divided into two distinct policies and presented as separate agenda items. This item pertains specifically to the Healthy Beverage Vending Policy (Policy).

Proposed Healthy Beverage Vending Policy

The attached Policy applies only to the beverage vending machines on City-owned property, which are under the direct control of the City and that are accessible to the public. The Policy does not apply to:

- Beverage vending machines not accessible to the public, such as those in staff lounges and maintenance yards; and
- Beverage vending machines on City-owned property, but under the control of City lessees and concessionaires (i.e., golf courses, tennis centers, beach/ park concession stands and airport food vendors).

There are different nutritional requirements for those beverage vending machines located in “youth sites” than those in “non-youth sites.” Youth sites are those City sites open to the public where there is programming specifically for children and youth, such as community health centers, libraries, parks, community centers, and other spaces that regularly host out-of-school time programs, and athletic facilities that are used by youth teams. Non-youth sites are all City sites open to the public that do not meet the definition of a youth site, such as offices and business areas.

The following chart identifies the beverages that are allowable and non-allowable in beverage vending machines in each type of site:

Site Type	Allowed	Not Allowed
Youth, Public (parks, community centers, libraries, health centers, etc.)	<ul style="list-style-type: none"> • 50 – 100% fruit juices, • bottled water, • unflavored low-fat and non-fat and non-fat milk, • most soy milks, • artificially sweetened sports drinks (max 25% of product), • artificially sweetened vitamin waters, and • artificially flavored waters. 	<ul style="list-style-type: none"> • sodas, • sports drinks, • fruit flavored drinks, • energy drinks, • vitamin waters, • flavored animal derived milks, • diet sodas, and • diet teas.
Non-Youth, Public (offices, business areas, municipal marinas, senior centers, etc.)	Same as above, additionally: <ul style="list-style-type: none"> • diet sodas & diet teas (max 25% of product) 	<ul style="list-style-type: none"> • sodas, • sports drinks, • fruit flavored drinks, • energy drinks, • vitamin waters, and • flavored animal derived milks.
Non-Public (staff areas, maintenance yards, etc.)	All beverages	None

Current Beverage Vending Machine Agreement

Agreement No. 27609 with BCI Coca-Cola Bottling Company of Los Angeles (Coke) provides \$240,000 in annual General Fund (GP), \$30,000 in Tidelands Operations Fund (TF401) and \$30,000 in Marina Fund (TF403) revenue in exchange for the exclusive placement of beverage vending machines on City-owned property and facilities citywide. Currently, there are 103 Coke-provided vending machines, which yield an annual sales volume of approximately 6,700 cases of Coke product each year. The current Agreement is set to expire in January 31, 2012. However, there is a renewal option for another five-year period.

In 2011, Coke informed the City that it would waive the renewal option on the current Agreement, and subsequently entered into negotiations with staff to amend and restate the Agreement. On November 3, 2011, Coke formally submitted their proposal to amend and restate the current Agreement. As proposed, the amended and restated Agreement would change from a fixed guaranteed revenue model to a tiered commission-based model, wherein the City would receive approximately 25 percent of all revenue from Coke products sold. As proposed, the City would receive between \$22,000 and \$53,000 annually based on actual units sold in the existing vending machines. This would equate to a decrease of between \$247,000 and \$278,000 in revenues annually. Further, representatives from Coke report that when "healthy" policies are adopted, sales decrease 40 to 70 percent.

Staff does not recommend amending and restating the current Agreement, as proposed by Coke, regardless of the adoption of the proposed Policy. The amounts being proposed simply do not equate to a valuable enough sponsorship arrangement for providing citywide exclusivity.

Issue a New Request for Proposal (RFP)

Deferring the adoption of the Policy at this time would provide staff the opportunity to investigate the potential for securing another vending machine contract that may provide revenue similar to what is currently being received. Staff is prepared to develop and issue a RFP to openly and competitively bid vending machine exclusivity. The RFP process, however, cannot take place until the Agreement with Coke expires on January 31, 2012. It is anticipated the RFP process would take 90 days to complete. Upon expiration of the current Agreement with Coke, Coke will have 30 days to remove their machines from City-owned property and facilities. There will be no revenue generated from the time Coke's machines are removed and a new vendor's machines are installed.

In addition to Coke and Pepsi, there are numerous commercial vending machine companies operating in Southern California (e.g., Beach Cities Vending, Pacific Coast Vending, Avalon Vending, First Class Vending) that would be invited to participate. The RFP would be formatted to elicit two proposals from the respondents; one if the Policy were adopted, and one if the Policy were not adopted. If the Policy were adopted at this time, staff would still initiate an RFP process, but would only include the parameters associated with the new Policy.

HONORABLE MAYOR AND CITY COUNCIL

December 6, 2011

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This matter was reviewed by Deputy City Attorney Linda Trang on November 21, 2011 and by Budget Management Officer Victoria Bell on November 22, 2011.

TIMING CONSIDERATIONS

City Council action is requested on December 6, 2011 in order to receive direction prior to the January 31, 2012 expiration of the Agreement with Coke.

FISCAL IMPACT

The adoption and implementation of the Healthy Beverage Vending Policy may result in decreased revenues to the General Fund (GP), Tidelands Operations Fund (TF401) and Marina Fund (TF403), although the exact revenue reduction will not be known until the RFP process is completed. Additionally, there will be no revenue generated from the time Coke's machines are removed and a new vendor's machines are installed.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



RONALD R. ARIAS, DIRECTOR
HEALTH AND HUMAN SERVICES



GEORGE CHAPJIAN, DIRECTOR
PARKS, RECREATION AND MARINE

APPROVED:



PATRICK H. WEST
CITY MANAGER

RRA:GC:GH

Attachment: Resolution/Policy

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Long Beach, CA 90802-4664

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH ADOPTING A HEALTHY
BEVERAGE VENDING POLICY

WHEREAS, obesity is a serious and growing public health problem, with obesity rates more than doubling in the past twenty years; and

WHEREAS, the City of Long Beach is committed to promoting health and combating the obesity epidemic; and

WHEREAS, the federal Centers for Disease Control and Prevention and the Institute of Medicine recommend that local government entities implement policies and practices to promote healthy food and beverages and reduce or eliminate the availability of calorie dense nutrient poor foods; and

WHEREAS, the City of Long Beach has joined the federal government's Let's Move Cities and Towns Campaign which encourages local government to adopt policies that aim to reduce childhood obesity; and

WHEREAS, 31% of Long Beach adults are obese and therefore at risk for many chronic conditions such as diabetes, heart disease, stroke, hypertension, arthritis, and cancer; and

WHEREAS, childhood obesity in the United States has more than tripled in the past 30 years; and

WHEREAS, approximately 27% of Long Beach 5th, 7th, and 9th graders are considered obese; and

WHEREAS, the current generation of children may be the first that will be less healthy and have a shorter life expectancy than their parents due to the increasing rates of obesity; and

WHEREAS, obesity and overweight take a tremendous toll on the health

1 and productivity of all Californians, annually costing the state \$21 billion; and

2 WHEREAS, the City of Long Beach bears a portion of these costs in health
3 care premiums, sick days and lost productivity; and

4 WHEREAS, unhealthy foods and beverages are pervasive in our
5 community, and there is evidence that what we choose to eat is influenced by what is
6 available locally; and

7 WHEREAS, teens and adults who consume one or more sodas or sugar
8 sweetened beverages per day are more likely to be overweight or obese; and

9 WHEREAS, research has confirmed that a policy approach to preventing
10 disease confers significant benefit to the population at large; and

11 WHEREAS, the City of Long Beach is committed to using its public funds to
12 promote the public's health and welfare, including the health and welfare of children and
13 families; and

14 WHEREAS, the City has jurisdiction over municipal facilities and programs
15 serving residents and employees where they consume food and beverages; and

16 WHEREAS, it is in the City's interest to use facilities and programs to
17 promote and support health;

18 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
19 follows:

20 Section 1. That the City Council of the City of Long Beach hereby adopts
21 a Healthy Beverage Vending Policy, a copy of which is attached hereto as Exhibit "A" and
22 made a part hereof by this reference.

23 Section 2. That all beverages to be sold in City-contracted vending
24 machines located in publicly accessible City-owned or City-controlled facilities and
25 institutions (including, but not limited to, parks, recreation centers, pools, City offices,
26 libraries, community centers, etc.) shall comply with the City's nutrition guidelines outlined
27 in the Policy.

28 Section 3. That future procurement and negotiations of City contracts for

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1 the operation of beverage vending machines within publicly accessible City facilities and
2 institutions shall specify a requirement that all beverages to be sold in City-contracted
3 vending machines shall meet the City's nutrition guidelines outlined in the Policy.

4 Section 4. This resolution shall take effect immediately upon its adoption
5 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

6 I hereby certify that the foregoing resolution was adopted by the City
7 Council of the City of Long Beach at its meeting of _____, 2011 by
8 the following vote:

9
10 Ayes: Councilmembers: _____
11 _____
12 _____
13 _____

14 Noes: Councilmembers: _____
15 _____

16 Absent: Councilmembers: _____
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City Clerk

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Exhibit A
Long Beach Healthy Beverage Vending Policy

The purpose of the Long Beach Healthy Beverage Vending Policy is to promote good health among Long Beach residents, and to make Long Beach a healthy "world class" city.

The nutrition standards outlined in this policy have been established based on the standards used by California schools (SB 12), as well as those standards developed and successfully implemented in other cities and counties with food and beverage policies. These standards are also consistent with many of the nutrition messages provided in the *Dietary Guidelines for Americans*. The Dietary Guidelines Advisory Committee, which is jointly established by the U.S. Department of Agriculture and the U.S. Department of Health and Human Services, has created the *Dietary Guidelines for Americans* with the purpose of providing science-based advice to promote health and reduce the risk of chronic disease through diet and physical activity. *

Healthy Beverage Vending Policy

Beverage vending machines **in public areas** will be subject to the following Healthy Beverage Vending Policy:

Youth Sites - Beverage Vending Machines

May contain 50 -100% fruit juices, bottled water, unflavored low fat and nonfat milk, soy milks, artificially sweetened sports drinks/vitamin waters/flavored waters.*

All Other Beverage Vending Machines

May contain 50 -100% fruit juices, bottled water, unflavored low fat and nonfat milk, soy milks, artificially sweetened sports drinks/vitamin waters/flavored waters, diet sodas and diet teas.*

Note – beverage vending machines "not in public areas" are not subject to this policy. The products noted are not exclusive.

Policy Exemptions

The Long Beach Healthy Beverage Vending Policy **does not** apply to the vendors in locations not under direct City control (i.e., golf courses, airport food vendors, city hall snack shop vendor).

Definitions

- Youth-Sites – are those City sites open to the public where there is programming specifically for children and youth (under the age of 18) such as community health centers, libraries, park sites, or other spaces that regularly host out of school time programs, and athletic facilities that are used by youth teams.
- Non-youth sites – are all sites City sites open to the public which do not meet the definition of a youth site.
- Public Area – means any area to which the public is invited or in which the public is generally permitted and under the control of the City.

* The Health Department can provide a "Healthy Snack Food and Beverage Policy" listing and additional information on nutritional requirements of said products in compliance with the noted nutrition standards.