These vending machines make the City of Sacramento more lean

Departments take control, save taxpayer money, and gain productivity – with industrial vending

Candy bars, cans of soda, and bags of chips. They’re reasons why Sacramento residents – and everyone else – have historically loved the convenience of vending machines.

Now a commitment to the City of Sacramento by one of its suppliers is giving residents even more reasons to love the machines – including saving taxpayer money and making city services more efficient.

Managing costs automatically
It all began with a mandate by Sacramento’s city manager to achieve better inventory control in the city’s departments, according to Tom Webber. He’s Operations General Manager for Traffic Signs and Markings, part of the Street Services division of the City of Sacramento Department of Transportation.

“I got to thinking about how we often put a case of gloves in a closet and there’s no tracking of who’s grabbing them,” Webber said.

Up stepped Fastenal.

The industrial distributor with over 2,300 stores not only sells the supplies city workers need. Fastenal makes a commitment in the form of a capital investment in its customers – bringing immediate benefits to those customers.

Fastenal’s FAST Solutions program provides technology and stocking services at the point-of-work incorporating Apex Supply Chain Technologies’ Connect n’ Go™ technology. Prior to this next-generation technology, point-of-work dispensing was both too expensive and too complicated for suppliers and end-users.

The City of Sacramento’s Tom Webber says Fastenal’s FAST Solutions system is saving taxpayer money while decreasing workers’ downtime.

Fastenal and Apex have overcome those barriers. The result is a win-win for both the City of Sacramento and Fastenal:

- Fastenal makes the capital investment in the machines – not the city
- The city pays only for the items dispensed, which reduces its inventory and costs
- Fastenal provides a service that most other distributors can’t offer, which strengthens the supply relationship between Fastenal and its industrial vending customers

The machines save companies and governments tool, material, and supply costs. And they reduce downtime by dispensing mission-critical items close to the employees who need them and ensuring that no needed items are ever out of stock.

Fastenal store manager Sean Luigs initially explained to the City of Sacramento’s Tom Webber how Fastenal’s Fast 5000 industrial vending system automatically manages and tracks inventory.

“Traceability is the biggest thing,” Luigs said. “Before, they didn’t have any way of tracking. There were no controls. A person could take as many gloves as they wanted. The city needed to be able to set limits.”

After reading and hearing about the Fast 5000 industrial vending system, Webber said, “I think we need to try this.”
And after a demonstration, he said, "I guarantee you this will be successful," according to Luigs.

A pilot program was started in which personal protection equipment purchased through Fastenal would be dispensed from the city's first two Fast 5000 machines.

"The beauty is that Fastenal provides the items on consignment. Fastenal manages the inventory, keeps the machines full, and we don't even pay for an item until it's used," Webber said.

"We've had bins and closets with stuff not used in two years. That ties up public funds and isn't a good use of taxpayers' money," Webber said. "We had too much inventory on some items, but we were running out of others."

"But now, we don't pay for these items until they are actually taken out and used."

"Plus, if we need something that we're out of, we're not running a guy to Home Depot or wherever to get it," Webber added. "So, in addition to saving on our cost of materials, the system saves on overhead, from more production time and less downtime to things like the health and safety of a person driving to get an item."

"It's been great for inventory control. We don't worry about an item until we actually buy it. We know exactly who made a transaction and when they made the purchase."

Tom Webber, City of Sacramento

'It's easy and it works'
Webber said his employees' first response to the machines was positive, as they saw the possibilities of better accountability.

Fastenal demonstrated the Fast 5000 machines to city workers, showing that each employee only needed to use his or her proximity card and an ID code to dispense an item.

Once the machine was set up with assistance from an Apex Supply Chain Technologies Project Coordinator, a staff of 24 employees began using it. "They love it now," Webber said. "It's easy and it works."

Webber said that inventory control and tracking—and the resulting cost savings—are the most obvious benefits.

"I downloaded a PDF that had dates, times, items checked out, and cost for 20 guys," Webber said. He sent it to managers and told them, "Here is what to expect."

"They raved about it," he said. "They're seeing the benefits and how managers and employees can make a lot better decisions now."

The machines dispense personal protection items including safety gloves and safety glasses, dust masks, ear plugs, sunscreen, sanitary wipes, batteries (used in hazard lights), duct tape, and tape measures.

"It's been great for inventory control," Webber said. "We don't worry about an item until we actually buy it. We know exactly who made a transaction and when they made the purchase."

"Employees don't have to ask now for an item; they make the decision on their own and each person is totally accountable now," Webber said. "Before, we had no way of knowing who had what. It may have been written down on a piece of paper, then who knows what would happen to that piece of paper?"

Managing use, controlling costs
Not all workers need all items, so the department is able to lock out workers who don’t need access to certain items. For instance, batteries for hazard lights are only accessible by supervisors.

"Previously, we simply had cases of batteries in closets, and they may disappear a case at a time to who-knows-where," Webber said. "Now, there's none of that. Batteries are stocked in the machines, we don't run out and we only pay for what we use through Fastenal."

"Now, especially with (personal protection equipment) items, we don't worry about them; Fastenal does that," Webber said. "There are no stockouts now."
Webber said the system is saving the city money, although it’s hard to put a dollar figure on that amount since there was so little tracking prior to installing the system. “We’re still slowly depleting the inventory that’s been in closets. Stuff has been forgotten about or sometimes we just stumble over it.”

“I just know that the convenience is great,” he added. “This has added a lot of efficiency, especially when you think about the costs if we had a person behind a counter handing out items and trying to track inventory.”

Webber said that, after the second month, he sent a PDF of a month’s worth of transactions to his supervisor.

“I’ve gotten nothing but accolades” from managers, he said. “And it’s great that all of that tracking costs us nothing. They are totally on board.”

Waste not . . . and cut spending

Shannon Lichty is Environmental Health & Safety Specialist in Risk Management, assigned to the City of Sacramento Solid Waste Services division of the Department of Utilities.

The division has one Fast 5000 machine that’s been operating for three months The machine stocks and dispenses safety gloves, hearing protection, dust masks, safety/high-visibility vests, safety glasses, batteries of varying sizes, alcohol wipes, glass cleaner, hand cleaner, drink mix, first-aid kits, sunscreen, and insect repellant.

One-hundred sixty garbage truck drivers use the machine, and there are 20-30 transactions in a typical day, Lichty said. Tracking and inventory control have been the most noticeable benefits.

“We’re able to put restrictions on items,” she said. “For instance, drivers are allowed one pair of leather gloves per month.”

“The tracking is great; it IDs the few drivers who were getting more items than they were allowed,” she said. “And you can see some drivers counting down the 30 days to when they can get their new pair of gloves.”

Although the quantities of any particular item can be restricted per driver, a driver still has access to safety items through their supervisor.

“For instance, if a driver has to have a new safety vest, we won’t deny that,” she said. She explained that a supervisor can scan his or her badge, then enter the employee’s ID number and dispense the item. That tells the city not only which supervisor dispensed an item, but which worker that item was for.

Fastenal’s Fast 5000 dispensing system with automatic tracking software is eliminating overstock – and ensuring that city employees aren’t running out of needed items, according to the City of Sacramento’s Shannon Lichty.

No more stockouts

Before the installation of the Fast 5000, Lichty was responsible for ordering personal protection equipment.

“It was hard to keep track of who was getting what,” she said.

She said that stockouts were a problem. Another problem was overstock. “There are still boxes of items that don’t go as fast sitting around,” she said. Now with the Fast 5000 in a central area for the drivers, getting a needed item is convenient for them and items are never out of stock. They are automatically ordered through Fastenal. And rather than overstocking some items, the city only pays for items that are dispensed.

She said that drivers’ initial reaction to the machine was positive overall, although some at first thought they were each going to be charged for items they dispensed. Drivers have found it to be simple to use, and items quickly and conveniently accessible, Lichty said.

She likes that, at any time of day, she can go to the Internet and pull up a tracking report showing who has vended each item during a particular month, week, or even day, and in what quantities.

Lichty said the Fast 5000 has worked so well that she hopes the Solid Waste Division will also get a
Fastenal AutoStore locker machine. The locker can store and dispense larger items such as hard hats, spill kits, shovels, and brooms.

“I think it’s just great,” Lichty said of the Fast 5000. “It’s a worry-free system. All I have to do is sign the invoice!” she laughed. “I don’t have to worry about being out of stock or worry about the machine.”

**Fast forward**

With the positive experiences that City of Sacramento managers Shannon Lichty and Tom Webber have had, more departments are poised to add Fast 5000 machines. And Fastenal has benefited by forging a stronger working relationship with the city.

The next department slated for a Fast 5000 is the one that cares for the thousands of trees in parks and along roadways – the Urban Forest Services Division of the Department of Transportation.

“I can envision machines throughout the city’s departments,” Webber said.