

## **Toronto Street Food Project Plan**

<b>Date:</b>	November 21, 2007
<b>To:</b>	Budget Committee
<b>From:</b>	Deputy City Manager Sue Corke Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	<b>All</b>
<b>Reference Number:</b>	

### **SUMMARY**

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Earlier this year, the Toronto Board of Health requested the Minister of Health and Long Term Care to amend Regulation 562 to allow for a greater variety of food to be sold on the street. On July 7, 2007, the Minister announced an amendment to Regulation 562, which would allow for a greater variety of street food choices, to take effect August 1, 2007.

On July 12, 2007, Council approved a motion implementing city staff recommendations to maintain the existing restrictions on street vending until such time as a comprehensive plan to implement the change could be brought forward. Staff has since been working on developing the Toronto street food project plan to introduce new foods on Toronto streets for Spring 2008.

Councillor Filion is bringing forward a memorandum to the Executive Committee seeking authorization for staff to report through the Executive Committee to Council on issues which need to be addressed to move forward with the Toronto street food project.

To allow for the acquisition of the carts required for this project an amendment to the 2008 EDCT Recommended Capital Budget is required. The proposed funding is to be recovered from the lease payments for use of the carts.

## **RECOMMENDATIONS**

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**The Deputy City Manager and the Deputy City Manager and Chief Financial Officer recommend the following actions conditional upon City Council approval to establish the Street Food Project:**

- (1) the 2008 Economic Development Culture and Tourism Capital Budget be increased by \$0.700 million gross, \$0.700 million recoverable debt, for the Toronto Street Food Project;
- (2) the \$0.700 million of recoverable debt be available in January, 2008 for the period ending on January 30, 2013 at an interest rate of 5.00% per annum, repayable in annual instalments of \$161,682, with an interest free period extending until September 30, 2008 and the first instalment of \$138,350 due on January 30, 2009;
- (3) the repayment of the funding and all related agreements be on terms and conditions satisfactory to the City Solicitor, the Deputy City Manager and Chief Financial Officer as well as Deputy City Manager; and
- (4) the recoverable debt capital funding be deemed to be in the interest of the municipality.

## **FINANCIAL IMPACT**

Issuance of the recoverable debt capital funding is considered to be a financial commitment of the City. The \$700,000 recoverable debt capital funding has an annual payment of \$161,682.35 or \$5,389.41 per cart for 30 carts annually or \$449.12 monthly. Repayment must be generated by each of the 30 carts in order for the repayable funding to be self-sustaining over the 5 year term.

The 2008 Operating Budget Request for the Toronto Street Food Program will be submitted for consideration in the 2008 Operating Budget Process. The attached 5-Year cash flow projection includes \$0.341 million for 2008 revenue and \$0.227 million expenditure, \$0.113 million net surplus. Details of the 2008 Operating Budget will be submitted for consideration in the 2008 Operating Budget process.

## **DECISION HISTORY**

On April 16, 2007 the Toronto Board of Health requested that the Ontario Minister of Health and Long Term Care amend Regulation 562 to allow for a greater variety of street food choices, subject to compliance with a new set of food safety regulations.

On July 7, the Minister announced amendments to the Regulation, to take effect August 1, 2007. In addition to foods specifically approved by the Medical Officer of Health, the new regulations would automatically allow the sale of pre-cooked pizza, samosas, burritos, beef patties and hamburgers.

At its meeting of July 12, 2007, Council approved a recommendation that, notwithstanding the change in provincial regulations, only foods licensed as of that date would be permitted for sale from vending carts “until such time as City Council has considered and made appropriate amendments to the by-laws as required to implement the appropriate types of foods to be sold from food vending carts within the City.”

On July 13, 2007, Councillor Filion on behalf of the City of Toronto hosted the Toronto Street Treats Main Course Event at Nathan Phillips Square. Chefs from some of Toronto’s best restaurants prepared tasty samples of what Toronto street food could be. This event was hugely successful, demonstrating the desire for more interesting food on Toronto streets. A Spring 2008 launch of the new Toronto street food program is highly anticipated by the public and the media.

Executive Committee will be considering a memorandum at its November 26<sup>th</sup> meeting which is seeking direction from Council for staff to proceed with an implementation plan for the project. If approved, staff will proceed with a plan to develop a partnered approach with Ryerson for the design and procurement of the new street carts.

The purpose of this report is to respond to the direction in the memorandum to Executive Committee requesting staff to explore alternative financing options including a recoverable debt capital funding in the EDCT 2008 capital budget.

## **COMMENTS**

### **Toronto’s Role**

With the July 7<sup>th</sup>, 2007 announcement of the change to provincial regulations governing street food, and the accompanying Council decision of July 12<sup>th</sup>, 2007, the city is now in a position where it must make decisions about the type, location and rules governing the sale of street food in Toronto.

The new regulations provide the city with many opportunities. These include: to introduce street food which reflects the breadth and depth of Toronto’s cultural diversity; to provide healthier street/fastfood choices for Toronto’s residents and visitors; to help brand Toronto as a city where residents and visitors can enjoy a vast array of authentic cuisine from all corners of the world; to promote tourism.

The change in provincial street food regulations also presents the City with some challenges, among them: ensuring that the food safety regulations are strictly adhered to as vendors move to foods whose preparation carries a higher potential health risk; ensuring a supply of newly designed street carts to meet the public expectation of a Spring 2008 launch.

If the memorandum before Executive Committee on November 26, 2007 is adopted by City Council, it will provide clear directions to staff on what the City of Toronto's program policy will be with regards to an implementation for new food on Toronto streets.

The memorandum before Executive Committee is recommending that the city develop a Toronto Street Food program to safely introduce healthy, nutritious and ethnically diverse food on Toronto streets in 2008. In order to meet the challenges discussed, as well as, capitalize on the positive opportunities presented, the memorandum is recommending the city endorse a program that establishes strong vendor licensing and selection criteria, directly controls the design, location, provision of carts and clearly identifies inspection requirements. If the memorandum is approved, immediate steps need to be taken with regards to the procurement of the food carts to meet the Spring 2008 launch.

### **Procurement of Food Carts for Spring 2008**

In order to meet the Public Health requirements of more hazardous food products to be sold on Toronto streets, it will be necessary for vendors of new Toronto street food to have carts which are very different from those that currently exist selling hotdogs and sausages. Depending on the menu items being sold, some carts will require refrigerators, ovens, hot and cold running water etc. These carts need to be designed and procured for a Spring 2008 launch.

### **Number of Carts Required**

In order to move toward becoming self-sustaining, as well as, generate funds for future carts and community programs, it is necessary to launch the program with a minimum of thirty-five carts. Thirty of the carts will be leased at market value rents to vendors. Revenue projections show that on average the 30 carts will enable the program to move towards becoming self-sufficient. The remaining five carts will be utilized for social programs and will also be generating revenue. This will add to the sustainability of the program and ideally also reduce the cost to the private sector. In order to have a meaningful impact on Toronto streets and to meet the anticipated demand for these new street food carts, it is necessary to secure a supply of thirty-five newly designed carts.

### **Financing**

The cost of a cart designed to meet the Public Health requirements for more hazardous food products is approximately \$20,000. This figure is based on amounts quoted by U.S.

manufacturers for these types of carts. The total cost for the thirty-five carts is \$700,000. Preliminary discussions with Ryerson regarding partnership opportunities for the design and procurement of these carts are positive. If, however, a partnership agreement with Ryerson cannot be reached in time for the Spring 2008 launch, the memorandum is requesting a recoverable debt capital funding to the Toronto Street Food Project in the amount of \$700,000 which will be repaid over a 5 year period at an interest rate of 5.00% per annum. The memorandum to Executive Committee recommends that the recoverable debt capital funding be included in EDCT's 2008 capital budget.

### **Funding Sustainability**

Preliminary analysis show that revenues generated from both the lease of the carts, as well as, the fees for location permits will ensure that the Toronto Street Food Program will be completely self-financing within a 5 year time period. See the attached 5 year cash flow spreadsheet (Attachment A, which is summarized below).

### **Initial Operation of Program**

Initial operation of the program assumes an official launch in June 2008. From January to June 2008 staff will work towards: finalizing the selection criteria for vendors; the selection of vendors; the selection of locations for permits; ensuring the design and procurement of 35 carts; and establishing not-for-profit partners to locate carts in high need neighbourhoods. It is assumed that staff will be seconded from existing city staff for the first 6 months of 2008. This program will require 3 staff; a project manager, a program officer and an administrative assistant. The total of the staff costs for 2008 is \$132,500. The cost of the web design and management is \$50,000 for the first year and \$10,000 for web management for the following 5 years. Marketing is projected to be \$25,000 per year and office expenses are expected to be \$20,000 per year.

#### **a) Lease Revenue**

It is expected to have all the vendors and carts in place for a June 2008 launch. Revenue projections indicate that the 30 private sector carts would be leased at an average rate of \$450 per month starting June 2008. This monthly rate will generate \$5,400 annually required per cart in order to repay the funding over the 5 year term. The exact monthly rate will need to be determined as the business plan is further refined.

#### **b) Location Permit Revenue**

The proposed program budget suggests that location permit fees will be based on the location of the cart. Prime locations with higher pedestrian traffic will be leased at a higher rate than locations with less pedestrian traffic. It is estimated that a high traffic location will generate \$24,000/year and a low traffic location would generate \$6,000/year. For the purpose of the cash flow projection an average rate of \$14,000/year/cart/location was used.

#### c) Expenditure

The total program expenditure for 2008 is \$227,500. The expenditures for 2009 is \$320,000 plus a recoverable debt capital funding repayment of \$138,350 for a total of \$458,350. The expenditures for 2009 to 2013 is \$320,000/year with recoverable debt capital funding repayments of \$161,682.35/year. While this report deals with the upfront capital requirement of the program, there will also need to be an operating budget established to cover the first few years of the program. This will be the subject of a future report.

#### d) Net Revenue

This preliminary analysis shows that the program in the first and second year show a net revenue of \$113,500 and \$173,650.00 respectively. The net revenue for 2010 to 2013 is \$150,317.65/year. It is anticipated that net revenues, after the recoverable debt capital funding is repaid, will be reinvested back into the program to cover ongoing operating expenses and the purchase of additional carts.

### **Ownership of Carts**

The memorandum before Executive Committee is recommending that the city or the city in partnership with Ryerson own these carts and lease them to the selected vendors at market value rents. The public/non-profit ownership of the carts is crucial to achieving many objectives, among them: ease of enforcement; opportunities for sponsorships; assisting vendors with little capital who want to start their own business; the ability to provide not for profit agencies an opportunity to operate non-profit carts in priority neighbourhoods; for branding purposes.

In order to ensure a supply of uniform street carts to allow this program to get underway by Spring 2008, immediate steps need to be taken. In the event that the city and Ryerson cannot reach an agreement with regards to the design and procurement of the thirty-five carts, it will be necessary for the city to own the carts.

### **CONCLUSION**

The city is now in a position where it needs to make a decision with regards to an implementation plan for introducing new food on Toronto streets. The memorandum before Executive Committee on November 26<sup>th</sup> outlines many opportunities, as well as, challenges that have been presented as a result of the amendments to the provincial regulations. It is necessary to have direction from Council at this point in order to proceed.

## CONTACT

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## SIGNATURE

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Sue Corke  
Deputy City Manager

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Joe Pennachetti  
Deputy City Manager and Chief Financial Officer

## ATTACHMENTS

- (a) Spreadsheet – 5 Year Cash Flow Projection
- (b) ONTARIO REGULATION 338/07 made under the HEALTH PROTECTION AND PROMOTION ACT Made: June 27, 2007 Filed: July 6, 2007 Published on e-Laws: July 6, 2007 Printed in *The Ontario Gazette*: July 21, 2007 Amending Reg. 562 of R.R.O. 1990 (Food Premises)
- (c) Motion Without Notice – Implementation of Provincial Regulation – New Menu Option for Street Food Vending Carts, Toronto City Council

## Attachment (a)

### Spreadsheet – 5 Year Cash Flow Projection

	2008*	2009	2010	2011	2012	2013
<b>Revenue</b>						
Cart Lease (30)**	\$ 81,000.00	\$ 162,000.00	\$ 162,000.00	\$ 162,000.00	\$ 162,000.00	\$ 162,000.00
Location Permits	\$ 210,000.00	\$ 420,000.00	\$ 420,000.00	\$ 420,000.00	\$ 420,000.00	\$ 420,000.00
Donations	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Sponsorship for Carts	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
<b>Total Revenue</b>	\$ 341,000.00	\$ 632,000.00	\$ 632,000.00	\$ 632,000.00	\$ 632,000.00	\$ 632,000.00
<b>Cost</b>						
Staff	\$ 132,500.00	\$ 265,000.00	\$ 265,000.00	\$ 265,000.00	\$ 265,000.00	\$ 265,000.00
Web Design/Management	\$ 50,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Marketing	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Misc. Office Expenses	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
<b>Total Cost</b>	\$ 227,500.00	\$ 320,000.00	\$ 320,000.00	\$ 320,000.00	\$ 320,000.00	\$ 320,000.00
<b>Net income</b>	\$ 113,500.00	\$ 312,000.00	\$ 312,000.00	\$ 312,000.00	\$ 312,000.00	\$ 312,000.00
<b>Recoverable Debt Capital Funding Repayment</b>		\$ 138,350.00	\$ 161,682.35	\$ 161,682.35	\$ 161,682.35	\$ 161,682.35
<b>Net After Recoverable Debt Capital Funding Repayment</b>	\$ 113,500.00	\$ 173,650.00	\$ 150,317.65	\$ 150,317.65	\$ 150,317.65	\$ 150,317.65

\*Assuming May or June start

\*\*Revenue for 5 social program carts to be determined



## Attachment (b)

### ONTARIO REGULATION 338/07

made under the

### HEALTH PROTECTION AND PROMOTION ACT

Made: June 27, 2007

Filed: July 6, 2007

Published on e-Laws: July 6, 2007

Printed in *The Ontario Gazette*: July 21, 2007

Amending Reg. 562 of R.R.O. 1990

(Food Premises)

Note: Regulation 562 has previously been amended. Those amendments are listed in the Table of Regulations – Legislative History Overview which can be found at [www.e-Laws.gov.on.ca](http://www.e-Laws.gov.on.ca).

**1. (1) Subsection 1 (1) of Regulation 562 of the Revised Regulations of Ontario, 1990 is amended by adding the following definition:**

“public space” means a space, whether indoors or outdoors, to which the public is ordinarily invited or permitted access, either expressly or by implication, whether or not a fee is charged for entry;

**(2) Subsection 1 (1) of the Regulation is amended by adding the following definition:**

“street food vending cart” means a food premise,

- (a) that is a cart set up on a temporary basis in a public space, and
- (b) from which food is sold or offered for sale for immediate consumption;

**2. Subsection 5 (3) of the Regulation is revoked.**

**3. The Regulation is amended by adding the following section:**

#### STREET FOOD VENDING CARTS

**5.1 (1)** The only foods permitted to be sold or offered for sale from a street food vending cart are,

- (a) foods including, without being limited to, soda, pre-packaged salads and fruits and baked goods,
  - (i) that are pre-packaged in another food premise to which this Regulation applies or another premise that is similar to a food premise to which this Regulation applies and that is regulated under the laws of another jurisdiction for purposes similar to this Regulation, and that are transported from that other premise in a ready-to-eat state, and
  - (ii) that are sold in the street food vending cart in the packaging in which they are delivered;
- (b) foods including, without being limited to, wieners or similar sausage products, pizza, samosas, burritos, beef patties and hamburgers,
  - (i) that are pre-cooked in another food premise to which this Regulation applies or another premise that is similar to a food premise to which this Regulation applies and that is regulated under the laws of another jurisdiction for purposes similar to this Regulation, and
  - (ii) that are re-heated on the street food vending cart prior to being sold or offered for sale;
- (c) non-hazardous foods including, without being limited to, french fried potatoes, fruit juices, non-dairy smoothies, corn on the cob and whole fruit, that are either,
  - (i) prepared on the street food vending cart in a manner permitted under subsection (2), or
  - (ii) brought to the street food vending cart in a prepared state after being prepared in another food premise to which this Regulation applies or another premise that is similar to a food premise to which this Regulation applies and that is regulated under the laws of another jurisdiction for purposes similar to this Regulation; and
- (d) other foods that are permitted to be sold or offered for sale under subsection (3).

(2) Food preparation for the purposes of clause 1 (c) is limited to preparation, including handling, that is conducted in a safe and sanitary manner that will prevent contamination of the non-hazardous foods, and that complies with all other applicable requirements of this Regulation respecting the safe preparation of foods.

(3) The operator of a street food vending cart may sell or offer to sell foods from the cart that are not listed in clauses (1) (a), (b) and (c) if,

(a) the medical officer of health has received a request from the operator to sell the items;

(b) the medical officer of health is satisfied that, with appropriate safeguards, the sale of the additional foods poses no greater risk to the health of the patrons of the street food vending cart than the sale of the foods listed in clauses (1) (a), (b) and (c);

(c) the medical officer of health has issued a letter of permission to the operator to permit the sale that sets out any requirements regarding the maintenance of the premise, equipment, food handling, cooking, preparation or storage that are necessary to ensure that the safeguards required under clause (b) are in place; and

(d) the operator complies with the requirements set out in the letter of permission, and posts the letter of permission in a prominent place.

(4) Street food vending carts are exempt from the provisions of sections 68 and 69, but where such a premise provides sanitary facilities for its employees the sanitary facilities shall be in compliance with sections 68 and 69.

(5) At every street food vending cart,

(a) only single-service articles shall be used;

(b) during all times when the premise is in operation the food preparation, food holding and food service areas of the street food vending cart shall be completely covered by an overhead canopy of corrosion-resistant, non-absorbent and readily cleanable material to prevent the adulteration of foods;

(c) separate holding tanks shall be provided for toilet and sink wastes; and

(d) every waste tank and water supply tank shall be equipped with an easily readable gauge for determining the waste or water level in the tank.

**4. This Regulation comes into force on the later of August 1, 2007 and the day it is filed.**



## MOTION WITHOUT NOTICE

### Implementation of Provincial Regulation – New Menu Options for Street Food Vending Carts

<b>Moved by:</b>	<b>Councillor Filion</b>	
<b>Seconded by:</b>	<b>Councillor Moscoe</b>	

#### SUMMARY:

Earlier this year, the Toronto Board of Health asked the Province to change Regulation 562 of the Health Protection and Promotion Act to allow a greater variety of street foods, providing more interesting and healthy options reflecting the cultural diversity of our city. Among other benefits, the new Toronto Street Food could also enhance our public spaces, promote tourism, provide easy access to healthy affordable choices in priority neighbourhoods, create job opportunities, promote local produce and products, provide an entry point for new food retailers with little capital, and provide new opportunities for existing businesses to promote their products.

Under the existing regulation, street vendors were restricted to hot dogs and sausages. On July 7, the Minister of Health and Long Term Care for Ontario announced an amendment to the regulation which would allow a greater variety of street food choices, subject to compliance with a new set of food safety regulations to take effect **August 1, 2007**.

While the intent of the new regulations appears to be an attempt to respond positively to the Board of Health request, the wording of the regulation, timing of its announcement and the effective date present many practical difficulties which could negate many of the benefits described above. In addition to it being impossible to plan and co-ordinate an effective change of this magnitude by August 1, the new regulations could have the effect of unleashing an immediate influx of new junk food on the street. In particular, the new regulation specifically allows the immediate (effective August 1) sale of pre-cooked hamburgers, pizza, french fries and pre-prepared burritos and tacos.

In anticipation of the change in regulations, Councillor Filion and city staff began two months ago to plan an implementation strategy intended to achieve the many desirable benefits. From these early discussions, it is clear that an effective implementation plan requires time, consultation, and a variety of new food regulations and city legislative changes. Some examples: Business Improvement Areas need to be involved in determining how this change can enhance their areas rather than detract from them; newly designed and manufactured carts will be required to ensure that more hazardous food products can be safely sold on the street; a variety of city regulations will need to be changed; new food

handler training requirements and health inspection protocols will need to be developed and new street vending applications assessed by Toronto Public Health to protect public safety.

The practical problems associated with the new regulations can be effectively dealt with through Council resolutions (listed below) which will have the effect of maintaining the status quo while giving the city an opportunity to consider what measures may be necessary to control and implement new street food vending so that it achieves the desired results. This action would be in keeping with provincial statements that the intent of the new regulations is to allow municipalities and Medical Officers of Health the ability to control and manage how the regulation will be implemented.

This Notice of Motion has been prepared in consultation with the Medical Officer of Health, as well as staff from Legal Services, Municipal Licensing & Standards and Economic Development.

It is essential that City Council consider this matter on an emergency basis and adopt the recommendations endorsed by City staff in order to ensure that Toronto street food changes do not take place until City staff, interested members of the public, and City Council have been able to consider this matter in detail.

**RECOMMENDATIONS:**

1. the City’s current street vending by-laws and Chapter 545, Licensing, be amended to indicate that only foods permitted to be sold as of the date of this Notice of Motion from food vending carts are allowed for sale despite the change to Regulation 562 of the Health Protection and Promotion Act;
2. City Council direct staff to immediately provide the current holders of vending cart licences and/or permits with notice of this Resolution, once adopted, and of the fact that the by-law amendments shall remain in place until such time as City Council has considered and made appropriate amendments to the by-laws as required to implement the appropriate types of foods to be sold from food vending carts within the City.

July 12, 2007

**According to Chapter 27, Council Procedures:**

Fiscal Impact Statement provided	
Should have Fiscal Impact Statement prior to debate	*
Requires two-thirds to waive requirement if Council wishes to debate	
Has received required 30 votes for introduction	(v)
Chair agrees that the Motion Recommendations are <b>Urgent – Legal Deadline</b>	(v)

\* Deputy City Manager and Chief Financial Officer to advise.