

## **Street Food Pilot Project Update**

<b>Date:</b>	November 10, 2009
<b>To:</b>	Board of Health
<b>From:</b>	Medical Officer of Health
<b>Wards:</b>	All
<b>Reference Number:</b>	

### **SUMMARY**

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At the request of the Executive Committee, Toronto Public Health designed and implemented a number of street food vending pilot projects to assess the impact of introducing new street foods at mobile vending carts. “Toronto a la Cart”, a pilot project for new street food vendors, was approved for up to fifteen vendors and has been implemented with eight vendors. Based on the first five months of operation, it is evident that location, product, and marketing are the critical success factors for street vending. From a food safety perspective, this pilot demonstrates that food safety risk can be minimized if vendors implement the necessary precautions. This report recommends location fee adjustments, new Toronto a la Cart locations, and modifications to the regulations governing this initiative.

In another pilot initiative, up to 15 existing hot dog and sausage vendors were invited to add new healthier foods to their carts. However, after two attempts to find interested vendors, there were no project applicants. This report concludes that the cost and the limited variety of allowable foods made the project unattractive to these vendors.

Staff also investigated the potential of implementing healthy street food pilots with appropriate not-for-profit organizations. Although there is support among these non-governmental organizations for the street food vending initiatives, all agree that without financial assistance it is not possible for not-for-profit organizations to participate at the current time.

This report requests that the administrative responsibility for the street food vending pilot projects be transferred from Toronto Public Health to Economic Development, Culture and Tourism division starting in January 2010, and that the recommended funding of \$50,000 gross and revenue in 2010 also be transferred to Economic, Development, Culture and Tourism.

## **RECOMMENDATIONS**

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### **The Medical Officer of Health recommends that:**

1. City Council approve the street vending location fees for 2010 for existing locations as set out in Attachment A of this report.
2. City Council direct that the Vendor agreements be amended to allow the fee to be payable as follows: 10% of the annual amount payable on the last working day of April, and 30% of the annual amount payable on the last working day of each of June, August and October.
3. City Council direct that the Toronto a la Cart pilot project:
  - a. include new vending locations and fees as set out in Attachment B of this report; and
  - b. offer the first right of refusal for the new approved locations to the eight current Toronto a la Cart vendors for the remaining term of their Licence Agreements.
4. City Council approve the transfer of all authority with respect to the implementation and administration of the Street Food Pilot Projects previously delegated to the Medical Officer of Health to the General Manager, Economic Development, Culture and Tourism.
5. City Council approve the transfer of the recommended 2010 budget of \$50,000 gross and \$0 net for the pilot projects from Toronto Public Health to Economic Development, Culture and Tourism.
6. City Council direct that amendments to Municipal Code Chapter 738 be made as required to implement the recommendations in this report, including:
  - a. the requirement that the Toronto a la Cart owner shall personally operate the cart for a minimum of 70% of the hours of operation be reduced from 70% to 50%; and
  - b. deleting the restriction that each Toronto a la Cart vendor may only employ up to three assistants; and

- c. revising the description of the Queen’s Park location in Schedule A to read as follows: “Queen’s Park (City owned parkland) west side of Queen’s Park Crescent West at Hoskin Avenue (signalized intersection)”; and
  - d. replacing as necessary all references to the “Medical Officer of Health” with “General Manager of Economic Development, Culture and Tourism” as the official with responsibility for the implementation and administration of the project; and
  - e. adding the new Toronto a la Cart vending locations as recommended in this report; and
  - f. adding the location fees for 2010 as set out in Attachments A and B to this report.
7. City Council direct that amendments to Municipal Code Chapter 441 be made as required to add the location fees for 2010 as set out in Attachments A and B to this report.
  8. City Council grant permission to the Toronto a la Cart vendor temporarily relocated to the northwest corner of University Avenue and College Street to remain there for the remaining two years of the current Licence Agreement.
  9. City Council direct the Municipal Licensing and Standards Division to review the categories and fees for both Non-Motorized Refreshment Vehicles Licences and for Assistant’s Licences with a view to making it easier and more cost effective for Assistants to obtain licences.
  10. This report to be forwarded directly to Council for consideration at its next meeting on November 30, 2009.

**Financial Impact**

Toronto Public Health’s 2009 Approved Operating Budget included funding of \$86,000 gross and \$0 net and one temporary Project Manager position for the Toronto Street Food Pilot. Based on five months of operation, Toronto Public Health has determined that project administration and operations costs for 2010 can be reduced to \$50,000, a reduction of \$36,000 and the deletion of the temporary manager position approved in 2009. The Toronto Street Food Pilot will have no net impact in 2010 as required funding will be offset by location revenues.

As shown in the table below, if the administration of the pilot project is transferred to Economic Development, Culture and Tourism in 2010, the recommended funding of \$50,000 gross and revenues will be transferred from Toronto Public Health to Economic Development, Culture and Tourism.

	<b>2009 Approved Budget</b>	<b>2010 Operating Budget</b>
Expenditures	86,000	\$50,000
Revenues	86,000	\$50,000
Net Impact (Expenditures – Revenues)	0	\$0
Position	1	0

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

On October 17, 2008, the Board of Health approved a report entitled “Toronto Street Food Pilot”. (<http://www.toronto.ca/legdocs/mmis/2008/hl/bgrd/backgroundfile-16298.pdf>) This report outlined the details of two proposed street food pilot projects: one for new vendors and one for existing street food vendors. The report recommended that staff explore opportunities for a third type of street food vending pilot project partnering with the not-for-profit sector. The report also recommended that the Medical Officer of Health provide recommendations on an annual basis, beginning in the fall of 2009, with respect to the Toronto a la Cart pilot project.

The report was subsequently approved with minor modification by the Executive Committee on November 10, 2008, (<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16653.pdf>) and ultimately approved by Council on December 2, 2008.

## **ISSUE BACKGROUND**

Subsequent to the 2007 changes to Regulation 562 of the Health Protection and Promotion Act, City Council approved a motion to delay the sale of expanded street food items until City Council had the opportunity to consider how such changes should be implemented in the City of Toronto. City Council’s objective in taking this action was to protect the health and safety of the public and to ensure that any expanded street food vending program contributes to the economic, social and environmental wellbeing of the City. In late 2008, City Council approved several pilot projects to assess these factors.

This is the first interim report which provides preliminary project findings and recommended changes to the program.

## **COMMENTS**

### **Project 1: Toronto a la Cart**

This pilot project enables new street food vendors to sell culturally diverse, healthier foods from new carts at new vending locations. Vendor selection is by a competitive process whereby applicants propose new street food menus to the City. For branding purposes, successful project participants must purchase new standardized food carts

manufactured by a City selected manufacturer (selected through a previous REOI process).

### **Vendor Selection**

Shortly after Council approved the pilot projects, three public information sessions were held to introduce the details of the Toronto a la Cart project. Each was very well attended with approximately 325 attendees in total.

Following the information sessions, nineteen (19) applications were received, of which twelve (12) were short-listed through an evaluation conducted by City staff. The short-listed vendors proceeded to the next stage, which involved a taste-testing conducted by a panel of four independent chefs. Vendors were offered locations based on their overall score in the competition. Although all twelve (12) vendors were approved to obtain locations, four (4) decided not to proceed because they were not offered their preferred location.

Despite its high location fee (\$15,000 per year), Nathan Phillips Square was by far the most requested location, with 8 vendors expressing an interest. Five locations (Albert Campbell Square, HTO Park, 3050 Lawrence Avenue East, 2687 Eglinton Avenue West, and 901 King Street) were not selected by any vendor.

The pilot was successful in obtaining a diverse group of vendors with foods from a broad cultural spectrum, including:

- Indian Biryani and Karahi Salsa,
- Greek Souvlaki,
- Afghani Chapli Kebabs and Samosas,
- Thai Chicken and Pad Thai,
- Middle Eastern Kebabs and Falafels,
- East African Injera,
- Korean Bulgogi and Tokbukki, and
- Caribbean Jerk Chicken.

Four (4) of the vendors started their business operation on May 18, 2009, with significant media coverage, which has continued throughout 2009.

### **Location Issues and Conclusions**

Several vendors experienced location issues. The reconstruction of Roundhouse Park was more significant than anticipated, making it difficult to vend from this location. To accommodate this vendor, an alternate temporary location was found at 4900 Yonge Street. The vendor has been offered a prorated refund of the location fee for the duration that vending at Roundhouse Park is not feasible.

The Queen's Park location as described in Chapter 738 proved to be inappropriate so the vendor entered into a temporary relocation agreement to vend from the northwest corner of University Avenue and College Street. This temporary relocation agreement is for a trial period of three months, effective July 31, 2009. The use of the temporary location

by the vendor for the remainder of the term of the license agreement is subject to Council approval. The vendor was provided a partial refund of the location fee to reflect the period of time he was not able to operate. The new location should be approved and the description of the Queen’s Park location should be changed to more accurately reflect the intended Parkland location.

Third, there is less pedestrian traffic at the Nathan Phillips Square west side location than at the east side location. As such, it is recommended that the location fees for the two sites should not be the same.

Thus far this pilot project reveals that successful locations are in areas which possess a combination of some of the following qualities:

- significant pedestrian traffic;
- little or no competition from other nearby street vendors or fast food outlets;
- customers have access to nearby outdoor seating;
- are close to events which attract large numbers of people, especially around meal times;
- are either so busy during the lunch hour that sufficient sales can be made to financially sustain the vendor or have sufficient ongoing pedestrian traffic; and
- ample space on the publicly owned sidewalk (to allow for compliance with the City’s Vibrant Streets guidelines).

### Inspection Results

During the first months of the project, participating Toronto a la Cart vendors were inspected weekly by both ML&S (for licensing issues) and by Toronto Public Health (for food safety issues). Frequent inspections were conducted to provide enough data for early analysis. As of October 2009, inspection frequency reverted to a minimum of once per year for ML&S and twice per year for Toronto Public Health. However, these are minimum standards only, and an inspection always occurs if a complaint is received.

Overall, participating vendors were compliant with the rules and regulations of the project. The following outlines the results of the inspections as of September 24, 2009:

**Table 1: Inspection Results**

Inspection Quantity and Type	Pass (Green)	Conditional (Yellow)	Fail (Red)	General Observations
39 Food Safety Inspections	33 (84.6%)	6 (18.2%)	0 (0%)	The most significant issue was the cooking of raw food, which occurred once early in the pilot and was immediately corrected. Most of the conditional passes were for incorrect temperature control and incorrect utensil storage (handles in the wrong position).
104 General	Not applicable			Four (4) summonses and one (1) ticket

Inspection Quantity and Type	Pass (Green)	Conditional (Yellow)	Fail (Red)	General Observations
Inspections for overall bylaw compliance				were issued by ML&S, most for storage of extra coolers, signage, and boxes outside the allotted area and/or unlicensed assistants operating the carts.

### Cart Issues

Through the first five months of operation, a number of cart design issues became apparent. The carts were manufactured to a high degree of quality as required by the REOI; however, the resulting weight impedes the cart’s manoeuvrability. Second, the mechanical refrigeration unit requires modification to function effectively. (Due to the fact that Toronto did not experience its normal hot, humid summer, appropriate food temperature was achieved by using freezer packs.) Third, the carts also require improved protection from wind, sun, and inclement weather. All of these issues require further investigation in conjunction with the cart manufacturer.

### Vendor Perspective

Toronto a la Cart vendors requested that the following be considered to enhance the success of the pilot project:

- relax the project regulations with respect to the owner being required to operate the cart 70% of the operating hours;
- eliminate the restriction that only 3 assistants may work on a given cart;
- allow the cart to remain unattended at its designated location overnight;
- consider providing parking for the transporting vehicle and trailer;
- consider modifying the cart design to make it towable without a separate trailer;
- allow vendors to change menus quickly;
- allow the use of onsite gasoline powered generators;
- improve the cart design (specifically the refrigeration and the canopy);
- replace the requirement for the vendors to submit a lump sum location fee payment to the City with payment in instalments;
- improve the licensing process and lower the licensing costs for cart assistants;
- obtain an enclosure to protect from sun, wind, dust and other inclement weather;
- consider extending the pilot project beyond the current 3 year window so that the vendors have greater opportunity to re-coup their investment;
- waive the 2010 location fees (and possibly the 2011 fees) in light of the financial hardship encountered in the start up year.

### Recommended Changes to the Toronto a la Cart Pilot Project

#### (i) Location Fee Changes

The Licence Agreement between each Toronto a la Cart vendor and the City allows the City to increase the location fee at the end of each year of the three year term of the agreement. However, it is recommended that location fees not be increased at this time.

Both the vendors and the City faced a steep learning curve during these first few months of implementation. Many vendors did not start operating as early as anticipated; poor weather conditions, a sluggish economy, and a slow tourist season have all reduced food sales.

In 2009, vendors paid a lump sum location fee in advance of the vending season. To reduce further vendor financial hardship, it is recommended that the payment of the annual location fee be divided to more closely align with the vendors' income flow. A proposed payment plan is as follows:

**Table 2: Location Fee Payment Schedule**

Payment Due (last business day)	Payment Amount
April	10%
June	30%
August	30%
October	30%

The location fees for four of the locations approved in 2009 have proven not to be in line with comparable locations. The following fee reductions are recommended (a complete fee listing is provided in Attachment A).

**Table 3: Recommended 2010 Location Fees for Locations Approved in 2009**

Location	Category	2009 Annual Location Fee	Proposed 2010 Annual Location Fee	Difference
Nathan Phillips Square – East end	Civic Square	\$15,000	\$10,000	(\$5,000)
Nathan Phillips Square – West end	Civic Square	\$15,000	\$7,500	(\$7,500)
Metro Hall	Civic Square	\$10,000	\$7,500	(\$2,500)
Queens Park (City owned parkland at Hoskin Avenue signalized intersection)	Park	\$7,500	\$5,000	(\$2,500)

**(ii) New Locations**

The following locations appear to be suitable for addition to the Toronto a la Cart project. Explicit location descriptions are provided in Attachment B. It should be noted that these locations are deemed to be suitable based on perceived pedestrian traffic and adherence to the City's Vibrant Streets guidelines, which dictate space requirements on the sidewalk. Pedestrian counts or other market research have not been conducted.



**Table 4: New Locations for 2010**

Location		Description	Ward	Proposed Annual Location Fee
<b>Civic Squares and Parks:</b>				
Mel Lastman Square (north of the waterfountain adjacent to the sidewalk)			23	\$7,500
<b>On-Street Locations:</b>				
4900	Yonge Street	West side north of Elmhurst Street (Currently occupied on a temporary basis pending Council approval)	23	\$5,000
5095	Yonge Street	Outer boulevard, facing 5095 Yonge Street	23	\$5,000
5576	Yonge Street	Outer boulevard, facing 5576 Yonge Street	23	\$5,000
	University Avenue & College Street	Northwest corner (Currently occupied on a temporary basis pending Council approval)	20	\$5,000
483	Bay Street	North east corner. East of Bay street on the north side of Albert Street	27	\$5,000
	King and Bay	South east corner outside Commerce Court	28	\$7,500
150	King Street West	King and University (North east corner)	20	\$5,000
525	University Avenue	Northeast corner of University Avenue and Elm Street	27	\$5,000
900	Bay Street	West side of Bay Street opposite Breadalbane Street	27	\$7,500

The eight 2009 Toronto a la Cart vendors are the pioneers in this pilot project and each vendor invested substantial monies in a new project with uncertain outcomes. Given that the new locations identified in Table 4 were not offered to the original 2009 vendors, and that these locations may be more lucrative than the sites originally approved in 2009, the original eight vendors should be offered first right of refusal for relocation in 2010 should these locations be approved.

**iii) Regulatory Changes**

Municipal Code Chapter 738 (governing the pilot projects) and Chapter 545 which governs Licensing, contain a number of regulations which make it challenging for vendors to achieve financial success.

- i. Chapter 738 contains a requirement that the owner shall personally operate the cart for a minimum of 70% of the hours of operation. This regulation was created to

ensure that through their presence, owners have a significant, active interest in the cart and the food. Experience has shown that cart owners require time to undertake other business functions during daytime hours (e.g. park the vehicle, replenish foods and supplies, purchase materials, etc.). Reducing the minimum requirement from 70% to 50% will enable these owners to do so and still be in compliance with the bylaw.

- ii. Chapter 738 stipulates that each owner may only employ up to 3 licensed assistants to work at the cart. This restriction makes it difficult for owners to have a roster of employees who can be called upon when an assistant quits or falls ill. Should a vendor become very successful at a particular location, more than three (3) assistants may be required. It is recommended that this restriction be eliminated.
- iii. Chapter 545 governs the requirements and fees for licensing both owners and assistants. At the present time it costs owners \$632 - \$709 and assistants \$463 - \$540 to become licensed (the ranges depend on whether certifications such as propane handling and food handling require updating). The length of time it takes to obtain the necessary training is burdensome and the cost of licensing assistants make it difficult for the owner to absorb considering the high rate of turnover of these staff. Other approaches to licensing should be investigated by Municipal Licensing and Standards Division.

#### **iv) Training, Marketing and Promotion**

Vendor training, as well as marketing and promotional support of the Toronto a la Cart project will benefit this pilot project. An improved web presence could include mapping which identifies the vendors, their locations, and their menus. These are issues which warrant close monitoring during 2010 to be in a better position to judge what can be done in the future provided additional funding were available. The City can also support these vendors through its small business incubators, and through the services of Enterprise Toronto.

#### **v) Administrative Responsibility for the Project**

In June 2008 the Executive Committee requested Toronto Public Health to oversee the Street Food Pilot Project. Since then Toronto Public Health has developed the policy framework for the pilot project and has administered the first year of the implementation. However, the Medical Officer of Health is responsible for entering into Licence Agreements to vend as well as being responsible for regulation and enforcement under the Health Protection and Promotion Act. Consequently, it is recommended that administrative oversight of the Pilot Project should be transferred to a separate division so as to eliminate any perceived conflict between these two functions.

To assist the Toronto a la Cart vendors, greater focus on small business development, marketing and sales is required. Economic Development, Culture and Tourism (EDC&T) is well positioned to provide this type of program oversight and support. Positive synergies exist between the Street Food Pilot Project and EDC&T's business incubators and other City promotion initiatives. EDC&T coordinates a host of Special

Events, of which many are food related such as Summerlicious and Winterlicious. Furthermore, EDC&T is already involved in business incubators, including a food-related incubator initiative.

EDC&T indicates that it is willing to assume administrative responsibility for the project.

## **Project 2: Existing Vendor Menu Expansion Pilot**

This pilot project allows a small group of existing licensed on-street food vendors to obtain an endorsement to the current street food vending licence so that a number of new menu items can be sold in addition to the existing menu of hot dogs and various sausages. The annual fee for the endorsement is \$1,000 plus GST, and vendor selection is by lottery. The additional food items these vendors could sell are provided in Attachment C. These food items are considered to be healthier food options while still being low risk foods in terms of street food safety.

### **Pilot Results**

In early February 2009 correspondence was sent to existing licensed on-street hot dog/sausage vendors inviting them to attend a voluntary information session which outlined the project and its regulations. Complete application packages were distributed at each information session and also mailed to all eligible vendors who did not attend an information session.

Each session was attended by fewer than 20 attendees. Subsequently, there were no applications received as of the application closing date (March 23, 2009). Informal discussions with 14 information session attendees indicate that the existing vendors believe:

- the endorsement fee is too high (\$1,000 per year);
- the new menu items are too restrictive (see Attachment C);
- the new menu items have a low profit margin;
- hot dog carts lack space to add more items;
- there are too many competing restaurants and stores selling similar food items;
- there is no public appetite for the food items listed in Attachment C.

It was speculated that the timing of the vendor solicitation may have been problematic. Consequently the information package and application form were revamped and the process was repeated in August 2009. Again there were no applicants for the pilot project, which validates the findings from the informal telephone discussions.

Toronto Public Health concludes that the existing hot dog/sausage vendors are not interested in selling these additional food items under the terms of the current pilot project.

### **Project 3: Street Food Vending in the Not-For-Profit Sector**

At the October 17, 2008 Board of Health meeting, staff were directed to explore opportunities with food-related non-governmental organizations to test the feasibility of using street food vending to enhance their ability to achieve common goals and objectives. Toronto Public Health was directed to provide potential pilot project details to the Board.

Toronto Public Health staff consulted with senior staff at FoodShare, The Stop Community Food Centre, Scadding Court Community Centre, and St. Christopher House. While each organization expressed support for the notion of using street food vending to increase access to affordable, culturally appropriate foods in underserved areas, without a dedicated funding stream these organizations are unable to purchase food carts and assume the risk of financial loss. That being said, two of the organizations may be interested in moving forward on a very limited basis.

Scadding Court Community Centre is one of the 21 Priority Centres in operation in the City. Located in the vicinity of Dundas Street West and Bathurst Street, this Community Centre provides services in an underserved area. The corner is frequently visited by under employed and/or under housed people, women's shelter residents, hospital staff, library users and TTC users, making it a rich environment to test the viability of vending low cost, nutritious foods on the street. The Community Centre has a community garden, a community kitchen, an indoor café and is actively involved in community development including skills development training for at risk youth.

Scadding Court may be interested in running a pilot program from this corner tentatively:

- Sourcing low cost, nutritious foods;
- Increasing the yield from the community garden to provide foods for sale;
- Developing and implementing a not-for-profit street vending operation;
- Creating a documentation package and toolkit which, if the pilot is successful, could be made available to other appropriate not-for-profit entities to implement;
- Helping to promote the concept to other appropriate not-for-profit entities.

St. Christopher House is one of the City's oldest organizations whose mission is to enable disadvantaged individuals and families and community groups to gain greater control over their lives. St. Christopher House operates The Meeting Place, located at Queen Street West and Bathurst Street, which offers daytime programming for under housed and homeless clientele, who are predominantly Aboriginal people. The Meeting Place contains a community kitchen which is used by its clientele and is also used to prepare foods for catering to other locations.

Although The Meeting Place is interested in undertaking a street vending pilot project on its own private property at the corner of Queen Street West and Bathurst Street, it does

not currently have the capacity to undertake this pilot independently. However, The Meeting Place is conversing with its local BIA members to determine whether a future partnership may be feasible to operate a street food cart from this location.

Overall, without a secured funding source, the not-for-profit sector representatives are not currently in a position to move forward with the purchase of food carts and the implementation of a street food vending program.

## **CONCLUSION**

Street food vending plays a role in creating vibrant, safe street life in large cities, and Toronto is in need of a wider variety of diverse, healthier food options sold by street food vendors. The Toronto a la Cart project adds to the diversity of food offerings and vibrant streetscape of Toronto. This street food vending initiative will be more successful if changes are made to the regulations governing the pilot, more suitable lucrative locations are approved, and there is an increase in business development and marketing to support the vendors.

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## **SIGNATURE**

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Dr. David McKeown  
Medical Officer of Health

## **ATTACHMENTS**

Attachment A – Fees for Existing Locations  
Attachment B – Fees for New Locations  
Attachment C - Additional Foods for Hot Dog Vendors