

# City of Toronto

## Review of Toronto A La Cart Pilot Project



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## Executive Summary

While street food vending has been part of the urban scene for hundreds of years, its popularity was in decline throughout most of the 20th century. Concerns regarding food safety and complaints from established “bricks and mortar” businesses led to most major municipalities restricting street food vending to a handful of products - coffee, ice cream, hot dogs, pretzels - considered non-hazardous. Although culinary diversity has become the norm in the restaurant industry, stringent controls over use of the public realm and what could be sold on the street left most cities, including Toronto, with few choices in terms of street food. Hot dogs, sausages and french fries have been the staple items of North American street vendors for the past thirty years.

The popularity of street food has exploded in the past decade. The growth in street food is attributed to a number of factors, including:

- The interest in healthy food alternatives
- Culinary diversity
- Demand for more variety in the traditional “fast food” market segment
- Local food sourcing
- The cost of financing and running a traditional restaurant

Street food has changed dramatically, attracting a new, younger clientele. The presence of a vibrant and diverse street food industry has become synonymous with a hip urban culture and progressive culinary scene. Celebrity chefs, healthy food, blogger reviews, twitter notices, international cuisine and food innovations are now the hallmarks of successful street food culture in top North American cities. Project for Public Spaces, one of North America’s leading authorities on urban planning, notes that street vending can add vitality to streets, contribute to security, serve as an amenity for residents, pedestrians, and visitors, increase contact with the community and among people of different backgrounds, and foster partnerships among local businesses, public and private-sector property owners, and civic groups.

In December, 2008 City Council authorized the implementation of three pilot projects designed to broaden the menus of existing vendors to offer healthier food choices; introduce the “Toronto A La Cart” program for new, branded vendors offering healthier, diverse menus; and, partner with the not-for-profit sector to use street food vending to increase access to affordable, healthy, culturally appropriate foods particularly in underserved and vulnerable areas.

The rising popularity of street food has been concurrent with a trend amongst municipal and provincial/ state governments to support healthy food alternatives and local food production by encouraging and, in some cases mandating, menu items that could be sold in publicly supported food service outlets. Our research has not found any evidence that regulation of street food menus has led to greater availability of or demand for healthy, local food from street vending operations. In fact, our research shows that the most successful and vibrant street food occurs in jurisdictions with the most laissez faire approach to street food regulation.

Our research has also indicated that attaching social development goals to an entrepreneurial model such as street vending has not helped achieve the desired social development outcomes. The public

resources invested in developing, implementing and regulating the complex and often conflicting elements of a program integrating entrepreneurial and social development outcomes could be better invested, in our view, in more focused and conventional approaches to social development deliverables.

Innovative street food has become the norm in many large urban centres, and Toronto's cultural diversity and well-developed culinary scene provide an attractive setting for the development of a vibrant new form of street food vending. However, there are consequences associated with introducing this retail model into the public realm. The City must decide if this use of public space is consistent with its vision. The City must also acknowledge the tradeoffs and resources required to support a vibrant and economically viable street food culture.

Should the City wish to pursue its objective of encouraging a wider range of street food options, we recommend the following:

1. The Toronto A La Cart program should be discontinued. A La Cart vendors should be given the opportunity to continue to vend from their current location for the balance of the Pilot Term. The license fees should be waived for the previous year and the remaining term of the Pilot. Consideration should also be given to extending the program for a further three years. The Toronto A La Cart brand should be removed from the carts, and restrictions on signage on the carts should be
2. The current licensing, regulatory and inspection framework for Toronto A La Cart vendors, hot dog carts and refreshment vehicles should, subject to the specific recommendations set out in this report, be amended to otherwise eliminate the designation of A La Cart vendors as a special class of license, and to permit existing and, where appropriate, new vendors to offer a wider range of food items as permitted under the Health Protection and Promotion Act and approved by Public Health. The licensing framework should be harmonized across the city when these changes are implemented. A multi-tiered license model, now in place in other North American cities, should be implemented. Additional resources will be required to develop, implement and manage a more robust and flexible licensing framework.
3. The process for approval of menu items by Public Health should be streamlined. Food safety should be the primary criteria for menu approval. Guidelines, best practices and other support material should be provided to assist interested vendors in developing new menu items that can be safely produced under the amended provincial regulations. Additional resources will be required to monitor a more diverse offering of street food.
4. The City should determine where the footprint for street food vending can be expanded without adversely affecting pedestrian and vehicular traffic and existing bricks and mortar businesses. Where expansion is not deemed appropriate, vending should be restricted to the current footprint. Where expansion is possible, vendors offering more complex food items (that require more equipment for safe food preparation and storage) should be permitted to occupy up to 60 square feet for a sidewalk food cart (approximately 6'-8' frontage by 6'-8' depth), or 20 linear feet of curb space for trucks or trailers.
5. All locations approved for the A La Cart pilot project and any new vending locations that become available as a result of this review, should be reserved for vendors willing to offer products other than hot dogs, sausages, french fries and similar, widely available street food. Suitable restrictive covenants should be incorporated into the location permits for these designated locations.

6. All locations approved for the A La Cart pilot project and any new vending locations that become available as a result of this review should be widely advertised, to ensure restaurateurs, chefs and other qualified candidates are well informed of the new opportunities for street food vending in Toronto.
7. The use of temporary food pods (short term, time and location specific permits for sidewalk or curbside vending) should be investigated in areas not adequately served by bricks and mortar establishments, and in high volume areas e.g. adjacent to major sports and entertainment venues, along the waterfront or concurrent with major festivals and events. The scope of the investigation should include the need/potential demand for such facilities, impact on existing business, impact on pedestrian and vehicle flow and best practices from other jurisdictions.

## Introduction

In December, 2008 City Council authorized the implementation of a three year "Toronto A La Cart" pilot project designed to introduce food carts serving ethnically diverse, nutritious foods to Toronto residents and tourists. When administrative responsibility for the A La Cart Street Food Pilot Project was transferred to the Economic Development & Culture Division in January 2010, staff committed to conducting a third-party program review prior to commencement of the third vending season of the pilot project in spring 2011.

The scope of this review included the following:

- Review of previous City reports on the "A La Cart" pilot project;
- Evaluation of pilot project outcomes against documented goals and objectives;
- Evaluation of the pilot project requirements and regulations;
- Evaluation of the viability of the pilot project business model;
- Evaluation of program management; and
- Recommendations as to the future of the program.

## Industry Background

According to Statistics Canada, the foodservice industry directly employs more than one million Canadians, representing 6.4% of total employment. The foodservice industry is a major source of entry-level and part-time jobs, and provides nearly 1 in 5 youth jobs in Canada. The industry employs 462,000 young people between the ages of 15 and 24, which accounts for 43% of foodservice employees. There are an estimated 61,700 commercial foodservice establishments in Canada, with approximately 39,000 of these categorized as restaurants.

The Canadian Restaurant and Foodservices Association reports that Toronto's 8,100 foodservice establishments employ almost 85,000 people directly, and represent 6.5% of all businesses in Toronto.

The foodservice industry has a high rate of business failure, and while the cost of entry and barriers to entry are relatively modest, it has traditionally been difficult to access commercial financing for new business ventures. New foodservice entrants have a 60% chance of surviving beyond their second year and a 22% chance of surviving beyond eight years.

Street vendors have been part of the retail distribution channel since the 1600's. As industrialization brought more people to urban centres, transient rural markets gave way to more permanent urban markets, and street vendors allowed for faster and wider distribution of perishable goods from these central urban markets. An estimated 30,000 street vendors operated in Victorian London.

Street food vending declined in popularity through most of the last century. Concerns regarding food safety, complaints from established "bricks and mortar" businesses and congestion of the public right of way led to most major municipalities restricting street food vending to a handful of products - coffee, ice



cream, hot dogs, pretzels - that are considered low risk in terms of food safety, and could be vended from small and relatively mobile carts. Many large municipalities also capped the number of permits that were available for street food vending.

While most municipalities still operate under a fairly restrictive regulatory framework, street food has changed significantly over the past decade and many large cities are experimenting with programs to introduce more variety and flexibility to street food vending. The growing interest in street food is attributed to a number of factors, including:

- The interest in healthy food alternatives
- Culinary diversity
- Local food sourcing
- The cost of financing and running a traditional bricks and mortar restaurant



*Growing demand for a wider variety of fare, coupled with advances in food production equipment, have resulted in dramatic changes in the street food sector over the past five years. Many of the new entrants to the street food market are using larger carts, trailers and trucks that allow a wider variety of menu items to be safely and quickly prepared and served.*

Like anything that takes place in the public realm, street food has its advocates and its opponents. Those supporting a growing and vibrant street food scene cite the following benefits:

- Employment opportunities, particularly “port of entry” employment and small business growth
- Enriched and enlivened street scene
- Opportunities to showcase cultural and culinary diversity
- Ability to bring food retailing to areas lacking bricks and mortar restaurants

Opponents of street food cite the following problems:

- Unfair competition with bricks and mortar businesses that have considerably higher investment and overhead and a more rigorous regulatory and zoning framework
- Insufficient resources to enforce health and safety requirements
- Limited or no net gains in employment
- Increased congestion in the public realm
- Reduced street parking
- Air pollution from idling trucks or portable generators
- Waste and litter reduce the appeal of the neighbourhood

As part of our engagement, we reviewed street food programs in a number of major cities, including Portland, Cleveland, New York, Los Angeles, Chicago and Vancouver. A summary of the current licensing and regulatory framework for street carts, trucks and trailers is provided on the following pages. Additional details, including pilot programs in Cleveland and Vancouver, are provided in Appendix 1.

**Portland, Oregon****Street Vending Options:**

1. Street carts on public right of way (sidewalk or curbside)
2. Carts, trucks, trailers on private property

**Regulatory Framework**

Food Safety: Framework set by State of Oregon Department of Human Services, Public Health Division. Food carts on public streets are typically Class I units, that can serve only packaged foods and non-hazardous drinks; or Class II units that may serve Class I items and provide hot and cold holding display areas from which unpackaged foods are displayed. Preparation, assembly or cooking of foods is not allowed.

On public right of way:

- only allowed in commercial zones.
- may not be within 100 feet of restaurant, fruit stand or coffee shop without consent of the proprietor
- cart may not exceed 6 feet in length and 5 feet in height, excluding canopies
- operating area can not exceed 24 square feet of the sidewalk.
- no external power sources allowed
- Propane tanks must be attached to or within cart.
- Must operate from licensed commissary, restaurant or warehouse.

On private land: Trucks and trailers, as long as they remain notionally mobile, are treated as vehicles if located on private land and are not subject to building code requirements applicable to permanent structures. They are subject to the same health regulations in place for restaurants.

**Program Administration**

Food Safety Inspection: Multnomah County Health Department. Annual fee \$340

Oregon Food Handler Card required for all staff (\$10 fee, good for three years)

Licensing: City Engineer (Office of Transportation) \$60 permit application fee. \$25 annual propane permit fee. \$75 annual permit fee.

**Comments:**

Widely acknowledged as offering the most diverse and dynamic street food in North America, the growth in recent years can be attributed primarily

to the city's laissez faire approach to licensing and enforcement of cart operations on private property. An estimated 85% of the city's 500 carts, trucks and trailers are located on private land.

**Cleveland, Ohio****Street Vending Options:**

1. Street carts on public right of way (sidewalk or curbside)
2. Carts, trucks, trailers on private property

**Regulatory Framework**

Food Safety: Framework set by State of Ohio Retail Food Establishments; Food Service Operations (ORC 3717)

Licensing: 1. Public Land (Sidewalks) in CBD: Cleveland Department of Public Services. \$200 Sidewalk Permit Fee (annual) plus \$60 peddler's license fee

Public Land outside CBD, separate process requiring approval of ward councillor and Council ordinance for each approved vendor.

City Parks & Recreation has separate approval process and locations for City Parks

Private Land: Permit from Division of Assessment and Licenses. Requires Building Department approval.

**Program Administration**

Licensing: Cleveland Department of Public Services, Assessment & Licenses or Parks & Recreation, depending on location. \$200 Sidewalk Permit Fee (annual) plus \$60 peddler's license fee

Food Safety: Cleveland Department of Public Health. Mobile Food Service License \$263

80 sidewalk locations approved by Department of Public Services. Awarded annually, incumbent has first right, all open spots assigned on first come, first served basis.

**Comments**

The current pilot program brought to light a number of inconsistencies and inefficiencies in the legislative and regulatory framework for street vending, and the City is working to simplify and streamline the framework and administrative processes. At the same time, it is evaluating options to expand the pilot program to allow greater use of trucks and trailers.



**Vancouver, British Columbia****Street Vending Options:**

1. Street carts on public right of way; mobile food trucks (ice cream) on public roads.
2. Carts, trucks, trailers on private property, or in conjunction with approved special events (e.g. farmers' market)

**Regulatory Framework**

Three classes of Mobile Food Premises, with distinct equipment requirements for each class depending on food hazard. Approved products: pre-packaged items including soft drinks, popcorn, potato chips, ice cream, yogurts, and nuts; pre-cooked hotdogs, whole fruit, whole vegetables, espresso/cappuccino, and coffee. Sale of items not pre-approved requires permission from Health Department.

Unit must be supported by commissary or other approved base of operation.

**Program Administration**

Food Safety: Vancouver Coastal Health. Permit fee \$75 (annual)

Licensing: Engineering Services Annual Fee \$1,031

Awarded annually, incumbent has first right, all open spots awarded by lottery.

Location may not be within 60 metres of a fixed address business selling a similar product.

Cart must be removed daily by 2:00 am.

No changes may be made to Vending Unit without prior approval.

Operator must attend to the Vending Unit at all times.

**Comments**

Regulatory framework being reviewed to determine how to encourage or enforce minimal nutritional standards for all street food vendors.

**Los Angeles, California****Street Vending Options:**

Selling food or other items on public sidewalks, freeway on or off-ramps and most vacant lots is illegal and can result in a fine and seizure of all merchandise as well as the cart.

Food trucks park curbside where vehicle parking is permitted. The City has tried unsuccessfully to introduce legislation to restrict the activities of

food trucks by limiting their ability to park. The City is currently exploring other options to control food trucks, including inspection, right of way restrictions and possible locations for off street operation.

**Comments**

Food truck operators are cooperating with the city in its efforts to bring in health and safety inspections, but are lobbying against any restrictions on the use of the public realm.

**Chicago, Illinois****Street Vending Options:**

Food Peddlers (push carts, wagon or hand cart) on public right of way. Certain areas of the City have been designated by the City Council as "No Peddling Zones."

Food trucks parked curbside, for a maximum of two hours.

**Regulatory Framework**

A Food Peddler may sell only whole, uncut fruits and vegetables and no other food items. Peddlers are not allowed to handle or prepare food.

A Mobile Food Dispenser License is required to sell food items directly from a vehicle, catering or ice cream truck. All food must be prepared and pre-packaged from a facility with a Wholesale or Retail Food Establishment License. Cooking of any kind is not permitted.

**Program Administration**

Food Safety: Department of Public Health Environmental Health Division

Licensing: Business Affairs & Consumer Protection. \$165 annual Peddler License.

Mobile Food Dispenser (Food Truck) annual fee \$275.

Chicago Parks District administers its own food cart program, permitting hot dogs, ice cream, *elotes* (grilled corn) and other specified items.

**Comments**

Vendors are lobbying actively to change the regulations governing what can be sold from pushcarts and trucks, and rules related to parking, location and length of stay. Efforts to liberalize the current regulatory framework are being actively opposed by the city's restaurant industry.

**New York, New York****Street Vending Options:**

1. Carts on permitted streets.
2. Trucks curbside where parking is permitted
3. Carts, trucks, trailers on private property

**Regulatory Framework**

Food vendor license (operator) and mobile food cart permit (equipment) are required. There are no restrictions on the number of licenses issued, but food cart permits have been capped at 3,000 for several years. Food vending is permitted throughout the city except on streets specifically designated as “restricted”, where vending is partially or completely prohibited. Cart permits are not tied to a specific location.

The city’s health department tries to inspect each cart annually. Other health-related enforcement is complaint based. Enforcement of where vendors can locate falls primarily to the city’s police department.

New York recently launched a Green Cart program to improve access to healthy food options in priority neighbourhoods. Green Carts can only sell fresh fruits and vegetables and can only operate in designated areas. To operate a Green Cart you need a valid mobile food vending license and a Green Cart permit.

Up to 1,000 permits can be issued under the enabling legislation, with half offered in the first year of the program (2009). Approximately 300 of the available permits were issued by the end of 2009 (2010 data not available at this time).

The Green Cart Initiative is supported by a \$1.5 million grant from the Laurie M. Tisch Illumination Fund. This grant funds micro-loans and technical assistance for Green Cart operators, as well as branding, marketing, and outreach to encourage residents of the Green Cart areas to purchase fresh produce from the carts. The city has an agreement with a non-profit small business lender to provide reduced-interest rate loans for start-up equipment and inventory costs.

In addition to the financial and marketing support, the Tisch Illumination Fund also underwrites part of the cost incurred by the city to provide Green Cart operators with business management skills programs, assistance in sourcing food suppliers, and lists of cart manufacturers and commissaries.

**Program Administration**

Food Safety: Department of Health & Mental Hygiene. Mobile Food Vendor License (operator) \$50 license fee (good for two years).

Licensing: Department of Health & Mental Hygiene. \$200 permit fee for food cart (good for two years).

**Comments**

New York is seldom considered an example of best practices in street vending. The moratorium on food cart permits has led to widespread abuse of the non-transferable permits. A recent report by the New York City Independent Budget Office estimated that the revenue collected from permits and fines in 2009 was approximately \$1.9 million, while regulation and enforcement costs were estimated at \$7.4 million.

The rising popularity of food trucks parking curbside and “feeding the meter” has led to calls for legislation to restrict food truck operation. One proposal currently being considered would see the mobile food cart permit revoked if a vendor received more than three parking citations per month.

## Summary of Observations from Other Jurisdictions



The growing demand for culturally diverse, healthy, affordable and accessible street food has created a dynamic and exciting niche for the foodservice industry. However, like all new opportunities, there have also been challenges. In many municipalities, there has been strong and vocal opposition to the introduction of new mobile food carts from established vendors and restaurant operators. Old regulatory, licensing and inspection models have proven cumbersome or ineffective for a more dynamic and diverse array of street food. Despite these challenges, it is generally recognized that the creation of a vibrant and sustainable street food industry is good for the community.



*Food trucks in Portland's food pods, (top left photo) are for all intents and purposes, permanent. However, they are treated as mobile vending units for licensing and this "benign indifference" is often cited as a major factor in the growth of the Portland's street food culture. The City is currently reviewing its regulatory framework to determine if changes are required to provide more control over food truck operations on private land.*

*Transient food truck pods are increasingly common. Unlike the more permanent pods found in Portland, transient pods such as the Miami Street Food Court or Biscayne Triangle Truck Round Up, (centre left photo), operate on a limited basis - sometimes only one evening per week. The Miami Street Food Court, sponsored by a large food truck manufacturer, operates from 5:30 pm to 10:00 pm, allowing the vendors to maintain their traditional lunch-time locations.*

*Melrose Night, which takes place on the first Thursday of every month, was designed to help revitalize a declining retail district in Los Angeles. Local merchants recruited food truck vendors and obtained permission to reserve street parking for the trucks. The event is promoted entirely by social media.*



Modification of regulations at the municipal and provincial level, and coordination of the many municipal government departments that have jurisdiction over mobile food operations is a time consuming process. Some cities, such as



Portland, have taken a laissez fair approach to their regulatory framework, allowing street food to operate on private land under a less stringent set of code requirements. Other cities have recognized that changes to the regulatory framework will be essential for safe and sustainable vending in the public realm.

Most of the jurisdictions reviewed for this engagement have similar public health regulations for small mobile food carts i.e. menus restricted to pre-prepared, pre-cooked or pre-packaged items; a commissary or other base of operations available for daily cleaning and replenishment; carts to be removed from the designated location each day.

The most innovation and growth in the street food business is coming from larger and more versatile food trucks and trailers. With full cooking, holding and sanitation equipment, these units can operate with very few restrictions on menu selection. These larger units are more mobile, allowing vendors to move several times during the day. Successful street vendors use e-commerce and social networking platforms to reach their customers. Sites such as Mobilecravings.com allow operators to update their customers on location and menu using Facebook, Twitter and YouTube.



*With full cooking, holding and sanitation equipment, large food trucks and trailers can operate with very few restrictions on menu selection.*

These larger units do, however, have a more significant footprint and impact on the public realm. Smaller trailers can operate on larger public spaces such as squares and plazas, but food trucks are typically located curbside, or on private land. Some cities have created designated spots or zones where curbside vending is permitted. Others, such as Los Angeles, allow food trucks to park at metered spots, and it's first come, first served in terms of vendor set up. Grouping several trucks or trailers together has helped raised the profile of street food operations, and is a common practice in many cities where food trucks are permitted to operate. Full time "pods" are found on private property in cities such as Portland, and short-term pods such as the "Miami Street Food Court" are the most recent trend. All of the major cities reviewed as part of this project are looking at their licensing and regulatory framework for the public realm and private land, to deal with the growing interest in food trucks and the rising number of trucks in operation.

## Toronto A La Cart Street Food Pilot Project

Prior to 2007, street food in Toronto was extremely limited. By provincial law, food carts could only sell hot dogs and pre-cooked sausages, while food trucks could sell a slightly broader range of packaged foods, ice cream, french fries and other “non hazardous” food items. In February 2007, the Toronto Board of Health requested the Minister of Health and Long Term Care to amend Regulation 562 of the *Health Protection and Promotion Act* 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. Under the amended regulation, street vendors would be permitted to sell:

- pre-packaged salads and fruits and baked goods
- foods including, without being limited to, wieners or similar sausage products, pizza, samosas, burritos, beef patties and hamburgers, that are pre-cooked in another regulated food premise and are re-heated on the street food vending cart prior to being sold or offered for sale;
- non-hazardous foods including, without being limited to, french fried potatoes, fruit juices, non-dairy smoothies, corn on the cob and whole fruit; and,
- other foods that are approved by the medical officer of health.

At the July 12, 2007 meeting of City Council, concerns were raised that the amendments to the provincial legislation could lead to difficulties including “unleashing an immediate influx of new junk food on the street”. Council approved a Motion without Notice (M98) to “maintain 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.”

At the Executive Committee meeting of November 26, 2007 Councillor John Fillion (Ward 23, Willowdale) tabled a memo containing a review of public policy issues and challenges, the recommended role for the City of Toronto, and a series of Initial Steps to move forward with a street cart pilot program. These Initial Steps are summarized below:

### *1) Separate License Class*

Creation of a separate license class that would allow the City to control various aspects of the new street food program, such as location, menu item, the requirement for Food Handler Certification, and provisions that the carts must be owner operated.

### *2) Branding*

Branding with uniform and easily identifiable carts bearing the “Toronto A La Cart” logo.

### *3) New Street Carts*

To meet a public expectation that new street food will be available by late spring 2008, it was recommended that the City immediately develop a plan for the design and fabrication of new street food carts.

### *4) Potential Partnership with Ryerson*



Pursuing an opportunity to partner with Ryerson University in the design and fabrication of the street carts that would meet the city's requirements, or, in the event that this partnership was not achievable, to authorize a capital loan for the design and fabrication of carts.

#### *5) Operating Budget 2008*

After an initial start up period, it was deemed possible to create a model under which the city can obtain full recovery of the costs associated with a new Toronto street food program. Other sources of revenue could include donations, sponsorships and grants. The Toronto Partnership Office has indicated an interest in helping to identify private and public partners to advance our mutual interests.

#### *6) Governance Model*

Due to the large number of departments involved in this project, creating a single point of contact would appear to be desirable both for potential vendors, the public and the various departments involved.

#### *7) Stakeholder Consultation*

Business Improvement Areas, the Ontario Motel, Hotel and Restaurant Association and other Councillors expressed an interest in being consulted regarding the impact on existing restaurants and where new street food carts should be located in their wards.

The memo requested direction to City staff to pursue the matters outlined therein, and report back to Executive Committee in January 2008.

On December 17, 2007 the Executive Committee received a report entitled Staff Report for Action on a Toronto Street Food Pilot, which contained a detailed plan for moving forward with a somewhat reduced pilot program, to be launched in Summer, 2008. Included in this report was a recommendation that the City lead for this project remain in Economic Development, Culture & Tourism.

In February, 2008 the City issued a Request for Expressions of Interest ("REOI") to "identify one or more Respondents to design, manufacture, build, maintain, provide a financing and/or sponsorship model and make available up to a total of fifteen (15) food carts for a Toronto Street Food Pilot Study to commence in the Spring/Summer 2008." The REOI outlined the respective roles and responsibilities of the City and the cart manufacturer and contained a detailed performance specification for the cart, listing mandatory design requirements. One proposal was received in response to the REOI.

At its meeting of June 3, 2008 the Executive Committee received a report from the Deputy City Manager and Acting Director of Purchasing and Materials Management outlining the results of the REOI, and recommending an implementation plan for the street food pilot program. The Executive Committee deferred consideration of the report until its meeting scheduled to be held in November, referred the street food project to the Toronto Board of Health and asked the Board to report back to the Executive Committee by November 2008, and requested staff of the various city departments to assist the Medical Officer of Health and the Chair of the Board of Health in the formulation of a street food plan.

On October 22, 2008 the Board of Health approved a report from the Medical Officer of Health and the Acting Director of Purchasing and Materials Management outlining the steps required to implement the

Toronto A La Cart pilot project and two other programs aimed at improving access to “safe and nutritious foods reflecting Toronto’s diverse communities”. The three programs included:

1. Broadening the menus of existing vendors to offer healthier food choices;
2. Introducing the “Toronto a la Cart” program for new, branded vendors who can offer healthier, diverse menus; and,
3. Partnering with the not-for-profit sector to use street food vending to increase access to affordable, healthy, culturally appropriate foods particularly in underserved and vulnerable areas.

The Board of Health recommended that Toronto Public Health oversee the implementation and administration of all three programs. This report, with minor amendments, was approved by Executive Committee on November 10, 2008 and by Council on December 1, 2008.

On December 17, 2008 Toronto Public Health issued a “Request for Applications to Participate in the 2009 Toronto A La Cart Street Food Pilot” (“RFA”). As stated in the RFA, “the benefits of Toronto A La Cart will include:

- promoting healthier fast food choices;
- providing convenient opportunities to try new, ethno-cultural food items;
- strengthening Toronto’s image by branding the city as a place where residents and visitors can enjoy a vast array of diverse cuisine;
- promoting local cuisine; and,
- contributing to the recognition of Toronto as a desirable destination within the growing culinary tourism industry.

The RFA included a detailed outline of the cart performance specifications (including a digital rendering of the proposed cart), as well as a description of the proposed locations and the permits, licenses and fees involved in the pilot program.

The process for selection of vendors from respondents to the RFA included five steps:

1. Compliance with Mandatory Requirements (pass/fail)
2. Evaluation by a Selection Committee consisting of staff from Toronto Public Health, Municipal Licensing & Standards and the Toronto Environmental Office. The Selection Committee reviewed food safety, nutritional content of menu, suitability for street vending, reputation, experience and qualifications, operations, environmental considerations and the business plan.
3. Expert Panel Review: those receiving a minimum score of 75% from the Selection Committee were reviewed by an Expert Panel for creativity, novelty, taste, aroma, appearance and other factors identified by Expert Panel.
4. Applicants passing a minimum threshold as determined by the Expert Panel in conjunction with the Selection Committee were then sorted into menu categories based on the general ethno-cultural origin of the food and the specific menu items. Within each menu category, applicants were ranked in overall score order.

5. Starting with the menu category containing the Applicant with the highest overall score, the highest ranking Applicant chose his or her preferred location.

Holders of existing hot dog cart licenses were permitted to apply for the Toronto A La Cart program, but if selected as an A La Cart licensee, they could not hold any interest in or derive any financial benefit from any other City vending permit.

Three public information sessions were held, drawing over 300 attendees in total. Nineteen applications were received, of which twelve successfully completed the first two stages of the evaluation process conducted by the Selection Committee. All twelve short-listed Vendors were approved by the Expert Panel and were offered locations based on their overall score in the competition. Four of the approved Vendors elected not to proceed because they were not offered their preferred location.

The first four A La Cart vendors began operations in early May, 2009 and the remaining vendors were operational by the Fall of 2009. As you would expect with any pilot program, there were start up issues related to some of the locations, and a number of issues related to the cart itself. Vendors were re-located during the 2009 vending season, where possible, to deal with concerns regarding their initial locations.

Through the first five months of operation, a number of cart design issues became apparent. The weight of the cart and the size of the casters impeded its maneuverability. The mechanical refrigeration unit did not operate reliably. The carts provided no weather protection for the operator. The City worked with the vendors and the cart manufacturer to undertake modifications prior to commencing the second season of the pilot program.

On November 10, 2009 the Medical Officer of Health provided an update on all three programs.

In the first 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 additional license fee required to participate, and the limited variety of allowable foods made the project unattractive to these vendors.

The second initiative assessed the potential of implementing healthy street food pilots with appropriate not-for-profit organizations. The report concludes that, although there is support among these non-governmental organizations for the street food vending initiatives, without financial assistance it is not possible for not-for-profit organizations to participate.

No further action was taken on these two initiatives.

The Medical Officer of Health made a number of recommendations to address Toronto A La Cart vendor concerns, including:

- The addition of new A La Cart locations
- Reductions in location fees, and introduction of a staggered fee payment schedule
- Easing of restrictions on cart staffing

The Medical Officer of Health also recommended all authority with respect to the implementation and administration of the Street Food Pilot Project previously delegated to the Medical Officer of Health be

transferred to the General Manager, Economic Development, Culture and Tourism. The recommendations contained in this report were subsequently adopted by Council.

## Stakeholder Input

During the course of our engagement we met with the majority of A La Cart vendors and inspected all of the original and added locations. Of the eight original vendors, only six returned for the 2010 season, and by the Fall of 2010, all but two vendors had curtailed their vending operations entirely. While each vendor had a unique perspective on the challenges faced, the issues can be grouped into three categories:

1. Program administration
2. Cart design, cost and deficiencies
3. Locations
4. Viability of business model

### Program Administration

Most of the concerns regarding program administration centered around the timeliness of responses to operational, location or other issues raised by the vendors. Vendors were required to obtain approval from Public Health for any menu changes, and location changes required coordination with other departments and stakeholders, including Licensing & Standards, Real Estate, Transportation, BIAs and local councillors.

### Cart Design, Cost and Deficiencies

Complaints regarding the cart fell into one of three categories:

1. Price - at \$25,000 to \$30,000 the cost of the cart represents a major hurdle to economic viability, and is considerably higher, in the opinion of some vendors, than what they would pay to obtain a comparable cart from other suppliers.
2. Equipment failures - grills were prone to fail during high winds, and the propane-powered refrigerators suffered from a number of ongoing problems.
3. Cart design, specifically weight, mobility, and difficulties with the awningLocations

Vendors cited a number of concerns with respect to the initial locations. Some were in areas where construction limited access to or visibility of the cart, or resulted in reduced pedestrian traffic. Others were not optimally located in the general area selected for deployment (e.g. too far removed from the main pedestrian traffic). The most immediate problems were addressed by City staff during the first vending season, and new locations were identified in the Medical Officer of Health's November 2009 report. These new locations were made available to the A La Cart vendors for the 2010 operating season.

### Viability of Business Model

All of the vendors indicate that they lost money during the first two years of operation. Lower than expected revenues are attributed to the locations provided. Higher than expected costs are attributed to:

- Initial cost of cart

- Cost of trailer or van to transport cart
- Cost of additional labour to assist in moving and setting up cart
- Cost of securing commissary space for food production, or purchasing pre-prepared food items from an approved supplier

We were not provided any detailed financial reports by any of the vendors. Anecdotally, vendors indicated that they had invested (or borrowed) up to \$50,000 to purchase the cart and the necessary equipment to transport the cart. At the sales levels cited by the vendors during our interviews, it is highly likely that they incurred operating losses from the outset of the program.

During the course of our engagement we interviewed staff from Toronto Public Health, Economic Development and Culture, Transportation, Municipal Licensing and Standards. We also met with Councillor John Fillion, who chaired Toronto Public Health and championed the A La Cart program and the other initiatives aimed at improving access to more diverse, healthy food options throughout the city.

Staff acknowledge that the decision to require the A La Cart vendors to use a standard cart from a single supplier limited the field of prospective operators - for example, vendors with an existing cart were not given the option of retrofitting to meet the new standard. The requirement that A La Cart vendors could not hold another vending permit effectively removed an experienced group of prospects from the applicant pool. The higher cost associated with purchasing all new equipment may have also been a deterrent to some otherwise qualified proponents. However, the uniform cart was an integral component of the A La Cart program and the Council authority.

Toronto Public Health staff, to whom the program was transferred in November 2008, acknowledge that they had limited experience and expertise in the business aspects of street food vending or in developing a business incubator program, noting that their primary focus was food safety and compliance.

Staff at Economic Development and Culture, tasked with administration of the program after its first season of operation, believed that the application of business mentoring and assistance programs would have been far more effective if applied at the outset of the program, not after the vendors had been in operation for their first season.

Staff from Municipal Licensing and Standards noted that the introduction of a new license class for the A La Cart vendors added further complexity to the city's regulatory framework for street vending, which has not yet been harmonized post amalgamation.

During the course of this engagement we also met with representatives of current licensed food cart vendors to obtain their input on the various street food initiatives developed by the City. As noted earlier, one of the three pilot programs launched by Toronto Public Health was aimed specifically at current street cart food vendors, and was intended to allow a small sample of hot dog cart vendors to add additional items to their cart menus. The list of permitted items included non-hazardous product such as pre-packaged fruits and vegetables, whole fruits and vegetables, pre-packaged nuts and seeds, soup, pretzels, coffees and teas. This pilot project was not well received by existing vendors, and was subsequently shelved. Representatives of the street vendors indicated that the fee structure for the pilot program was unreasonable, and the program did not permit cart vendors to modify their existing carts to in order to take advantage of new legislation.



Of greater concern to the current street vendors, however, was the framework of the A La Cart pilot project, which effectively shut out current vendors. The current street vendors believed that they were, and still are, capable of operating within the amended provincial regulations.

## Findings

### Program Objectives and Administration

Entrepreneurs are motivated by self interest. When a program designed to achieve social benefits is to be delivered by the private sector, it is reasonable to provide a well-defined and highly-structured framework for program implementation. The Street Food Pilot Program was such a program - designed to deliver a range of social and community benefits including improved access to healthier food choices, development of the A La Cart brand, and employment incubator goals. As originally conceived, the City would underwrite the cost of the carts, allowing it to maintain a high degree of control over location, cart design, vendor selection and menu.

However, as the program moved from concept through execution, many of the original elements were removed, without the necessary adjustments to the implementation plan. The end result was an implementation framework that was, in our view, incompatible with the original program goals:

- The program was to showcase Toronto's culinary and cultural diversity, but every cart had to be identical.
- The program was to be a job incubator, but no training or financial assistance was provided to vendors.
- Vendors were expected to underwrite all the capital and operating risks and pay market rent for their locations, but the City retained control over critical success factors such as equipment design, signage and menu items.

Some of these problems, such as the conflict between cultural diversity and cart uniformity, were evident from the outset. Others emerged as decisions were made regarding program implementation. The end result was an administrative and regulatory framework that was far more complex than the framework in place for existing food cart vendors, and in our view, more complex than necessary.

The following table highlights several of the key decisions that led to this situation. The table also illustrates the implementation framework we believe would be more suitable for an entrepreneurial business model of street food vending.

Toronto A La Cart Program Framework				
Cart Design, Fabrication & Funding	Menu Selection	Program Administration	Vendor Selection	Support Requirements
<p>Funding in original plan to be underwritten by City (capital investment and subsidized fees)</p> <p>Design driven by city staff, reflecting Public Health, MLS, Transportation and Branding requirements. No operator input at this stage (operators had not been selected)</p>	<p>Controlled by City, guided by health &amp; safety requirements, ethno-cultural diversity of menu</p>	<p>Jun 2008 transferred from Econ Dev to Public Health</p> <p>Nov 2008 Program approved for implementation by Public Health</p> <p>Nov 2009 transferred from Public Health to Econ Dev</p>	<ul style="list-style-type: none"> <li>•ethnic diversity of food;</li> <li>•quality of food;</li> <li>•nutritional content;</li> <li>•use of local produce</li> <li>•financial wherewithal;</li> <li>•by-law/regulation compliance history;</li> <li>•reputation, experience and qualifications.</li> </ul>	<p>Subsidize capital and operating costs (reduced rent &amp; permit fees)</p> <p>Provide business mentoring support</p> <p>MLS &amp; Public Health Inspection</p>

## What Went Wrong

<p><b>Nov 2007:</b> request for capital funding for City to build/own carts was not approved. Subsequent efforts to find a partner or sponsor to underwrite the capital cost were unsuccessful.</p> <p><i>The Program Framework was not amended to reflect the capital risk assumed by the Operator.</i></p>	<p><b>Feb 2008:</b> Only one bid received for cart design.</p> <p><i>No review of bid process or debriefing of prospective bidders.</i></p> <p><i>No consultation with Recommended Proponent on alternate design considerations.</i></p>	<p><b>Nov 2008:</b> Funding for one FTE project manager was provided to implement the pilot.</p> <p><i>No additional staff or other resources provided for operator mentoring or training.</i></p> <p><i>Location fees set at "market rates". No financial operating subsidy provided to pilot program participants.</i></p> <p><i>Staff responsible for implementation of the program, including reviewing applications and vendor selection, did not have directly relevant experience in the business aspects of street food vending.</i></p>	<p><b>May 2009:</b> First vendors commence business</p> <p><i>Business mentoring support was not provided when program launched.</i></p> <p><i>No financial subsidies were provided.</i></p>
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Entrepreneurial, Market-Driven Framework				
Cart Design, Fabrication & Funding	Menu Selection	Program Administration	Vendor Selection	Support Requirements
<p>Cart design reflects operator requirements and city regulations</p> <p>Cost underwritten by operator. Operator selects cart supplier.</p> <p>No capital subsidy; operator pays market rent</p>	<p>Market driven. Controlled by health &amp; safety requirements</p>	<p>MLS (location permit)</p> <p>Public Health (food safety)</p>	<p>Based on financial resources, by-law &amp; regulation compliance</p>	<p>MLS &amp; Public Health Inspection</p>

Two decisions were noteworthy and should have resulted in a review of the original program goals.

1. As originally conceived, the City would underwrite the cost of the cart and lease the carts to successful applicants for a one year term. Under this scenario, retaining a high degree of control over the cart design and the menu could be justified by the level of capital risk being carried by the City. However, Council did not approve the \$700,000 funding required to underwrite this aspect of the program. We believe the program objectives and guiding principles should have been revised when Council rejected the capital funding proposal, to provide more flexibility for the vendors in terms of equipment design and supplier selection. Specifically, we believe that design of a uniform cart and the requirement for vendors to purchase the cart from a single approved supplier should have been dropped when the \$700,000 capital funding was removed from the program framework.
2. Transferring oversight of the pilot program to Toronto Public Health was, in our view, a mistake. Street vending is, arguably, one of the most dynamic and entrepreneurial business models in the foodservice industry. Public Health has well developed programs for inspection and compliance, but little experience in business incubator or mentoring programs for food retailing. It is also, in our view, inappropriate for Public Health to be responsible for vendor selection as well as regulation and enforcement.

Most of the jurisdictions reviewed for this engagement have similar public health and right of way licensing regulations for small mobile food carts. All jurisdictions that have introduced street food pilot programs in the past two years have experienced problems with program start-up and administration, particularly in adapting the regulatory framework in place for a more limited or homogeneous street food vending program.

Toronto does not have to start from scratch to develop a licensing or public health framework for expanded street food vending. Toronto Public Health and Municipal Licensing & Standards have the expertise to administer street vending. Most of the rules, regulations and guidelines that are now in place could be readily adapted to accommodate a wider range of street food choices. Additional resources would be required to make the necessary modifications to the current regulatory framework, and to administer a more flexible and dynamic program.

### **Locations**

While there were problems with some of the initial locations, we believe that the locations that are now in use are comparable to, and in many cases much better than the locations for existing hot dog cart vendors. The A La Cart locations are, in our view, capable of generating average daily sales in line with our benchmark of \$300 - \$400 per day. They are not, however, able to generate the much higher revenues forecast by the A La Cart vendors.

**Cart Design, Cost and Deficiencies**

The cart design specifications developed by Public Health, MLS and Transportation reflected the equipment required for the safe preparation and storage of food, and free-standing operation in the public realm:

- fully self contained for water, waste holding, and fuel
- no external power source
- two sinks for hand washing and utensils
- re-heating and refrigeration equipment
- trailer-type
- all to be provided within maximum 25 square foot space



These requirements are similar to those in other jurisdictions reviewed during the project, including Portland and Cleveland.

The City received only one response to its REOI, from Crown Verity. The proposed cart was a “caster style”, as a “trailer style” of cart could not be designed to meet Ministry of Transportation licensing requirements within the space permitted by Transportation Services. Caster type designs are in use in a number of other cities, and are the preferred design for street carts in Portland. A detailed rendering of the cart was provided in the Crown Verity proposal, clearly showing the variations from the original performance specifications.

The decision to proceed with the proposed cart was made by city staff because the cart adhered to all regulatory requirements necessary for Toronto street food vendors at that time. Other municipalities introducing street food pilot programs have not required vendors to use a standard cart design or purchase from a single approved supplier. However, all municipalities have, to some degree, provided mandatory requirements or design guidelines that must be followed by selected vendors.

In hindsight, the selected cart is not well suited for its intended use though it did meet regulatory requirements. The cart weighed more than was ergonomically functional for a single operator due to the weight of the cart features that ensured food safety and effective branding. However, applicants were provided with detailed information on the Crown Verity cart performance specifications, including a digital rendering. The selected vendors entered directly into purchase agreements with Crown Verity. If the vendors were unaware of the cart’s design, operational or mobility issues before taking delivery, it would appear to be through poor due diligence by the vendors, not a lack of disclosure by either the City or Crown Verity.

As far as the cost of the cart, we have reviewed information from other Canadian cart manufacturers and we do not believe, as some vendors have stated, that a comparable cart could be acquired for considerably less than the Crown Verity price. The cart shown in the following photograph is available from a manufacturer in Vancouver, at a list price of approximately \$22,000 as shown. This cart would not meet fire codes in Ontario if grills or other open flame cooking equipment was used.



With an upgrade to an aluminum awning, the cost for this cart would be close to \$25,000. This cart also uses electricity for refrigeration and water heating, resulting in further savings but not meeting the City's requirements for self-sufficiency. The Crown Verity cart, with mechanical refrigeration, was priced at \$27,800.

The vendor's concerns with respect to equipment performance are legitimate. Crown Verity has, we understand, taken steps to remedy problems with the refrigeration and grill units, and should continue to do so.

### **Viability of Business Model**

As noted, all vendors indicated they lost money during the first and, where applicable, second year of operation. Vendors attribute the poor financial performance to:

- lower than expected sales due to poor location
- higher labour and overhead costs related to moving the cart

There is relatively little statistical information available regarding average food cart sales, and the quality and accuracy of published information is questionable. However, based on our experience with cart vending, interviews with cart operators in Toronto and other cities, and our review of the few published reports available, we believe a reasonable revenue forecast for a small food cart is \$300 to \$400 per day based on six to eight months of operation annually, five to six days per week. The business plans for the selected vendors were based on average daily sales ranging from a low of \$435 per day to as much as \$1,290 per day, with the average projected daily sales for all eight vendors equal to \$825 - more than double what we believe is a realistic projection. Even the most conservative estimates provided little or no margin for error.

While there were problems with some of the initial locations, we believe that the locations that are now in use are comparable to, and in many cases much better than the locations for existing hot dog cart vendors. The A La Cart locations are, in our view, capable of generating average daily sales in line with



our benchmark of \$300 - \$400 per day. They are not, however, able to generate the much higher revenues forecast by the A La Cart vendors.

The vendors all stated that, due to the design of the cart, two people were required to move and set up the cart, and that a trailer or truck was required to transport the cart. These factors resulted in unanticipated costs that adversely affected their profitability. All vendors allowed for at least one part time assistant in their business plans, but their assumption was that the assistant would be used during peak selling times, not at the beginning and end of each day. All vendors indicated in their application that they had (or would acquire) a van and/or trailer to transport the cart to and from the approved location daily.

From our interviews with the vendors, it is clear they had not realized the cart could not be moved or set up by one person, and had not budgeted for the labour required to have an assistant at the beginning and end of each day for these tasks. It is equally clear that many of the vendors did not understand the nature of street vending, as they expected to operate their cart up to 12 hours per day. These miscalculations regarding hours of operation and labour scheduling did undermine the viability of the business model.

The majority of the vendors selected for the program did not have directly relevant experience in street food vending. In most cases, the vendors did not have directly relevant experience in business management. We believe the lack of directly relevant experience is reflected in the optimistic financial projections made by some of the vendors, and contributed to the poor results achieved in the pilot program.

## **Conclusions and Recommendations**

The Toronto A La Cart program has failed to meet its program objectives, and no material improvement can be expected in the final year of the pilot. We recommend that the program be discontinued.

Diverse and innovative street food has become the norm in many large urban centres, but there are consequences associated with introducing this retail model into the public realm. The City must decide if this use of public space is desirable and consistent with its vision. It must also acknowledge the tradeoffs required to support a vibrant and viable street food culture. Vendors must be allowed sufficient space for the equipment required to safely prepare and serve a wider variety of food products.

Street food is an entrepreneurial business that cannot be institutionalized. If the City wants to see more diverse food offerings, it must be prepared to accept the eccentric character of street carts. New York run by the Swiss may be an acceptable management model for public transit, but it is inappropriate for street food.

When the Province amended the Health Protection and Promotion Act in July, 2007, the City had the option of changing its licensing and public health regulatory and inspection framework to permit existing street food vendors to take advantage of the wider range of street food options permitted under the Act. Instead, the City chose to create a new license class and create an application and licensing framework that, for all intents and purposes, disqualified existing street vendors.

Should the City wish to pursue its objective of encouraging a wider range of street food options, we recommend the following:

1. The Toronto A La Cart program should be discontinued. A La Cart vendors should be given the opportunity to continue to vend from their current location for the balance of the Pilot Term. The license fees should be waived for the previous year and the remaining term of the Pilot. Consideration should also be given to extending the program for a further three years. The Toronto A La Cart brand should be removed from the carts, and restrictions on signage on the carts should be relaxed.
2. The current licensing, regulatory and inspection framework for Toronto A La Cart vendors, hot dog carts and refreshment vehicles should, subject to the specific recommendations set out in this report, be amended to otherwise eliminate the designation of A La Cart vendors as a special class of license, and to permit existing and, where appropriate, new vendors to offer a wider range of food items as permitted under the Health Protection and Promotion Act and approved by Public Health. The licensing framework should be harmonized across the city when these changes are implemented. A multi-tiered license model, now in place in other North American cities, should be implemented. Additional resources will be required to develop, implement and manage a more robust and flexible licensing framework.
3. The City should determine where the footprint for street food vending can be expanded without adversely affecting pedestrian and vehicular traffic and existing bricks and mortar businesses. Where expansion is not deemed appropriate, vending should be restricted to the current footprint. Where expansion is possible, vendors offering more complex food items (that require more equipment for safe food preparation and storage) should be permitted to occupy up to 60 square feet for a sidewalk food cart (approximately 6'-8' frontage by 6'-8' depth), or 20 linear feet of curb space for trucks or trailers.
4. The process for approval of menu items by Public Health should be streamlined. Food safety should be the primary criteria for menu approval. Guidelines, best practices and other support material should be provided to assist interested vendors in developing new menu items that can be safely produced under the amended provincial regulations. Additional resources will be required to monitor a more diverse offering of street food.
5. All locations approved for the A La Cart pilot project and any new vending locations that become available as a result of this review, should be reserved for vendors willing to offer products other than hot dogs, sausages, french fries and similar, widely available street food. Suitable restrictive covenants should be incorporated into the location permits for these designated locations.
6. All locations approved for the A La Cart pilot project and any new vending locations that become available as a result of this review should be widely advertised, to ensure restaurateurs, chefs and other qualified candidates are well informed of the new opportunities for street food vending in Toronto.
7. The use of temporary food pods (short term, time and location specific permits for sidewalk or curbside vending) should be investigated in areas not adequately served by bricks and mortar establishments, and in high volume areas e.g. adjacent to major sports and entertainment venues, along the waterfront or concurrent with major festivals and events. The scope of the investigation should include the need/potential demand for such facilities, impact on existing business, impact on pedestrian and vehicle flow and best practices from other jurisdictions.