

City Clerk's Office

**Secretariat**  
Marilyn Toft  
Council Secretariat Support  
City Hall, 12<sup>th</sup> Floor, West  
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Fax: 416-392-2980  
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web: www.toronto.ca

**In reply please quote:  
Ref.: 10-GM31.19**

June 14, 2010

**GOVERNMENT MANAGEMENT COMMITTEE:**

**Subject: Government Management Committee Item 31.19  
Healthy Vending Criteria - Cold Drink Vending Request for Proposal (Ward:  
All)**

City Council on June 8 and 9, 2010, referred Item GM31.19 back to the Government Management Committee for further consideration.

City Council also extended the current licensing contract(s) for cold drink vending for a one-year period from October 31, 2010 to October 31, 2011 to allow for industry representation and budgetary considerations, and requested the Medical Officer of Health to report on the health rationale for offering healthy choices in beverages when this matter is again before the Government Management Committee.

for City Clerk

M. Toft/csb

Attachment

Sent to: Government Management Committee  
Medical Officer of Health  
All Interested Parties

	<b>Report Item</b>	<b>Considered by City Council on</b> June 8, 2010 June 9, 2010
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## Government Management Committee

GM31.19		Referred		Ward: All
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### Healthy Vending Criteria - Cold Drink Vending Request for Proposal

#### City Council Decision

City Council on June 8 and 9, 2010, referred Item GM31.19 back to the Government Management Committee for further consideration.

City Council also extended the current licensing contract(s) for cold drink vending for a one-year period from October 31, 2010 to October 31, 2011 to allow for industry representation and budgetary considerations, and requested the Medical Officer of Health to report on the health rationale for offering healthy choices in beverages when this matter is again before the Government Management Committee.

#### Committee Recommendations

The Government Management Committee recommends that:

1. City Council direct that the Healthy Vending Criteria for the Cold Drink Vending and Pouring Rights RFP be as follows:
  - a. for a term of five years commencing November 1, 2010 to October 31, 2015;
  - b. Energy Drinks shall not be sold in Parks, Forestry and Recreation vending machines.
  - c. during the first two years of the Licence Agreement, from November 1, 2010 to October 31, 2012, cold drink vending sales and distribution be limited to 50% healthy vending:
    - i. unflavoured water where permissible until December 31, 2011, 2% flavoured and unflavoured milk or fortified soy beverages, and 100% juice or vegetable beverages will be considered as healthy products; and
    - ii. with the exception of unflavoured water where permissible, cold drink products must be delivered in a serving size no greater than 355ml.

2. City Council direct that commencing in the third year of the Licence Agreement, cold drink vending sales and distribution be increased to 75% healthy vending from November 1, 2012 to October 31, 2014:
  - a. 2% flavoured and unflavoured milk or fortified soy beverages and 100 % juice or vegetable beverages will be considered as healthy products; and
  - b. cold drink products must be delivered in a serving size no greater than 355ml.
3. City Council direct that commencing in the fifth year of the Licence Agreement, cold drink vending sales and distribution be increased to 100% healthy cold drink vending from November 1, 2014 to October 31, 2015:
  - a. 2% flavoured and unflavoured milk or fortified soy beverages and 100% juice or vegetable beverages will be considered as healthy products; and
  - b. cold drink products must be delivered in a serving size no greater than 355ml.
4. City Council authorize the Medical Officer of Health to determine whether any new beverage(s) can be considered as healthy.

### **Origin**

(April 29, 2010) Report from the General Manager, Parks, Forestry and Recreation

### **Summary**

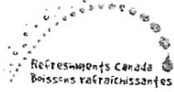
City Council, at its meetings of July 19, 20, 21 and 26, 2005, adopted a motion recommending that the General Manager of Parks, Forestry and Recreation (PFR) report to Council through Committee for approval of the healthy cold drink vending criteria for the next Request for Proposal. The purpose of this report is to present the recommended criteria for the upcoming Cold Drink Vending and Pouring Rights Request for Proposal (RFP).

### **Background Information (Committee)**

Report - Healthy Vending Criteria - Cold Drink Vending Request for Proposal  
<http://www.toronto.ca/legdocs/mmis/2010/gm/bgrd/backgroundfile-30121.pdf>

### **Communications (City Council)**

(May 18, 2010) Letter from Justin Sherwood, President, Refreshments Canada  
 (CC.Main.GM31.19.1)  
 (May 31, 2010) Letter from Justin Sherwood, President, Refreshments Canada  
 (CC.Main.GM31.19.2)  
 (June 1, 2010) Letter from W. Scott Collier, Area Vice-President and General Manager, Pepsi Beverages Company Canada (CC.Main.GM31.19.3)  
 (June 7, 2010) E-mail from Craig McInnes, President, Teamsters Local Union 938 (CC.New.GM31.19.4)



CITY CLERK'S OFFICE  
SECRETARIAT SECTION

May 18, 2010

2010 JUN - 1 A 9: 05

Government Management Committee:  
Councillor Mike Del Grande  
Councillor AA Heaps  
Councillor Doug Holyday  
Councillor Pam McConnell  
Councillor Bill Sundercook  
City of Toronto  
Toronto City Hall  
100 Queen Street West  
10th floor, West Tower  
Toronto, ON  
M5H 2N2

Dear Committee Members

We are aware of recommendations coming forward to your committee regarding the restriction of beverage choices in vending machines at City facilities. Simply put, we suggest that these recommendations are flawed, without a solid grounding in scientific fact, consumer behaviour or needs. We see this kind of proposal as an attempt to dictate consumer behaviour and one that would ultimately deprive citizens and employees at Toronto facilities from a full range of hydration choices.

These hydration options, all safe, convenient beverage choices include: regular, lower and no calorie soft drinks, 100% fruit and vegetable juices, sports drinks, as well as juice drinks and waters enhanced with vitamins and minerals, most of which are available in a variety of portion sizes.

If the City feels so compelled to dramatically limit choices of consumers, where do you go next? Ban butter, ice cream, salad dressings, chocolate bars, pizza, cookies, cream and sugar in coffee, as well as doughnuts consumed on City property?.

We wish to provide the following key facts about our products which we trust will encourage you to reconsider such a restrictive policy.

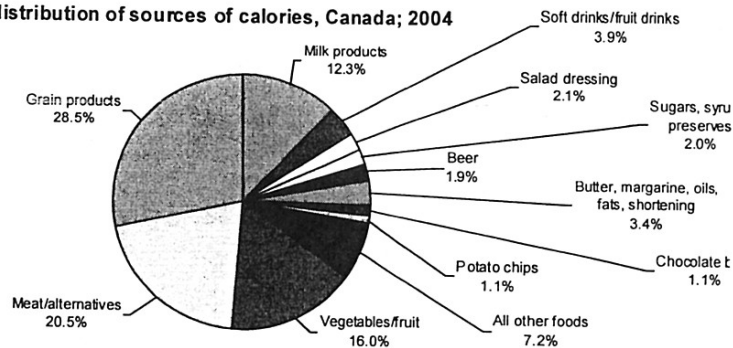
**1. Sweetened beverages do not contribute significantly to the caloric intake of Canadians**

- According to the 2004 Canadian Community Health Survey - Nutrition undertaken by Statistics Canada, soft drinks and other sweetened beverages such as fruit drinks account for only 3.9% of calories in the Canadian diet.<sup>1</sup> That means over 96 percent of our calories come from other sources.
- All calories count, regardless of their source.

<sup>1</sup> Data compiled from Chart 2 and Table 4 of the Nutrition: Findings from the Canadian Community Health Survey – Canadians' Eating Habits 2004; Statistics Canada Catalogue no. 82-620-MIE – No. 2; July 2006  
20 Bay Street, WaterPark Place, 12<sup>th</sup> Floor, Toronto ON, M5J 2N8 Tel: (416) 362-2424 Fax: (416) 362-3229  
[www.refreshments.ca](http://www.refreshments.ca)  
Classified - Internal use

- Maintaining a healthy weight comes down to balancing calories consumed with those burned through physical activity.
- The volume of regular (i.e. caloric) soft drinks sold in Canada has dropped over 21 per cent from 1999 to 2008, with annual per capita consumption down from 90 litres in 1999 to 66 litres in 2008.

**Percentage distribution of sources of calories, Canada; 2004**



## 2. Sweetened beverages are not a unique cause of childhood obesity

- A study published by Statistics Canada (October 2009) examined whether an association exists between obesity and the relative percentages of fats, carbohydrates, protein and fibre in the diets, and the authors concluded that "it is not what you eat, but rather, how much – the total number of calories consumed – that significantly contributes to obesity".
- A 2005 study by researchers at Queen's University and funded by Health Canada surveyed 137,000 children across 34 countries and concluded that there was no correlation between the overweight status of adolescent children and any particular food or beverage (including soft drinks). It also concluded that overweight kids simply need to become more active and undertake less sedentary activities (such as watching television).
- A 2009 study (Findings from Project EAT) published in the American Society for Nutrition showed no association between sugar-sweetened beverage consumption, juice consumption, and adolescent weight gain over a 5-year period.
- All foods and beverages have a role in a healthy, balanced lifestyle. The key is choice, balance, variety and education.
- Refreshments Canada members policy on responsible marketing is based on a commitment not to place any marketing communication in any media whose audience consists of 50% or more of children under the age of 12. This covers broadcast (TV and radio), print and digital media (including internet and phone messaging) as well as cinema (including product placement)
- The fact is that the compendium of science, regardless of funding source, does not show that soft drinks or other sweetened beverages uniquely contribute to obesity – nor, for that matter, that they are uniquely linked to any negative health consequences..

20 Bay Street, WaterPark Place, 12<sup>th</sup> Floor, Toronto ON, M5J 2N8 Tel: (416) 362-2424 Fax: (416) 362-3229  
www.refreshments.ca  
Classified - Internal use

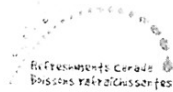
Refreshments Canada is the national trade association representing the broad spectrum of brands and companies that manufacture and distribute the majority of non-alcoholic liquid refreshment beverages consumed in Canada. Refreshments Canada represents more than 40 brands of juices, juice drinks, bottled waters, sports drinks, ready-to-serve iced teas and coffees, new-alternative beverages, carbonated soft drinks, energy drinks and other non-alcoholic beverages.

Respectfully submitted,

Justin Sherwood  
President  
Refreshments Canada  
[justin@refreshments.ca](mailto:justin@refreshments.ca)

cc:  
**Secretariat contact:**  
Patsy Morris  
e-mail: [pmorris@toronto.ca](mailto:pmorris@toronto.ca)  
phone: 416-392-9151  
fax: 416-392-1879  
e-mail: [gmc@toronto.ca](mailto:gmc@toronto.ca)

Rohan Dove



CITY CLERK'S OFFICE  
COMMITTEE SECTION

2010 MAY 31 A 11:47

May 31, 2010

Toronto City Council  
Toronto City Hall  
100 Queen Street West  
10th floor, West Tower  
Toronto, ON  
M5H 2N2

Dear Council Members

We are aware of a recommendation coming forward to Council from the Government Management Committee regarding the "Healthy Vending Criteria - Cold Drink Vending Request for Proposal" for vending machines at City park and recreation facilities. Refreshments Canada and the major beverage companies that operate vending machines have reviewed the recommendations and found them to be seriously flawed and unworkable, as such we would request that the council consider sending the proposal back to staff to be re-worked in conjunction with the companies that manufacturer/distribute beverage products and operate the vending equipment.

Refreshments Canada is the national trade association representing the broad spectrum of brands and companies that manufacture and distribute the majority of non-alcoholic liquid refreshment beverages consumed in Canada. Refreshments Canada represents more than 40 brands of juices, juice drinks, bottled waters, sports drinks, ready-to-serve iced teas and coffees, new-alternative beverages, carbonated soft drinks, energy drinks and other non-alcoholic beverages. More information on the association and industry is available from [www.refreshments.ca](http://www.refreshments.ca).

The industry's concern is based on the following:

1. The criteria used to determine what will be allowable either as a percentage of available products or in total (by 2014) do not appear to be based on any logical or scientific basis. When coupled with the impending restriction on bottled water, it severely and inexplicably limits consumer choice and eliminates several low and no-calorie options for consumers. By 2014, when fully rolled out, the choices will be limited to 100% juice, vegetable juice, soy milk and milk.
2. Given that Refreshments Canada members do not produce soy or milk beverages, the choices will be consequently limited to fruit and vegetable juice.
3. In addition we are not aware of any soy milk product that is available in a vendable package (a package that can be accommodated in a vending machine), further limiting vending choices.
4. As demonstrated by the city's own pilots on healthy vending, when product selection and consumer choice are overly restricted, consumers will simply choose to go elsewhere to purchase the products they wish. The city's trial of healthy snack food in 20 venues resulted in decreased sales of 60%, not the 25% anticipated by city staff.

20 Bay Street, WaterPark Place, 12<sup>th</sup> Floor, Toronto ON, M5J 2N8 Tel: (416) 362-2424 Fax: (416) 362-3229  
[www.refreshments.ca](http://www.refreshments.ca)

5. Full calorie soft drinks account for less than 2.5% of Canadians caloric intake (as measured in 2004 and decreasing steadily since 1998), and are not a unique contributor to obesity (childhood or otherwise). Targeting only one product category, in venues where customers are already active, will not make a dent in an issue as complex as obesity, will limit consumer choice and will remove parental/caregiver discretion.
6. While the beverage industry has been proactive in removing full calorie soft drinks from schools and providing a range of calorie appropriate beverages, it is important to note that product selection is maintained through a range of no-and-low calorie beverage options in high schools, and that recreation centers/community centers are multi-use facilities where by the demographics of use are vastly different from schools. Adults who are capable of making their own decisions are significant users of these facilities and children are often accompanied by parents or caregivers who are the most appropriate people to make choice selections for their charges.

Some additional facts about the beverage industry are attached to provide some additional perspective.

Policies on product selection for vending machines should consider product availability vending capability and appropriate consumer options in a way that works for City of Toronto and industry partners. As an industry we are available and ready to work with city staff to develop a realistic vending policy that ensures that calorie and nutrient appropriate product are available. We strongly urge you to reconsider the current RFP.

Respectfully submitted,

Justin Sherwood  
President  
Refreshments Canada  
[justin@refreshments.ca](mailto:justin@refreshments.ca)

City of Toronto Lobbyist Registry: Registration number 12186S-1

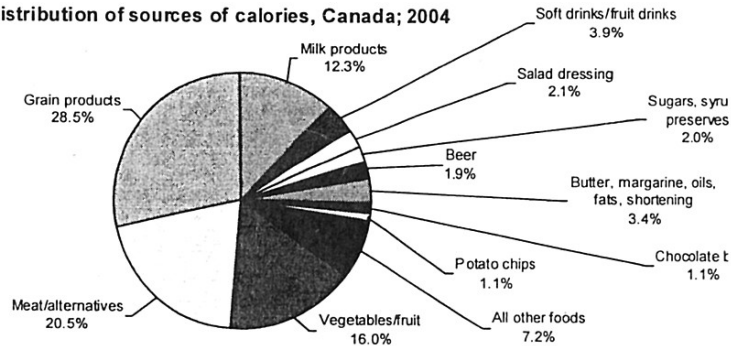
Attach.



### BEVERAGE FACTS

I. Sweetened beverages do not contribute significantly to the caloric intake of Canadians

Percentage distribution of sources of calories, Canada; 2004



- According to the 2004 Canadian Community Health Survey - Nutrition undertaken by Statistics Canada, soft drinks and other beverages such as fruit drinks account for only 3.9% of calories in the Canadian diet.<sup>1</sup> That means over 96 percent of our calories come from other sources.
- When focusing only on full calorie soft drinks they account for only 2.5% of Canadians daily source of calories.
- All calories count, regardless of their source.
- Maintaining a healthy weight comes down to balancing calories consumed with those burned through physical activity.
- The volume of regular (i.e. caloric) soft drinks sold in Canada has dropped over 21 per cent from 1999 to 2008, with annual per capita consumption down from 90 litres in 1999 to 66 litres in 2008, while at the same time obesity rates continue to increase.

<sup>1</sup> Data compiled from Chart 2 and Table 4 of the Nutrition: Findings from the Canadian Community Health Survey – Canadians' Eating Habits 2004; Statistics Canada Catalogue no. 82-620-MIE – No. 2; July 2006

## **2. Sweetened beverages are not a unique cause of childhood obesity**

- A study published by Statistics Canada (October 2009) examined whether an association exists between obesity and the relative percentages of fats, carbohydrates, protein and fibre in the diets, and the authors concluded that "it is not what you eat, but rather, how much – the total number of calories consumed – that significantly contributes to obesity".
- A 2005 study by researchers at Queen's University and funded by Health Canada surveyed 137,000 children across 34 countries and concluded that there was no correlation between the overweight status of adolescent children and any particular food or beverage (including soft drinks). It also concluded that overweight kids simply need to become more active and undertake less sedentary activities (such as watching television).
- A 2009 study (Findings from Project EAT) published in the American Society for Nutrition showed no association between sugar-sweetened beverage consumption, juice consumption, and adolescent weight gain over a 5-year period.
- All foods and beverages have a role in a healthy, balanced lifestyle. The key is choice, balance, variety and education.
- Refreshments Canada members policy on responsible marketing is based on a commitment not to place any marketing communication in any media whose audience consists of 50% or more of children under the age of 12. This covers broadcast (TV and radio), print and digital media (including internet and phone messaging) as well as cinema (including product placement)
- The fact is that the compendium of science, regardless of funding source, does not show that soft drinks or other sweetened beverages uniquely contribute to obesity – nor, for that matter, that they are uniquely linked to any negative health consequences..

cc:  
City Councillors:

David Miller, City of Toronto Mayor

Paul Ainslie  
Ward 43 Scarborough East

Brian Ashton  
Ward 36 Scarborough Southwest

Maria Augimeri  
Ward 5 York Centre

Sandra Bussin  
Ward 32 Beaches-East York

Shelley Carroll  
Ward 33 Don Valley East

Raymond Cho  
Ward 42 Scarborough-Rouge River

Janet Davis  
Ward 31 Beaches-East York

Glenn De Baeremaeker  
Ward 38 Scarborough Centre

Mike Del Grande  
Ward 39 Scarborough-Agincourt

Frank Di Giorgio  
Ward 12 York South-Weston

Mike Feldman  
Ward 10 York Centre

John Filion  
Ward 23 Willowdale

Paula Fletcher  
Ward 30 Toronto-Danforth

Rob Ford  
Ward 2 Etobicoke North

Adam Giambrone  
Ward 18 Davenport

Mark Grimes  
Ward 6 Etobicoke-Lakeshore

Suzan Hall  
Ward 1 Etobicoke North

A. A. Heaps  
Ward 35 Scarborough Southwest

Doug Holyday  
Ward 3 Etobicoke Centre

Cliff Jenkins  
Ward 25 Don Valley West

Norm Kelly  
Ward 40 Scarborough-Agincourt

Chin Lee  
Ward 41 Scarborough-Rouge River

Gloria Lindsay Luby  
Ward 4 Etobicoke Centre

Giorgio Mammoliti  
Ward 7 York West

Pam McConnell  
Ward 28 Toronto Centre-Rosedale

Joe Mihevc  
Ward 21 St. Paul's

Peter Milczyn  
Ward 5 Etobicoke-Lakeshore

Denzil Minnan-Wong  
Ward 34 Don Valley East

Ron Moeser  
Ward 44 Scarborough East

Howard Moscoe  
Ward 15 Eglinton-Lawrence

Frances Nunziata  
Ward 11 York South-Weston

Case Ootes  
Ward 29 Toronto-Danforth

Cesar Palacio  
Ward 17 Davenport

Joe Pantalone  
Ward 19 Trinity-Spadina

John Parker  
Ward 26 Don Valley West

Gord Perks  
Ward 14 Parkdale-High Park

Anthony Perruzza  
Ward 8 York West

Kyle Rae  
Ward 27 Toronto Centre-Rosedale

Bill Saundercook  
Ward 13 Parkdale-High Park

David Shiner  
Ward 24 Willowdale

Karen Stintz  
Ward 16 Eglinton-Lawrence

Michael Thompson  
Ward 37 Scarborough Centre

Adam Vaughan  
Ward 20 Trinity-Spadina

Michael Walker  
Ward 22 St. Paul's



June 1, 2010

Toronto City Council  
Toronto City Hall  
100 Queen Street West  
10th floor, West Tower  
Toronto, ON  
M5H 2N2

Dear Council Members:

**Re: "Healthy Vending Criteria - Cold Drink Vending Request for Proposal"**  
**Lobbyist Registration number 13085S-2, Subject Matter Registration number SM14525**

We are writing to request Toronto City Council vote to send the proposal back to staff to be re-worked with input from Pepsi and our trade association Refreshments Canada. The proposal was developed without any industry input and is not in the best interests of consumers, City of Toronto or Pepsi Beverages Company Canada.

We have been a supplier of a wide variety of beverages to City of Toronto for several years. We continue to develop products consumers enjoy including an increasing number of low and no-calorie options appropriate for people of all ages.

Our key concerns are based on the following:

1. The criteria used to determine what will be allowable, either as a percentage of available products or in total by 2014, do not appear to be based on any logical standard or scientific basis. The proposal severely limits consumer choice by eliminating several low and no-calorie options for consumers.
2. Despite a wide variety of healthy options in our product line, only 100% fruit and vegetable juices would meet the proposed criteria. This will severely limit our ability to develop a response that would be economically acceptable to both City of Toronto and Pepsi Beverages Company.
3. As demonstrated by the city's own pilots on healthy vending, when product selection and consumer choice are overly restricted, consumers will simply choose to go elsewhere to purchase the products they wish. The city's trial of healthy snack food in 20 venues resulted in decreased sales of 60%, not the 25% anticipated by city staff.

PEPSI BEVERAGES COMPANY  
5900 Falbourne Street, Mississauga, Ontario L5R 3M2. TEL 905-568-8787. FAX 905-568-7870

4. Pepsi has taken many appropriate steps to meet consumer and customer needs including:
- a. A commitment to eliminating full-sugar beverages from schools globally by 2012
  - b. Eliminating advertising to children under 12 that does not meet our global science-based nutrition standards
  - c. Increasing the range of beverages that offer solutions for managing calories
  - d. Implementing a responsible global strategy and commitment called Performance with Purpose focused on improvements for consumers, communities, employees and environmental sustainability. Please see [http://www.pepsico.com/index.html#/flash/pepsico\\_sustainability\\_commitment.swf](http://www.pepsico.com/index.html#/flash/pepsico_sustainability_commitment.swf)

We are available and ready to work with city staff to develop a vending policy that ensures calorie and nutrient appropriate products are available in a manner that is workable for both City of Toronto and Pepsi Beverages Company. We strongly urge you to reconsider the current vending proposal.

Yours very truly,

W. Scott Collier  
Area Vice-President & General Manager  
Pepsi Beverages Company Canada

cc:  
City Councillors:

David Miller, City of Toronto Mayor

Paul Ainslie  
Ward 43 Scarborough East

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Ward 8 York West

Kyle Rae  
Ward 27 Toronto Centre-Posada

PEPSI BEVERAGES COMPANY  
5900 Falbourne Street, Mississauga, Ontario L5R 3M2, TEL 905-568-8787, FAX 905-568-7870

Mike Del Grande  
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PEPSI BEVERAGES COMPANY  
5900 Falbourne Street, Mississauga, Ontario L5R 3M2, TEL 905-568-8787, FAX 905-568-7870

# TEAMSTERS LOCAL UNION 938

CRAIG MCINNES  
PRESIDENT

JOHN GORMAN  
VICE-PRESIDENT



BOB MILES  
SECRETARY-TREASURER

PETER BURGESS  
RECORDING SECRETARY

VINCE JOHNSON TRUSTEE

OMKAR MARAJ TRUSTEE

MIKE BRODERICK TRUSTEE

June 7, 2010

Toronto City Hall  
100 Queen Street West  
10<sup>th</sup> Floor, West Tower  
Toronto, ON M5H 2N2  
c/o City Clerk via email at [Clerk@Toronto.ca](mailto:Clerk@Toronto.ca)

Dear Mayor and Members of Toronto City Council:

Re: **City of Toronto Vending RFP**

Teamsters Local Union No. 938 is writing to you to express our extreme concern regarding the conditions and requirements of the Vending RFP to be considered by City Council on Tuesday, June 8<sup>th</sup> and Wednesday, June 9<sup>th</sup>. This proposed RFP threatens the livelihood of our hard working members; citizens and taxpayers of Toronto and other cities in the GTA.

Teamsters Local Union No. 938 is the largest union in Ontario representing almost ten thousand workers. One of our largest group of members works in the soft drink industry, most of our members have families to support in addition to maintaining their own livelihood, and all of our Union members are consumers in this Province.

Why are we concerned?

- Because to the best of our knowledge the requirements of this RFP are unworkable for any major beverage and vending company and, as a result, will mean that vending in City facilities and the union jobs it supports may disappear.
- Because other Canadian municipalities look to the City of Toronto for leadership and by consequence the decision made by the City will be felt by the Union's membership across the Country.
- Because we know that seventy percent of consumer choices in the City facilities to be covered by the RFP are either soft drinks (full calorie and no-calorie) or sports drinks. That's what people (citizens of Toronto) want to buy and in absence of this they will just bring the products from home.
- Because as far as we understand, obesity is caused by taking in too many calories from all sources, not just soft drinks. This simple fact, based on the press coverage most citizens of Toronto seem to understand, is being ignored for political expediency and putting the livelihood of people like our members, union brothers and sisters, at risk.

Teamsters Local Union No. 938 urges you as Councillors to carefully consider these concerns and we urge you to vote against this proposal when it comes before Council on June 8<sup>th</sup>/9<sup>th</sup>, 2010.

Sincerely,

Craig McInnes  
President

HEAD OFFICE: 275 Matheson Blvd. E., Mississauga, Ontario, Canada L4Z 1X8 • Tel: 905-502-0062 • Fax: 905-502-0076  
Website: [www.teamsters938.org](http://www.teamsters938.org) e-mail: [info@teamsters938.org](mailto:info@teamsters938.org)

*AFFILIATED WITH THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS/TEAMSTERS CANADA - CLC*

CITY CLERK'S OFFICE  
SECRETARIAT SECTION  
2010 JUN - 7 P 11:00



## STAFF REPORT ACTION REQUIRED

### Healthy Vending Criteria - Cold Drink Vending Request for Proposal

<b>Date:</b>	April 29, 2010
<b>To:</b>	Government Management Committee
<b>From:</b>	Brenda Patterson, General Manager, Parks, Forestry and Recreation
<b>Wards:</b>	All Wards
<b>Reference Number:</b>	P:/2010/Cluster A/PFR/GM31-052010-AFS#11819

#### SUMMARY

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City Council, at its meetings of July 19, 20, 21 and 26, 2005, adopted a motion recommending that the General Manager of Parks, Forestry and Recreation (PFR) report to Council through Committee for approval of the healthy cold drink vending criteria for the next Request for Proposal. The purpose of this report is to present the recommended criteria for the upcoming Cold Drink Vending and Pouring Rights Request for Proposal (RFP).

#### RECOMMENDATIONS

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**The General Manager of Parks, Forestry and Recreation recommends that the healthy vending criteria for the Cold Drink Vending and Pouring Rights RFP be as follows:**

1. For a term of five years commencing November 1, 2010 to October 31, 2015;
2. Energy Drinks shall not be sold in Parks, Forestry and Recreation vending machines;
3. During the first two years of the Licence Agreement, from November 1, 2010 to October 31, 2012, cold drink vending sales and distribution be limited to 50% healthy vending:
  - a. unflavoured water where permissible until December 31, 2011, 2% flavoured and unflavoured milk or fortified soy beverages, and 100% juice or vegetable beverages will be considered as healthy products; and



- b. with the exception of unflavoured water where permissible, cold drink products must be delivered in a serving size no greater than 355ml;
- 4. Commencing in the third year of the Licence Agreement, cold drink vending sales and distribution be increased to 75% healthy vending from November 1, 2012 to October 31, 2014:
  - a. 2% flavoured and unflavoured milk or fortified soy beverages and 100 % juice or vegetable beverages will be considered as healthy products; and
  - b. cold drink products must be delivered in a serving size no greater than 355ml;
- 5. Commencing in the fifth year of the Licence Agreement, cold drink vending sales and distribution be increased to 100% healthy cold drink vending from November 1, 2014 to October 31, 2015:
  - a. 2% flavoured and unflavoured milk or fortified soy beverages and 100% juice or vegetable beverages will be considered as healthy products; and
  - b. cold drink products must be delivered in a serving size no greater than 355ml; and
- 6. The Medical Officer of Health be authorized to determine whether any new beverage(s) can be considered as healthy.

**Financial Impact**

The current cold drink vending Licence Agreement expires after October 31, 2010. The budgeted revenue from the Agreement, for contract year November 1, 2009 to October 31, 2010, is \$330,000 consisting of guaranteed payments of \$260,000 from rights fees plus commissions of approximately \$70,000. The actual revenues are consistent with the budgeted amounts.

**Cold Drink Revenue**

<b>Contract Year</b>	<b>Estimated Commissions</b>	<b>Rights Fee</b>	<b>Total Cold Drink Vending Revenue</b>
<b>November 1, 2009 to October 31, 2010</b>	\$70,000	\$260,000	\$330,000

Table 1

The recommended RFP criteria will continue to provide 50% healthy cold drink vending during the first two years of the new Licence Agreement and will increase to 75% healthy vending in years three and four and 100% in the final year.

Due to the reduction in beverage serving sizes and the increased healthy drink vending percentage, Parks, Forestry and Recreation’s revenues may be impacted with future Licence Agreements. Revenue changes resulting from a new Licence Agreement will be reflected in Park, Forestry and Recreation’s future Operating Budget submissions.

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

## **DECISION HISTORY**

City Council at its meetings of July 19, 20, 21 and 26, 2005 adopted a motion recommending that the General Manager of Parks, Forestry and Recreation (PFR) report to Council through Committee for approval of the healthy vending criteria for the next Request for Proposal (RFP).

City Council Decision of July 19, 20, 21 and 26, 2005, item EDPC Report 7, Item 14 (<http://www.toronto.ca/legdocs/2005/agendas/council/cc050719/cofa.pdf> )

### **Bottled Water Ban**

City Council at its meetings of December 1, 2 and 3, 2008 amended and adopted the recommendations of the report titled “Proposed Measures to Reduce In-Store Packaging, Waste and Litter, Municipal hazardous and Special Waste and Plastic Bottles”.

City Council Decision of December 1, 2 and 3, 2008, item PW20.1 (<http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-12-01-cc27-dd.pdf>)

## **ISSUE BACKGROUND**

In 2005 Parks, Forestry and Recreation issued a Request for Proposal for the Operation of Beverage Services for Cold Drink Vending Machines and Pouring Rights. At the conclusion of the RFP process, Pepsi Bottling Group was awarded the Licence Agreement. Upon adoption of the Pepsi Bottling Group’s successful bid, City Council at its meetings of July 19, 20, 21 and 26, 2005 amended the recommendations by including a clause to address healthy vending in the criteria for the next RFP for the Operation of Beverage Services for Cold Drink Vending Machines and Pouring Rights.

Council recommended that the General Manager of Parks, Forestry and Recreation report back to Council through Committee and prior to tender, on the criteria for the RFP to address the option of:

1. Providing 100% juice, water and milk in vending machines; and
2. with the exception of water, providing products that will not be delivered in a serving size greater than 250 ml.

The current Licence Agreement will expire after October 31, 2010. The scope of the upcoming RFP will include provisions for a healthier approach to cold drink vending at Parks, Forestry and Recreation (PFR) facilities.

## **COMMENTS**

The products classified as healthy beverages are limited to 100% fruit or vegetable juices, low fat and non-fat milk products (2% M.F. or less), fortified soy beverages and unflavoured water where permissible (due to the bottled water ban, water will not be allowed in PFR vending machines after December 31, 2011).

The recommended healthy cold drink vending criteria for the upcoming RFP focuses on the phasing out of all unhealthy beverages after four years. Parks, Forestry and Recreation vending machines will go from the current 50% healthy products to 100% by November 2014. In addition, starting at the commencement of the new Licence Agreement on November 1, 2010, the maximum serving size will decrease from 591 ml to 355 ml. Though Council had recommended a maximum serving size of 250 ml, the minimum size currently available for soft drinks vending is 355 ml. If the industry changes to a smaller serving size for vending machines, PFR will adjust future RFP requirements.

The current serving sizes vary and are available at PFR facilities based on the products indicated in Table 2. There are five different serving sizes, 340 ml, 350 ml, 355 ml, 450 ml, and 591 ml. The majority of PFR vending machines offer beverages of 591 ml in volume.

Product	Serving Size and Container Type
100% Juice and Fruit Drinks	340 ml - Cans
Milk	350 ml - Bottle
Soft Drinks	355 ml - Cans
100% Juice and Fruit Drinks	450 ml - Bottles
Flavoured and Unflavoured Water, Ice Tea, Soft Drinks and Sports Drinks	591 ml – Bottle

Table 2

### Bottled Water

The City’s ban on the sale and distribution of bottled water at municipal facilities will impact the upcoming Cold Drink Vending RFP. Vending machines at PFR facilities will not be permitted to be stocked with bottled unflavoured water if drinking water is available. If drinking water is not available at a particular recreation facility, the sale and distribution of water will be permitted until December 31, 2011. Parks, Forestry and Recreation must also ensure that improved accessibility to tap water is available at all facilities by this date in accordance with the policy.

### Percentage of Sales

Beverage Type	Percentage of Sale by Volume at PFR Facilities 2006-2009
100% Juice	1%
Flavoured Water	2%
Fruit Drink	6%
Ice Tea	6%

Soft Drink	41%
Sports Drink	30%
Water	12%
Milk	2%

Table 3

Given that unflavoured water will not be available as a healthy beverage, the fifth year of the Licence Agreement will be particularly challenging when 100% healthy vending will commence. Milk, fortified soy beverages and 100% juices are the only three types of beverages that will be permitted in PFR vending machines effective November 1, 2014. Milk and 100% juices are currently amongst those beverages with the lowest level of sales at PFR facility locations as seen in Table 3. Fortified soy beverages are currently not sold in PFR vending machines.

### Healthy Cold Drink Vending in Ontario

Several Ontario municipalities were surveyed to determine the trend in the level of healthy, cold drink vending available at recreation facilities. Table 4 indicates that Markham and Ottawa were the only municipalities surveyed that currently provide 50% healthy, cold drink vending service. Mississauga offers 25% healthy cold drink vending while Hamilton, Milton, Vaughan and Whitby each required no minimum percentage of healthy beverages in vending machines.

Parks, Forestry and Recreation (PFR) currently classifies healthy beverages similarly to the City of Ottawa. Both Mississauga and Markham classify sports drinks, non-carbonated fruit drinks, 100% juices, and milk as healthy beverages. Toronto and the City of Ottawa do not recognize sports drinks and non-carbonated fruit drinks as healthy beverages.

There is no Ontario municipality known to be presently providing 100% healthy, cold drink vending at recreation facilities. Together with the City of Ottawa, Toronto is presently amongst the leaders in providing healthy, cold drink vending in municipal recreation facilities in the province.

Municipalities	Minimum Percentage of Healthy Cold Drink Vending Required
Markham, Ottawa, Toronto	50%
Mississauga	25%
Hamilton, Milton, Vaughan and Whitby	Healthy Cold Drink Vending Not Required

Table 4

Toronto Public Health (TPH) recommends that all cold vending machines be stocked with 100% healthy beverages providing 100% juice, milk and fortified soy beverages. TPH also recommended the healthy, cold vending criteria currently used by Parks, Forestry and Recreation.

In March 2010, Health Canada issued a press release which recommends water as the beverage of choice and other alternatives such as 100% juice, milk and fortified soy milk. Healthy Canada also recommended that the consumption of other beverage-like soft drinks should be limited.

[http://www.hc-sc.gc.ca/ahc-asc/media/nr-cp/2010/2010\\_50-eng.php](http://www.hc-sc.gc.ca/ahc-asc/media/nr-cp/2010/2010_50-eng.php) - Health Canada Response to “Caffeine in Juice, Bad Move”

Parks, Forestry and Recreation (PFR) have offered a variety of cold beverages in vending machines stocked with 50% healthy products since November 2005. The recommendations in this report will see PFR continue to lead the way in the delivering the highest standard of healthy, cold drink vending across the country.

## **CONTACT**

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## **SIGNATURE**

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