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City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
www.chicityclerk.com

Legislation Text

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Department of Public Health city of chicago

April 29, 2016

Chairman Mitts and Members of the City Council:

I have enclosed an evaluation of the Produce Stand on the Public Way Pilot Program. This program, originally passed by the City Council in 2012 after approval by the Committee on License and Consumer Protection, has aimed to increase the accessibility of fresh produce, especially in areas underserved by grocery stores. The ordinance calls for the commissioners of CDPH, CDOT, BACP, and CDPD to submit an evaluation of the program 60 days before the pilot expires, which will happen on June 30, 2016. Accordingly, I am submitting our evaluation for your review. It contains information on the program background, the content of the ordinance, initial efforts, preliminary research, interviews with program participants, and recommendations for ensuring the program is as effective and sustainable as possible.

Thank you for your consideration of this evaluation.

Sincerely,

Julie Morita, MD ^ Commissioner -M'

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333 SOUTH STATE STREET, ROOM 200, CHICAGO. ILLINOIS 60604

Evaluation: Pilot Program for Produce Stands on the Public Way

Prepared by the commissioners of CDPH, BACP, CDPD, and CDOT

April 29, 2016

Program Background

The City of Chicago is committed to helping residents eat healthy, especially in areas with low access to nutritious food. In 2011, Mayor Emanuel held a series of grocery summits to discuss adding more grocery stores in or near underserved areas. The result has been increased collaboration between retailers and the City to find and capitalize on opportunities to improve access. For example, the Department of Planning and Development provided land and financial assistance for the Whole Foods now being built in Englewood and the Pete's Fresh Market that opened on the West Side. The City has also brought back and expanded the Double Value Coupon Program to help low-income residents buy fresh produce at farmers markets-nearly doubling the number of participating farmers markets across the city-and has worked with chains such as Walgreens to sell produce in more locations. Nevertheless, more than 60% of adults and 43% of children in this city are overweight or obese.¹ In addition, 70% of Chicago adults eat fewer than five servings of fruits and vegetables a day.² Some residents face higher hurdles than others when it comes to eating healthy, as many Chicagoans live in areas underserved by grocery stores and have to travel farther than other residents to find nutritious food.³ The Produce Stands on the Public Way Pilot Program has aimed to improve residents' access to fresh fruits and vegetables, particularly in low-access areas.

Ordinance Summary

In 2012, the Chicago City Council passed an ordinance to create the pilot program, which allows vendors to operate produce stands selling whole fruits, vegetables, nuts, and bottled water on the public way (Section 10-28-060 of the Municipal Code). Vendors could already obtain a produce merchant license (a type of mobile food vendor license) to sell such products on private property; the pilot expanded this right to the public way. Businesses may seek a one-year permit for each produce stand location, with a maximum of 30 permits being active at a time for all businesses combined. Each permit costs \$75, and obtaining it requires a \$275, two-year produce merchant license. At least 50% of a vendor's business must be conducted in communities with low access to grocery stores-so for instance, if a company has a stand in high-access Streeterville, it would also need to have a stand in a low-access community such as North Lawndale. To reduce the risk of spreading foodborne illness, the produce merchant license requires that all produce be uncut.

¹ Laflamme EM, Bocskay KA, Reina M, Sayer J, Weaver KN, Prachand NG. Measuring Chicago's Health: Findings from the 2014 Healthy Chicago Survey. City of Chicago, October 2015. See also Healthy Chicago: Transforming the Health of Our City. City of Chicago Department of Public Health. February 2013.

² Dirksen JC, Prachand NG, et al. Healthy Chicago 2.0: Partnering to Improve Health Equity. City of Chicago, March 2016.

³ For more information see the Chicago Department of Public Health Policy Brief, November 2012:

<<http://www.cityofchicago.org/content/dam/city/depts/cdph/CDPH/HCNov2012PolicyBrief.pdf>>.

Initial Efforts

The City of Chicago's main partners in this effort were initially 1) Neighbor Capital (NC), a social enterprise working to empower low-wealth individuals and communities through socially beneficial retail businesses, and 2) Streetwise, which helps the homeless pursue stability, social services, and employment. These organizations, aiming not only to provide nutritious food but also to foster employment opportunities for individuals facing barriers such as homelessness, collaborated to create what they called the Neighbor Carts program and help the City of Chicago develop the ordinance. They worked to fund, create, and manage produce stands throughout the city to improve resident health and worker opportunities. To that end, they recruited, trained, and deployed produce vendors in various parts of the city. Produce stands ended up operating in communities such as Streeterville, Uptown, the Near North Side, West Town, North Lawndale, and South Lawndale. Vendors sold produce and nuts on weekdays from late spring to early fall.

The City of Chicago aided this effort directly through a transitional jobs grant to Streetwise. A grant of \$150,000 per year went from the Department of Family and Support Services (DFSS) to the organization in 2013, and a portion of that funding had to subsidize employment in the produce stands. The grant was also made in 2014, though Streetwise indicated in that year's scope of work it was phasing out the produce stand effort. The organization had a change in leadership and decided to focus on different avenues of workforce development. NC continued to have some produce stands in the field through 2015, though it did not use all of the permits it possessed.

Preliminary Research: 2013 and 2014

Researchers from Northwestern University released reports in March 2013 and August 2014 reviewing the pilot's progress. The 2013 report identified several factors that motivated customers to purchase items from the produce stands. These factors included convenience, produce freshness, and customer service. Customers expressed satisfaction with being able to buy produce on the street. Over half of surveyed shoppers said they consumed three-to-five servings of fruit and vegetables daily. Data shows the majority of customers were unemployed, underemployed, or students. And several stands were indeed operating in low-access neighborhoods. Vendors said they were sufficiently trained, and they were able to make independent decisions regarding pricing and scheduling, though they expressed mixed opinions about electronic benefit terminal machines that accept credit cards and SNAP cards, since usage fees would reduce profits."

The 2014 report was limited to examining two produce stands—one in Streeterville and one in North Lawndale. But it made an important finding: the Streeterville stand "reached customers from many areas of Chicago, including those from underserved zones on the south and west sides." So even a stand in a high-access area reached some residents from low-access areas. To be sure, a produce stand in underserved North Lawndale sold a much higher proportion of its food to customers who lived nearby.⁵

⁴ Wright, K, Anderson L. Neighbor Carts Program Evaluation. Northwestern University Feinberg School of Medicine, Department of Family and Community Medicine, March 2014.

<http://www.familymedicine.northwestern.edu/docs/NeighborCartReport_Mar2013.pdf>

⁵ Wright K, Anderson L. Comparing Apples to Oranges: Comparative Case Study of 2 Produce Carts in Chicago. Prev Chronic Dis, August 2014; 11:140170.DOI: <<http://dx.doi.org/10.5888/pcd11.140170>>.

Neither the 2013 nor the 2014 report offered a thorough assessment of workforce development. However, according to DFSS, Streetwise used its 2013 transitional jobs grant to employ 28 workers for at least 30 days. Most of these workers were likely employed in the produce stand program, though an exact breakdown is unavailable.

Interviews with Program Participants: 2016

Two companies bought produce stand permits over the course of the pilot. The vast majority of permits (36) went to NC and six went to Chicago Fruit Carts, Inc. (CFC), with no more than 30 being active at a time. In 2016, the Chicago Department of Public Health interviewed the owners of these companies as well as the former program lead at Streetwise.

NC is unsure if it will put up any produce stands in 2016. If it does, the stands will go up no earlier than late May or early June given the seasonality of the business. NC said the pilot program did have early success in both high- and low-access communities, providing health information to residents and giving hard-to-employ individuals an opportunity to learn job skills. However, three main barriers have caused concern about whether the model can be sustainable:

- 1) Product restrictions. Limitations on the products allowed on the produce stands, such as the lack of juice and hot beverages, have reduced profit and the ability to operate in cold weather.
- 2) Overhead costs. Chicago doesn't have the large volume of street stand operations and requisite infrastructure supports that some other cities do. As a result, NC encountered hurdles such as finding convenient locations throughout the city to store produce stands. With greater profitability, such obstacles could more easily be overcome.
- 3) Vendor support. NC faced challenges in supporting vendors, in part because they were dispersed throughout the city.

To be sure, NC asserts it has not needed more support from the City of Chicago. Indeed, the effort would have been impossible without the public-way permitting allowed in the pilot, and the transitional jobs grant to Streetwise aided the effort. Still, NC is interested in seeing the program amended to help foster profitability.

CFC, for its part, was involved for only a short period of time and did not engage in a sustained effort to make the business profitable. However, its owner recommends maintaining the program if amended to allow more flexibility for vendors, perhaps by allowing sales of beverages and hot items.

Jim LoBianco, a program co-founder who at the time was with Streetwise, is optimistic about the program. He left Streetwise in late 2014, before the organization ended its participation. He thinks the program was successful between 2012 and 2014. He contends a greater emphasis on putting stands in low-access communities with high demand, enabling the stands to be mobile, and partnering with a large food company could help a future business significantly.

Recommendations

We recommend continuing but amending the Produce Stands on the Public Way Pilot Program. The produce stand license and permit offer a worthwhile way to expand options for nutritious food in underserved areas. Produce stands have been in operation across the city since 2012, enabling more residents to eat healthy. Yet the pilot offers lessons on how to make the program more effective and sustainable. These lessons include the need for greater flexibility for vendors, increased incentives to sell in underserved areas, and expanded efforts to bring more businesses into the program.

Accordingly, changes to the municipal code may include the following:

- Adjust the product merchant license to allow vendors to sell pre-packaged beverages beyond water. Program participants say this move could significantly increase profitability. To uphold the program's spirit of healthy eating, these beverages should have no added sugar.
- Reduce the price of licenses and permits in low-access areas. Today, vendors must pay the City \$425 every two years (\$275 for two-year licenses, \$75 for a one-year permit) to operate at a given location. Yet offering fresh produce in areas underserved by grocery stores serves a public benefit and could be further incentivized.
- Enable more businesses to buy permits. Under the current ordinance, a single vendor can buy all or most of the 30 available public way permits, leaving little room for other businesses to enter the market and offer new models for achieving profitability. This concern can be addressed by raising the overall permit cap and limiting the percentage of permits a single vendor can possess.
- Reduce the 50% low-access requirement to 33%. The program goal of increasing access to produce would remain, and a vendor with two stands on the public way would still need to have at least one in an underserved area. But a vendor with three stands would not have to add a second stand in an underserved area to meet the requirement. NC affirms this change would make the program a bit more flexible. It would also reflect the 2014 study finding that stands in high-access areas do serve some residents from underserved communities and help meet the goal of the program.

Administrative changes would include the following:

- Revitalize efforts to educate the business community about the program. Businesses will be more likely to apply for permits and licenses if knowledge of the program becomes more widespread. Moreover, having a variety of merchants operating in this space will increase the chances of sustainable business models emerging.
- Engage in targeted business outreach. The City could encourage large grocery store operators or other companies to become partners in this effort, potentially by sponsoring produce stands in low-access areas.
- Educate vendors about other licenses. The produce merchant license is not the only one available to vendors that want to sell produce. They might also use the peddler's license or the mobile prepared food vendor license, which provide additional options for vendors.

Appendix: Map of All Produce Stand Permits, 2012-2015

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Produce Merchant Public Way Permits 2012-2015

Wort Product - Department of Planning and Operations - April 2016