

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
10/3/2017

SUBJECT:	SUBMITTED BY:
Mobile Food Vendor Ordinance Discussion	David Fieldman Village Manager

SYNOPSIS

A discussion of the mobile food vendor ordinance is requested.

STRATEGIC PLAN ALIGNMENT

Food Truck Ordinance was a High Priority Action Item for 2015-2017.

FISCAL IMPACT

N/A

RECOMMENDATION

Action at the discretion of the council.

BACKGROUND

On [July 5, 2016](#), the Village Council adopted an ordinance to allow permitted mobile food vendors to operate in certain areas of the Village between the hours of 7:00 a.m. and 10:00 p.m., seven days a week. In 2016, only one mobile food vendor permit was issued. Five vendors expressed interest in a license, but did not submit an application. The five vendors who did not pursue a permit cited a variety of reasons as to why they declined to submit an application.

On [December 6](#), [December 13](#), and [December 20 2016](#), the Village Council discussed potential changes to the ordinance based on the mobile food vendor's requested change. Village Council discussed the annual cost of the permit, the requirement of background checks for all employees, and the limitations on the areas of operation. Based on Council discussion, the ordinance was amended to reflect changes in the areas of operation to include Esplanade, Highland Landmark, Highland Oaks, and all phases of the business corridors at Finley Road. The cost of the mobile food vendor permit and the requirement of background checks for all employees remained unchanged until the Council could evaluate the ordinance after a full year of implementation.

Since the adoption of the proposed change to the areas of operation:

- 1 mobile food vendor permit has been issued (The permitted vendor renewed their application)
- 4 additional vendors expressed interest in obtaining a license, but did not submit an application.

Village staff has engaged with these mobile food vendors and other stakeholders within the community to evaluate the permit process, and identify potential issues that may deter a vendor from submitting an application. When asked for feedback on the application process, all of the vendors cited the high cost of the annual permit and mandatory background checks for all employees as some of the reasons why they did not submit an application. The only permitted mobile food vendor in the Village has stated that they are hesitant to renew their permit for 2018.

Alter Brewing Company has worked extensively with several mobile food vendors around the area to encourage the vendors to apply for a permit. Alter Brewing stated that several mobile food vendors around the area have agreed not to purchase mobile food vendor permits in Downers Grove to discourage other municipalities from adopting ordinances with similar regulations. As one of the stakeholders invested in the mobile food vendor ordinance, Alter Brewing Company has provided Council with a report regarding their interactions with local food vendors, local breweries, and general research on mobile food vendor ordinances around the area and across the nation in order to assist with the evaluation process. That report is attached.

The information below details the issues and concerns that both food vendors and stakeholders have cited as barriers that prevent potential vendors seeking a mobile food vendor application.

Issue/Concern	Requested Change
Total annual permit cost	Reduce the annual fee
Cost and administrative burden of background checks for all employees	Require background checks for only employees with ownership interests

Total Annual Permit Cost

The Village currently charges an annual permit fee of \$250. In addition, the applicant is responsible for paying background check fees. The permit fee is issued on a calendar year basis and is not reduced or prorated for applicants seeking a permit for a partial year.

Staff researched other surrounding communities' permit fees for mobile food vendors. The fees below reflect the base permit fee, other charges may be incurred. All permit fees are yearly unless noted otherwise:

Chicago - \$1,000 (2-year permit)	Northbrook - \$210	Elmhurst - \$100
Evanston – \$500 ((\$250 for year 1 if issued after July 1))	Westmont - \$200	Lombard - \$50
Downers Grove - \$250	Schaumburg - \$190	Lisle - \$50

Cost and Administrative Burden of Background Checks for All Employees

The current ordinance requires background checks for all employees of mobile food vendors. The background check requires fingerprints for each individual. Finger printing costs about \$60 per person. This cost must be paid by the applicant and is in addition to the application fee. Most mobile food vendors have 3 to 8 employees in a year. In addition, the industry has a high rate of employee turnover. Mandatory fingerprinting for all employees could significantly increase the total cost of a Mobile Food Vendor permit

due to the cost of fingerprinting each employee as well as potential ongoing costs if a vendor has high turnover. The estimated cost for employee background checks ranges from \$180 to \$480.

Estimated Cost for Mobile Food Vendor Permit

Type of Fee	Cost
Permit Fee	\$250
Fingerprint Fees*	\$180 - \$480
Total	\$430-730

*Mobile Food Vendors typically have a staff ranging from 3-8 rotating employees.

ATTACHMENTS

Alter Brewing letter

Downers Grove Food Truck Ordinance 365+ Days in

A REVIEW OF THE FIRST YEAR OF THE FOOD TRUCK ORDINANCE IN DOWNERS GROVE & PROPOSED REVISIONS FOR A MORE SUCCESSFUL YEAR TWO

The Ordinance

The ordinance was enacted on July 5, 2016. Village staff completed the ordinance with the support of Council members at that time. It was done so without meaningful collaborating with the primary stakeholders such as Alter Brewing Company and the food truck community.

The basic tenants of the Downers Grove food truck permit establish the following:

1. \$250 Annual Fee
 - a. Does not include provisions for prorating of fees based on time of application
2. Required fingerprinting/background check at the expense of the food truck
 - a. Per the Report for Village Council 12/6/2016 this can cost an additional \$180-\$480
3. Areas of Operation (designated business/industrial parks)
 - a. **Note:** This was amended in December after several changes to the ordinance were proposed. This was the only change made. Originally just the Ellsworth area.
4. Hours of Operation: 7am-10pm, 7 days a week
5. Limit of 10 permits per annum.

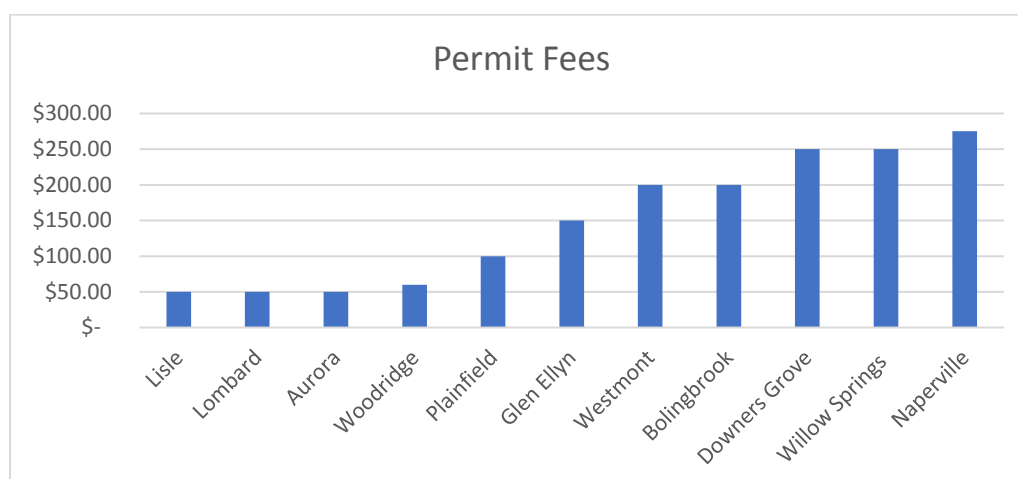
Results

There has been only ONE food truck permit purchased in Downers Grove. *Note: this permit was only procured due to material subsidization by Alter Brewing Company. Further, the one truck owner had previously collaborated with Alter Brewing Company and as such was on friendly terms with Alter Brewing Company and wanted to help our efforts.*

Some Perspective and Opinion

- According to another western suburban brewery, their taproom experiences on average a 26% increase in sales on a combined Friday/Saturday when they have a food truck present.
- According to one of the more popular food trucks in the area, many suburban food trucks have agreed *not* to purchase permits in Downers Grove so as not to set a precedent for other communities to enact more restrictive regulations.
 - In addition, food trucks have also refused to serve at private events as caterers, which are not bound by the ordinance, after citing their lack of an annual permit.
 - Several food truck vendors have also expressed outright anger with respect to the fingerprinting requirement.
- Downers Grove is on the high end for permit fees. If one includes the cost of fingerprinting, it is easily the most expensive in the surrounding suburbs.
- The limited area where trucks can legally park also severely restricts the already unattractive permit. For example, in Ellsworth Park there is zero street parking. Effectively the only location

where a food truck would want to come to is Alter Brewing Company on private property. A food truck vendor permit should benefit the community not just one business.



Conclusion

The cost and limitations of the current ordinance have made it unattractive and prohibitive for food trucks to obtain a vendor permit in Downers Grove. Furthermore, the lack of mobile food vendor options in Downers Grove has hampered potential growth and revenue in the Alter taproom (and potentially other businesses). This results in reduced tax revenue for the village and alienates a growing group of small business owners that have proven essential for supporting microbrewery growth.

The Path Forward

It is time to revisit and modify the original components of this ordinance, not only to invite new business and revenue into Downers Grove, but also to support the local businesses that are trying to thrive right here in the village. Here are the points we would like to address moving forward to come to a mutually beneficial arrangement for all parties.

1. Reduce the cost of the permit to a more approachable amount.
2. Add distinct language to the ordinance allowing for the proration of the permit cost.
3. Remove the requirement for fingerprinting altogether.
4. Expand the definition of “mobile food vendor” to include other mobile food vendors that are not trucks. This would include vendors that use trailer set-ups. I.e. Copper Oven Pizza.
5. Designate areas in Ellsworth Park and other approved locations on public streets where trucks can park during permitted hours.

Some Final Thoughts

Mobile food vendors have evolved in recent years to become highly respected and sought-after sources for specialty gourmet cuisine. They are professionals certified by the county health department and have been serving in locales all over Chicagoland. All this with the fact that Chicagoland is one of the most food truck unfriendly cities in the country (see below).

Their value extends well out of the culinary world, as they are an integral part of the growth and success of the increasingly popular taproom-focused model of microbreweries. Many, if not most, people plan their entire evenings out around being able to have a meal. The presence of mobile food vendors removes the interruption of meal decision-making and allows for a seamless entertainment experience.

Our business model is focused on the experience-based consumer. Millennials value a great experience over material possessions. Alter Brewing Company adds value to the community above and beyond just a place to have a beer. We have and will continue to draw people from other towns. Having food at our establishment via the food truck platform will only increase the number of visitors. It is time to facilitate that platform in a meaningful way.

Large US City Food Truck Environments – 12 Good, 1 Bad (Chicago)

Excerpts from Appendix B of “The Food Truck Handbook” written by David Weber (Founder and President of the NYC Food Truck Association).

Austin, Texas - GOOD

Austin has an active and thriving mobile food scene. Well organized and the industry is experiencing tremendous growth.

Boston, MA - GOOD

Boston’s city website touts food trucks as an exciting part of their local economy. Boston is eager to cultivate the food truck community and seems ready to make laws that create a balance between trucks and city space.

Chicago, IL – BAD

While Chicago has a vibrant food culture and great spaces to vend, **the food truck industry is solely hampered by the regulatory environment.** Chicago has some of the strictest rules for food trucks in a major city.

Cleveland, OH - GOOD

With a relatively receptive city government and an excited public, starting a truck in Cleveland is easier than in many other major cities.

Denver, CO - GOOD

Denver has an increasingly popular varied street food scene comprised mostly of food trucks. The Denver Food Truck Guide, issued by the City and County of Denver is easy to understand and a few years ago was revised to attempt to streamline the process for food truck owners.

Miami, FL – GOOD

Food trucks are very popular in Miami. Regulation of food trucks is relatively relaxed.

Milwaukee, WI – GOOD

Trucks have been booming in Milwaukee since 2009 and it is still relatively easy to acquire the necessary permits to run a truck in this Wisconsin metropolis.

New York, New York - GOOD

Street vending has been an important part of the history and culture of NYC since the 1600s.

Philadelphia, PA – GOOD

Street food in Philly has long been a popular and accepted part of the food industry, and the city has a fast-developing food truck industry.

Portland, OR – GOOD

Portland has an extremely active food caret scene that has been embraced by city regulators as a way to incubate small businesses, create jobs, and activate the streetscape.

San Francisco, CA - GOOD

San Francisco has a vibrant street food culture. Food truck vendors operate from stable city-approved locations.

Seattle, Washington - GOOD

Seattle has a great food truck culture and a very clean regulatory scheme for operating food trucks.

Washington, DC - GOOD

The food truck scene in Washington is very well developed.