STAFF REPORT  
ACTION REQUIRED

Licensing of Business Establishments in Hotels

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<tr>
<th>Date:</th>
<th>March 9, 2011</th>
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<tr>
<td>To:</td>
<td>Licensing and Standards Committee</td>
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<tr>
<td>From:</td>
<td>Executive Director, Municipal Licensing and Standards</td>
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<td>Wards:</td>
<td>All</td>
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<td>Reference Number:</td>
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SUMMARY

This is a staff initiated report to respond to a change in the underlying legislation respecting certain businesses located in hotels.

Under the former Municipal Act, municipalities did not have the authority to regulate businesses in hotels, including eating establishments, places of refreshment, and sellers of tobacco; all of which were otherwise already required to have a municipal licence. This provision was repealed in subsequent versions of the Act, and did not carry forward into the new City of Toronto Act. As a result, the City can now require that such establishments be licensed and be required to meet all of the pertinent regulations, including the "DineSafe" and tobacco display provisions, where applicable.

Staff estimate that the additional licences, after associated costs, to yield additional revenue of $144,000 for the 2011 budget year. However, in 2012 licence fees shall be reviewed to account for the additional volume and reflect the cost recovery model. The precise impact will depend on the additional volume of licences and any other related pressures.

The City Solicitor and the Deputy City Manager and Chief Financial Officer were consulted in the preparation of this report.

Public notice has been given in a manner prescribed in the Toronto Municipal Code Chapter 162, Notice, Public.
RECOMMENDATIONS

The Executive Director, Municipal Licensing and Standards, recommends that City Council:

1. Amend Toronto Municipal Code Chapter 545, Licensing, as per Appendix A of this report;

2. Make Recommendation No. 1 take effect immediately;

3. Direct the City Solicitor to prepare the necessary bill, making any stylistic or otherwise necessary changes, to give consistent effect to the recommendations in this report; and

4. Authorise and direct all other appropriate City officials to take the necessary actions to give effect thereto.

Implementation Points

The new requirement for eating establishments, places of refreshment and sellers of tobacco to be licensed shall be administered by Municipal Licensing and Standards, Licensing Enforcement. Affected businesses shall be informed of the requirement and be given an opportunity to comply before any enforcement action is taken.

Financial Impact

There are approximately 230 motels and hotels in the city, according to Toronto Tourism. Most have at least one business that requires a municipal business licence. However, some larger hotels may have several such businesses, including restaurants, places of refreshment (food retailers), tobacco shops, hair salons or barber shops, and holistic services (often provided in spas).

Staff do not currently have an inventory of all such businesses in hotels, but estimate that most hotels and motels have one or more businesses requiring a licence. The cost for a licence of the type of businesses described above ranges from about $238 to $424. Therefore, staff estimate that there is a potential for additional revenue of $144,000. The initial contact to advise these businesses of the new requirement and the associated follow-up will be absorbed into the current approved 2011 budget.
It should be noted that the favourable net impact in 2011 will not extend to future years, as licensing operations work on a cost recovery basis. Assuming no additional resources are required due to the increase in volume, there will be no additional expenses associated with these licences. Since a cost recovery model is applied to licence fees and since staff expect to have a greater number of licences over which to spread expenses, staff anticipate that there will be a downward pressure on fees for 2012. The exact impact will be based on the additional number of licences issued for each category.

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

**DECISION HISTORY**
This is a staff initiated report to address changes in the underlying legislation respecting the licensing of business establishments in hotels.

**ISSUE BACKGROUND**
Prior to 2001, the Municipal Act did not authorise municipalities to license eating establishments in hotels. This exemption was also reflected in Toronto Municipal Code Chapter 545, Licensing. The new Municipal Act, 2001, and later the City of Toronto Act, 2007, no longer continued the exemption. As a result municipalities are now able to licence eating establishments in hotels.

**COMMENTS**
Despite the elimination of the restrictions to regulate eating establishments, places of refreshment and the sale of tobacco in hotels, Toronto Municipal Code Chapter 545, Licensing was not amended accordingly. This left numerous such establishments outside of the regulatory regime established to ensure the health and safety of people as well as the protection of consumers.

The revisions in the City's Licensing Bylaw will ensure that all businesses required to be licensed are in fact licensed irrespective of whether they reside or are operated by a hotel. Requiring businesses in hotels to be licensed will ensure that they are subject to the same rules and are required to meet the same standards incumbent on other similar businesses.
Staff anticipate that the recommended changes will result in approximately 384 new licences (or an increase of 0.7%) and a net revenue increase of approximately $144,000.

**CONTACT**
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**SIGNATURE**

_______________________________  
Jim Hart  
Executive Director  
Municipal Licensing and Standards

**ATTACHMENTS**

Appendix A: Proposed Amendments to Chapter 545, Licensing
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Proposed Amendments to Chapter 545, Licensing

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<thead>
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<td>§ 545-2A(50) Every person who owns or keeps a victualling house, ordinary or house where fruit, fish, oysters, clams or victuals are sold to be eaten therein (other than a restaurant or cafe in a hotel as defined by the Municipal Act).</td>
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<td>§ 545-157. Provision of supervision, attendants and waste disposal containers. Every person who owns or keeps any place (other than an ice cream parlour in a hotel as defined by the Municipal Act) for the reception, refreshment or entertainment of the public, and every person who owns or keeps a victualling house, ordinary or house where fruit, fish, oysters, clams or victuals are sold to be eaten therein (other than a restaurant or cafe in a hotel as defined by the Municipal Act) shall provide: A. Adequate supervision of dining rooms, including outside eating areas; B. A sufficient number of attendants to ensure that outside eating areas are kept clean and free of refuse at all times; and C. A sufficient number of containers of a type satisfactory to the Medical Officer of Health for the deposit of waste paper and other refuse.</td>
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