

Supporting Restaurants in Toronto: Recovery and Renewal

Date: March 10, 2022

To: Economic and Community Development Committee

From: Interim General Manager, Economic Development and Culture

Wards: All

SUMMARY

The restaurant industry has been disproportionately impacted by the COVID-19 pandemic. Over the past two years, the City has sought to both strengthen existing programs and to create enhanced supports for this struggling industry. The Economic Development and Culture division has been directed to create numerous new industry focused initiatives with the goal of understanding:

- How to best support the restaurant and hospitality sector through the COVID-19 pandemic
- How to expand the geographic reach of restaurant industry support programs

This report provides updates to key program activities including:

- CaféTO
- Amplified music on patios pilot
- Supporting the restaurant and hospitality industry outside downtown
- Marketing and financial supports available to the sector

RECOMMENDATIONS

The Interim General Manager Economic Development and Culture recommends that:

1. City Council amend Municipal Code Chapter 742, Sidewalk Cafés, Parklets and Marketing Displays, to extend the live music on cafes pilot for 2022 by adding a new subsection 742-9.9C as follows:

C. Despite Subsection A, from May 1, 2022 to November 7, 2022, inclusive, amplified sound on a sidewalk café is permitted if:

- (1) the permit area is located in Ward 9, 10, 14 or 19;
- (2) the amplified sound is played only between the hours of:
 - (i) 5:00 p.m. to 10:00 p.m. on Thursday or Friday;

- (ii) Noon to 10:00 p.m. on Saturday; or
- (iii) Noon to 6:00 p.m. on Sunday;
- (3) the permit area is not located on a local road; and
- (4) the permit holder complies with Chapter 591, Noise, at all times.

2. City Council direct the General Manager, Economic Development and Culture, in consultation with the Executive Director, Municipal Licensing and Standards and General Manager, Transportation Services, to report back to City Council on the results of the pilot and the feasibility of expanding the program city-wide, including considerations for enforcement resources.

3. City Council direct the General Manager, Economic Development and Culture to report to the Economic and Community Development Committee on the results of the restaurant and hospitality industry survey and any implications for the City's support for the restaurant industry and future programs in the first quarter of 2023.

4. City Council authorize the General Manager, Transportation Services, in consultation with the Executive Director, Municipal Licensing and Standards, to extend the CaféTO program until August 31, 2022 for cafés on the sidewalk which have already been approved under the program for a term ending on April 14, 2022; and amend Municipal Code Chapter 742, Sidewalk Cafés, Parklets and Marketing Displays, to add the following term to the definition for 2020/22 Café:

- (6) a curbside café or frontage café which was also approved during the term described in Subsection (3) from no earlier than April 15, 2022 to no later than August 31, 2022, inclusive.

FINANCIAL IMPACT

There are no financial implications arising from the recommendation in this report.

The continuation of the CaféTO program is supported through the 2022 Council Approved Operating Budgets for Economic Development and Culture, Transportation and Municipal Licensing and Standards.

Program funding to support small business and main street recovery as part of the Main Street Recovery and Renewal Initiative (MRRI) is also included in the 2022 Council Approved Operating Budget for Economic Development and Culture.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the statement as identified in the Financial Impact section.

DECISION HISTORY

City Council, at its meeting of March 27 and 28, 2019, adopted a harmonized by-law for sidewalk cafés, public parklets and marketing displays by establishing Toronto Municipal Code Chapter 742.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC2.3>

City Council, at its meeting of June 29 and 30, 2020 authorized the establishment of the CaféTO program, which facilitated expanded outdoor dining space in the public right-of-way.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX14.1>

Executive Committee, at its meeting of September 23, 2020, requested the City Manager to report on lessons learned from the 2020 CaféTO, CurbTO and ActiveTO programs, and to include recommendations for modification to these programs for 2021.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX16.27>

City Council, at its meeting of October 27, 28 and 30, 2020, approved an extension of the CaféTO program, for sidewalk frontage and curbside cafés only, until April 14, 2021.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX17.7>

City Council, at its meeting of October 27, 28 and 30, 2020, adopted a temporary use zoning by-law to ease restrictions associated with eating establishments, take-out eating establishments and recreation uses to permit outdoor patios on private property, under certain conditions.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH17.12>

The Toronto Accessibility Advisory Committee, at its meeting of November 20, 2020, recommended that City Council direct the General Manager, Transportation Services in consultation with accessibility stakeholders to develop accessibility guidelines and workshops on the CurbTO and CaféTO program prior to the implementation of the programs in 2021.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.DI11.6>

City Council, at its meeting of February 2, 3 and 5, 2021, approved an enhanced CaféTO program for expanded outdoor dining in the public right-of-way until April 14, 2022.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX20.6>

City Council, at its meeting of March 10, 2021, adopted a temporary use zoning by-law to ease restrictions associated with eating establishments, take-out eating establishments and recreation uses to permit outdoor patios on private property, under certain conditions, until April 15, 2022.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH21.7>

City Council at its meeting on June 8 and 9, 2021 approved the development and implementation of a pilot project for amplified live performances by musicians on patios

in the public right of way located within Ward 14, Ward 19 and Ward 9 for implementation in summer 2021, as public health measures permit.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.MM34.51>

City Council, at its meeting on November 9, 10 and 12, 2021, directed the General Manager, Transportation Services, the Executive Director, Municipal Licensing and Standards and the General Manager, Economic Development and Culture to report back to the Executive Committee by the first quarter of 2023 to establish criteria for a permanent program of CaféTO curb lane/parklet cafés.

Council also directed the General Manager, Economic Development and Culture to report to the Executive Committee in the first quarter of 2022 on:

- a. the promotional programs that will be available to restaurants in 2022;
- b. the plan for supporting restaurants in Scarborough, North York, Etobicoke and other inner suburban areas of Toronto;
- c. the grants available to restaurants with CaféTO on private property and the plan to advertise this opportunity; and
- d. the plan for plazaPOPS activations and the number of individual restaurants that stand to benefit from the plazaPOPS activations.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX27.10>

The Planning and Housing Committee at its meeting on February 15, 2022 adopted an extension of the temporary use zoning by-laws that permit sidewalk patios for 2022. City Council will consider this report at its meeting on March 9, 2022.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.PH31.8>

COMMENTS

The restaurant industry in Toronto has been among the most negatively impacted by the COVID-19 pandemic. Restaurants were among the first businesses to be closed at the onset of COVID-19, and have suffered extended closures and significant restrictions throughout the pandemic. The industry has also felt COVID-19 specific impacts during reopening including strict and often changing public health measures that have been altered at each stage of reopening. Changes in consumer behaviour and confidence, as well as staff shortages and increased overhead, have created difficult operating conditions.

To support the industry the City of Toronto has created several new programs, such as CaféTO, in order to provide some relief and support to the industry. Other programs, such as Summerlicious and Winterlicious require review in light of the economic changes to the industry. This report details these efforts and recommends some program alterations for 2022.

Enhanced and Ongoing Restaurant Supports

Update on CaféTO

CaféTO is a program that provides restaurants and bars in Toronto with the opportunity to expand their outdoor dining space through cafés on sidewalks and curb lane or patios

on private property. Cafés on sidewalks are outdoor eating areas located on sidewalks where food or drinks are served to the public by a licensed eating or drinking establishment. Cafés on curb lanes provide expanded temporary outdoor dining space by reallocating the public right-of-way on curb lanes for use by licensed eating or drinking establishments.

Several program enhancements to CaféTO have been implemented in 2022. For example, through the new CaféTO Property Improvement Program (which is one of six Main Street Recovery and Renewal Initiative programs supported by funding from the Federal Development Agency for Southern Ontario) café operators are now eligible for a matching grant of up to \$7,500 to cover 50 percent of the cost of eligible property or site improvements related to café installations or patios on private property. Operator costs related to patio furniture are not eligible for cost-sharing through this program. In addition, the City of Toronto has also amended Municipal Code Chapter 742, Sidewalk Cafes, Parklets and Marketing Displays, to streamline the process for permit applications under that Chapter.

Transportation Services has advised Council that it is studying the curb lane portion of CaféTO through 2022 with the intent of setting revised requirements for these cafés in Chapter 742 for 2023. At present, all curb lane café installations have to be removed in November to allow for winter maintenance. Transportation Services will not be in a position to comment on this further until 2023 once traffic studies and other impacts of the program are assessed

With respect to patios located on private property, at the February 15, 2022 meeting of the Planning and Housing Committee, the Chief Planner and Executive Director, City Planning recommended the extension of the current temporary use zoning by-law for outdoor patios to December 31, 2023. This was adopted without amendment at committee and will be heard by City Council on March 9, 2022. The report also recommends that City Planning staff report back on potential permanent modifications of zoning regulations for outdoor patios on private property.

As part of a report on CaféTO in February 2021, a motion was adopted directing staff to explore innovations to enhance safe outdoor dining during colder months, with any approaches considered to be in full accordance with relevant public health regulations and address needs.

In response to this request, the City of Toronto and the Design Industry Advisory Committee (DIAC) recently hosted a virtual CaféTO Winterization Design Charrette, where attendees explored challenges, opportunities and strategies. Experienced designers worked with key industry stakeholders (restaurants, Business Improvement Areas (BIA), industry associations, etc.), and City staff to problem solve and develop potential solutions. Findings from this exercise will be considered along with the analysis of the performance of the Café TO program in 2022 and reported to Council as appropriate.

In further support of the CaféTO review process, staff continue to assess the need for additional sponsorship and supports, such as patio furniture or signage, to ensure that CaféTO and outdoor dining opportunities are made more widely available throughout

the city. In particular, as part of the Small Food Enterprises Outreach Program (detailed below), Scarborough restaurants owners will be surveyed about barriers to participation in the CaféTO program. The feedback collected from this survey will inform how staff approach enhanced supports to businesses outside of the downtown core.

Another enhancement to CaféTO in 2021 was a pilot project that allowed amplified live music on cafés on public property. Staff from Economic Development and Culture (EDC), Municipal Licensing and Standards (MLS), Transportation Services, and Toronto Public Health worked collaboratively to develop the program's scope and details. The pilot allowed live music on CaféTO cafés in Wards 9 - Davenport, 10 - Spadina-Fort York, 14 - Toronto-Danforth, and 19 - Beaches-East York.

In order to run successfully, the pilot provided an override to existing prohibitions in Chapter 742 and allowed for amplified music during limited hours. Without the permissions granted through the pilot, Chapter 742 of the Toronto Municipal Code does not allow amplified sound on cafés on public property. Key parts of the Toronto Municipal Code remain in effect. As always, all performances are subject to restrictions laid out in Chapter 591 of the Toronto Municipal Code, Noise.

The terms of the pilot were limited:

- Only cafés participating in CaféTO in the four pilot wards could have amplified sound on their café space. CaféTO cafés outside the four pilot wards were able to have unamplified, acoustic music as any café on public property would normally be. In other words, regulations for cafés outside the pilot were unchanged.
- Only CaféTO cafés on "main streets" were included – i.e., cafes on side streets ("flankage") were not permitted to host amplified music through this program, due to proximity to residential areas.
- Similarly, private property patios were not included in the program. In most cases, applicable zoning prohibits entertainment on private patios.

Staff surveyed pilot participants. Feedback on the program was positive. Highlights include:

- 66 individual restaurants / bars participated in the program.
- 83 percent of restaurants enjoyed increased sales on music performance days. The same percentage said the program helped them attract new customers.
- Approximately 900 individual musicians received paid employment through the pilot.
- 100 percent of restaurants received positive feedback about the performances from patrons.
- 86 percent of BIAs received positive responses about the program from participating restaurants and from other neighbourhood businesses.
- 89 percent of restaurants received no noise complaints about music during the program.
- 86 percent of BIAs received no noise complaints about music during the program.
- 94 percent of restaurants said it was extremely likely or likely that they would participate in this program if it were offered again.

As the pilot was met with praise from business owners, BIAs, restaurant clientele and the musicians who performed, staff are recommending that the Pilot be extended for 2022. The participating Wards, the program's hours of operation and criteria would remain unchanged. This pilot extension will provide an opportunity to:

- Analyze the results of the pilot over a longer timeframe, and in an environment with limited COVID-19 public health restrictions. Last year's pilot began in late summer due to COVID-19 restrictions that restricted amplified sound above normal conversation. It is anticipated that, with the further removal of public health restrictions such as capacity limits, this year's pilot program will be more reflective of a normal operating year.
- Consult with the general public, including residents that live near participating businesses.
- Review the potential need for enforcement resources if the pilot program were to expand on a city-wide basis. Currently, amplified sound complaints have increased 165% since 2018 (approximately 9,800 in 2021 compared to 3,700 in 2018). This has placed a significant strain on the City's enforcement resources.

Additionally, this year no funding will be required as the initial investment demonstrated the benefits to businesses, musicians and Toronto's mainstreets.

Summerlicious and Winterlicious Update

First launched in 2003, the Winterlicious (February) and Summerlicious (July) food events aim to boost the restaurant industry during the slowest times of the year. Participating restaurants offer a value-driven 3-course prix fixe menu at lunch and/or dinner at a range of price points.

The COVID-19 pandemic has altered the industry and created unique business conditions for restaurants including staffing shortages, dramatically increased food costs and induced significant changes in consumer behaviour and confidence. Staff are working with the industry and past participants to understand the best path forward for the 'Licious programs.

In March 2022, EDC is conducting a 'pulse' survey specifically about Summerlicious 2022. This is a targeted survey of past participants of Winterlicious, Summerlicious and DineTOgether to determine:

- if restaurants feel a modified Summerlicious program can still be effective in 2022
- to track engagement levels and drivers of program engagement
- what modifications can be made to increase the reach of the program to more restaurants

At the time of writing this report, preliminary results of the survey indicate positive support for a Summerlicious program in 2022.

Restaurant Recovery Stakeholder Engagement

In addition, there is a need to re-examine the City's approach to supporting the restaurant industry. To do this, EDC has engaged a market research company to conduct a Restaurant and Foodservice industry stakeholder consultation, including an industry and resident online survey and a series of industry focus groups.

This research will be used to gauge industry perceptions of existing restaurant support programs, as well as to inform the potential creation of future City of Toronto restaurant support programs which could include:

- City of Toronto-run restaurant promotional programs
- New Business supports for restaurants
- Industry workforce development supports

Staff are also looking to address long standing concerns about the lack of geographic diversity in Toronto's restaurant programs. The City has supported the recovery and reopening of the restaurant industry through many programs including CaféTO, DineTOgether and other business supports. However, participation and access have varied considerably across neighbourhoods in Toronto, with fewer restaurants accessing supports in suburban areas as compared to the downtown core.

Supporting Restaurants Outside of the Core

In order to improve the awareness, reach and impact of the City's programs and supports for restaurants, Economic Development and Culture is undertaking a number of actions.

One such initiative is a collaboration with the Culinaria Research Centre at the University of Toronto Scarborough called the Small Food Enterprises Outreach Program. Under the direction of Associate Professor Jayeeta Sharma (Director, Feeding City Lab), The first phase of this initiative focuses on Scarborough and will examine the impact of the pandemic and the awareness and take up of government support programs on small local food enterprises, especially family-owned independent, ethno-cultural restaurants.

Students involved in this initiative will conduct door-to-door in-person interviews with restaurant operators in Scarborough, surveying 10-20 businesses per ward. Staff will work with Councillors in each ward to provide students with a letter of introduction for the interviews. Students will begin making calls in March, to set up meetings planned for early April. If this pilot proves to be successful, it will be expanded to restaurants within North York and Etobicoke.

To further the geographic reach of Toronto's restaurant supports, and to address widespread industry staffing shortages, the City has also partnered with Destination Toronto and the cities of Brampton and Mississauga on Hospitality Edge. This initiative supports hospitality workers and employers through skill enhancements for return-to-work readiness. Workers in the hospitality industry – or those looking for new opportunities in the sector – can take advantage of free online courses for the travel and hospitality community. These curated courses enable residents and workers to learn new safety protocols, help with career advancement, and assist with preparedness to re-enter the workforce.

With funding from the Federal Economic Development Agency for Southern Ontario for the Toronto Main Street Recovery and Rebuild Initiative, EDC is also supporting an innovative place-making initiative in strip mall plazas which will benefit food service businesses that operate in these locations. plazaPOPS, a non-profit corporation facilitates the development of safe, green, place-making installations and programming

in strip mall parking lots. These installations encourage community engagement, attract foot-traffic and provide employment opportunities for residents and youth. This initiative will result in up to 15 plazaPOPS installations to be developed by 2024 in Scarborough, Etobicoke, North York or other areas of Toronto with strip mall plazas. A clustering strategy will be used which will see a group of 3 - 5 strip plazas in a given area be supported with plazaPOPS installations each summer between now and 2024. North Etobicoke is expected to be the site of the first cluster of plazaPOPS installations in the summer of 2022.

Enhanced Marketing of City Supports for Small Businesses and Restaurants

Small businesses (under 100 employees) make up 98 percent of all businesses in our city and employ about 60 percent of working Torontonians. Many small businesses have suffered during COVID-19 – with restaurants facing a far more challenging operating environment than other sectors. Since the start of the pandemic, the City of Toronto, with the support of funding partners, has developed a variety of grants, training and other resources to assist with business resilience and recovery, including:

- Introduction of a new small-business property tax sub-class
- CaféTO
- Six programs to support small business and main street recovery which, together, constitute Toronto's Main Street Recovery and Renewal Initiative (MRRI), supported by \$18 million in funding from the Federal Development Agency of Southern Ontario.

The City is currently running a broad-based multi-channel marketing program to inform small business operators about these programs and other types of assistance available to them. Key campaign tactics include:

- Creation of a paid advertising campaign targeted towards small business and restaurant owners that directs them to new, redesigned business supports webpages.
- Translated ads and ethnic media to communicate to non-English speaking business owners.
- Leveraging social media and geo-targeting to help reach businesses outside of Business Improvement Areas. 50 percent of social media budget is targeting NIAs and the suburbs, as well as equity deserving groups.
- Leveraging university students and third party organizations to speak directly with select small business operators about available supports. Includes utilizing a newly created brochure featuring business supports available, translated into four different languages

EDC, along with Municipal Licencing and Standards and Transportation Services, will continue to monitor CaféTO to ensure its ongoing effectiveness as a support to the restaurant industry. In addition, EDC is committed to further review of amplified live music on cafés in the four participating wards as an enhanced support for businesses. Research and engagement is also being undertaken with industry partners to assess - and as needed recalibrate -- the supports the restaurant and hospitality industry requires as Toronto moves toward a full reopening and recovers from the impacts of the COVID-19 pandemic.

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