



Monday January 30, 2023

Mayor John Tory, Chair & All Executive Committee Members
City Hall, 10th Floor, West Tower
100 Queen St. W.
Toronto, ON M5H 2N2
E-Mail: Exc@toronto.ca

Re: EX2.4 - CaféTO 2023 and Beyond

Dear Mayor John Tory, Chair & All Executive Committee Members,

On behalf of the hospitality industry, the Ontario Restaurant Hotel & Motel Association (ORHMA) would like to thank the City of Toronto for building and designing the CaféTO program in support of restaurants within the City of Toronto. The focus, resources and flexibility given to this initiative including the work stemming from the team at Municipal Licensing and Standards are commendable.

Expansion of patios came about due to the devastation brought by COVID-19. Café TO has lasting success for those restaurants embracing it but we all need to understand that restaurants have yet to recover from the impacts of the pandemic.

Current Restaurant Climate

Restaurant traffic began to return and menu price increases grew but are not mitigating the higher expenses restaurants are now paying. Rising labour costs and food inflationary costs are bringing enormous pressures to a sector that operates with thin margins. While overall inflation reached 7.8 per cent in 2022, food inflation reached 11.4 per cent with specific high usage products such as oil for deep frying have doubled or even tripled in price. Food purchases make up over 35 per cent of a restaurant's total expenditures pushing a tremendous burden and risk to a sustainable operation. A recent report from Dalhousie University predicts another 5 to 7 per cent increase in 2023. In addition, the overall energy price hikes are affecting all product packaging and transportation to a business. It is also important to note that even though commercial insurance rates have now somewhat stabilized, these rates have seen significant increases during the pandemic and unfairly have not dropped.

Furthermore, many operators are carrying pandemic-inflicted debt. Critical workforce pressures are adding higher costs to operations including revenue losses hailing from closed sections and restrictions of opening hours. Most restaurant operators are breaking even or are operating at a loss.

Proposed 2023 Café TO Recommendation on Fees

- **Differ a Return to a Fee Structure:** ORHMA is asking for a one-year deferral to return fees and a phase-in approach with industry consultation to support the industry's initial year of recovery. This will greatly reduce those patios of opting out of the program while adding to the vibrancy needed in the various neighborhoods.

On behalf of our City of Toronto restaurant members, we appreciate the Executive Council reviewing the proposed decision on fees. Please do not hesitate to contact the ORHMA office should you have any questions or wish to discuss further.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Elenis", is positioned below the word "Sincerely,".

Tony Elenis
President & CEO
Ontario Restaurant Hotel and Motel Association (ORHMA)