



Tuesday, August 22, 2023

Mayor Olivia Chow & Members of the Executive Committee  
City of Toronto  
100 Queen St W  
Toronto, ON M5H 2N2  
Sent via email

Re: Executive Committee Report EX7.1—Updated Long-Term Financial Plan

Dear Mayor Olivia Chow & Members of the Executive Committee,

On behalf of the hospitality industry in the City of Toronto, we at the Ontario Restaurant Hotel & Motel Association (ORHMA) thank you for the opportunity to submit our comments relating to the Updated Long-Term Financial Plan report.

We understand the financial pressures facing the City of Toronto and the exploration to find new revenue sources. It is also important to address the City's current restaurant climate in this post-pandemic stage and the critical concerns revenue tools, such as parking and beverage alcohol, will have on this sector that is mostly of small and mid-sized businesses.

#### Current Restaurant Climate

Coming out of COVID-19 with marginal cash flow, we are seeing more restaurants close than open. This is a first. Workforce and inflation are having a devastating impact on this slim-margin sector. Restaurant traffic is improving and menu price increases have risen, but are not enough to mitigate the high expenses. Today's restaurant model is concerning because most businesses are either breaking even or operating at a loss. Many restaurant operators continue to carry pandemic-inflicted debt.

Critical workforce pressures are adding higher costs and resulting in closed sections and restrictions on opening hours. While overall inflation is coming down, food inflation continues to be much higher and adds financial pressures on an expense line that represents more than 35 percent of the total expenses.

Furthermore, energy price hikes and overall inflation are affecting all goods and services. While commercial insurance rates have now somewhat stabilized, these rates have seen significant increases and continue to stay at these levels.

#### Proposed Parking Levy

It is important to note that a parking levy is not the same as a parking tax. It will not change driving behaviour. While parking sales taxes are very common across various North American cities, such as Vancouver, Pittsburgh, Miami, Seattle, Los Angeles, and New York, a parking levy is unprecedented. For example, a small restaurant that is still struggling with post-pandemic debt and facing inflation woes would be charged \$11,497 a year for its 21 parking spots. This is a significant cost to a small business.

**ORHMA**

ONTARIO RESTAURANT  
HOTEL & MOTEL ASSOCIATION

Toronto restaurants pay the highest rent/leases in Canada, and this is greatly impacting their bottom line—the lowest across the country. Rent and leases continue to dramatically increase with landlords requesting additional costs. These costs include parking levies. On behalf of our City of Toronto restaurant members, we appreciate you reviewing our submission.

Please do not hesitate to contact our team at the ORHMA office should you have any questions.

Sincerely,



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