



August 6, 2009

Mayor David Miller  
Toronto City Hall  
2nd Floor, 100 Queen St. West  
Toronto, ON M5H 2N2

**RE: Restaurant Compensation for Municipal Services Disruption and Feasibility Study on Contracting out City Services**

Dear Mayor:

On behalf of the Ontario Restaurant Hotel & Motel Association (ORHMA)'s Toronto members, I write to ask that the city compensate Toronto restaurants for lost revenue and out of pocket expenses incurred during the strike in addition to refunding taxes paid for services not rendered during the period of the recent 38-day city workers strike. Moreover, ORHMA asks that you direct city staff to undertake a feasibility study on the contracting out of city services such as garbage collection in order to eliminate future service disruptions.

**Compensation for Restaurants**

On July 24, 2009 the City announced it would be processing refunds for fees paid for day camps, swimming and leadership programs in recognition of the fact that the cancellations of these programs were a "significant inconvenience" to the people that had planned to utilize these services. The loss of the city services was just as inconvenient for Toronto's restaurants.

Many operators were forced to hire private waste disposal services to make up for the cancellation of the "yellow bag" garbage collection service. These added services resulted in tens of thousands of dollars in unexpected operating costs. Other operators, who were not in a financial position to do the same, instead took employees off regular duties and paid them to drop-off waste at temporary dump sites. Adding to the employer's financial burden, several of these employees experienced delays in crossing picket lines to access the drop-off sites and in some cases were turned away.

The disruption of garbage collection is just one instance of how the loss of city services took a financial toll on the city's hospitality industry. The lack of building and public health inspections, the stoppage of ferry service to the islands and even the closing of a municipal pool and the subsequent loss of a province-wide swim meet and other recreational events, caused needless loss of revenue for operators during the critical summer months. Moreover, the effects of service backlogs will linger long after the end of the 38 day labour strike resulting in further losses of revenue. These losses at the best of economic times would be unacceptable. During a recession they are travesty.

At the time of the recent refund announcement, the City communicated that these were to be the only refunds that the City will be issuing and that "all other refunds will be reviewed once the labour disruption ends." In that vein on behalf of taxpaying Toronto restaurants that rely on critical city services, ORHMA is asking that you direct staff to immediately establish a process by which restaurant operators can submit claims for compensation in addition to refunding taxes paid for services not provided during the strike period.

- 2 -

## **Feasibility Study on the Contracting Out of City Services**

The use of private disposal services was utilized by the City during this strike during marquee events such as the Pride Parade, the Beaches Jazz Festival and last week's Caribana celebrations. These were reasonable arrangements aimed at eliminating the operational uncertainty surrounding these events and minimizing the negative impact on neighbouring residents and businesses.

During the labour disruption, the ORHMA called on the city to take the immediate step of temporarily contracting private service providers to fill service gaps in areas such as garbage collection, to bring back a sense of normalcy to city services that support restaurants. In light of the crippling instability that the strike had on the city's restaurants, ORHMA is now asking that the city take the step of undertaking a feasibility study for the permanent delivery of city services by private contractors in the future. Industry studies and current practice show that the use of private contractors provides service stability in a fiscally responsible manner. One needs look no further than the example of the arrangement in Etobicoke for the disposal of their residential waste.

In 1995 Etobicoke, then a separate city, put its residential garbage contract out for tender and hired a private company to pick it up. The council simply tendered the garbage collection contract, and invited the Canadian Union of Public Employees (CUPE) to bid, along with private operators. The arrangement endures today and in fact, preserved the garbage collection services for Etobicoke residents despite the strike by CUPE workers. By comparison, 90 per cent of Canadian municipalities contract out garbage collection. Among Ontario cities, only Oshawa, Toronto and Windsor have city employees picking up the trash. Windsor recently endured a 101 days of a strike by its workers.

In the last several years, the Toronto restaurant industry has endured unprecedented upheaval caused by the likes of SARS, 9/11, and the worst economic recession since the Great Depression. In spite of these difficulties, the industry remains a source of revenue for city coffers and employment for Toronto residents. What's more, Toronto's restaurants are an indelible part of the city's unique social fabric. It is only right that your administration move to compensate the Toronto's restaurants for the harm the services disruption inflicted on them and take every step to prevent a repeat of such a needless and crippling strike in the future.

I thank you for your anticipated quick attention to these matters.

Sincerely,



Tony A. Elenis  
President & CEO

cc: Mr. Joe Pennachetti, City Manager  
City of Toronto Councillors