

## WAYS & MEANS SUBCOMMITTEE TESTIMONY

Ladies and Gentleman:

Thank you for inviting me to this remote hearing of the Subcommittee on Select Revenue Measures, and thank you for holding this hearing on Restaurants in America during the Covid-19 Pandemic. I am honored to be able to speak with you today.

*“Nearly 100,000 restaurants have closed in the US since the pandemic began, according to the National Restaurant Association. That’s roughly one in six of all restaurants across the country.”*

My name is Sondra Bernstein, and I am speaking to you from Sonoma, California. I have been in the hospitality business for almost 40 years, starting in Philadelphia, and have worked tirelessly through the ranks to learn as much as possible so that one day I could create my own business. When the time was right, I started small in 1997 with a 42 seat restaurant and a staff of 17. Surrounding myself with some amazing people, we slowly and steadily worked hard over the next few years and were able to expand our business with another restaurant and catering department.

Growing the business was about the ability to create more jobs, to collaborate with the community at a higher level, and to plant deep roots in the place I now call home. Not scared off by knowing that the restaurant business has very small margins, we paid attention and implemented many processes that would keep us on track. In the very beginning, I had my checkbook in my back pocket and paid for everything on the spot. I refused to build up any debt and believed that if I could not pay for it then I didn’t need it. I wanted more for the people that were employed, and making more money meant expanding, improving the business, retaining staff by paying them more, and being able to afford to offer benefits.

Our flagship restaurant, **the girl & the fig** is right on the historical plaza in a building that was built over 100 years ago and steeped in history. We celebrated our 23rd anniversary last month very quietly in contrast to our 20th anniversary that was celebrated with over 600 members of our community on the Sonoma Plaza. In the heart of wine country, we feel that the girl & the fig has been a magical place to many people over the years: bringing people together from all over the world, celebrating their most precious moments, and creating memories with families and friends. It has been important to us to be able to show off the most delicious products that our county has to offer, to support the folks behind them, and to continue to work toward being a sustainable business.

Over the past two decades, we have employed thousands of people and have contributed to our community time and time again. We are proud supporters of many community organizations that assist our youth, promote education, and support those in need. I launched the Sonoma FIG Foundation as a way to assist new entrepreneurs to have a leg up in creating their own business or side project. We have also been the launch pad of many companies and career starts through the continued work of our current and former employees. You cannot overstate the importance our industry has in the lives of so many, whether it be a first job, a way to fund college, or a first opportunity to a foreign born worker.

During these years, we have seen openings and closings, economic downturns, the destruction of one of our locations, and the devastating wildfires of 2017. We have not seen anything like this current, unprecedented

COVID-19 pandemic. Unfortunately, this situation is not mine alone but is devastating small restaurants all over the country.

### **Staffing and Unemployment**

If we rewind to just prior to the start of the pandemic, we had a roster of over 240 employees. These are 240 real people with families, responsibilities, and dreams. The decision to lay off more than 170 staff members back in March was heartbreaking, and the only relief I had was knowing that many would qualify for the unemployment funds that they had contributed to for years, especially with the additional \$600 that they would be receiving each week as part of the CARES Act. As we shut down, we emptied out our walk-ins and created care packages filled with food for our staff. We started a Go Fund Me page so that we could distribute more precious dollars to our staff. We distributed thousands of dollars from our company's emergency assistance fund, created with company profits each year, to our staff. I stopped taking a salary in order to keep as much money in the business as possible to stay afloat for our staff.

During the beginning of the pandemic, between the shut down and the opening of outdoor dining, we were honored to be able to provide over 20,000 meals to some of our local nonprofits and city residents that needed food. This enterprise kept some of our staff working and gave us the ability to purchase products from our desperate purveyors. But that was six months ago, and now the funds that were available to pay for this have been exhausted. We were unable to continue to feed our community as we don't have the internal resources to do this.

### **Pivots**

After reopening with only outside dining and takeout, the business we have seen only represents 40% of our normal capacity at the girl & the fig. This year to date we have so far seen over 100,000 less guests than in 2019, which is a 68% decrease. Our other restaurant has not been able to reopen but continues to have take out only. In past years, the girl & the fig CATERERS!, our catering company represented 35% of our total business. This year, it portrays closer to 5% as we have lost over 50 weddings and many more events at wineries. Some have rescheduled to next year but most have been cancelled entirely.

### **Ongoing Operation effects of COVID**

Finding our way back to this business has been challenging. We have had some Covid scares with staff members, which have required us to shut our operations down, cancel staff shifts and guest reservations, have staff tested, and lose food products. The information about the virus was changing every day in regard to how the virus is transmitted, whether it can get in your food, and what you should do if and when you are exposed. In many cases, we have had to rely on ourselves to use our best common sense, and most often that is taking the strictest, safest option. Our local resources have often been so stretched that they have not been able to provide guidance or in some cases even respond. As the rules change day to day, including the different strategies around testing and reasonable local case numbers required to open businesses further, we find ourselves trying just about everything to see what sticks.

### **Supply Chain Trickle Down**

Our business relies on many individuals, not just our employees and guests, but also our farmers, cheese makers, ranchers, wine makers, product vendors, and service technicians. We are the conduit that brings many products and services to the end user at the table. When our business stops, it trickles down to all of our business partners. In our catering company, we are just a small component of the event business. Most often we work with staff at venues, florists, bakers, musicians, rental companies, and many other event producers. When we lose an event, not only are

we not able to purchase products from our vendors, but these other companies lose the business as well. I have always tried to be conscientious to the products we bring back, especially supporting the very smallest purveyors. We have ensured that all monies owed to our vendors have been paid, and we have not passed on our burdens where possible. Restaurants and hospitality are the transaction point for so many enterprises that when we are shut down or forced to significantly change our model, the list of losers is far longer than the winners. More often than not, these losers are the small rural suppliers that don't have the resources or even ability to stop and ask for help.

### **Winter is coming.**

As we approach Wine Country winter with unpredictable temperatures, chilly nights, and weeks of rain, we will be back to no outside tables and take out only. Even if indoor dining would become available like our neighboring counties, our historic building is not best suited for 6 ft social distance dining. Again, this story is not just ours alone, and what the near future appears to look like is once again laying off employees. This time, however, they won't have the safety net of the extra benefits they earlier received. Just like our business trickle down effect, we know that with our staff not being paid, they will not be able to spend money in the community. This becomes a desperate situation for everyone.

### **Finances**

In April, we were grateful to have qualified for a PPP loan that allowed us to keep on some staff members and pay our rent. However, the frustration of knowing that we had to spend this money within 2½ months and with a certain headcount was daunting considering we did not feel safe to open our business, and we could not get employees to return to work. With a lot of input from all of you, the SBA changed some of the requirements to this loan to make forgiveness more logical, but even so much of that money was initially spent abiding by those original rules, and the monies that remained are long gone. As we continue to try to renegotiate our rent, whittle down costs, and lay off more employees, we know that this will still not be enough. We will need to find additional financial assistance to be able to make it through the winter. I fear without this assistance, we will be in a situation where we are forced to lay off the remaining members of our team and possibly not have a place for them to return.

I have taken many risks, as all successful entrepreneurs must, but I have always understood the responsibility that ownership brings. Specifically, my staff trusts me to help them provide for their families. I want to have a successful business and enjoy the fruits of my labor, but it can never be at the expense of our team. They need to feel secure that the decisions I make will guarantee them a place to not just succeed but thrive, that they have stability, and that they can plan for the future.

It is often said that uncertainty is the enemy of success. Over the last six months, the rules have changed so many times, and often have been more about the individual state, county, or city than about good policy. Aid or relief is promised, but not delivered. We spend too much of our time planning on false expectations than with actual facts or guidance. All we want is to continue to have an opportunity to succeed and provide the best opportunities for our team.

Life is uncertain, but at the end of the day our success has always been predicated on working harder than our competitors, doing it the right way, and having the best group of people. That certainty has been taken away by this pandemic and those simple ideals no longer tip the scales towards success. Times like this need leadership and some sense of direction, and I am proud to be doing my best to give that to my team. But I need help. Other restaurants and small businesses need help. We are not asking for handouts or freebies, but help.

We need a cognizant plan or support to survive this pandemic. Our communities are desperate, and desperate people can't be expected to cooperate in their own demise. We all share the common goal of surviving this pandemic and are prepared to do our part to get through this together as a community and as a nation. But our communities will not survive without adequate guidance and support. We cannot survive without your help.

I appreciate the opportunity given to me to speak to you today. Thank you for hearing our story.