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April 18, 2020

The Honorable Nancy Pelosi  
Speaker of the House  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Republican Leader  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Chuck Schumer  
Democratic Leader  
United States Senate  
Washington, D.C. 20510

Dear Speaker Pelosi and Leaders McConnell, McCarthy, and Schumer:

On behalf of independent restaurants in the Washington metropolitan region, we thank you for your leadership during this unprecedented COVID-19 pandemic to keep communities and families safe and healthy while also providing support for businesses. During these uncertain times, you have deemed restaurants an essential business, and many restaurants continue to act as cornerstones of their communities by feeding Americans during this crisis through takeout and delivery.

The restaurant industry has faced unparalleled challenges that have hit independent restaurants who operate as small businesses the hardest. There are over twelve thousand eating and drinking establishments across the region, and in the District 96% of full service restaurants are independently operated. Locally and nationally, restaurants are the second largest private sector employer with 15.6 million employees across the country. During the first three weeks of March, restaurants lost an estimated \$25 billion in sales and laid off 3 million Americans. The National Restaurant Association estimates fifteen percent of America's restaurants have permanently closed or are likely to in the next two weeks. As this continues, it is likely 7 million jobs will be lost in the upcoming weeks.

In our region, approximately 40% of restaurants have closed their doors all together. The restaurants that are still open, and only serving take out and delivery are reporting an average decrease in sales of 70%. These numbers are not sustainable for an industry that is heavily dependent on cash flow, whose reserves are limited to non-existent and whose profit margins are razor thin. While the CARES Act will provide temporary relief for many industries, it does not address the real needs of restaurants. It is critical to ensure that when our country recovers from this pandemic that restaurants are able to open their doors again.

The DC metropolitan region is your hometown now, and the viability of the small businesses you frequent that are part of your weekly routine, where you gather with family, friends and colleagues, is threatened. The restaurant industry is the industry of opportunity where one in two Americans have worked at some point in their life. We need your help to ensure these opportunities are still available.

There is great uncertainty about the impact of coronavirus on our culture, especially on independent restaurants that are the epicenter of community gatherings and social activity. We must put meaningful systems in place that allow restaurants to reopen, rehire and revitalize. As you consider the next phase of federal support, we hope you view it through the lens of an independent restaurant whose unique operations require expanded relief. The following recommendations will put meaningful systems in place that will address the real time and long term needs of an industry in need.

**Colin McDonough**  
*Red Stone Group*

**Pat Minter**  
*Knightsbridge Restaurant Group*

**Kazuhiro Okochi**  
*KAZ Sushi Bistro*

**Clare Parker**  
*Neighborhood Restaurant Group*

**Rose Previte**  
*Compass Rose, Maydan*

**Daniella Senior**  
*Colada Shop, Bresca, Zumo, Serenata*

**Jenna Velella**  
*Starr Restaurant Group*

**Scott Attman**  
*Acme Paper & Supply Co.*

**John Corso**  
*The Coastal Cos.*

**Tom Daily**  
*Potomac Construction Services*

**Soloman Keene**  
*Hotel Association of Washington DC*

**Scott Kinlaw**  
*EagleBank*

**Jay Lim**  
*Saval Foodservice*

**John Linette**  
*Republic National Distributing Co.*

**Kevin McClamroch**  
*TriMark Adams-Burch*

**Amy Rice**  
*JBG Smith*

**Chad Thompson**  
*USI Insurance Services*

**Leslie Williams**  
*Nando's PERi PERi*

Provide Additional Funding for PPP: Continue to fund PPP so small businesses have access to relief. This must be addressed immediately as PPP funding has run out, yet many small businesses have not been able to successfully submit their loan application. In contrast, many large companies have already received their loans or loan approval, however, small businesses have been shut out. The application process was unclear and mismanaged in many situations, leaving many small businesses without relief.

Fix Payroll Protection Program so it works for restaurants: Provide more flexibility of use and a realistic timeline for the “covered period” that should be based on when businesses are permitted to resume regular operations.

- Provide flexibility of loan use while still allowing full forgiveness that is not dependent on keeping payroll 100% intact. The current marker may not be achievable as the short term and long term impact on the industry and social behaviors is unknown at this point.
- Reduce the required allocation toward payroll from 75% down to a 50% minimum.
- Period of loan forgiveness, also known as the “covered period” should be extended to a minimum of 120-days beyond when a restaurant is legally able to operate at full capacity.

Provide Restaurant Rent Relief: Provide meaningful rent abatement for small business renters by establishing a fund that provides landlords who rent to small businesses support in monthly mortgage payments. This relief must then be shared with the small business renter.

Grant Program to Cover Health Insurance: Establish a grant or loan forgiveness program that covers health insurance payments due during the public health crisis.

- Many employers furloughed employees, but maintained coverage on employees, to ensure they still have access to their health insurance during the pandemic, however the employers do not have incoming revenue that would typically cover the payments.

Expand Business Interruption Insurance to Cover COVID-19: Creation of a fund that expands BI to include this public health crisis allowing claims to be paid to businesses which have been required to close (or limit their operations), by government order.

Access to Capital to Re-open: Many restaurants are selling out of their current inventory, are unable to pay vendors and no longer have cash on hand to cover necessary reopening costs. Providing access to capital will address the needs associated with opening a business that has been closed for an undetermined amount of time.

Deferral of Certain Tax Payments to Provide Liquidity: Businesses utilizing the PPP and seeking loan forgiveness must be allowed to defer payroll taxes owed this year over the next two years.

These actions will not eliminate the impact of the crisis, but they will be important first steps on the road to recovery. Restaurants need to be positioned to spring back into action quickly once the crisis subsides, so they can effectively serve employees, customers, and communities. Thank you for your consideration.

Sincerely,

Kathy E. Hollinger  
President and CEO  
Restaurant Association Metropolitan Washington

Stephen Fedorchak  
Chairman, Board of Directors  
Restaurant Association Metropolitan Washington