

SAVE THE AMERICAN DREAM

Restoring Restaurants & Rebuilding Communities



The Honorable John Carney

Tatnall Building
150 Martin Luther King Jr Blvd South
Dover, DE 19901

April 15, 2020

Dear Governor John Carney,

In the midst of the COVID-19 public health threat, you took aggressive and necessary steps to protect the public health and safety of our state's residents. Unfortunately, the trade-off for these protective public health measures has been a near decimation of our state's local restaurant industry. Restaurants hemorrhaged over 76 million dollars in sales revenues and sent a quarter of its workforce to the unemployment line within the first two weeks of the government-mandated shutdown. This crisis has spiraled out of control with devastating economic and humanitarian fallout that has affected our restaurants, tens of thousands of their workers, and entire communities where they serve. And now, as the economic crisis begins to rapidly unfold, we believe the state has a moral obligation to take equally aggressive steps to address the economic harm caused by these measures that has affected our state's residents, business community and the future of our state.

As a society, we need restaurants. They are the cornerstone of every neighborhood and community - and in Delaware, restaurants are an economic engine that employ 50,000 foodservice workers. The vast majority of our 2,000 restaurant locations are owned and operated by independent proprietors who live and commit resources to the communities where they serve their customers. Unless there are bold measures taken by the state, we are likely to lose 20 percent of Delaware's restaurants - permanently.

We appreciate the continued dialogue that you and your administration has afforded us to discuss the urgent needs of our industry. Our ongoing discussions with you, your advisors, cabinet secretaries and division directors have resulted in initial measures that have provided some help as our industry struggles to survive (allowing for off-premise alcohol sales, department of labor assistance for hospitality workers, HELP loan program and classification as an essential business).

There is much more however that must be done to save Delaware's restaurants who have razor-thin margins, rigid cash flows, considerable debt, and a workforce dependent on these critical jobs. The ripple effect of inaction will cause irreversible harm to other business and non-profit industries in our state—landlords, construction companies, suppliers, farmers and local charities—all interdependent on the survival of restaurants.

As Congress works to provide an immediate financial lifeline for restaurant operators as part of the federal stimulus package, the following issues are action items we believe are appropriately within the purview of the state's leaders. Specifically, we ask for your immediate help with the following proposals targeted at our industry during this time of uncertainty:

Enhancing the quality of life for all we serve

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- **Provide and Implement a Matrix for Restaurants to Re-Open by May 15th** -- Restaurants need a clear plan that will allow their businesses to re-open as soon as possible with guidelines set in partnership with the Delaware Restaurant Association. Restaurants were in the first wave of mandated closures with little notice - and should be the first group of businesses to re-open. Opening sooner rather than later - and in a safe manner - is vital to helping thousands of citizens get back to work quickly, and helping restore Delaware's economic confidence.
- **Access the State's Rainy Day Fund** -- Join the the multiple states that have already accessed and appropriated additional and necessary funding to help restaurants. Delaware's rainy day fund can be used to offset the impact of revenue declines and stabilize the state's fiscal health by supporting the state's unemployment insurance fund, as well as supporting the Division of Small Business's efforts to support restaurant grants.
- **Provide Economic Stabilization Grants** -- Shuttered restaurants will soon be Delaware's newest "start-ups" and will require working capital to re-open and re-hire tens of thousands of Delawareans quickly. Restaurants have been disproportionately affected by mandated shut downs and operate on a unique, razor-thin business model. Providing restaurants with restart grants in the amount of 2x the gross receipts tax paid over the previous 12-month period (Feb 2019 - Feb 2020) will allow thousands of restaurants to re-open, support key suppliers, pay deferred debts and bring back workers currently on unemployment more quickly than all other Delaware businesses.
- **Suspend Gross Receipts Tax** -- The mandatory closures of restaurant dining rooms forced operators to fiercely manage cash flows while facing little to no revenue. There should be a moratorium for restaurants paying gross receipts tax through December 31st 2020.
- **Forgive License Fees and Freeze All Non-Essential Regulatory Changes** -- All annual state, county and city license fees need to be forgiven through December 2021 - including alcohol beverage control fees, health permit fees and business license fees. This builds upon the elimination of taxes, fees and regulations proposed in New Castle and Sussex counties.
- **Expand HELP Loans** -- Immediately lift the financial sales volume cap which will allow for any independent restaurant to qualify for direct loans. The Division of Small Business should also re-create a faster and more streamlined system for approving HELP loans while providing quick access to cash. All applications should be retroactive to the date of closure (March 16). These loans were designed to provide a bridge to immediate funds for the hospitality industry, but have stumbled to get money released quickly.
- **Freeze Unemployment Insurance Rates** -- Direct a portion of the rainy day fund and/or federal stimulus dollars to replenish the Unemployment Trust Fund in order to freeze unemployment insurance rates for restaurants through December 2021. Restaurants, as well as their employees, were the victims of state closures not resulting from any factors within the control of restaurant operators.
- **Support State and Federal Efforts as it Relates to Business Continuity Insurance** -- COVID-19 must be included in the triggers that allow restaurant owners to make claims (around business interruption) as dining rooms were shut down due to state directives. The Governor's office should work with Federal officials to add this to future stimulus packages or support insurance companies by encouraging them to approve restaurants COVID-19 claims with the state acting as payment administrators.
- **Defer Insurance Premiums** -- Direct Delaware's Insurance Commissioner to prevent all insurance carriers from cancelling insurance coverage and offer deferral for 90 days on premium payments for general liability, worker's compensation and health insurance policies.
- **Continue Off-Premise Alcohol Sales for Restaurants** -- Restaurants will be slow to regain full dining capacity even when the state of emergency is lifted and should be allowed to continue selling alcohol with food to go.

As Governor, we know you continue to listen to the voices from our industry and hear our stories of the near-impossible challenges we are currently facing. Thank you for your leadership. We look forward to working with you in the weeks ahead as we attempt to salvage this unique and special industry in Delaware. Getting restaurants re-opened, workers re-employed and sales moving again is a critical first step in our state's recovery.

With great respect,



Carrie Leishman
President & CEO
Delaware Restaurant Association/
Delaware Restaurant Association
Educational Foundation



Scott Kammerer
Chairman of the Board
Delaware Restaurant Association

Carl Georigi, Vice Chairman, *Platinum Dining Group*

Gianmarco Martuscelli, Treasurer, *Martuscelli Restaurant Group*

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Betsy LeRoy, *Pizza by Elizabeth's*

Bob Ashby, *Ashby Hospitality Group*

Bobby Pancake, *High 5 Hospitality*

Chris Bisaha, *Henlopen City Oyster House*

Dena Calo, *Saul Ewing LLP*

Dennis Forbes, *Cool Springs*

Eric Sugrue, *Big Fish Restaurant Group*

Hank Rosenberg, *Harrington Raceway & Casino*

Jeff Gosnear, *Grotto Pizza*

Jim O'Donoghue, *Grain Craft Bar + Kitchen*

Les Dukart, *Dukart Management Corp.*

Matt DiSabatino, *Striper Bites*

Michael Stiglitz, *Two Stones Pub*

Michelle Souza, *Southern Glazer's Wine*

Paula Janssen, *Janssen's Market*

Ryan German, *Caffe Gelato*

Dr. Sheryl Kline, *University of Delaware*

Steve Lucey, *Ulysses/Six Pauper's*

Steve Montgomery, *The Starboard*

Steve Torpey, *Stanley's Tavern*

Xavier Teixido, *Harry's Hospitality Group*

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Tom Hannum, *Vice Chairman*, Buckley's Tavern

Javier Acuna, *Treasurer*, Hakuna Hospitality Group

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Paul Ruggiero, *NKS Distributors*

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