Chaotic and Overwhelming

HOW SOME EUGENE RESTAURANTS HAVE MADE IT THROUGH UNEXPECTED CLOSURES, RELIEF LOANS AND LAYOFFS.

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March 16, 2020: the last day that in-house dining was permitted before Gov. Kate Brown's four-week dine-in ban forced eateries across Oregon to either close or switch to exclusively offering take-out. It’s a date that marked the beginning of innumerable changes to the restaurant scene, and many eatery owners who spoke with the Emerald cited this date as when everything changed.

Over one year later, eatery owners agree that this past year can be summed up as "chaotic." From layoffs and temporary closures to navigating Payment Protection Program loans, many of the local eateries that have survived have overhauled their pre-pandemic business models to stay afloat.

The First Closure: Tough decisions and layoffs

One of the first major dilemmas that restaurants confronted was choosing whether to remain open during the initial dine-in ban issued March 16. Those that remained open had to figure out how to move to exclusively offering takeout, which was especially difficult for the larger brick and mortar establishments.

"We found out on a Monday morning that we’d be going into that model on Tuesday, so it wasn’t a lot of time but we went into it," Josh Aldersong, Morning Glory Cafe owner, said.

Hot Mama’s Wings owner Michael Shin, Chi’s Korean Tacos owner, said.

The beloved Pegasus Pizza campus location was forced to close temporarily in December, because 75% of its business was dependent on UO students and staff walking in and dining in large parties, Pegasus Pizza general manager Nat McGowan said. The other smaller locations in Oakway and on Willamette remain open.

"With no school open, it was brutal," McGowan said. "We’d be selling maybe $100 of food a day [from the campus location], and that wouldn’t even keep the lights on."

Screamin’ Jay’s Hot Lunch owner Fiona Gledhill said the impact of the UO shutting down campus and the exodus of students from campus felt like “the rug getting pulled out from underneath,” since the previous fall’s sales were record-breaking for the small red cart.

Some of the restaurants that remained open had to undergo massive layoffs or changes in staffing due to capacity constraints. Morning Glory Cafe had to lay off 17 employees (who have now been rehired), Hot Mama’s laid off 10 and Chi’s laid off two, while other restaurant owners declined to say. "When it first happened last March, I sat down with management and said that I have a lot of young people working for me that live paycheck to paycheck," Michelle Reid, Jazzy Ladies Cafe & Coffeehouse owner, said. "I didn’t know what unemployment benefits were available, and I was concerned about laying off my staff, so we made accommodations."

Seeking Help: Paycheck Protection Program loans

In late March, the Small Business Administration announced the Paycheck Protection Program, a federal program created in response to COVID-19. Starting April 3, small businesses could apply for PPP loans to cover their payroll and other specific expenses.

In juggling staffing and employment statuses, business owners also were in a pinch when trying to apply for the first round of Paycheck Protection Program loans. Due to the specific application requirements, including details about future loan forgiveness, the limited scope of banks able to give the loans and the number of loans available, many restaurants struggled to get the first round of PPP loans.

"I don’t have a financial advisor or a CPA, so I had to sort everything for myself," Holly Muckerman, Bounty Meat and Cheese owner, said. "It was chaotic and overwhelming, especially for tax code, and a lot of it is not meant for the regular person to understand. I had some trouble with getting a bank to process me too, but eventually I found a local bank that could help me with getting the first round and the second round. Without that, I don’t think Bounty would still be open."

Reid initially faced similar challenges in finding a bank to process her PPP loan application. Many banks turned her away due to the sheer volume of people in the same situation before she found a bank online and was able to apply and receive the first two rounds of PPP loans.

Other businesses were not so fortunate or opted not to apply for the loans completely, due to specific requirements detailed in the fine print or other circumstances.

Shin wasn’t qualified to apply for any PPP loans since the qualifications were largely based on profit losses that businesses suffered, he said. A lot of other smaller businesses operating like his with small staffs, like family-run eateries, got hit the hardest because they weren’t able to qualify for PPP loans due to working at ‘lower loss,’ he said.

Aldersong did not apply for PPP loans, but he said the loans could have helped him with his hefty rent.

Four renditions of their takeout model to get to where they are now, including cutting the menu in half plus changing staffing and restaurant layout to "get to a model that was sustainable."

The transition for other restaurants wasn’t difficult solely because of the lack of in-house dining, but because of decreased foot traffic around the city.

Before the pandemic, Chi’s Korean Tacos, which sits in front of the West 10th Avenue bus station, saw a lot of traffic from commuters and office workers who would grab a quick bite. When the offices downtown were shut down, the lack of commuters led to an 80% decrease in customers during the first two months of lockdown, Chi Shin, Chi’s Korean Tacos owner, said.

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loans partially because of skepticism about receiving federal government loan forgiveness, but also because of increased unemployment compensation. He said that after crunching the numbers, he realized it would be in the best interest of his employees to be on unemployment compensation rather than have the PPP loan to cover 75% of their hours.

**Delivery Debacle: Third-party apps**

The next issue that plagued not only Eugene eateries but those across the country was dealing with third-party delivery apps like UberEats, DoorDash, GrubHub and PostMates. “When they deliver for you, they charge a high [service fee] percentage, around 30%,” John Li, Spice N Steam owner, said. “Oregon demanded these apps lower their rates to 15%, but only Eugene eateries but those across the state. I never learned how to cook. I lied for my first job as a line cook and said I had [more] experience. I learned over my shoulder, I was the baby in the house and was always learning over my shoulder.” Chi’s Korean Tacos is located on 10th Ave., in Eugene, Ore., on Mar. 26, 2021. (Madi Mather/Emerald)