

OPINION EXCHANGE

Please give Minnesota restaurants a chance to survive

If Gov. Tim Walz doesn't allow indoor dining soon, many beloved restaurants will close their doors for good.

By the Hospitality Minnesota board of directors | MAY 29, 2020 – 6:19PM

Gov. Tim Walz's announcement May 20 shocked Minnesota restaurant owners. They had done their part to protect the public since shutdown (with devastating economic consequences). Hope had arrived on May 14 when the governor announced a forthcoming plan for reopening.

For this highly regulated industry, all expectations were that the governor would allow in-dining to begin at limited capacity; 39 other states have done so. With over half of these businesses on the precipice of failing, this is the economic lifeline needed for survival.

Instead, on May 20, our members were dismayed to learn of a June 1 "outdoor-only" plan that leaves most behind and isn't enough to stave off collapse of this critical industry.

Dismay turned to confusion and frustration as other establishments opened — shopping malls, big box retailers and religious buildings — and more states allowed in-dining. Minnesota has been left behind as an outlier.

Frustration is reaching a boiling point, as operators contemplate desperate measures. It doesn't need to be this way.

As the Star Tribune Editorial Board wisely asserted on May 22: "If growing backlash to these restrictions undermines social distancing, this is a defeat, not a victory."

We need the governor to move swiftly to reopen in-dining before things unravel beyond control.

We urge Gov. Walz to reconsider indoor dining at restaurants, including those at Minnesota's many resorts and hotels — knowing that our industry is second only to health care for cleanliness protocols — making it one of the world's safest sectors. Our operators have been proactive in planning for social distancing and increased sanitation to safely serve their employees and guests. The hospitality industry has worked in good faith with the governor, DEED commissioner and other administration officials to provide every safeguard possible to protect all parties.

We care deeply about our employees and our guests — that's hospitality.

We respect the gravity and complexity of the crisis the governor is managing. But as operators of "can't work from home" businesses, it's our responsibility to convey the devastating consequences to families, employees and communities unfolding as our businesses remain crippled by COVID-19. Minnesota will be hit hard for months to come.

If half of hospitality businesses fail as projected, 6,000 businesses and 150,000 jobs will be lost. If the government intends to pay unemployment at current levels for these workers, it could pay \$7.5 billion per year. Another \$8 billion in economic activity would be lost.

Then there's sales tax: Our industry generates 18% of the state's sales tax revenue. If cut in half, it would reduce revenue by \$1.1 billion over the biennium.

These numbers should terrify state economists, legislators and local governments.



GLEN STUBBE & #X2022; GLEN.STUBBE@STARTRIBUNE.COM

Restaurants are doing their best to survive on take-out and delivery, but some won't make it. Above, owner Jennifer King watched for

The situation is dire: When businesses shuttered on March 17, revenue dried up (takeout for some yields a small fraction of normal revenue), but bills keep coming. They're due now, and banks, landlords, insurance companies, vendors and tax collectors will not wait. Operators have taken out loans, mortgages, second mortgages and put blood and sweat equity into businesses now standing at the brink of permanent closure and bankruptcy. They're out of money and out of time.

The governor convened a Hospitality Roundtable to chart the reopening. Planning focused on working collaboratively to enhance sanitation practices and promote social distancing. As of May 19, the conversations with DEED Commissioner Steve Grove focused on a 50% indoor dining capacity threshold and the use of masks. There was never any robust discussion about an "outdoor only" model.

When it was announced the following day, the industry's input was largely ignored and our good faith collaboration efforts were minimized. Had we been alerted, we could have explained that "outdoor-only" isn't viable for most: Many don't have outdoor seating options. Few states have pursued this model, and states opening for in-dining haven't seen dramatic spikes as some predicted. Now, we watch as 39 states have moved forward while Minnesota continues to see planned revenue leave for open states.

Governor, trust our operators and the public to keep each other safe. It's not too late to save our industry, maintain cooperation and lessen the long-term impact to Minnesota. But you must act now.

Hospitality Minnesota is a nonprofit trade association serving the restaurant, food service, lodging, resort and campground sectors.
