



New Mexico  
Restaurant  
Association

# The State of the Restaurant Industry



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# Thank You!

## NM State Relief

- Direct Grant Program in December 2020
- Loan Fund
- LEDA Fund
- GRT Holiday - Provided \$51 Million to Over 1,000 Restaurants
- Money to the Tourism Department and Workforce Development

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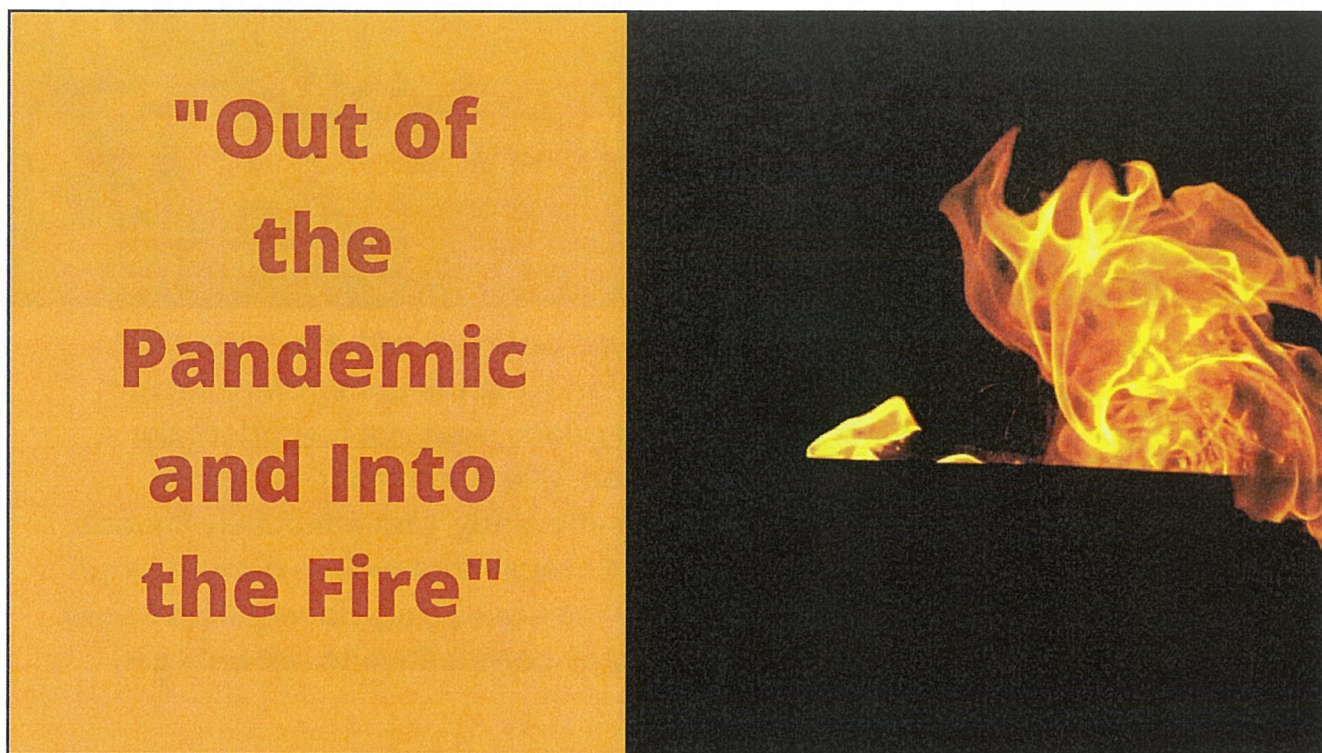
New Mexico Restaurants envisioned a time after the pandemic when they could relax and get back to business as usual.

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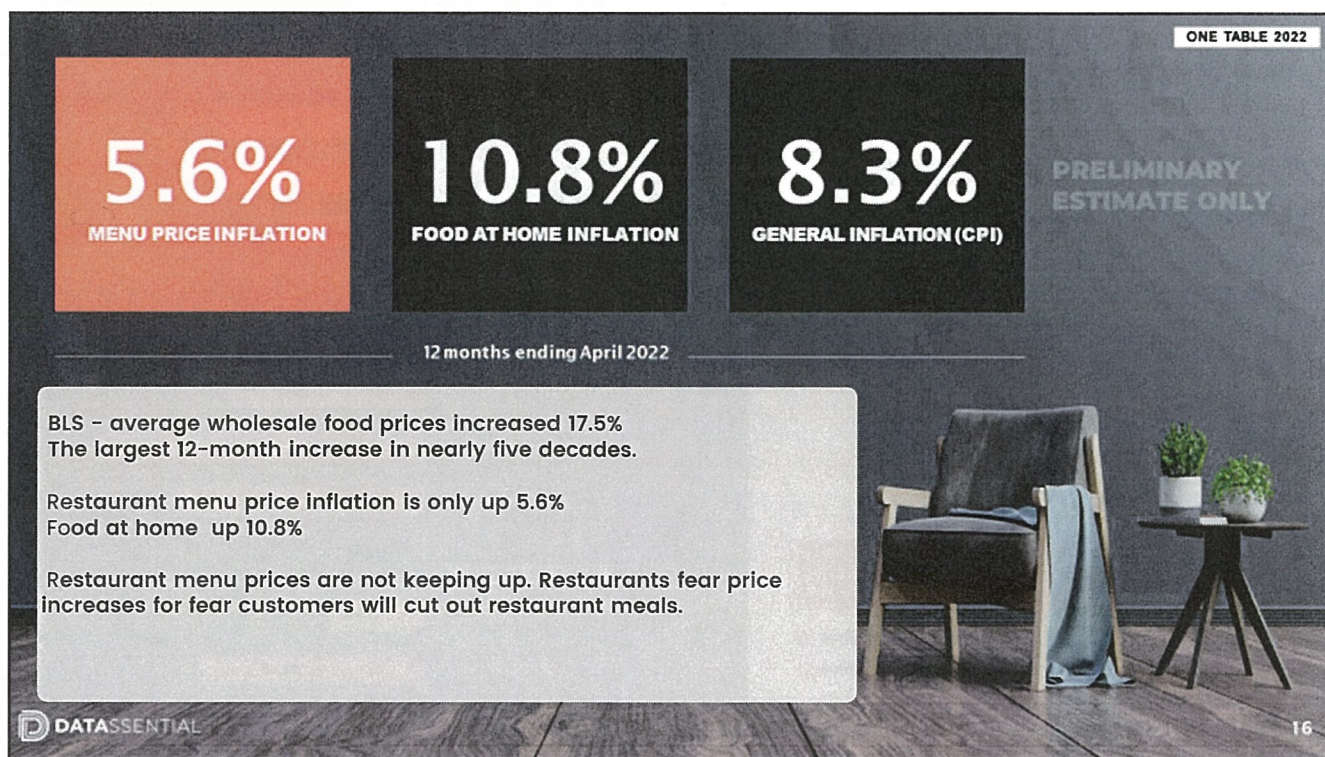


Unfortunately, 2022 is not that year. Restaurants now face the three-headed monster of Inflation Labor Shortages Supply Chain Disruptions and... coming up DEBT Repayment

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# Restaurant Owner in Las Cruces



"It has become increasingly harder to do business with the increased cost of goods, increased cost of labor, and just the uncertainty of what may come next. The increased cost of goods does not just affect our industry as we have seen increases from everyone that provides a service to keep their business running efficiently, and effectively (hoods, carpets, insurance, pest service, etc). Compile that with minimum wage increases, remember that these wage increases truly do require a larger increase in pay to all staff in order to stay competitive to not only get, but retain our workforce"

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## The labor shortage is most acute in the kitchen — two-thirds of outlets don't have enough hourly cooks.

Overall, operators report that a relatively easier time hiring front-of-house staff, with significant differences by channel.

Restaurant segments are collectively more likely than their on-site counterparts to indicate they were fully staffed at positions like server, bartender, or host, as well as FOH team members in support roles like busser or food runner. Leaders at non-restaurant segments are more likely to report full strength in management jobs like GM or executive chef.

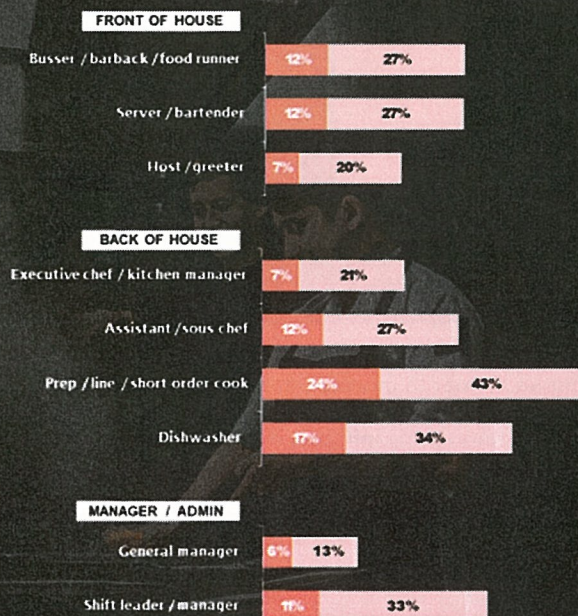
Operators of all stripes broadly agree that the toughest roles to fill right now are hourly positions in the kitchen, from prep cooks and line cooks to dishwashers.

HOW WELL-STAFFED WOULD YOU SAY YOUR BUSINESS IS FOR EACH OF THE FOLLOWING ROLES?

- Significantly Understaffed
- Slightly Understaffed



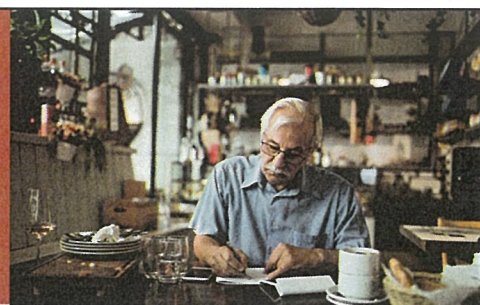
ONE TABLE 2022



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# Restaurant Owner in Albuquerque



"Our restaurant has been burglarized; staffing, inflation, and crime are our biggest issues right now. We've had two staff members overdose on heroin while on the job. We need workforce members who know how to communicate with the public.

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MARKETS | COMMODITIES

## Midwest Drought Adds to Pain in Grain Markets

Annual crop tour shows many U.S. corn and soybean fields are wilting under extreme heat

ENVIRONMENT - CALIFORNIA

## Salsa and spaghetti sauce are under threat as the worst drought in 1,200 years threatens California's tomato crop

• WSJ NEWS EXCLUSIVE | BUSINESS

### There's a Carbon Dioxide Shortage, and Food and Drink Makers are Scrambling

Supply-chain problems send companies searching for gas; 'There's no room for error'

RETAIL - AVOCADO

### The Great Avocado Shortage: War, climate change, and a nightmare supply chain is driving avocado prices to new heights



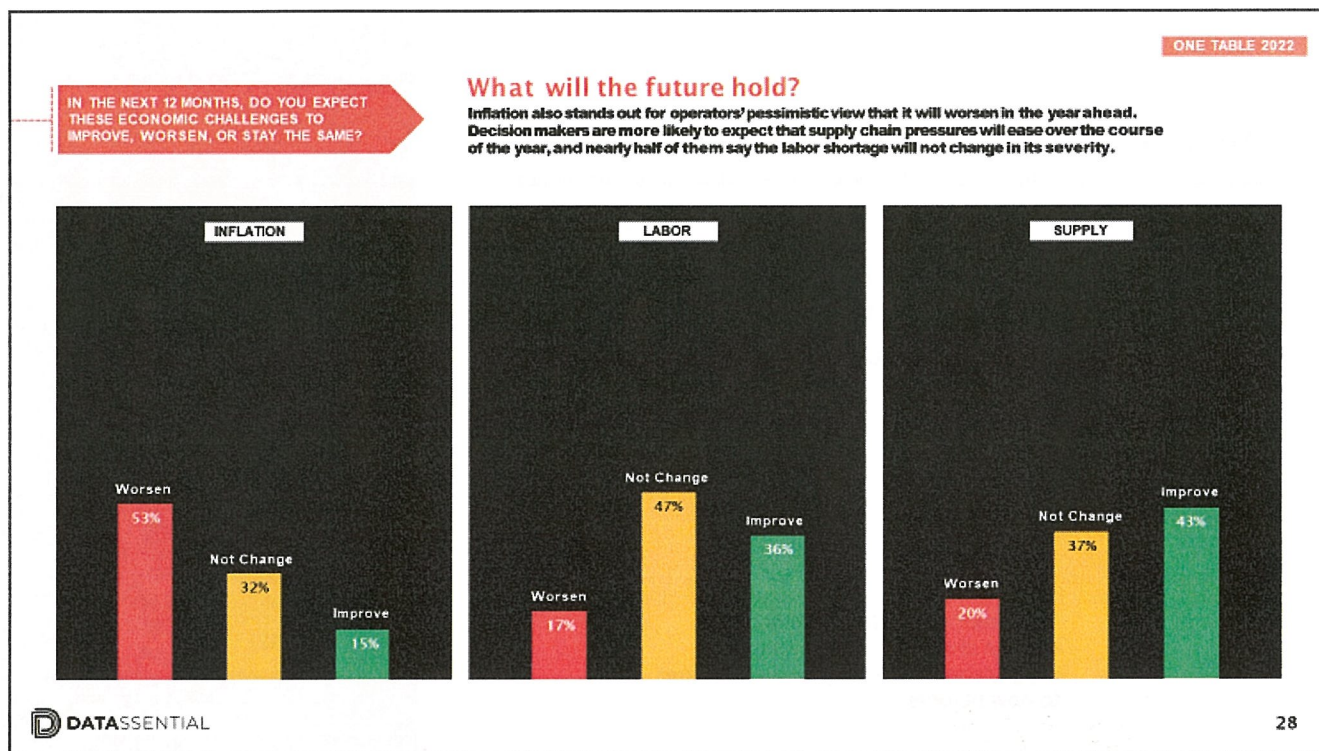
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# Restaurant Owner in Portales

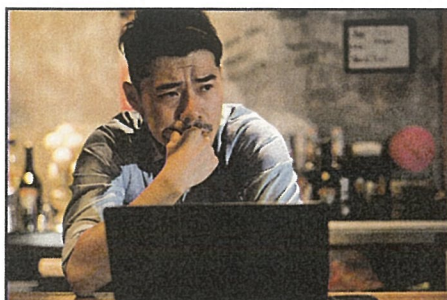


"In the last 2.5 years we have worked hard to mitigate the spread of COVID. We reduced hours and workers on kitchen shifts and we did our part. We did not shutdown a single day and we had zero work related covid illnesses. The price of everything went up in 2020 and it has not stopped. Supply chains have wrecked a lot of our inventory and budget. Inflation/gas has added to our budget and while paper good are dropping in cost, so many other things are jumping even higher."

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## Restaurant Owner in Albuquerque

"My restaurant has lost money since the day the pandemic started. We are located in Uptown, which prohibits drive thrus (which are the restaurants that made \$ during the pandemic.) We had to rely on 3rd party delivery, who charge 25% in fees, more than we make in profit (avg. restaurant is 5% to 10%). My landlord would not work with me on rent reductions. Now, no one is working in Uptown and our night business has dried up. I continue to lose money on a daily basis. The landlord won't work with me. I owe the bank \$300,000 in loans. Lease and loans are personally guaranteed, so if I close my restaurant I lose my house and any savings I may have."

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### Pandemic debt has come due, and operators can't pay

During the first two years of the pandemic, 65% of restaurants took on new loan debt to adjust business models and continue operating. According to the new survey, the loans were a mix of forgivable government loans, government disaster loans, and private-sector loans.

- Paycheck Protection Program (PPP) loans were the most common — taken on by 59% of operators.
- 48% of operators took on an Economic Injury Disaster Loan (EIDL) issued by the U.S. Small Business Administration or lending partner.
- 31% took on a private-sector loan from a bank, credit card or other entity.

"For many operators who received EIDL loans, the deferment period for payment will soon end and it will be an overwhelming challenge for a majority of them to begin repayment right now," said Korsmo. "According to our latest survey, of the operators who have not begun loan repayment, only 23% say they will be able to make principal and interest payments. Another 46% expect to be able to pay the principal, but not 30 months of accrued interest."

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Restaurant Revitalization Fund

## What's the impact of the Senate's failure to pass RRF? The restaurant industry reacts.

From independent operators to hospitality groups, most are disappointed and some are angry that there remains no federal aid to support struggling restaurants.


Published May 24, 2022

**Federal Restaurant Revitalization Fund (RRF) NM Results**

- 1,529 NM Restaurants Applied for RRF**
- 601 NM Restaurants Received RRF**
- 928 NM Restaurants Received Nothing**

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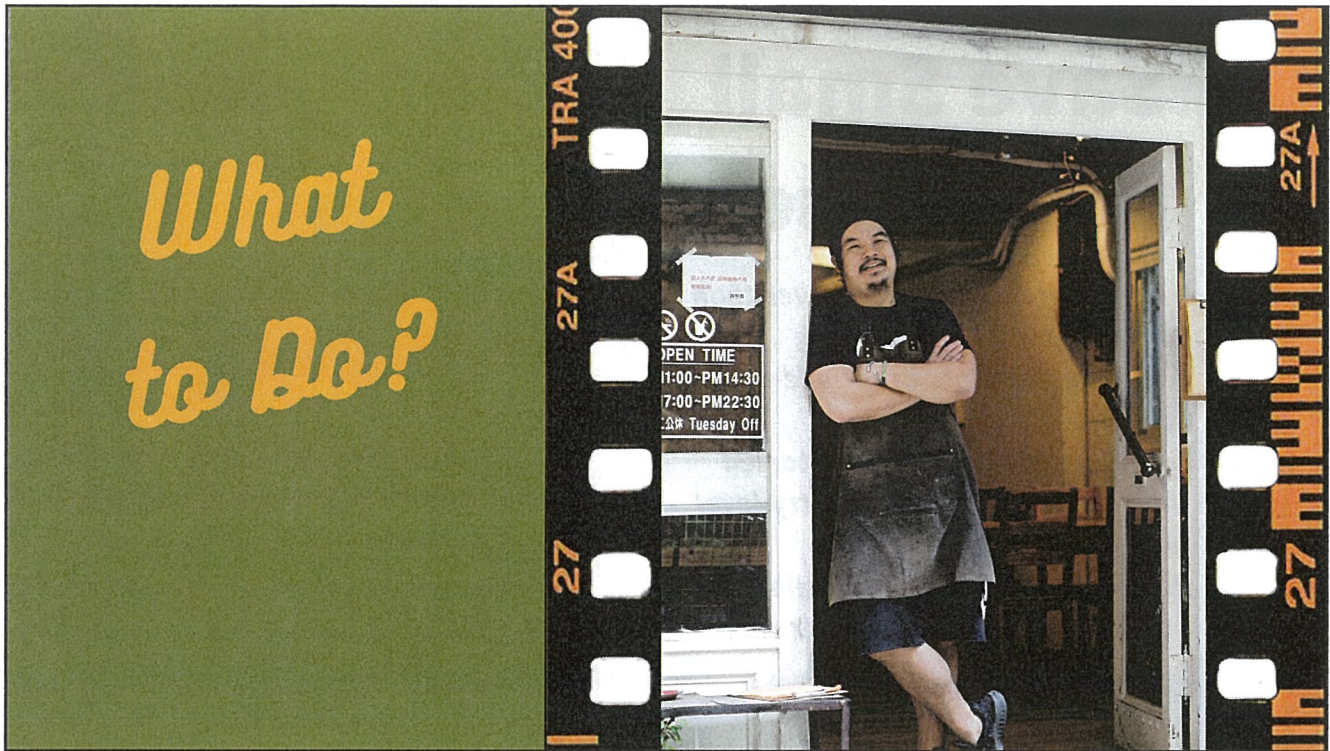
## Restaurant Owner in Santa Fe



"In 2020 we shut down for half a year in order to save the planet. In order to survive we took on \$600,000 in debt because we took on a maximum SBA loan, and mortgaged the property when we didn't get the RRF. Meanwhile the two restaurants down the road got \$400,00 in RRF. How can I compete with that? Its just a miserable place to be. Meanwhile I have employed a great team that have worked for me for 30 years."

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## NM Restaurant Revitalization Fund

We ask that you consider a State Relief Fund

- Priority to NM Restaurants that didn't receive Federal RRF.
- The application for the fund would require that restaurants prove their pandemic losses minus all federal and state relief.
- The state would forgive GRT until the pandemic debt is paid back.

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# Save Small Businesses

- *9 in 10 restaurants have fewer than 50 employees*
- *7 in 10 restaurants are single-unit operations*
- *8 in 10 restaurant owners started their industry careers in entry-level positions*
- *Restaurants employ more minority managers than any other industry*



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## THANK YOU!

### Questions?

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