

Restaurant Action Steps to Consider during the Coronavirus (COVID-19) State of Emergency

General Funding

- Apply for a low-interest federal disaster loan. Economic Injury Disaster Loan. Applicants do not go through a bank to apply. Instead apply directly to SBA's Disaster Assistance Program at: disasterloansba.gov. There is no cost to apply. There is no obligation to take the loan if offered. These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% with long-term repayments up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.
- A concise step by step video of the online registration/application process should be posted within the next couple of days.
- Review your existing insurance policy for *Business Interruption* coverage you may have purchased. The virus may be exempt but a mandated closing by local officials might be covered.
- California maintains two credit enhancement programs to help small business obtain loans from traditional and nontraditional lenders, including the [Small Business Loan Guarantee Program](#) and a [Small Business Loss Reserve Program](#)

Payroll Funding

- For employees you need to keep on staff: visit the [Work Sharing Program](#) through the State of California Employment Development Department (EDD). This program allows employers to seek an alternative to layoffs - retaining their trained employees by reducing their hours and wages that can be partially offset with UI benefits. Workers of employers who are approved to participate in the Work Sharing Program receive the percentage of their weekly Unemployment Insurance benefit amount based on the percentage of hours and wages reduced, not to exceed 60%.

Employee Resources

- For employees who are being laid off: Individuals who are unable to work due to a COVID-19 disruption may file a [Disability Insurance \(DI\) Claim](#) through the State of California Employment Development Department (EDD).
- Employees can also contact the [American Job Center Network](#) for help in finding alternative employment.
- Californians who are unable to work due to caring for an ill or quarantined family member with COVID-19 can file a [Paid Family Leave \(PFL\) Claim](#) through the State of California Employment Development Department (EDD). Paid Family Leave provides up to six weeks of benefit payments to eligible workers who have a full or partial loss of wages because they need time off work to care for COVID-19 family member. Benefits are 60-70% of wages (depending on income) and range from \$50 - \$1,300 a week.

Money Management

For most operators the major expenses are occupancy, cost of goods and labor.

- Monitor your income and expenses on a DAILY basis, manage operating hours and staffing accordingly.
- Contact vendors and negotiate existing balances. (This may require you go on COD or switch to retail resources).

Remember, everyone is in this together. Landlords, vendors and staff will work with you.

- Make a REALISTIC SHORT- TERM plan for each vendor
 - Communicate the plan to your vendor
 - If you cannot meet your payment obligations as planned, communicate again with your vendor and finally
 - Re-assess your plan weekly
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- Negotiate with your landlord to defer or reduce rent
 - Contact the [CDTFA](#) (California Department of Tax & Fee Administration) to request relief of interest or penalties on late filing and/or payments of sales tax.
 - Consider discontinuing any automatic payments you may have set up using your checking account. Make these payments manually as your specific situation dictates. DO NOT make things worse by overdrawing your banking account.
 - Both the Federal & the State tax due dates have been postponed to July 15. Consider postponing the payment of these taxes *with great care.*
 - Consider alternative sales building strategies such as take out and delivery. Aggressively market the programs via social media. As the situation gets worse more people will use resources like these.
 - Research ways to reduce utilities such as consolidating refrigerated inventory, turning off unnecessary equipment, etc. Visit the [Frontier Food Service Energy Technology Center](#) for tips.

When is it time to think about a temporary closure?

- If you have payroll and think you'll be unable to make another pay period
- When you have a daily negative cash flow for more than 2 weeks despite completing the steps outlined.

Remember we're here to help you.

[Contact your local SBDC and register for free one-on-one advice](#)