

## **Script for Sen Scavello's (PA 40) Senate Majority Policy Committee Hearing on the Impact of COVID-19 Business Closures:**

Good morning. My name is Cynthia Smith and I am in-house counsel for Hoss's Steak & Sea House, Inc., a family-owned, Pennsylvania-born restaurant company. We currently operate 30 Hoss's Steak & Sea House restaurants and 4 Marzoni's Brick Oven & Brewing Co. restaurants in Pennsylvania. Hoss's and Marzoni's have been faithfully serving wonderful communities throughout Pennsylvania for over 37 years.

Governor Wolf's restaurant closure orders and mitigation requirements have been devastating to our company and to our industry. We were forced to close down our entire business and furlough all 2,400 employees last March with the Governor's first shutdown mandate; and then again with his subsequent closure orders targeting the hospitality industry. This resulted in more than 15 weeks with no sales revenue whatsoever in calendar year 2020.

Our 2020 sales were down 50% (approx. \$35M in lost sales). We went from employing 2,400 people to now having only 1,500. This is a 37% reduction in our staff. We have had to close 3 locations, permanently eliminating 175 people's jobs. We also had to close our meat processing facility, terminating 40 full-time employees. Among those we've had to let go were many long-term people, including several 30+ year employees.

Thankfully, with the help of federal PPP money, we have been able to reopen and bring some of our staff back to work. However, sales have continued to suffer significantly due to the ongoing restrictions placed disproportionately on the restaurant industry. At the same time, costs of goods have increased, and significant additional costs have been incurred for PPE items, cleaning supplies, signage and plexiglass barriers.

Furthermore, sudden and open-ended closures led to significant food loss and exacerbated operational challenges. While each of these government-imposed closures brought our sales revenue to a screeching halt, there was nothing stopping our many vendors – such as utility companies, lenders, insurers, etc. – from demanding payment on our outstanding bills. In addition, the myriad of ever-changing mitigation requirements has made it nearly impossible to plan for adequate product and staffing levels, or to operate efficiently or profitably. All of these factors have put our staff, and particularly our managers, under a huge amount of stress.

The bottom line is that cash flow is **CRITICAL** in the restaurant business, and for the past 12 months ours has been **NEGATIVE!** That is not a recipe for long-term survival in our business.

Thank you for the opportunity to provide input on this important topic today.