

MASSACHUSETTS RESTAURANT PROMOTION COMMISSION

Minutes from the Tenth Meeting of the Commission
Zoom Conference Video Call

Tuesday, March 16, 2021

1:00 p.m.

Remote Zoom Conference Participation:

<https://us02web.zoom.us/j/84725843889?pwd=UGZveUo5bjBjd251UjZVd1padUdSQ09>

Meeting ID: 847 2584 3889

Passcode: 8pKuVT

Commissioners in

Attendance:

Chairperson Keiko Matsudo Orrall, Executive Director, Massachusetts Office of Travel & Tourism
Senator Julian Cyr, Cape and Islands District
Senator Edward J. Kennedy, First Middlesex District
Representative Paul McMurtry, Eleventh Norfolk District
Pat Lee, Owner and Operator, Horseshoe Grille
Bob Luz, President and CEO, Massachusetts Restaurant Association
Christopher P. Jamison, Co-Founder, COJE
Rebecca Roth Gullo, President, Gallows Group
Kathi Maino Turner, Turner's Seafood Companies
Ted Twinney, Co-Founder and Manager, Start Line Brewing Company

Commissioners not in

Attendance:

Tiffani Faison, Chef and Owner of Sweet Cheeks Q, Tiger Mama, Fool's Errand and Orfano

Other Attendees:

Mark Fuller, Executive Office of Housing and Economic Development
Daniela De Caro-Heavey, Massachusetts Office of Travel & Tourism
Rory O'Hanlon, Executive Office of Housing and Economic Development
Michael Quinlin, Massachusetts Office of Travel & Tourism
Pat Johnson, Senator Cyr's Office
James Ostis, Senator Kennedy's Office
Tyler Cotta, Representative Carol Fiola's Office
Colin Young, State House News Service
Taylor Magnussen, Representative Jones' Office
Steve Clark, Massachusetts Restaurant Association
Rachel Kaprielian

The tenth meeting of the Massachusetts Restaurant Promotion Commission ("the Commission") occurred via Zoom Conference Video Call, pursuant to the suspension of certain provisions to the Massachusetts Open Meeting Law, in response to the State of Emergency declaration by Governor Baker due to the Coronavirus. Notice regarding remote participation was duly given to all meeting participants, including the Commission Board Members and the public.

Chairperson Keiko Matsudo Orrall called the meeting to order at 1:01 P.M, and announced the names of members participating remotely.

Commissioners Orrall, Senator Cyr, Senator Kennedy, Representative McMurtry, Lee, Luz, Jamison, Gullo, Turner and Twinney were present.

Commissioner Faison was not present.

Chairperson Orrall then asked the Commissioners that were present remotely to introduce themselves, and motioned to approve the meeting minutes from February 24, 2021. All Commissioners approved the minutes via roll call vote.

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Chairperson Orrall introduced Mr. Mark Fuller, Undersecretary for Business Growth, Executive Office of Housing and Economic Development. Mr. Fuller provided the group with updates on state and federal programs. Updates included the following:

- Massachusetts has shifted into Phase 3, step 2 and sector protocols can continue to be found on mass.gov/reopening
- MA Growth Capital Corporation (MGCC) has provided \$600 million in business relief grants to over 13,300 businesses, including \$215 million to the restaurant sector specifically
- Paycheck Protection Program (PPP) Legislation on the move in the state Legislature to exempt an amount forgiven pursuant to the PPP from taxation as gross income
- Federal government has released details on the Restaurant Revitalization Fund, which will be administered directly through the SBA. Eligible businesses can receive grants, capped at \$10M per restaurant group at \$5M per location, and use the money for payroll, mortgage and rent costs, food and beverages, maintenance and construction related to Pandemic space adjustments, and utilities; Excludes entities that own or operates more than 20 locations.
- Total funding: \$28.6B, with \$5B set-aside for eligible businesses with revenues of under \$500,000 in 2019; these grants will receive tax-free treatment at the federal level.

Commissioner Jamison asked Mr. Fuller if there would be state assistance available to assist small businesses in navigating these processes with federal agencies.

Commissioner Luz noted that the Massachusetts Restaurant Association is working with the National Restaurant Association to figure out this process, including technical assistance. Mr. Fuller also noted that the state is working with the SBA to get Question and Answer documents figured out for businesses.

Commissioner Twinney asked Mr. Fuller to provide a more robust update on the PPP legislation currently moving through the State Legislature. Sen. Cyr noted that the Senate will be taking up the PPP Legislation soon, and hopes to have a resolution by the end of the month. Rep. McMurtry acknowledged that the bill passed the House and hopes that it will be on the Governor's desk soon.

Chairperson Orrall presented a PowerPoint slide deck on the survey responses from Commissioners of the Restaurant Promotion Commission, based on five comprehensive questions that were asked to Commissioners since the last meeting on February 24. The results of the presentation and ensuing discussions are as follows: Question 1 asked Commissioners "With the state nearly a year into the Pandemic, what are the most significant challenges facing the restaurant industry?" Chairperson Orrall reviewed the five responses to questions first category on Public Health and COVID-19 Safety Protocols. The key takeaways from Commissioners responses included the following:

- Reopening protocols are restrictive
- Vaccine distribution and supply is critical

Discussion on question 1's first category followed, and Commissioner Turner noted that six people eating at a table is restrictive. Commissioner Jamison noted that the number of people at a table moved down from 10 to six, which he noted has made a negative impact on restaurants. Commissioner Gullo asked Mr. Fuller to elaborate on the vaccine timeline for workers in the restaurant industry. Mr. Fuller noted that the feedback given at the last meeting was communicated to the vaccination command center, and that he will continue to bring feedback from this group to the vaccination team.

Chairperson Orrall next reviewed the five responses to question 1's second category on Consumer Demand and Customer Behavior. The key takeaways from Commissioner responses included the following:

- Public promotion and support of the restaurant industry
- Strong, clear messaging to restore consumer confidence

Discussion on the question 1's second category followed, and Commissioner Jamison noted that restaurants need the 30-60 day look ahead on reopening in order to have ability to plan and staff out. Commissioner Luz commented that the Massachusetts Restaurant Association (MRA) continues to work with the Baker-Polito Administration ("Administration") multiple times per week regarding protocol and vaccine distribution.

Commissioner Gullo stated that messaging needs to be clear, and a discussion ensued with Sen. Cyr regarding the coordination of messaging.

Commissioner Turner went on to note that the research conducted last year by The Ripples Group in the Draft Report ("Report") to the Legislature is relevant to this meeting's discussion, and that a big concern is pricing in the restaurant industry.

Commissioner Jamison and Commissioner Luz went on to discuss the narrative of restaurant safety in the general public, and suggested that a marketing campaign be focused on educating the consumer that restaurants are supervised, and have safety protocols.

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Chairperson Orrall next reviewed the responses to question 1's third category on Business Plans & Operating Costs. The key takeaways from Commissioner responses included the following:

- Annual operating costs continue to increase
- Revenues are decimated while COVID-19 related costs (e.g. PPE) added to the costs
- UI Schedule
- Credit card fees and rates

With no further comments from the Commissioners on question 1's third category, Chairperson Orrall next reviewed the five responses to question 1's fourth category on Workforce. Key takeaways from Commissioner responses included the following:

- Labor shortage and COVID-19 relief
- Housing costs in seasonal communities
- Worker compensation
- General workforce is downtowns and town centers that patronize restaurants

Discussion on question 1's fourth category followed, and Commissioner Turner noted the difficulty of maintaining a skilled workforce. Further discussion on restaurant industry recovery measures ensued with Commissioners Turner, Luz, and Jamison.

Chairperson Orrall next reviewed the two responses to question 1's fifth category on Other, and key takeaways from Commissioner responses included the following:

- Tip pooling
- State and local regulations

Discussion on question 1's fifth category followed, and Senator Cyr stated that finding granular policy issues that headway can be made on, such as including tip wage pooling and looking at credit card fees charged to small businesses, are tangible action items for the Legislature.

Commissioner Turner mentioned that the increase in fees charged to small businesses credit cards not when being charged, has increased in the past year, and has cost her small business an upwards of \$40,000 over a six month period. She suggested that credit card fees to be passed onto consumers, as is done in other states.

Question 2 asked Commissioners: "What are near term action items that can address some of those challenges?"

Chairperson Orrall reviewed the five responses to question 2's first category on Public Health & COVID-19 Safety Protocols, and key takeaways from Commissioner responses included the following:

- Continued safe reopening with the vaccine

A group discussion ensued on statewide reopening capacity.

Chairperson Orrall next reviewed the three responses to question 2's second category on Consumer Demand and Confidence, and key takeaways from Commissioner responses included the following:

- Find ways to promote and encourage residents to support local restaurants
- More local discretion

Discussion on question 2's second category followed, and Commissioner Turner suggested marketing dollars be put towards educating consumers to help them understand additional challenges and safety innovations that the restaurant industry is trying to take.

Commissioner Orrall next reviewed the five responses to question 2's third category on Federal and State Government Relief. The key takeaways from Commissioner responses included the following:

- Relief from annual licensing fees
- Relief from taxation on PPP loans forgiven
- Facilitate and support outdoor dining
- Consider allowable tip wage credit program and payroll tax rates
- More support for overdue rents and mortgages

With no further comments from the Commissioners on question 2's third category, Chairperson Orrall next reviewed question 2's fourth category on "Other". The key takeaways from Commissioner responses included the following:

- Tip wage credit program
- Identify ways to reduce and mitigate cost of construction

Discussion on question 2's fourth category followed, and Sen. Cyr asked the group about liquor license reform. A group discussion ensued.

Question 3 asked Commissioners: "As the state moves towards Phase 4, what longer term recommendations should be considered?" Chairperson Orrall reviewed the six responses to question 3's first category on Licensing and Permitting, and key takeaways from Commissioner responses included the following:

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- Continue to accommodate and facilitate outdoor dining
- Streamline licensing and reduce paperwork
- Make to-go drinks and cocktails permanent

Discussion on question 3's first category ensued, and Commissioner Turner mentioned that digitalizing the licensing and permitting process was also something that was included in the Report. Discussion amongst the Commissioners on a streamlined process that would make the paperwork process easier for restaurants in the Commonwealth.

Chairperson Orrall reviewed the two responses to question 3's second category on Access to Capital, and key takeaways from Commissioner responses included the following:

- Continue to make capital and other resources available to restaurants

With no further comments from Commissioners on question 3's second category, Chairperson Orrall next reviewed the five responses to question 3's third category on Legislative Changes at the Federal and State Levels.

Key takeaways from Commissioner responses included the following:

- Reform the liquor licensing process
- Address tip sharing/tip pooling rules
- Make PPP loans, and related grants, exempt from taxation
- Reform relevant visa programs; and explore increasing flexibility for (new) small restaurants

With no further comments from Commissioners on question 3's third category, Chairperson Orrall next reviewed the two responses to question 3's fourth category on Business Models. Key takeaways from Commissioner responses included the following:

- Cap on third party delivery fees
- Evaluate equity in the beer garden vs restaurant dynamic re: licensing
- Employee ownership models including a state office

Discussion on question 3's fourth category followed, and Senator Cyr noted tax incentives and employee ownership.

Chairperson Orrall reviewed the three response to question 3's fifth category on Other, and key takeaways from Commissioner responses included the following:

- Increased tourism promotion and coordination
- Evaluate credit card fees and fraud policies
- More support for restaurants

With no further comments from Commissioners on question 3's fifth category, Chairperson Orrall next reviewed the fourth question and survey responses from Commissioners.

Question 4 asked Commissioners: "Are there new opportunities in the restaurant industry that should be highlighted?" Chairperson Orrall reviewed Commissioner comments on four categories which included outdoor dining, supply chain, food delivery and other. Commissioner Luz and Senator Cyr discussed the opportunity for food donations.

Question 5, the final question, asked Commissioners: "What state support programs were most impactful?" Chairperson Orrall reviewed the four categories which included MGCC Business Relief Grants, Enabling Beer, Wine, And Cocktail Orders to-go, Flexibility with Public Spaces for Outdoor Dining, and Cap on Delivery Fees.

After completing the review of the Commissioner responses to the survey, Chairperson Orrall opened up the discussion for further thoughts from Commissioners at 2:03 PM. The Commissioners engaged in a group discussion that summarized key issues and items.

Chairperson Orrall made a motion to adjourn. All Commissioner voted to adjourn the meeting via roll call vote; meeting adjourned at 2:14 PM.

Handouts for this meeting:

1. Commission Meeting Agenda
2. Minutes from the ninth meeting of the Restaurant Promotion Commission– 2.24.21
3. Restaurant Promotion Commission survey response PowerPoint

Recorded by Daniela De Caro-Heavey, Special Projects Manager, Massachusetts Office of Travel and Tourism, March 16, 2021.