

## **Crime on Main Street – House Committee on Small Business Hearing on January 11, 2024**

Chairman Williams and Ranking Member Velázquez,

On behalf of Elmer's Restaurants and the National Restaurant Association, I thank you for the opportunity to share our perspective on how crime on the rise is impacting Main Street businesses like mine.

In 1960, the Elmer family opened their first breakfast-focused restaurant in Portland, Oregon. Truly a family owned and operated labor of love, Walt, Dorothy, and their three sons poured their hearts into serving the local community. It was an immediate success thanks to their commitment to bringing people together for home-style cooking, using only the finest ingredients.

Today, we continue to honor the values of the Elmer's family and grow as a group of locally owned restaurants. Our thirteen franchisee-operated and thirteen company-operated Elmer's and Egg N' Joe restaurants take pride in our local communities, source Northwest fresh ingredients, and are proud to have the most wonderful, loyal guests across Oregon, Washington, Idaho, California and Arizona.

We are proud to be part of a restaurant industry comprised of nearly 1 million restaurant and foodservice outlets and a workforce of 15 million employees—the nation's second largest employer. About 70% of these restaurants are independently owned. These entrepreneurial operators have weathered recent storms in the pandemic, food price inflation, repayment of loans, rapidly rising labor costs, and now a rise in local crime.

We in the restaurant industry are not experts in crime or law enforcement, but we certainly feel the ripple effects when communities are concerned about safety.

In a survey, 44% of adults said they were “more fearful to be in public because of bad behavior and rising violence,” (“[Supermarkets, Restaurants Hire Security, Limit Hours to Combat Crime](#),” July 17, 2022). When half of our community is concerned about safety, they are not enjoying local restaurants at the same frequency or during extended hours as normal.

Restaurant operators do their best to ensure their patrons and employees feel safe. For example, many operators like me have shortened hours, installed or expanded security systems, and reduced cash on hand. But while we can adopt new practices to lessen risk, the seriousness of crime activity seems like an entirely new game.

The chronic problem of neighborhood crime is frightening customers and devouring our bottom line. A recent [Washington Post investigation](#) found crime plaguing restaurants across the country in major metropolitan areas including Washington, DC, Northern California, and Chicago. But these aren't just big city problems. These sad and scary narratives persist on Main Streets across the country, including mine.

In the last few months at the Elmer's family of restaurants:

- Two men drove a stolen vehicle through the front doors in order to steal an ATM. In addition to the loss of the ATM and enclosed cash, damage was well over \$25,000 and the restaurant was closed for some time in order to repair the entry.
- One of our Portland locations experienced two armed robberies in the space of three weeks.
- Two other locations have had armed robberies.

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- A young guest was unable to produce a valid ID to purchase a beer. When he became abusive to the server, the guest was asked to leave. He returned with a firearm, pointed it at the server, and threatened to kill the server.
- In another instance of no ID for a liquor purchase, the guest came back later with friends and threatened to beat up the manager on duty if he asked the guest to leave again. The guest used numerous racial slurs directed at the employee and forced the employee to physically defend himself. In the good news department, the employee subdued the assailant. Paramedics arrived to administer to the injured party, but police had too many more urgent calls to take the fellow into custody.
- The franchisee-manager of the Eugene location was attacked while asking an aggressive panhandler to leave the front door area and parking lot.
- In order to bypass the alarm system, a thief broke into the adjoining space then broke through the demising wall into the manager's office. Substantial damage was done to the safe and lock box.
- In Tacoma, guests and employees have had over 15 vehicle break-ins while dining or working, including the theft of the general manager's vehicle.
- In spring of 2021, the crime and homeless issues in the neighborhood around our north Portland location became so untenable that both guests and team members were no longer willing to come to the restaurant. This restaurant, which had been one of the top sales and EBITDA locations in 2018, was closed in April of 2021.

Let me be clear – these criminal acts are not the fault of the police departments, sheriff departments, or public safety bureaus. They are doing their best with the resources they have.

For restaurants, the costs of dealing with an increase in crime is significant. Our team members and guests must feel safe when they come to work or dine. Let's look at an example, the Elmer's in Tacoma, Washington. Here is a restaurant that used to be one of our most profitable. However, because of burgeoning crime, we have had to hire private security patrols in order to maintain a safe environment. With security measures now costing \$80,000 per year, this eats up 40% of the restaurant's profit before overhead and taxes and, excluding rent, represents the third largest cost after labor cost and food cost. Keeping the restaurant safe has even surpassed credit card fees as a significant cost item.

In many cases, crime losses are not covered by insurance. Property and casualty rates have climbed to the point that we have had to increase deductibles to keep premiums affordable. With a \$10,000-\$25,000 deductible, many incidents simply go unreported. Imagine what a \$15,000 unrecoverable loss does to the bottom line of a restaurant operator who struggles to make a 5% profit.

We have consulted with police in two of the jurisdictions in which we operate our restaurants. While helpful and supportive, even they admit that to make the restaurants completely secure would turn the building into a fortress.

I started in the restaurant business at age 15 as a bus boy in a mom-and-pop Italian restaurant on the Hill in St. Louis. I have spent my entire life since in the business of serving others. I think it is a great life. I am neither a criminologist nor a sociologist. I am a pancake salesman that is looking for help to keep our guests and team members safe. We do everything that we can: security systems, private patrols, training, altering hours of operations, counseling for team members that have been crime victims, and constant vigilance. We cannot do it alone. We need help in reducing crime.

Restaurants build their community. They are a place where people gather to celebrate, to have their first date, to enjoy time with family, free from the weight of the outside world. Restaurants are most often at

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the heart of every good time with friends and family. It is where you go to eat, drink, and be merry. Small business owners, the core of the restaurant business, the core of my company, are the entrepreneurs that have their entire net worth, in fact, their entire lives, invested in that building, that block, and that community. Because the guests want to come there, these restaurants provide good jobs, both entry level and professional, for the community.

Crime undermines all of this. Even if the dollar loss is slight, the cost to repair the doors and windows is significant. And what is the cost to an employee to have a gun pointed at them, praying that they survive the next few minutes.

After every crime, when the owner is done picking up the pieces, they ask themselves, “Is this worth it?”

When they start answering no, the lights go out, the community gets colder and darker, and the neighborhood becomes less like a place where you want to live.