

LIFE

Who's to blame for staff shortages at Reno restaurants? Here's why restaurants are still understaffed





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In early June, a popular Reno deli posted a sign telling customers that it had a problem. And someone to blame.

Printed on paper lined with red stripes and white stars, Deli Towne USA said that "government handouts" had caused a staffing shortage and led to increased wait times for customers:

"Sadly, due to Government handouts it's hard to find anyone who wants to work anymore. Therefore, we are short staffed. Please be patient with the staff that did choose to come to work today," the sign said.

The message was posted in a Reno Reddit channel where it struck a nerve, sparking hundreds of angry comments, with many Redditors vowing never again to eat at Deli Towne, a small shop inside a Chevron gas station on Lakeside Drive that was crowned "Best Sandwich in Nevada" by

People Magazine and won several "Best of Reno" awards from RGJ readers.

Further fuel for the outrage came when one user revealed that Deli Towne's owner, Lakeside Crossing Partners Ltd., had received a \$226,457 loan in April 2020 from the federal government as part of the Paycheck Protection Program. Although the loan was used to retain 30 jobs, and was forgiven in June 2021, Redditors saw it as a hypocrisy.

"Super glad they posted this sign to let us know who they are," one Redditor said. "I would have hated to keep spending money there not knowing the level of disdain they feel towards hourly service workers."

But it wasn't just Deli Towne. In July, iterations of the sign appeared at Bighorn Tavern, a bar and grill, and Louis' Basque Corner. Then it popped up outside one of the Sonic Drive-Ins owned by Taylor Cain, the 27-year-old fast food magnate behind all Sonic Drive-Ins in Northern Nevada. All three restaurants found themselves roasted over a Reddit flame.

Like the mark of the plague, such signs have appeared in restaurant windows across Reno as businesses big and small struggle to fill positions and comprehend the workforce revolt that has taken the

industry by storm. In many cases, local social media commentators have pointed to the signs as a testimony of deeply entrenched socio-economic flaws within the food-service business: an inescapable cycle of low wages and grueling hours.

Fingers point in all directions, but the question remains: What is the future of Reno's restaurant industry?

Where did the workers go?

LeAnn Berriesford, general manager of Deli Towne USA, said that the sign was never meant to offend. She confirmed to the RGJ that a manager had posted it because of frustration at being short-staffed and unable to recruit new employees.

"We cannot get anybody to apply, or if they do apply, to follow through with an interview," Berriesford said. "Or if they do interview and get hired, to show up for their first day of work. So the entire reasoning behind the sign was in an effort to let customers know that we cannot get any help."

That message resonates with restaurant executives, who are trying to chart the future of the industry. Erik Freeman, CEO of Jimboy's Tacos North America, cited a disproportion in consumer

demand and job applications when asked why so many positions remain vacant. Restaurants haven't been able to scale up to meet the increased consumer demand in the wake of the COVID-19 pandemic.

Jimboy's Tacos, a mid-size West Coast chain started in 1954, is seeking to fill some 400 jobs across its franchises. Freeman acknowledged that unemployment benefits have contributed to the dip in job applications but said they were not the only, or most significant, factor.

"We're all kind of absorbing where it's coming from," Freeman said. "Maybe it's an uneasiness in getting back into the workplace."

In Jimboy's case, Freeman realizes that the company can't always offer the same compensation packages as other employers. He believes that employer-employee relationships will become an increasingly important factor sought by food service industry job applicants.

"For any small business, that's going to be a real change in the landscape," he said. "Employees may start to look more at that rather than a straight transactional relationship with their employer."

Brian Bonnenfant, project manager at the Center for Regional Studies at the University of Nevada, Reno, says that the jury is still out on whether unemployment assistance is causing workers to stay home.

"Researchers have yet to provide empirical evidence that 'government handouts' are affecting labor. However, the analysis of the correlation takes time, and empirical evidence usually takes years of survey data and thousands of households to participate in such a study," Bonnenfant said.

He suggested that the staffing shortages are a manifestation of capitalism.

"Like it or not, our economy is governed by a capitalistic system. When government programs and assistance artificially impact capitalism, our economy will react differently and unexpectedly," Bonnenfant said.

"For most, working is not a choice but a matter of survival. If you can survive by not working, imagine how many people would jump on this opportunity, especially if you are a low-skilled worker employed in an uninteresting job."

More dollars than sense

Many food-service industry employers are trying to sweeten the deal for prospective employees, adding signing bonuses and other perks to entice applicants. Minimum wages have gone up, too.

On July 1, Nevada's minimum wage increased by 75 cents. The state has a two-tier minimum wage system based on qualifying health benefits that are offered to employees. Through June 30, 2022, the minimum wage is \$8.75 per hour if the employee is offered health benefits, and \$9.75 per hour if the employee is not. Assembly Bill 456, which was passed by the 2019 Nevada Legislature, raises the minimum wage in increments of 75 cents annually through 2024.

However, that minimum wage falls far short of what Washoe County adults need to survive. A calculator offered by MIT shows that \$13.57 per hour is the living wage for a single Washoe County adult with no children. Unsurprisingly, that baseline wage increases exponentially for adults with children. With just one child, a single adult in Washoe County needs to make \$28.95 an hour for a living wage. For two working adults with one child, each needs to make about \$16. MIT defines a living wage as the minimum income standard that "draws a very fine

line between the financial independence of the working poor and the need to seek out public assistance or suffer consistent and severe housing and food insecurity."

A quick perusal of local restaurant job listings show that most positions pay somewhere within the low-end of the living wage for single adults, or between \$10 and \$15 per hour, without tips. The annual salary for such jobs in Washoe County, according to MIT, is \$24,615.

While staffing shortages have beset the food service industry nationwide, there are several reasons why Washoe County is particularly in trouble.

Heinz Kirkpatrick is an extreme yet relevant example of why. A longtime cook and former Navy serviceman, Kirkpatrick hiked 1,000 miles of Pacific Crest Trail, finding himself in South Lake Tahoe and looking for a seasonal restaurant job. He says the unemployment claim he filed last year still hasn't been processed. Living out of a motel in Tahoe, Kirkpatrick says housing is the main obstacle to those in the food service industry.

"When workers are struggling to pay all their bills...they're likely to change jobs more often, even for 50 cents or more favorable working conditions."

While Kikpatrick's situation may be unusual, housing costs do burden many in the restaurant industry.

Over the last three years, rent prices in Reno have converged with the national average, RentCafe.com says, with the average monthly cost of a one-bedroom apartment hovering around \$1,400. Nevada itself has seen the second-largest change in rental costs year over year, with a nearly 35-percent change, according to an analysis by Apartment Guide. Las Vegas leads the list of cities that have seen the biggest increase in one-bedroom apartments (42 percent), while Reno is near the bottom of the list with a 20-percent change year over year.

Considering those expenses, the math just doesn't work in favor of a restaurant job.

Bonnenfant pointed out that restaurant jobs and other low-wage work, excluding management, historically have not been considered as careers.

"Maybe we need to first ask ourselves if our demographics are now at that point where low-wage restaurant jobs are now careers for some people and how did we (they) get there."

Should I stay or should I go?

Madison Roja recently left her job at a health food restaurant in south Reno. She says her employer demanded too much and gave too little in return.

"They tell you to eat before you come because you will take 10,000 steps each shift," Roja told the RGJ. "I was doing that, but with having hypoglycemia and not being allowed to eat for 6 hours, it was a serious problem.

"I was going home so exhausted and not able to do anything after work, and still tired the next day."

Roja said she was given the most minimal of break times: two five-minute breaks instead of a single ten minutes.

"The district manager told me if I needed to take breaks that the restaurant industry probably was not for me," Roja said. "Additionally, they do not allow you to collect tips until you complete an online training, which takes several hours and is a lot of reading and taking quizzes, and this online training is unpaid."

Brian Donalson, a bartender with over 20 years experience, admits that bartenders generally fare better than others in the service industry because of loose-handed tippers. But he says even at his current job, at the Atlantis, staffing issues still hinder the general speed of service and strain an already over-stretched operation.

He said that the people he knew staying on unemployment instead of a job were in positions that didn't get the kind of tips that bartenders do. He related an anecdote of a friend who had opted out of a good paying restaurant job, with tips, for unemployment. Donalson said he told his friend he was "looking a gift horse in the mouth."

Still, Donalson understands that some people simply want to enjoy the unemployment benefits as long as the can, given the difficult year that passed.

"It's summer time. People may just want to party," he said.

Molly Keith has worked every restaurant job there is during her 27-year career in the industry. She even owned her own restaurant in Los Angeles, a Chipotle-style place that folded last year during the worst of the coronavirus pandemic. She worked at the Reno artisan pizza place Food + Drink, which

shuttered last month. Now, she's done with restaurants.

Keith isn't optimistic about the future of restaurants, but her take makes brutal sense within context.

"The restaurant industry is unsustainable, philosophically," she said. "At some point, someone is going to get exploited."

Keith noted that profit margins are so slim that owners simply can't afford to pay their workers enough and cover the costs of food and overhead. "People have no idea how much labor it takes to run a restaurant. It takes an army of people."

She dismisses the commonly suggested notion that restaurants could just raise the cost of food and pay their workers more.

"I'd have to double or triple the price of food to pay people a living wage," she said of her own restaurant. Keith said that while people might pay more for one meal, they wouldn't be able to do so every time they visited a restaurant -- which, in the present day, is often.

"People these days are expecting to go out to eat five times a week. Fifty years ago, it was a special occasion, once a month. That has completely changed the industry. There are just too many restaurants."

Squeezin' out some sympathy

Kay and Shila Morris, co-owners of the breakfast and brunch restaurant chain Squeeze In, never thought things would go like this: surviving pandemic-related lockdowns only to find themselves squeezed.

The Morris family cashed in their life savings and retirement accounts to buy the restaurant in 2003, a longtime dream of the family that would often drive to the original Squeeze In in downtown Truckee. In the 1970s, Squeeze In was just a small kitchen with a few dozen seats; loyal patrons would "squeeze in" to enjoy omelettes and other breakfast foods. The Morris family built Squeeze In into a small chain with 11 locations with loyal customers and staff.

But in a long Facebook post in early July, the Morris sisters announced that Squeeze In was "at a breaking point."

"We simply cannot keep our kitchen teams staffed, and as a result, we are on the verge of operational collapse," the Morrises said, adding that they were closing all of their restaurants on the Fourth of July and making several other changes to cope with the situation. That included a pause in all takeaway orders, the removal of specials and coupons, and a halt on some "labor intensive menu items."

The Morrises said the announcement made them "feel sick." They said that Squeeze In had given raises to everyone from the "dishwasher to our HR administrator," with most kitchen staff receiving "significant, sizable increases."

It hasn't been enough.

"New hires quit after three days, longtime loyal cooks are getting stolen from underneath us, one out of every 10 candidates shows up to their interview," the Morrises said. "We made 100 phone calls to Truckee applicants yesterday and had one candidate schedule an interview. Those that are staying with us are working 6-7 days with half the team they need and it's burning them out."

Squeeze In's emotional plea to customers failed to win over some on social media. Shila Morris told the

RGJ that Squeeze In was still "getting torn to shreds," despite the lack of politicization in the restaurant's message.

"They want to see the narrative that appeals to their bias," Morris said, noting that Squeeze In has offered health insurance to its workers since 2009 and has consistently had a lower turnover rate than the restaurant industry as a whole.

Still, Squeeze In did not suffer quite the same social media fate as Deli Towne, Sonic, and Bighorn.

Morris said that the Facebook post ignited support from Squeeze In customers. Even former employees offered to take up a few shifts to ease the burden on the kitchen staff.

"After we bared our hearts, we received hundreds of applications," Morris said, though she admits that only a few of those will show up for an interview.

Morris believes the secret sauce behind the complex relationship between employees, employers and customers is "telling the truth, being optimistic and showing vulnerability."

And leaving politics out of one's appeal for sympathy.

“Because Business 101, you don’t talk politics,” Morris said. “Your customers are going to be split 50-50. Your goal is to love all of them.”

Evan Haddad works hard to bring you timely, relevant and compelling reporting on food, drink, and city life in Reno. Consider supporting his work by subscribing to RGJ for news about Northern Nevada that you won't find anywhere else.