

Dear Neighbors,

In March, small-business owners were told that they needed to figure out how to survive for a few months, until things returned to normal. Six months later, normalcy is still a distant goal.

Recently, Harvard Business School published an article suggesting different ways that the government could help small-business owners, and ways that they could help themselves stay afloat during the various phases of COVID.

The tips for entrepreneurs include shifting focus to social media and email, scrutinizing every cost, and concentrating on the best profit opportunities. You can read the entire article <u>here</u>.

In this week's small-business features, Michelle Luna, namesake of Carmel Valley's Luna Del Mar hair salon, explains why she still keeps a hair station in her parking lot even though barbers are once again allowed to operate at full capacity indoors.

But first, we chat with Dave Heine, co-owner with his wife of two La Jolla culinary institutions, about how COVID-19 has disrupted his operations at both Beaumont's and Brockton Villa.

Barbara Bry

Council President Pro Tem

If you own a D1 small business and have a pandemic story you would like to share with the community, please e-mail BarbaraBry@sandiego.gov.

Dave Heine's Beaumont's and Brockton Villa Update

Name: Beaumont's Location: 5662 La Jolla Blvd., Bird Rock Phone: (858) 459-0474 Website: beaumontseatery.com Hours: 4-10 p.m. Monday through Friday, 10 a.m.-10 p.m. Saturday and Sunday Co-owners: David and Megan Heine

Name: Brockton Villa Location: 1235 Coast Blvd., La Jolla Phone: (858) 454-7393 Website: www.brocktonvilla.com Hours: 9 a.m.- 4 p.m. daily Co-owners: David and Megan Heine



David and Megan Heine pose in the outdoor café they created in front of their Bird Rock restaurant, Beaumont's.

Though the pandemic shutdown devastated business at Beaumont's and Brockton Villa, with hard work, creativity and some government support, it has now almost bounced back completely — at least for one of the two popular La Jolla restaurants owned by David Heine and his wife, Megan.

"The way restaurants typically work, is you spend a significant amount to build and open them, and maintain ongoing cashflow by staying open and selling product every day, that daily cash pays your bills for things that were delivered two weeks ago," explained David, who runs both restaurants. "You always operate a little bit in arrears."

When neither restaurant produced a dollar for two weeks following the March 16 shutdown, this forced the Heines to furlough 102 of their 112 staff members.

"Luckily, we had reserves and a 30-year relationship with most vendors to meet our obligations, which allowed us to start ordering food and beverages again when we reopened," David said. "A lot of other restaurants had to pay all their bills in full before that could happen, and that hindered many re-openings."

At Brockton Villa, which the Heines opened in 1991 inside one of La Jolla's historic beach cottages, the revenue bleed continued for another 45 days. (Crowds were gathering at La Jolla Cove without observing proper COVID-19 safeguards, so the city closed Coast Boulevard.)

"The impact on both restaurants was huge," David said, "an extraordinary financial hardship."

Loans from the Small Business Association's Economic Injury Disaster Loan and Paycheck Protection Program (PPP), revenue from to-go menus and a small discount on unpaid back rent from the Beaumont's landlord combined to help both operations, David said.

But nothing helped like the permit-free outdoor seating allowed by the City in July, when the county re-imposed its indoor dining ban for the duration of the summer. In fact, David estimated that Beaumont's revenue has now bounced back to "about normal" for this time of year, allowing him to rehire 31 of the company's furloughed employees.

"I attribute 70 percent of that revenue to our outdoor seating," David said. "That has made this such a desirable place to dine — not just because it's safer but because it has a European feel. People are eating here now on Saturday and Sunday afternoons, when the restaurant is normally very quiet."

Brockton Villa is another story. Its revenue is off 60 percent from where it should be this time of year, and its property owner has not offered a break on rent.

"It's been very stressful down there with fewer tourists, expenses to build out additional outdoor space and our normal expenses," David said.

Nevertheless, David said, he will continue to support Brockton Villa via the success he's having at Beaumont's.

"We're going to survive," he said, "and we're going to be continuously optimistic."

"Air" Cuts Still Given at Luna Del Mar

Name: Luna Del Mar Location: 2334 Carmel Valley Road, Unit C, Carmel Valley Hours: 9 a.m.-5 p.m. Tuesday to Saturday Website: www.lunadelmarsalon.com Phone: (858) 794-2669 Co-owners: Michelle and David Luna

Michelle Luna grew up in the Bay Area and was obsessed with hair.

"I practiced on my dolls and my sister's Farrah Fawcett feathers that I ruined," she recalled.

At 18 years old, she moved to San Diego to attend cosmetology school in Oceanside, then apprenticed under master stylist Manfred Herf at Vivace European Coiffure in Del Mar.

In 1999, Michelle opened her only salon where it remains today — across Carmel Valley Road from the Los Penasquitos Lagoon. She couldn't think of a name, so one of her clients did, by pairing her surname with the city that begins about 10 blocks to the west.

Though the county allowed salons to reopen indoor service at full-capacity on August 31, Michelle still keeps a station in the parking lot of Luna Del Mar for clients who are not yet comfortable indoors.

Revenue is back up to pre-COVID levels at Luna Del Mar, which is good news. But that can't make up for the 11 weeks the salon had to close and still pay full rent.

"We have two employees we had to lay off," said Michelle, who co-owns the salon with her husband, David. "And one of our stylists retired because it was just too much for her."

Though Michelle and David paid their rent in full — the landlord would not offer a discount — they refused to charge rent to their nine stylists. (They work as independent contractors, renting their workspaces from the salon.)

"How could I have charged them?" Michelle asked. "That was so horrible for them."

Michelle and David received a Paycheck Protection Program loan to cushion their shortfall, but

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"The program is not fair to sole proprietors," he said. "It's based on paychecks, but Michelle and I don't generate a paycheck. Our paycheck is the black between the income and the expenses."

In spite of the shortfall, Michelle and her stylists will continue to do what they do best. "We're not fighting fires or saving lives, but people need this," Michelle explained. "It makes them feel normal to look in the mirror and see someone they recognize."



Luna Del Mar owner Michelle Luna (second from left) poses with some of her salon's stylists at their outdoor station: Samantha Luna (her daughter), Lance Emon, Molly Bonse, Jennifer Bailey and Laura Pruden.