

With or without loans, businesses fight to stay afloat

'I'm optimistic that we'll become more resilient and find ways to make it all work'

BY SARA SCHONHARDT

For Foothills Forum

Shortly after Carl and Donna Henrickson opened Little Washington Winery in November 2011 they started hosting wine boot camps to lure customers. The response was so overwhelming they were hosting two classes a day on the weekends for 25 people each, with a months-long waiting list.

The two-hour crash course on winemaking, food pairings and more, became a mainstay of their business. Now, it's the only thing aside from their wine club producing revenue.

The couple's other lines of business — the winery's tasting room, their Wine Loves Chocolate shop in Little Washington and the Skyline Vineyard Inn — have all been shuttered under state orders to control the spread of COVID-19.

Even the boot camp is a shadow of its former self. Classes happen on GoToMeeting, a video con-

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ferencing platform that allows participants to interact but deprives them of the mountain air and bonds formed in person. Instead of 100 people on a weekend, they're averaging about 15 registrations.

"Economically, it represents a 75 percent drop in our revenue," said Henrickson, who notes he's in survival mode. "Everything we're trying to do is hold expenses down because of the unknown."

It's a story playing out across Rappahannock, a county that increasingly relies on tourism built around small businesses that are bearing the brunt of coronavirus closures.

Many of those businesses are eligible for loans under the federal Paycheck Protection Program, an emergency small business fund. Loans carry a one percent interest rate and may not need to be repaid if businesses use the majority to cover payroll costs.

An initial \$349 billion put toward that program ran out in less than two weeks, but President Trump signed legislation April 24 authorizing another \$310 billion to replenish the fund. The Small Business Administration (SBA), responsible for guaranteeing funding, began accepting PPP applications again Monday — albeit with some computer system crashes.

Analysts say the program, which pays banks a fee for originating the loans, still has flaws.

The average loan size according to the SBA, was \$206,000, but many Rappahannock businesses have fewer than 10 employees and need far less.

They're also worry that the incentives are skewed. The program offers loan forgiveness to business owners who retain or rehire the workforce they had as of late February and then spend 75 percent on payroll within eight weeks of receiving it. Another 25 percent can be put toward rent, mortgage or utility payments.

But some local business owners don't know whether they'll be able to reopen within that time frame — Virginia Gov. Ralph Northam's stay at home order restricting business operations won't expire until June 10. Even when they do reopen, it's unlikely that operations will immediately return to normal. So some owners argue that the money could be better used for business improvements or paying vendors.



BY LUKE CHRISTOPHER FOR FOOTHILLS FORUM

"We're out here putting together a nice business, hiring people, putting money back into the economy out here and bam, gone," said Carl Henrickson, who owns Little Washington Winery, the Wine Loves Chocolate shop in Little Washington and the Skyline Vineyard Inn.

COMPETING WITH UNEMPLOYMENT

A challenge with rehiring, say businesses, is that for a lot of workers unemployment benefits enhanced under the government's relief package may prove more beneficial than going back to a job with little to do and the potential to be furloughed again when the PPP money runs out.

"With the PPP, there's no way I could get thirty people back to work by the end of June unless I wanted them to paint walls or something, and they're not going to come back to paint walls," said Debbie Donehey, owner and manager of Griffin Tavern. "If they can stay home and collect unemployment until their real job is available, I think that's what a lot of people will end up doing."

As of April 18, Rappahannock had 240 unemployment insurance claims, according to the latest data from the Virginia Employment Commission.

Donehey went from 31 employees in mid-March to just 10 working reduced hours. She chose not to apply for the PPP knowing there wouldn't be enough work to rehire everyone and not wanting to be saddled with debt — even at a very low interest rate — since she feared she wouldn't qualify for forgiveness.

Instead, she decided to seek an employee retention tax credit, a provision under the federal government's relief law that provides a refundable credit to employers for up to \$5,000 per employee they retain.

Businesses that prove they need the money to keep operating can qualify to receive an advance payment on their credit. They also can continue to seek credit for staff they rehire through the end of the year. Donehey calculated that with her 31 employees she'll get the same amount she could have received through the PPP but in the form of a credit rather than a loan.

FORCED TO MAKE SACRIFICES

For Colleen O'Bryant, owner of Wild Roots Apothecary, the replenishment of the PPP fund couldn't come soon enough.

As businesses began shutting during the first weeks of the pandemic, she and her staff were scrambling to meet demand from customers seeking more holistic, alternative health remedies. It wasn't the same as having her Sperryville shop open to handle hikers and other tourists passing through the county, but the marketing around immunity kits and other special remedies was her way of pivoting.

It also occupied all of her time in those early days, preventing her from gathering the documents she needed to submit her PPP application.

She was ready when the second round opened Monday. But she now finds herself having to line up for funding behind businesses that got their applications in much earlier.

She's also looking for other, more

targeted funding opportunities, such as those that support women-owned businesses or small businesses with a modest revenue stream. (See sidebar: *Community-supported grant launches to aid local businesses, page 12*)

O'Bryant's business is tiny. She has three part-time seasonal employees and earns most of her income from in-person classes and consulting — running back-end operations almost entirely herself. She admits that finances have never been her strong suit so it's been a challenge to assemble the paperwork and understand the loan terms in order to know whether she would even be eligible.

In the absence of a loan, she has looked for ways to cut costs without having to get rid of staff, who have transitioned to online customer service, and packing and shipping of orders. She's also invested in more marketing, using a \$2,000 rapid response small business aversion grant she received from Virginia Career Works to help with website development.

Yet her biggest challenge, she said, has been maintaining a positive, can-do spirit, when she isn't sure it will all work out. It's also made her question whether her business is really viable without walk-up traffic if the downturn extends long-term.

"It feels like a lot of waving your hands and [saying] 'we're still here, we're still here.' We spent all of this money and energy and effort to get everything online, and will people actually buy it?"

Going into 2020, O'Bryant said she was excited about plans to expand her gardening operations and build new partnerships, particularly after a financially difficult 2019.

"I'm optimistic that we'll become more resilient and find ways to make it all work," she said, "but not without the sacrifices of the business owners themselves to try to keep employees and staff and make a viable living."

SOME BREATHING ROOM

Businesses that have been awarded PPP money like Off the Grid in Sperryville hope the funding buys a little time to re-envision what they're doing and find new ways to draw traffic. Owner Sarah Meservey said she'll put a large chunk of the loan toward payroll, but hopes to use the remainder to grow the business, meaning a portion of her loan won't be eligible for forgiveness.

General Manager Anita Carshult said

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they're planning to create raised garden beds where they'll plant "cut your own" herbs and flowers, and they may plant berry bushes for self-picking — all activities that will bring in revenue while allowing people to enjoy nature at a safe distance.

The five remaining staff are helping build out the apiary and will need to start planting their garden plot with the vegetables they'll use in the restaurant and for a potential roadside farmers' market.

"If this having to stay at home continues longer than we all hope it will then we would at least have some other interests for people to stop, pick up something seasonal and be able to grab a bite to eat," Carshult said. "We're really trying to figure out ways to sustain ourselves over the long term."

That's true for Donehey, too, who said she had never really considered curbside or to-go service prior to the pandemic. She expects that even after businesses begin reopening it will be a good service to offer.

BACK TO DAY ONE

Roughly 1.66 million small businesses were able to obtain loans through the PPP's first round, according to the SBA's April 16 report. Virginia banks approved 40,371 loans totalling more than \$8.7 billion.

Henrickson's winery wasn't one of them, despite submitting his application early.

"My thinking was, if there is federal assistance we're going to need it," he said.

He has furloughed all but one of his 11 employees but soon will need a few to help with maintaining the grounds and



"It feels like a lot of waving your hands and [saying] 'we're still here, we're still here.' We spent all of this money and energy and effort to get everything online, and will people actually buy it?" said Colleen O'Bryant, owner of Wild Roots Apothecary in Sperryville

BY JOHN MCCASLIN

vineyard and building out the brewery operation he was getting licensed when the pandemic hit. While the emergency assistance might not be that much of a cushion, it would help cover costs he can't delay and support any creative measures he and Donna can think of to generate some additional revenue, he said.

In addition to the PPP, Henrickson also applied for the SBA's Economic Injury Disaster Loan (EIDL), a potentially more troubled fund that also was reportedly depleted.

As part of the new round of funding, another \$60 billion will go toward that loan program, which includes an emergency advance up to \$10,000 to businesses that doesn't need to be repaid and is aimed at providing immediate financial assistance as they wait for their full disaster loan to be processed.

A survey the National Federation of Independent Businesses advocacy group conducted in early April found that about 70 percent of small business owners had applied for the PPP while half applied for EIDL.

Henrickson said Tuesday he has received some money from the EIDL advance for his Inn and has resubmitted his PPP application for the second round with some help from the bank. He suspects now that his first application was rejected because he hadn't provided the correct payroll information.

He also feels better about this application moving forward — after classifying the program as an "empty hole" following the first round. He's less certain how successful he'll be in securing funding.

What he finds frustrating, however, is that his business is in this position

through no fault of this own.

"It wasn't like Donna and I were falling asleep at the wheel," he said, sitting in a sweatshirt in front of a walled wine display in his empty tasting room. "We're out here putting together a nice business, hiring people, putting money back into the economy out here and bam, gone."

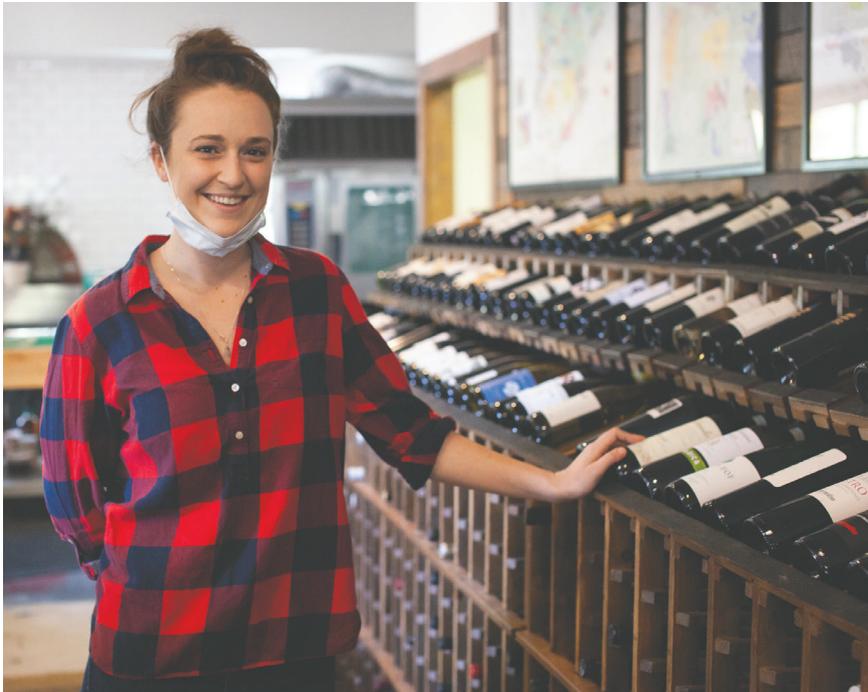
The couple is redesigning the business as best they can based on what's available, Henrickson said. And while he believes they will survive, it will be from the place they began eight years ago.

"We're starting at day one again," he said.

Are you a small business that has sought financial assistance? Have you received PPP funding or other loans? We want to hear about your experience.

Workers on the front line

‘Virtual tip jar’ provides some relief to workers feeling the squeeze



BY LUKE CHRISTOPHER

Among Jennifer Mello duties is taking and placing wine orders for the Corner Store, which have increased recently to “almost October levels.”

BY SARAH SCHONARDT
For Foothills Forum

It’s been nearly a month since Virginia began ordering businesses to shut down to curb the spread of Covid-19, and those who have lost their jobs or had hours dramatically cut are feeling the pain more than ever.

More than 16 million people — around 10 percent of American workers — filed for unemployment in the past three weeks. In Rappahannock, unemployment insurance claims have more than tripled since March 21, reaching more than 150, according to the latest data from the Virginia Employment Commission.

Service industry staff have taken some of the greatest hits since they rely on tips for income. So when the idea of a virtual tip job popped up on the Helping Hannock Facebook group, several people latched on to it.

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More than just

TIPS

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Among them was Liz Conley, a weekend resident and former server who now works in fundraising and had been looking for a way to help. Conley adapted a model that had been running in Charlottesville and created a Google document where servers and bartenders could enter their username or URL for digital payment systems Venmo, CashApp or PayPal.

The idea is that people who aren't patronizing bars and restaurants can still be tipping their servers as they would on a normal night out. Participating businesses, which include Headmaster's Pub, Griffin Tavern, Three Blacksmiths, Sperryville Trading and Little Washington Winery, say it's a good way for the community to provide income to workers who may be struggling to pay bills and buy essential items.

"It's a different way for people to donate," said Jennifer Mello, front of the house manager for the Thornton River Group, which includes Francis and the Rappahannock Pizza Kitchen. She continues to place the wine order for the Sperryville Corner Store and helps put away deliveries after they arrive. But her hours have been cut from nearly 40 a week to just 10.

Most of the money she's collected through the virtual tip jar has gone toward groceries.

"My heart just swells up when I check my Venmo," said Mello, who often gets notes attached to payments from people thanking her for their virtual pizza or saying they wished they were sipping a Spirit of Sperryville cocktail with her at Francis. "I never thought I would be in this position but, my gosh, I've never felt so appreciated."

Mello has also been sharing her tips with other staff at the Thornton River Group and some service industry folks around the county since she knows she is more visible than those who could use the money just as much if not more.

Some virtual tip jars allow for donations to a pool that is then divided among participating service industry staff. But Conley and other early adopters liked the more personal approach and the fact that the Rappahannock tip jar requires less management.

It's not a perfect system, particularly in a place where internet connectivity can be patchy or non-existent. Griffin Tavern owner Debbie Donehey, who had been looking for a way to support her employees and worked with Conley, Mello and Mia Grisham at

Francis to get the tip jar going, said it isn't particularly user friendly, since people can't just click on a link and be directed to a payment page. She also worries that those who want to tip but don't use the digital payment systems available aren't able to do so.

Conley recognizes those limitations but says there is no easy work around. She considered having people offer checks to business owners like Donehey who could then share that money with staff, something Donehey is already doing with the occasional donations she receives.

For now, however, Conley welcomes any ideas that may make the exchange better or more user friendly.

A community in need

Apart from having spent a decade as a bartender, hostess, server — Conley said the main thing driving her to support Rappahannock's service industry workers is that they were the first people in the county to warmly welcome her and her boyfriend.

"I feel like our whole community out here sort of grew out of the folks that we met who were our bartenders or our waitresses," said Conley, a regular at Francis on Fridays.

She's now reaching out to those friends to remind them that the virtual tip jar continues to operate and people should use it just as they would tip any weekend they're dining out.

"It's not just a one and done," Conley said. "Every single week that [these servers] are out of work is a time that you should be tipping them."

Mello said tips have fallen off a bit now that the system has been up for several weeks, something Conley was concerned would happen.

"I do worry that the longer we stay socially distanced, we start to forget ... because we're all feeling anxious and you get caught up in your own day to day, and I worry that out of sight, out of mind," she added.

A little goes a long way

Mello recently filed for partial unemployment after holding off initially. But when the stay at home order came into effect until June 10 she realized the little bit of savings she had tucked away wasn't going to last. On top of that, she'll lose her parent's health insurance



BY LUKE CHRISTOPHER

coverage when she turns 26 in June and says it's a scary time to be on the hunt for insurance when you don't have a steady paycheck.

While having a cut to her paycheck has been tough, however, she finds social distancing the biggest challenge. Mello, a bubbly extrovert always present with a smile, says she misses her routine, visiting with regular customers and the bad jokes

told by colleagues.

"I would love to think that come July we might be able to find some sort of normalcy again and get back to what we were doing," she said. "I'm not holding my breath, but I'm still in good spirits. I'm optimistic."

There are currently 42 service industry workers participating in the tip jar, some of whom have had their hours cut like Mello and others who have stopped working completely because their businesses have been shuttered.

Jordan Lysaght, 29, and her husband, Eric Ralls, co-managers at Headmaster's Pub, helped close the business on March 23, putting together care packages of perishable items for the staff and donating the rest to the food pantry. They're currently taking on landscaping work and other odd jobs to bring in some income.

"Of course the tip is appreciated because seeing a tip from someone who you didn't expect is really a beautiful thing, and I'm very grateful," said Lysaght, who is using the money to cover expenses, such as groceries.

And while there is no way to aggregate how much money has moved through the tip jar or how much each server is getting, Conley said she has had beneficiaries reach out to thank her for the effort.

One woman she has never met sent her a message saying she was at home and unemployed for the time being. "But, I just received my first tip because of your fantastic idea. So thank you," she wrote.

Mello shares that gratitude for everyone who has reached out to help, saying she has seen the best in people recently.

"It's going directly to people who are the backbone of the service industry around here ... the people who provide so much for us that we don't even realize," she said. "Even just \$20, that's dinner for a couple nights. We're counting our dollars like that now ... it sounds over dramatic, but it's true."

Child care weighs on parents as schools 'reopen' amid COVID

BY SARA SCHONHARDT
For Foothills Forum

After the COVID-19 pandemic shut down schools in mid-March, Jess Settle scrambled to find babysitters for her four children, ages 11, nine, six and one. Settle works at Piedmont Broadband and had to be in the office to field phone calls and respond to a growing number of customers, but she couldn't leave her kids home alone.

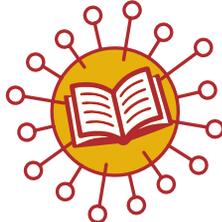
She reached out to family and friends, posted a call on the Facebook group Rappnet and eventually started her own group, Rappahannock Child Care Connect, to help link sitters with parents in need.

"It's been a real struggle," Settle said. "I can swing having them off school for two months during the summer and having to pay babysitters. But after that it almost feels like [I'm] not coming to work because I have to hand over two-thirds of my paycheck for babysitters."

With school about to reopen, many parents are in a similar position: in need

of child care for the days when their children are remote learning and then, if they're able to find it, needing to scrape together the money to pay for an expense they hadn't planned for.

The new hybrid schedule at the public school that will provide part in-person and part virtual instruction has put some parents in the difficult position of deciding whether to go back to work or stay home and help oversee their children's education.



BACK TO SCHOOL

FEW OPTIONS

The Child Care & Learning Center (CCLC) outside the town of Washington has expanded its after-school program for children ages five to 12 to accommodate them on remote learning days and on Wednesdays, when everyone does virtual learning.

It's currently the only child care provider in the county serving kids four and under and is near its current capacity of 90 children. Baby Bear owner Connie Reid closed her business in Sperryville



BY LUKE CHRISTOPHER FOR FOOHILLS FORUM

CCLC Executive Director Lisa Paine-Wells and Program Director Lisa Pendleton in center's new building, which is licensed to hold around 20 children and should be ready within weeks.

last month for personal reasons and although she's keeping her license, she doesn't anticipate reopening until 2021.

Due to the lack of day care, Rappahannock County Public School (RCPS) Superintendent Dr. Shannon Grimsley said the district had a recent flurry of requests for four-day in-person learning. It accepted 65 applications out of 94 submissions, she said, with financial hardship and lack of child care the top two reasons for the requests.

To help ease the shortage, RCPS recently reserved 15 spaces at a new school day camp run by Verdun Adventure Bound in Rixeyville that will launch

Sept. 8 and is providing a bus to transport students there.

The camp costs \$60 a day and will run from 8 a.m. to 4 p.m. Monday to Friday, with discounts for full-week registration. It will serve grades 3 to 12 and have a certified teacher on hand to help students who need homework assistance.

Verdun is also planning to provide additional activities once kids are done with their school work, such as gardening, fishing, kayaking and wood working and is opening up the challenge

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course so kids can learn some additional life skills, said Executive Director Sean McElhinney.

The camp, which is open to kids from Rappahannock, Fauquier and Culpeper counties, is capping the number of students at 40 since that's all it can accommodate if they need to move inside due to weather.

CCLC, meanwhile, has accepted two batches of 20 children for its full-day school-age program Monday, Tuesday, Thursday and Friday and hopes to serve up to 50 children at three different locations on Wednesdays. The child care program for the younger kids can accommodate 50 children under Phase 3 guidelines issued by the state, which allows for 10 children per classroom.

Executive Director Lisa Paine-Wells said the center is trying to slot children in where they can to help families on the waiting list for certain age groups, but that means constantly trying to balance out classrooms so they don't exceed the limit.

CLASS SIZES AND SANITATION

In keeping with recommended health and safety procedures, CCLC is checking temperatures of everyone who enters, enforcing regular handwashing and requiring masks for anyone over the age of 10.

The center has increased cleaning and sanitation and invested in an air scrubber for the ventilation system, Paine-Wells said. For now, it's keeping children outside much of the day, with teachers staggering their time on the playground so no two groups of kids are intermixing. It has also organized activities so children have their own space and materials.

So far those procedures have been working. The center hasn't registered a case of COVID-19 since reopening April 14, when they were providing care mostly for children of essential workers.

Yet Paine-Wells is aware of the challenges ahead.

"It's really an ongoing battle," she said. "The kids know there is a reason why the staff are wearing masks. They know there is a reason why they need to be maintaining social distancing. ... But they're kids."

A new building licensed to hold around 20 children should be ready within weeks, and the center plans to use that space and an outdoor pavilion for the school-aged program. Until it's ready, RCPS is providing space in the auxiliary gym and library at the elementary school and CCLC is looking at other backup locations should the program continue into October.

A PERFECT STORM

Despite the measures schools are putting in place, concerns over potential health risks have put many parents on the fence about whether or not to send their children back.

"For some of the families that are working remotely, it is an enormous amount of pressure to be responsible for both education and for child care," Paine-Wells said. "I think from our other families it's just a sense that they have to go to work, that their employers want them back and they don't want to lose a job."

Many of the families at CCLC attend on full or partial scholarships, and the center is offering the school-age program for \$400 a month, half its full-day rate for preschool children. Even at that amount, however, Paine-Wells said they're still getting a number of requests for financial assistance.

Thanks to a recent influx of money from the Northern Piedmont Community Foundation and a matching grant, they'll have \$22,500 to help families in need reduce the monthly tuition of \$400 per child to an affordable amount. But they also need to continue paying salaries and benefits to teachers despite serving fewer children.

"And like most child care centers around the state, we're going to [be] operating at a deficit this year because we're taking in less tuition than we have expenses. It's just kind of a perfect storm," Paine-Wells said.

FALLING BACK ON FAMILY

Shannon Ennis, an essential worker with the Fauquier County government, is grateful to have found spots at CCLC for her two young children, but even at half price, she's still paying more than she would just for after-school care.

Ennis was looking forward to having both of her children in full-time schooling this year and said parents she knows in similar positions had plans for the money they were going to be saving on child care.

Now, some families are turning to full-time remote learning and relying on in-home babysitters or creating pods where they can alternate child care responsibilities.

Across the country many parents are leaning on family members to help babysit or tutor their children or using a mix of friends, family, babysitting services or professional child care to cover their needs. And like many places, there are now more children in need of care in Rappahannock and fewer places offering it.

"I feel like parents have to decide whether to put a roof over their head or teach them, and I just don't think parents should be in that predicament," Ennis said.

She worries most about the parents who can't afford day care and don't have family to step in and assist.

"If parents can find day care, it's hurting them financially and then there are some parents that don't have a day care backup," she noted.

Rappahannock County Department of Social Services Director Jennifer Parker said they're already seeing a surge in child care subsidy applications from parents scrambling for assistance. But because they've already extended the maximum number of subsidy slots they have been allocated by the state, she doesn't know how they'll meet the additional needs.

For Settle, who pays for a sitter once a week, having to balance being a parent, teacher and employee is wearing her thin. The Facebook group she started currently has 130 members, mostly moms for whom two days of in-person schooling may not offer much of a solution.

"Am I the only person struggling with child care/working (almost) full time/virtual learning. How are you affording this?" Settle recently asked in a post on her Facebook page.

The answer from a host of other mothers: no, you're not alone.