

Communication from Public

Name: M. LeBleu

Date Submitted: 05/19/2020 02:38 PM

Council File No: 20-0470

Comments for Public Posting: We need to cap fees and commissions that third party apps are charging small restaurants. Small restaurants and consumers need City Council's help in curtailing the ridiculously high commissions charged by third party delivery companies. As a consumer, I support Councilmember Mitch O'Farrell's plan to cap delivery company commissions at 15%. Postmates, GrubHub, UberEats and other delivery companies are profiting greatly from the increase in take out sales during this pandemic, at the expense of businesses, delivery drivers, and customers. They charge small businesses from 25% to upwards of 30% commission, in addition to other fees, such as service and delivery, as well as fees passed on to the consumer, which can easily add \$10+ to each order. Additionally, education and training of their delivery drivers on safe food handling practices is nonexistent, which is incredibly important in this global health crisis. We need City Council to step in and assist in this.

Communication from Public

Name:

Date Submitted: 05/19/2020 03:12 PM

Council File No: 20-0470

Comments for Public Posting: Please cap the amount delivery services can charge restaurants. It's too high and small restaurants are struggling to survive. Thank you, Jenna

Communication from Public

Name: Veronica Tse

Date Submitted: 05/19/2020 03:15 PM

Council File No: 20-0470

Comments for Public Posting: Small restaurants and consumers need City Council's help in curtailing the ridiculously high commissions charged by third party delivery companies. As a [small business owner OR stakeholder] I support Councilmember Mitch O'Farrell's plan to cap delivery company commissions at 15%. Postmates, GrubHub, UberEats and other delivery companies are profiting greatly from the increase in take out sales during this pandemic, at the expense of businesses, delivery drivers, and customers. They charge small businesses from 25% to upwards of 30% commission, in addition to other fees, such as service and delivery, as well as fees passed on to the consumer, which can easily add \$10+ to each order. Additionally, education and training of their delivery drivers on safe food handling practices is nonexistent, which is incredibly important in this global health crisis. We need City Council to step in and assist because as individual businesses, we don't have negotiating power with Silicon Valley.

Communication from Public

Name: David Marmor

Date Submitted: 05/19/2020 03:48 PM

Council File No: 20-0470

Comments for Public Posting: I am a resident of the Highland Park neighborhood. I am writing as a neighborhood resident and a consumer. The small, independent restaurants in our neighborhood are a priceless asset to our community, and they need the City Council's help curtailing the ridiculously high commissions charged by third party delivery companies. I support Councilmember Mitch O'Farrell's plan to cap delivery company commissions at 15%. Postmates, GrubHub, UberEats and other delivery companies are making huge profits from the increase in take-out sales during the pandemic, at the expense of local businesses, delivery drivers, and customers. They charge small businesses from 25% to upwards of 30% commission, in addition to other fees, such as service and delivery, as well as fees passed on to the consumer, which can easily add \$10+ to each order. Additionally, education and training of their delivery drivers on safe food handling practices is nonexistent, which is incredibly important in this global health crisis. We need the City Council to step in and assist because on our own, residents like me and our local businesses don't have negotiating power with Silicon Valley.

Communication from Public

Name: Amy Healy
Date Submitted: 05/19/2020 04:02 PM
Council File No: 20-0470
Comments for Public Posting: GrubHub opposition letter attached.



Amy Healy
Head of Public Affairs

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The Los Angeles City Council
City Hall
200 N. Spring St
Los Angeles, CA, 90012

May 19, 2020

Dear Members of the Los Angeles City Council,

I am writing today to express Grubhub's strong opposition to a proposed cap on fees paid by restaurants for delivery and marketing services. Any cap on fees - regardless of the duration - will result in damaging, unintended consequences for locally-owned businesses, delivery workers, diners and the local economy; in fact, it will result in the exact opposite of what the legislation is designed to accomplish. And, we believe that any cap on fees represents an overstep by local officials and will not withstand a legal challenge.

On the face of it, a cap on fees seems to be an easy solution to help restaurants that are struggling due to the coronavirus. And there is nothing we want more than to ensure the health of independent restaurants - we don't have a business without them.

But this solution is exactly the wrong thing to do. In reality, this proposed cap will lower order volume to locally-owned restaurants, increase costs - and headaches for - small business owners, and raise costs to customers. Delivery workers, who are currently relying on Grubhub to earn an income including 100 percent of tips from diners, would have fewer work opportunities and lower earnings. In the middle of what is quickly becoming one of the worst economic downturns in a century, Grubhub is ensuring that workers in Los Angeles can continue to provide for themselves and their families.

Grubhub is neither a public utility nor simply a delivery service. In the simplest of terms, Grubhub is a marketing engine and an order generation business - connecting hungry diners to great, local restaurants. The platform is free for any restaurant owner who chooses to join, and Grubhub offers a fee-for-service model, meaning that restaurant owners select the services they want and only pay when Grubhub generates a sale. Restaurants have many options to drive business besides third-party marketplaces, none of which are seeing their fees regulated.

An arbitrary cap would limit how restaurants, and especially small and independent establishments, can market themselves and therefore severely limits how many customers and orders we can bring to these restaurants. Why not cap how much other marketing platforms can charge and how much restaurants can spend on these channels - Google or Facebook ads, Yelp, Yellow Pages,



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newspaper, radio, billboard, and other ads? Restaurants should make their own decisions about where they want to market and how much they want to spend on those channels.

This proposed cap would raise costs on restaurants by blocking them from taking advantage of Grubhub's economies of scale. For example, while a local restaurant likely does not have the order volume to hire a full-time delivery person, Grubhub can identify, verify, and coordinate delivery teams to serve varying numbers of orders across many establishments. If on-demand food marketing and

delivery services are forced to cut back on services they provide, restaurants would need to staff and maintain their own delivery fleets. In addition to covering the costs of conducting background checks for delivery teams, restaurants would need to update technology services for payment processing / fraud prevention and create online order management and application maintenance tools.

While the largest of national chains can afford these new expenses, small and independent restaurants cannot, even in the best of times. They will either shut their doors or shift additional costs onto customers - making them even less competitive against other businesses.

There is a popular - and completely false - belief that third-party marketing and delivery services would still make a profit (let alone "significant profits") with the proposed fee caps. In fact, these caps would force us to exit certain markets and/or suffer substantial losses that threaten the sustainability of our business. Grubhub is a publicly traded company and we recently announced our Q1 earnings. Yes, Grubhub reported an increase in revenues but we also recorded an increase in costs resulting in us making about 1%, not 30%, on each order.

Of course, all of this disruption will happen at the very worst possible moment: when customers across your city, including homebound families and seniors, are depending on food delivery services to access food.

Grubhub is committed to working together with policy makers because we share a common goal: creating, maintaining and growing a thriving local restaurant community. In fact, Grubhub only does well when small, independent restaurants do well. We would love the opportunity to discuss real steps to that end.

Again, I strongly urge you to oppose the idea of a cap on how independent restaurants can advertise.

Amy P. Healy
Head of Public Affairs

Communication from Public

Name: Kristel Arabian

Date Submitted: 05/19/2020 09:03 AM

Council File No: 20-0470

Comments for Public Posting: To Whom it may concern: I am the founding member of the Hospitality United Coalition. We represent 50 independent restaurants and bars across the nation, a large number of them here in California. We each employ 20-100 people and we are fighting like all heck to try and survive. I am also on the leadership committee of the Independent Restaurant Coalition, 200+ restaurant members: 20-500 employees each. We all support motion 20-0470. Similar motions have passed in NYC (10% cap) and San Fransisco (where the delivery apps refuse to release their P+L/numbers for their companies). It is hard enough for mom n pop and independent restaurants to survive— it's even more difficult with the highway robbery these delivery apps are committing. And without ANY transparency as to where they're spending these fees. Many drivers show up with out personal PPE. I know many restaurants that provide driver with these safety precautions. Also many drivers aren't trained for proper handling and contactless delivery. For such a luxurious cost, they provide a very minimal service. Please help our industry survive. We drive tourism, employ SO many— people's first jobs, single parents, POC.... We are where all these common factors converge. All my best, Kristel Arabian Founder

Communication from Public

Name: Burgers Never Say Die

Date Submitted: 05/19/2020 11:34 AM

Council File No: 20-0470

Comments for Public Posting: We support the passage of 20-0470. Burgers Never Say Die

Communication from Public

Name: Martin Shah

Date Submitted: 05/19/2020 12:40 PM

Council File No: 20-0470

Comments for Public Posting: Martin Shah - Multi Pack 8 locations- (India's Tandoori Wilshire Blvd) 11819 Wilshire Blvd Ste 206 smatin123@gmail.com I am advocating for everybody in the game: Grubhub, UberEats, Postmates, etc. The restaurants are so lucky to have this, most restaurant's don't have drivers- so how are we going to survive? What is the point of it? You're getting their customer base, sometimes it takes 3-4 years to build your own so this is very critical at the moment. Yeah, the commission caps should be there, this is not the time to do it. We are just trying to survive, and these companies are running the game in the economy, no one has money, and they're taking care of their drivers. Of course, everyone is going to say the commission are ridiculous. But how many lives is this saving? How many jobs is this providing?

Communication from Public

Name: Kevin Diamond
Date Submitted: 05/19/2020 07:48 PM
Council File No: 20-0470
Comments for Public Posting: I support this measure to protect the restaurants that are struggling to stay afloat while the delivery services are making record profit and selling to each other for half a billion dollars.

Communication from Public

Name: Jillian Stewart

Date Submitted: 05/19/2020 09:17 PM

Council File No: 20-0470

Comments for Public Posting: Small restaurants and consumers need City Council's help in curtailing the ridiculously high commissions charged by third party delivery companies. As a (small business owner/stakeholder), I support Councilmember Mitch O'Farrell's plan to cap delivery company commissions at 15%. Postmates, GrubHub, UberEats and other delivery companies are profiting greatly from the increase in take out sales during this pandemic, at the expense of businesses, delivery drivers, and customers. They charge small businesses from 25% to upwards of 30% commission, in addition to other fees, such as service and delivery, as well as fees passed on to the consumer, which can easily add \$10+ to each order. Additionally, education and training of their delivery drivers on safe food handling practices is nonexistent, which is incredibly important in this global health crisis. We need City Council to step in and assist because as individual businesses, we don't have negotiating power with Silicon Valley.

Communication from Public

Name: D. Miller

Date Submitted: 05/19/2020 10:01 PM

Council File No: 20-0470

Comments for Public Posting: We are observing the narrative that restaurants support the idea of a rate cap. This could not be further from the truth in South Los Angeles. In coming days, we will be devoting editorial space that is informed by voices from Black Los Angeles that have a very informed perspective on the consequences of a rate cap.

Communication from Public

Name: Vivian Hartman -So Cal Restaurant Association Org.

Date Submitted: 05/19/2020 01:46 PM

Council File No: 20-0470

Comments for Public Posting: Thank you for your hard work with our concerns of the high commission charged us for online delivery of our prepared foods. With your expertise, our Fine City can stop this ongoing unregulated price gouging. We as restaurant owners can work with these delivery services without feeling stress of these costs, when during this Covid-19, we are already at a stressful financial situation. Because it is the trend for the now way of doing business, many of us have to count on these platforms to stay in business. Saying this, it is unfair that these companies make more profit than we restaurants for each order delivered. Please see attached. Keep up the great works, Vivian Hartman So-Cal Restaurant Association Owner Buffalo Bruce's Mercantile - Sylmar. www.vivianhartman.com



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Van Nuys, CA. 91405
(818) 714-3208

May 19, 2020

Los Angeles City Council

ITEM NO. (20) 20-0470

1. As a representative of So Cal Restaurant Association, We as an organization agree with this motion, and feel that it will give relief to restaurant owners who need this type of relief.

ITEM NO: 20) 20-0470

DELIVERY COMMISSION OF DELIVERY SERVICES: We request the our Lost Angeles City Council help with the costs charged to Restaurants for delivery services.

2. As you are now aware, the third party online delivery services such as grub hub, Uber eats etc... charge a restaurant upwards of 30% fee for every order that they take online for delivery and pick-up. This is an unjust unregulated fee for service. They are aware of this price gouging, but will not, without your assistance, reduce the fees for service to a fair amount of 15%. As a small business owner, 30 percent cuts excessively into the profits, hurting many restaurants still open who now have to count on curb side service and delivery. They should not make more profit than the restaurants they serve.

Also in partnership with CRA and Environmental Health, prior to Covid19, recommendations were submitted in Sacramento demanding these delivery services have their food handling Certification. The goal is to prevent the spread of contamination of food delivered,- once the food is with the delivery driver, keeping the integrity of the food preserved and delivered safe.

We ask that our Los Angeles City Council support the above recommendations, and we ask and support delivery fee reduction, and ask that Los Angeles consider the recommendations for food delivery service drivers to complete the food handling certification. (which can be done on line). This will help us restaurants stay open through these most difficult times.

Thank you for your hard work for all of us in Los Angeles. We appreciate you.

Vivian Hartman
So Cal Restaurant Association

CEO Buffalo Bruce's Mercantile

Cc: Nadia Abrica
President

Communication from Public

Name: Nico Grasu

Date Submitted: 05/19/2020 04:07 PM

Council File No: 20-0470

Comments for Public Posting: Nico Grasu - Greco's Hospitality 19321 Ventura Blvd, Tarzana CA 91356 ngrasu88@yahoo.com GrubHub has consistently provided our team with support that has driven results. I have eight different business and all are on GrubHub. It is very easy to get frustrated with the commission that they take. But that just the cost of doing business today. Everything is expensive, Food Cost, Payroll, Rent, Utilities, Taxes, Fees, Misc.. GrubHub offers multiple services Marketing, Delivery, Data.. and that commission covers those services. When you factor in what you would pay for multiple employees to cover up those services, you will be paying more. Calculate wages, taxes and insurance and just the additional responsibility of hiring, training and managing those employees, holding them accountable and sometimes having to fire and then rehiring and starting the cycle all over again. GrubHub's service covers all that. There are already enough moving parts in running a restaurant. GrubHub brings value to our operations, and just like anything else you need to pay for that. GrubHub's a great partner and easy to work with. I have a direct contact with my account manager who makes sure everything is good and wants help grow our business. Not just manage your account but also give you feedback and ideas on how to bring in more business. GrubHub and their operations team truly cares about our business and wants to provide a great successful service. I don't see how they would be able to operate if they cut their commissions to nearly half. They have a lot of operational expenses. Just like us, the cost of doing business. Thank You, Nico Grasu

Communication from Public

Name: Yootthana (Tony) Bamrungkhet
Date Submitted: 05/19/2020 04:09 PM
Council File No: 20-0470
Comments for Public Posting: Yootthana (Tony) Bamrungkhet - WEHO Thai Noodle & Rice
7075 W.SUNSET BLVD LOS ANGELES , CA 90028
wehothainoodle@usa.com Our 7 Years experiences with
GrubHub bring me up and make me stand until today even
Covid-19 Pandamic crisis. Grubhub Technologies and Marketting
are awesome. They been feeding us lots of sales/order volume and
consistant. Grubhub is reliable online company and have a good
customer services both of customer side and restaurant care. We
just join the Promotion with them in last couple weeks ago and we
got a lots of new customers and also remain our exsisting diners.
We are happy with our relationship and financial options. By the
way Grubhub never late payment to Restaurants.

Communication from Public

Name: Veronica Huerta
Date Submitted: 05/19/2020 04:51 PM
Council File No: 20-0470

Comments for Public Posting: Small restaurants and consumers need City Council's help in curtailing the ridiculously high commissions charged by third party delivery companies. As a tax paying citizen I support Council member Mitch O'Farrell's plan to cap delivery company commissions at 15%. Postmates, GrubHub, UberEats and other delivery companies are profiting greatly from the increase in take out sales during this pandemic, at the expense of businesses, delivery drivers, and customers. They charge small businesses from 25% to upwards of 30% commission, in addition to other fees, such as service and delivery, as well as fees passed on to the consumer, which can easily add \$10+ to each order. Additionally, education and training of their delivery drivers on safe food handling practices is nonexistent, which is incredibly important in this global health crisis. We need City Council to step in and assist because as individual businesses, we don't have negotiating power with Silicon Valley.

Communication from Public

Name: Chris S
Date Submitted: 05/21/2020 02:21 PM
Council File No: 20-0470
Comments for Public Posting: The council should absolutely back this cap! We need to save our local restaurants.