



CITY OF SOUTH PASADENA

1414 MISSION STREET, SOUTH PASADENA, CA 91030

TEL: (626) 403-7210 • FAX: (626) 403-7211

WWW.SOUTHPASADENACA.GOV

May 15, 2020

Katherine Barger, Supervisor, 5th District
Los Angeles County Board of Supervisors
500 West Temple Street, Room 869
Los Angeles, CA 90012

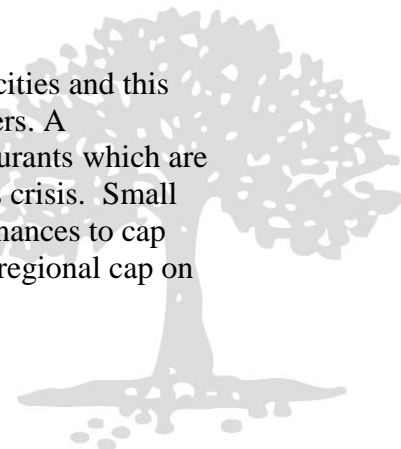
Dear Supervisor Barger,

The City of South Pasadena is urging the Los Angeles County Board of Supervisors (LACBOS) to pass a measure placing a cap on third-party delivery services. Restaurants in our cities are relying on these actions in order to survive the financial hardships resulting from the pandemic.

Third-party food delivery companies such as Grubhub, Uber Eats, DoorDash, and Postmates provide residents with delivery from local restaurants. However, these companies charge restaurants commissions that can reach 30 percent, potentially wiping out any profit that a local business might make from a delivery order. With an increasing amount of food delivery business being performed through online third-party services, restaurants must comply with these companies' steep fees or risk losing customers.

The COVID-19 pandemic has forced profound changes on the way residents and businesses access food. With fewer available options for the purchase and sale of meals, food delivery has become an even more essential service for residents and restaurants. Local businesses already in peril of financial collapse due to the COVID-19 pandemic are now reliant on food delivery companies that are charging exorbitant rates to get their food to customers. The cities of New York, San Francisco, Santa Cruz and Los Angeles have taken legislative steps to limit what third-party food delivery companies can charge to restaurants.

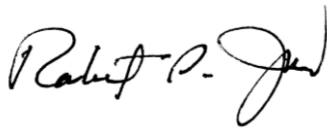
Small cities like ours do not have the leverage to impose caps like the larger cities and this creates an unjust disparity for restaurants in smaller cities based on city borders. A countywide ordinance would provide equitable relief for all LA County restaurants which are most if not all depending of these delivery services to stay solvent during this crisis. Small cities risk losing the delivery services all together if they pass municipal ordinances to cap these services. Our South Pasadena restaurants would very much welcome a regional cap on these fees.



We ask the LACBOS to take immediate action and limit third-party delivery percentages to a 10% share from delivery services, anything higher would cut into profit margins for the business which average 5% in the best of times. Restaurants that survive this pandemic will be relying on delivery business as a substantial part of their operations for the foreseeable future - well beyond the time when the public health emergency declaration has expired. The fees levied by third-party delivery systems should be limited for as long as restaurants limited in their operations by government order and dining rooms are unable to operate at full capacity.

Our local restaurants are in danger of closing due to the COVID-19 pandemic, and the exorbitant rates charged by third-party food delivery companies provide an additional unnecessary obstacle during this profoundly difficult international emergency. Swift action is required to protect our local businesses and ensure the viability of current and future restaurant operations as well as protecting the local economy from further distress caused by businesses lost.

Sincerely,



Robert S. Joe
Mayor
City of South Pasadena

cc: South Pasadena City Council
South Pasadena Chamber of Commerce
San Gabriel Valley Council of Governments
San Gabriel Valley Economic Partnership
Honorable Mitch O'Farrell, Los Angeles City Council, 13th District
League of California Cities



Fwd: COVID-19 Pandemic / Third-Party Food Delivery Companies / Food Delivery Service Charges / Ordinance (20-0470)

From: Chris Low <myvoice@oneclickpolitics.com>

Date: May 21, 2020 at 8:15:34 AM PDT

To: Mitch O'Farrell <star.parsamyan@lacity.org>

Subject: RE: COVID-19 Pandemic / Third-Party Food Delivery Companies / Food Delivery Service Charges / Ordinance (20-0470)

Reply-To: Chris Low <chrislow24@gmail.com>

Re: RE: COVID-19 Pandemic / Third-Party Food Delivery Companies / Food Delivery Service Charges / Ordinance (20-0470)

Dear The Honorable O'Farrell,

I am writing to express my support for the proposed limit on delivery charges imposed by 3rd party app-based food delivery platforms at 15 percent during the public health emergency and further recommend the inclusion of a 5 percent cap on promotional fees. This additional fee will provide flexibility for those restaurants that choose to use these promotional services and benefit from the marketing support and increased exposure.

As you are aware, the economic impact of COVID-19 on restaurants has been catastrophic. With the institution of the Safer at Home Order and the transition from dine-in to exclusively delivery, restaurants have had to rely on 3rd party app-based food delivery platforms to continue to operate. This mutually-beneficial relationship has allowed restaurants to continue to remain open, preserving jobs and the many culinary institutions that have defined our City's cultural identity.

I commend Councilmember Mitch O'Farrell on introducing this bold proposal to ensure our restaurants are treated fairly. Indeed, Los Angeles is following the lead of other cities like New York and San Francisco in imposing a cap on delivery fees. I believe it is critical that we follow New York City's lead and consider including a 5 percent cap on "promotional fees" paid by restaurants to fund customer promotions and gain valuable marketing exposure.

This ordinance should strike a necessary balance in ensuring restaurants are not charged excessive fees in order to continue operating and app-based food delivery platforms are fairly compensated for the necessary services they provide. I urge the City Council to support imposing a 15 percent cap on delivery fees and ask you to consider the inclusion of an additional 5 percent cap on promotional fees.

Sincerely,

Chris Low

chrislow24@gmail.com

10721 Francis Place

Los Angeles,

CA

90034

Constituent

Prepared by One Click Politics (tm) at www.oneclickpolitics.com. One Click Politics provides online communications tools for supporters of a cause, issue, organization or association to contact their elected officials. For more information regarding our policies and services, please contact info@oneclickpolitics.com

FORAGE

May 20, 2020

Mitch O'Farrell
Councilmember - 13th District
1722 Sunset Blvd
Echo Park, CA 90026

Dear Mr. O'Farrell,

My name is Chrissy Kim and I own and operate a restaurant in your district, Forage, located at 3823 W. Sunset Blvd.

I am writing in support of motion 20-0470, the 15% food delivery fee cap in the city of Los Angeles. Due to the impact of COVID-19 on the restaurant industry, our business has become increasingly reliant on these delivery app services. As we all know, restaurant margins are slim and the high revenue-share arrangements offered by these technology companies will only slow any type of recovery for an already crippled industry during this pandemic. We currently subscribe to two platforms of which one was unwilling to offer any type of assistance or reduction of rates, even if temporary, during this crisis. The other has given us a temporary rate reduction, which we are extremely grateful for and wish the other platforms would follow. We fully support your motion and believe it is reasonable and fair given we are all collectively absorbing the negative impacts and sharing the burden of this pandemic.

Thank you for your support.

Sincerely,

Chrissy Kim