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The Honorable Mitch O'Farrell
Councilmember, 13th District
Los Angeles City Council
Via Email

Re: Third Party App Delivery Companies (CF 20-0470)

Dear Councilmember O'Farrell,

I am writing to express our support for your proposed ordinance limiting the fees imposed by third party app-based food delivery platforms at 15% and cap other fees at 5% for the duration of the COVID-19 health emergency.

While the Safer at Home Order is critical to protect public health, it has decimated the restaurant industry in Los Angeles. We have seen our revenues drop more than 90% since we closed our dining room and transitioned to exclusively delivery and pick-up service. As a result, we have had to increase our reliance on third party apps in order to continue serving customers.

As you know, restaurants are small-margin businesses. Third party delivery apps now charge restaurants fees that can range anywhere from 20 to 30% of the customer's check, making them an economically unviable proposition for restaurants like ours. At the same time, however, their dominant market position makes it difficult, if not impossible, to opt-out.

COVID-19 poses an existential threat to our business and our industry. As we look towards the future, the exorbitant fees charged by these apps significantly hamper our efforts to bridge this difficult period. Our priority is to keep our staff employed and continue serving our customers; limiting delivery fees to 15% and other fees to 5% for the duration of the City's restrictions on dine-in operations will help us do so.

We appreciate your drafting of this motion. Thank you for your continued support of restaurants in the 13th District.

Regards,

Alex Sarkissian
Principal
Momed Holdings, LLC