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CITY ATTORNEY

REPORT NO. R 20-0155
MAY 26 2020

REPORT RE:

DRAFT ORDINANCE ADDING ARTICLE 6 TO SECTION XX OF THE LOS ANGELES MUNICIPAL CODE TO ESTABLISH A TEMPORARY LIMIT ON THE CHARGES IMPOSED BY THIRD-PARTY FOOD DELIVERY SERVICES ON RETAIL FOOD ESTABLISHMENTS DURING THE COVID-19 EPIDEMIC AND FOR 90 DAYS AFTER THE CITY'S ORDER PROHIBITING ON-PREMISES DINING IS LIFTED

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 20-0470

Honorable Members:

Pursuant to your request, this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. The draft ordinance would add Article 6 to Chapter XX of the Los Angeles Municipal Code limiting the fees a third-party delivery service may charge a retail food service establishment during the Covid-19 emergency and for 90 days after the City's March 19, 2020, Public Order prohibiting on-premises dining is lifted.

The draft ordinance makes it unlawful for a third-party delivery service to charge a retail food service establishment a delivery fee that is more than 15 percent of the cost of the purchase price of an online order. The draft ordinance also makes it unlawful for a third-party delivery service to charge a retail food service establishment more than 5 percent of the cost of the purchase price an online order for the total of all other fees charged. In addition, the draft ordinance requires a third-party delivery service to disclose to the customer each fee it charges a retail food service establishment and

mandates that drivers receive the entire gratuity paid by the customer. Any violation of the draft ordinance can be enforced through a private right of action after a third-party delivery service has been given a period of 15 days to cure the violation. Due to the critical issues retail food services establishments are facing during the COVID-19 emergency and the prohibition of on-premises dining, the draft ordinance contains an urgency clause.

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Office of the Chief Legislative Analyst with a request that all comments, if any, be presented directly to the City Council when this matter is considered.

If you have any questions regarding this matter, please contact Senior Assistant City Attorney Valerie L. Flores at (213) 978-8130. She or another member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

MICHAEL N. FEUER, City Attorney

By 

DAVID MICHAELSON
Chief Assistant City Attorney

DM:VF:ac
Transmittal