

**Capping Fees for Third-Party Delivery Service Platforms in Unincorporated Communities**

On March 4, 2020, Governor Gavin Newsom proclaimed a State of Emergency in California as a result of the novel coronavirus (COVID-19) global pandemic. In tandem with the statewide emergency, the County issued a “Safer at Home” Order requiring all residents to stay at home or their place of residence, unless performing certain essential activities. Although the County was granted a variance on May 29, 2020 that allowed restaurants to operate dine-in services at 60 percent capacity, the subsequent surges in COVID-19 cases in California led to new restrictions issued by Governor Newsom on July 13, 2020, once again prohibiting dine-in operations except for in limited outdoor spaces. Because of these restrictions, restaurants and food establishments across Los Angeles County are struggling to survive and must rely heavily on delivery and pick-up services to stay in business. Many of these establishments utilize third-party delivery platforms such as Postmates, Door Dash, Grub Hub, and Uber Eats to meet their delivery needs, and these companies have experienced a surge in demand during the COVID-19 pandemic.

MOTION

SOLIS \_\_\_\_\_

RIDLEY-THOMAS \_\_\_\_\_

KUEHL \_\_\_\_\_

HAHN \_\_\_\_\_

BARGER \_\_\_\_\_

Third-party food delivery services use various commission models that can charge a restaurant up to thirty percent or more of the purchase price per order, with charges for delivery, marketing and promotion, subscription, and processing fees. Restaurants, and particularly small family-owned establishments, have limited bargaining power and must accept steep fees or risk possible closure due to lack of business. Many small enterprises face dire financial circumstances, and take-out and delivery are essential to maintaining their restaurant operations for the foreseeable future during this period of local emergency.

Further, many third-party delivery platforms employ vulnerable workers that have found work opportunities as delivery drivers to financially support themselves and their families. These third-party delivery platforms could undermine these vulnerable workers if the companies reduce compensation to the delivery drivers as a result of capping delivery fees and the imposition of additional fees.

On June 9, 2020, the Board of Supervisors directed the Chief Executive Officer, in partnership with County Counsel, the Department of Consumer and Business Affairs, and other relevant departments, to report back to the Board after consideration of feedback from key stakeholders with draft ordinance language to cap fees for third-party delivery platforms charged to food establishments located within the unincorporated areas of the County of Los Angeles, require disclosure of fees and charges to customers, and prohibit reduction of compensation to delivery drivers as a result of the ordinance.

**I, THEREFORE, MOVE** that the Board of Supervisors approve the attached ordinance establishing a cap on fees that a food delivery platform may charge to restaurants, prohibiting reduction of delivery driver compensation as a result, and

requiring disclosures to be made by the food delivery platform to customers.

# # #

HLS:ap