

ANALYSIS

This ordinance adds to the Los Angeles County COVID-19 Worker Protection Ordinance by adding Chapter 8.203 to Title 8 – Consumer Protection, Business and Wage Regulations – of the Los Angeles County Code, establishing a cap on fees that a food delivery platform may charge to restaurants and requiring disclosures to be made by the food delivery platform to customers.

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ORDINANCE NO. _____

An ordinance adding Chapter 8.203 (Food Delivery Platforms) to Division 5 – COVID-19 Worker Protections of Title 8 – Consumer Protection, Business and Wage Regulations of the Los Angeles County Code, establishing a cap on fees that a food delivery platform may charge to restaurants and requiring disclosures to be made by the food delivery platform to customers.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Chapter 8.203 is hereby added to read as follows:

Chapter 8.203 COVID – 19 Food Delivery Platforms

8.203.010 Purpose.

8.203.020 Definitions.

8.203.030 Prohibitions.

8.203.040 Disclosures.

8.203.050 Enforcement.

8.203.060 No Waiver of Rights.

8.203.060 Severability.

8.203.070 Report.

8.203.010 Purpose.

As a result of the COVID-19 pandemic, restaurants and food establishments are confronting significant economic insecurity. The Los Angeles County Health Officer's "Safer at Home" orders restricted in-person dining at restaurants leading to a surge in the use of third-party food delivery platforms. In addition to fees that may be charged to

the customer, the food delivery platforms also charge restaurants and food establishments fees, which may not be obvious or transparent to the customer. Restaurants and food establishments have limited bargaining power to negotiate lower fees with the food delivery platforms and must accept these fees or risk closure. Restaurants and food establishments are essential to the public health and welfare, particularly during the upheaval resulting from the pandemic. Therefore, the County hereby enacts legal protections for the restaurants and food establishments by addressing the fees that food delivery platforms may charge restaurants and food establishments and requiring disclosure of such fees to customers.

8.203.020 Definitions.

The following definitions shall apply to this Chapter:

- A. "County" means the unincorporated areas of the County of Los Angeles.
- B. "Customer" means any person, firm, or association who makes use of a Food Delivery Platform for the purpose of obtaining Food from a Restaurant.
- C. "Delivery Fee" means a fee charged by a Food Delivery Platform to a Restaurant for the act of delivering the Food from the Restaurant to a Customer. The term does not include any other fee or cost that may be charged by the Food Delivery Platform to a Restaurant, such as listing, subscription, or advertising fees, or fees related to processing an Online Order, including, but not limited to, service fees, fees for facilitating customer pick-up, and credit card processing fees.
- D. "Food" shall have the same meaning as set forth in Section 11.02.250 of the Los Angeles County Code.

E. "Food Delivery Platform" means any person, firm, or association that utilizes an online website, mobile application, or other similar presence to interact with Customers, to act as an intermediary between its Customers and a Restaurant, and offers or arranges for the sale, delivery, or pick-up of Food sold or prepared by a Restaurant located in the County.

F. "Online Order" means an order placed by a Customer through or with the assistance of a Food Delivery Platform, including telephone orders, orders made over the internet through a website, and orders made via a mobile application, for delivery to, or pick-up by, the Customer.

G. "Purchase Price" means the price for the items contained in an Online Order, minus any applicable coupon or promotional discount provided to the Customer by the Restaurant through the Food Delivery Platform. This definition does not include taxes, gratuities, or any other fees or costs that may make up the total amount charged to the Customer of an Online Order.

H. "Restaurant" shall have the same meaning as set forth in Section 8.04.400 of the Los Angeles County Code.

I. "Worker" means any person working for a Food Delivery Platform, including as an employee or an independent contractor.

8.203.030 Prohibitions.

A. It shall be unlawful for a Food Delivery Platform to charge a Restaurant any combination of fees, commissions, or costs that totals more than 20 percent of the

Purchase Price of each Online Order. Fees, commissions, or costs includes a Delivery Fee.

B. It shall be unlawful for a Food Delivery Platform to charge a Restaurant a Delivery Fee that totals more than 15 percent of the Purchase Price of each Online Order.

C. It shall be unlawful for a Food Delivery Platform to charge a Restaurant a Delivery Fee for an Online Order that does not involve the delivery of Food.

D. It shall be unlawful for a Food Delivery Platform to charge a Restaurant any fee, commission, or cost other than as permitted in Subsections A through C, above.

E. It shall be unlawful for a Food Delivery Platform to reduce the compensation, including any tip or gratuity, paid to any Worker as a result of the Prohibitions in this Chapter.

8.203.040 Disclosures.

A. A Food Delivery Platform shall disclose to the Customer an accurate, clearly identified, and itemized cost breakdown for each and every Online Order, including the following:

1. The Purchase Price of any Food.
2. Each and every fee, commission, or cost charged to the Customer.
3. Each and every fee, commission, or cost charged to the

Restaurant, including any Delivery Fee.

4. Any tip or gratuity authorized by the Customer to be paid to the Worker delivering the Food.

B. None of the fees, commissions, or costs in Subsection A, above, may be combined together.

8.203.050 Enforcement.

A. A Restaurant, Customer or Worker claiming a violation of this Chapter may bring an action in Superior Court of the State of California against a Food Delivery Platform and may be awarded:

1. All actual damages suffered.
2. Other legal or equitable relief the court may deem appropriate.
3. The court shall award reasonable attorneys' fees and costs to a

Restaurant, Customer, or Worker who prevails in any such enforcement action. If a Restaurant, Customer, or Worker fails to prevail against a Food Delivery Platform, a court may award reasonable attorneys' fees and costs to the Food Delivery Platform upon a determination by the court that the action was frivolous.

B. A civil action alleging a violation of any provision of this Chapter shall commence only after the following requirements have been met:

1. The Restaurant, Customer or Worker provides written notice to the Food Delivery Platform of the specific Section of this Chapter which is alleged to have been violated and the facts to support the alleged violation; and

2. The Food Delivery Platform is provided 45 days from the date of receipt of the written notice to cure any alleged violation.

8.203.060 No Waiver of Rights.

Except for a collective bargaining agreement provision, any waiver by a Worker of any or all provisions of this Chapter shall be deemed contrary to public policy and shall be void and unenforceable. Other than in connection with the bona fide negotiation of a collective bargaining agreement, any request by a Food Delivery Platform to a Worker to waive rights given by this Chapter shall be a violation of this Chapter.

8.203.070 Severability.

If any subsection, sentence, clause or phrase of this Chapter is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Chapter. The Board of Supervisors hereby declares that it would have adopted this Chapter and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the Chapter would be subsequently declared invalid or unconstitutional.

8.203.080 Report.

Within 90 days of the expiration of the "Safer at Home" order issued by the Los Angeles County Health Officer restricting indoor in-person dining at Restaurants, the Chief Executive Office shall report to the Board of Supervisors on the effectiveness of the provisions of this Chapter, recommendations for additional protections that

further the intent of this Chapter, and whether the provisions of this Chapter are still necessary based on the County's recovery from the impacts of the COVID-19 pandemic.

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