

Legislation Text

File #: 20-1703, **Version:** 1

Fee Cap on Food Delivery Services.

As recommended by the Rules and Open Government Committee on December 9, 2020:

Direct staff to return to Council with an urgency ordinance that:

- (a) Caps the delivery fee that third-party food delivery platforms can charge member establishments at 15% of the purchase price of an online order;
- (b) Caps the total fee amount for the use of all services-including the delivery and processing fees- that third-party food delivery platforms can charge at 18% of the purchase price of an online order;
- (c) Allows member establishments to agree to pay a third-party food delivery platform a fee that exceeds the limits in sections 1 and 2 to obtain optional products or services, including, but not limited to, advertising, marketing, or access to customer subscription programs, in addition to delivery or pickup service;
- (d) Prohibits the reduction of compensation to food delivery drivers, including the reduction of any amount of tips provided to delivery drivers that results from the restrictions on commission or delivery fees as set forth in this order;
- (e) Exempts chain restaurants, with the exception of those franchisees who own and operate only three restaurants or fewer;
- (f) Grants food-delivery companies 14 days per incident to refund any fees taken in excess of these limits;
- (g) Remains in effect through June 2021, at which point the City Council may choose to extend or suspend the fee cap based on the extent of indoor restaurant capacity (e.g. 50%) and the availability of a COVID-19 vaccine for essential workers.

CEQA: Not a Project, File No. PP17-008, General Procedure and Policy Making resulting in no changes to the physical environment. (Mayor/Diep)

[Rules Committee referral 12/9/2020 - Item G.4]

PLEASE NOTE: APPROVAL OF THIS URGENCY ORDINANCE REQUIRES 8 OR MORE AFFIRMATIVE VOTES (2/3).