



DATE: January 26, 2021

TO: Mayor and Members of the City Council

FROM: Councilmember Colin Parent

SUBJECT: Proposed Urgency Ordinance to Cap Commission Rates for Food Delivery Services During the Declared State of Emergency

I am requesting the City Council direct the City Manager and City Attorney to prepare an Urgency Ordinance for Council consideration, to temporarily cap third-party food delivery fees to 15 percent of purchase prices during the current emergency.

The current emergency has at times limited restaurants to only takeout and delivery service. These restrictions have placed a sudden and severe financial strain on La Mesa's restaurants.

Many consumers in La Mesa have begun to use third-party services to order from restaurants for delivery and takeout. While these apps can be useful and convenient, they also charge restaurants fees that can range up to 30 percent of the purchase price per order. Restaurants have limited recourse to avoid unreasonable delivery fees, since their ordinary alternatives to serve customers are restricted.

Temporarily capping the per-order fees at 15 percent will accomplish the legitimate public purpose of easing the financial burden on struggling restaurants during this emergency, while not unduly burdening third-party platforms.

City councils have considered or adopted similar temporary caps during the COVID crisis, including in New York City, Chicago, Los Angeles, Washington, D.C., Seattle, and San Francisco.<sup>1</sup>

Creating a temporary cap for third-party food delivery services will help La Mesa's restaurants to survive during this difficult time. This will also help La Mesa residents and workers continue to have access to restaurants both during and after the pandemic.

---

<sup>1</sup> Leah Nysten and Alexander Nieves, As restaurants struggle, cities look to cap delivery fees, Politico, May 8, 2020, available at <https://www.politico.com/states/california/story/2020/05/05/as-restaurants-struggle-cities-look-to-cap-delivery-fees-1282401>.