

Proposed Third Party Fee Limit

September 15, 2020





Third Party Delivery Services

- Services (marketing, delivery) and direct costs (credit cards, liability insurance, etc.)
- General fees:
 - Restaurants: 20-30% of the purchase price
 - Customers: 12-30% of purchase price (2019)



Postmates





Restaurant Challenges

- Delivery & take out as primary source of income
- Fees represent a financial hardship
- Potential wave of closures predicted for winter



Photo credit: Maurice Ramirez



Recommended Ordinance

- **Restaurant fee limit:** 15% of purchase price
- **Time frame:** end of state of emergency, or indoor dining at 100% (whichever is later)
- **Enforcement:** civil, criminal or administrative
- **Other**
 - No menu price increases (unless initiated by restaurants)
 - No garnishing of driver tip
 - No charge for telephone orders that don't result in a transaction



Alternatives

- 15% fee limit for restaurants + credit card processing fees (2-3%)
- 15% delivery fee limit for restaurants + 5% other fees
- 15% (or some other amount) fee limit for restaurants, and freeze customer fees at the current rate
(City Attorney's office recommendation)
- No action

Questions & Discussion





Bay Area Limits on Third Party Delivery Services

| City | Commission Limit |
|---------------|---|
| Berkeley | 15% of purchase price for delivery + 5% for other fees |
| Fremont | 15% of purchase price |
| Livermore | 15% of purchase price |
| Oakland | 15% of purchase price + cost of credit card processing |
| San Francisco | 15% of purchase price |
| San Leandro | 15% of purchase price |