


9/1/2020

item 4




City Council Meeting

Item #4: Action on an Emergency Ordinance Establishing a Temporary Limit on Third-Party Food Delivery Service Fees
(RTC #20-779)

September 1, 2020

1



City of Santa Clara
The Center of What's Possible

Background

- City has and continues to look for ways to support local businesses
 - Small Business Assistance Grant Program
 - Flexible Utility Payment Plans
 - Free and streamlined permitting processes
 - Easing of restrictions on land uses

2

POST MEETING MATERIAL



Background

- City staff has also been conducting business visits
- Restaurants are concerned with the fees by third-party delivery service companies such as Grubhub, UberEats/Postmates, DoorDash/Caviar at times as high as 30%
- Indoor dining in all counties is not allowed, restricting restaurants to outdoor dining, pick-up and delivery

3

3



Background

- Not all restaurants have the option of operating outside and rely on pick-up and delivery.
- Third-party food delivery companies provide convenient, contactless delivery of restaurant meals
- Fees that restaurants pay include:
 - Service Fee
 - Delivery Fee
 - Credit Card Fees

4

4



Benchmarking

City	% Cap	Term
Berkeley	15%*	Duration of the emergency declaration
Fremont	15%	Duration of the emergency declaration
San Leandro	15%	During the emergency declaration, or until dine-in services can resume
Santa Cruz	15%	Duration of the emergency declaration
San Francisco	15%	During the emergency declaration, or until dine-in services can resume
Los Angeles	15%*	During the emergency declaration and 90 days after dine-in services can resume

5

5



Proposed Emergency Ordinance

- Cap the per-order fees at 15%
- Deem it unlawful to retain any portion of the driver's gratuities
- Require the third-party delivery service to disclose the fees charged, the gratuities paid, and any discounts offered by the restaurants
- Effective Date: Immediately upon adoption

6

6



Proposed Emergency Ordinance

- Term: Until Council rescinds the Ordinance or terminate the proclamation of COVID-19 Local Emergency
- If between Sept 2 and Sept 9 a third-party delivery company imposes a fee above 15%, no violation of Ordinance if refunds are provided to restaurant prior to Sept 19

7

7



Potential Unintended Impacts

- Higher delivery costs for customers
- Reduced marketing services for Santa Clara restaurants
- Reduced delivery areas
- Reduced company workforce
- Reduced driver pay

8

8



Outreach

- Staff has been outreaching to major third-party delivery companies
- Further outreach to restaurants/public
 - News Release
 - Social Media
 - City website/eNotify
 - Chamber

9

9




Recommendation

- Adopt an Emergency Ordinance Establishing a Temporary Limit on Third-Party Food Delivery Service Fees During the COVID-19 Emergency

10

10

The seal of the City of Santa Clara, California, is circular. It features a central illustration of a mission-style building with a red-tiled roof and a bell tower, set against a blue sky with white clouds. Below the building is a green field. The year "1852" is inscribed in the center. The outer ring of the seal contains the text "CITY OF SANTA CLARA CALIFORNIA" at the top and "THE MISSION CITY" at the bottom.

City Council Meeting

**Item #4: Action on an
Emergency Ordinance
Establishing a Temporary
Limit on Third-Party Food
Delivery Service Fees**
(RTC #20-779)

September 1, 2020