

MOTION

The COVID-19 pandemic reshaped the restaurant industry in the City of Los Angeles, with takeout and delivery becoming a permanent part of the business model for many food establishments. However, third-party delivery platforms continue to charge small and independent restaurants commission fees as high as 30-35 percent threatening their financial viability.

During the pandemic, the City implemented a temporary emergency cap on the fees these platforms could charge. That cap has since expired, but small businesses remain vulnerable. Other major cities such as San Francisco, New York, and Seattle have adopted permanent or long-term delivery fee caps to support restaurants' economic recovery and long-term sustainability.

However, concerns have also been raised about the impact of fee caps on the individuals who perform deliveries. In some cases, delivery platforms may respond to revenue loss by reducing compensation or shift access for drivers, who already face unstable income and limited protections. Any future policy must consider the potential consequences for these workers and strive to avoid unintended harm.

I THEREFORE MOVE that the Council INSTRUCT the Chief Legislative Analyst, with the assistance of the Office of Finance, the Economic and Workforce Development Department, and the Office of the City Attorney, report back with recommendations for a permanent ordinance that caps the fees third-party food delivery platforms can charge restaurants operating in the City of Los Angeles. This report should include the following information:

- An analysis of fee structures used in other major U.S. cities that have implemented delivery fee caps;
- A proposed fee cap structure for the City of Los Angeles;
- Enforcement mechanisms and penalties for non-compliance; and
- Options for safeguarding delivery drivers from reduced compensation or loss of access to platform work as a result of any fee cap policy, including:
 - Transparency in driver earnings and tipping; and
 - Prohibitions on retaliation or cost-shifting to workers

I FURTHER MOVE that the CLA report back on possible partnerships or pilot programs to support alternative, community-based delivery models that offer fair pay and equitable treatment for both restaurants and workers.

PRESENTED BY:


MONICA RODRIGUEZ
Councilwoman, 7th District

SECONDED BY:



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