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City imposes temporary cap on third-party food delivery services during pandemic

By Pippa Fisher

Lafayette has become one of a handful of cities around the Bay Area to adopt an urgency ordinance establishing a 15% cap on service fees imposed by third-party food delivery vendors such as DoorDash, Uber Eats and GrubHub.

The city council voted unanimously Nov. 9 to pass the urgency ordinance, which took effect Nov. 16 and will last until the city's local COVID-19 emergency ends. Other cities that have taken the same steps include Walnut Creek, Berkeley, San Francisco, South San Francisco, San Leandro and Fremont. The ordinance also imposes a 10% vendor fee cap on pickup orders.

City Manager Niroop Srivatsa explained in the staff report that while restaurants have been severely limited from providing in-person dining, many have come to rely heavily on pickup and delivery orders to remain in business. As restaurants focus on these pickup and delivery orders, there is a greater reliance on third-party delivery services, which charge the restaurants between 10-30%.

Council Member Cam Burks initiated a discussion about the government's intervention in the market and questioned its role in this issue, saying he felt conflicted about where government jumps in and where it shouldn't.

A letter to the council from Matt Pease warned that the city is opening the door for any business that is struggling to ask the city to help manage the costs of its suppliers.

Council members Teresa Geringer and Steven Bliss shared Burks' concerns but said that since this was a temporary ordinance, they found it reasonable as a way to help restaurants attempt to survive the winter. Mayor Mike Anderson agreed and noted that the outside dining had made a difference, "but it's getting cold," he said, adding that although he is reluctant to meddle in the free market, their role may be appropriate at this time.

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