



Legislation Text

File #: Pres 20-367, **Version:** 1

Maximum Fees for Third Party Food Delivery Services

Summary and Background Information:

Restaurant all around the world are struggling during the COVID-19 pandemic and many are in danger of closing. There are over 80 restaurants in Commerce City, including full-service, quick service and fast food.

The pandemic has contributed to a lack of consumer confidence and limited in-person dining capacities through CDPHE health orders. Restaurants in Commerce City currently are only able to have 50% of their normal capacity, up to 50 patrons, for in-dining services. These factors are resulting in demand for more food delivery options.

Some restaurants are utilizing third party delivery apps to offer delivery service to customers. A report from eMarketers said that 40 million Americans used a food delivery app in 2019. That number has likely risen exponentially in the past few months, due to the coronavirus pandemic. However, issues, including rising commissions/fees for delivery service (up to 35% of food charge), are now turning off some customers and shrinking restaurant revenues.

The Colorado Restaurant Association is asking municipalities to place temporary caps on third party delivery fees to better support local restaurants during the pandemic and include language in ordinances that ensure that 100% of the tips go to the driver--driver pay cannot be decreased to cover fee caps. Several municipalities have or are in the process of passing ordinances to this effect, including Aurora, Broomfield and Denver.

Placing a temporary cap of 15% on third party delivery fees, will bring some relief to Commerce City's restaurants during the pandemic.

Staff Responsible (Department Head): Michelle Claymore, Economic Development Director

Staff Member Presenting: Michelle Claymore, Economic Development Director

Financial Impact: n/a

Funding Source: n/a

Staff Recommendation: n/a

Suggested Motion: n/a