



Please SUPPORT Third Party Delivery Fee Caps – Help Local Restaurants

Local governments across Colorado are considering proposals that would temporarily cap third party delivery fees on restaurants at 15% of the purchase price of the food items. This temporary fee cap will lower cost barriers for restaurants and may provide restaurants that are not currently able to afford third party delivery services the opportunity to enter the market.

Third party delivery fees at a glance:

- Under the current system, restaurants that wish to work with a third party delivery company are assessed a delivery fee rate. Across the board, these fees range from 15% of the purchase price of the meal up to 35% of the purchase price of the meal.
- Restaurateurs report that at roughly 25% of the purchase price of the meal, the fees are so high that the takeout or delivery meal sold by the restaurant loses all profitability.
- Locally owned, independent restaurants have the hardest time negotiating a favorable fee rate for themselves.

Third party delivery fee caps represent an opportunity for local governments to throw restaurants a lifeline.

- Due to the nature of the pandemic, certain industries (like national third party delivery companies) have seen significant increases in profits while others (like restaurants) are struggling to survive.
- Restaurants across the state have been devastated by customer capacity limits and other public health mandates. These problems will only increase in the cooler fall and winter months when many will be unable to use their outdoor patios and dining areas.
- State and local public health agencies continue to promote takeout and delivery as safe options, and we anticipate that these services will become even more important in the coming weeks and months as weather turns cooler and patio seating becomes less desirable. By capping the fees associated with these services at a reasonable rate, local governments can provide financial relief to restaurants during a time when every little bit helps.

Restaurateurs often feel they have no choice but to work with third party delivery companies.

- There is tremendous consumer awareness and convenience associated with third party delivery companies. Many consumers immediately default to the use of these companies without considering ordering from restaurants directly.
- Restaurants have the ability to conduct their own internal delivery services, but there are tremendous costs associated with it. Restaurants would need to hire additional staff, conduct lengthy and expensive training, and supplement their insurance coverage to protect themselves and their employees against liability.

- Third party delivery companies are national tech companies – they have the ability to launch and streamline apps, websites, and other consumer platforms, and local restaurants simply cannot compete.

Third party delivery fee caps have been successful in other parts of the country.

- To date, we've seen fee caps in New York City; Seattle; San Francisco; Clark County, NV; Philadelphia; Fresno, CA; Santa Clara, CA; Evanston, IL; Los Angeles City and County; Washington, DC; and Portland – among others.
- There is a statewide cap in New Jersey and a bill that passed the Massachusetts state house and is awaiting action in the senate.
- New Zealand's Restaurant Association has called on its government to cap fees, and restaurateurs in the United Arab Emirates have asked for relief, too.
- Third party delivery fee caps are gaining momentum, and restaurateurs are benefitting from these policies.

If you have questions about third party delivery fee caps, please contact Mollie Steinemann, Manager of Local Government Affairs at (303) 350-0296 or msteinemann@corerestaurant.org.