

Mays, Jesse

From: Laura Curtis <laura.curtis@doordash.com>
Sent: Tuesday, March 14, 2023 9:47 PM
To: Garcia, Elizabeth
Cc: Mays, Jesse
Subject: Re: DoorDash - Feedback Requested on Culver City's Current Temporary Limitation on Third-Party Food Delivery Fees
Attachments: DoorDash Flexible Partnership Plans.pdf; Price Control - Survey Questions - Culver City.docx

Hi Elizabeth,

Thank you for the opportunity to provide additional information regarding the city's temporary limits on the fees that platforms like DoorDash may charge restaurants. DoorDash's mission is to empower local economies and we are committed to providing our restaurant partners in Culver City with the tools they need to grow their businesses.

Like other emergency measures put in place on a temporary basis in response to the pandemic, we believe that the city should follow the lead of the vast majority of other cities and counties in California—and across the country—that have allowed these temporary limits to expire. We've outlined the reasons for our position below, but we'd also welcome the opportunity to continue this discussion before the City Council's meeting later this month.

The city's temporary limit on fees is no longer necessary based on new pricing options available to restaurants and the vastly improved state of the pandemic. In April 2021, DoorDash debuted new pricing plans that give small- and medium-sized restaurants the ability to offer customers delivery through our Marketplace and pay only a 15% commission, which is actually **less** than the temporary limits in place in Culver City now. Restaurants that want to pay more to access additional services can opt in to those services and pay a higher commission, typically 25 or 30%. Restaurants can also easily switch plans whenever they want. Since DoorDash debuted these new pricing plans, others in the industry have offered restaurants similar options, meaning that restaurants have a wide variety of options if they choose to work with a platform. Placing permanent limits on the fees that DoorDash may charge restaurants may cause restaurants in Culver City to lose access to some of the enhanced—and completely voluntary—services DoorDash offers.

When temporary limits on delivery fees were first imposed more than two years ago the city and its restaurants were struggling through the worst of pandemic: dining rooms were closed, social distancing was in effect, and vaccines were still months away. And while restaurants and other small businesses are still working to recover, the state of the pandemic could not be more different now: dining rooms are fully reopened, social distancing and mask requirements have been lifted, and vaccines are widely available. Conditions have improved to the point that California's state of emergency terminated at the end of February.

The city's temporary limit on fees charged by platforms was an emergency measure designed to protect restaurants during the worst parts of the pandemic and should expire like other pandemic-era laws. Over the course of the pandemic nearly **60** cities and counties in California passed similar laws. Nearly **40** of those, including the City of Los Angeles, Santa Monica, and others in the Los Angeles region, have already expired, and we expect the vast majority will expire in the short term now that California's state of emergency has ended.

Restaurant sales are also bouncing back to pre-pandemic levels. Monthly sales at food services and drinking places establishments (seasonally adjusted) in the United States increased to over \$89 billion in November 2022 compared with \$66 billion in November 2019 in nominal terms. Adjusting for menu price inflation to November 2022 dollars, real sales increased almost 14% from \$78 billion in November 2019 to \$89 billion in

November 2022. As detailed in this email, making the temporary limit on fees charged by platforms permanent would only serve to thwart this recovery.

Like all price controls, the city's temporary limit on fees actually hurts customers, delivery drivers, and the very restaurants it was designed to help. The fees that restaurants pay DoorDash help us cover the costs of running the platform, including paying delivery drivers (or "Dashers") and providing Dashers with insurance, providing live support for customers, Dashers, and restaurants, credit card processing fees on each transaction, and many others. Culver City's temporary limit on fees—which artificially limits what DoorDash and other platforms may charge restaurants—has led to higher fees for **customers** to help cover these costs, and customer fees could increase even more if the city makes the law permanent.

Higher fees are not only bad for customers, but hurt Dashers and restaurants in Culver City as well. Higher customer fees cause fewer orders to be placed through the platform. If made permanent, we estimate that the total volume of orders placed with restaurants in the city could drop by about **12%** or more than **190,000** orders annually. Restaurants would lose nearly **\$5.4 million** in sales annually and Dashers would lose nearly **\$2.2 million** in earnings annually because of these lost orders.

Tax revenue will also suffer, with state and local sales tax losses estimated at nearly **\$500,000** annually.

A permanent limit on the fees platforms may charge restaurants would be unconstitutional and could lead to unnecessary litigation. A permanent version of the city's current law would permanently rewrite private contracts between delivery platforms and restaurants and unfairly favor one industry over another. While policymakers have argued that temporary caps were justified by the pandemic (which we dispute) no such justification can be made for a permanent cap. Lawsuits challenging permanent price controls have already been filed in New York City and San Francisco, and the San Francisco lawsuit survived an early attempt by the city at dismissal.

Finally, some cities are surveying the restaurants in their community. I am attaching draft questions that some cities have used in their research. I am hoping we can be a resource for you and your team and please don't hesitate to reach out. Feel free to call my cell phone at any time.

Thank you!
Laura
916-798-0180

On Wed, Mar 8, 2023 at 10:59 AM Garcia, Elizabeth <Elizabeth.Garcia@culvercity.org> wrote:

Hi Laura,

On October 30, 2020, based on City Council's direction at its October 26, 2020 meeting, the City Manager issued the Twenty-Ninth Supplement to Public Order, which temporarily limited third-party food delivery fees, effective November 6, 2020. The limitation is that no third-party food delivery service may charge a retail food establishment a delivery fee that totals more than 15% of the purchase price of an online order, or any combination of fees, commissions, or costs, that is greater than 5% of the purchase price of each online order. [Read more information about the temporary limitations on third-party food delivery fees online.](#)

On February 27, 2023, City Council requested input from the business community whether to make permanent or terminate these limitations on third-party food delivery fees that were put in place during the pandemic.

If you'd like to provide input to the City on whether to make permanent or terminate the limitation on third-party food delivery fees, [email comments to Elizabeth Garcia](#), Economic Development Program Manager, no later than Wednesday, March 15th. This matter will be considered by the City Council on Monday, March 29th.

Additionally, I want to reach out to you to see if you have contacts with the other third-party food delivery services to ensure that we provide this opportunity for input to them as well.

Thank you,

Elizabeth Garcia

Elizabeth Garcia, Economic Development Project Manager

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Laura Curtis
Senior Manager, Government Relations - West
DoorDash

[DoorDash.com](https://www.doordash.com)

DoorDash Flexible Partnership Plans

There's no one-size-fits-all solution for helping restaurants thrive — that's why DoorDash offers a Partnership Plan enabling restaurants to choose the specific services they need at the price point they can afford.

Local merchants can choose a plan with a delivery commission rate starting as low as 15% and can add-on the products that best suit their businesses at various tiers of service.

Inspired by feedback from local partners, the plans expand the accessibility and affordability of delivery services while restaurants meet the challenges of a post-pandemic world.

75%
of restaurants agree that DoorDash has allowed them to reach new customers

Included with every plan

Storefront by DoorDash

Let customers order delivery and pickup on your website. Storefront is commission-free and uses your branding and logo.



Your cost

No commissions

Pay just 2.9% + 30 cents per order for credit card processing. No commissions, monthly fees or set-up fees.

Basic

DoorDash at the lowest cost

Let customers order from you on DoorDash and add marketing programs when you need them.

Your cost

15%


Delivery Commission

6%

Pickup Commission

Credit card processing included

Key Benefits

- ✓ Reliable and fast delivery with DoorDash
- ✓ Access to high-value customers with  DashPass
- ✓ A bigger delivery area to reach more customers
- ✓ Accept at least 20 orders per month or pay zero commissions*

Plus

More sales with  DashPass

Increase sales and reach our most loyal and frequent customers with DashPass.

Your cost

25%


Delivery Commission

6%

Pickup Commission

Credit card processing included

Key Benefits

- ✓ Reliable and fast delivery with DoorDash
- ✓ Access to high-value customers with  DashPass
- ✓ A bigger delivery area to reach more customers
- ✓ Accept at least 20 orders per month or pay zero commissions*

Premium

The most orders and new customers

Maximize sales with the biggest delivery area, DashPass, and more. Backed by our Growth Guarantee.

Your cost

30%


Delivery Commission

6%

Pickup Commission

Credit card processing included

Key Benefits

- ✓ Reliable and fast delivery with DoorDash
- ✓ Access to high-value customers with  DashPass
- ✓ A bigger delivery area to reach more customers
- ✓ Accept at least 20 orders per month or pay zero commissions*

*Complete at least 20 orders per month or DoorDash will refund your commission costs for that month. Partners are eligible for this rebate if they are on the Premier plan or certain custom rates and if (1) they cancel fewer than 5 orders that month and (2) maintain "open hours" on DoorDash for 90% of the Store Hours that they have set in the Merchant Portal.

- Please pick the two issues that you are concerned will most impact your business from the list below.
 - Inflation in food or supply costs
 - Customers eating out less due to a recession or economic downturn
 - Finding or retaining workers
 - Cost of labor
 - Supply chain issues
 - Inflation in rent or overhead costs
 - Fees from third-party food delivery platforms
 - Employee safety
 - Increased competition in my area
 - Further pandemics or waves of COVID
- Are you aware that Culver City has a law regulating third-party food delivery platform fees?
 - Yes/No
- Are you aware that most third-party food delivery platforms provide multiple options to use their services with different commission rates?
 - Yes/No
- Are you aware that one of the service options most third-party food delivery platforms offer for restaurants in the U.S. is a 15% commission for listing and delivery?
 - Yes/No
- Are you aware that most third-party food delivery platforms allow restaurants to change their pricing plan at any time?
 - Yes/No
- Would you consider using a service option on a third-party food delivery platform that had a commission rate above 20% if it helped you reach new customers or generate more orders?
 - Yes/No
- Do you support third-party food delivery platforms having the ability to provide restaurants with flexible pricing options and different features to accommodate different restaurant needs?
 - Yes/No
- Do you currently use any third-party delivery platforms?
 - Yes/No
- Please select the top two benefits of using third-party food delivery platforms from the list below.
 - Wider delivery area
 - Expands my reach to new customers
 - Offers a variety of tailored solutions to my business
 - Increases operating efficiency
 - Increased revenue
 - Frees up my time to focus on the rest of my business
 - Marketing capabilities
 - Understands my business

- Do you think that higher customer fees affect how many orders you receive?
 - Yes/No
- Would you support the continuation of Culver City's law if it meant that third-party food delivery platforms would increase customer fees or decrease services for restaurants in response?
 - Yes/No
- What percentage of your order volume consists of takeout or delivery orders made through third-party food delivery platforms?
 - 0%-20%
 - 21%-40%
 - 41%-60%
 - 61%-80%
 - 81%-100%