



City of Culver City

Mike Balkman Council
Chambers
9770 Culver Blvd.
Culver City, CA 90232

Staff Report

File #: 21-384, **Version:** 1

Item #: A-3.

CC - (1) Receipt of a Progress Update on the Culver City Economic Recovery Task Force; (2) Discussion of Capping Third Party Delivery Fees Charged to Restaurants; (3) Discussion of Choose Culver City, a Buy Local Campaign; (4) Discussion of Virtual Performance Arts Center; and (5) Direction to the City Manager as Deemed Appropriate.

Meeting Date: October 26, 2020

Contact Person/Dept: Elaine Warner/Economic Development

Phone Number: (310) 253 - 5777

Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☒ No ☐

Public Hearing: ☐

Action Item: ☒

Attachments: Yes ☒ No ☐

Commission Action Required: Yes ☐ No ☒ **Date:**

Commission Name:

Public Notification: (E-Mail) Meetings and Agendas - City Council (10/21/2020)

Department Approval: Sol Blumenfeld, Community Development Director (10/13/2020)

RECOMMENDATION

Staff recommends the City Council (1) receive an update on the Culver City Economic Recovery Task Force (ERTF); (2) discuss capping third party delivery fees charged to restaurants; (3) discuss Choose Culver City, a buy local campaign; (4) discuss the creation of a virtual performing arts center and (5) provide direction to the City Manager as deemed appropriate.

BACKGROUND/DISCUSSION

On May 11, 2020, the City Council approved the formation of the ERTF to address the unique

challenges of COVID-19 and to spur economic recovery with a focus on public health and equity. Since formation, the ERTF has convened five general session meetings, engaging more than 60 external stakeholders, to understand and respond to recovery priorities in the community. Since the last progress update, the ERTF has worked closely with the City Manager's Office, Community Development, Public Works, Parks, Recreation and Community Services and Fire Departments, along with community organizations, to address priority items such as implementation of street closures in the Culver City Arts District, development of a virtual job fair, creation of a buy local campaign, and exploration of other programs to support the City's short-, mid- and long-term economic recovery.

Capping Third Party Delivery Fees Charged to Restaurants

The COVID-19 pandemic has spurred an increase in carry-out and delivery food offerings due to the mandates in the County of Los Angeles Public Health Orders and the City Manager's Public Orders, regarding health safety, physical distancing, and dine-in capacity throughout Culver City. In conformance with the State of California reopening metrics, the County of Los Angeles has yet to allow "indoor" dining, creating additional service and operational challenges for many local restaurants. While some businesses may have direct-to-customer delivery options, many rely on third-party companies, including but not limited to PostMates, GrubHub, Uber Eats and Door Dash, to provide online ordering and delivery service to their customers. These third-party platforms typically charge fees between 5% and 30% per order relative to delivery, marketing and promotion, subscription, and processing fees. Small, independent restaurants may rely on delivery to maintain operations, yet have limited bargaining power to negotiate lower commission fees.

Neighboring cities, including Los Angeles, Santa Monica, Beverly Hills, and West Hollywood, have capped delivery fees at 15% per order, and processing or promotional fees at 5%-10%, to help local restaurants retain profits during the duration of the public health emergency.

Staff recommends the City Council consider a similar, temporary, program to support local restaurants during the public health emergency. Staff recommends capping the maximum fees for third-party food delivery services to no more than 15% of the purchase price for delivery, and capping all other fees, such as marketing, data analytics, and technical support, to no more than 5% of the purchase price per order.

If the City Council provides direction to cap delivery fees, the City Manager will issue a supplemental public order consistent with such direction, which will subsequently be brought back to City Council for confirmation, as required under state law. Staff recommends that these modifications be temporary for a set period and thereafter reassessed relative to current State and County Public Health mandates.

Virtual Performance Arts Center

The ERTF, in collaboration with the Cultural Affairs Division, recommends the development of a virtual performance arts center to promote and amplify various arts organizations within the community. The program would augment the current Performing Arts Grant Program and allow organizations an opportunity to apply for a "marketing sponsorship" for performances to be featured on the City's website as well as receive promotional assistance similar to other City-sponsored

events.

The ERTF recommends that a sub-committee of external stakeholders from the ERTF Arts and Culture working group, who would be selected by the ERTF, serve as the review body for this initial program. Similar to the current Performing Arts Grant Program process, interested organizations would submit information (and a completed copy) of a specific virtual performance for consideration. The ERTF working group would review submittals based on established criteria and make recommendations to the Cultural Affairs Commission (CAC) and/or the CAC Performing Arts Grant Program Subcommittee (Chair Tania Fleischer and Commissioner Jeannine Wisnosky Stehlin). To expedite approval, the City Council may wish to delegate authority to the Cultural Affairs Commission and/or Performing Arts Grant Program Subcommittee to provide final approval of the marketing sponsorships.

In-kind staff time required to facilitate this program, including convening meetings, posting information, coordinating community outreach, and promoting the event would serve to meet the financial sponsorship thresholds required by the City.

The virtual performance arts center would maintain visibility for local arts organizations while supporting the City's position as a cultural arts center and vibrant creative economy.

Choose Culver City - Buy Local Campaign

As businesses sectors reopen and options for on-line shopping continue to increase, it is critical to patronize local businesses to ensure their survival and success. The ERTF recommends the implementation of a "buy local" campaign that supports community businesses, but also encourages consumers to think local first and choose Culver City when shopping, dining, or requiring services. The campaign would focus on "why" individuals should choose Culver City and how buying local keeps businesses open, maintains community character, provides jobs, and contributes to quality of life. It would also educate consumers about online ordering, delivery, and curbside pickup options for businesses in the community. (Attachment No. 1).

The ERTF recommends that the initial rollout rely heavily on social media messaging as well as limited collateral materials to include window clings, barricade decals (limited), consumer stickers, lawn signs and temporary 3 'x 6 banners in select locations throughout the City (fences/parks). Staff recommends the campaign begin immediately to coincide with the holiday season, however, the campaign is designed to be "evergreen" and could be expanded and augmented over time, if desired.

FISCAL ANALYSIS

There is no fiscal impact relative to discussion and request for direction regarding capping third-party delivery fees charged to restaurants or the creation of a virtual performance art center. Implementation for the Choose Culver City buy local campaign is estimated between \$5,000 - \$7,000 and funded via the City's appropriated reserve budget via account 10150120.514100.

ATTACHMENTS

1. 2020-10-26_ATT - Choose Culver City Proposal

MOTION

That the City Council:

1. Receive a Progress Update on the Culver City Economic Recovery Task Force;
2. Discuss Capping Third Party Delivery Fees Charged to Restaurants;
3. Discuss Creation of Virtual Performing Arts Center;
4. Discuss Implementation of Choose Culver City, a buy local campaign; and
5. Provide direction to the City Manager as deemed appropriate.