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Supporting Santa Cruz Restaurants, City Places Limit of 15% on Commissions Charged by Third-Party Food Delivery Companies

SANTA CRUZ, CA – In support of local businesses in Santa Cruz, City Manager Martin Bernal signed an executive order this morning establishing a temporary limit of 15% on commissions charged by third-party food delivery companies. This order will take effect on April 16, 2020.

With the current shelter in place order, many consumers are using third-party applications and websites to place orders with restaurants for delivery and takeout, and these third-party platforms charge restaurants fees. Capping the per-order fee at 15% will ease the financial burden on struggling restaurants during this emergency while continuing to allow third-party platforms to earn profits.

“Our restaurants who have been able to adapt to a takeout and delivery model have done so at a high cost. This Order should help relieve some of the financial burden they have been carrying in order to keep their business open during the pandemic”, added Bonnie Lipscomb, Director of Economic Development for the City of Santa Cruz.

Zach Davis, Co-founder of the Glass Jar who runs three small businesses in Santa Cruz stated, “At a time of heightened health concerns because of COVID-19 and shelter in place order, the small restaurant owners and their employees are working to provide local sourced food with delivery services but the fees (commissions) of those 3rd party deliveries takes away the entire cost of the food delivered, the city’s emergency order will effectively keep our small restaurant in business.”

In response to the COVID-19 pandemic, the Santa Cruz City Council declared a local emergency on March 10, 2020. In the event of an emergency declaration, the City Manager has the authority to take various actions in the City’s interest.

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