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Hayward City Council caps fees order-and-delivery businesses can charge local restaurants

HAYWARD, Calif., Sept. 23, 2020—The Hayward City Council voted Tuesday to cap temporarily at 15 percent the fees third-party delivery services can charge local restaurants when consumers use their service to order and receive food deliveries.

The ordinance, which was approved unanimously on an emergency basis, is intended to ease the strangle hold COVID-19 and shelter-in-place has had on the City's restaurant sector.

Under the ordinance, fees charged to local restaurants by companies such as Door Dash, GrubHub and Uber Eats will be limited to 15 percent of the order starting Oct. 6, following a 14-day transitional grace period to allow the companies to adapt to the new rule.

The cap is scheduled to expire 90 days after the City Council formally lifts the City of Hayward's COVID-19 declaration of a local emergency.

While COVID-19 and shelter in place have resulted in a surge of take-out ordering, third-party delivery services are cutting deeply into restaurant earnings by charging them fees that range as high as 30 to 35 percent of each order placed.

As a consequence, some restaurants are losing money on orders fulfilled through third-parties as they try to eke out enough revenue to stay afloat amid COVID-19 dining restrictions.

Hayward Economic Development Manager Paul Nguyen said that while the emergency legislation will provide immediate relief, residents can best support local restaurants by doing business with them directly and bypassing third-parties.

"By ordering directly and opting for pick-up, residents ensure all their dollars go to the business and circulate in the Hayward economy," Nguyen said.

Hayward is the sixth Alameda County city since early July to enact legislation limiting what third-party delivery services can charge local restaurants—joining the cities of Berkeley, Fremont, Livermore, Oakland and San Leandro.

Also on Tuesday, the Alameda County Board of Supervisors adopted a temporary emergency ordinance capping the fees at 15 percent in unincorporated areas of the county.