



Testimony Regarding City Council Bill #210670

Regarding the Limitation on Food Delivery Service Fees Charged to Food Service Establishments

Andrew Toy for PACDC

December 9th, 2021

Good day, Philadelphia City Council Members. My name is Andy Toy and I am the Policy Director for the Philadelphia Association of Community Development Corporations (PACDC). I am writing on behalf of PACDC and our constituent CDCs in support of Bill Number 210670, which will modify and extend the limitation on food delivery service fees charged to restaurants under agreements between third-party food delivery services and food service establishments that are entered into, renewed, extended, or otherwise amended after November 30, 2021.

Many of our Member organizations provide commercial corridor management support and small business development assistance to entrepreneurs and small business owners operating in Philadelphia neighborhoods, including many small food service establishments. The diverse restaurants and eateries available in Philadelphia neighborhoods improve quality of life for residents, incentivize visitors to explore beyond Center City, and reflect the many cultures that enrich our city. The ability to operate a successful neighborhood-based food service establishment also creates more opportunity for small business ownership, wealth building, and financial stability.

Neighborhood-based restaurants and eateries operate on tight margins even in a “normal” business climate, and with the onset of the pandemic, many of our Member organizations were very concerned for their viability given the impact of public health measures and heavy restrictions on operations. Third-party food delivery services became in many cases a primary or sole means of generating revenues, particularly for small business owners who struggled to navigate or meet eligibility criteria for emergency assistance or relief programs. We applaud Council’s foresight in setting caps on the fees that food delivery services were able to charge during this period and have heard anecdotes from many of our Member organizations about businesses who were able to avoid permanent closure because these fee limits made third-party delivery an option for them.

Ultimately, small neighborhood-based restaurants and eateries hold very little negotiating power when dealing with large tech companies such as Grubhub, DoorDash or UberEats. It is not only appropriate, but necessary for Council and other government entities to step in and ensure that the small businesses that contribute so much to the character of our communities are protected. We applaud Councilmembers Parker, Squilla, Johnson, Henon, Quiñones Sánchez, Bass, O’Neill, Brooks and Gym for their leadership on this issue, and strongly support the passage of Bill #210670.

Thank you,
PACDC
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