



# TOWN of BROOKLINE

## *Massachusetts*

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June 8, 2020

Honorable Cynthia Creem  
Honorable Michael Moran  
Honorable Edward Coppingier  
Honorable Thomas Vitolo  
Honorable Nika Elugardo

The State House  
24 Beacon Street  
Boston, Massachusetts 02133

RE: Food Service Delivery Fees

Dear Senator Creem and Representatives Coppingier, Elugardo, Moran, and Vitolo:

I write to you on behalf of the Brookline Select Board, the town's chief executive board and the licensing authority for establishments that prepare and sell food in the Town of Brookline. Since the start of the COVID-19 public health crisis in mid-March, the Select Board has become concerned about the high commissions third-party food delivery platforms charge the sellers of prepared food. The Board requests that the Legislature examine the business model of third-party food delivery platforms and, following the investigation, that the House and Senate take appropriate action.

Third-party food delivery platforms such as GrubHub, Uber Eats, DoorDash, and Caviar have become increasingly prevalent in recent years. The platforms "partner" with restaurants to provide an online ordering platform and delivery services in exchange for a set commission. It is our understanding that the commissions charged by these platforms to Brookline food establishments is 30 percent, in addition to credit card processing fees.

Restaurant margins are notoriously thin - margins are typically four percent with a few very successful establishments obtaining margins of up to 20 percent. Prior to the COVID-19 crisis third-party food delivery platforms were a source of angst for Brookline restaurants. Restaurants regularly lost money on each order placed through the platforms and used revenues derived from dine-in customers to cross subsidize their take-out and delivery operations. Since mid-March, the financial pressure on restaurants caused by third-party delivery platform has increased exponentially.

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Restrictions on public gatherings and the requirement that restaurants provide only dine-out service during the COVID-19 crisis have forced restaurants to revise their operating model and become dependent on delivery. Additionally, restaurants have seen their customer volumes decrease precipitously. Both factors have made establishments reliant on turn-key solutions that allow for a quick transition from in-person to delivery dining and offer the potential to attract customers, while simultaneously making restaurants more susceptible to financial strain.

The Brookline Chamber of Commerce recently surveyed local restaurants on the question of what an affordable third-party food delivery platform commission charge would be. Although the sample size is limited, responses to the Chamber indicate that restaurants would be able to afford a commission rate of between 10 percent and 15 percent. This feedback aligns with that provided by restaurants across the country.

While the approximately 30 percent current commission rate charged to Brookline food retailers appears objectively high, the Select Board, and the Brookline community, might be willing to accept a steep commission if there was evidence that third-party food delivery platforms used a significant portion of commission fees to benefit frontline delivery employees. Staff from the Economic Development and Long-Term Planning Division of the Brookline Planning Department have spent a substantial number of hours attempting to collect information from Grubhub, DoorDash, and Toast about delivery worker wages and whether the companies provide personal protective equipment to workers; to date none have replied. The Brookline Select Board and the Brookline community care both about the financial health of local restaurants and about the health and safety of those working directly, or indirectly, to support them; the appropriate commission rate must balance these two factors against the need for third-party food delivery platforms to generate a reasonable profit.

We are appealing to you for action because a statewide solution is the only viable strategy for addressing the apparent commission rate problem. There are reports that third-party food delivery platforms have responded to individual municipality's attempts to control their commissions by ceasing operations in a community. In San Francisco, for example, UberEats ceased deliveries to at least one neighborhood specifically citing the City's limitation on "our [UberEat's] ability to cover operational costs," and saying the action forced a revision to "the areas Uber Eats can deliver to in the city." Elsewhere platforms have introduced new fees on vendors or consumers that mute the impact of the commission cap.

The Town of Brookline is willing to act to support local prepared food establishments. The Town is willing to partner groups like the Massachusetts Restaurant Association, the Brookline Chamber of Commerce, and local merchant associations to support restaurants by using our social media properties and communication channels to amplify messages about the need to support local restaurants, to increase awareness about the availability of contact-less food pickup, and to suggest alternative strategies for ordering food that do not include the use of third-party food delivery platforms. It appears, however, that the pressure on food businesses stems not from a lack of successful marketing or visibility but instead from financial pressures exerted by a mismatch between the cost of preparing meals and the revenue collected by selling them.

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We ask that you and your colleagues in the Legislature examine the business model of the delivery platforms. We request that your investigation explore the reasonableness of the platforms' fee structures as measured by the amount of fee revenue that is used to compensate frontline delivery workers and provide for their safety. Following the investigation, we ask that you take appropriate action.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bernard", is written over a horizontal line.

Bernard Greene  
Chair, Brookline Select Board

Cc: Massachusetts Restaurant Association  
Brookline Chamber of Commerce