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January 8, 2020

TO: City of Milwaukee Public Works Committee  
Alderman Robert J Bauman, Chair

FR: Susan Quam, Executive Vice President  
(Registered Lobbyist, City of Milwaukee)

RE: January 8 Meeting – Agenda Item #8  
File #191476 - An ordinance relating to a municipal service fee on food delivery network services

### Written Testimony

Thank you Chair Bauman and members of the Public Works Committee for reading our written comments on Agenda Item #8, #191476 - An ordinance relating to a municipal service fee on food delivery network services. We are unable to join you in person today due to prior commitments in the State Capitol.

The Wisconsin Restaurant Association represents all types of restaurants in the City of Milwaukee, many of whom are small, independent restaurants, along with multi-unit franchisees, bars, event venues and hotels.

**We urge not move this proposed ordinance forward. It unfairly targets small, independent restaurants, their customers and the drivers who make deliveries.**

As the restaurant industry becomes more competitive and staffing and food costs increase, many restaurants look to delivery as a way to meet consumer demand and stay in business. Some are able to hire their own delivery staff, but many use third party delivery companies that are part of the “gig economy” to fill consumer demand. Many have arrangements with multiple delivery companies, in order to maximize exposure to potential customers. Consumers have told us with their purchasing power that they prefer to eat at home, while dining on restaurant prepared food. This has reduced dining in restaurants, but delivery sales are used to make up that lost revenue.

We have concerns over the proposed municipal fee that specifically targets third party delivery companies. **I want to make sure the committee knows that we do not have a relationship with any of the third party delivery companies and we do not represent them in this testimony. Our only concern is for the restaurants who rely upon them to provide delivery services.**

- We question why only restaurant food delivery is targeted in this proposed ordinance. Many other delivery services and companies deliver food, such as grocery and convenience stores. In addition, courier and other third party services deliver all types of items and packages around the city. Let’s not forget the common carriers (such as UPS and FedEx) also have vehicles all over the city making deliveries to businesses and homes. All of these companies use the same streets as food delivery services. All of these services probably pale in comparison to the number of Uber and Lyft drivers that are also

using city streets to make a living

- Why should consumers pay additional fees for what is already paid for through other taxes and fees
  - The city already collects sales tax and other taxes on restaurant meals in the city – again why is the restaurant industry being singled out to generate additional revenue, when other businesses and services are not included?
  - This ordinance may reduce the take home income for delivery drivers. Consumers will most likely reduce the tip they give delivery drivers by the fee they pay for delivery. While this might not be the intent of the ordinance, in reality this is how consumers will react. In addition, the drivers are already paying city and county wheel taxes on the vehicles they are driving, which is used to maintain infrastructure
- We urge the committee to consider the cost of enforcement in this ordinance. Will the cost of collecting and enforcing this fee even cover the cost the employee time needed to monitor and audit the third party companies involved?

Again, thank you for the opportunity to submit testimony on this proposed ordinance. We welcome any questions the committee or author may have on our comments.