

CITY COUNCIL  
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON SMALL BUSINESS

----- X

August 26, 2021  
Start: 11:08 a.m.  
Recess: 11:16 a.m.

HELD AT: Council Chambers - City Hall

B E F O R E: CHAIR MARK GJONAJ

COUNCIL MEMBERS:  
Helen Rosenthal  
Bill Perkins  
Ydanis Rodriguez  
Eric Dinowitz  
Selvena N. Brooks-Powers  
Stephen T. Levin

A P P E A R A N C E S (CONTINUED)

2 SERGEANT-AT-ARMS: Check. Check.

3 This is a prerecorded sound test for the Committee on  
4 Small Business. Today's date is August 26, 2021.

5 This is being recorded by Michael Leonardo.

6 [Gavel]

7 CHAIRPERSON GJONAJ: Good morning. I'm  
8 Council member Mark Gjonaj, Chair of the Committee on  
9 Small Business and I would like to welcome you to our  
10 vote today on proposed introduction 1897 A and pre-  
11 considered introduction 2390. The city's food and  
12 restaurant industry is not monolithic and is  
13 compromised of everything from small mom-and-pop  
14 establishments to street vendors to Michelin star  
15 fine dining restaurants. 80% of the cities 23,000  
16 food service establishments in this city are small  
17 businesses with fewer than 20 employees. With such a  
18 diverse food landscape within such a small geographic  
19 area, it is no wonder that New York City is  
20 consistently ranked as one of the: married capitals  
21 of the world and, to no surprise, New York City's  
22 eateries formed the second largest component of the  
23 cities tourism industry. As a Chair of this coming,  
24 and is my duty to ensure that these small business  
25 owners have a fair chance to compete when they open

2 up their doors. With competition from larger chains  
3 and other small businesses to the high cost of a  
4 modest pay in rent, labor, and inventory costs in  
5 government regulations, consumer behavior changes in  
6 e-commerce, operating a restaurant at a profit is  
7 extremely challenging in this city. Those that  
8 pursue this line of work and decide to open up a  
9 restaurant embody the American dream. They create  
10 jobs and tax base and opportunities for fellow New  
11 Yorkers that beautify our neighborhoods and service  
12 places for New Yorkers to socialize. The city's  
13 restaurants serve as extensions of our dining. And  
14 just as they service for New Yorkers, governments  
15 must act and start when they are under threat. The  
16 emergence of food delivery platforms has most  
17 certainly developed into a threat against the  
18 restaurant industry. According to analysts from  
19 business Insider in 2016, the food delivery  
20 marketplace presented a massive market for a  
21 corporation and make a profit, which they predicted  
22 would cause an influx of new businesses into this  
23 sector. Their predictions were correct and, since  
24 then, the opportunities for profit, Silicon Valley,  
25 got involved. Over \$1 billion was invested in 2014

2 and food and grocery delivery and, further, half a  
3 billion dollars was invested in the first 1:45  
4 thousand 15 in this sector. Door Dash, for example,  
5 reportedly raised nearly 2.5 billion in venture  
6 capital funding before its initial public offering.  
7 The influx of venture-capital money into food  
8 delivery companies help to these companies grow. To  
9 attract new customers, these companies initially  
10 offered little to no changes to consumers to use  
11 their platforms. This greatly increased use of their  
12 service and made it nearly essential for all  
13 restaurants to join the platform as consumers  
14 expected restaurants to be listed on these platforms.  
15 While restaurants were being forced onto the  
16 platforms and consumers were enjoying nearly free at  
17 home delivery, subsidized by Silicon Valley money,  
18 restaurants or having their profits cannibalized.  
19 The prophets were charging commissions as high as 30  
20 percent per order-- an unsustainable number for any  
21 restaurant where, according to market experts,  
22 profits are anywhere between eight and 12 percent and  
23 were yielding a net loss on each and every  
24 transaction through a third party delivery platform.  
25 Restaurants and restaurant advocates complained and,

2 before the pandemic, this committee held two hearings  
3 on the issue of food platform deliveries. These  
4 hearings did not just focus on the fees these  
5 platforms charge restaurants, however, the platforms  
6 have taken advantage of restaurants, including  
7 listing restaurants on their platforms without the  
8 restaurants consent and charging restaurants for  
9 orders that did not occur, and offering restaurants  
10 little to no data on their own customers. The  
11 pandemic obviously approved the success of the  
12 delivery platforms. As more restaurants had joined  
13 the platforms and more consumers rely on them, the  
14 consumer behavior changes of using these platforms  
15 are likely continued after the pandemic is over.  
16 Uber's CEO evening knowledge that the habit of the  
17 consumers ordering food on Uber Eats is, quote,  
18 sticking. I am one of the most pro-business Council  
19 members on his body and I do not believe in  
20 government regulation unless it is absolutely  
21 necessary. My colleagues, this is one of those  
22 absolutely necessary circumstances. We will be  
23 voting on Introduction 1897 A which would create a  
24 licensing structure for that delivery platforms. If  
25 the platforms act belligerently in the future,

2 harming cities restaurants by violating two or more  
3 of regulations, the Department of Consumer and Worker  
4 Protections can revoke the ability of that company to  
5 do business in the city. I am proud of this bill and  
6 I am confident it will provide restaurants with the  
7 necessary protections and no longer fear partnering  
8 with these third-party food delivery platforms.

9 We will also be voting on pre-considered  
10 Intro 2390 by Council member Moya and myself. In  
11 relation to limiting without expiration the fees  
12 charged to food service establishments by third-party  
13 food delivery services. This bill will ensure that  
14 the restaurants aren't exploited by these platforms.  
15 I believe that Bill is faring well prevent the  
16 platforms from pressuring our restaurants into giving  
17 up the same amount of their revenue. I would like to  
18 congratulate Council member Moya on our today on the  
19 bill and thank him for working with me over the past  
20 two years on this issue. With that said, I would  
21 like to extend a thank you to my Chief of Staff,  
22 Reggie Johnson, policy aid, Austin Sackler, deputy  
23 director, Rachel Cordero, legislative counsel,  
24 Stephanie Jones, policy analyst, Noah Miksler, and  
25 financial analyst, Aliah Ali, for all their hard work

1 COMMITTEE ON SMALL BUSINESS

8

2 in preparing for this vote. I would like to also  
3 extend a very special thank you to all of the  
4 restaurants that brought this issue to our attention,  
5 fought for us to hear these bills, and testified at  
6 our hearings. Thank you to Andrew Ding, Evan Franca,  
7 Jeffrey Bank, George Constantito, and countless other  
8 business owners who made this happen. It has been my  
9 mission and my 10 year to make small businesses see  
10 government as a friend and not of file and I hope you  
11 have felt that way throughout this process. I am  
12 encouraging my colleagues to vote yes on these bills.  
13 I ask now the clerk to call the role.

14 COMMITTEE CLERK: William Martin,  
15 committee clerk. Roll call vote Committee on Small  
16 Business. Both items are coupled. Chair Gjonaj?

17 CHAIRPERSON GJONAJ: Yes.

18 COMMITTEE CLERK: Rosenthal?

19 COUNCIL MEMBER ROSENTHAL: I vote aye.

20 COMMITTEE CLERK: Perkins?

21 COUNCIL MEMBER PERKINS: Aye.

22 COMMITTEE CLERK: Brooks-Powers?

23 COUNCIL MEMBER BROOKS-POWERS: I vote

24 aye on all.

25

1 COMMITTEE ON SMALL BUSINESS

9

2 COMMITTEE CLERK: By a vote of four in the  
3 affirmative, zero in the negative, and no  
4 abstentions, both items have been adopted by the  
5 committee.

6 CHAIRPERSON GJONAJ: Want to hold it  
7 open?

8 COMMITTEE CLERK: We can hold it open for  
9 a little bit.

10 CHAIRPERSON GJONAJ: Okay. We're going  
11 to leave the role (other members that may be joining  
12 us.

13 COMMITTEE CLERK: Continuation roll call.  
14 Committee and Small Business. Council member  
15 Rodriguez?

16 COUNCIL MEMBER RODRIGUEZ: Aye.

17 COMMITTEE CLERK: Final? Final vote,  
18 Committee on Small Business. Both items have  
19 been adopted by the Committee five in the  
20 affirmative, zero in the negative, and no  
21 abstentions.

22 CHAIRPERSON GJONAJ: Thank you, clerk.  
23 This concludes our hearing.

24 [gavel]

25

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date August 31, 2021