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LEG For-Hire Code Revision ORD
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CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 118031

AN ORDINANCE relating to companies and drivers of a new type of for-hire vehicle in order to create a pilot program for transportation network companies and affiliated drivers and vehicles: establishing minimum operating requirements for transportation network companies and affiliated drivers; creating a permit system; imposing vehicle inspections; imposing a zero tolerance drug use policy for affiliated drivers; imposing minimum insurance requirements for transportation network companies and affiliated vehicles; requiring rate transparency for transportation network companies; and establishing licensing fees; raising the maximum number of taxicab licenses issued by the City; revising terminology; adding new sections and amending various Sections of Chapter 6.310 of the Seattle Municipal Code.

Section 1. The City Council ("Council") makes the following legislative findings of fact and declarations:

1. The Council finds that technology that allows consumers to directly dispatch drivers for trips via the internet using mobile interfaces such as smartphone applications, ("application dispatch") did not exist in Seattle when for-hire driver and vehicle regulations were last amended by Ordinance 122763 in 2008; and

2. The Council caused a taxi, for-hire, and limousine services demand study ("demand study") to be undertaken to evaluate passenger demand and assess the quality of service and the final study was completed by consultants on September 3, 2013; and

3. The Council finds, and the demand study supports, that the public is receptive to application dispatch technology and such technology is capturing a growing share of the traditional taxicab and for-hire vehicle market, especially during periods of peak demand[1]; and

[1] *2013 City of Seattle and King County Taxi, For Hire Vehicle and Limousine Services Demand Study, Final Report,* page 22

4. The Council finds, and the demand study supports, that some companies using application dispatch technology to offer transportation services in Seattle are unlicensed and affiliated with unlicensed for-hire drivers (unlicensed drivers) and vehicles[2]; and

5. The Council finds that as the use of application dispatch technology by unlicensed companies, vehicles, and drivers raises significant public safety and consumer protection concerns; and

6. The Council finds that the use of application dispatch technology by unlicensed companies and drivers are competing with existing licensed taxicab and for-hire drivers in the transportation market and causing negative impacts; and

7. The Council finds that unlicensed drivers using application dispatch technology are providing trips as for-hire drivers via a new type of for-hire vehicle because they are operating motor vehicles used for the transportation of passengers for compensation and these drivers are currently operating illegally without for-hire driver licenses or regulatory oversight; and

8. The Council finds that companies providing transportation services via application dispatch with unlicensed affiliated drivers are operating illegally without a license or regulatory oversight; and

9. The Council finds that there is no gratuitous purpose for offering and receiving transportation services, and unlicensed drivers and companies using application dispatch technology offer transportation services for compensation for the following nonexclusive reasons: the companies are registered for-profit corporations, drivers are recruited with promises to be paid, drivers intend to be paid, and passengers are paying for services rendered; and

10. The Council finds that the creation of a pilot program, establishing minimum operating requirements for unlicensed drivers and unlicensed companies using application dispatch technology is appropriate and necessary to protect the safety of the public; and

[2] *Id.*

11. The Council finds a pilot program establishing transparency of rates prior to a passenger initiating a ride via application dispatch is appropriate and necessary for consumer protection; and

12. The Council finds that the creation of a pilot program regulating unlicensed companies and affiliated drivers using application dispatch technology will promote fair competition among other licensed transportation providers; and

13. The Council finds that the creation of a pilot program strikes a balance between safety and innovation, so that regulation provides a safety net that the public can rely on for its protection while new businesses innovate and use technology to better the lives of Washingtonians;

14. The Council finds that the issuance of an additional 75 taxicab licenses per year for the years 2014 and 2015 as authorized by SMC 6.310.500(D) would promote fair competition and meet current and future demand for efficient and economical for-hire transportation services; and

15. The Council finds it necessary to review the pilot program to ensure it is fulfilling its purpose of promoting public safety, consumer protection and fair competition, so City Council will assess the benefits and any negative unintended consequences of the pilot program by no later than December 31, 2015, and if no further action is taken by City Council, the program will automatically sunset on June 30, 2016; and

16. The Council finds that it has the authority to establish code to regulate for-hire vehicles as granted by Article 11, Section 11 of the Washington State Constitution and RCW 46.72.160.

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 2. Section 6.310.100 of the Seattle Municipal Code, last amended by Ordinance 118341, is amended as follows:

SMC 6.310.100

Purpose.

A. Transportation network companies (TNC) provide application dispatch services (technology that allows consumers to directly request dispatch of for-hire drivers for trips via the internet using mobile interfaces such as smartphone applications,) to connect drivers with passengers for transportation services. While active on a TNC dispatch system, TNC drivers are for-hire drivers operating for-hire vehicles. The ordinance codified in this chapter is an exercise of The City of Seattle's power to license for-hire vehicles, taxicabs, for-hire drivers ((~~and~~)) taxicab associations, transportation network companies, and issue transportation network company driver permits with TNC vehicle endorsements, for regulations and revenue. Some of its regulatory purposes are to increase the safety, reliability, cost-effectiveness, and the economic viability and stability of privately-operated for-hire vehicle and taxicab services within The City of Seattle. This chapter is not intended to regulate limousines and is consistent and compliant with RCW Chapter 46.72A.

B. The Director shall not issue or renew any TNC driver permits or TNC licenses that would allow a TNC driver permittee or TNC to operate beyond June 30, 2016. Any TNC driver permits or TNC licenses whose expiration date would fall beyond June 30, 2016 shall expire on July 1, 2016.

C. The Director may issue a moratorium suspending the issuance of TNC driver permits or TNC licenses upon finding that the continued issuance of TNC driver permits or licenses threatens public safety or raises substantial consumer protection concerns. In making such a finding the Director may consider, but is not limited to considering: consumer complaints, the stability of the market for taxi and for-hire transportation services, consumer demand for transportation services, and the financial viability of transportation service providers. Where the issuance of TNC driver permits or licenses has been suspended pursuant to this section, the suspension shall last no more than 180 days.

Section 3. Section 6.310.110 of the Seattle Municipal Code, last amended by Ordinance 123361, is amended as follows:

SMC 6.310.110

Definitions.

For the purposes of this chapter and unless the context plainly requires otherwise, the following definitions apply:

"Active on the TNC dispatch system" includes but is not limited to: when the driver is logged onto the transportation network company (TNC) application dispatch system showing that the driver is available to pick up passengers; when a passenger is in the vehicle; when TNC dispatch records show the vehicle is dispatched; or when the driver has accepted a dispatch and is enroute to provide transportation services to a passenger.

"Affected licensee" means any licensee that may incur some penalty as a result of a violation. For example, if a for-hire driver of a taxicab commits a violation, the for-hire driver, the taxicab owner, and the taxicab association with which that taxicab is associated are all affected licensees.

"Affiliated taxicab" means a taxicab licensed to operate within a particular taxicab association.

"Application dispatch" means technology that allows consumers to directly request dispatch of for-hire drivers for trips via the internet using mobile interfaces such as smartphone applications.

"Approved mechanic" means a mechanic on a list maintained by the Director. The list shall contain the name of each mechanic that has applied to the Director for inclusion and who (1) has met all requirements of the National Institute for Automotive Service Excellence, (2) has been awarded a Certificate in Evidence of Competence satisfactory to the Director, (3) does not own, lease or drive a taxicab or for-hire vehicle, and (4) has no financial interest, including any employment interest, in any taxicab association, taxicab or for-hire vehicle or in any company that owns or leases taxicabs or for-hire vehicles.

"Business service contract" means a written contract between a for-hire driver or a for-hire driver's representative and a business entity authorizing the for-hire driver to pick up passengers at the business entity's place of business.

"Certificate of Safety" means a document from an approved mechanic certifying that a particular vehicle meets all vehicle safety standards set forth in this chapter and in regulations adopted pursuant to this chapter.

"Committed a violation" means that a licensee has been issued a Notice of Violation and either has not contested the violation or did contest the violation but lost.

"Community Development Financial Institution" means a non-profit loan fund certified by the Community Development Financial Institution Fund of the U.S. Department of the Treasury, that serves economically distressed communities and underserved populations by providing credit, capital and financial services that are normally unavailable from traditional financial institutions.

"Compensation" means remuneration or anything of economic value that is provided, promised, or donated primarily in exchange for services rendered. This includes, but is not limited to voluntary donations, fee-sharing between a taxicab association or transportation network company and an affiliated driver, advertisement of a taxicab association or transportation network company services, and increased patronage for taxicab association or transportation network company services.

"Contract rate" means the rate specified in a written contract signed by both parties before the dispatch of a taxicab or for-hire vehicle for the services identified in the contract. Contracts for package delivery may be made on an oral basis.

"Department" means the Department of Finance and Administrative Services of The City of Seattle, or any department that succeeds to the Department's duties under this chapter.

"Director" means the Director of Finance and Administrative Services or the director of any successor department and the Director's authorized designee.

"For-hire driver" means any person in physical control of a taxicab or for-hire vehicle, who is required to be licensed or permitted under this chapter. The term includes a lease driver, owner/operator, or employee, who drives taxicabs or for-hire vehicles, including vehicles dispatched by transportation network companies.

"For-hire vehicle" means any motor vehicle used for the transportation of passengers for compensation, except:

1. Taxicabs as defined in this chapter;

2. School buses operating exclusively under a contract to a school district;

3. Ride-sharing vehicles under Chapter 46.74 RCW;

4. Limousine carriers licensed under Chapter ((~~81.90~~)) 46.72A RCW;

5. Vehicles used by nonprofit transportation providers solely for elderly or handicapped persons and their attendants under Chapter 81.66 RCW;

6. Vehicles used by auto transportation companies licensed under Chapter 81.68 RCW;

7. Vehicles used to provide courtesy transportation at no charge to and from parking lots, hotels, and rental offices; and

8. Vehicles licensed under, and used to provide "charter party carrier" and "excursion service carrier" services as defined in, and required by, Chapter 81.70 RCW.

"Handicapped person" means any person who, by reason of illness, injury, age, congenital malfunction, or other permanent or temporary incapacity or disability, is unable without special facilities or special planning or design to use mass transportation facilities and services as efficiently as persons who are not so affected. Handicapped persons include ambulatory persons whose capacities are hindered by sensory disabilities such as blindness or deafness, such mental disabilities as mental retardation or emotional illness, and physical disabilities that still permit the person to walk comfortably, or a combination of these disabilities. It also includes a semiambulatory person who requires such special aids to travel as canes, crutches,

walkers, respirators, or human assistance, and a nonambulatory person who must use wheelchairs or wheelchair-like equipment to travel.

"Knowingly permit" means (1) to know of an action or condition that violates this chapter or any regulation promulgated pursuant to this chapter, and (2) to fail to take reasonable steps to cure the violation and to prevent future violations. There is a rebuttable presumption that a person knows a fact, action or condition of which a reasonable person in the same position would have knowledge.

"Lease driver" means a for-hire driver who is an independent contractor/sole proprietor who has leased a taxicab or for-hire vehicle from a taxicab or for-hire vehicle licensee or taxicab association.

"Lender" means a bank, trust company, mutual savings bank, savings and loan association, or credit union authorized to do business and accept deposits in this state under state or federal law and includes a Community Development Financial Institution qualified and approved by the Director to provide loans to licensees under Section 6.310.380

"Lessor" means a licensee of a taxicab or for-hire vehicle who leases to a lease driver.

"Licensee" means any person or entity licensed under this chapter, including for-hire drivers, taxicab or for-hire vehicle owners, ((~~and~~)) taxicab associations, and transportation network companies.

"Motor vehicle" means every motorized vehicle by or upon which any person may be transported or carried upon a public street, highway or alley; provided, that vehicles used exclusively upon stationary rail tracks or propelled by use of overhead electric wires are not considered motor vehicles for purposes of this chapter.

"Operating in The City of Seattle" means owning, leasing, advertising, driving, occupying and/or otherwise using a taxicab or for-hire vehicle that at any time transports any passenger or item for compensation from a point within the geographical confines of The City of Seattle. The vehicle is considered to be operating during the administering of inspections at the City's

inspection facility. The term does not include being in control of a vehicle that is physically inoperable. A taxicab association is "operating in The City of Seattle" if it represents or includes any taxicab that at any time transports any passenger or item for compensation from a point within the geographical confines of The City of Seattle. A transportation network company is "operating in The City of Seattle" if it provides application dispatch services to any affiliated driver at any time for the transport of any passenger for compensation from a point within the geographical confines of The City of Seattle.

"Owner" means the person whose lawful right of possession of a taxicab or for-hire vehicle has most recently been recorded with the state Department of Motor Vehicles.

"Senior Citizen" means any person over the age of 60 with a valid identification confirming that person's age.

"Special rate" means discounted rates for senior citizens and handicapped persons.

"Taxicab" means every motor vehicle:

1. That is held out to the public as providing transportation to passengers or articles for hire;
2. Where the route traveled or destination is controlled by the customer;
3. That carries signs or indicia of a taxicab, including the words "taxi," "taxicab," or "cab"; and
4. Where the fare is based on an amount recorded and indicated on a taximeter, or by a special contract rate permitted under this chapter. Despite the foregoing, "taxicab" does not include those vehicles listed in Section 6.310.110 J2-J8 or for-hire vehicles.

"Taxicab association" means a person or ((~~organization~~)) entity licensed under this chapter that represents or owns at least 15 taxicabs licensed by the City that use the same color scheme, trade name, and dispatch services. An individual person may be a taxicab association as long as that individual owns or represents at least 15 taxicabs and otherwise meets the requirements of this chapter; provided, that for taxicab associations formed in connection with the wheelchair accessible taxicab demonstration project provided for under this chapter, the

Director may waive the requirement for such taxicab associations to have 15 licensed taxicabs and any taxicab association license fee for the duration of the demonstration project.

"Taxicab association representative" means the person or persons that a taxicab association has authorized to:

1. File applications, special contract rates and charges on behalf of the taxicab association and individual owners in the taxicab association; and

2. Receive and accept all correspondence and notices from the City pertaining to the taxicab association, or to the taxicabs, taxicab owners and/or for-hire drivers operating within the taxicab association; and

3. Forward any correspondence, notices and/or legal process received by the association and intended for a taxicab owner and/or taxicab driver operating within the taxicab association.

"Taximeter" means any instrument or device by which the charge for hire of a passenger carrying vehicle is measured or calculated either for the distance traveled by such vehicle or for waiting time, or for both, and upon which such calculated charges shall be indicated by means of figures.

"Trade dress" means the unique visual element associated with a transportation network company that is attached to a vehicle affiliated with a TNC so the public and passengers can identify the vehicle as being associated with that particular TNC. Trade dresses are not mandatory and must be approved by the Director.

"Transportation network company" (TNC) means a person or entity licensed under this chapter affiliated with licensed or permitted TNC drivers that provides application dispatch services via one unique application dispatch system to connect TNC drivers with passengers for the transport of passengers for compensation and meeting the licensing requirements of SMC 6.310.130 and any other requirements under this chapter.

"Transportation network company driver" means a licensed for-hire driver or transportation network company driver permittee affiliated with and accepting dispatched trips from a

licensed transportation network company, using a for-hire vehicle or taxicab licensed under this chapter or a vehicle with a TNC vehicle endorsement.

"Transportation network company driver permittee" means a driver with a transportation network company driver permit with TNC vehicle endorsement, that allows the driver to affiliate with and accept only application-dispatched trips from a licensed transportation network company, who meets the requirements set forth in SMC 6.310.130 and any other requirements under this chapter. A TNC driver permittee may additionally have a for-hire vehicle license.

"Transportation network company representative" means the person or persons that a transportation network company has authorized to:

1. File applications, rates and charges on behalf of the transportation network;

2. Receive and accept all correspondence and notices from the City pertaining to the transportation network company, or to affiliated drivers operating within the transportation network company; and

3. Forward any correspondence, notices and/or legal process received by the transportation network company and intended for an affiliated driver operating within the transportation network company.

"Transportation network company (TNC) vehicle endorsement" is an endorsement on a transportation network company driver permit for a vehicle that is not a for-hire vehicle or taxicab licensed under this chapter that allows the driver to use the endorsed vehicle to affiliate with a transportation network company in order to provide transportation to passengers via an application dispatch system. The endorsement demonstrates that the vehicle has met the minimum operating requirements as set forth in SMC 6.310.325 and .327.

"Wheelchair accessible taxicab" or "Wheelchair accessible for-hire vehicle" means a taxicab or for-hire vehicle designed or modified to transport passengers in wheelchairs or other mobility

devices and conforming to the requirements of the Americans with Disabilities Act (ADA), and inspected and approved by the Director.

Section 4. Section 6.310.120 of the Seattle Municipal Code, last amended by Ordinance 118341, is amended as follows:

SMC 6.310.120

Scope.

This chapter applies to all taxicab associations, all taxicabs, all for-hire vehicles and all for-hire drivers operating within The City of Seattle. This chapter does not apply to for-hire drivers with valid King County for-hire driver's licenses operating for-hire vehicles with valid King County only for-hire vehicle's licenses that have proof that they are operating the for-hire vehicle pursuant to a business service contract on file with the Director. This chapter is not intended to be a part of the New License Code, Chapter 6.202 et seq.

Section 5. Section 6.310.125 of the Seattle Municipal Code, last amended by Ordinance 121738, is amended as follows:

SMC 6.310.125

Violation classifications.

A. Requirements contained within this chapter shall specify violation classifications in parentheses for the purpose of assessing monetary penalties and penalty points. General provisions for penalty enforcement are set forth in SMC6.310.600, 6.310.605, 6.310.610, and 6.310.635. Monetary penalties and penalty points for each violation classification are specifically set forth in SMC 6.310.605.

B. Violation classifications are as follows:

1. Class A - violations of administrative or non-safety requirements.

2. Class B - violations of safety requirements.

3. Class C - other serious violations.

4. Suspensions, revocations, and denials of licenses are imposed when taxicab associations, transportation network companies, transportation network company driver permittees, taxicab licensees, or for-hire drivers fail to comply with licensing or permitting requirements pursuant to this chapter, or there is an immediate safety concern with the taxicab or for-hire vehicle.

Section 6. Section 6.310.130 of the Seattle Municipal Code, last amended by Ordinance 119872, is amended as follows:

SMC 6.310.130

Licenses required.

A. It is unlawful to own, lease, drive or otherwise operate within The City of Seattle any taxicab or for-hire vehicle, not affiliated with and dispatched by a licensed transportation network company, within the scope of this chapter, unless:

1. The for-hire driver has a valid license issued under this chapter;

2. The for-hire vehicle or taxicab has a valid license issued under this chapter.

3. If the vehicle is a taxicab, the taxicab is affiliated with a taxicab association licensed under this chapter;

4. The for-hire driver that operates a taxicab is affiliated with a taxicab association licensed under this chapter.

B. It is unlawful to operate within the City of Seattle as a transportation network company driver, unless the driver has either1) a transportation network company driver permit with a transportation network company vehicle endorsement; or 2) a for-hire driver's license and a for-hire vehicle or taxicab licensed under this chapter.

((~~B.~~))C. It is unlawful to operate a taxicab association within the City without a valid license issued pursuant to this chapter.

D. It is unlawful to operate as a transportation network company within the City of Seattle without a valid license issued under this chapter.

E. It is unlawful to operate an application dispatch system within the City of Seattle unless:

1. The person or entity is a licensed transportation network company; or

2. The person or entity uses the application dispatch system exclusively for taxicabs and/or for-hire vehicles licensed under this chapter.

((~~C.~~))F. The regulatory licenses and permits issued to for-hire drivers, TNC driver permittees, for-hire vehicles, taxicabs, ((~~and~~)) taxicab associations, and transportation network companies under this chapter shall be suspended by the Director if the for-hire driver, TNC driver permittee, for-hire vehicle, taxicab, ((~~or~~)) taxicab association, or transportation network company does not maintain a required current business license issued by The City of Seattle.

Section 7. Section 6.310.150 of the Seattle Municipal Code, last amended by Ordinance 123472, is amended as follows:

SMC 6.310.150

Fees.

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C. For-hire driver license:

Annual fee $50

Add/change affiliation* $20

Late fee $15

ID photo $5

Fingerprinting . . . . Charge as determined by Director to cover costs

Replacement license $5

Training class fee . . . . As determined by Director

* For-hire drivers may only be affiliated with a combined maximum of three taxicab associations or transportation network companies at any given time. This fee is only charged when the driver is affiliated with three taxicab associations or transportation network companies and now wants to delete one association or company and add another.

D. Transportation Network Company (TNC) Driver's Permit with TNC Vehicle Permit Endorsement:

Annual fee $50

Change affiliation** $20

Late fee $15

ID photo $5

Fingerprinting . . . . Charge as determined by Director to cover costs

Replacement license $5

Training class fee . . . . As determined by Director

E. Transportation Network Company:

Annual fee ....$50,000.00 for the first year; for the second year and thereafter, either .35% of annual gross revenue or $50,000.00, whichever is greater.

Section 8. A new section 6.310.260 to Seattle Municipal Code is adopted, as follows:

SMC 6.310.260

Transportation Network Company – License Eligibility and Application.

A. Any business or individual desiring to operate as a transportation network company within the city of Seattle shall file with the Director a signed and notarized transportation network company license application on forms provided by the Director.

1. To be eligible for a license, the transportation network company is limited to providing application dispatch services to transportation network company drivers meeting the requirements set forth in SMC 6.310.452.

2. The license application shall include the following information:

a. The applicant transportation network company's name, business street address and Post Office box address (if any), business facsimile number, business phone number and business email address where the transportation network company representative can generally

be reached between nine a.m. (9:00 a.m.) and five p.m. (5:00 p.m.) on all nonholiday weekdays;

b. The form of business entity under which the association will operate (e.g. corporation, partnership, cooperative association);

i. If the applicant transportation network company is individually owned, the name, business address (or home address if no business address), telephone number and date of birth of the owner, or

ii. If the applicant transportation network company is a corporation, partnership or other business entity, the names, home and business addresses, telephone numbers, and date of birth of all officers, directors, general and managing partners, registered agents, and of all other persons vested with authority to manage or direct the affairs of the legal entity or to bind the legal entity in dealings with third parties, and the entity's true legal name, state of incorporation or registration with the Secretary of State of the State of Washington (if any) and State of Washington business license number, and any other information that the Director may reasonably require;

c. Verification of applicant's unique application dispatch system, as approved by the Director;

d. The trade dress the applicant transportation network company proposes to use, if any, for each affiliated driver's vehicle, with a photo of the trade dress submitted with the application. The trade dress may be placed on the vehicle body, but not on the roof or covering any windows, vehicle lights, or obscuring the view of any mirrors, and cannot exceed 4 square feet;

e. The name, address, phone number and date of birth of the transportation network company representative;

f. The for-hire driver license number or TNC driver permit number with TNC vehicle endorsement, vehicle make, model, and year, and the name of each transportation network company driver affiliated with the transportation network company;

g. Evidence that each vehicle affiliated with a transportation network has insurance in an amount no less than required by RCW 46.72.050, at any time while active on the TNC dispatch system.

h. Evidence that the transportation network company has auto liability insurance that provides a minimum of $1,000,000 per accident coverage for accidents involving a transportation network company driver and vehicle while active on the TNC dispatch system and meets state requirements per RCW 46.72.050. The Director may require a statement on Department of Licensing letterhead verifying that the policy meets state requirements. In addition, the Director shall review the insurance policy to determine that it adequately protects the public. The insurance policy or insurance binder must be submitted to the Director and shall:

i. Be issued by an admitted carrier in the State of Washington with an A.M. Best Rating of not less than A- VII; provided however, that the Director may temporarily suspend any or all of these requirements if no other viable insurance options are available to the industry,

ii. Name The City of Seattle as an additional insured,

iii. Provide that the insurer will notify the Director, in writing, of any cancellation and/or non-renewal at least 30 days before that cancellation and/or non-renewal takes effect, and

iv. Not include self-insured retention, nonstandard deductibles, aggregate limits, territorial restrictions, named driver requirements, or any other provisions that limit insurance coverage.

v. In the event the TNC driver fails to maintain personal or commercial auto insurance or the TNC driver's insurer denies coverage for the claim, the Transportation Network Company's auto insurance shall be primary. In the event the limits of liability provided by the TNC driver's personal or commercial auto insurance are exhausted due to claim payment and/or settlement, the transportation network company's auto insurance will drop down over exhausted limits.

vi. Provides uninsured/underinsured motorist coverage for bodily injury and property damages with limits no less than $100,000 each person, and $300,000 each accident or $300,000 combined single limit of liability to any for-hire vehicle affiliated with the transportation network company.

i. State of Washington for-hire certificate as required by RCW 46.72.070 for each transportation network company driver.

j. State of Washington vehicle registration for each vehicle affiliated with the transportation network company.

k. Certificate of 19-point inspection for each vehicle affiliated with the transportation network company as required in SMC Section 6.310.270(X).

l. Any other information required by regulations adopted pursuant to this chapter.

m. The above application and information must be completed for each annual license renewal.

B. All applications submitted to the Director must be accompanied by the license fee set forth in SMC Section 6.310.150.

C. The transportation network company applicant or licensee must inform the Director in writing within seven days if any of the information provided pursuant to subsection A of this section changes, ceases to be true or is superseded in any way by new information.

D. A transportation network company license is valid for no more than one year. No transportation network company license may be renewed unless the renewal fee has been paid

and all outstanding penalties assessed against the transportation network company and its affiliated drivers have been paid to the Director. The Director shall not renew the transportation network company license unless the Director determines that the transportation network company's continued operation is in the public interest. All denials of renewal applications must be set forth in writing, together with the reasons for denial. The written denial shall be delivered either personally or by first class mail to the address provided by the applicant on the license renewal application.

Section 9. A new section 6.310.265 to Seattle Municipal Code is adopted, as follows:

SMC 6.310.265

Transportation network company —Standards for license application or renewal denial.

A. The operation of a transportation network company is a privilege, not a right. The transportation network company's ability to satisfy stated criteria for a transportation network company license does not create a right to a transportation network company license.

B. The Director shall deny any transportation network company license application if the Director determines that:

1. The applicant fails to submit proof of insurance as required by SMC 6.310.260.

2. The applicant provides application dispatch services to anyone other than transportation network company drivers meeting the requirements set forth in SMC 6.310.452;

3. The applicant uses more than one application dispatch system;

4. The applicant leases, permits, or otherwise allows others to use its application dispatch system;

5. The applicant affiliates with and provides application dispatch services to drivers without a for-hire vehicle driver's license or a transportation network company driver permit;

6. The applicant affiliates with and provides application dispatch services to vehicles without a for-hire vehicle or taxicab license, or a vehicle without a transportation network company vehicle endorsement.

7. The applicant allows an affiliated vehicle, except for for-hire vehicles or taxicabs licensed under this chapter, to be active on its network for more than 16 hours in a given week.

8. The application has a material misstatement or omission;

9. The application is incomplete; and/or

10. Within three (3) years of the date of application, the applicant, or any owner, officer, director, managing partner, general partner or principal of the applicant, has had a bail forfeiture, conviction or other final adverse finding for crimes of fraud, theft, larceny, extortion, embezzlement, racketeering, Uniform Controlled Substances Act, prostitution, alcohol and/or narcotics where the commission of such crime(s) involved a transportation network company (TNC), vehicle affiliated with a TNC, or TNC driver.

C. The Director may deny any transportation network company license application if the Director determines that, within five (5) years of the date of application, the transportation network company applicant, or if the transportation network company applicant is a business entity, any officer, director, managing partner, general partner, registered agent or principal of the transportation network company:

1. Within five (5) years of the date of application, has had a bail forfeiture, conviction or other final adverse finding involving crimes directly related to the applicant's ability to operate a transportation network company, including but not limited to prostitution, gambling, fraud, larceny, extortion, income tax evasion; and/or

2. Has exhibited past conduct, as evidenced by a criminal conviction, bail forfeiture or other final adverse finding (including in a civil suit or administrative proceeding) in operating a transportation network company, business or vehicle that would lead the Director to reasonably

conclude that the applicant will not fulfill the transportation network company responsibilities and requirements set forth in this chapter.

3. Has failed to meet one or more operating responsibilities as detailed in SMC6.310.270.

Section 10. A new section 6.310.270 to Seattle Municipal Code is adopted, as follows:

SMC 6.310.270

Transportation network company—Operating responsibilities.

In addition to meeting the license application requirements set forth in Section 6.310.260, the transportation network company must:

A. Maintain a business office in the City of Seattle that:

1. Is open and personally staffed all business days between nine a.m. (9:00 a.m.) and five p.m. (5:00 p.m.) (Class A);

2. Has a toll-free business telephone number and toll-free passenger complaint hotline that is answered during all hours that transportation network company drivers are operating. (Class A);

3. Has a mailing address and email address where the transportation network company representative will accept mail. (Class A);

4. Stores all records that this chapter requires the transportation network company to maintain including, but not limited to, copies of for-hire drivers licenses or TNC driver permits of affiliated drivers, lists of all affiliated drivers and their affiliated vehicles, vehicle repair and service records, passenger comment records, new driver training records, vehicle insurance policies, vehicle registrations, and passenger complaint records. Records may be maintained electronically. (Class A — each requirement);

5. Provides secure storage for all items left in an affiliated driver's vehicle by patrons and turned in by affiliated drivers. (Class A);

B. Ensure that each affiliated driver's vehicle is insured as required in SMC Sections 6.310.260 and SMC 6.310.403. (revocation and Class C);

C. Ensure that each affiliated vehicle maintains the transportation network company's dress trade, if any, at all times while active on the TNC dispatch system. (Class B);

D. Ensure that TNC drivers do not accept payment of fare or tips. Payment shall only be made electronically via the TNC application dispatch system. (Class B);

E. Ensure that TNC driver permittees do not pick up hails, cruise or otherwise solicit trips. (revocation and Class C);F. Ensure that TNC driver permittees do not take trips not dispatched by the TNC. (revocation and Class C);

G. Require that passengers be able to view a picture of the driver and vehicle license plate number on their smart phone before the trip is initiated. (Class B);

H. May maintain a rating platform for TNC drivers and passengers to rate each other following a trip. TNCs shall ensure that such ratings are not based on unlawful discrimination, and that drivers do not discriminate against passengers or potential passengers on the basis of geographic endpoints of the ride, race, color, national origin, sex, disability, age, or sexual orientation/identity. (Class B);

I. One year from the effective date of this ordinance, the TNC shall submit to the Director a report detailing all rides that were requested but not accepted by TNC drivers. The report shall include the location and zip code of each rejected ride. (Class A);

J. Maintain TNC insurance as required by SMC Section 6.310.260, (Class C and revocation) and maintain on file at the transportation network company's place of business proof of insurance required by SMC 6.310.260 and SMC 6.310.403. (Class A);

K. Send, by first class mail and email, to affiliated driver any correspondence from the Director within five (5) business days after the transportation network company receives such correspondence and keeps a written record of the mailings (Class A);

L. All violation notices issued by the Director to a TNC driver shall be mailed and emailed to both the driver and TNC, and the TNC shall maintain a record of the violations for at least 2 years (Class B);

M. Weekly, collect, verify accuracy and completeness, and store for at least 2 years transportation network company application dispatch records, including the hours each TNC driver is active on the TNC dispatch system, as prescribed by the Director (Class A);

N. Collect and provide service information, vehicle collision reports, service response time reports, reports of crimes against affiliated drivers, and passenger complaints, pursuant to rules adopted by the Director as follows:

1. Service Information Reports. Submit quarterly, in a form approved by the Director, the monthly total of paid trips and daily operating hours for each affiliated driver and vehicle (Class A);

2. Vehicle Collision Reports. Submit monthly, on forms approved by the Director, a list of vehicle collisions required to be reported to the Washington State Patrol pursuant to RCW 46.52.030(1) and WAC 446.85-010 including the name of the affiliated driver, identification of the vehicle, collision fault, injuries, and estimated damage (Class A);

3. Service Response Time Reports. Submit quarterly, on forms approved by the Director, average response times for service requests in the operating areas served by TNC drivers (Class A);

4. Crimes Against Affiliated Drivers Reports. Submit quarterly, on forms approved by the Director, a list of all crimes of assault or robbery against affiliated drivers that were reported to the Seattle Police Department, including the name of the affiliated driver and identification of the vehicle, incident number, description of the crime, and injuries (Class A), and

5. Passenger Complaints. Submit quarterly, in a form approved by the Director, a report which contains information on complaints received directly from passengers and from the

passenger complaint hotline as compiled from the log required pursuant to subsection K of this section regarding:

a. Driver conduct sorted by driving behavior, communication, personal dress or hygiene,

b. Vehicle condition sorted by appearance, mechanical and/or safety, and

c. Lack of driver knowledge of route or requested destination (Class A).

O. Maintain a log of, and forward to the Director upon request, each oral or written passenger complaint that the transportation network company receives about a vehicle, the transportation network company, or an affiliated driver. The transportation network company must include a notice of the action taken by the transportation network company to resolve the complaint and the disposition (Class A);

P. Notify the Director within 2 working days of the transportation network company having knowledge of the following:

1. A conviction, bail forfeiture or other adverse finding received by an affiliated driver for any criminal offense or traffic violation that occurs during or arises out of the driver's operation of the vehicle while active on any TNC dispatch (Class A for traffic violation, Class B for any criminal offense),

2. A conviction, bail forfeiture or other adverse finding received by an affiliated driver for any other criminal offense directly bearing on the driver's fitness to operate a vehicle or the affiliated driver's fitness to be licensed, including but not limited to theft, fraud, robbery, burglary, assault, sex crimes, alcohol, drugs, or prostitution (Class B),

3. A vehicle accident required to be reported to the State of Washington involving any affiliated driver (Class B),

4. Any restriction, suspension or revocation of a State of Washington driver's license issued to an affiliated driver (Class B), and/or

5. Any matter listed in SMC Section 6.310.265(B)(10)or 6.310.265(C) (Class B);

Q. Notify the Director within five (5) working days of any change in the affiliation status of an affiliated driver or vehicle, including any affiliated driver joining the TNC, and any suspension,

termination, nonrenewal or revocation of an affiliated driver's for-hire license or TNC driver's permit. (Class A);

R. Comply with all regulations promulgated pursuant to this chapter (see applicable rules for penalties or actions);

S. Permit the Director to carry out inspections without notice of all affiliated driver and vehicle records required to be kept under this chapter, (Class B);

T. Employ a zero tolerance drug and alcohol policy with respect to affiliated drivers as follows:

1. The TNC shall include a notice on its website, mobile application, and passenger trip confirmations of its zero-tolerance policy and the methods to report a driver the passenger reasonably suspects was under the influence of drugs or alcohol during the trip;

2. The website and mobile application must include a phone number, website link, and email to report a zero-tolerance complaint, as well as the phone number and email to report a zero-tolerance complaint to the Seattle Consumer Affairs department, (Class B);

U. Allow passengers to indicate whether they require a wheelchair-accessible vehicle or a vehicle otherwise accessible to individuals with disabilities. On January 1, 2015 and biannually on June 1 and January 1 thereafter, each TNC shall submit to the Director a report detailing the number and percentage of their customers who requested accessible vehicles, and how often the TNC was able to comply with requests for accessible vehicles, and a description of any instances or complaints of unfair treatment or discrimination of persons with disabilities. This report shall be made public by the Director. This report shall be used by the Director to determine what, if

any, regulations need to be amended or adopted to ensure that TNCs are accessible to, and do not discriminate against persons with disabilities, (Class B),

V. Review criminal background checks on every affiliated driver and maintain records thereof. Drivers convicted of any traffic and/or criminal offense directly bearing on the driver's fitness including but not limited to theft, fraud, robbery, burglary, assault, sex crimes, alcohol, drugs, or prostitution shall not be permitted to provide TNC services. (Class B)

W. Review driving records of affiliated drivers and maintain records thereof. Drivers with convictions for any alcohol or drug related offense, reckless driving, hit and run, or driving with a suspended or revoked license shall not be permitted to provide TNC services. (Class B)

X. Prior to providing TNC services and annually thereafter, require every affiliated vehicle to undergo a 19-point inspection by a third party vendor approved by the Director that certifies in writing that the following items are mechanically sound and fit for driving: (revocation and Class C)

1. Foot brakes (check stopping: at 20 mph, a vehicle must be capable of stopping within 25 feet);
2. Emergency brakes (engine stall test);
3. Steering mechanism;
4. Windshield (no chips or cracks larger than 1 inch);
5. Rear window and other glass (no chips or cracks larger than 1 inch);
6. Windshield wipers;
7. Headlights;
8. Tail lights;
9. Turn indicator lights;
10. Stop lights;

11. Front seat adjustment mechanism;

12. Doors (open, close, lock);

13. Horn;

14. Speedometer;

15. Bumpers;

16. Muffler and exhaust system;

17. Condition of tires, including tread depth;

18. Interior and exterior rear view mirrors; and

19. Safety belts and air bags for driver and passenger(s).

Affiliated vehicles shall not be rebuilt or significantly modified from factory specifications. Transportation network companies shall maintain vehicle inspection records.

Y. Pay all penalties imposed by the Department that are either not contested or are upheld after review (revocation of license);

Z. Determine whether an affiliated driver, who has been the victim of a crime of assault or robbery, has reported the crime to 911. If not, the transportation network company shall call 911 and report the crime immediately (Class B).

AA. Maintain a transportation network company license to operate in the City of Seattle as issued under this chapter (revocation and Class C).

BB. Limit the use of each affiliated vehicle used to transport passengers while active on the TNC dispatch to 16 hours per week, except that for-hire vehicles and taxicabs licensed under this chapter are exempt from this hour restriction. (Class B).

CC. Limit transportation network company permittees to being active on the TNC dispatch to 16 hours per week. (Class B)

DD. Transportation network companies shall provide a written insurance disclosure to TNC drivers. The written insurance disclosure must include the following: A personal auto insurance

policy may not provide any insurance coverage when one is driving for a commercial purpose; in the event of an accident the insurance provided by the transportation network company may not provide sufficient insurance coverage, such as coverage for the TNC driver's bodily injuries or damage to the TNC driver's vehicle; and the TNC driver may need to consider buying a commercial auto policy. The written insurance disclosure must be signed by the TNC driver.

Section 11. A new section 6.310.275 to Seattle Municipal Code is adopted, as follows:

SMC 6.310.275

Transportation network company—Transfers in the interest of a transportation network company

A transportation network company license is not transferable. However, an interest in a business entity holding a transportation network company license may be transferred, but only after the new owner or principal has submitted an application, met the standards and requirements contained in Sections 6.310.260 and 6.310.265 and secured written approval of the Director.

Section 12. A new section 6.310.325 is added to the Seattle Municipal Code as follows:

SMC 6.310.325

Vehicles affiliated with a transportation network company —Vehicle operating requirements

No vehicle affiliated with a transportation network company (TNC) may be lawfully operated within the City of Seattle to transport passengers for compensation unless the following minimum vehicle requirements are met:

A. The vehicle is a taxicab or for-hire vehicle licensed under this chapter, or the vehicle has a TNC vehicle endorsement.

B. Affiliated with a licensed transportation network company;

C. Affiliated with either a driver with a for-hire driver's license or a TNC driver permit ;

D. Passed the 19-point vehicle inspection as required by SMC Section 6.310.270(X), except for for-hire vehicles and taxicabs licensed under this chapter;

E. The vehicle model year can be no more than seven years prior to the license date; and

F. The vehicle, except for-hire vehicles and taxicabs licensed under this chapter, cannot be driven for more than 16 hours per week while active on the TNC dispatch.

Section 13. A new section 6.310.327 is added to the Seattle Municipal Code as follows:

SMC 6.310.327

TNC vehicle endorsement - Eligibility and Application.

A. In addition to meeting the minimum vehicle requirements set forth in SMC 6.310.325, the following is required in order to obtain a transportation network company vehicle endorsement:

i.The registered owner has a transportation network company driver permit;

ii. The registered owner is the only driver that may operate the vehicle to provide transportation to passengers via the TNC application dispatch system;

iii. The vehicle is not a for-hire vehicle or taxicab licensed under this chapter; and

iv. The driver shall not be active on any TNC dispatch system for more than an aggregate of 16 hours per week.

B. Within 15 business days of the date of the TNC driver permit lottery award notice, the lottery winner shall complete, sign, swear to and file with the Director a TNC vehicle endorsement application on forms provided by the Director to include the following information:

i. Evidence of personal and commercial vehicle insurance as required by SMC 6.310.452; (denial of endorsement)

ii. Proof that applicant's vehicle has passed the vehicle inspection as required by SMC 6.310.270(X) (denial of endorsement);

iii. Proof that applicant's vehicle model year is no more than seven years prior to the license date (denial of endorsement);

C. Applicants who are denied a TNC vehicle endorsement shall lose their TNC driver permit lottery award and the driver permit shall be returned to the lottery pool for award to the next eligible applicant on the waiting list. All denials of TNC vehicle endorsement applications must be set forth in writing, together with the reasons for denial. The written denial shall be delivered either personally or by first class mail to the address provided by the applicant on the license renewal application.

Section 14. Section 6.310.330 of the Seattle Municipal Code, last amended by Ordinance 124256, is amended as follows:

SMC 6.310.330

Taxicab licensee and for-hire vehicle licensee responsibilities.

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K. A wheelchair accessible taxicab licensee must personally drive the vehicle a minimum of thirty hours per week for at least forty weeks per year <u>for a period of five years following the date of issuance of a new wheelchair taxicab license</u> (<u>wheelchair taxicab license</u> revocation). <u>If a licensee fails to fulfill the minimum use requirement in any one year period within the five year period following the date of issuance, the license shall be subject to revocation. Wheelchair</u>

taxicab licensees shall submit original trip sheets to the Director on a monthly basis, in a manner prescribed by Director's rule, to prove compliance with the minimum use requirement. For purposes of this paragraph, "licensee" or "licensees" refers to individual licensees, single sole-shareholders of a licensed corporation, or single members of a licensed limited liability company. (Class A, if trip sheets are submitted late; wheelchair taxicab license revocation, if trip sheets are falsified or not in compliance).

Section 15. A new Section 6.310.403 is added to the Seattle Municipal Code as follows:

SMC 6.310.403

TNC Driver Permit Lottery Application.

A. Within 45 days of the effective date of this ordinance, any person who wishes to affiliate and operate for a transportation network company shall apply for a TNC driver permit, and shall obtain a TNC driver permit within 90 days of submitting the application; provided that a person with a for-hire driver's license who has a 50% or more ownership interest in a for-hire vehicle or taxicab licensed under this chapter is not eligible to obtain a TNC driver permit. A TNC driver's permit is valid for no more than one year.

B. 300 TNC driver permits shall be issued pursuant to a lottery of qualified applicants as prescribed by rule adopted by the Director. The rule shall include minimum qualifications for TNC driver applicants, including but not limited to the driving and conduct records of prospective applicants, and vehicle requirements.

C. The TNC driver permit is not valid and effective until and unless the TNC driver permittee obtains a TNC vehicle endorsement. The TNC vehicle endorsement application process is governed by SMC 6.310.327 and begins after an applicant is awarded the TNC driver

permit by lottery.

D. To apply for the permit lottery, TNC driver permit applicants must complete, sign, swear to and file with the Director a TNC driver permit application on forms provided by the Director to include the following information:

1. Name, aliases, residence and business address, residence and business telephone numbers;

2. Place and date of birth which shall be at least twenty-one (21) years prior to the date of application, height, weight, color of hair and eyes;

3. Washington State driver's license number. Providing the social security number is optional. The applicant must present his/her Washington State driver's license at time of application;

4. Proof that the applicant is authorized to work in the United States;

5. A signed statement authorizing the Director to obtain a copy of the applicant's criminal history for the past five years;

6. Information indicating whether or not the applicant has ever had a TNC driver permit, for-hire license, or driver's license suspended, revoked, or denied and for what cause;

7. A signed statement authorizing the Director to obtain a current copy of the applicant's driving record from the Washington State Department of Licensing;

8. Statement of applicant listing all reportable accidents and all moving violations the applicant was involved in during the previous three (3) years;

9. Proof of successful completion of a permitted training program per SMC 6.310.417, as approved by the Director. (denial of permit); and

10. Such other information as may be reasonably required by regulation promulgated under this chapter.

C. All applications for TNC driver's permits become void if the applicant, for any reason other than delay caused by the City, fails or neglects to complete the application process or obtain a license within 60days of submitting an application.

D. Prior to a TNC driver's permit's expiration, but no earlier than 3 months prior to expiration, a TNC may apply to the Director to renew a TNC driver's permit. In applying to renew a TNC driver's permit, a TNC must certify since the date of the initial application that no grounds exist for the Director to deny the permit under SMC Section 6.310.432. A TNC must certify that the TNC driver permitee 1) has not had a criminal conviction, bail forfeiture or other final adverse finding (including in a civil suit or administrative proceeding) implicating the standards set forth in SMC 6.310.432; 2) has a valid Washington State driver's license; 3) the vehicle has passed inspection as required by SMC 6.310.270(X); and 4) the TNC driver permittee has vehicle insurance as required by SMC 6.310.452 and 5) the TNC driver permittee is the registered owner and driver of the vehicle. The Director shall renew the TNC driver permit upon receiving the renewal application and TNC certifications, provided that the permit would be approved as a first-time application under SMC 6.310.432 and all outstanding penalties assessed against the TNC driver permitee are paid in full to the Director.

A TNC driver permittee may also apply for renewal directly to the City/County.

If the TNC driver permittee has a bail forfeiture or other final adverse finding (including in a civil suit or administrative proceeding) as set forth in SMC 6.310.432 B, the TNC must report such findings to the Director in the renewal application. The TNC permit may not be

renewed if the Director reasonably concludes that the permittee will not comply with provision of the chapter related to driver conduct and the safe operation of the vehicle.

E. All denials of renewal applications must be set forth in writing, together with the reasons for denial. The written denial shall be delivered either by first class mail or email to the address provided by the permittee applicant on the license renewal application, as well as the transportation network company.

F. A TNC driver's permit shall not be leased, transferrable or assignable.

Section 16. Section 6.310.410 of the Seattle Municipal Code, last amended by Ordinance 118341, is amended as follows:

SMC 6.310.410

For-hire driver physician's certification.

This subsection applies to all for-hire driver license applicants except for transportation network company driver permittees.

A. A medical examination and certification shall be required upon initial application, and every three (3) years thereafter, on the anniversary date of the license; provided, however, the Director may at any time require any for-hire licensee or applicant to be reexamined if it appears that the licensee has become physically or mentally unfit to be a for-hire driver.

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Section 17. A new Section 6.310.417 is added to the Seattle Municipal Code as follows:

SMC 6.310.417

Training program required for a TNC driver's permit.

A. All initial TNC driver permit applicants, within 120 days of submitting an application, must have successfully completed a training program approved by the Director that provides information on defensive driving, use of emergency procedures, risk factors for crimes against for-hire drivers, enhancement of driver/passenger relations, and appearance and communication skills.

B. Currently permitted TNC drivers must meet the requirements of subsection A of this section if:

1. A TNC with which the for-hire driver is affiliated requests that the TNC permitted driver receive a refresher course; or

2. The Director has reasonable grounds, based on documented complaints and/or violations, to believe that a refresher course is necessary (suspension).

Section 18. A new Section 6.310.422 is added to the Seattle Municipal Code as follows:

SMC 6.310.422

TNC permit driver examination.

A. The Director shall prescribe the content of the examination, which must test the applicant's:

1. Knowledge of TNC permit requirements contained in applicable codes and regulations;

2. Ability to speak and understand oral and written English sufficient for fulfilling the minimum acceptable standards for a TNC permitted driver;

3. Knowledge of vehicle safety requirements;

4. Knowledge of the geography of Seattle, King County and surrounding areas, and knowledge of local public and tourist destinations and attractions; and

5. Knowledge of risk factors for crimes against TNC drivers, and emergency procedures, for driver's personal safety.

B. After submitting an application for an initial TNC driver permit and completing the required training, the applicant must pass an examination administered by The City of Seattle and/or jointly with King County.

C. An applicant who fails the examination is entitled to one free opportunity to retake the examination. A second failure will result in a 60-day wait for another opportunity to take the examination, and another permit application fee. All later examination attempts will require the 60-day wait, and repayment of the permit application fee.

D. The examination is not required for the renewal of a TNC driver's permit unless the applicant's permit has remained expired for more than one year.

Section 19. A new Section 6.310.432 is added to the Seattle Municipal Code as follows:

SMC 6.310.432

TNC driver—Standards for permit denial.

A. The Director shall deny any TNC driver's permit application if the Director determines that the applicant:

1. Has made any material misstatement or omission in the application for a license;

2. Fails to meet any of the qualifications of a transportation network company driver contained in SMC 6.310.452;

3. Has had a bail forfeiture, conviction, or other final adverse finding for crimes pertaining to hit-and-run, or for crimes pertaining to driving under the influence of alcohol or controlled substances while operating a vehicle, within three (3) years of the date of application;

4. Is required to register as a sex offender pursuant to RCW 9A.44.130.

B. The Director may deny any TNC driver's permit application if the Director determines that the applicant:

1. Has had a bail forfeiture, conviction or other final adverse finding involving crimes pertaining to prostitution, gambling, physical violence, or other crimes directly related to the applicant's honesty and integrity, including but not limited to hit-and-run, fraud, larceny, burglary, extortion and/or directly related to the driver's ability to operate a for-hire vehicle, including without limitation driving under the influence of alcohol or controlled substances, provided that such bail forfeiture or conviction was within five (5) years of the date of application; or

2. Has been found, either through a criminal conviction, bail forfeiture or other final adverse finding (including in a civil suit or administrative proceeding), to have exhibited past conduct in driving or operating a vehicle that causes the Director reasonably to conclude that the applicant will not comply with the provisions of the chapter related to driver/operator conduct and the safe operation of the vehicle.

Section 20. A new Section 6.310.452 is added to the Seattle Municipal Code as follows:

SMC 6.310.452

TNC driver operating, conduct, and passenger relations standards.

A. TNC drivers shall not transport passengers for compensation without: 1) first obtaining and maintaining a valid TNC driver's permit or for hire driver's license; (first violation, civil penalty; subsequent violation, misdemeanor; both Class C) and 2) using a vehicle

that is a for-hire vehicle or taxicab licensed under this chapter, or a vehicle with a TNC vehicle endorsement. (Class C)

B. TNC driver permittees shall not be active on any TNC dispatch system for more than an aggregate of 16 hours per week (Class C and revocation).

C. TNC drivers shall not be in control of a for-hire vehicle for more than 12 hours spread over a total of 15 hours in any 24-hour period. Thereafter, such TNC driver shall not drive any for-hire vehicle until 10 consecutive hours have elapsed. For the purposes of this subsection, hours driven in for-hire vehicles in other platforms are aggregated. (suspension and Class B);

D. TNC drivers, while active on the TNC dispatch, shall not operate a vehicle that is unaffiliated with a TNC to transport passengers. (Class C and revocation)

E. TNC drivers shall have evidence of personal and commercial vehicle insurance in their possession at all times when active on the TNC application dispatch system. (Class B)

F. TNC drivers shall maintain a personal auto insurance policy as required by SMC 6.310.403 provided, that if the insurance policy lapses or is canceled, or a vehicle is deleted from the policy, proof of a new policy including the vehicle must be filed with the Director before the vehicle is canceled or deleted from the previous policy (summary suspension);

G. No TNC driver whose permit or for-hire driver's license has been revoked by the Director shall apply for a new permit or for-hire driver's license for 1 year from the effective date of such revocation (denial of license).

H. TNC drivers shall not use a mobile phone unless in hands-free mode, consistent with RCW 46.61.667.

I. TNC drivers shall not transport more passengers than the number of seat belts available nor more luggage than the vehicle capacity will safely and legally allow (Class B).

J. TNC drivers shall not accept dispatch of trips unless the interior and the exterior of the vehicle are clean and in good repair (Class A).

K. TNC drivers smoke shall not smoke in the for-hire vehicle while providing transportation to passengers (Class A);

L. TNC drivers shall allow the Director to inspect the affiliated vehicle without notice at any reasonable time or place (Class B).

M. TNC drivers shall pay all penalties imposed by the Department that are either not contested or are ultimately upheld (revocation or nonrenewal).

N. TNC drivers shall immediately notify the transportation network company and the Seattle Police Department when the TNC driver has been the victim of a crime (Class B).

O. TNC drivers shall not accept payment of fare or tips. Payment shall only be made electronically via the TNC application dispatch system. (Class B).

P. TNC driver permittees shall not pick up hails, cruise or otherwise solicit trips (Class C and revocation)

Q. TNC driver permittees shall be the registered owner of the affiliated vehicle used to transport passengers (Class A).

U. TNC drivers shall not use a third party to solicit trips (Class C and revocation).

V. TNC drivers shall not drink any alcoholic beverage while on duty or less than eight (8) hours prior to going on duty, and shall not possess an open or unsealed container of any alcoholic beverage while in the for-hire vehicle (suspension and Class B);

W. TNC drivers shall, at the end of each trip, check the vehicle for any article(s) that are left behind by passenger(s). Such articles are to be reported as found property, and such property is to be returned to a transportation network company representative as soon as is practicable (Class A);

X. TNC drivers shall have in the driver's possession a valid Washington State driver's license and either a valid TNC driver permit or for-hire driver's license at any time the TNC driver is active on the TNC dispatch system. TNC drivers with a for-hire driver's license must also have documentation that they are affiliated with a TNC (suspension and Class B);

Y. TNC drivers shall comply with any written notice of violation issued by the Director (suspension and Class B);

Z. TNC drivers shall operate his or her vehicle with due regard for the safety, comfort and convenience of passengers (Class B for safety violations; Class A for nonsafety violations);

AA. TNC drivers shall not solicit for prostitution nor allow his or her vehicle to be used for such unlawful purpose (revocation and Class C);

BB. TNC drivers shall not knowingly permit his or her vehicle to be used for the illegal solicitation, transportation, or sale, or any other activity related to illegal drugs (revocation and Class C);

CC. TNC drivers shall, upon request by the Director or a police officer, provide the TNC driver permit or for-hire driver's license, and Washington State driver's license for inspection (suspension and Class B);

DD. TNC drivers shall use the most direct available route on all trips unless the passenger specifically requests to change the route (Class B).

EE. TNC drivers shall not refuse to transport any person (Class A) except when:

1. The TNC driver has already been dispatched on another call; or

2. The TNC driver arrives at the place of pick-up and upon arrival the passenger is acting in a disorderly or threatening manner, or otherwise is acting in a manner that would cause a reasonable person to believe that the TNC driver's health or safety, or that of others, may be endangered;

FF. TNC drivers shall not refuse to transport any passenger's wheelchair which can be folded and placed in either the passenger, driver, or trunk compartment of the vehicle; an assist dog or guide dog to assist the disabled or handicapped; or groceries, packages or luggage when accompanied by a passenger (Class B).

GG. A TNC driver shall not operate a wheelchair accessible for-hire vehicle unless the for-hire driver has successfully completed the special training requirements set forth in SMC 6.310.415 D (Class C and revocation).

Section 21. Section 6.310.465 of the Seattle Municipal Code, which Section was last amended by Ordinance 122763, is amended as follows:

SMC 6.310.465

For-hire driver—Passenger relations standards.

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P. A for-hire driver shall not operate a wheelchair accessible taxicab unless the for-hire driver has successfully completed the special training requirements set forth in SMC 6.310.415 ((~~E~~))D (Class C and five-day suspension).

Section 22. Section 6.310.470 of the Seattle Municipal Code, which Section was last amended by Ordinance 122763, is amended as follows:

SMC 6.310.470

For-hire driver soliciting and cruising standards.

A. Taxicabs.

1. A for-hire driver may solicit passengers only from the driver's seat or standing immediately adjacent to the taxicab (within ~~twelve (12)~~ feet), and only when the vehicle is safely and legally parked (Class A).

2. A for-hire driver shall not use any other person to solicit passengers (Class A).

3. A for-hire driver shall not hold out the taxicab for designated destinations (Class A).

4. A for-hire driver shall not park a taxicab and wait for walk up passengers in a marked passenger load zone, truck load zone, or charter bus zone. A for-hire driver may drop off passengers or pick up hailed trips in a passenger load zone except as provided by SMC 6.310.475 D and E (Class A).

B. For-hire Vehicles.

((~~1. A for-hire driver in a for-hire vehicle is prohibited from soliciting passengers, from cruising for passengers, or from picking up passengers in a taxi zone (Class B).~~))

1. A for-hire driver in a licensed for hire vehicle may solicit passengers only from the driver's seat or standing immediately adjacent to the licensed for hire vehicle (within 12 feet), and only when the vehicle is safely and legally parked (Class A).

2. A for-hire driver shall not use any other person to solicit passengers (Class A).

~~3. All trips must be pre-arranged as defined by the Director by rule (Class B)~~

3. A for-hire driver in a licensed for hire vehicle is prohibited from picking up passengers in a taxi zone (Class B).

Section 23. Section 6.310.500 of the Seattle Municipal Code, which Section was last amended by Ordinance 122763, is amended as follows:

SMC 6.310.500

Taxicabs—Maximum number.

A. The total number of taxicab licenses in effect at any one ((~~(1)~~)) time shall not exceed ((~~eight hundred and fifty (850)~~)) 1,100. The number of taxicab licenses shall be set by the Director at such times and in such manner as necessary to meet the demand for efficient and economical taxicab service within the city limits and to support a competitive, safe, fair and viable business environment for the taxicab industry; however, no more than ((~~35~~)) 75 licenses can be issued within a calendar year. The Director shall adopt by rule the procedure for determining when and how many new taxicab licenses will be issued. In determining the total number of licenses issued, the Director shall consider factors including, but not limited to ((~~such as~~)) consumer demand for transportation services, average service response times, total number of taxi rides, total paid trips per taxicab, and average operating hours per taxicab, and may consider any other factors that may affect the supply and demand for taxi service within the city limits. The Director shall adopt by rule any vehicle and safety standards required for the issuance of new licenses, including but not limited to vehicle size, fuel efficiency, and emissions standards.

B. The number of for-hire vehicle licenses in effect at any one ((~~(1)~~)) time shall not exceed ((~~two hundred~~)) ((~~(~~))200((~~)~~)). Except that if the State Legislature authorizes cities to regulate executive sedans and executive vans, as defined in RCW 46.04.274, then executive sedans and executive vans licensed by the Department of Licensing on the authorization date which meet City vehicle

standards would be allowed to obtain for-hire vehicle licenses, and such for-hire vehicle licenses shall not be included in the calculation of total number of for-hire vehicle licenses pursuant to this subsection. TNC driver permits issued per SMC 6.310.403 and TNC vehicle endorsements issued per SMC 6.310.327 shall not be included in the calculation of total number of for-hire vehicles licenses pursuant to this subsection.

C. The Director may, at the Director's discretion, issue wheelchair accessible taxicab licenses to special service vehicles used to provide transportation to disabled persons defined in KCC 6.64.010 or to handicapped persons as defined in SMC Section 6.310.110. These licenses shall be non-transferable for a period of five (((~~5~~))) years from the date of issuance and shall not be included in calculating the maximum number of taxicab licenses allowable pursuant to subsection A. The Director may issue temporary and nontransferable wheelchair accessible taxicab licenses to individual for-hire drivers selected by King County for a demonstration project to determine the economic feasibility of the long term issuance of such licenses.

D. If the Director determines that issuance of additional taxicab licenses is warranted, not to exceed the maximum allowable taxicab licenses issued pursuant to subsection A of this section, such licenses shall be issued pursuant to:

1. A competitive request for proposal and award process under which licenses will be issued to applicants whose proposals demonstrate that they are most able to meet the needs of the public in providing taxicab service by meeting qualifications prepared by the Director that are not in conflict with the general provisions of this chapter; or

2. Pursuant to a lottery of qualified applicants; or

3. Pursuant to a combination of both procedures as prescribed by rule adopted by the Director. The rule shall include minimum qualifications for taxicab license applicants, including but not limited to the driving and conduct records of prospective applicants.

E. The Director shall issue 75 additional taxicab licenses in 2014. The Director shall issue 75 additional taxicab licenses again in 2015. Each of these issuances shall be done pursuant to the methods described in SMC 6.310.500(D).

~~((E. At the earlier of September 1, 2010 or after a total of 50 licenses have been issued under this section, the Director shall provide a written report to the City Council concerning the economic impact that the 50 additional licenses have had on taxicab service and on the business of providing taxicab transportation services in Seattle. The report shall provide updated data to the extent reasonably available relating to the factors that serve as the basis for the issuance of licenses as set forth in Subsection A . This report shall also describe the economic effects, if any, of the provisions of SMC 6.310.330N on the market value of all taxicab license transfers occurring after August 1, 2008. No additional licenses may be issued until the submission of the report.))~~

Section 24. Section 6.310.530 of the Seattle Municipal Code, which Section was last amended by Ordinance 123939, is amended as follows:

6.310.530 – Rates(~~(.)~~)

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F. For-hire Vehicle Rates.

1. Every for-hire vehicle licensee shall file all rates and charges with the Director. All rates and charges, including any adopted senior citizen discount rate, shall be conspicuously displayed in the interior of the for-hire vehicle, except vehicles affiliated with a transportation network company, so as to be readily discernible to the passenger. The Director will prescribe the manner of such posting.

2. For-hire vehicles must charge for service based on: a written contract((,)); flat charge per trip, by zone((,)); or by an hourly rate with minimum increments of ((~~one-half ()~~) ½(())) hour. Flat charges by zone or hourly rate may vary by time of day.

G. Transportation network company—Rates

1. A transportation network company may not lawfully operate until it has provided the Director with written documentation explaining its rate structure, demonstrating that it is consistent with State law per RCW Chapter 19.94. The rate structure shall also demonstrate how tolls or charges established for roads, bridges, tunnels or ferries shall be charged to passengers. TNCs shall either 1) charge flat rates between preset zones, which may vary by time of day, and file these rates with the Director, or 2) provide the Director with certification from the Department of Licensing, on official letterhead, that its rate structure complies with RCW Chapter 19.94.

2. Regardless of the type of rate charged by a transportation network company, the rate shall be disclosed to the passenger and acknowledged via the electronic dispatch system before the trip is initiated. A trip is initiated when the passenger enters the vehicle.

Section 25. Section 6.310.600 of the Seattle Municipal Code, which Section was last amended by Ordinance 121857, is amended as follows:

SMC 6.310.600

Penalties.

A. The first violation of SMC 6.310.130(A)-(B) or 6.310.452(A) shall be a civil infraction as contemplated by RCW Chapter 7.80 and deemed to be a Class 1 civil infraction under RCW 7.80.120(a), and shall subject the violator to a maximum penalty and default amount of $1,000 plus statutory assessments.

1. As contemplated by RCW 7.80.160, a person who, after receiving a notice of civil infraction that includes a statement of the options provided in RCW Chapter 7.80 for responding to the notice and the procedures necessary for exercising these options, knowingly fails to exercise one of the options within 15 days of the date of the notice is guilty of a misdemeanor subject to the provisions of SMC Chapters 12A.02 and 12A.04, except that absolute liability shall be imposed for such a violation and none of the mental states described in SMC 12A.04.030 need be proved, regardless of the disposition of the notice of civil infraction. A person who willfully fails to pay a monetary penalty or perform community service as ordered by a court may be found in contempt of court as provided in RCW Chapter 7.21.

2. An action for a civil infraction shall be initiated and processed in the manner contemplated by RCW Chapter 7.80 and the Infraction Rules for Courts of Limited Jurisdiction. For purposes of RCW 7.80.040, the "enforcement officer" authorized to enforce the provisions of SMC 6.310.130(A)-(B) and 6.310.452(A) are: (1) the Director of the Seattle Department of Finance and Administrative Services and authorized representatives or assistants of him or her; and (2) a commissioned officer of the Seattle Police Department and a person issued a Special Police Officer Commission by the Chief of Police with authority to enforce this title.

B A subsequent violation of SMC 6.310.130(A)-(B) or 6.310.452(A) within 5 years of the prior violation is a misdemeanor subject to the provisions of SMC Chapters 12A.02 and 12A.04, except that absolute liability shall be imposed for such a violation and none of the mental states described in SMC12A.04.030 need be proved.

((~~A.~~))C. Violation of SMC ((~~Section~~))6.310.130(C)-(E) shall be a misdemeanor and upon conviction shall be punished by a fine not to exceed One Thousand Dollars ($1,000.00), or by imprisonment for a term not to exceed ninety (90) days, or by both such fine and imprisonment.

((~~B.~~))D. For each violation of a provision in this chapter that has a class referenced in parenthesis after the provision, a civil penalty and penalty points shall be imposed by and paid to the Department according to the provisions of SMC ((~~Section~~))6.310.605.

((~~C.~~))E. Any person who alters, edits, destroys, removes, copies, transfers, transmits, erases, deletes, overwrites, obscures, damages, encodes, locks, renders unreadable, or otherwise tampers with any image made by a digital security camera, other than as may occur in the normal operation of the digital security camera system as mandated and authorized by the Director, shall be guilty of a misdemeanor, and upon conviction shall be punished by a fine not to exceed One Thousand Dollars ($1,000.00), or by imprisonment for a term not to exceed ninety (90) days, or by both such fine and imprisonment.

Section 26. Section 6.310.605 of the Seattle Municipal Code, which Section was last amended by Ordinance 121738, is amended as follows:

SMC 6.310.605

Monetary penalties and penalty points.

A. For-hire Driver, Transportation Network Company (TNC) Driver or Taxicab/For-hire Vehicle Violations.

Violation	Penalties Against a For-hire Driver, TNC Driver or a Taxicab Licensee or For-hire Vehicle For Each Violation	Penalty Points Attributed to Taxicab Association or Transportation Network Company For Each Violation
1. Violations Found During a Calendar Year Away from City's Inspection Facility.		
First Class A in one year	$35.00	2

Second Class A in one year	$70.00	3
Third or more Class A violation in one year	$120.00	4
First Class B violation in one year	$70.00	4
Second Class B violation in one year	$175.00	7
Third or more Class B violation in one year	$300.00	10
All Class C violations	$1,000.00	20

2. Violations Found During Inspections at City's Inspection Facility.

Failure to appear for inspection scheduled by the Director (see Section 6.310.330 I and paragraph below)	$50	2 penalty points
Class A violation found during inspection at City's inspection facility	Vehicle reinspection fee. See fee schedule in Section 6.310.150	2 each violation
Class B violation found during inspection at City's inspection facility	Vehicle reinspection fee. See fee schedule in Section 6.310.150	4 each violation

"Failure to appear for inspection scheduled by the Director" includes a late arrival for the inspection. If notification that the vehicle can not appear is made prior to the close of business on the business day before the scheduled inspection, and the taxicab plates are delivered to the inspection facility prior to the original inspection time, then no penalty will be due.

((~~3~~))4. Penalties and penalty points are attributed to the taxicab association or transportation network company with which the taxicab and/or for-hire driver is affiliated at the time the violation

occurs.

B. Taxicab Association or Transportation Network Company Violations During a Calendar Year.

Violation	Penalty Points Against Taxicab Association or Transportation Network Company
First Class A violation in one year	5
Second Class A violation in one year	6
Third or more Class A violation in one year	7
First Class B violation in one year	10
Second Class B violation in one year	12
Third or more Class B violation in one year	15
Any Class C violation	Revocation

As soon as an association or TNC accumulates more than five (5) penalty points per affiliated taxicab or for-hire vehicle, on average, it must pay a penalty to the Director of One Hundred Dollars ($100) per affiliated taxicab or for-hire vehicle. As soon as an association or TNC accumulates more than seven (7) penalty points per affiliated taxicab or for-hire vehicle, on average, it must pay an additional penalty to the Director of One Hundred Fifty Dollars ($150) per affiliated taxicab or for-hire vehicle. As soon as an association or TNC accumulates more than ten (10) points per affiliated taxicab or for-hire vehicle, on average, it must pay an additional penalty to the Director of Two Hundred Fifty Dollars ($250) per affiliated taxicab or

for-hire vehicle. For purposes of this subsection, average number of penalty points per affiliated taxicab or for-hire vehicle means total association penalty points divided by number of taxicabs or for-hire vehicles within the association or TNC. (The Director will compute the number of taxicabs or for-hire vehicles within the association or TNC by averaging the number of taxicabs or for-hire vehicles in the association or TNC (rounded up) at the beginning of the year and the number of cabs or for-hire vehicles at the end of each completed quarter, i.e., March 31st, June 30th, etc.). If an association or TNC has exceeded the average amount of penalty points as outlined above, the penalty will be due as of the end of the current quarter. The association or TNC may ask for a hearing with the Director concerning the assessment of such penalty. At such hearing the association or TNC will present any evidence to refute or mitigate ((~~the~~)) its performance((~~of the association~~)). After the hearing, the Director may impose the penalty, reduce the penalty, or with just cause waive the penalty and put the association or TNC on probation with specific performance guidelines. If the association or TNC does not meet the guidelines imposed, the Director will impose the penalty. In any case, the Director's decision is final.

Upon renewal of the taxicab association or TNC license, the association or TNC will start the new year with zero (((~~0~~)))penalty points.

A Class C violation by a TNC shall result in revocation of the TNC license.

C. Taxicab or For-hire Vehicle Owner's Responsibility for Penalties Incurred by For-hire Drivers. A taxicab or for-hire vehicle owner is jointly and severally liable for each monetary penalty assessed against any for-hire driver who commits a violation while operating a taxicab or for-hire vehicle belonging to that owner. The City is not required to pursue collection of the penalty from the driver as a prerequisite to pursuing collection of the penalty from the owner.

D. Taxicab Association's or Transportation Network Company's Responsibility for Penalties Incurred By For-hire Drivers and Taxicab Owners. In addition to incurring penalty points, the taxicab association or TNC is jointly and severally liable for each monetary penalty assessed against any for-hire driver or taxicab affiliated with the taxicab association or TNC. The City is not required to pursue collection of the penalty from the for-hire driver or the taxicab owner as a prerequisite to pursuing collection of the penalty from the taxicab association or TNC.

Section 27. Section 6.310.610 of the Seattle Municipal Code, which Section was last amended by Ordinance 122763, is amended as follows:

SMC 6.310.610

Suspension or revocation.

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C. Revocation Standards

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3. Transportation Network Companies (TNC)

a. The Director shall revoke a TNC license if during the license period:

i. The TNC, or any owner, officer, director, managing partner, general partner or principal of the TNC, receives a bail forfeiture, conviction or other final adverse finding for crimes of fraud, theft, larceny, extortion, embezzlement, racketeering, Uniform Controlled Substances Act, prostitution, alcohol and/or narcotics where the commission of such crimes involved or used a TNC or for-hire vehicle. If an owner, officer, director, managing partner, general partner or principal of the TNC found in violation of this subsection is (i) removed immediately from all

operational or management duties or authority and (ii) is divested of all ownership in the TNC as soon as possible, the license may be reinstated;

ii. The TNC, or any owner, officer, director, managing partner, general partner or principal of the TNC, receives a bail forfeiture, conviction or other final adverse finding involving crimes directly related to the applicant' s ability to operate a TNC, including but not limited to prostitution, gambling, fraud, larceny, extortion, income tax evasion. If an owner, officer, director, managing partner, general partner or principal of the TNC found in violation of this subsection is (i) removed immediately from all operational or management duties or authority and (ii) is divested of all ownership in the TNC as soon as possible, the license may be reinstated;

iii. An affiliated vehicle has not been inspected by an approved third party as required by 6.310.270;

iv. Has failed to meet the insurance requirements outlined in SMC 6.310.260;

v. An affiliated driver is active on the TNC dispatch without personal and commercial vehicle insurance;

vi. Falsely certifies that a TNC driver is eligible for renewal pursuant to SMC 6.310.403(D).

vii. Fails to pay all penalties imposed by the Department that are either not contested or are upheld after review; or

viii. The TNC has committed one (1) Class C violations in any one (1) year period.

ix. The Director may revoke a TNC license if during the license period the TNC:

a. Dispatches to an unlicensed, unpermitted or unaffiliated driver;

b. Dispatches to an unaffiliated vehicle;

c. Dispatches to a vehicle that is neither a for-hire vehicle or taxicab licensed under this chapter, nor a vehicle with a TNC vehicle endorsement;

d. Knowingly permits a third party to use the TNC dispatch system;

e. Knowingly permits a TNC driver permittee to pick up hails, cruise, or otherwise solicit trips;

f. Knowingly allows a TNC driver permittee to take trips not dispatched by the TNC;

g. Fails to review driving records of affiliated drivers and maintain records thereof;

h. Knowingly permits affiliated drivers with any conviction listed in SMC 6.310.270(W) to continue affiliating with at TNC and/or operating as a TNC driver;

i. Knowingly permits a TNC driver permittee to be active on the TNC dispatch system or drive an affiliated vehicle for more than 16 hours per week; or

j. Knowingly permits TNC drivers to drive an affiliated vehicle while active on the TNC dispatch system, except for for-hire vehicles and taxicabs licensed under this chapter, for more than 16 hours per week.

((~~3~~))4. Taxicab and For-hire Vehicle Licenses.

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((4))5. For-hire Driver's Licenses.

a. The Director shall revoke a for-hire driver's license if:

i. The for-hire driver receives a bail forfeiture, conviction, or other final adverse finding for crimes pertaining to hit-and-run, or for crimes pertaining to driving under the influence of alcohol or controlled substances while operating a taxicab or for-hire vehicle;

ii. The for-hire driver's Washington State driver's license expires or is revoked;

iii. The for-hire driver has committed one (1) Class C violations in any one (1) year period.

b. The Director may revoke a for-hire driver's license if:

i. The for-hire driver is found to be in possession of illegal drugs or an open container of alcohol while in control of or while operating any taxicab or for-hire vehicle; or

ii. The for-hire driver has received a conviction, bail forfeiture, or other final adverse finding involving crimes pertaining to prostitution, gambling, physical violence, Uniform Controlled Substances Act, fraud, theft, robbery, larceny, burglary, extortion and/or crimes directly related to the driver's ability to operate a taxicab.

6. Transportation network company (TNC) drivers.

a. The Director shall revoke a TNC driver permit or for-hire license of a transportation network company driver, if, while active on the TNC dispatch system,:

i. The TNC driver receives a bail forfeiture, conviction, or other final adverse finding for crimes pertaining to hit-and-run, or for crimes pertaining to driving under the influence of alcohol or controlled substances while operating for-hire vehicle;

ii. The TNC driver's Washington State driver's license expires or is revoked;

iii. The TNC driver has committed one (1) Class C violations in any one (1) year period;

iv. The TNC driver permittee picks up a street hail, cruises, or otherwise solicits trips whether active on the TNC dispatch or not;

v. The TNC driver permittee provides a ride that is not booked through the TNC application dispatch system.

vi. Drives a vehicle affiliated with a licensed TNC, while active on the TNC dispatch system, for more than 16 hours in a given week, except that licensed for-hire vehicles are exempt from this hour restriction;

vii. Drives a vehicle that is not affiliated with the TNC;

viii. Drives a vehicle that is neither a for-hire vehicle or taxicab licensed under this chapter nor a vehicle with a TNC vehicle endorsement.

ix. The TNC driver permittee is active on any TNC dispatch system for more than an aggregate 16 hours in a given week;

b. The Director may revoke a TNC driver permit or for-hire license of a transportation network company driver if:

i. The TNC driver is found to be in possession of illegal drugs or an open container of alcohol while in control of or while operating any taxicab or for-hire vehicle; or

ii. The TNC driver has received a conviction, bail forfeiture, or other final adverse finding involving crimes pertaining to prostitution, gambling, physical violence, Uniform Controlled

Substances Act, fraud, theft, robbery, larceny, burglary, extortion and/or crimes directly related to the driver's ability to operate a for hire vehicle.

D. Effect of Notice of Suspension or Revocation.

1. Summary Suspension or Revocation. Whenever any license or permit is summarily suspended or revoked the suspension or revocation is effective upon issuance of the notice. Such notice may be appealed pursuant to the procedures of Section 6.310.635. If a timely appeal is not filed by the licensee or permittee, the notice of summary suspension or revocation shall be final. Such summary suspension shall extend until any administrative or judicial appeal is finally concluded in the licensee's or permittee's favor, until the license or permit expires, or until evidence satisfactory to the Director is produced showing that the violation is cured, whichever occurs first. Summary revocations shall extend until the end of the annual license or permit period or until any administrative or judicial appeal is finally concluded in the licensee's or permittee's favor, whichever occurs first.

2. Suspension or Revocation. If the licensee or permittee does not file a timely appeal pursuant to Section 6.310.635, the notice of suspension or revocation shall be final. Suspensions or revocations become effective upon the date any notice of suspension or revocation or order on appeal affirming such notice becomes final. Unless a time period is specified in a particular section of the ordinance codified in this chapter, suspensions shall extend until the license or permit expires or until evidence satisfactory to the Director is produced showing that the violation is cured, whichever occurs first. Revocations shall extend until the end of the annual license or permit period.

3. Except in the case of a summary suspension or revocation as provided in subsection D1 above, whenever a timely appeal is filed pursuant to Section 6.310.635, a licensee or permittee may continue to engage in the activity for which the license or permit is required pending a final decision on appeal.

Section 28. Section 6.310.635 of the Seattle Municipal Code, which Section was last amended by Ordinance 121738, is amended as follows:

SMC 6.310.635

Notice and hearing for denials, violations, suspensions and revocations.

A. For each violation, and for each denial, suspension or revocation, the Director shall give written notice to the affected licensee or permittee. If the affected licensee is a taxicab driver, the Director shall at the same time give written notice of violations to the taxicab licensee and the taxicab association. If the affected licensee or permittee is a transportation network company driver, the Director shall at the same time give written notice to the transportation network company. If the affected licensee is a taxicab licensee, the Director shall at the same time give written notice of violations to the taxicab association. All notices directed to a taxicab driver or taxicab licensee may be served by personal delivery to, or by first-class mail addressed to, the taxicab association.

B. Any notice of denial, violation, suspension or revocation, other than a summary suspension or revocation pursuant to Section 6.310.610 A, shall state that the driver, permittee, taxicab or for-hire vehicle licensee, transportation network company and/or taxicab association is entitled to a hearing to respond to the notice and introduce any evidence to refute or mitigate the violation.

Upon written request, submitted by the person named on the violation, filed within ten (((~~10~~))) calendar days after the date of the notice of denial, violation, suspension or revocation, the Director shall set a hearing date and time to be held as soon as possible and not more than thirty (30) calendar days from the date of the request or the next business day after that if the thirtieth day falls on a weekend or holiday.

C. Any notice of summary suspension or revocation pursuant to Section 6.310.610 A and D1, shall state that the driver, permittee, taxicab or for-hire vehicle licensee, transportation network company and/or taxicab association is entitled to a hearing to respond to the notice and introduce any evidence to refute or mitigate the violation. Upon written request, submitted by the person named on the violation, filed within ten (((~~10~~))) calendar days after the date of the notice of the summary suspension or revocation, the Director shall set a hearing date and time to be held as soon as possible and not more than seven (((~~7~~))) calendar days from the date of the request or the next business day after that if the seventh day falls on a weekend or holiday. The Director shall render a decision affirming or reversing the summary suspension or revocation within three (((~~3~~))) business days after the conclusion of the hearing.

D. The decision of the Director is final only if a monetary penalty is imposed or if a timely appeal is not filed pursuant to subsection G. A taxicab license, TNC driver permit or for-hire driver license may be reinstated without a hearing if the violation was for failure to pay a monetary penalty within ((~~thirty~~)) (((~~(~~))30((~~)~~)))days, if the licensee or permittee pays the monetary penalty in full within ten (((~~10~~))) days of the date of license or permit revocation and pays a ((~~license~~)) reinstatement fee. This authority to reinstate licenses or permits without a hearing only applies if it is the first instance of failure to pay a monetary penalty in the calendar year.

E. The hearing shall be held by the Director or the Director's designee, provided that the designee may not be a person who directly supervises the inspector who issued the notice of denial, violation, suspension or revocation.

F. The hearing shall be informal, but shall be recorded by electronic means provided by the Director. Within ((~~twenty~~)) (((~~(~~))20((~~)~~))) days of the hearing, the Director shall issue a written ruling including factual findings and the Director's conclusion, with supporting reasons, affirming, modifying or reversing the notice. The decision shall be mailed by first class mail to each affected licensee or permittee at the address listed on the application; or in any supplemental materials. ((~~However, if the licensee is a taxicab licensee or taxicab driver,~~)) Licensee ((~~the~~)) decisions for taxicabs and taxicab drivers shall be mailed by first class mail to the licensee at the address of the taxicab association. Licensee and permittee decisions for transportation network company drivers shall be mailed by first class mail to the licensee or permittee at the address of the transportation network company.

G. If the Director's decision imposes or affirms a denial, suspension or revocation, including summary suspension or revocation, any affected licensee or permittee may appeal the entire decision to the Hearing Examiner by filing a notice of appeal with the Hearing Examiner within ten (((~~10~~))) days after the date of mailing of the decision. Decisions of the Director imposing a monetary penalty only, pursuant to subsection D, shall not be appealable to the Hearing Examiner.

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Section 28. Without further action taken by City Council, the transportation network company pilot program will automatically sunset on June 30, 2016.

Section 29. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2014, and signed by me in open session in authentication of its passage this _____ day of _____, 2014.

_____

President _____of the City Council

Approved by me this ____ day of _____, 2014.

_____

Edward B. Murray, Mayor

Filed by me this ____ day of _____, 2014.

_____

Monica Martinez Simmons, City Clerk

(Seal)

Form revised: December 12, 2012

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
LEG	Tony Kilduff / 4-3580	n/a

Legislation Title:

AN ORDINANCE relating to companies and drivers of a new type of for-hire vehicle in order to create a pilot program for transportation network companies and affiliated drivers and vehicles: establishing minimum operating requirements for transportation network companies and affiliated drivers; creating a permit system; imposing vehicle inspections; imposing a zero tolerance drug use policy for affiliated drivers; imposing minimum insurance requirements for transportation network companies and affiliated vehicles; requiring rate transparency for transportation network companies; and establishing licensing fees; raising the maximum number of taxicab licenses issued by the City; revising terminology; adding new sections and amending various Sections of Chapter 6.310 of the Seattle Municipal Code.

Summary of the Legislation:

This legislation provides for the regulation of Transportation Network Companies (TNCs) and modification of certain regulations relating to for-hire vehicles and taxis.

Background:
TNCs like Uber, Lyft, and Sidecar, represent that they are facilitating peer-to-peer sharing of passenger vehicles and hence not subject to regulation by the City. However, the City Council finds that the TNCs and the drivers who operate on their systems are engaged in the transportation of persons for compensation and therefore do fall within the regulatory authority granted the City by Article 11, Section 11 of the Washington State Constitution and RCW 46.72.160.

Because the TNC business model involves dispatching traditional for-hire drivers and vehicles as well as non-professional casual drivers, regulating them raises a number of policy questions. Cities are more familiar with regulating traditional for-hire modes of transportation such as taxis and models for that, both good and bad, abound. As these companies have begun operations within the last year and a half, there are not yet good models of regulation for peer-to-peer services. It would be easier to ban them, as several cities have already done, than to find a regulatory framework that allows them to function while protecting other interests of the City. However, the Council sees value in the transportation services these companies provide and would like to encourage them. These new entrants to the market have the potential to disrupt existing for-hire services that the Council also views as important to the public. The Council would therefore like to strike a balance between the new and existing services. To that end, this

Ordinance would establish a pilot period of approximately two years during which the growth of the TNCs would be limited to allow existing for-hire services to adapt to their operation.

The specific limits under consideration are as follows:

- Require that anyone driving for a TNC be either a for-hire licensed driver in a for-hire licensed vehicle or the holder of a special permit allowing them to drive for the TNC;
- Require that TNCs ensure that any driver on their system has full casualty and property insurance that covers commercial activity while they are active on the system;
- Require that permit holders meet certain requirements including passing a background check and undergoing safety and defensive driving training;
- Require that the unique vehicle used by the permit holder meets certain safety standards; and
- Require the TNCs to report information from their systems deemed necessary or convenient to allow enforcement of regulations.

In addition to establishing regulations for TNCs, this Ordinance also makes changes to the regulations on existing for-hires to provide them more flexibility in the market. Specific changes include:

- Allow flat-rate vehicles limited access to street hails;
- Allow both flat-rate vehicle and taxis to work for TNCs while operating in their traditional capacities;
- Allow county-only for-hires to pick up fares in the city if they are operating under a standing written agreement;
- Allow WAT license owners to cease driving after five years to be consistent with other for-hires.

In response to a market demand study that found insufficient supply of for-hire services during certain peak periods, this legislation also increases the number of new taxi licenses by 150 over two years.

Please check one of the following:

____ **This legislation does not have any financial implications.**
(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

__X__ **This legislation has financial implications.**
(If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Please delete the instructions provided in parentheses at the end of each title and question.)

Appropriations:

(This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not supported by revenue/reimbursements, please confirm that there is available fund balance to cover this appropriation in the

note section.)

Fund Name and Number	Department	Budget Control Level*	2013 Appropriation	2014 Anticipated Appropriation
Finance and Administrative Services Fund (50300)	Finance and Administrative Services	Revenue and Consumer Protection	n/a	$617,548
TOTAL				$617,548

**See budget book to obtain the appropriate Budget Control Level for your department.*

Appropriations Notes:

	For Hire/Taxi Cab			TNC			Total Appropriated Budget Needed	Total Revenue Req'mt Budget
	Budget (3FTE - Licenses and Standards	Revenue Req'mt	Notes on Difference	Budget (3.0FTEs)	Revenue Req'mt	Notes on Difference		
Positions	302,358			267,190			569,548	569,548
Vehicles One time (2, for For Hire only)		60,000	Using existing Fleets budget				-	60,000
Vehicles On going (annual)		13,400	Using existing Fleets budget				-	13,400
Space One time setup		50,000	Using existing CTRI budget		50,000	Using existing CTRI budget	-	100,000
Space on going (annual)		30,000	Using existing Facilities budget		30,000	Using existing facilities budget	-	60,000
Employee Setup (computer etc)	12,000			12,000			24,000	24,000
Misc office	12,000			12,000			24,000	24,000
Department Overhead		7,800	Using existing ABS budget		7,800	Using existing ABS budget	-	15,600
Other							-	-
Total	**326,358**	**161,200**	-	**291,190**	**87,800**	-	**617,548**	**866,548**

Anticipated Revenue/Reimbursement Resulting from this Legislation:

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.)

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
Finance and Administrative Services Fund (50300)	Finance and Administrative Services	Licenses & fees	n/a	$866,544
TOTAL				$866,544

Revenue/Reimbursement Notes:

TNC Additional Revenue Assumed	
75 New Taxicab Licenses (75 x $600)	$ 45,000
300 TNC Driver/Vehicle Permits (300 x $50)	$ 15,000
3 TNC Companies (3 x $50,000)	$ 150,000
Total	$ 210,000

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

(This table should only reflect the actual number of positions affected by this legislation. In the event that positions have been, or will be, created as a result of other legislation, please provide details in the Notes section below the table.)

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2013 Positions	2013 FTE	2014 Positions*	2014 FTE*
Licenses and Standards Inspectors, Finance and Administrative Services		Finance and Administrative Services Fund (50300)	**FT**			**3.0**	**3.0**
TOTAL						**3.0**	**3.0**

** 2014 positions and FTE are <u>total</u> 2014 position changes resulting from this legislation, not incremental changes. Therefore, under 2014, please be sure to include any continuing positions from 2013.*

Position Notes:

SUMMARY. Additional staff will be required to implement the new ordinance regulating the Transportation Network Company (TNC) industry in Seattle. The estimated staff needs are as follows:

- 1.0 FTE Licenses and Standards Inspector
- 1.0 FTE Research and Evaluation Assistant
- 1.0 Administrative Specialist II

If King County Licensing declines to issue TNC driver permits, an additional 1.0 FTE Administrative Specialist II will be required to perform this activity. Ongoing IT and audit support will be needed to build a web-based tool to collect operating data submitted by the licensed TNCs; to analyze the data to monitor compliance with the new ordinance; and to verify that TNCs are properly reporting their annual gross revenue for purposes of paying their annual fee ($50,000 or 0.35% of annual gross revenue, whichever is greater).

DISCUSSION. The assumptions about the size and composition of the TNC industry and the specific duties of the new staff positions are described below.

Seattle TNC Industry- Size and Composition. These estimates are little more than educated guesses since the TNC industry will not release *any* data about their operations.

- Companies. It is estimated that the existing unlicensed Seattle TNC industry is comprised of three large companies (Uber-x, Lyft and Sidecar) and fewer than 10 small companies.
- Drivers and Vehicles. Altogether, it is estimated that there are presently about 200 active affiliated TNC drivers and vehicles. This estimate may no longer be accurate, as it is dated.
- Projection. It is likely that demand for Permits will exceed the 300 drivers allowed for by this proposed law.
- Inspections. TNCs must provide a certificate of inspection for the vehicle – inspections will not be done by City Inspectors.

Duties of the New Staff Positions. These duties are based upon the requirements set out in the most recent DRAFT ordinance.

- Licenses and Standards Inspector. The inspector will work random shifts conducting street enforcement, investigating passenger complaints and spot checking compliance with vehicle safety standards. It is expected that many current taxicab and for-hire vehicle drivers and limousine chauffeurs will migrate to this industry and soliciting trips on the street will become a significant problem requiring undercover investigations. The inspector will check to verify evidence of insurance. The inspector will also assist administering the issuing of 300 driver permits by lottery, RFP, or other device according to law.
- Research and Evaluation Assistant. This position will gather and analyze (audit) operating data from licensed TNCs to verify compliance with ordinance requirements (e.g., TCN Permit holders are limited to working 16 hours per week, TCN must pay 0.35% of gross revenue as an annual license fee, dispatch and billing data required to investigate passenger complaints about service or fares, etc.)
- Administrative Specialist II. The license specialist will collect and review insurance policies and vehicle registrations for vehicles used by TNC drivers, as well as purchased

by the TNC, to verify compliance with vehicle insurance requirements (e.g., coverage limits, carrier rating, restrictions on coverage – including business use of vehicle). Issue summary license suspensions of TNC driver permits for cancelled or expired insurance.

Do positions sunset in the future?
No

Spending/Cash Flow:
(This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.)

Fund Name & #	Department	Budget Control Level*	2013 Expenditures	2014 Anticipated Expenditures
Finance and Administrative Services Fund (50300)	Finance and Administrative Services	Revenue and Consumer Protection		$617,548
TOTAL				$617,548

** See budget book to obtain the appropriate Budget Control Level for your department.*

Spending/Cash Flow Notes:

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
Probably not.

b) **What is the financial cost of not implementing the legislation?**
None.

c) **Does this legislation affect any departments besides the originating department?**
(If so, please list the affected department(s), the nature of the impact (financial, operational, etc), and indicate which staff members in the other department(s) are aware of the proposed legislation.)
Yes, the Department of Finance and Administration.

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** (Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)
None.

e) **Is a public hearing required for this legislation?**
(If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned for the future?)
No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

(For example, legislation related to sale of surplus property, condemnation, or certain capital projects with private partners may require publication of notice. If you aren't sure, please check with your lawyer. If publication of notice is required, describe any steps taken to comply with that requirement.)

No.

g) Does this legislation affect a piece of property?

(If yes, and if a map or other visual representation of the property is not already included as an exhibit or attachment to the legislation itself, then you must include a map and/or other visual representation of the property and its location as an attachment to the fiscal note. Place a note on the map attached to the fiscal note that indicates the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.)

No.

h) Other Issues:

List attachments to the fiscal note below: