Ordinance No. 2131

Council Bill No. ______535

AN ORDINANCE relating to taxicab rates; allowing for temporary fuel surcharges, and allowing for temporary suspensions of the twenty-five dollar flat rate from the downtown hotel district to Seattle-Tacoma International Airport, and amending Section 6.310.530 of the Seattle Municipal Code.

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This file is complete and ready

Law Department

Law Dept. Review

Comellmember

Committee Action: DR Pass 3-0 (30, PS, NL)

4-21-03 Passed 7-0 (Excused Contur, Wills)

This file is complete and ready for presentation to Full Council. Committee:

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ORDINANCE 2131

AN ORDINANCE relating to taxicab rates; allowing for temporary fuel surcharges, and allowing for temporary suspensions of the twenty-five dollar flat rate from the downtown hotel district to Seattle-Tacoma International Airport, and amending Section 6.310.530 of the Seattle Municipal Code.

WHEREAS, the price of fuel for taxicab drivers has increased by more than thirty percent over the last month; and

WHEREAS, the City of Seattle does not presently have the ability to allow a temporary fuel surcharge for taxicab drivers when necessary; and

WHEREAS, security precautions at Seattle Tacoma International Airport creates delays and increases the trip time to the airport due to vehicle inspections and searches; and

WHEREAS, the mandatory flat rate of twenty five dollars from the downtown core to the airport does not allow the driver to adjust the fare because of such vehicle inspections; and

WHEREAS, the City of Seattle desires to give the Director of the Department of Executive Administration the authority to allow such temporary surcharges, or temporarily suspend the mandatory flat rate to the airport; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Seattle Municipal Code 6.310.530 is amended to read as follows:

SMC 6.310.530 Rates.

A. The rates for taxicabs licensed to operate in Seattle shall be established by the

Seattle City Council.

B. In reviewing rates the Council may take into account, among other things, and with the objective of prescribing a just and reasonable rate, the following factors:

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1. The information in a report prepared by the Director pursuant to SMC Section

6.310.520;

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1	2. The public's need for adequate taxi service at the lowest level of charges	
2	consistent with the provision, maintenance and continuation of such service;	*****
3	3. The rates of other licensees operating in similar areas;	
4	4. The effect of such rates upon transportation of passengers by other modes of	
5		
6	transportation;	
7	5. The owners' need for revenue of a level that, under honest, efficient and	
8	economical management, is sufficient to cover the cost (including all operating	
9	expenses, depreciation accruals, rents, license fees and taxes of every kind) of	
10	providing adequate taxi service, plus an amount equal to such percentage of the cost	
11 12	as is reasonably necessary for the replacement of deteriorated taxicabs and a	
13	reasonable profit to the owner;	
14	6. Consistency of rates with those charged by King County.	
15	C. No taxicab shall have more than one (1) rate on its meter.	
16 17	D. Except for special or contract rates as provided for in this chapter, or any per trip fee	
18	established by the Port of Seattle and set forth in any operating agreement or tariff, or an airport	
19	flat rate defined in this section, or a temporary fuel surcharge authorized by the Director pursuant	
20	to subsection I of this section, it shall be unlawful for anyone operating a taxicab licensed by The	
21	City of Seattle to advertise, charge, demand or receive any greater or lesser rate than the	
22	following:	
23	ionowing.	
24	Meter rate:	
25	1. Drop charge: for passengers for first 1/9 mile \$1.80	
26	2. Per mile: For each 1/9 mile or fraction thereof after the first 1/9 mile .20	
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ACTING CITY

Mel McDonald Fuel Surcharge ordinance March 21, 2003

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version 4 3. For every one (1) minute of waiting time .50* 4. Extra charge for passengers over two (2) excluding children under twelve (12) .50 * Waiting time rates are charged when taxicab speed is less than seventeen (17) miles per hour or when taxicab is asked to wait for the customer. Ε. Special Rates, Contract Rates, "Downtown to Airport" flat rate, and Coupons. 1. Special rates as defined in this chapter shall be calculated as a percentage of the meter rate. 2. The special rates must be filed with the Director on forms furnished by the Director. 3. All special rates and/or contract rates shall be filed once a year at the time of application by the taxicab association representative, or by the owner of a for-hire vehicle which is not a taxicab. 4. Licensees may change the special rates filed no more than once a year. 5. Contract rates set during the license year shall be filed within two (2) weeks of securing such contract and before implementing the contract rate. 6. All taxicabs shall charge a flat rate of Twenty-five Dollars (\$25) from the downtown hotel district to Seattle-Tacoma International Airport except when contract rates are in effect for the trip, or when the Director has temporarily suspended the flat rate in accordance with subsection J of this section. The downtown hotel district is the area defined by Broad Street to Mercer Street to I-5

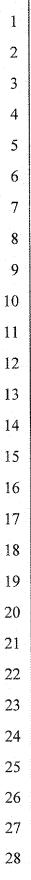
1		on the north, Elliot Bay on the west, South Dearborn Street on the south, and Boren
2		Ave to the I-5 Freeway and then the Freeway on the east.
3		7. The use of coupons to establish a lower rate, or a rate not provided within this
4		section, is prohibited.
5	F.	For-hire Vehicle Rates.
6 7		1. Every for-hire vehicle licensee shall file all rates and charges with the director.
8		All rates and charges, including any adopted senior citizen discount rate shall be
9		
10		conspicuously displayed in the interior of the for-hire vehicle so as to be readily
11		discernible to the passenger. The Director will prescribe the manner of such posting.
12		2. For-hire vehicles must charge for service based on a written contract, flat charge
13		per trip, by zone, or by an hourly rate with minimum increments of one-half (1/2)
14		hour.
15	G.	The rates specified in this section shall not apply to transportation of persons
16 17	provided put	rsuant to a written contract which establishes a fare at a different rate for specified
18	transportatio	n and has been previously filed with the Director; provided, that no contract may
19	include any	provision the effect of which is to directly or indirectly require exclusive use of the
20	transportatio	n services of the contracting taxicab or for-hire vehicle.
21	H.	It is unlawful under the Americans with Disabilities Act to charge a special service
22 23	vehicle rate	which is different from the taxicab rates adopted in subsection D of this section,
24		se instances where the transportation of disabled persons is pursuant to a written
25		pecified in subsection G of this section (Class B).
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1	I. The Director is authorized to approve a temporary fuel surcharge to be added to the
2	taxicab meter rate, or to the flat rate for trips from the downtown hotel district to Seattle-Tacoma
3	International Airport, any time the price of fuel exceeds by 20% the average cost of fuel in the
4	Seattle metropolitan area in the preceding year as published by the American Automobile
5 6	Association. The surcharge shall be an amount necessary to recoup the increased fuel costs.
7	J. The Director is authorized to temporarily suspend the flat rate from the downtown
8	hotel district to Seattle-Tacoma International Airport when conditions exist at the airport or
9	elsewhere that result in an average increase of ten (10) minutes to the normal trip time and are
10	beyond the control of the drivers. Examples of such conditions would be vehicle security checks
11	at the airport or major construction projects on interstate 5 or state route 99 that delay traffic.
12 13	
13	Section 2. Any act made consistent with the authority and prior to the effective date of
15	this ordinance is hereby ratified and confirmed.
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ERK

Section 3. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020. Passed by the City Council the day of , 2003, and signed by me in open session in authentication of its passage this _____ day of _____, 2003. President of the City Council Approved by me this _____ day of _____ **\ * √** . 2003. Gregory J. Nickels, Mayor Filed by me this and day of Hay 2003. City/Clerk



(Seal)

Form revised January 17, 2003

Fiscal Note

Each piece of legislation that appropriates funds, creates position authority, or will create a financial impact through policy direction or otherwise, requires a fiscal note. The fiscal note should be drafted by department staff and should include all relevant financial information. After preparation by departmental staff, the Department of Finance will review and make necessary revisions before transmittal to Council.

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Executive Administration	Mel McDonald/3-0071	Jennifer Devore/5-1328

Legislation Title:

AN ORDINANCE relating to taxicab rates; allowing for temporary fuel surcharges, and allowing for temporary suspensions of the twenty-five dollar flat rate from the downtown hotel district to Seattle-Tacoma International Airport, and amending Section 6.310.530 of the Seattle Municipal Code.

Summary of the Legislation:

The proposed ordinance would grant authority to the Director of Executive Administration to impose temporary fuel surcharges on taxicab meter rates, and to temporarily suspend the twenty-five dollar flat rate for taxicab trips from the downtown hotel district to Seattle-Tacoma International Airport. Currently, all taxicab meter rates are set by ordinance. The Director would invoke this authority only when special circumstances beyond taxicab drivers' control create burdensome price pressures.

There is no fiscal impact on the City from the proposed legislation. The proposed legislation is intended to mitigate temporary disruptions to normal taxicab industry practices.

Appropriations (in \$1,000's):

Fund Name and	Department	Budget Control	2003	2004 Anticipated
Number		Level*	Appropriation	Appropriation
TOTAL			\$0	\$0

* This is line of business for operating budgets, and program or project for capital improvements

Notes:

Expenditures (in \$1,000's):

Fund Name and	Department	Budget Control	2003	2004 Anticipated
Number		Level*	Expenditures	Expenditures

TOTAL		\$0	\$0
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* This is line of business for operating budgets, and program or project for capital improvements

Notes:

Anticipated Revenue/Reimbursement (in \$1,000's):

Fund Name and	Department	Revenue Source	2003	2004
Number			Revenue	Revenue
General Fund	· · · · · · · · · · · · · · · · · · ·			
TOTAL			0	0

Notes:

Total Permanent Positions Created Or Abrogated Through Legislation, Including FTE Impact; Estimated FTE Impact for Temporary Positions:

Fund Name and	Department	Position Title*	2003 FTE	2004 FTE
Number				
TOTAL			None	None

* List each position separately

Do positions sunset in the future? (If yes, identify sunset date):

N/A

Background (Include brief description which states the purpose and context of legislation and include record of previous legislation and funding history, if applicable):

The attached ordinance amends SMC 6.310.530 to grant authority to the Director of the Executive Administration to implement a temporary fuel surcharge for taxicabs, when fuel prices increase dramatically in a short period of time. The surcharge would have a fixed duration, or would be tied to a price threshold. Presently, no mechanism exists to adjust taxi fares to accommodate dramatic increases in fuel prices. Drivers who lease their vehicles as independent contractors and who are least likely to be able to afford the increased costs bear the additional costs of fuel. A surcharge code provision has not been drafted in the past because most dramatic fuel price increases have been relatively short-lived.

The ordinance also provides authority for the Director to suspend the twenty-five dollar flat rate from the downtown hotel district to Seattle-Tacoma International Airport when heightened security at the airport, or other causes result in a dramatic increase in the trip



time between the City and the airport. Currently, drivers have no recompense when circumstances contribute to sustained delays in airport trips.

These actions are necessitated by the political situation leading up to and during the United State's war with Iraq, which has created substantial fuel cost pressures on taxicab drivers, with gasoline prices increasing by more than 30% over the past month. During this period, it is estimated that the typical driver is spending \$30-40 more on fuel every week. The Department of Executive Administration has developed a briefing paper that supports this proposal and it is attached to this Fiscal Note.



The financial cost of not implementing the legislation (Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented): None to the City. The proposed legislation is intended to mitigate temporary disruptions to normal taxicab industry practices.

Possible alternatives to the legislation which could achieve the same or similar objectives (Include any potential alternatives to the proposed legislation, including using an existing facility to fulfill the uses envisioned by the proposed project, adding components to or subtracting components from the total proposed project, contracting with an outside organization to provide the services the proposed project would fill, or other alternatives): None.

Is the legislation subject to public hearing requirements (If yes, what public hearings have been held to date):

No.

Other Issues (including long-term implications of the legislation): Not applicable.

Attachment: Proposal to Grant DEA Director Authority to Allow Fuel Surcharge and to Suspend Airport Flat Rate.



PROPOSAL TO GRANT DEA DIRECTOR AUTHORITY TO ALLOW FUEL SURCHARGE AND TO SUSPEND AIRPORT FLAT RATE

Summary.

Motor fuel prices have reached record highs due to a variety of political and economic factors and these prices aren't expected to return to previous levels anytime soon. Most taxicab drivers are independent contractors (they lease the vehicles from the taxicab owners and pay for the fuel out of their revenues) and fuel is already a significant expense. In order to provide relief to taxicab drivers, it is proposed that the taxicab code [SMC Ch. 6.310] be amended to authorize fuel surcharges that can be quickly adjusted by order of the Director. Although the Taxicab Advisory Group (TAG) is studying a permanent increase in the meter rate, it is considered inappropriate to propose new permanent taximeter rates in response to temporary fuel cost fluctuations.

Past security concerns have also created potentially long waiting times at Sea-Tac Airport for pick-ups and drop-offs. These long wait times can adversely effect taxicab drivers' finances so it is necessary to be as flexible as possible in our rate regulations during abnormal times. Because of the long wait times, the Director should have the authority to suspend the \$25 flat rate between the downtown core and Sea Tac Airport when warranted by abnormal circumstances.

Background

<u>Fuel price trends.</u> Fuel cost trends can be quantified by reference to the AAA Washington metro averages reported in the "Daily Fuel Gauge Report" (<u>www.fuelgaugereport.com/WAmetro.asp</u>).

C	URRENT (3/19/2003):	\$1.899
Y	ESTERDAY (3/18/2003):	1.896
N	AONTH AGO:	1.698
Y	'EAR AGO:	1.303
E	IIGHEST (3/19/2003):	1.899

Impacts of Rate Change on Taxicab Driver Revenue. Actual driver revenue figures are simply not available. It is a "cash" business and drivers are generally believed to underreport earnings in order to minimize income tax obligations. Trip sheets are required to be filed at taxicab association offices, but during our audits, these records are often found to be missing or incomplete. As a result, it is difficult to assess trends in driver incomes or to quantify the impact of rising fuel costs on these incomes. However, driver incomes have been estimated using a variety of information sources. It is believed



that the typical taxicab driver, who leases a taxicab ("lease driver"), earns approximately 100 - 150 per 12-hour shift after the lease payment, gasoline, and cashier costs are deducted from his total revenue. As a result, the typical "lease driver" has an annual income range of 25,000 - 330,000. An "owner-driver" is believed to have an annual income range of 30,000 - 40,000. Approximately 30% of the 643 Seattle taxicabs are operated by lease drivers, and the other 70% are operated by owner-drivers. It is estimated that there are about 900 lease drivers (full-time and part-time) and 450 owner-drivers. Most leased taxicabs are double shifted (day and night shifts are leased to drivers), however, only about half of the taxicabs operated by owner-drivers lease a second shift.

	LEASE DRIVER	OWNER DRIVER
INCOME*	\$25,000-\$30,000	\$30,000-\$40,000
COSTS		
Taxicab Lease	\$50-70/shift	Not Applicable
Fuel Cost	\$1.40/gallon	\$1.40/gallon
Cashier Charge	3-4% of noncash	3-4% of noncash
	receipts	receipts
Taxicab License	Not Applicable	\$500/year
Amortized Vehicle Cost	Not Applicable	\$2,000-\$3,000/year
Vehicle Maintenance	Not Applicable	\$3,000
Vehicle Insurance	Not Applicable	\$5,000/year
Dispatch Service Fee	Not Applicable	\$150-\$200/week

affiliated with a large computer-dispatched taxicab association. Estimated costs are median of costs reported in semiannual surveys of taxicab associations conducted during 2002.

	CITY	COUNTY	DUAL	
YEAR	ONLY	ONLY	LICENSED	TOTAL
1999	42	339	916	1,297
2000	35	353	1,191	1,579
2001	34	350	1,262	1,646
2002	- 29	347	1,335	1,711
2003	28	330	1,340	1,698
SOURCE: Kin	ng County Licensing.			
		for-hire driver licenses	luring first week of Feb	ruary. Does not

<u>Airport Flat Rate</u>. The airport flat rate was established in 2000 to give tourist and visitors to Seattle a readily known fare from the downtown core to Sea Tac Airport. This has reduced the number of complaints concerning overcharges to the airport and also made the taxicabs a more competitive transportation alternative to the limousines and towncars. The flat rate was highly supported by the taxicab industry and the City has received no complaints since its adoption. When the flat rate was established the City did



not take into consideration the possibility of security delays at the airport due to fears about terrorism. The proposed ordinance would give the DEA Director the flexibility to suspend the flat rate as needed due to abnormal circumstances.

Proposal.

It is proposed that SMC 6.310.530 " Taxicab Rates", be amended to provide the Director with the authority to authorize fuel surcharges when the price for average regular unleaded gasoline exceeds a price level. An example of such a schedule is as follows:

AVERAGE PRICE	FUEL
PER GALLON	SURCHARGE
\$1.40	None
1.90	\$.50/per trip
2.15	.75
2.40	1.00
2.65	1.25
2.90	1.50
NOTE: Price per gallon of regi	dar unleaded gasoline.

The Director would authorize the specific fuel surcharge when a price level has been exceeded for a period of two or three weeks. The Director shall issue printed notices to be placed on the dashboard of each Seattle taxicab announcing the specific fuel surcharge in effect. A suggested fuel surcharge was computed using the following facts:

CALCUI	LATION OF FU	EL SURCHARGE			
ASSUMPTIONS.	Average Trip: 5.2 miles				
	Fuel Use:	10 miles per gallon			
	Fuel Cost:	\$1.40 per gallon (baseline)			
It will require one (1) gallon of gasoline for a round trip - includes taxicab					
deadheading back	to trip point of o	rigin.			
Source: Consumer Affairs	Unit. Taxicab Regulatio	n 2002: Report Card (draft).			

The fuel surcharge proposal has been discussed with representatives of the taxicab industry and they support the ordinance amendment, and the data used.

It is also proposed that the DEA Director be granted the authority and flexibility to suspend the \$25 flat rate from the downtown core to Sea Tac Airport.

RECOMMENDATIONS

Presently, a typical taxicab driver makes 10-15 trips per 12-hour shift. Since the price of gasoline has risen approximately \$.50 per gallon above the price in 2002, it is estimated that the typical driver is spending 5 - 7.50 per day (\$30-\$45 weekly) more on gasoline.



As a result, it is recommended that the proposal to authorize the Director to allow a fuel surcharge be implemented as soon as possible.

It is also recommended that the \$25 flat rate from the downtown hotel district to Sea-Tac Airport be temporarily suspended when circumstances beyond drivers' control cause regular delays of ten minutes or more to the expected average trip length. The flat rate to the airport was set at the request of the industry and to insure that visitors to Seattle paid a uniform price from the downtown core to the airport. However, the \$25 was calculated using a scenario that was characterized by minimum traffic delays and the most direct route, for an expected average trip length of 20 - 25 minutes. The \$25 flat rate would penalize drivers if they were caught in abnormal delays which they had no control over. For this reason, it may be reasonable under certain conditions for the Director to temporarily suspend the \$25 flat rate.

The proposed legislation is intended to mitigate temporary disruptions to normal taxicab industry practices. DEA will attempt to coordinate these proposals with King County, so that our ordinances remain as similar as possible. Later this year, the Taxicab Advisory Group hopes to also present a proposal for an overall increase in taxicab meter rates, which were last increased in 1989.

If you have questions, please call Mel McDonald at 206-233-0071 or Craig Leisy at 206-386-1296.





City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

April 7, 2003

Honorable Peter Steinbrueck President Seattle City Council Municipal Building, 11th Floor

Dear Council President Steinbrueck:

The attached ordinance amends SMC 6.310.530 to grant authority to the Director of the Executive Administration to implement a temporary fuel surcharge for taxicabs, when fuel prices increase dramatically in a short period of time. The surcharge would have a fixed duration, or would be tied to a price threshold. Presently, no mechanism exists to adjust taxi fares to accommodate dramatic increases in fuel prices. Drivers who lease their vehicles as independent contractors and who are least likely to be able to afford the increased costs bear the additional costs of fuel. A surcharge code provision has not been drafted in the past because most dramatic fuel price increases have been relatively short-lived.

The ordinance also provides authority for the Director to suspend the twenty-five dollar flat rate from the downtown hotel district to Seattle-Tacoma International Airport when heightened security at the airport, or other causes result in a dramatic increase in the trip time between the City and the airport. Currently, drivers have no recompense when circumstances contribute to sustained delays in airport trips.

These actions are necessitated by the political situation leading up to and during the United State's war with Iraq, which has created substantial fuel cost pressures on taxicab drivers, with gasoline prices increasing by more than 30% over the past month. During this period, it is estimated that the typical driver is spending 30 - 40 more on fuel every week. The fiscal note that accompanies this legislation includes an attached briefing paper that provides more details in support of this proposal.

Thank you for your consideration of this legislation. Should you have questions please contact Ken Nakatsu, Director of Executive Administration, at 684-0505, or Mel McDonald, Director of Revenue and Consumer Affairs, at 233-0071.

Sincerely, GREG NIČKELS Mayor of Seattle cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 12th Floor, Seattle, WA 98104-1873

Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, E:mail: mayors.office@ci.seattle.wa.us An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.



STATE OF WASHINGTON – KING COUNTY

---SS.

158137 City of Seattle,Clerk's Office No. ORDINANCE IN FULL

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:ORDINANCE 121131

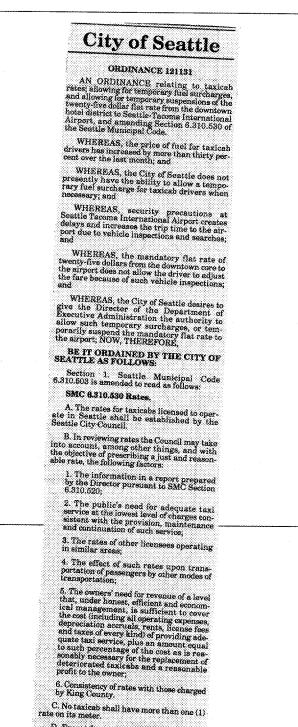
was published on

5/7/2003

Subscribed and sworn to before me on 111111111 韻 5/7/2003 a Ne Notary public for the State of Washington, 333355 residing in Seattle

Affidavit of Publication

State of Washington, King County



D. Except for special of contract rates as provided for in this chapter, or any per tirp fee established by the Fort of Seattle and set forth in any operating agreement or tariff, or an airport flat rate defined in this section, or a term portary fuel surcharge authorized by the Director pursuant to subsection 1 of this section, it shall be unlewful for anyone operating a taricab linensed by The City of Seattle to advertise, charge, demand or receive any