

## **FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
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### **Legislation Title:**

AN ORDINANCE relating to transportation network companies, taxi, and for-hire services and affiliated drivers and vehicles; establishing minimum operating requirements for transportation network companies and affiliated drivers; imposing industry-wide vehicle inspection and driver training processes; imposing insurance requirements for transportation network companies and affiliated vehicles; altering insurance requirements for taxi and for-hire vehicles; requiring rate transparency across industries; establishing and altering licensing fees; establishing an accessible service charge; raising the maximum number of taxicab licenses issued by the City; allowing hailing rights for for-hire vehicles; establishing a property right for taxi and for-hire vehicle license holders; revising terminology; adding new sections, amending various Sections of Chapter 6.310 of the Seattle Municipal Code, repealing Ordinance 124441, and amending Ordinance 124349, which adopted the 2014 Budget.

### **Summary of the Legislation:**

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

### **Background:**

Transportation Network Companies like Uber, Lyft, and Sidecar, represent a new type of for-hire transportation service that until recently had not been subject to regulation by the City. In March 2013, Council passed and the Mayor signed legislation bringing the TNCs into the City's regularity framework as granted by Article 11, Section 11 of the Washington State Constitution and RCW 46.72.160. Ordinance 124441 established, vehicle and driver safety standards, insurance requirements, and capped the number of TNC drivers permitted to operate at one time. The TNC industry responded by submitting signatures to place a referendum on the ballot, therefore rendering the regulatory framework established in Ordinance 124441 inactive pending a November vote. The legislation associated with this ordinance includes terms agreed upon during a facilitated mediation between the Taxi, For-Hire, and TNC industries. This ordinance repeals Ordinance 124441 and proposes a substantially different regulatory framework for the TNCs, as well as the incumbent industry based on these mediation terms.

Because the TNC business model involves dispatching traditional for-hire drivers and vehicles as well as non-professional casual drivers operating their personal vehicles entirely by a mobile application, regulating this industry raises a number of policy questions. However, there is value in the transportation services these companies provide and so addressing the regulatory challenges will ultimately benefit Seattle. The TNCs also have the potential of disrupting the existing for-hire industry, which have been operating legally under the City's existing regulatory frame work for many years. To both bring the TNCs into the City's regulatory framework and to address the need to establish parity between the new entrants and the incumbent industry, this legislation includes the following terms:

- Requires that anyone driving for a TNC be a licensed for-hire driver, driving a TNC endorsed vehicle;
- Establishes comparable driver training and vehicle inspection processes across the TNC, taxi, and for-hire vehicle industries;
- Establishes comparable requirements for liability insurance across the TNC, taxi, and for-hire vehicle industries;
- Requires that TNCs, taxi, and for-hire vehicle industries provide operational information necessary to allow enforcement of regulations;
- Allows flat-rate (for-hire) vehicles access to street hails;
- Establishes an accessible service fund to ensure the continuation of wheelchair accessible taxi (WAT) service in Seattle;
- Establishes comparable regulations for TNCs, taxi, and for-hire vehicles when utilizing an app for dispatch or payment; and
- Increases the number of new taxi licenses by 200 over four 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.)

<b>Fund Name and Number</b>	<b>Department</b>	<b>Budget Control Level*</b>	<b>2014 Appropriation</b>	<b>2015 Anticipated Appropriation</b>
Finance and Administrative Services Fund (50300)	Finance and Administrative Services	Revenue and Consumer Protection	\$150,000	FAS has included a related request as part of its proposed 2015-2016 budget.
<b>TOTAL</b>			<b>\$150,000</b>	

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

**Appropriations Notes:**

Through its proposed 2015-2016 budget, FAS will request resources for permanent positions to implement the new regulations associated with this legislation. In the short term, FAS is seeking \$150,000 in one-time General Fund dollars for immediate help on the following primary tasks, among others:

- Establish the accessibility fund for WATs;
- Establish a methodology for the City to calculate and collect from TNCs the fees for their share of City enforcement costs;
- Transition current and develop new technology systems and databases for new data reporting requirements;

- Transition current City taxicab and for-hire vehicle licenses into property rights; and
- Develop new and modify existing Director's Rules concerning vehicle inspections, driver training curriculum, fees and fares, etc.

### 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	2014 Revenue	2015 Revenue
Finance and Administrative Services Fund (50300)	Finance and Administrative Services	TNC fees (company license, for-hire driver's licenses, and vehicle endorsements)		\$525,000 (estimated)
Finance and Administrative Services Fund (50300)	Finance and Administrative Services	New taxicab licenses		\$17,500 (estimated)
Finance and Administrative Services Fund (50300)	Finance and Administrative Services	Reduced taxicab and for-hire vehicle licensing fees		-\$88,600 (estimated)
Finance and Administrative Services Fund (50300)	Finance and Administrative Services	Conversion of existing and new licenses to property rights		\$92,100 (estimated)
Wheelchair Accessible Services Fund (# TBD)	Finance and Administrative Services	Surcharge of \$0.10 per ride		\$850,000 (estimated)
<b>TOTAL</b>				<b>\$1,396,000</b>

### Revenue/Reimbursement Notes:

All revenue estimates assume that 2015 is the first full year of implementation.

1. TNC fees: a quarterly fee assessed by the City; fee covers company licenses, for-hire driver's licenses, and vehicle endorsements, and will not exceed \$525,000 (total) in the first year
2. New taxicab licenses: 35 new taxicab licenses at \$500 per license
3. Reduced taxicab and for-hire vehicle licensing fees: 886 licensed vehicles at -\$100 per license; annual vehicle licensing fee reduced from \$600 to \$500
4. Conversion of existing licenses to property rights: 921 (886 existing + 35 new) licensed vehicles at \$100 per license; license (medallion) price will not exceed the City's costs to administer the conversion
5. Wheelchair Accessible Services Fund: based on current estimate of annual revenue trips for City licensed taxicabs (5,150,000) and estimates provided by flat-rate (for-hire) vehicle and TNC industries during mediation (3,335,000)

### 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	2014 Positions	2014 FTE	2015 Positions*	2015 FTE*
Licenses & Standards Inspector (FAS)	New	FAS Fund (50300)	FT			1	1.0
Licenses & Standards Inspector (FAS)	New	FAS Fund (50300)	FT			1	1.0
Licenses & Standards Inspector (FAS)	New	FAS Fund (50300)	FT			1	1.0
Licenses & Standards Inspector (FAS)	New	FAS Fund (50300)	FT			1	1.0
Management Systems Analyst, Sr.	New	FAS Fund (50300)	FT			1	1.0
<b>TOTAL</b>						5	5.0

\* 2015 positions and FTE are total 2015 position changes resulting from this legislation, not incremental changes. Therefore, under 2015, please be sure to include any continuing positions from 2014.

### Position Notes:

The positions shown in the table above are part of the request that FAS has included as part of its proposed 2015-2016 budget and are only shown for planning purposes. These positions will not be created as a result of adopting this legislation.

### 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*	2014 Expenditures	2015 Anticipated Expenditures
Finance and Administrative Services Fund (50300)	Finance and Administrative Services	Revenue and Consumer Protection	\$50,000	\$100,000
<b>TOTAL</b>			<b>\$50,000</b>	<b>\$100,000</b>

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

### Spending/Cash Flow Notes:

Given uncertainty around a passage date for this legislation, FAS expects to spend a third of the General Fund appropriation this year and encumber the balance to spend in 2015.

**Other Implications:**

**a) Does the legislation have indirect financial implications, or long-term implications?**

This legislation fundamentally alters how the City regulates taxicabs, flat-rate (for-hire vehicles), and vehicles affiliated with TNCs by shifting responsibility for activities like vehicle inspections and training to taxicab associations, flat-rate (for-hire) companies and licensees, and TNCs. A new accessibility fund and the transition of taxicab and for-hire vehicle licenses to a property interest that can be collateralized provide new financial benefits to licensees.

**b) What is the financial cost of not implementing the legislation?**

Not implementing this legislation will continue the City's current system of regulations and fees, which do not affect vehicles affiliated with TNCs. In addition, WATs will not benefit from the accessibility fund proposed and taxicab and for-hire licensees will not have the financial benefit of a property interest in their licenses.

**c) Does this legislation affect any departments besides the originating department?**

No.

**d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

None. Legislative action is needed to implement the changes desired.

**e) Is a public hearing required for this legislation?**

No. However, the Director's Rules needed to implement certain parts of this legislation will require public hearings.

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

No.

**g) Does this legislation affect a piece of property?**

No.

**h) Other Issues:**

None.

**List attachments to the fiscal note below:**