



**Legislative Department
Seattle City Council
Memorandum**

Date: July 11, 2014
To: Seattle City Council
From: Tony Kilduff
Subject: **Proposed Amendments to C.B. 118140 (Taxi/TNC/For-hire)**

The following amendments will be presented at Full Council on Monday, July 14, 2014.

Amendment A - commitment to lobby the state. Sponsor: Clark

Section 26, 6.310.335 (page 63) creates a new section establishing a “provisional period” during which industry participants intend to seek changes to state law to accommodate new forms of for-hire activities. This “intent” language would be unusual for the body of a council bill and Councilmember Clark proposes moving the language to the recitals. The amendment deletes the language from Section 26 and the next amendment adds a new recital expressing the City’s interest in having the state clarify the intent of state law as it applies to TNCs.

Accordingly, amend Section 26 as follows:

Section 26. A new Section 6.310.335 is added to the Seattle Municipal Code as follows:

6.310.335 Provisional Insurance Requirements

~~((B. During the provisional period, the City will support efforts of for hire transportation industry representatives seeking to clarify or modify the current State insurance requirements of for hire transportation services to account for recent changes in the industry and business models of all industry participants, including transportation~~

~~network companies, taxicabs, and for hire vehicles. The City will support insurance language changes similar to the agreement recently reached in Colorado, and changes intended to expand the range of insurance options available to the industry.))~~

Re-label subsequent sections as necessary.

Amendment B – new recital. Sponsor: Clark

Insert new recital on page 2 following the last recital as follows:

Whereas, the City will support efforts of for-hire transportation industry representatives seeking to clarify or modify the current State insurance requirements of for-hire transportation services to account for recent changes in the industry and business models of all industry participants, including transportation network companies, taxicabs, and for-hire vehicles; and

Amendment C – personal insurance language. Sponsor: Clark

Section 26, 6.310.335 (page 63) establishes a provisional period during which the City defines times when taxis and for-hires are considered to be “actively for-hire” in much the same way that TNC drivers are actively for-hire when on the TNC’s application. Input from the insurers indicates there is an unnecessary sentence in the section. This amendment deletes a reference to the insurance that applies when a driver is **not** active.

Accordingly, Section 26 is amended as follows:

Section 26. A new Section 6.310.335 is added to the Seattle Municipal Code as follows:

6.310.335 Provisional Insurance Requirements

1. File with the City evidence that each vehicle has liability insurance in an amount no less than required by RCW 46.72.050 at any time while active on a TNC, application, radio, computer, taxicab or for-hire dispatch system, and/or when a taxicab or for-hire vehicle is ‘operating,’ which includes when: 1) there is a passenger in the vehicle; 2) the taxicab is parked in a taxi zone; 3) the taximeter is engaged; 4) the office dispatch records show that the vehicle had been dispatched; 5) the taxicab top light is illuminated; 6) the trip records shows that the vehicle has started a shift and there is no entry for ending a shift; or 7) the for-hire driver has offered transportation services to a passenger. ~~((Personal automobile insurance shall apply at other times when the vehicle is not being used to provide for hire transportation services.))~~ The insurance policy, and any related driver contracts if applicable, must be submitted to the Director. The insurance policy shall:

Amendment D – Omitted UIM coverage. Sponsor: City Attorney’s Office

Section 17, 6.310.300.C.5.a (pages 43) relates to the taxicab and for-hire vehicle license application, specifically regarding the insurance requirements. This amendment corrects the omission of the underinsured motorist coverage requirement for taxicab and for-hire license applications. This requirement is referenced in the analogous TNC license application provision (subsection 6.310.260A.2.f at page 33) and this amendment is consistent with the intent that underinsured motorist coverage would apply to all parties during the provisional period.

Accordingly, Section 17 is amended as follows:

Section 17. Section 6.310.300 of the Seattle Municipal Code, last amended by Ordinance 122763, is amended as follows:

6.310.300 Taxicab and for-hire vehicle license application((.))

C. The taxicab or for-hire vehicle license application shall include the following information:

5. Insurance policy.

a. During the provisional period described in subsection 6.310.335, file with the City evidence that each taxicab or for-hire vehicle for which a license is sought has liability insurance in an amount no less than required by RCW 46.72.050 and underinsured motorist coverage indicating a minimum coverage of \$100,000 per person, and \$300,000 per accident at any time while active on a TNC, application, radio, computer, taxicab or for-hire dispatch system, and/or when a taxicab or for-hire vehicle is ‘operating,’ which includes when: 1) there is a passenger in the vehicle; 2) the taxicab is parked in a taxi zone; 3) the taximeter is engaged; 4) the office dispatch records show that the vehicle had been dispatched; 5) the taxicab top light is illuminated; 6) the trip records shows that the vehicle has started a shift and there is no entry for ending a shift; or 7) the for-hire driver has offered transportation services to a passenger. The insurance policy must be submitted to the Director. The insurance policy shall:

i. At a minimum be issued by either: a) an admitted carrier in the State of Washington with an A.M. Best Rating of not less than B VII or b) a surplus line insurer with an A.M. Best Rating of not less than B+ VII;

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

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.

Amendment E – Omitted UIM coverage. Sponsor: City Attorney’s Office

Section 25, 6.310.335 (page 61) created a new section regarding provisional insurance requirements. This amendment corrects the omission of the underinsured motorist coverage requirement that applies to all parties during the provisional period.

Accordingly, Section 25 is amended as follows:

Section 25. A new Section 6.310.335 is added to the Seattle Municipal Code as follows:

6.310.335 Provisional Insurance Requirements

A. Upon the effective date of this ordinance and until the earlier of 1) the effective date of changes to State insurance requirements for for-hire transportation services or 2) two weeks after the end of the 2015 Washington State legislative session hereafter “provisional period”, the registered owners of taxicabs, for-hire vehicles, and vehicles with a transportation network company endorsement, or the taxicab association representative, for-hire vehicle licensee or company, or transportation network company on behalf of the registered owner shall:

1. File with the City evidence that each vehicle has liability insurance in an amount no less than required by RCW 46.72.050 and underinsured motorist coverage indicating a minimum coverage of \$100,000 per person, and \$300,000 per accident at any time while active on a TNC, application, radio, computer, taxicab or for-hire dispatch system, and/or when a taxicab or for-hire vehicle is ‘operating,’ which includes when: 1) there is a passenger in the vehicle; 2) the taxicab is parked in a taxi zone; 3) the taximeter is engaged; 4) the office dispatch records show that the vehicle had been dispatched; 5) the taxicab top light is illuminated; 6) the trip records shows that the vehicle has started a shift and there is no entry for ending a shift; or 7) the for-hire driver has offered transportation services to a passenger.

Personal automobile insurance shall apply at other times when the vehicle is not being used to

provide for-hire transportation services. The insurance policy, and any related driver contracts if applicable, must be submitted to the Director. The insurance policy shall:

i. At a minimum be issued by either: a) an admitted carrier in the State of Washington with an A.M. Best Rating of not less than B VII or b) a surplus line insurer with an A.M. Best Rating of not less than B+ VII;

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

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.

Amendment F – Missing words. Sponsor: City Attorney’s Office

Section 45, 6.310.605 (page 100) relates to monetary penalties. Four references that erroneously read ‘for-hire company’ that should read ‘for-hire **vehicle** company.’ This amendment corrects those errors.

Accordingly, amend Section 45 as follows:

Section 46. Section 6.310.605 of the Seattle Municipal Code, which Section was last amended by Ordinance 121738, is amended as follows:

6.310.605 Monetary ~~(P)~~penalties and penalty points((-)

A. For-hire ~~((D))~~driver, transportation network company driver, for-hire vehicle company, or ((T))taxicab/((F))for-hire ((V))vehicle ((V))violations((-)

B. Taxicab ~~((A))~~association, for-hire vehicle company, or transportation network company ((V))violations ((D))during a ((E))calendar ((Y))year((-)

Violation	Penalty Points Against Taxicab Association, <u>for-hire vehicle company, or Transportation Network Company</u>
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
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As soon as an association, for-hire vehicle company, or TNC accumulates more than five ~~((5))~~ penalty points per affiliated taxicab, for-hire vehicle, or TNC endorsed vehicle on average, it must pay a penalty to the Director of ~~((One Hundred Dollars (\$100)))~~ \$100 per affiliated taxicab, for-hire vehicle, or TNC endorsed vehicle. As soon as an association, for-hire vehicle company, or TNC accumulates more than seven ~~((7))~~ penalty points per affiliated taxicab, for-hire vehicle, or TNC endorsed vehicle on average, it must pay an additional penalty to the Director of ~~((One Hundred Fifty Dollars (\$150)))~~ \$150 per affiliated taxicab, for-hire vehicle, or TNC endorsed vehicle. As soon as an association, for-hire vehicle company, or TNC accumulates more than ten ~~((10))~~ points per affiliated taxicab, for-hire vehicle, or TNC endorsed vehicle on average, it must pay an additional penalty to the Director of ~~((Two Hundred Fifty Dollars (\$250)))~~ \$250 per affiliated taxicab, for-hire vehicle, or TNC endorsed vehicle. For purposes of this subsection, average number of penalty points per affiliated taxicab, for-hire vehicle or TNC endorsed vehicle means total ~~((association))~~ penalty points divided by number of taxicabs, for-hire vehicles or TNC endorsed vehicles within the association, for-hire vehicle company, or TNC. (The Director will compute the number of taxicabs, for-hire vehicles ~~((of))~~ or TNC endorsed vehicles within the association, for-hire vehicle company, or TNC by averaging the number of TNC endorsed vehicles, taxicabs, or for-hire vehicles in the association, for-hire vehicle company or TNC (rounded up) at the beginning of the year and the number of cabs, for-hire vehicles or ~~((TNC))~~ TNC endorsed vehicles at the end of each completed quarter, (i.e., March 31st, June 30th, etc.). If an association, for-hire vehicle company, 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, for-hire vehicle company or TNC may ask for a hearing with the Director concerning the assessment of such penalty. At such hearing the association, for-hire vehicle company 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, for-hire vehicle company 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. For-hire vehicle companies will start each new calendar year with zero penalty points.

Amendment G – recital clarification. Sponsor: Burgess

To better emphasize the City’s commitment to safety, the recital beginning line seven on page two of the ordinance is amended as follows:

WHEREAS, industry regulations for these services must encourage ~~strike a balance between safety and innovation~~ without compromising necessary safety standards, 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; and

Amendment H – deadheading. Sponsor: Harrell

Section 2, 6.310.110 (page 4) contains definitions. This amendment adds a definition for a “business service contract” to accompany an amendment adding new section 6.310.550, which would allow King County-only licensed for-hire vehicles and taxicabs to pick up passengers in Seattle if pursuant to a business service contract.

Accordingly, amend Section 2 as follows:

Section 2. Section 6.310.110 of the Seattle Municipal Code, last amended by Ordinance 123361, is amended as follows:

6.310.110 Definitions((.))

"Business service contract" means a written contract between a taxicab association or for-hire vehicle company and a Seattle business authorizing affiliated King County-only for-hire drivers operating King County-only licensed for-hire vehicles or taxicabs to pick up passengers within the City of Seattle at the contracting business.

And create a new Section 44 starting page 95 establishing the nature of the service contracts, renumber all subsequent sections as necessary.

Section 44. A new Section 6.310.550 is added to the Seattle Municipal Code as follows:

6.310.550 King County-only business service contracts

A. This chapter does not apply to for-hire drivers with valid King County for-hire driver's licenses operating for-hire vehicles or taxicabs with valid King County-only licenses pursuant to a business service contract, provided that:

1. The for-hire drivers shall have proof that they are operating the for-hire vehicle pursuant to a business service contract and shall ensure that such proof and their King County-only for-hire driver's license are in the vehicle at all times available for inspection;
2. The business service contract is on file with the Director;

3. The fares for trips performed pursuant to the business service contract must be paid by vouchers issued by the contracting business directly to the taxicab association or for-hire vehicle company and not to individual for-hire drivers; and

4. In any 180-day period no more than 30% of all trips, regardless of origin, by a County-only licensed vehicle operating under the terms of a business service contract originate in the City of Seattle.

B. Each and every party to a business service contract shall provide the Director such data as the Director deems necessary as prescribed by rule to ensure compliance with this section.

C. Any failure to meet the requirements of this subsection 6.310.550 is a violation of 6.310.130.

Amendment I – for-hire color schemes. Sponsor: Harrell

Section 20, 6.310.320 (page 47) establishes the operating rules for taxicabs and for-hires. Subsection O (p 49) relates to color scheme requirement within the for-hire vehicle operating requirements. This amendment deletes that subsection, allowing *existing* for-hires to retain their present color schemes.

Accordingly, amend Section 20 as follows:

6.310.320 Taxicab and for-hire vehicle(~~(—)~~) (~~(V)~~)vehicle operating requirements(—)

~~((O~~

~~1. As of the first license renewal period after the effective date of this ordinance, for hire vehicle owners or companies with a color scheme composed solely of the yellow, orange, and/or green, or any combination thereof, used by taxicabs, shall repaint the hood, roof, and trunk of those vehicles a color distinct from those used by taxicabs. (summary suspension and Class B)~~

~~2. Any for hire vehicle owner or company who obtains a new vehicle shall paint the hood, roof, and truck of that vehicle a color distinct from the yellow, orange, or green used by taxicabs. (summary suspension and Class B)~~

~~3. The for hire vehicle company shall submit two two inch by two inch sample color chips of the proposed color scheme to the Director. All proposed color schemes must be approved by the Director. (Class C);)~~

Amendment J – lottery system. Sponsor: Harrell

Section 41, 6.310.500 (page 84) establishes the terms of the lottery for new taxis licenses. This amendment makes allows King County only licensed owners to enter the lottery. There is no restriction on the number of King County only licenses participants may own.

Accordingly, Section 41 is amended as follows:

Section 41. Section 6.310.500 of the Seattle Municipal Code, which Section was last amended by Ordinance 122763, is amended as follows:

6.310.500 Taxicabs((—))((M))maximum number((;))

E. The Director shall issue 35 additional taxicab licenses in 2015. The Director shall issue 55 additional taxicab licenses each year in 2016, 2017, and 2018. Each of these issuances shall be done by lottery pursuant to the methods described in subsection 6.310.500.D.2 To be eligible for the issuance of these new taxicab licenses, an applicant must either: 1) have no more than a 50% ownership interest in a City of Seattle or King County licensed for-hire vehicle or licensed taxicab, or 2) relinquish any ownership interest beyond 50% in a City of Seattle or King County licensed for-hire vehicle or licensed taxicab prior to and as a condition of the issuance of the new license. For purposes of this subsection, relinquish means to surrender the for-hire vehicle or taxicab license to the original licensing agency or transfer the interest to another licensed for-hire driver whose ownership interest in a licensed for-hire vehicle or licensed taxicab may not exceed 50%. ((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~~

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Amendment K – TNC insurance. Sponsor: O’Brien.

Section 14, 6.310.260 (page 32), establishes, among other things, the insurance requirements for a TNC. Similarly, Section 25 addresses the requirements during the provisional period. This amendment would make the TNC insurance primary and exclusive while a driver is active on the TNC dispatch system.

Accordingly, Section 14 is amended as follows:

Section 14. A new Section 6.310.260 to Seattle Municipal Code is adopted, as follows:

6.310.260 Transportation network company license eligibility and application

f. During the provisional period described in subsection 6.310.335, file evidence with the City that each vehicle affiliated with a transportation network company has liability insurance in an amount no less than required by RCW 46.72.050 at any time while active on a TNC dispatch system and underinsured motorist coverage indicating a minimum coverage of \$100,000 per person, and \$300,000 per accident, at any time while active on the TNC dispatch system. The insurance policy, and any related driver contracts if applicable, must be submitted to the Director. The insurance policy shall:

i. At a minimum be issued by either: a) an admitted carrier in the State of Washington with an A.M. Best Rating of not less than B VII or b) a surplus line insurers with an A.M. Best Rating of not less than B+ VII;

ii. Name The City of Seattle as an additional insured; ~~and~~

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. At all times while a driver is active on the TNC dispatch system, the TNCs insurance shall be exclusive.

And similarly, Section 25 is amended as follows:

Section 25. A new Section 6.310.335 is added to the Seattle Municipal Code as follows:

6.310.335 Provisional Insurance Requirements

1. File with the City evidence that each vehicle has liability insurance in an amount no less than required by RCW 46.72.050 at any time while active on a TNC, application, radio, computer, taxicab or for-hire dispatch system, and/or when a taxicab or for-hire vehicle is 'operating,' which includes when: 1) there is a passenger in the vehicle; 2) the taxicab is parked in a taxi zone; 3) the taximeter is engaged; 4) the office dispatch records show that the vehicle had been dispatched; 5) the taxicab top light is illuminated; 6) the trip records shows that the vehicle has started a shift and there is no entry for ending a shift; or 7) the for-hire driver has offered transportation services to a passenger. Personal automobile insurance shall apply at other times when the vehicle is not being used to provide for-hire transportation services. The insurance policy, and any related driver contracts if applicable, must be submitted to the Director. The insurance policy shall:

i. At a minimum be issued by either: a) an admitted carrier in the State of Washington with an A.M. Best Rating of not less than B VII or b) a surplus line insurers with an A.M. Best Rating of not less than B+ VII;

ii. Name The City of Seattle as an additional insured; ~~and~~

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. At all times while a driver is active on the TNC dispatch system, the TNCs insurance shall be exclusive.