

SUMMARY and FISCAL NOTE*

| | | |
|--------------------|------------------------------|---------------------------------|
| Department: | Contact Person/Phone: | Executive Contact/Phone: |
| LEG | Tony Kilduff / 4-3580 | Katherine Tassery / 5-0703 |

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title:

AN ORDINANCE relating to taxicab, transportation network company, and for-hire vehicle drivers; amending Section 6.310.110; adding a new Section 6.310.735 to the Seattle Municipal Code; authorizing the election of driver representatives.

Summary and background of the Legislation:

This legislation establishes a framework that would require companies that hire or contract with for-hire drivers licensed to operate in the City to bargain the terms and conditions of work with a Driver Representative if a sufficient number of such drivers chose to be represented.

For-hire drivers are generally considered to be in independent contractors and as such are not covered by the National Labor Relations Act that provides for collective bargaining between employers and unions representing employees. This legislation establishes a framework locally to allow drivers to organize and bargain, through a selected representative, with the companies they work for. Through this legislation, the City would establish the process by which the driver representative is selected, and compels the parties to bargain. It also establishes penalties for failure to comply including the possible revocation of regulatory licenses.

2. CAPITAL IMPROVEMENT PROGRAM

This legislation creates, funds, or amends a CIP Project.

(If box is checked, please attach a new (if creating a project) or marked-up (if amending) CIP Page to the Council Bill. Please include the spending plan as part of the attached CIP Page.)

| Project Name: | Project I.D.: | Project Location: | Start Date: | End Date: | Total Cost: |
|----------------------|----------------------|--------------------------|--------------------|------------------|--------------------|
| | | | | | |

3. SUMMARY OF FINANCIAL IMPLICATIONS

Please check one:

This legislation has direct financial implications. (If the legislation has direct fiscal impacts (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.)

This legislation does not have direct financial implications.
 (Please skip to "Other Implications" section at the end of the document and answer questions a-i.)

| | | | | |
|---|-------------------------------------|-------------|-------------------------------|--------------------|
| Budget program(s) affected: | | | | |
| Estimated \$ Appropriation change: | General Fund \$ | | Other \$ | |
| | 2015 | 2016 | 2015 | 2016 |
| | | | | \$2,186,393 |
| Estimated \$ Revenue change: | Revenue to General Fund | | Revenue to Other Funds | |
| | 2015 | 2016 | 2015 | 2016 |
| | | | | \$632,066 |
| Positions affected: | No. of Positions | | Total FTE Change | |
| | 2015 | 2016 | 2015 | 2016 |
| | | 3 | | 3.0 |
| Other departments affected: | Finance and Administrative Services | | | |

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.
 (If this box is checked, please complete this section. If this box is not checked, please proceed to Revenues)

| Fund Name and number | Dept | Budget Control Level Name/#* | 2015 Appropriation Change | 2016 Estimated Appropriation Change |
|--|-------------------------------------|---|----------------------------------|--|
| Finance and Administrative Services Fund (50300) | Finance and Administrative Services | Regulatory Compliance and Consumer Protection (A4530) | \$0 | \$2,186,393 |
| TOTAL | | | \$0 | \$2,186,393 |

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

Appropriations Notes: The majority of the 2016 costs above is included in the 2016 Adopted Budget. The remainder will be requested through a supplemental or included as a budget request in the 2017-2018 Budget, depending on the timing of implementation of this ordinance. Implementation of software and development of Director's Rules will require additional one-time resources up front with a lower amount of on-going investment in future years. See table below for detail on resource needs.

Collective Bargaining Bill Expenditure Estimates

12/10/2015

| <u>Included in 2016 Adopted Budget by Council greensheet</u> | <i>Not inflated</i> | | |
|---|---------------------|--------------------|--------------------|
| | 2016 | 2017 (est.) | 2018 (est.) |
| Positions | 373,588 | 373,588 | 230,175 |
| <i>Strategic Advisor 2</i> | 143,413 | 143,413 | 143,413 |
| <i>Strategic Advisor 2 (Sunset end of 2017)*</i> | 143,413 | 143,413 | |
| <i>Administrative Specialist III</i> | 86,762 | 86,762 | 86,762 |
| System work: | | | |
| Acquisition | 1,100,000 | | |
| Project Management | 143,413 | | |
| Ongoing licensing and maintenance | 220,000 | 220,000 | 220,000 |
| Legal counsel | 142,500 | | |
| Accounting Services to assist with elections | 150,000 | 150,000 | 150,000 |
| Total | 2,129,501 | 743,588 | 600,175 |

| <u>Additional (expanded role of Director in 12/2015 Bill)</u> | <i>Not inflated</i> | | |
|--|---------------------|--------------------|--------------------|
| | 2016 | 2017 (est.) | 2018 (est.) |
| <i>*Strategic Advisor 2 Remove Sunset Provision</i> | - | - | 143,413 |
| Other - Technology, Facilities needs for new FTEs | 56,892 | 11,856 | 11,856 |
| Grand Total | 2,186,393 | 755,444 | 755,444 |

*The 2016 Adopted Budget included a sunset provision for one of the Strategic Advisor II positions at the end of 2017. To address the on-going work required by the process for agreement amendments outlined in the legislation, the sunset provision will be removed.

3.b. Revenues/Reimbursements

_____ This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

| Fund Name and Number | Dept | Revenue Source | 2015 Revenue | 2016 Estimated Revenue |
|--|-------------------------------------|-----------------------|---------------------|-------------------------------|
| Finance and Administrative Services Fund (50300) | Finance and Administrative Services | Fees and penalties | \$0 | \$632,066 |
| TOTAL | | | \$0 | \$632,066 |

Revenue/Reimbursement Notes:

Revenues would be raised through fees and penalties from industry participants in the taxi, for-hire, and transportation network companies. The Director has the authority to increase these fees without Council action. The legislation requires approximately \$0.06 increase in the per-trip fee or an equivalent flat amount for taxi, for-hire and TNC rides originating in the City of Seattle. This fee increase does not cover the entire anticipated cost in 2016, but will break even after 10 years if current trip increase trends continue.

3.c. Positions

X This legislation adds, changes, or deletes positions.

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

| Position # for Existing Positions | Position Title & Department* | Fund Name & # | Program & BCL | PT/ FT | 2016 Positions | 2016 FTE | Does it sunset? (If yes, explain below in Position Notes) |
|-------------------------------------|--------------------------------------|--|---|-----------|----------------|------------|---|
| TBD. Included in 2016 Budget | Strategic Advisor II – FAS | Finance and Administrative Services Fund (50300) | Regulatory Compliance and Consumer Protection (A4530) | FT | 1 | 1.0 | No |
| TBD. Included in 2016 Budget | Strategic Advisor II – FAS* | Finance and Administrative Services Fund (50300) | Regulatory Compliance and Consumer Protection (A4530) | FT | 1 | 1.0 | No* |
| TBD. Included in 2016 Budget | Administrative Specialist III | Finance and Administrative Services Fund (50300) | Regulatory Compliance and Consumer Protection (A4530) | FT | 1 | 1.0 | No |
| TOTAL | | | | | 3 | 3.0 | |

Position Notes: The positions needed to perform the responsibilities created by this legislation are authorized in the 2016 Adopted Budget. If additional resources and positions are needed, they will be included in supplemental budget request or in the 2017-2018 Budget.

*The 2016 Adopted Budget included a sunset provision for one of the Strategic Advisor II positions at the end of 2017. To address the on-going work required by the process for agreement amendments outlined in the legislation, the sunset provision will be removed.

4. OTHER IMPLICATIONS

- a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above? No.**
- b) **Is there financial cost or other impacts of not implementing the legislation? No**
- c) **Does this legislation affect any departments besides the originating department? No**
- d) **Is a public hearing required for this legislation? No**
- e) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation? No**
- f) **Does this legislation affect a piece of property? No**
- g) **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? Yes**
A very large number of for-hire drivers come from historically disadvantaged communities. Many are new immigrants to the US and English is not their first language, making it difficult for them to find jobs. Driving taxis, flat-rate, and TNC-endorsed vehicles is often the fastest and easiest path to regular work for them. Unfortunately, because they are vulnerable, they are often taken advantage of by the companies that hire them or contract with them. This legislation provides a mechanism to redress the imbalance of market power the currently exists in the industry.
- h) **If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**
By establishing a collective bargaining framework at the local level for a cohort of the labor force denied the protections of the NLRA, this legislation could have a significant impact nationwide.
- i) **Other Issues:**

List attachments/exhibits below:



City of Seattle Legislative Department
Office of the City Clerk

Date: January 28, 2016
To: City Councilmembers
From: Jodee Schwinn, Deputy City Clerk *JS*
Subject: Correction of Summary and Fiscal Note to Council Bill 118499/Ordinance 124824

At the December 14, 2015, Full Council meeting, the City Council passed Council Bill 118499 as amended. The title of the Bill is as follows:

“AN ORDINANCE relating to taxicab, transportation network company, and for-hire vehicle drivers; amending Sections 6.310.110 of the Seattle Municipal Code; adding a new Section 6.310.735 to the Seattle Municipal Code; and authorizing the election of driver representatives.”

The legislative record was updated with the amended version of Council Bill on December 14, 2015. On Wednesday, January 27, 2016, it was determined that the legislative record had not been updated with the correct version of the Summary and Fiscal Note.

Please be advised the legislative record for Council Bill 118499 was updated on January 28, 2016, with the correct version of the Summary and Fiscal Note.

cc: Monica Martinez Simmons, City Clerk
Emilia M. Sanchez, Deputy City Clerk
Tony Kilduff, Council Central Staff
Council Bill 118499/Ordinance 124824