

SUMMARY and FISCAL NOTE*

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** 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 transportation network company drivers; establishing deactivation protections for transportation network company drivers; amending Section 3.15.000 of the Seattle Municipal Code; and adding a new Chapter 14.32 to the Seattle Municipal Code.

Summary and background of the Legislation:

The ordinance takes effect on July 1, 2020. The ordinance establishes deactivation protections for transportation network company (TNC) drivers, establishes a Deactivation Appeals Panel to hear deactivation disputes, and provides for the Office of Labor Standards (OLS) to contract with a Driver Resolution Center to represent drivers at arbitration proceedings.

1. **Deactivation Rights.** The ordinance establishes the following rights for TNC drivers:
 - a. TNCs may not subject TNC drivers to unwarranted deactivations.
 - b. TNC drivers may challenge any permanent deactivation.
 - c. TNC drivers may represent themselves or be represented by a representative during any deactivation challenge.
 - d. Upon deactivation, a TNC must provide notice of deactivation rights.
2. **Deactivation Appeals.** TNCs may challenge a deactivation through private arbitration under their existing contract with a TNC or through a Deactivation Appeals Panel (DAP). If the DAP process is used, the TNC and TNC driver must attempt to resolve any dispute informally. If the parties fail to resolve the dispute informally, the driver may challenge the deactivation before the DAP. The panel consists of one neutral arbitrator and an equal number of partisan panel members, representing the interests of the TNC driver and the TNC, respectively.
3. **Driver Resolution Center (DRC).** OLS is authorized to contract with a DRC to provide culturally competent consultation and direct representation, as well as outreach and education to drivers regarding their rights under relevant labor standards.

Funding for the Driver Resolution Center and related driver protections will be provided from revenues from the proposed TNC tax found in companion legislation.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes No

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

Yes – The legislation creates a new labor standard and authorizes OLS to contract with a Driver Resolution Center to provide consultation and direct representation, as well as outreach and education to drivers regarding their rights under relevant labor standards. Additional funding and/or positions needed to carry out the requirements of this bill will be detailed in additional 2020 legislation.

Is there financial cost or other impacts of *not* implementing the legislation?

There are no financial costs to the City of not implementing the legislation.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?
No.
- b. Is a public hearing required for this legislation?
No.
- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?
No.
- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?
No.
- e. Does this legislation affect a piece of property?
No.
- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

This ordinance establishes deactivation rights for TNC drivers. TNCs classify these drivers as independent contractors and represent that they are exempt from existing minimum labor standards established by federal, state, and local law. In 2018, the King County Department of Licensing issues 31,676 TNC driver permits. A large number of those drivers are immigrants and people of color who have taken on debt or invested their savings to purchase and/or lease vehicles to provide TNC services. TNC drivers are subject to TNC companies' policies that can be unilaterally changed so they can be deactivated or terminated for a variety of reasons. The TNCs frequently deactivate drivers with limited review of those deactivations. Establishing a reasonable standard for the deactivations of TNC drivers as well as cost-free access to an arbitration process in which unwarranted deactivations may be challenged will help ensure that thousands of drivers, particularly drivers who are immigrants or people of color, and who provide vital transportation services in Seattle will be able enjoy a small measure of job security.

The ordinance requires that notices that are provided by OLS be made available in "English and other languages." OLS has extensive experience developing materials in other languages and working with community partners to ensure that translations are appropriate for the particular demographic groups in impacted communities. OLS intends to provide translations based on the specific demographics of the TNC driver community, as established through available data and consultation with driver and community-based organizations. Further, through the request for proposal process, OLS is committed to ensuring that the DRC provides its services in an accessible manner.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

This legislation will be the ninth local labor law (assuming passage of the hotel related legislation now being considered by Council) that OLS will provide education and outreach on and implement. OLS currently has a staff of 28 FTEs and contracts with community-based organizations for outreach and education to both workers and businesses. OLS will evaluate any contract with the DRC using the same metrics it uses to evaluate its contracts with community-based contractors (e.g., number of intakes, number of outreach activities, number of cases, case completion time).

List attachments/exhibits below: