



SEATTLE CITY COUNCIL
CENTRAL STAFF

TNC Driver Minimum Compensation Ordinance

COUNCIL BILL 119876

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FINANCE AND HOUSING COMMITTEE COUNCIL BRIEFING
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TNC Driver Minimum Compensation Ordinance

- Minimum compensation standards and other labor protections for Transportation Network Company (TNC) drivers
- Effective on January 1, 2021
- Implemented by the Office of Labor Standards (OLS)

Key components

1. Minimum compensation standard for TNC drivers
2. Tip protection
3. Personal protective equipment and disinfecting supplies
4. Transparency requirements for TNC drivers and passengers
5. TNC study

UNDERSTANDING DRIVE TIME

A driver's time can be broken down into three primary phases: P1, P2, and P3

P1: Available platform time

- A driver is logged in to a driver platform waiting for a trip request

P2: Dispatch platform time

- A driver has accepted a trip and is driving to pick up the passenger

P3: Passenger platform time

- Passenger is in vehicle and is being driven to the drop-off location

TOTAL TIME ON APP

Minimum Compensation Components

Time

- Seattle's Minimum Wage for Schedule 1 employers (i.e., employers with more than 500 employees worldwide)

Mileage

- Vehicle acquisition/financing
- Gas
- Vehicle maintenance
- Insurance
- Cellphone + cell plan
- Vehicle cleaning
- Health insurance
- Payroll taxes
- Public utilities tax
- Licensing/vehicle registration fees/related taxes

No less than
\$16.39/hour

Time

\$0.56/min*



Expenses per mile
driven

Miles

\$1.17/mile*

*Scaled-up to account for P1 & P2 time and mileage

Substitute Bill, sponsored by Councilmember Mosqueda

	Issue	Amendment
1.	Minimum per trip amt	Establish a “minimum per trip amount” that requires TNCs to pay drivers at least \$5 for each TNC dispatched trip.
2.	Reasonable expenses	Include cleaning time and rest breaks in the “per mile rate.”
3.	Utilization rates	<ul style="list-style-type: none">• Delay the OLS Director’s adjustment of the utilization rates.• Require an assessment period of 12 months for first adjustment.
4.	Transparency	Add transparency requirements for drivers and passengers.
5.	TNC study	Assign TNC study to OLS rather than the City Auditor.

Minimum per trip amount

Establish a “minimum per trip amount” that requires TNCs to pay drivers at least \$5 for each TNC dispatched trip.

- Effective January 1, 2022, the minimum per trip amount would be increased to reflect the rate of inflation.
- Covered trips would include (a) trips to the passenger’s drop-off location; (b) trips cancelled by the passenger or TNC, subject to limitations; and (c) trips where the passenger fails to appear at the pick-up location.
- Covered trips would *not* include (a) trips cancelled by the passenger or TNC if the TNC refunds the passenger cancellation fee due to driver conduct; or (b) trips cancelled by the driver.

Reasonable expenses

Include cleaning time and rest breaks in the “per mile rate.”

- 30 minutes per day for vehicle cleaning.
- Rest breaks (10 minutes of paid rest period per 4 hours worked).
- Per mile rate would be \$0.830.
- Per mile amount would be \$1.33.
- For example, 2020 gross compensation (including expenses) would be \$29.90 per hour.

Utilization rates (“scale-up factors”)

Delay the OLS Director’s adjustment of the utilization rates.

- The OLS Director would wait to adjust the passenger platform utilization rate or the passenger mileage utilization rate until three years after the effective date of the ordinance.

Require an assessment period of 12 months for first adjustment.

- The assessment period for the first adjustment would be 12 months in duration. Any subsequent assessment period could be up to 12 months.

Transparency requirements

Add transparency requirements for TNC drivers and passengers

- For drivers, TNCs would provide notice of passenger fares for each trip and weekly notice of total passenger fares for the prior week.
- For passengers, TNCs would provide notice of compensation paid to the driver with passenger-paid tips separately itemized.

TNC Study

Assign TNC study to OLS rather than City Auditor.

- OLS would coordinate potential studies on the impacts of the legislation on TNCs and drivers
- Council's request for a study would (a) be permissive rather than mandatory, (b) cover the first two years of implementation and (c) be due within three years of implementation.

Next steps

- **September 24, 2020** – Finance and Housing Committee
- **September 29, 2020** – Opportunity for Full Council Vote

Questions?