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Title: AN ORDINANCE relating to the regulation of network companies; imposing license and fee requirements on network companies; adding a new Chapter 6.700 to the Seattle Municipal Code; and amending Section 3.15.007 of the Seattle Municipal Code.

Sponsors: Lisa Herbold

Indexes:

Attachments: 1. Summary and Fiscal Note, 2. Amendment 1 to CB 120706, 3. Amendment 2 to CB 120706, 4. Amendment 3 to CB 120706, 5. Amendment 4 to CB 120706, 6. Amendment 5 to CB 120706, 7. Amendment 6 to CB 120706, 8. Amendment 7 to CB 120706, 9. Amendment 8 to CB 120706, 10. Signed Ordinance 126953, 11. Affidavit of Publication

Date	Ver.	Action By	Action	Result
12/1/2023	2	City Clerk	attested by City Clerk	
12/1/2023	2	Mayor	returned	
12/1/2023	2	Mayor	Signed	
11/29/2023	2	City Clerk	submitted for Mayor's signature	
11/21/2023	2	City Council	passed	Pass
11/15/2023	1	Select Budget Committee	pass as amended	Pass
11/14/2023	1	Select Budget Committee	discussed	
11/7/2023	1	City Council	referred	
11/2/2023	1	Council President's Office	sent for review	
11/1/2023	1	City Clerk	sent for review	

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the regulation of network companies; imposing license and fee requirements on network companies; adding a new Chapter 6.700 to the Seattle Municipal Code; and amending Section 3.15.007 of the Seattle Municipal Code.

WHEREAS, network companies use an online-enabled application or platform to connect customers with app-based workers, present offers to app-based workers through a worker platform, and/or facilitate the provision of services for compensation by app-based workers; and

WHEREAS, an estimated 40,000 app-based workers perform services in furtherance of offers that are facilitated or presented by network companies in Seattle, including workers who are Black, Indigenous, and other People of Color (BIPOC), immigrants, workers with disabilities, lesbian, gay, bisexual, transgender, and queer (LGBTQ+), and single parents; and

WHEREAS, network companies rely on business models that treat app-based workers as independent contractors who are not covered by local, state, or federal workplace employee protections; and

WHEREAS, a 2021 Pew Research Center study found that 16 percent of American adults earned compensation from app-based work, and the rates were higher for BIPOC workers; and

WHEREAS, the U.S. Bureau of Labor Statistics data show that Black and Latinx workers are overrepresented among app-based workers, comprising almost 42 percent of app-based workers but less than 29 percent of the overall labor force; and

WHEREAS, BIPOC workers face unique barriers to economic insecurity and disproportionately must accept low-wage, unsafe, and insecure working conditions; and

WHEREAS, BIPOC workers have long been heavily concentrated in exploitative industries; and

WHEREAS, The City of Seattle (“City”) is a leader on wage, labor, and workforce practices that seek to eliminate racial disparities and achieve racial equity, improve workers’ lives, support economic security, and contribute to a fair, healthy, and vibrant economy; and

WHEREAS, the City has established 19 labor standards that regulate the activities of employers, network companies, and other hiring entities to establish minimum thresholds of fairness and economic security for workers in Seattle; and

WHEREAS, the City has authorized the Office of Labor Standards (OLS) to implement these labor standards, including those that establish workplace protections for app-based workers; and

WHEREAS, effective January 13, 2024, the App-Based Worker Minimum Payment Ordinance, Ordinance 126595, will require network companies to provide app-based workers with minimum payment,

transparent job information and receipts, and flexible terms of work; and

WHEREAS, OLS estimates that implementing the App-Based Worker Minimum Payment Ordinance will require \$1.2 million and five full-time equivalents (FTEs) per year for ongoing costs, but the 2024 Proposed Budget Adjustments only include \$492,000 and three FTEs for this work; and

WHEREAS, effective January 1, 2025, the App-Based Worker Deactivation Rights Ordinance, Ordinance 126878, will require network companies to provide app-based workers with protections against unwarranted deactivations, including reasonable deactivation policies, advance notice of deactivation, case-by-case human review of deactivation decisions, records substantiating deactivation, and an internal challenge procedure; and

WHEREAS, OLS estimates that implementing the App-Based Worker Deactivation Rights Ordinance will require \$200,000 one-time in 2024 for outreach and set-up costs, \$1.13 million per year and seven FTEs in 2024, 2025, and 2026 for procedural enforcement, and \$1.56 million per year and nine FTEs beginning in 2027 for ongoing procedural and substantive enforcement; and

WHEREAS, OLS's implementation includes contracts with community organizations to provide trusted, culturally competent, and language specific outreach and education and community-based enforcement to strengthen workplace protections for a newly regulated industry; and

WHEREAS, effective 2017, the City established the OLS Fund, through Ordinance 125273, with the intention of guaranteeing annual funding of OLS from the City's business license tax revenues and any resources of the City's General Fund as necessary; and

WHEREAS, the existing revenue sources for the OLS Fund are insufficient to fully recover the regulatory costs of implementing the App-Based Worker Minimum Payment Ordinance and the App-Based Worker Deactivation Rights Ordinance; and

WHEREAS, robust implementation of app-based worker labor standards must include policy development, enforcement, and collaborative outreach and education programs to ensure that network companies

provide the wages, benefits, and other protections required by the City’s app-based worker labor standards; and

WHEREAS, the City intends to require network companies to obtain an annual network company license to operate in Seattle and pay a license fee to recover the costs of network company regulations; and

WHEREAS, the Department of Finance and Administrative Services estimates that implementing a network company license and fee would require \$1.14 million one-time in 2024 and \$94,000 one-time in 2025 for set-up costs and program management, and \$442,000 and 2.25 FTEs per year beginning in 2025 for ongoing costs; and

WHEREAS, the City intends to use revenue from the network company license fee to fully recover the costs of network company regulations incurred by licensing and implementing the App-Based Worker Deactivation Rights Ordinance and the App-Based Worker Minimum Payment Ordinance, in such order of priority; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Chapter 6.700 is added to the Seattle Municipal Code as follows:

Chapter 6.700 NETWORK COMPANIES

6.700.010 Scope and purpose

This Chapter 6.700 applies to network companies operating in Seattle. The ordinance enacting this Chapter 6.700 is an exercise of the City’s police power to regulate network companies. The purpose of the ordinance is to regulate network company activity through an annual license requirement and impose a fee to recover the regulatory costs of licensing and implementing labor standards in the App-Based Worker Minimum Payment Ordinance (Chapter 8.37) and App-Based Worker Deactivation Rights Ordinance (Chapter 8.40) that protect and promote public health, safety, and welfare.

6.700.020 Application of other provisions

The license requirements established in this Chapter 6.700 are subject to the general provisions of the new

License Code in Chapter 6.202. In the event of a conflict between the provisions of Chapter 6.202 and this Chapter 6.700, the provisions of this Chapter 6.700 shall control.

6.700.030 Definitions

“App-based worker” means a person who has entered into an agreement with a network company governing the terms and conditions of use of the network company’s worker platform or a person affiliated with and accepting offers to perform services for compensation via a network company’s worker platform. For purposes of this Chapter 6.700, at any time, but not limited to, when an app-based worker is logged into the network company’s worker platform, the worker is considered an app-based worker.

“Application dispatch” means technology that allows customers to directly request dispatch of app-based workers for provision of services and/or allows app-based workers or network companies to accept offers to perform services for compensation and payments for services via the internet using interfaces, including but not limited to website, smartphone, and tablet applications.

“Customer” means a paying customer and/or recipient of an online order.

“Director” means the Director or the Director’s designee of the Department of Finance and Administrative Services (FAS) or the Office of Labor Standards (OLS), as specified.

“Goods” means all tangible personal property, including groceries, prepared food and beverages, retail items, and other moveable items that have a physical existence.

“Groceries” has the same meaning as defined in RCW 82.84.030 as amended.

“Marketplace network company” means a network company primarily engaged in facilitating or presenting pre-scheduled offers in which: (a) the application or platform enables the prospective customer and app-based worker to exchange information about the scope and details of services to be performed, prior to the customer placing the online order for those services or the app-based worker accepting the offer; (b) the app-based worker sets their own rates; and (c) the network company does not monitor offers by mileage or time. On-demand network companies and

companies that primarily provide delivery services are not marketplace network companies.

When determining whether a network company is “primarily engaged in facilitating or presenting pre-scheduled offers in which: (a) the application or platform enables the prospective customer and app-based worker to exchange information about the scope and details of services to be performed, prior to the customer placing the online order for those services or the app-based worker accepting the offer; (b) the app-based worker sets their own rates; and (c) the network company does not monitor offers by mileage or time” the FAS Director, in consultation with the OLS Director, may consider any number of factors, including but not limited to: the number of pre-scheduled offers relative to the network company’s overall offers; how app-based worker rates are set; what information regarding offer mileage or offer time a network company knows before, during, or after performance of an offer; information from app-based workers performing offers through the application or platform; marketing or promotional materials from the network company; or other public statements from representatives of the network company. Such determinations shall be consistent with OLS Director rules.

“Network company” means an organization, whether a corporation, partnership, sole proprietor, or other form, operating in Seattle, that uses an online-enabled application or platform, such as an application dispatch system, to connect customers with app-based workers, present offers to app-based workers through a worker platform, and/or facilitate the provision of services for compensation by app-based workers.

1. The term “network company” includes any such entity or person acting directly or indirectly in the interest of a network company in relation to the app-based worker.

2. The term “network company” excludes:

a. An entity offering services that enable individuals to schedule appointments with and/or process payments to users, when the entity neither engages in additional intermediation of the relationships between parties to such transactions nor engages in any oversight of service provision;

b. An entity operating digital advertising and/or messaging platforms, when the entity neither engages in intermediation of the payments or relationships between parties to resulting transactions nor engages in any oversight of service provision;

c. An entity that meets the definition of “transportation network company” as defined by RCW 46.04.652 as amended; or

d. An entity that meets the definition of “for-hire vehicle company” or “taxicab association” in Section 6.310.110 or as enacted in Section 6.311.040 of Council Bill 120653.

“Offer” means one or more online orders presented to an app-based worker as one opportunity to perform services for compensation that the app-based worker may accept or reject.

1. An opportunity to perform services for compensation includes but is not limited to an opportunity described via a worker platform as a shift, a period of time to be spent engaged in service provision, a continuous period of time in which the app-based worker must make themselves available to perform services, or any other continuous period of time when the worker is not completely relieved of the duty to perform the service(s), and such a period of time shall be considered as one offer.

2. The term “offer” includes pre-scheduled offers and on-demand offers.

“On-demand offer” means an offer facilitated or presented by a network company to an app-based worker that requires performance to be initiated within two hours of acceptance (i.e., an offer that is not a prescheduled offer).

“Online order” means an order for services that is placed through an online-enabled application or platform, such as an application dispatch system, and that is facilitated by a network company or presented by a network company for its own benefit. The OLS Director may issue rules further defining the definition of “online order” and the types of transactions excluded from this definition, pursuant to Section 8.37.020. The term “online order” does not include the following transactions:

1. Sale or rental of products or real estate;

2. Payment in exchange for a service subject to professional licensure that has been listed in rules issued by the OLS Director pursuant to Section 8.37.020;
3. Payment in exchange for services wholly provided digitally;
4. Payment in exchange for creative services or works;
5. Transportation network company (TNC) dispatched trips. For purposes of this Section 6.700.030, “TNC dispatched trips” means the provision of transportation by a driver for a passenger through the use of a transportation network company’s application dispatch system;
6. Transportation provided by taxicabs or for-hire vehicles, as defined in Chapter 6.310; and
7. Any other transactions excluded from this definition listed in rules by the OLS Director, or the OLS Director’s designee, pursuant to Section 8.37.020.

“Operating in Seattle” means, with respect to a network company, facilitating or presenting offers to provide services for compensation using an online-enabled application or platform, such as an application dispatch system, to any app-based worker, where such services are performed in whole or part in Seattle.

“Paying customer” means a person or entity placing an online order via a network company’s online-enabled application or platform.

“Pre-scheduled offer” means an offer that is facilitated or presented by a network company to an app-based worker at least two hours prior to when the app-based worker is required to initiate performance.

“Services” means the application of labor or human effort to perform one or more identified tasks for an online order and includes but is not limited to delivery of goods and tasks of a personal, professional, business, or recreational nature.

“Worker platform” means the worker-facing application dispatch system software or any online-enabled application service, website, or system, used by an app-based worker, that enables the arrangement of services for compensation.

6.700.040 Coverage

For the purposes of this Chapter 6.700, coverage of network companies is limited to those that are subject to Chapter 8.37 and/or Chapter 8.40.

6.700.050 License required

It is unlawful for a network company to operate in Seattle without a valid network company license issued pursuant to this Chapter 6.700, except that network companies may operate in Seattle from January 1, 2025, through December 31, 2025, pending issuance of the license, and compliance with the requirements of this Chapter 6.700.

6.700.060 License application

A. Network company licenses are issued by the FAS Director and may be obtained by filing with the FAS Director a network company license application in a format determined by the FAS Director. The FAS Director shall announce, in a manner determined by the FAS Director (e.g., website, network company outreach), the date that network companies may start filing applications by October 1, 2025.

B. Application for a network company license shall include the following information:

1. Name and contact information of the applicant;
2. Name and contact information of the owners thereof, or in the case of a corporation, names and contact information of the officers of such corporation;
3. Attestation of the applicant's coverage by Chapter 8.37 and/or Chapter 8.40;
4. Description of the type(s) of app-based services offered by the applicant; and
5. Such other administrative information that the FAS Director determines is reasonably necessary to determine the qualifications of the applicant for a network company license.

C. All network company licenses shall expire one year from the date the license is issued and shall be renewed annually.

D. The FAS Director may deny, revoke, or refuse to renew the license of any network company for any of the following:

1. Violating or failing to comply with any applicable provision of this Chapter 6.700;
2. Failure to pay all outstanding penalties assessed against the licensee under this Chapter 6.700;
3. Any reason set forth in Section 6.202.230; or
4. Failing to comply, within 30 days of service of any OLS settlement agreement, any final order issued by the OLS Director, or any final order issued by the Hearing Examiner under Chapter 8.37 or 8.40 for which all appeal rights have been exhausted, and the OLS Director has requested the FAS Director to deny, revoke, or refuse to renew any network company license held or requested by the applicant or licensee. The denial, revocation, or refusal to renew such network company license shall remain in effect until such time as the violation(s) under Chapter 8.37 or 8.40 are remedied.

6.700.070 Network company provisions

All network companies operating in Seattle shall:

- A. Possess a valid network company license issued pursuant to this Chapter 6.700;
- B. Submit quarterly reports in an electronic format determined by the FAS Director with the number of online orders subject to the license fee in subsection 6.700.080.A; and
- C. Comply with such other provisions that the FAS Director determines by rule are material and necessary to effectuate the purposes of this Chapter 6.700, pursuant to Section 6.700.110.

6.700.080 License fee

- A. The fee for a network company license issued pursuant to this Chapter 6.700 shall be \$0.10 per online order that results in an app-based worker's delivery of goods or provision of other services in Seattle.
 1. The fee revenue shall be used to recover the regulatory costs prescribed in Section 6.700.100.
 2. The fee shall be due and payable on a quarterly basis, except that the fee for the 2025 calendar year shall be payable on the same date that the fee payment is due for the fourth quarter of 2025. Forms for such filings shall be prescribed by the FAS Director. Network companies discontinuing operations in Seattle shall report and pay the fee no later than the quarterly payment period following close of business.

3. The fee is non-refundable and non-transferrable.

B. The FAS Director, in consultation with the OLS Director, shall review the fee at least annually and shall make any adjustment necessary by rule to ensure the fee achieves full recovery, and no more, of the regulatory costs prescribed in Section 6.700.100 after consideration of available information for the following factors:

1. Actual and projected fee revenue;

2. The FAS Director's projected costs and annual budget allotted for the implementation of the network company license and fee;

3. The OLS Director's projected costs, including costs identified in the annual certification required by subsection 3.15.007.B, and annual budget allotted for the implementation of Chapter 8.37 and Chapter 8.40;

4. The number of network companies operating in Seattle;

5. The number of online orders subject to the license fee in subsection 6.700.080.A;

6. OLS's implementation data for Chapter 8.37 and Chapter 8.40 (e.g., number and nature of worker and business inquiries, data on open and filed investigation, resolved investigations, and financial remedies); and

7. Such other factors that the FAS Director determines are reasonably necessary for reviewing the fee.

C. The FAS Director, in consultation with the OLS Director, shall report to the City Council on establishing a reduced fee for marketplace network companies to reflect that such companies are only covered by Chapter 8.40, one of the two app-based worker labor standards incurring regulatory costs that can be recovered by fee revenue. The City Council intends to consider the FAS Director's recommendation for development of legislation that would establish a reduced fee for marketplace network companies. The FAS Director shall submit the report to the City Council after assessing initial fee revenue and the factors for

consideration in subsection 6.700.080.B, and no later than July 1, 2026. The FAS Director's report shall include the following:

1. A recommendation for establishing a reduced fee for marketplace network companies and an assessment of the financial impacts;
2. The status of fee revenue for the 2025 calendar year and first quarter 2026; and
3. Other information that the FAS Director determines is relevant for the City Council's consideration of a reduced fee for marketplace network companies.

6.700.090 Exemption from fee

Online orders solely for an app-based worker's delivery of groceries are exempt from the fee required by subsection 6.700.080.A. This exemption does not apply to online orders for an app-based worker's delivery of both grocery and non-grocery items.

6.700.100 Allocation of fee revenue

A. Fee revenue shall be appropriated in the annual City budget or separate ordinances solely to recover regulatory costs in the following order of priority:

1. FAS's implementation of the network company license and fee in this Chapter 6.700;
2. OLS's implementation of Chapter 8.40; and
3. OLS's implementation of Chapter 8.37.

B. FAS's implementation of the network company license and fee may include administrative, enforcement, and other regulatory costs.

C. OLS's implementation of Chapter 8.37 and Chapter 8.40 may include policy development, enforcement, and outreach and education, including contracts with community organizations for culturally competent and language-specific outreach and education and community-based enforcement, and other regulatory costs. The OLS Director shall include an itemized statement with the amount and description of

funding needed to sustain such regulatory costs in the certification of the minimum annual contribution submitted to the Mayor and City Council under subsection 3.15.007.B. The OLS Director shall publicly announce which contracts are funded by fee revenue to ensure that such contracts are solely for purposes prescribed by this Section 6.700.100. Consistent with City purchasing requirements, the OLS Director shall create policies and procedures for awarding and monitoring contracts that are funded by fee revenue to ensure that such contracts are solely for purposes prescribed by this Section 6.700.100.

D. The FAS Director shall include fee revenues in the quarterly reporting that the City Finance Division and City Budget Office provide to the City Council as part of the Financial Monitoring program.

6.700.110 Rulemaking authority

The FAS Director is authorized to enforce, promulgate, revise, or rescind rules and regulations deemed necessary, appropriate, or convenient to implement and administer the provisions of this Chapter 6.700, providing affected entities with due process of law and in conformity with the intent and purpose of this Chapter 6.700. The FAS Director is authorized to adjust fees by rule as permitted by subsection 6.700.080 but is otherwise prohibited from adjusting obligations for network companies that are established by this Chapter 6.700.

6.700.120 Enforcement authority

The FAS Director shall have the power to administer and enforce this Chapter 6.700 and shall have such powers and duties in the performance of these functions as are defined in this Chapter 6.700 and otherwise necessary and proper in the performance of the same and provided for by law.

6.700.130 Violation

The failure of any network company to comply with any requirement of this Chapter 6.700 or rule issued by the FAS Director is a violation.

6.700.140 Investigation and notice of violation

A. The FAS Director is authorized to investigate any network company the FAS Director reasonably

believes does not comply with the provisions of this Chapter 6.700.

B. If, after investigation, the FAS Director determines that any provisions of this Chapter 6.700 have been violated, the FAS Director may issue a notice of violation to the network company responsible for the violation.

C. The notice of violation shall state the provisions violated, penalties for failure to come into compliance, necessary corrective action, and the compliance due date.

D. The notice of violation shall be served upon the network company by personal service or regular first-class mail addressed to the last known address for the network company.

E. Nothing in this Section 6.700.140 limits or precludes any action or proceeding to enforce this Chapter 6.700, and nothing obligates or requires the FAS Director to issue a notice of violation prior to the imposition of civil or criminal penalties.

F. Unless the network company files a timely request for a contested hearing before the Hearing Examiner, the notice of violation shall become the final order of the FAS Director.

6.700.150 Review by Hearing Examiner

A. The network company cited on the notice of violation may appeal the notice of violation by requesting a contested hearing before the Hearing Examiner in writing within ten business days of service of the notice of violation. If the last day of the appeal period so computed is a Saturday, Sunday, or federal or City holiday, the appeal period shall run until 5 p.m. on the next business day.

B. Contested hearings shall be conducted pursuant to the procedures for hearing contested cases contained in Section 3.02.090 and the rules adopted by the Hearing Examiner for hearing contested cases. The hearing shall be conducted de novo and the FAS Director shall have the burden of proving by a preponderance of the evidence that the violation or violations occurred. Upon establishing such proof, the notice of violation shall be upheld unless it is shown that the FAS Director abused discretion. Penalties shall be assessed per Section 6.700.170. Failure to appear for a contested hearing shall result in an order being entered finding that

the network company committed the violation(s) stated in the notice of violation. For good cause shown and upon terms the Hearing Examiner deems just, the Hearing Examiner may set aside an order entered upon a failure to appear.

C. The Hearing Examiner may affirm, modify, or reverse the notice of violation.

D. The network company may obtain judicial review of the decision of the Hearing Examiner by applying for a Writ of Review in the King County Superior Court within 30 days from the date of the decision in accordance with the procedure set forth in chapter 7.16 RCW, other applicable law, and court rules.

E. The decision of the Hearing Examiner shall be final and conclusive unless review is sought in compliance with subsection 6.700.150.D <https://library.municode.com/wa/seattle/codes/municipal_code?nodeId=TIT14HURI_CH14.16PASITIPASATI_14.16.095APHEEXOR>.

F. If a network company fails to comply within 30 days of service of any final notice of violation issued by the FAS Director or final order of the Hearing Examiner for which all appeal rights have been exhausted, the FAS Director may pursue, but is not limited to, the following measures to secure compliance:

1. The FAS Director may refer the matter to a collection agency. The cost to the City for collection services shall be assessed as costs, at the rate agreed to between the City and the collection agency, and added to the amounts due.

2. The FAS Director may refer the matter to the City Attorney for the filing of a civil action in a court of competent jurisdiction to enforce such order or to collect amounts due. In the alternative, the FAS Director may seek to enforce a final notice of violation or a final order of the Hearing Examiner under Section 6.700.160.

6.700.160 Debt owed The City of Seattle

A. All monetary amounts due under the notice of violation shall be a debt owed to the City and may be collected in the same manner as any other debt in like amount, which remedy shall be in addition to all other existing remedies.

B. If a network company fails to appeal a notice of violation to the Hearing Examiner within the time period set forth in subsection 6.700.150.A, the notice of violation shall be final, and the FAS Director may

petition the Seattle Municipal Court, or any court of competent jurisdiction, to enforce the notice of violation by entering judgment in favor of the City finding that the network company has failed to exhaust its administrative remedies and that all amounts and relief contained in the notice of violation are due. The notice of violation shall constitute prima facie evidence that a violation occurred and shall be admissible without further evidentiary foundation. Any certifications or declarations authorized under RCW 5.50.050 as amended containing evidence that the network company has failed to comply with the notice of violation or any parts thereof, and is therefore in default, or that the network company has failed to appeal the notice of violation to the Hearing Examiner within the time period set forth in subsection 6.700.150.A, and therefore has failed to exhaust administrative remedies, shall also be admissible without further evidentiary foundation.

C. If a network company fails to obtain judicial review of an order of the Hearing Examiner within the time period set forth in subsection 6.700.150.D, the order of the Hearing Examiner shall be final, and the FAS Director may petition the Seattle Municipal Court to enforce the notice of violation by entering judgment in favor of the City for all amounts and relief due under the order of the Hearing Examiner. The order of the Hearing Examiner shall constitute conclusive evidence that the violations contained therein occurred and shall be admissible without further evidentiary foundation. Any certifications or declarations authorized under RCW 5.50.050 as amended containing evidence that the network company has failed to comply with the order or any parts thereof, and is therefore in default, or that the network company has failed to avail itself of judicial review in accordance with subsection 6.700.150.D, shall also be admissible without further evidentiary foundation.

D. In considering matters brought under subsections 6.700.160.B and 6.700.160.C, the Seattle Municipal Court may include within its judgment all terms, conditions, and remedies contained in the notice of violation or the order of the Hearing Examiner, whichever is applicable, that are consistent with the provisions of this Chapter 6.700.

6.700.170 Penalty

A. In addition to any other sanction or remedial procedure that may be available, any network company

violating any of the provisions of this Chapter 6.700 shall be subject to the following cumulative penalties per violation until compliance is achieved:

1. \$500 per day for each violation for the first ten business days; and
2. \$1,000 per day for each violation for each day beyond ten business days of non-compliance

until compliance is achieved.

B. The violation will be deemed to begin, for purposes of determining the number of days in violation, on the date that compliance is required on the notice of violation of the FAS Director. Penalties do not accrue if the network company achieves compliance before the date that compliance is required in the notice of violation of the FAS Director.

6.700.180 Alternative criminal penalty

It is a misdemeanor for any network company to violate the requirements of this Chapter 6.700 if the violation demonstrates a habitual disregard for the standards in this Chapter 6.700. The FAS Director may refer such network company for prosecution as an alternative to the notice of violation procedures outlined in this Chapter 6.700.

6.700.190 Additional relief

The FAS Director may seek legal or equitable relief to enjoin any acts or practices when necessary to achieve compliance.

Section 2. Section 3.15.007 of the Seattle Municipal Code, last amended by Ordinance 125492, is amended as follows:

3.15.007 Office of Labor Standards Fund

A. There is established in the City Treasury an Office of Labor Standards Fund. Funds deposited in the Office of Labor Standards Fund may only be used to pay for costs associated with the operations and activities of the City's Office of Labor Standards.

B. By September 1 of each year, the Director of the Office of Labor Standards shall certify to the Mayor

and Council an itemized statement with the amount and description of the funding needed for the following year to maintain each of the following elements of the operations and activities of the Office of Labor Standards:

1. Enforcement activities, including but not limited to the investigation of complaints and directed investigations;

2. Policy development;

~~((2))~~ 3. Outreach and education to employers and other hiring entities; and

~~((3))~~ 4. Outreach and education to ~~((employees))~~ workers.

In determining the funding required to sustain these activities, annual inflationary adjustments and increases in the staffing, overhead, and infrastructure costs will be taken into account for each of these elements. Funding for enforcement should consider the level of resources needed to fulfill the goal of completing investigations within 180 days, taking into account the rate of successful completion of cases within 180 days during the previous year. The total funding required to maintain the current level of activity for all ~~((three elements))~~ four components shall be known as the minimum annual contribution. The minimum annual contribution for that year shall be reflected in the proposed City budget submitted by the Mayor to the City Council for the following year. Additionally, the Director may make further recommendations to the Mayor and the Council including, but not limited to, staffing, funding, and program design.

C. It is the policy goal of The City of Seattle that each year the minimum annual contribution will be appropriated in the budget to the Office of Labor Standards.

D. By January 1 of each year, an amount equal to the Office of Labor Standards appropriation for that year shall be deposited in the Fund.

E. The sources of funding for the minimum annual contribution under subsection 3.15.007.C shall come from the City's existing business license tax under Chapter 5.45 and the network company license fee under Chapter 6.700. Funds from the network company license fee shall be appropriated to the Office of Labor

Standards solely to recover the regulatory costs of implementing Chapter 8.37 and Chapter 8.40, as prescribed by Section 6.700.100.

F. If the revenues available from the business license tax under Chapter 5.45 and the network company license fee under Chapter 6.700 are insufficient to meet the minimum annual contribution, the difference may be funded using any resources of the City’s General Fund.

* * *

Section 3. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of its application to any person or circumstance, does not affect the validity of the remainder of this ordinance or the validity of its application to other persons or circumstances.

Section 4. Sections 1 and 2 of this ordinance shall take effect on January 1, 2025.

Section 5. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2023, and signed by me in open session in authentication of its passage this _____ day of _____, 2023.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2023.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2023.

Scheereen Dedman, City Clerk

(Seal)