

Ordinance No. 1489

AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, RELATING TO TRANSPORTATION NETWORK COMPANIES, AMENDING SECTION 5.24.020 AND ADOPTING A NEW CHAPTER 5.26, ALL OF THE LACEY MUNICIPAL CODE, AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, Lacey Municipal Code Chapter 5.24 regulates for-hire vehicle driver/operator services in the City of Lacey; and

WHEREAS, new technology-based companies, known as transportation network companies, offer a new model of commercial transportation service using online-enabled digital platforms to connect passengers with drivers using personal vehicles; and

WHEREAS, transportation network company services are sufficiently distinct from taxicabs and for-hire vehicle services as to warrant separate regulation; and

WHEREAS, the Lacey City Council desires to amend Lacey Municipal Code Section 5.24.020, regarding Occupational Permits for taxicabs and for-hire vehicles, and adopt a new Lacey Municipal Code Chapter 5.26 in order to regulate the operations of transportation network companies in the City of Lacey for the purpose of promoting the safety and welfare of the general public.

NOW, THEREFORE, BE IT ORDAINED BY THE LACEY CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

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Section 1. Lacey Municipal Code Section 5.24.020, is hereby amended to read as follows:

5.24.020 Definitions.

For purposes of this chapter, the terms set forth below shall have the following meanings:

- A. "Person" means any natural person, firm, corporation, partnership or association either acting by themselves or by servant, agent or employee.
- B. "For-hire vehicle" includes all vehicles used for the transportation of passengers for compensation, except auto stages, buses, ride share vehicles, and limousines, and transportation network company vehicles as defined and regulated in LMC Chapter 5.26. The term primarily applies to taxicabs.

C. "Driver and operator" means the person physically engaged in driving a for-hire vehicle, whether or not said person is the owner of or has any financial interest in said vehicle.

D. "Director" means the director of finance for the city.

Section 2. There is hereby added to the Lacey Municipal Code a new chapter, 5.26, to read as follows:

### **5.26.010 Purpose**

The purpose of this chapter is to provide for and promote the safety and welfare of the general public and not to create or designate any particular class of persons who will or should be specially protected by its terms. Nothing contained in this chapter is intended, nor shall be construed, to create any liability on the part of the city or its employees for any injury or damage resulting from the failure of the licensee or driver to comply with the provisions of this chapter, or by the city's or its employees' enforcement or failure to enforce any part of this chapter.

### **5.26.020 Definitions**

For the purpose of this chapter, the following definitions apply:

A. "Transportation Network Company" or "TNC" means an entity that uses a digital network to connect passengers to TNC drivers who use personal vehicles to transport passengers for compensation between geographical points chosen by the passenger.

B. "Digital network" means an Internet-enabled platform or application used to connect passengers with TNC drivers.

C. "TNC driver" means an individual who uses a personal vehicle to provide transportation services arranged through a TNC's digital network.

D. "TNC vehicle" means a personal vehicle used by a TNC driver to provide transportation services arranged through a TNC's digital network.

E. "Operate a TNC in the City of Lacey" means a TNC uses its digital network to connect a TNC driver to a passenger for a trip originating in the City of Lacey.

F. "Operate as a TNC driver in the City of Lacey" means a TNC driver accepts a trip request over a TNC's digital network that originates in the City of Lacey.

G. "Person" means any natural person of either sex, firms, corporations, partnerships and associations either acting by themselves or by servant, agent or

employee. The singular shall include the plural and the masculine pronoun shall include the feminine and neuter.

H. "Director" means the director of finance for the city.

#### **5.26.030 Lacey business license required**

A. It is a violation of this chapter for any TNC to operate in the City of Lacey without a current and valid City of Lacey business license.

B. It is a violation of this chapter for any TNC driver, who is an independent contractor affiliated with a TNC, to operate in the City of Lacey without a current and valid Lacey business license. It is the responsibility of the TNC to communicate this requirement to TNC drivers.

C. TNC drivers must keep a copy of their business license in their vehicle when logged on and accepting rides from the TNC's digital network. It is the responsibility of the TNC to communicate this requirement to TNC drivers.

D. Except as described in subsections B and C, the TNC shall have no obligations as to TNC driver business license requirements.

#### **5.26.040 TNC license required**

A. It is a violation of this chapter for any TNC to operate in the City of Lacey without a current and valid City of Lacey TNC license.

B. The Director or designee may issue a TNC license provided that the TNC applicant submits an affidavit sworn under penalty of perjury, on a form provided by the City, that to the best of the applicant's knowledge, formed after a diligent inquiry into the facts, the TNC is in full compliance with this chapter, including, but not limited to, all driver, vehicle, insurance, and operational requirements.

C. The TNC license shall be effective for one year.

D. The annual TNC license fee shall be \$1,000 and shall be paid in full at the time of submitting all initial and renewal applications.

#### **5.26.050 TNC driver requirements**

A. TNC drivers shall certify that they have no known physical or mental infirmity which jeopardizes their ability to safely operate as a TNC driver transporting the public.

B. TNC drivers shall be at least twenty-one (21) years of age.

C. TNC drivers shall possess a valid Washington State driver's license and shall have been continuously licensed as a driver by the State of Washington and/or another state for at least one (1) year immediately prior to operating as a TNC driver in Lacey. A home state Driver's License with active Military ID or Student ID with proof of full-time enrollment and nonresident status may be an acceptable alternative, subject to review and approval.

D. TNC drivers shall certify that they have insurance that meets the minimum liability requirements for the State of Washington, including insurance coverage for use of the vehicle for transportation of passenger for-hire as required by RCW Chapter 48.177 as enacted or subsequently amended.

E. TNC drivers shall not have been convicted or found to have committed three or more moving violations during any twelve (12) month period during the three (3) years prior to operating as a TNC driver in Lacey.

F. TNC drivers shall possess proof of motor vehicle registration and proof of current automobile liability insurance. The TNC shall certify that all drivers have insurance that meets the requirements of this chapter, including insurance coverage for use of the vehicle for transportation of passengers for-hire as required by RCW Chapter 48.177 as enacted or subsequently amended.

#### **5.26.060 TNC requirements**

A. The TNC or its agent shall maintain accurate and up-to-date records for all TNC drivers accessing its digital network to provide TNC services in the City of Lacey. Said records shall include the driver's name, age, address, social security number, criminal history, driver's license, motor vehicle registration, vehicle safety inspection records, and proof of at least the minimum automobile liability insurance coverage required by the State of Washington, including insurance for use of the vehicle for transportation of passengers for-hire as required by RCW Chapter 48.177 as enacted or subsequently amended.

B. Prior to permitting a person to act as a TNC driver on its digital network, and annually thereafter, the TNC shall obtain and review a criminal background check report for such person. The criminal background check shall include a search of no less than five (5) years of database history, unless prohibited by law, in which case the duration of the search shall be the maximum number of years permitted by law. The criminal background check shall include local, state, and national criminal history databases and national and state sex offender registries. Any person who is on a sex offender registry or who has a criminal conviction, within the past five (5) years, of crimes involving driving under the influence of alcohol or controlled substances, felony fraud, sexual offenses, felony property damage or theft, acts of violence, acts of terror, reckless driving or negligent driving, or use of a motor vehicle to commit a felony, shall not be permitted to act as a TNC driver on the TNC's digital network. The TNC or its agents shall maintain records of such criminal background checks for a period of two (2) years.

For purposes of this section, the term “criminal conviction” includes a “conviction or other disposition adverse to the subject” as defined under RCW 10.97.030, and bail forfeitures.

C. The TNC shall only permit an individual to act as a TNC driver on its digital network if it finds that the standards set forth in this section are met by such individual. The TNC shall revoke a driver’s authority to act as a TNC driver on its digital network if the standards set forth in this section are not met.

#### **5.26.070 Vehicle inspection and maintenance**

A. TNC vehicles operating in the City of Lacey shall be no more than ten (10) years old.

B. The TNC shall inspect or cause to be inspected annually and every year thereafter, every motor vehicle used by a TNC driver before allowing the driver to use the motor vehicle to provide transportation services.

C. The inspection required in subsection B must include, without limitation, an inspection of the foot and emergency brakes, steering, windshield, rear window, other glass, windshield wipers, headlights, tail lights, turn indicator lights, braking lights, front seat adjustment mechanism, doors, horn, speedometer, bumpers, steering system, muffler, exhaust, tires, rear view mirrors, and safety belts. The inspection must ensure that all of the components listed are in proper functioning order.

D. The TNC shall maintain vehicle safety inspection records for a minimum of three (3) years.

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#### **5.26.080 Insurance requirements**

The TNC shall comply with the automobile liability insurance requirements contained in RCW Chapter 48.177 as enacted or subsequently amended.

#### **5.26.090 Registered agent required**

The TNC shall maintain a registered agent for service of process in the State of Washington. The name, telephone number, and physical address of the registered agent shall be submitted to the City of Lacey at the time of license application. The TNC shall notify the City of Lacey in writing of any changes to its registered agent during the term of the license.

#### **5.26.100 Audit**

A. No more than twice per license year, the City may audit the TNC’s records to review compliance with this chapter. Each audit shall be limited to records relating to no more than twenty randomly selected TNC drivers operating in the City of Lacey. In the

event the audit reveals discrepancies in the records reviewed, the City reserves the right to audit all of the TNC's records related to TNC drivers operating in the City of Lacey.

B. The audit shall occur at City Hall, 420 College St SE, Lacey, Washington; provided that the City may in its discretion agree to an alternative location.

C. Notwithstanding the foregoing, the City may require the TNC to produce records at any time to investigate a specific complaint regarding compliance with this chapter.

#### **5.26.110 Operational Requirements**

A. TNC drivers shall accept only rides arranged through a TNC's digital network and shall not solicit or accept street hails by persons seeking transportation.

B. While in service in the City, each TNC vehicle shall display removable trade dress or marks which is visible from fifty (50) feet and clearly associates the vehicle with a licensed TNC company.

C. The TNC's digital network or website shall display for the passenger the first name and photograph of the TNC driver as well as the make, model, and license plate number of the TNC vehicle.

D. The TNC's digital network or website shall display for the passenger the applicable rates being charged and the option to receive an estimated fare before the passenger enters the TNC vehicle.

E. The TNC shall implement a zero tolerance policy on the use of drugs or alcohol applicable to any TNC driver on its digital network. The TNC shall provide notice of the zero tolerance policy on its website, as well as the procedures to report a complaint about a TNC driver with whom the passenger was matched and for whom the passenger reasonably suspects was under the influence of drugs or alcohol during the course of the ride. The TNC shall immediately suspend a driver upon receipt of a passenger complaint alleging a violation of the zero tolerance policy. The suspension shall last the duration of the investigation.

#### **5.26.120 Non-Discrimination; Accessibility**

A. The TNC shall adopt a policy of non-discrimination on the basis of destination, race, color, national origin, religious belief or affiliation, sex, disability, age, sexual orientation, or gender identity with respect to riders and potential riders and notify TNC drivers of such policy

B. TNC drivers shall comply with all applicable laws regarding non-discrimination against riders or potential riders on the basis of destination, race, color, national

origin, religious belief or affiliation, sex, disability, age, sexual orientation, or gender identity.

- C. TNC Drivers shall comply with all applicable laws relating to accommodation of service animals.
- D. A TNC shall not impose additional charges for providing services to persons with physical disabilities because of those disabilities.

#### **5.26.130 Revocation, suspension, or denial of TNC license**

A. A TNC license may be revoked, suspended, or denied by the Director for any of the following reasons:

1. Failure to meet or maintain any of the requirements or qualifications set forth in this chapter for obtaining a TNC license.
2. A materially false statement contained in the application for the license.
3. Any violation of this chapter.

B. Prior to any revocation, suspension or denial of any TNC license, the City shall inform the TNC of their right to a hearing thereon. Such hearing, if requested, shall be conducted before the City prior to the implementation of any revocation, suspension or denial.

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#### **5.26.130 Enforcement**

The Director shall have the administrative authority to implement and enforce this ordinance. The Director may adopt rules and regulations for its administration, not inconsistent with this chapter. This provision shall not be construed to abrogate or limit the jurisdiction of the Lacey Police Department to enforce any provisions of this chapter or of any other city ordinance relating to motor vehicles or the operation of taxicabs or TNC vehicles.

#### **5.26.140 Penalty**

A. In addition to all other provisions and standards of this ordinance, the acts or omissions set forth in this section are prohibited. Any TNC or TNC driver who shall fail to comply with any provision or standard of this ordinance shall be in violation of this ordinance. A TNC may be held responsible for violations by TNC drivers if the TNC is provided notice of the violation and fails to cure it within a reasonable period. Any special license granted to a TNC may be suspended or revoked by the Director or designee for such violation.

**B.** Submitting a materially false affidavit or attestation. Any TNC submitting a materially false affidavit as provided for under LMC 5.26.040 shall be deemed to have committed a misdemeanor, and if found guilty, shall be subject to a fine not to exceed One Thousand Dollars (\$1,000), and/or to imprisonment not to exceed ninety (90) days or to both such fine and imprisonment. Each day shall be a separate offense. In the event of a continuing violation or failure to comply, the second and subsequent days shall constitute a gross misdemeanor punishable by a fine not to exceed Five Thousand Dollars (\$5,000) and/or imprisonment not to exceed three hundred and sixty-four (364) days or both such fine and imprisonment. Continuing violation shall mean the same type of violation which is committed within a year of the initial violation.

**C.** Operating without a TNC license. Any TNC affiliating with a driver who is picking up a passenger in the City of Lacey without having first obtained a TNC license shall be subject to a Class 3 civil infraction in accordance with RCW 7.80.120. A second offense shall be a Class 2 civil infraction. Any third or subsequent offense shall be a Class 1 civil infraction.

**D.** While in service, any TNC driver picking up a passenger in the City of Lacey without having a current contract with a special licensed TNC shall be subject to a Class 3 civil infraction in accordance with RCW 7.80.120. A second offense shall be a Class 2 civil infraction. Any third or subsequent offense shall be a Class 1 civil infraction.

**E.** Any independent contractor TNC driver who picks up a passenger in the City of Lacey and who has not obtained a business license under LMC 5.12.010 shall be subject to penalties as stated in LMC 5.12.040.

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### **5.26.140 Delegation and Reciprocity**

**A.** The City of Lacey may delegate the administration and enforcement of TNC licenses to a partner jurisdiction by interlocal agreement.

**B.** The City of Lacey will honor valid TNC licenses issued by partner jurisdictions pursuant to an interlocal agreement as long as their ordinances regarding TNC licenses remain substantially the same as the City of Lacey's. A person holding a valid TNC license from a partner jurisdiction is authorized to conduct the licensed business within the City of Lacey in exactly the same manner and subject to the same rules and regulations as a person holding a license from the City of Lacey.

**Section 3.** Severability. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or application of the provisions to other persons or circumstances shall remain unaffected.

**Section 4.** Corrections. The City Clerk and codifiers of this resolution are authorized to make necessary corrections to this resolution including, but not limited to, the correction



of scrivener/clerical errors, references, resolution numbering, section/subsection numbers and any references thereto.


Section 5. Effective Date. This ordinance shall take effect five (5) days after publication, as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY,  
WASHINGTON, at a regularly-called meeting thereof, held this 9<sup>th</sup> day of  
June, 2016.

CITY COUNCIL

By:   
Mayor

Approved as to form:

  
City Attorney

Attest:

  
City Clerk

SUMMARY FOR PUBLICATION  
ORDINANCE NO 1489  
CITY OF LACEY

The City Council of the City of Lacey, Washington passed on June 9, 2016, Ordinance No. 1489, entitled "AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, RELATING TO TRANSPORTATION NETWORK COMPANIES, AMENDING SECTION 5.24.020 AND ADOPTING A NEW CHAPTER 5.26, ALL OF THE LACEY MUNICIPAL CODE, AND APPROVING A SUMMARY FOR PUBLICATION."

The main points of the Ordinance are described as follows:

1. The Ordinance amends Section 5.24.020 of the Lacey Municipal Code to narrow the definition of "for-hire vehicle" to exclude transportation network company vehicles.
2. The Ordinance creates a new chapter of the Lacey Municipal Code, Chapter 5.26, in order to regulate the operations of transportation network companies in the City of Lacey.
3. The Ordinance approves this summary for Publication.

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A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: June 13, 2016.