June 25, 2024

Commissioner David Do
New York City Taxi and Limousine Commission
33 Beaver Street, 22nd Floor
New York, NY 10004

VIA EMAIL

Dear Commissioner Do,

Thank you for taking the time to meet with us and discuss the ongoing concerns around Lyft's utilization rate (UR). Ultimately, both Lyft and the TLC want to ensure drivers earn more on Lyft.

While we continue to maintain that the TLC's company-specific measurement methodology is structurally biased toward Uber, deflating Lyft's company-specific UR while inflating Uber's, Lyft is committed to maintaining an annualized company-specific UR above 50%. We believe that by having an average annual UR above 50%, drivers on the Lyft platform will actually have an average UR above 53% after adjusting for market share bias in the current company-specific UR methodology.

We don't make this commitment lightly, as in order to achieve it, we will have to do two things that will make drivers, and our platform, worse off.

First, we will have to remove our Upfront Ride Information feature from drivers who have an acceptance rate of under 85%. This is a very popular feature drivers use to gain more information about the rides they are being offered, allowing them to be more selective in the rides they pick and execute their own driving strategies. We believe that this feature makes driving more fulfilling for drivers. However, this feature leads to lower acceptance rates, as it allows drivers to be more picky with which rides they take. The lower acceptance rates decrease our UR; we then need to dispatch that ride to a driver who is further away and the driver who declined the ride remains without a ride.

Second, we have to institute driver lockouts. Last year, we stopped allowing new drivers onto the Lyft platform. We thought that this would solve the problem, but due to the very high driver earnings (>$19/ride), the existing drivers are continuing to drive at high rates. Ride demand slowed due to increasing ride costs; while drivers are making > $19/ride, all of New York's fees take another $5/ride on average. As a result, the industry has seen a decline in rides. The only way we can hit our 50% UR target is to restrict drivers from going online during slower times. We know drivers dislike this and we don't like it either as it is very disruptive to drivers. No product manager at Lyft wants to build a product that makes driving more challenging and none of our employees want to see upset drivers protesting the company. While lockouts may work to increase hourly earnings of drivers, at the end of the day, they decrease drivers' total earnings. Making a dollar more in hourly earnings means little if your weekly hours are cut in half.

We've been hesitant to institute lockouts, and with low UR to show for it, because for months we've been trying everything else we can think of to increase UR, from spending millions in rider incentives to asking drivers whether they still want to stay online after declining many rides in a row. But Uber's recent deployment of lockouts and their push to change the rules to pay drivers less than us leaves us no choice. If Uber gets their way with separate rate cards, they will pay drivers at a lower rate than Lyft. With structurally lower prices, it will only be a matter of time before Lyft needs to leave New York, like the previous HVFHS companies, and Uber cements a monopoly. We need to do everything we can to prevent this from happening, including driver lockouts.

Many other driver pay policies have been created in other parts of the country, from Washington to Minnesota to California to the rest of New York State, and no other jurisdiction regulates driver pay by linking it to utilization. We think that there are ways to do this better and we look forward to continuing to discuss those ways with you.

Ultimately, we understand that with the rules as they are currently written, and with the company-specific methodology as it currently stands, Lyft's low UR is creating problems with drivers who feel they aren't earning enough and with Uber who sees an opportunity to push for a regulatory change that will lock in their market share advantage.

We will ensure we end the year with over 50% annualized company-specific UR. We will have to use all the tools available to do this, but we will only use them as much as necessary. We take this issue extremely seriously and hope that we can work towards a future state that provides drivers the benefits of high pay without the removal of features that drivers enjoy and without lockouts.

Regards,

Jeremy Bird
Chief Policy Officer and Head of Driver Experience

cc: James DiGiovanni, Deputy Commissioner for Policy and Community Affairs
Sherryl Eluto, General Counsel, and Deputy Commissioner of Legal Affairs & Prosecution