185 Berry Street
Suite 5000
San Francisco, CA 94107

August 15, 2023

Minneapolis City Council
Andrea Jenkins, President
City Hall
350 Fifth St. S., Room 304
Minneapolis, MN 55415

Re: Lyft Opposition to Ordinance 2023-00044

Dear Council President Jenkins, Vice President Palmisano, and Members of the City Council:

We are writing to express our grave concerns regarding Ordinance 2023-00044. Lyft is committed to working with stakeholders on policies to provide Minnesota rideshare drivers with a minimum earnings guarantee and other protections – as we have done in other states and are doing now through the state's task force. However, this particular proposal, which reflects a lack of consideration of data or earnest engagement with industry participants, is not a workable solution. It would make rider fares too high, significantly undercut driver earnings by reducing ride volume, and ultimately create too great a safety risk for riders for Lyft to operate in Minneapolis. **Should this proposal become law, Lyft will be forced to cease operations in the City of Minneapolis on its effective date of January 1, 2024.**

This proposal was purportedly inspired by legislation in Washington that Lyft proudly supported alongside drivers, labor, and elected officials to provide drivers with statutorily protected independence and flexibility, a guaranteed earnings floor, paid sick time, a deactivation appeals process through a labor-run Driver Resource Center, and on-the-job injury insurance. That bill followed months of negotiation and compromise – a process that included drivers, organized labor and progressive legislators committed to a sustainable and long-term policy solution. In contrast, the Minneapolis City Council and city agencies have made no such efforts to engage stakeholders or undertake the difficult but necessary study and collaboration required for sound policy making. Instead, this proposal seeks to impose drastic changes on the rideshare industry without input from the industry participants directly responsible for implementing the changes and is being considered on an unreasonably narrow timeline, even as it is opposed by many drivers and community organizations.

Lyft requests that the City Council wait for the policy recommendations of the state's Committee on the Compensation, Wellbeing, and Fair Treatment of Transportation Network Company Drivers, a task force representing drivers, companies, nonprofits, labor, and even the City of Minneapolis itself. This is not because we believe the City Council should cede its own authority or responsibilities to the state, but because the state task force is engaging with a broad and inclusive stakeholder group (which the city is part of) and doing so on a much more sensible timeline.

Eliminates Access to Affordable Transportation
The proposal before you is bad for drivers, bad for riders, and inoperable. It could turn rideshare into a luxury service, despite the fact that most Lyft riders in Minnesota have an annual household income approximately 17% below the state median[1]. In fact, 56% of Lyft rides in the Twin Cities start or end in low-income areas, compared to only 39% of rides in Seattle[2]. Yet under this bill, rides in low-income Minneapolis neighborhoods could be more expensive than a cab in Manhattan. A trip today that would cost $20, could cost $40 next year. Simply put, most Lyft riders in Minneapolis could no longer afford to use Lyft.

Despite claims by proponents, Lyft would not be able to avoid such price increases when a regulation would nearly double our operating expenses – no business can. Even if Lyft operated at a total loss on every single ride and waived all platform and services fees, this proposal would still substantially increase the price of every ride. This is clearly not how any viable business could operate. The math simply doesn't make sense, and it would force us to shut down operations in the city.

Reduces Driver Earnings
This proposal would also harm the thousands of people in Minneapolis who rely on rideshare as an important earning opportunity. In the last quarter, drivers on the Lyft platform in Minneapolis were earning on average $37+ per utilized hour including tips and bonuses[3]. But this proposal would deplete ride demand by close to two-thirds, meaning even under the higher per-mile and per-minute compensation rates set by the bill, drivers would earn significantly less overall.

Jeopardizes Platform Safety
Additionally, the proposal would seriously impact the safety of Lyft's platform. The bill requires 5-days advance notice for *all* temporary or permanent deactivations, even for drivers who have been reported for a serious safety issue. It also creates an enormous burden of proof, under which a criminal charge cannot be used as the basis for even a temporary deactivation pending the resolution of that matter. And the bill would necessitate Lyft reaching out to victims of violence or sexual abuse on incidents dating back as far as 3 years, and unless that rider participates in the complex appeals process, the driver whose account was deactivated for violence or sexual abuse would be automatically reinstated. This runs counter to standard practices of trauma-informed care and is one of many reasons victims advocacy organizations such as It's On Us and Violence Free Minnesota opposed the similar state-level proposal.

Creates Legal Uncertainty
The proposed ordinance also raises a host of legal issues. It seeks to impose irrational and unreasonable requirements on the transportation network company (TNC) industry without support, justification, or input from affected stakeholders, on an extremely rushed timeline. It will have detrimental effects on the industry that are contrary to the purported purpose of the ordinance. As written, it seeks to regulate the relationships of TNCs with drivers operating outside the City's borders, which raises significant constitutional questions. And it seeks to create

[1] Self-reported rider data collected for Lyft's 2023 Economic Impact Report for Minneapolis-St. Paul, MN.
[2] 2023 Economic Impact Reports for Minneapolis-St. Paul, MN and Seattle, WA.
[3] Lyft Internal Data

a system for resolving disputes over driver deactivation that is inconsistent with and preempted by the Federal Arbitration Act, which numerous courts have relied on to invalidate state and local laws.

The bill contains **significant ambiguity** including around what rides, and what parts of rides, would be regulated under the legislation. **While our hope is to be able to continue operating in the remainder of the Twin Cities area and the state more broadly, the outstanding questions within the bill language also puts this future into doubt.**

Taken together, this proposal would price out most Minneapolis Lyft riders, reduce driver earnings, prevent Lyft from operating the platform safely, and ultimately end Lyft services for the residents and visitors of Minneapolis. Instead of passing a proposal opposed by many drivers, industry participants, and community organizations, we ask you to collaborate with the drivers, companies, nonprofits, and labor organizations already engaged in the difficult work of making policy recommendations on these issues.

Sincerely,

Jeremy Bird
Chief Policy Officer
Lyft

CC: Mayor Jacob Frey