

Memorandum

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To: Board of Directors

From: Debra A. Johnson, General Manager and CEO 

Date: August 27, 2025

Re: **Access-on-Demand: Cost Updates**

This memorandum serves to update the Board of Directors (Board) regarding staff's cost projections for various Access-on-Demand (AoD) program scenarios. These scenarios were brought forth during the monthly Board meeting held on Tuesday, July 29, 2025. Additionally, this memorandum provides important FY 2026 budget information that will aid the Board in determining the optimal path forward for the program.

As illustrated herein, the AoD program has grown considerably since its inception less than five years ago, more so than could have been anticipated. Along with that precipitous growth has come precipitous program cost increases. In order to ensure the program remains sustainable in the long term, cost controls must be established.

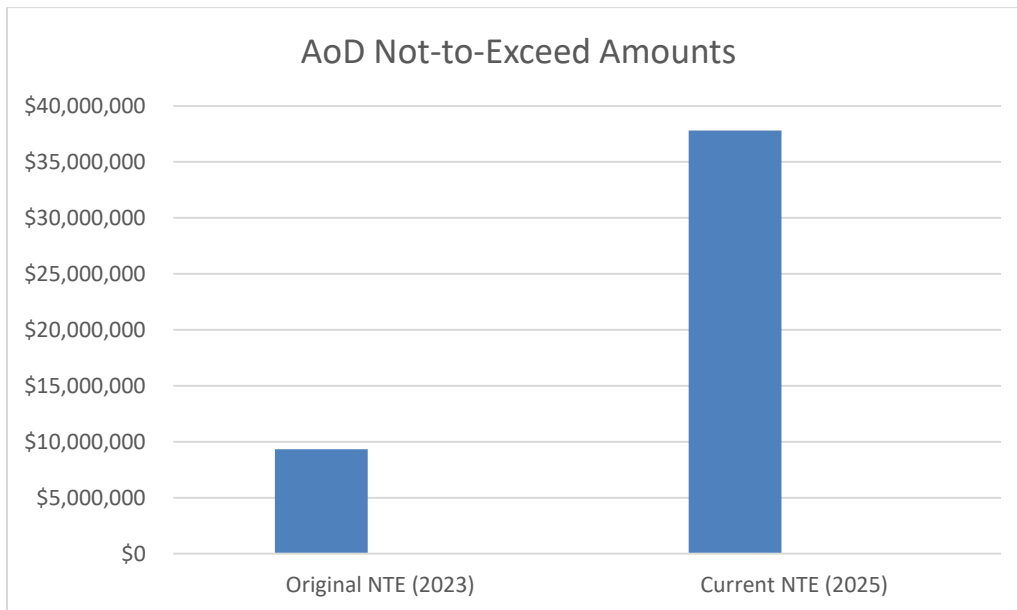
I recognize the real-world implications of the decisions the Board will need to make regarding this program. I myself do not take lightly the responsibility of ensuring equitable transit access for people with disabilities. I and members of my leadership team are empathetic to the diverse needs of RTD's customers and take great pride in providing transit services to the greater Denver region. RTD's functional mission as memorialized in the RTD Act is "to develop, maintain, and operate a mass transportation system for the benefit of the inhabitants of the district." To meet the region's transit needs, the agency must make sound business decisions to ensure its long-term sustainability while simultaneously delivering excellence and value to customers and community.

History

AoD was launched as a limited pilot program available within four ZIP codes in November 2020 as part of an expanded supplemental, premium service available to registered, eligible Access-a-Ride (AaR) customers. The program's goal was to provide a responsive, on-demand platform for paratransit customers, which was similar to the agency's Access-a-Cab program as it existed at that time. While AaR remains an accessible paratransit option for individuals who cannot use AoD for a variety of reasons (e.g., certain individuals require door-to-door service while others are unbanked or unable to use apps to book ride share trips, etc.), AoD provides a viable, convenient transit option for a significant number of individuals with disabilities who have come to rely on RTD as their mobility provider of choice.



Following a successful pilot, the Access-a-Cab and AoD programs were merged, and the Board approved an initial not-to-exceed (NTE) amount of \$9.3 million for three years commencing January 2023. Since that time, the Board has approved increases to the total program not-to-exceed (NTE) amount, which now stands at \$37.8 million through December 31, 2025, a four-fold increase from the original projection due largely to the popularity of the AoD program.



2026 AoD Scenarios

In an effort to maintain consistency, assumptions regarding project costs and parameters have been presented in a similar manner since the start of discussions in November 2024; however, this has created the possible misconception that the cost controls under consideration would yield either cost savings or increased revenue for the agency in 2025, when in fact the program costs will eclipse the amount budgeted. To better illustrate the impacts of each scenario, this memorandum highlights projected costs for each of the scenarios as contemplated in the 2026 Budget. Projections have been developed based on a variety of historical data and assumptions relative to customer behavior based on the associated fare. Following are further details for each scenario.

Information previously presented to the Board has illustrated the actual trip subsidy paid by RTD to the four service providers and has not, prior to the dissemination of this memorandum, included the Wheelchair Accessible Vehicle (WAV) costs that should also be considered as part of the overall program costs. These costs have been included in the scenarios as described.



Scenario 1 – Staff’s March 2025 Recommendation

Program Parameters

Base fare	\$4.50 standard fare/\$2.25 LiVE fare, \$25/trip subsidy
Service area	3/4-mile ADA boundary
Service window	Current AaR service hours
Trip cap	40 trips/month
Assumptions	Projections assume a reduced increase in new monthly customers of 3%, a reduction in trips of 5% to account for aligning current service delivery with ADA boundaries, and an average of 18 trips per customer per month based on a lower per month trip cap

Annual Program Costs

Trip subsidy after fare	\$12,975,597
WAV cost	\$12,388,144

<i>Total cost</i>	\$25,363,741
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Source: <https://rtd.igmp2.com/Citizens/FileOpen.aspx?Type=1&ID=4408&Inline=True>



Scenario 2 – Staff's July 2025 Recommendation

Program Parameters

Base fare	\$6.50 standard fare/\$3.25 LiVE fare, \$20/trip subsidy
Service area	3/4-mile ADA boundary
Service window	Current AaR service hours
Trip cap	60 trips/month
Assumptions	Projections assume a reduced increase in new monthly customers of 3%, a reduction in trips of 5% to account for aligning current service delivery with ADA boundaries, and an average of 18 trips per customer per month based on a lower per month trip cap

Annual Program Costs

Trip subsidy after fare	\$10,845,023
WAV cost	\$12,042,061

<i>Total cost</i>	\$22,887,085
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Source: <https://rtd.igmp2.com/Citizens/FileOpen.aspx?Type=1&ID=4435&Inline=True>



Scenario 3

Program Parameters

Base fare	\$4.50 standard fare/\$2.25 LiVE fare, \$20/trip subsidy
Service area	3/4-mile ADA boundary with the addition of service adjacent to Regional routes
Service window	Current AaR service hours
Trip cap	60 trips/month
Assumptions	Projections assume a reduced increase in new monthly customers of 3%, a reduction in trips of 5% to account for aligning current service delivery with ADA boundaries, and an average of 21 trips per month per customer

Annual Program Costs

Trip subsidy after fare	\$15,138,197
WAV cost	\$14,452,834

<i>Total cost</i>	\$29,591,031 (29.3% increase over July 2025 Recommended Scenario)
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Scenario 4

Program Parameters

Base fare	\$4.50 standard fare/\$2.25 LiVE fare, \$20/trip subsidy
Service area	Full RTD service area
Service window	Available 24/7
Trip cap	60 trips/month
Assumptions	Projections assume a reduced increase in new monthly customers of 3% and an average of 21 trips per customer per month

Annual Program Costs

Trip subsidy after fare	\$15,934,944
WAV cost	\$15,213,510
<i>Total cost</i>	\$31,148,454 (36.1% increase over July 2025 Scenario)



Scenario 5

Program Parameters

Base fare	\$2.50 standard fare/\$1.25 LiVE fare, \$20/trip subsidy
Service area	3/4-mile ADA boundary, with the addition of service adjacent to Regional routes
Service window	AaR service hours
Trip cap	60 trips/month
Assumptions	Projections assume a similar number of new customers per month at 3.5%, a reduction in trips of 5% to account for aligning current service delivery with ADA boundaries, and an average of 22 trips per customer per month

Annual Program Costs

Trip subsidy after fare	\$18,604,453
WAV cost	\$15,578,409
<i>Total cost</i>	\$34,182,862 (49.4% increase over July 2025 Scenario)



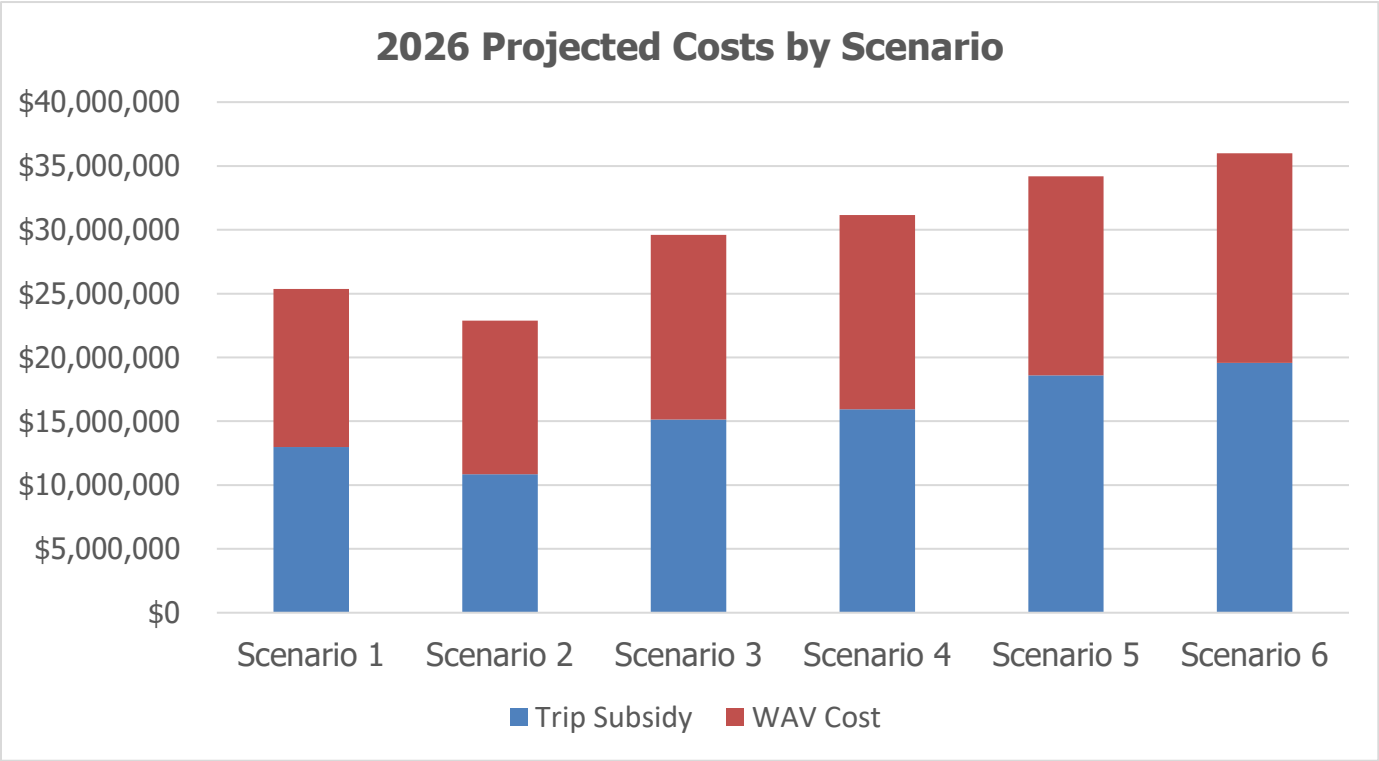
Scenario 6

Program Parameters

Base fare	\$2.50 standard fare/\$1.25 LiVE fare, \$20/trip subsidy
Service area	Full RTD service area
Service window	Available 24/7
Trip cap	60 trips/month
Assumptions	Projections assume a similar number of new customers per month at 3.5% and an average of 22 trips per customer per month

Annual Program Costs

Trip subsidy after fare	\$19,583,635
WAV cost	\$16,398,325
<i>Total cost</i>	\$35,981,960 (57.2% increase over July 2025 Scenario)



(Note: For comparison, factoring in WAV costs, staff anticipates a total annual AoD program cost of \$24,826,448 in 2025. This total assumes a sustained average monthly increase of 3.8% in customer demand, with the average customer taking 22 trips per month within existing program parameters.)

2026 Budget

While the 2026 Budget is still being developed, staff anticipates that significant reductions in budgeted operating expenses will be required to ensure fiscal sustainability and prudent stewardship of taxpayer dollars, given RTD’s change in net position from **+\$19M** in 2023 to **-\$282M** in 2024.

Should sufficient operating expense savings not be realized in the 2026 Budget, fixed-route service modifications would be necessary beginning in 2026. For purposes of the 2026 Budget, each 1% reduction in annualized fixed-route bus service delivery would yield a budgetary offset of approximately \$4 million in operating costs.

Simply put, an increase in program costs of approximately \$13.1 million, i.e., the difference in program costs between staff’s recommended scenario presented in July 2025 and Scenario 6 as described, would necessitate an equivalent reduction of approximately 3.3% in fixed-route bus service. For comparison, the relative costs to operate the following highly utilized bus routes in 2024, the costs for which are comparable to the cost variance among the above scenarios:



Route	2024 Boardings	Operating Costs
15L	2,972,437	\$11,540,182
15	2,914,055	\$11,280,570
31	1,961,552	\$7,687,933
105	1,680,273	\$6,669,049
0	1,649,888	\$8,872,121
MALL	1,511,656	\$6,117,937
16	1,421,505	\$6,182,302
121	1,368,101	\$7,391,343
FF	1,336,324	\$9,558,717
83	1,081,752	\$5,195,189

For further context, the anticipated AaR budget for the provision of services in 2026 is \$53,419,030. This cost is in addition to any AoD costs outlined above.

Impacts to AaR

As discussed during the monthly Board meeting held on Tuesday, July 29, 2025, WAV vehicles used for AoD service are provided by RTD through the agency's existing AaR service contracts. As demand for AoD, and subsequently WAV service, increases, the service capacity of RTD's federally mandated complimentary paratransit service decreases correspondingly. Additionally, the demand for WAV trips provided through both AaR and AoD services continues to increase; for AoD specifically, demand has risen from a daily average of 79 trips in January 2025 to 116 in July 2025, a 47% increase. During this same period in 2025, monthly AoD on-time performance has decreased, from over 90% in January-April 2025, down to 86% by the end of July 2025. Staff attributes this performance decline at least partially to the impact of AoD WAV trip demands on AaR service.

I along with staff look forward to continued discussion regarding this matter during the Operations, Safety, and Security Meeting scheduled for Wednesday, September 10, 2025, and, if approved, the monthly Board meeting scheduled for Tuesday, September 30, 2025.

Thank you.