



DATE: May 19, 2026

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT: Adopt a Resolution Authorizing the City Manager to 1) Negotiate and Execute an Amendment to the Agreement with Onward Health, Inc. for the Hayward Operated Paratransit Program to Extend the Agreement Term Through June 30, 2029 and Increase the Not-To-Exceed Amount to \$9 million, and to 2) Appropriate Funds from Measure BB for this Extension

RECOMMENDATION

That Council adopt a resolution authorizing the City Manager to 1) negotiate and execute an amendment to the agreement with Onward Health, Inc. for the Hayward Operated Paratransit Program (HOP) to extend the agreement by three years through June 30, 2029, and increase the agreement's total not-to-exceed amount from \$1,975,030 to \$9,000,000, and to 2) appropriate funds from the Measure BB fund balance and FY 2026-27 revenue for this extension to ensure service continuation and meet increased demand needs.

SUMMARY

The Hayward Operated Paratransit (HOP) program provides essential transportation services to seniors and adults with disabilities and is funded entirely through Measure BB, with no impact to the City's General Fund. Following the transition to Onward Health Inc. and an expanded service model in 2025, the program has experienced significant growth in enrollment and ridership, improving access for historically underserved populations. Based on positive performance from the vendor, staff recommend extending the agreement through June 30, 2029, to ensure continued service while implementing cost-saving measures to maintain fiscal sustainability. Measure BB revenues and available fund balance are sufficient to support the program and maintain a healthy reserve.

FISCAL IMPACT

The proposed amendment to the FY 2025–2026 agreement with Onward has no impact to the City's General Fund. HOP program costs are funded exclusively by the City's Measure BB Paratransit special revenue funds received via Alameda County Measure BB Direct Local Distribution (DLD) sales tax revenues.

Between the current fund balance and the expected revenue for FY 2026-27, the City has sufficient Paratransit funds to fund this extension, which is part of staff's efforts to spend down the fund balance. The extension will increase the contract by \$7,024,970. As of December 31, 2025, the Measure BB Paratransit fund had an available fund balance of \$5,045,293. The expected FY 2026-27 DLD revenue for the HOP program is \$2 million. Staff expects a similar revenue amount in FY 2027-28 and FY 2028-29.

Because the agreement for services is extended to 2029, expenditures will be conditioned on budgeting funds for each fiscal year the agreement is in effect. Staff will continue to monitor program expenditures, revenues, and fund balance levels for consistency with Alameda County Transportation Commission (ACTC) requirements while evaluating program parameters and operational efficiencies for future years based on observed demand and rider needs.

BACKGROUND

The HOP program, administered by the City's Community Services Division, provides transportation services to eligible older adults (age 70+) and adults with disabilities in Hayward and the surrounding unincorporated mid-County/Eden Area, including Ashland, Castro Valley, Cherryland, Fairview, Hayward Acres, and San Lorenzo.

HOP is funded exclusively through the Alameda County Measure BB Paratransit fund and does not impact the City's General Fund. This funding is separate from Measure BB Streets and Roads and Bicycle and Pedestrian funds administered by Public Works. The program supports access to essential destinations such as medical appointments, groceries, work, and education, helping residents maintain independence and remain active in the local economy. The Paratransit fund currently has an available balance of approximately \$5 million, accumulated over several years due to prior underspending.

In early 2024, the City issued a Request for Proposals (RFP) to enhance paratransit services, with a focus on improving customer experience for Transportation Network Company (TNC) rides, expanding wheelchair-accessible vehicle (WAV) service, and adding supportive service options. The contract was awarded to Onward Health Inc., with full implementation beginning in 2025 to modernize the program and utilize available funds.

On April 22, 2025, the City Council approved a FY 2025–26 agreement with Onward in the amount of \$880,613. Due to strong ridership growth, the City returned to Council in February 2026 to increase the agreement to \$1,975,030 to maintain service through the fiscal year.

Due to positive experience with Onward, staff plan to continue utilizing Onward as HOP Program's service provider and are requesting approval to extend the agreement through June 30, 2029, with a total not-to-exceed amount of \$9 million to support ongoing service delivery and program stability.

DISCUSSION

The City's transition to Onward Health Inc. as the HOP provider, along with an expanded service model, has improved reliability, flexibility, and overall customer experience. Increased outreach and partnerships with Glad Tidings Community Development Corporation and Community Resources for Independent Living (CRIL) have also driven significant enrollment growth, particularly among historically underserved populations. In 2025, enrollment increased by 370% among individuals with disabilities, 187% among Black/African American riders, and 317% among Latino riders.

To sustain this growth and ensure uninterrupted access to essential services, the proposed amendment would extend HOP services through June 30, 2029, supporting continued service delivery for current riders and timely payments to the service provider. Staff will continue to monitor enrollment and ridership. In addition, staff will continue to implement cost-saving strategies to ensure the program's fiscal sustainability.

Strong Program Performance and Growth

HOP has experienced significant enrollment growth following recent program improvements. Enrollment has increased from 869 riders in FY 2023–2024 to 1,813 riders as of December 2025 and is projected to reach approximately 2,400 by the end of FY 2025–26, well exceeding the program's goal of 2,000 riders.

Ridership has also increased substantially. In just the first six months of FY 2025–26, the program provided over 25,800 one-way trips, already surpassing the total trips provided in the prior fiscal year. Demand has been driven largely by rideshare services, which now account for the majority of trips, while companion and WAV services fill critical gaps for riders needing additional assistance. These trends demonstrate that HOP is successfully expanding access to transportation for eligible older adults (age 70+) and adults with disabilities in Hayward and the surrounding service area.

Cost Management and Sustainability

While increased enrollment and ridership reflect the program's success, they have also led to higher-than-anticipated program costs. While the current goal is to spend down the \$5 million reserve balance to remain aligned with ACTC guidance, staff are implementing cost-saving measures and practices, including:

- Monthly ride caps
- Restrictions on ride length
- Monitoring and auditing for potential fraud
- Set up data reports with Onward to track and address waste

Measure BB sales tax revenue for the HOP program is projected at approximately \$2 million annually, including in FY 2026–27, and has remained consistent at this level in recent years. Assuming DLD revenues remain stable through 2029, the City is expected to have sufficient Paratransit funding to support the program, while maintaining a healthy reserve in the event

revenues come in lower than anticipated. Staff will continue to monitor usage trends and adjust program operations as needed to balance service levels with available funding.

NEXT STEPS

If approved by the City Council, staff will proceed with amending the agreement with Onward Health Inc. and will continue to monitor program costs to ensure fiscal sustainability.

Prepared by: Emily Hwang, Management Analyst

Recommended by: Mary Thomas, Assistant City Manager

Approved by:

A handwritten signature in blue ink, appearing to read "Jennifer Ott".

Jennifer Ott, City Manager