



**DATE:** February 17, 2026

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

**SUBJECT:** Adopt a Resolution Authorizing the City Manager to Appropriate \$1,094,417 from Measure BB Fund Balance and Amend the Agreement with Onward Health, Inc. for Paratransit Services to increase the Total Not-to-Exceed Amount to \$1,975,030

### **RECOMMENDATION**

That Council adopt a resolution authorizing the City Manager or their designee to (1) appropriate \$1,094,417 from the Measure BB Paratransit fund balance and (2) execute an amendment to the City's FY 2025–26 agreement with Onward Health, Inc. (Onward) to increase the agreement's total not-to-exceed amount from \$880,613 to \$1,975,030, in order to maintain Hayward Operated Paratransit (HOP) non-ADA paratransit service through the remainder of FY 2025–26.

### **SUMMARY**

The HOP program is the City's non-ADA paratransit program for seniors over 70 and adults with disabilities residing in Hayward and the surrounding unincorporated mid-County area. HOP is funded entirely through Alameda County Measure BB transportation sales tax revenues and does not use or impact the City's General Fund. The City's provider for HOP is Onward Health Inc.

The Measure BB Paratransit fund currently has an available fund balance of approximately \$5.0 million, which accumulated over multiple years due to underspending. To help spend down this fund balance, City staff worked closely with Onward to improve the service model and successfully expand enrollment over the past year. Due to increased ridership, the current-year program subsidy and operational funds are projected to be fully expended in early January 2026. Staff recommend appropriating an additional \$1,094,417 from Measure BB Paratransit fund balance and increasing the agreement's not-to-exceed amount to \$1,975,030 to maintain service continuity through the remainder of the fiscal year. Staff will continue analyzing program data to ensure long-term program sustainability.

## **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.

The City has sufficient Paratransit funds to fund this appropriation, which is part of staff’s efforts to spend down the fund balance. As of December 31, 2025, the Measure BB Paratransit fund had an available fund balance of approximately \$5 million. The projected FY 2025–2026 Measure BB paratransit DLD is \$2,090,827. 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 and related services to eligible seniors and adults with disabilities residing in Hayward and the surrounding unincorporated mid-County/Eden Area, including Ashland, Castro Valley, Cherryland, Fairview, Hayward Acres, and San Lorenzo. HOP eligibility includes residents age 70 and over and residents age 18 and over with a disability certified by a healthcare or case management professional.

HOP is considered a non-ADA paratransit service. Federal law requires public transit operators that provide fixed-route service to provide “complementary paratransit” for individuals whose disabilities prevent them from using fixed-route transit (e.g., AC Transit or BART). ADA paratransit service areas are required to provide services to riders within  $\frac{3}{4}$  of a mile from fixed bus routes or train stations. Locally funded non-ADA paratransit programs supplement federally mandated services by providing transportation options that better address local mobility needs and trip purposes. HOP is designed to support access to daily activities of life, including errands, work or school, and social engagement, in addition to medical appointments.

HOP is funded exclusively through Alameda County Measure BB DLD administered by ACTC. Measure BB is a one-cent countywide transportation sales tax approved by voters in 2014. DLD revenues support local transportation programs, including (1) streets and road improvements, (2) bicycle and pedestrian infrastructure, and (3) non-ADA paratransit programs. These DLD program areas maintain separate fund balances and are administered by different City departments. The Measure BB Paratransit fund balance referenced in this report is restricted to non-ADA paratransit uses and is administered by the Community Services Division; it is separate from the Measure BB Streets and Roads and Bicycle and Pedestrian funds administered by Public Works and does not impact the City’s General Fund.

Historically, the HOP program included multiple direct transportation services, including subsidized curb-to-curb rides through taxi providers or Transportation Network Companies

(TNCs), door-through-door assisted rides, wheelchair accessible vehicle (WAV) rides, and group trips. Following the COVID-19 pandemic, operational disruptions and capacity constraints led to the discontinuation of several higher-touch services previously provided through local nonprofit and volunteer-driver programs. As a result, in FY 2024–25 the City’s only formal direct transportation service was subsidized TNC (e.g., Lyft or Uber) rideshare service. During FY 2024–25, limited WAV rides were also provided on an ad hoc basis in response to rider need; however, these rides were significantly more expensive and were not offered as a stable, programmatic option.

In response to rider needs and service gaps identified through a program evaluation conducted by Nelson\Nygaard Consulting Associates in FY 2023–24, the Community Services Division initiated a procurement process to restore discontinued services and improve the overall service model. The evaluation identified several improvement areas:

1. Strengthening outreach and enrollment, particularly among low-income residents;
2. Expanding service types and capacity to meet demonstrated demand; and
3. Improving program performance measures such as the proportion of eligible residents who are enrolled relative to regional norms.

Based on these findings, staff took the following steps:

- **On September 5, 2024**, the City issued a Request for Proposals (RFP) for paratransit services with priorities that included improved customer service experience for TNC riders, widely available WAV service, and additional ride-request methods that would reduce reliance on call-based scheduling, including self-service options.
- **On December 17, 2024**, the City Council adopted Resolution No. 24-261, which authorized the City Manager to enter into an agreement with Onward for a “soft launch” period to provide limited services (Companion and WAV only) and to begin implementation activities in advance of the full program launch on July 1, 2025.
- **On April 22, 2025**, the City Council adopted Resolution No. 25-056, which (1) approved the FY 2025–26 Measure BB Annual Paratransit Program Plan (PPP) and (2) authorized the City Manager to enter the FY 2025–26 agreement with Onward for services in the amount of \$880,613.

Under the FY 2025–26 agreement, Onward provides multiple service components, including curb-to-curb TNC (Uber) rides, door-through-door “companion” rides for riders who need light assistance, WAV service, travel training, and related technology and implementation services. As part of the improved service model, the City is also transitioning paratransit database functions from the City’s prior database provider to Onward’s integrated platform, which supports real-time dashboards and improved performance reporting.

## **DISCUSSION**

### *Program Improvements and Expanded Service Model*

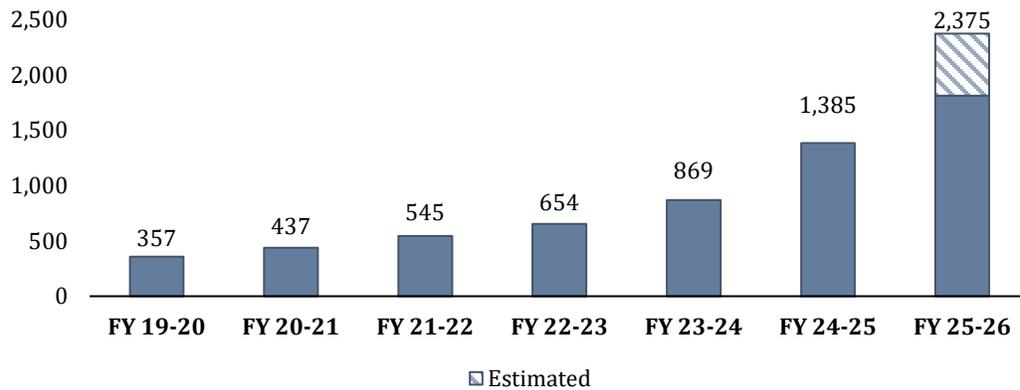
Beginning in FY 2023-24, the City has implemented changes intended to expand access to HOP services and align the program with community needs. In addition to consolidating service delivery under a single provider, Onward, the Community Services Division adjusted its staffing mode to dedicate a greater proportion of staff time from the Community Programs Specialist to support outreach, education, and enrollment activities. The City also expanded partnerships with community-based organizations to reach eligible residents who have historically been underserved, including Glad Tidings Church of God in Christ and Community Resources for Independent Living (CRIL).

As part of the improved service model, in FY 2025-2026 the City simplified its rider cost-share structure. Under the prior structure, riders paid the first \$4 of each trip, the City paid up to an additional \$16, and riders were responsible for any portion of a trip cost above \$20. This approach created uncertainty for riders on fixed incomes, as trip estimates were not always consistent with final charges, and it generated customer service challenges. Under the updated model, the City implemented a flat, distance-based rider fare structure (\$4, \$6, or \$8 depending on trip distance), regardless of trip type, and has expanded participation in the City's means-based fare program for income-qualified riders consistent with U.S. Department of Housing and Urban Development (HUD) income definitions. HUD defines Extremely Low Income as earning up to 30% of the Area Median Income (AMI). Ride costs are fully subsidized for those who qualify for the means-based fare program.

#### *Enrollment and Ridership Growth*

Usage of expanded HOP services has exceeded initial estimates. Through December 31, 2025, HOP had approximately 1,813 enrolled riders, compared to 1,385 at the end of FY 2024-25 and 869 at the end of FY 2023-24. At the average monthly enrollment growth rate observed from July through December 2025 (approximately 4.6%), staff estimate total enrollment could reach approximately 2,400 by the end of FY 2025-26. Consistent with recommendations from the Nelson\Nygaard program evaluation, HOP established an FY 2025-26 enrollment goal of 2,000 enrolled riders. This level of enrollment would be consistent with the regional average, representing approximately 3% of eligible residents. Chart 1 shows year-over-year growth in HOP enrollment, with significant increases beginning in FY 2024-25.

**Chart 1. HOP Enrollment by Year with FY 2025-26 Estimated Enrollments**



As of December 31, 2025, the program has provided approximately 25,878 one-way rides, compared to 19,063 for all of FY 2024-25. The total rides include all three types: 20,717 rideshare rides, 3,773 companion rides, and 1,428 WAV rides. Monthly ridership and growth by ride type are shown below.

**Table 1. Summary of Rides Provided, July 2025 through December 2025**

Ride Type	July	August	September	October	November	December	Total
TNC Rides	1,949	2,785	3,372	3,870	4,126	4,615	20,717
Companion Rides	351	479	726	688	632	857	3,733
WAV Rides	127	171	256	312	290	272	1,428
Grand Total	2,427	3,435	4,354	4,870	5,048	5,744	25,878

During the July–December 2025 period, rideshare trips represented approximately 80% of total rides (20,717 of 25,878). Growth in both ridership and costs is attributable primarily to increased use of the rideshare trip type. Companion and WAV trips represent a smaller share of total rides and provide trip options that were not consistently available under the City’s prior rideshare-only service model.

Based on complete operational data received through December 17, 2025, approximately 91.6% of requested rides were completed, 6.0% were canceled by riders, and approximately 1.4% were no-shows. Staff will continue monitoring these metrics during the pilot period to identify operational improvements and to reduce non-productive trips.

*Cost Analysis*

Overall FY 2025-26 expenditures increased due to higher-than-anticipated use of services. Based on complete cost data received through December 31, 2025, the average City subsidy per trip is approximately \$20.06 for rideshare (Uber) trips, \$53.97 for companion rides, and \$97.87 for WAV trips. These averages reflect the City’s expanded service model, which includes trip types that provide additional assistance and accessibility beyond the City’s prior rideshare-only service approach.

Rider contributions offset a portion of total program cost. Through December 17, 2025, riders contributed approximately \$49,816 toward trip costs, while the City paid approximately \$711,323 in subsidies. Of the subsidies paid, \$425,402 or approximately 59.9%, went to supporting travel for Means-Based Fare participants determined to be Extremely Low Income based on HUD’s definition. These figures indicate that program expenditures are driven by trip volume and subsidies.

Through December 31, 2025, approximately 67.0% of rides were booked using the program’s self-service text-to-book feature rather than through live call-based scheduling. Staff anticipate that continued adoption of self-service booking and rider-facing status tools may reduce avoidable calls and administrative workload over time, reducing wait times for riders for whom those options do not work.

Currently, there is sufficient fund balance to support the program growth experienced since FY 2024-25. The Measure BB fund balance is approximately \$5 million, and the program receives an estimated \$2 million per year in DLD. However, staff are sensitive to the rapid program growth and corresponding increases in subsidy costs and the need to sustain this vital program for riders in Hayward and the surrounding unincorporated area. Staff will continue evaluating utilization patterns, rider needs, and operational performance metrics to inform program refinements and cost controls. Potential future program adjustments include:

- Establishing ride limits based on observed usage patterns with exemptions for essential trips (such as work, school, and dialysis)
- Adjustments to rider fares
- Rider education to reduce cancellations and no-shows,
- Continued expansion of self-service and automated ride status features to reduce administrative costs, and
- Evaluation of alternative or innovative services that may reduce the need for travel for certain trip purposes (e.g., grocery delivery).

*Proposed Amendment to Fiscal Year 2025-2026*

Table 2 summarizes the original and proposed amended FY 2025–26 quantitative ridership goals by service type. The FY 2025–26 agreement with Onward was based on utilization projections modeled on prior-year program performance, with an assumed proportional increase to reflect expected enrollment growth by the end of the fiscal year.

**Table 2. Original and Proposed FY 2025-26 Goals by Ride Type**

Ride Type	Original FY 2025–26 Goal	Proposed Goal	Change
TNC Rides	20,000	60,000	40,000
Companion Rides	3,000	8,750	5,750
WAV Rides	1,300	4,650	3,350
<b>Total One-Way Trips</b>	<b>24,300</b>	<b>73,400</b>	<b>49,100</b>

Table 3 summarizes the original and amended FY 2025–2026 program budget by service component. Note that the amended budget adds a Database Management Build Fee and removes Group Trips to reflect the revised scope of work.

**Table 3. Proposed Budget Changes for Amended Agreement**

Program Component	Original FY 2025–26 Agreement	Proposed
Curb-to-Curb TNC Rides	\$352,456	\$1,071,826
Door-through-Door Companion Rides	\$155,400	\$405,219
Wheelchair Accessible Rides	\$200,000	\$282,702
Group Trips	\$49,375	\$0
Onward Technology Platform & Travel Training	\$123,382	\$160,283
Database Management Build Fee	\$0	\$55,000
<b>Total Not-to-Exceed</b>	<b>\$880,613</b>	<b>\$1,975,030</b>

### ECONOMIC IMPACT

HOP is supported exclusively by Alameda County Measure BB funds. The HOP program offers affordable transportation alternatives for eligible residents on fixed incomes, allowing participation in the local economy. Reliable mobility options for seniors and residents with disabilities may also allow for greater economic participation by caregivers. The amendment to the existing service agreement would maintain HOP service for the remainder of FY 2025–26, supporting access to essential destinations such as work, education, groceries, and medical services.

### STRATEGIC ROADMAP

This agenda item aligns with the City’s Strategic Roadmap under the “Invest in Infrastructure” Strategic Priority, Objective 1: Invest in multi-modal transportation, including performance measures FM4 (number of registered HOP users) and FM5 (number of one-way TNC trips provided). This item also advances Proposed Special Project FP1 to implement recommended program improvements for the HOP program to support seniors and adults with disabilities.

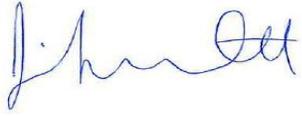
### NEXT STEPS

If Council approves this item, staff will implement the approved appropriation and continue monitoring program utilization and performance metrics to inform development of the FY 2026–2027 Measure BB Annual PPP.

*Prepared by:* Rick Rivera, Management Analyst

*Recommended by:* Amy Cole-Bloom, Community Services Manager  
Mary Thomas, Assistant City Manager

Approved by:

A handwritten signature in blue ink, appearing to read "Jennifer Ott". The signature is fluid and cursive, with the first name "Jennifer" and the last name "Ott" clearly distinguishable.

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Jennifer Ott, City Manager