Legislation Text

**File #:** 26-310, **Version:** 1

**TITLE:**

**AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR THE SENIOR TRANSPORTATION PROGRAM**

**DEPARTMENT:** **PARKS AND COMMUNITY SERVICES**

**PRESENTED BY:** **BRIAN GRUNER, PARKS AND COMMUNITY SERVICES DIRECTOR**

**CONTACT INFORMATION:** **KEVIN STODDART, SENIOR RECREATION SUPERVISOR, (714) 327-7561**

## RECOMMENDATION:

Staff recommends the City Council:

1. Award a Professional Services Agreement (PSA) for the Senior Transportation Program with Orange County Yellow Management LLC (OCY) (Attachment 1) at 520 West Dyer Road, Santa Ana, California, 92707 with an annual amount not to exceed $200,000, for a period of three years effective July 1, 2026 - June 30, 2029; and

2. Authorize a ten (10%) percent contingency in the amount of $20,000 for unforeseen costs; and

3. Authorize the City Manager to execute the PSA and future amendments for this agreement within City Council authorized limits.

## BACKGROUND:

The Senior Transportation Program began in 2011 due to the availability of Tax Measure M2 funding administered by the Orange County Transportation Authority (OCTA).

From 2011 to April 2020 the City used a shuttle service model to transport seniors to medical and non-medical appointments. During COVID, the shuttle service provider became insolvent and all services were suspended.

The City Council approved an emergency services agreement with Orange County Yellow (OCY) from May 2020 to June 2021. The program provides curb to curb transportation Monday through Friday from 8:00 AM to 4:00 PM within the city's boundaries for groceries, household supplies, and shopping, and curb to curb transportation for non-emergency medical appointments such as doctor appointments, physical therapy in eleven cities and the Long Beach Veterans Affairs (VA) Hospital.

Due to an accumulation of unused M2 funds during COVID, the City transitioned from the shuttle service to the taxi model, for which the City entered into an agreement with OCY for a five (5) year term beginning July 2021 to June 2026. The City funded this program through Measure M, Hoag, and Enhanced Mobility for Seniors and Individuals with Disabilities (EMSD) grant funds.

The current operational model is one of the most accessible programs in Orange County. Prior to the COVID pandemic, the annual shuttle ridership was 7,000 rides, while post-pandemic the program provides more than 24,000 rides. The top users of the program use the service more than 500 times per year with the top user exceeding 700 rides in one year. Approximately 80% of all rides are comprised of and utilized by 20% of all riders.

The rapid growth of the program, the large service area, unlimited use of the on-call service, and limited funding have is not financially unsustainable. The only guaranteed source of funding for the program are Measure M2 Project U funds and the City match, which amounts to approximately $162,000 annually, however the M2 amount fluctuates as sales tax revenue in the county changes.

On June 17, 2025, staff requested Council authorize an increase in the annual not-to-exceed amount of the Professional Services Agreement with OCY and to accept the Enhanced for Seniors and Individuals with Disabilities (EMSD) grant funding in the amount of $237,600. Additionally, the Council was informed of future funding challenges and the unsustainability of the program. Council advised staff to have the Parks and Community Services Commission evaluate the project and to provide a recommendation to Council.

## ANALYSIS:

The Parks and Community Services Commission (PACS) reviewed the Senior Transportation Program during two (2) meetings, one on February 12, 2026, and the second on March 12, 2026. The first meeting provided program background information and announced three (3) community feedback opportunities to help evaluate potential program funding options.

Community Feedback Meetings

Senior Center staff conducted outreach in the form of in-person meetings at the Senior Center as well as a mailer with a survey about implementing cost control measures that included:

- restrictions on boundaries
- collection of copays
- limits on rides per person per month

In-person meetings were held at the Senior Center on: March 4, 2026, March 5, 2026, and March 10, 2026.

A total of 170 surveys (Attachment 2) were completed. The overwhelming number of respondents prioritized non-emergency medical rides over any other type of ride. The average response by those surveyed for copays for non-medical rides was $3.56 and $6.12 for medical rides.

On March 12, 2026, the Commission discussed and reviewed two options (Attachment 3) and recommended the following program model option based on an anticipated rate of $21.50 per ride, with an additional $5.50 per mile for all medical rides outside the City:

| Ride Type | Destination | Frequency | Co-Pay |
|---|---|---|---|
| Rides within City Limits | Senior Center, Seven (7) Major Shopping Centers, Hoag Urgent Care | Three (3) Round Trips per Month | $4.00 each way |
| Medical Rides | Newport Beach, Fountain Valley, Santa Ana, Long Beach VA, Irvine, and Huntington Beach | Three (3) Round Trips per Month | $8.00 each way |

RFP Process

Simultaneously with the PACS evaluation, a Request For Proposal (RFP) for the Senior Transportation Program was released on February 23, 2026, and submissions were due on March 11, 2026. The City received two proposals, one from Orange County Yellow Management LLC (OCY) and another from Onward Health, Inc.

Following the pre-established Finance Department guidelines, a full assessment and scoring exercise was carried out by three Parks and Community Services contract raters that manage the senior transportation program.

The evaluation of OCY proposal was positively rated by all three evaluators. OCY presented a strong proposal for delivering the STP's required day-to-day services for the City of Costa Mesa and fulfilled the requirements presented in the Scope of Work. Onward Health's proposal also met all requirements, but its fee structure is significantly more expensive than what the STP available funding. OCY's fee structure, however, is significantly lower than the rates anticipated by staff. OCY's proposed rates allow for a significantly more expansive service model than the one approved by the Parks and Community Services Commission.

The scope of work and evaluation criteria (Attachment 4) were for the vendor to have flexibly in implementing cost control measures that include the following:

- Destination limits or geographic boundaries
- Ridership quotas
- Collect copays

**OCY Cost Proposal**

OCY's cost proposal is below the estimated fee structure that was presented to PACS on May 12, 2026, at a projected rate of $21.50 plus $5.50 per mile for medical rides.

*July 1, 2026 - June 30, 2029*

| | |
|---|---|
| Non-medical rides in Costa Mesa | $17.50 per ride |
| Medical rides | $15.00 per ride and an additional $3.00 per mile |

*July 1, 2029 - June 30, 2031*

| | |
|---|---|
| Non-medical rides in Costa Mesa$19.50 per ride | |
| Medical rides | $16.00 per ride and an additional $3.50 per mile |

**Onward Health Proposal**

Onward Health proposed a slightly different fee structure that is significantly more expensive:

| | |
|---|---|
| Non-medical rides in Costa Mesa$36.00 per ride | |
| Medical rides | $36.00 per ride and an additional $2.25 per mile |
| ADA Non-medical rides in Costa Mesa | $65.00 per ride |
| ADA Medical rides | $65.00 per ride and an additional $2.25 per mile |
| Cancellations within 2 hours | $15.00 |

The chart below lists the final scoring of both OCY and Onward Health.

| Proposer | Points | Rank |
|---|---|---|
| OCY Management | 1330 | 1st |
| Onward Health | 1075 | 2nd |

OCY outranked Onward overall, but the cost difference was the most significant factor. OCY's proposed fee structure will allow for a significantly more expansive service model than anticipated.

OCY Service Model

This model has a service area that is nearly as large as the current service model, which provides STP members maximum flexibility with locations and is an improved model from what PACS approved on March 12, 2026.

The implementation of ride limits and copays are necessary to ensure the STP remains financially sustainable. Staff will monitor the program's ridership levels and financials on an ongoing basis and make program adjustments as necessary. The proposed plan is as follows:

1. Boundaries

- Non-medical rides: anywhere within Costa Mesa
- Medical rides: anywhere within Costa Mesa, Newport Beach, Huntington Beach, Santa Ana, Fountain Valley, Irvine, Anaheim, Orange, Tustin, and the Long Beach VA Hospital.
- Exceptions: No “big box” (e.g., Costco, Sams Club, etc.) locations or stand-alone pharmacies outside of Costa Mesa such as CVS, Walgreens, Costco, etc.

2. Ride Limits

| | |
|---|---|
| Medical or Non-Medical | Eight one-way rides per month |

3. Copays

| | | | |
|---|---|---|---|
| Non-medical rides | $3.00 | Medical rides | $5.00 |

## ALTERNATIVES:

The City Council may elect to recommend:

1. A continuation of existing service model which is currently fiscally unsustainable or;
2. Any other combination of model options which may not be in line with participant feedback.

## FISCAL REVIEW:

Funding for the Senior Transportation Program is in the adopted Senior Center budget in the amount of $200,000 for FY 26/27. The program is reliant on M2 funding, a 20% Measure M2 City match, and a grant from Hoag Hospital. As M2 funding is based on sales tax, the actual funding for the program is subject to change from year to year. The implementation of a copay, ride limits and boundaries will ensure that the contract cost does not exceed $200,000. Staff will closely monitor the contract and make program adjustments when necessary, without impacting services.

| **Funding Source** | **FY 2026-27 Estimates** |
|---|---|
| M2 Funding | $130,525 |
| M2 City Match (20%) | $32,631 |
| Hoag Community Health Benefit Grant | $50,000 |
| Total Funding Estimate | $213,156 |

## LEGAL REVIEW:

The City Attorney’s office has reviewed this report and approved it as to form.

## CITY COUNCIL GOALS AND PRIORITIES:

This item supports the following City Council Goals:

- Strengthen the Public’s Safety and Improve the Quality of Life

## CONCLUSION:

Staff recommends the City Council:

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