



**Honorable Mayor and Members of the Hermosa Beach City Council**

**PARTICIPATION IN BEACH CITIES TRANSIT (BCT) LINE 109 AGREEMENT WITH  
FINANCIAL CONTRIBUTION FROM OTHER CITIES, FUNDED PARTIALLY FROM  
PROPOSITION A FUNDS**

(Senior Management Analyst Ken Bales)

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**Recommended Action:**

Staff recommends City Council:

1. Authorize staff to modify Transit Service Operation Agreement (**Attachment 1**) to revise and include additional performance management reporting requirements from Beach Cities Transit (BCT) with future funding contingent upon substantial updates to Line 109 that will generate additional ridership and improve service delivery; and
2. Approve participation in the Beach Cities Transit Line 109 along with the other beach cities; and
3. Authorize the City of Hermosa Beach a financial contribution of \$17,183 for Fiscal Year 2025–26 paid from budgeted Proposition A funds for the BCT Line 109; and
4. Authorize the Mayor to sign and the City Clerk to attest to the Transit Service Operation Agreement subject to approval by the Interim City Attorney.

**Executive Summary:**

The Beach Cities Transit (BCT) Line 109 operated by City of Redondo Beach provides service for a portion of Metro's former Line 439 that was discontinued in 2006. Since that time, Hermosa Beach along with the cities of El Segundo, Manhattan Beach, and Redondo Beach have participated in a cost-share agreement to provide funding for BCT Line 109 operations. BCT Line 109 operates from Redondo Beach Riviera Village to LAX/Metro Transit Center.

The current service agreement between City of Hermosa Beach and BCT expired on June 30, 2025. If the new FY 25–26 service agreement is approved, the City of Hermosa Beach would be required to financially contribute \$17,183 to BCT for the City's cost-share.

**Background:**

The City of Redondo Beach is a municipal transit operator and annually receives dedicated transit funds under the Formula Allocation Procedures (FAP), which

incorporates transit performance data to allocate transit funding. The Los Angeles County Metropolitan Transportation Authority (Metro) allocates the FAP funds, consisting of dedicated Proposition A and C, Measure R and Measure M funds, in addition to other dedicated transit funding, to the municipal transit operators. The FAP process considers a variety of metrics including passenger miles traveled (PMT), unlinked passenger trips (UPT), revenue hours, revenue miles, etc. BCT Line 109 is primarily funded through this combination of regional FAP transit funds, fare revenues from riders, dedicated Proposition A local return transportation funds, and revenue from the participating beach cities through a cost sharing agreement.

On July 1, 2006, Redondo Beach and Hermosa Beach entered into the first Transit Service Operation Agreement to enable BCT Line 109 to take over public transportation services for the discontinued Metro Line 439 for a two-year term. Redondo Beach and Hermosa Beach subsequently entered into new agreements relating to Line 109 in 2008, 2010, 2011, 2012, 2013, 2015, 2017, 2019, 2020, 2021, 2022, 2023, and 2024.

#### Past Council Actions

Meeting Date	Description	Votes
June 1, 2006	Approval of participation in Beach Cities Transit (BCT) Line 109 two-year agreement.	
<a href="#">November 25, 2008</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 two-year agreement.	<b>All Ayes (5-0)</b> (Bobko, DiVirgilio, Keegan, Tucker, Reviczky)
<a href="#">July 27, 2010</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	<b>All Ayes (5-0)</b> (Bobko, DiVirgilio, Fishman, Tucker, Duclos)
<a href="#">April 26, 2011</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	<b>All Ayes (5-0)</b> (Bobko, DiVirgilio, Fishman, Tucker, Duclos)
<a href="#">June 26, 2012</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	<b>All Ayes (5-0)</b> (Bobko, DiVirgilio, Fishman, Tucker, Duclos)
<a href="#">June 25, 2013</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 two-year agreement.	<b>All Ayes (5-0)</b> (DiVirgilio, Duclos, Fishman, Ticker, Bobko)

Meeting Date	Description	Votes
<a href="#">June 9, 2015</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 two-year agreement.	<b>All Ayes (5-0)</b> (Tucker, Barragan, Petty, Fangary, DiVirgilio)
<a href="#">June 15, 2017</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 two-year agreement.	<b>All Ayes (5-0)</b> (Massey, Duclos, Armato, Petty, Fangary)
<a href="#">May 28, 2019</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	<b>All Ayes (5-0)</b> (Armato, Campbell, Fangary, Massey, Duclos)
<a href="#">May 26, 2020</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	<b>All Ayes (5-0)</b> (Armato, Detoy, Fangary, Massey, Campbell)
<a href="#">June 22, 2021</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	<b>All Ayes (5-0)</b> (Jackson, Campbell, Armato, Detoy, Massey)
<a href="#">June 14, 2022</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	<b>All Ayes (5-0)</b> (Detoy, Jackson, Armato, Campbell, Massey)
<a href="#">June 13, 2023</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	<b>(4-0)</b> <b>Ayes:</b> Jackson, Massey, Saemann, Detoy <b>Absent:</b> Francois
<a href="#">May 28, 2024</a>	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	<b>All Ayes (5-0)</b> (Massey, Francois, Saemann, Detoy, Jackson)
<a href="#">June 10, 2024</a>	Interim City Manager Napolitano pulled the BCT Line 109 staff report from the Consent Calendar.	<b>N/A</b>

### **Analysis:**

Since FY19-20, BCT Line 109 operations have been fully funded by Metro's annual FAP allocations and Proposition A local return funds. Cost sharing funds were not needed from the partner Cities for the last 6 fiscal years from FY 2019–20 to FY 2024–25.

As part of the terms of the previous service agreements, the City received quarterly reporting on high-level metrics including total passengers carried, total revenue hours operated, total revenue miles operated, and total operating expenses of Line 109 (**Attachment 3**). Staff use the reports to generate data visualizations and create additional performance measures to better identify trends and track key performance indicators (KPI) for Line 109 (**Attachment 4**).

Over the past few weeks, staff have been reviewing these performance metrics and meeting with BCT staff to review how this data is collected and reported. This included meeting with BCT's contracted operator, Transportation Concepts. During these meetings staff learned more about how their performance metrics are measured and tracked including on-time performance, missed trips, boardings and alightings, etc. During the meetings with BCT and Transportation Concepts staff, it was made clear that most of the reporting provided is done via manual processes and not from automated systems. There are three KPIs that are critical for accessing the quality of fixed-route service delivery including, on-time performance, missed trips, and boardings and alightings.

#### On-Time Performance

The industry standard for calculating on-time performance is to count the number of buses that reach a timepoint early, late, or on-time according to the schedule and on-time performance parameters. The parameter for a bus being considered early to a timepoint is usually 1 minute or greater from the scheduled time. For the late parameter, it is generally considered late if the bus arrives 5 minutes or more after the scheduled time. This is true for the majority of transit agencies nationwide and at Los Angeles Department of Transportation (LADOT) that operates Line 438 and Torrance Transit that operates Line 13 within Hermosa Beach. However, BCT uses a different calculation to determine on-time performance.

BCT through their contracted service provider, Transportation Concepts, determines on-time performance by measuring the total scheduled time of the entire trip versus the actual time the bus took to travel the entirety of Line 109. If the bus meets the scheduled run time and is not early or more than 5 minutes late, the trip is considered on-time and reflected in the monthly "Fixed Route – On Time Performance" reports submitted by Transportation Concepts to BCT (**Attachment 5**). Using BCT's methodology for calculating on-time performance in FY 24–25, they reported their Line 109 buses were on-time 91.40% of the time. For comparison, LADOT Line 438 from FY 21–22 to FY 24–25 had an overall route on-time performance of 79.40% and Torrance Transit Line 13 had an overall on-time performance of 75.85% using the industry standard for calculating on-time performance.

### Missed Trips

Missed trips occur when a transit agency cancels a trip which occurs for a variety of reasons including bus breakdowns, operator shortages, accidents or incidents, etc. Transit agencies try to keep the number of missed trips to a minimum because it directly affects the quality of service provided, especially on routes with long headways like BCT Line 109. Reporting from BCT Line 109 generally shows between 0 and 3 missed trips per month with over 1,000 scheduled trips per month.

Staff recently worked with California Integrated Travel Project (Cal-ITP), a division within the California Department of Transportation (Caltrans) to pull publicly available data through their transit tracking dashboard. Cal-ITP tracks all transit agency real-time feeds in California using the general transit feed specification (GTFS) and provides feedback on transit agency data feed quality. The GTFS data in conjunction with the real-time positioning data from vehicles is what tells a person when their bus will arrive on Google Maps, Transit App, etc. It is imperative that GTFS data be of the highest quality since this is how people plan their transit trips using apps. The data pulled with the assistance of Cal-ITP staff shows BCT Line 109 trip update data which may indicate schedule inaccuracies, missed trips, or hardware failures from January 2023 – October 2024 (**Attachment 6**). The average trip updates completed during this time were 87.86% northbound and 88.31% southbound. This is an indication that there may be issues with the GTFS schedule, hardware issues, or the vehicles did not report correctly because they were not in service.

### Boardings & Alightings

Transit agencies are required to track the number of passengers that board and alight buses as part of their mandated National Transit Database (NTD) reporting requirements that also directly tie into the Metro FAP funding. This can be done using a variety of methodologies. However, the most common and data-driven approach is to utilize automated passenger counters (APC) which track when a person has boarded or alighted the bus and where that occurred. This allows for data-driven transit planning based on where passengers are boarding and alighting. This is common amongst most transit agencies and the methodology used by both LADOT Line 438 and Torrance Transit Line 13.

However, BCT utilizes a different methodology to determine passenger counts. BCT through their contracted operator, Transportation Concepts, have their operators manually track the number of passengers picked up per trip and reconcile that with the daily farebox transactions to determine the number of passengers carried daily across the entirety of the route. Additionally, BCT utilizes an NTD approved random sampling methodology at bus stops every three years to determine passenger miles traveled and where passengers boarded and alighted since they do not have APCs on their vehicles.

Staff were not able to get actual boarding and alighting data for bus stops within Hermosa Beach from BCT. Staff was able to get boarding and alighting data from both LADOT Line 438 and Torrance Transit Line 13 since they utilize APCs on their vehicles. From FY 21–22 to FY 23–24, there were a total of 16,733 unlinked passenger trips (UPT) with LADOT Line 438 within Hermosa Beach, costing the City on average \$9.67 per UPT (**Attachment 7**). From FY 23–24 to FY 24–25 (through May 2025), there were a total of 122,931 UPT on Torrance Transit Line 13 stops within Hermosa Beach with zero cost to the City since Torrance Transit Line 13 is self-funded through the Metro FAP program.

The City of Redondo Beach completed a Transit Services Study (**Attachment 8**) that evaluated the fixed route and Dial-A-Ride services and provided Zero Bus Emissions recommendations. In relation to the Line 109 services, the study recommended options to improve Line 109 routing, plan for LAX area route changes, and adjust future service hours. The final Transit Services Study was approved by Redondo Beach City Council at its December 19, 2023 meeting. To date, none of the substantial recommended changes in the Transit Study have been made, including route updates, headway changes, etc. BCT staff has indicated they will be bringing forward a strategic plan to the Redondo Beach City Council to implement possible changes to Line 109 by February 2026.

BCT has outlined the following updates in the Cost Sharing Proposal for FY2526:

- The City of Redondo Beach has onboarded a new Transit Manager and Transit Analyst and is in the process of recruiting a Senior Management Analyst. These additions will enhance capacity to manage and execute transit projects while maintaining BCT operations.
- The transit operations contract is being awarded and is expected to be announced in May 2025. The estimates provided are based on the new award contract.
- BCT is looking forward to transitioning from the social media platform “X” to Instagram. This shift aims to improve communication and engagement with the community, which will support BCT goals by increasing public awareness and participation.
- With the new LAX Metro Transit Center opening, Route 109 will have minor adjustments to the route near the transit center. Information to follow once confirmed.

**Actual Service Statistics History of BCT Line 109 Chart**

	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
Service Hours	18,881	17,351	20,285	20,292	20,307
Operating Costs	\$1,262,133	\$1,424,736	\$1,683,783	\$1,528,670	\$1,840,266
Fare Revenues	\$105,265	0	0	\$61,952	\$100,229
Passenger Trips	143,404	87,239	139,173	140,553	142,877

Metro’s annual FAP program for municipal transit operators is based on sales tax receipts, federal NTD reporting, and other data sources. Metro based regional funding estimates decreased for FY2526 by 10% based on several economic forecasts (**Attachment 2**).

The cost sharing allocations are based on the percentage of average route miles within each participating City. Based on the preliminary FAP funding estimates issued by Metro in March 2025, the City of Redondo Beach estimates FY 25–26 BCT Line 109 operations will experience an estimated shortfall of \$620,785.

City	Route Miles	FY 26 Costs
Redondo Beach	34.95%	\$216,964
Hermosa Beach	10.89%	\$67,603
Manhattan Beach	16.05%	\$99,636
El Segundo	38.11%	\$236,581
<b>Total</b>	<b>100%</b>	<b>\$620,785</b>

City of Redondo Beach will use the Prop A local return funds to cover 90% of the shortfall, effectively subsidizing the partner cities' expenses for FY 25–26. However, there is no guarantee that City of Redondo Beach will provide additional subsidies in subsequent years.

On June 3, 2025, the City of Redondo Beach approved a six-year agreement with Transportation Concepts for \$29,754,503 with a structural average annual increase of approximately 5% per year to cover operations of BCT:

Fiscal Year	Annual Budget	YoY Change
FY 24–25	\$3,564,833	
FY 25–26	\$4,335,551	21.62%
FY 26–27	\$4,597,763	6.05%
FY 27–28	\$4,841,696	5.31%
FY 28–29	\$5,084,085	5.01%
FY 29–30	\$5,319,205	4.62%
FY 30–31	\$5,576,203	4.83%

City	Funding Allocation %	FY1819 Actual	FY1920 to FY 25 Actual	FY 26** Projected
Redondo Beach	34.95%	\$20,791	\$0	\$55,304
Hermosa Beach	10.89%	\$6,460	\$0	\$17,183
Manhattan Beach	16.05%	\$9,521	\$0	\$25,326
El Segundo	38.11%	\$22,606	\$0	\$60,132
<b>Total Contribution</b>	<b>100%</b>	<b>\$59,378</b>	<b>\$0</b>	<b>\$157,947</b>
<b>Prop A Local Return</b>				<b>\$462,838</b>
<b>Net Shortfall</b>				<b>\$620,785</b>
		<b>\$29,754,503</b>		

The City of Manhattan Beach approved their \$25,326 contribution on June 3, 2025 and City of El Segundo approved their \$60,132 contribution on June 18, 2025. The 2024 service agreement with City of Hermosa Beach expired on June 30, 2025. If approved, the new Transit Service Operation Agreement would be effective July 1, 2025 for a one-year term, expiring on June 30, 2026.

In order for BCT Line 109 to become more self-sufficient and not reliant upon additional funding from the participating cities of Redondo Beach, Hermosa Beach, Manhattan Beach, and El Segundo it must increase productivity and ridership. An increase in key performance metrics including passenger miles traveled, total unlinked passenger trips, revenue hours and miles, etc. will directly lead to an increase in funding from the Metro formula allocation process. In order for BCT Line 109 to get to a level of self-sufficiency, it must develop a work plan that will address updates to routing, increased frequency of bus trips (headway), updates to internal and external technology systems, bus stop improvements, and a communications and outreach campaign to attract riders from around the region.

#### **General Plan Consistency:**

This report and associated recommendation have been evaluated for their consistency with the City's General Plan. Relevant Policies are listed below:

## Mobility Element

**Goal 1. Complete Streets that serve the diverse functions of mobility, commerce, recreation, and community engagement for all users whether they travel by walking, bicycling, transit, or driving.**

Policy:

- **1.1 Consider all modes.** Require the planning, design, and construction of all modes of travel to create safe, livable, and inviting environments for all users of the system.

**Goal 3. Public rights-of-way supporting a multimodal and people-oriented transportation system that provides diversity and flexibility on how users choose to be mobile.**

Policy:

- **3.4 Access opportunities.** Provide enhanced mobility and access opportunities for local transportation and transit services in areas of the city with sufficient density and intensity of uses, mix of appropriate uses, and supportive bicycle and pedestrian network connections that can reduce vehicle trips within the city's busiest corridors.

## Fiscal Impact:

### Estimated Expenditures 2025-2026

Estimated Line 109 Costs		Estimated Transit Funding	
Operations	\$2,102,803	Operation/RTI Funding FAP	\$1,626,847
Fuel	\$252,329	Fare Revenues	\$130,000
RTI Capital/Ops	\$22,500	Total Estimated Revenues	\$1,756,847
<b>Total Estimated Cost</b>	<b>\$2,377,632</b>	<b>Net Shortfall</b>	<b>\$620,785</b>

### BCT Line 109 Cost Sharing Estimates Discussion for FY 25–26

The total cost for FY 25–26 is estimated at \$2,377,632 for the operation of 20,307 projected annual service hours. Cost increases from the prior year are the result of increased fuel expenses, the transit contractor's annual operating increases, and real-

time information system expenses. Currently, the net shortfall for transit service is estimated at \$620,785.

The City of Redondo Beach is requesting a City of Hermosa Beach contribution for FY 25–26 of \$17,183. The City contribution for BCT Line 109 is budgeted in the FY 25–26 Adopted Budget using Proposition A Funds as part of the Community Development department budget.

#### Long-Term BCT Funding

This is the first year since FY 18–19 that BCT has requested funding from participating cities to cover overages in operational expenses outside of what Metro FAP provides.

Additionally, City of Redondo Beach covered 90% of the projected shortfall using Prop A funds in FY 25–26. With Metro’s projected revenue decrease of 10% and programed 5% annual increases in operating expenses through BCT’s contracted operator, there is a high likelihood that annual contributions from BCT will be requested in subsequent years unless there is a substantial increase in ridership and revenue service.

#### Attachments:

1. Transit Service Operation Agreement for Fiscal Year 2025–2026
2. Line 109 Cost Sharing Proposal FY25-26
3. Beach Cities Transit Quarterly Report Q3 FY2425
4. Beach Cities Transit Data Visualization FY2122 – FY2425
5. Beach Cities Transit Fixed Route – On Time Performance FY 24–25
6. Cal-ITP BCT Line 109 GTFS Quality Feed
7. LADOT Line 438 Commuter Service Performance Metrics FY 21–22 to FY 23–24
8. BCT 2023 Transit Study

**Respectfully Submitted by:** Ken Bales, Senior Management Analyst

**Concur:** Alison Becker, Community Development Director

**Noted for Fiscal Impact:** Henry Chao, Finance Manager

**Concur:** Brandon Walker, Administrative Services Director

**Legal Review:** Todd Leishman, Interim City Attorney

**Approved:** Steve Napolitano, Interim City Manager