



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

(Community Development Director Alison Becker)

Recommended Action:

Staff recommends City Council:

1. Approve participation in the Beach Cities Transit (BCT) Line 109 along with the other beach cities, with required financial contribution from the City for Fiscal Year 2025-26; and
2. Authorize the City of Hermosa Beach contribution of \$17,183 for FY 2025–26 paid from Proposition A funds for the BCT Line 109; and
3. 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 (**Attachment 1**).

Executive Summary:

The Beach Cities Transit (BCT) Line 109 provides service for a portion of former Line 439 that was discontinued by Metro 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 operation. BCT Line 109 operates from Redondo Beach Riviera Village to LAX City Bus Center. The current agreement is set to expire on June 30, 2025 and the participating cities desire to enter into a new agreement for a one-year term ending June 30, 2026.

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 (MTA) 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. BCT Line 109 is funded through this combination of regional FAP transit funds, fare revenues from riders, and dedicated Proposition A Local Return Transportation Funds.

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 Los Angeles County MTA 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.	
November 25, 2008	Approval of participation in Beach Cities Transit (BCT) Line 109 two-year agreement.	All Ayes (5-0) (Bobko, DiVirgilio, Keegan, Tucker, Reviczky)
July 27, 2010	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	All Ayes (5-0) (Bobko, DiVirgilio, Fishman, Tucker, Duclos)
April 26, 2011	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	All Ayes (5-0) (Bobko, DiVirgilio, Fishman, Tucker, Duclos)
June 26, 2012	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	All Ayes (5-0) (Bobko, DiVirgilio, Fishman, Tucker, Duclos)
June 25, 2013	Approval of participation in Beach Cities Transit (BCT) Line 109 two-year agreement.	All Ayes (5-0) (DiVirgilio, Duclos, Fishman, Ticker, Bobko)
June 9, 2015	Approval of participation in Beach Cities Transit (BCT) Line 109 two-year agreement.	All Ayes (5-0) (Tucker, Barragan, Petty, Fangary, DiVirgilio)
June 15, 2017	Approval of participation in Beach Cities Transit (BCT) Line 109 two-year agreement.	All Ayes (5-0) (Massey, Duclos, Armato, Petty, Fangary)
May 28, 2019	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	All Ayes (5-0) (Armato, Campbell, Fangary, Massey, Duclos)

Meeting Date	Description	Votes
May 26, 2020	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	All Ayes (5-0) (Armato, Detoy, Fangary, Massey, Campbell)
June 22, 2021	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	All Ayes (5-0) (Jackson, Campbell, Armato, Detoy, Massey)
June 14, 2022	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	All Ayes (5-0) (Detoy, Jackson, Armato, Campbell, Massey)
June 13, 2023	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	(4-0) Ayes: Jackson, Massey, Saemann, Detoy Absent: Francois
May 28, 2024	Approval of participation in Beach Cities Transit (BCT) Line 109 one-year agreement.	All Ayes (5-0) (Massey, Francois, Saemann, Detoy, Jackson)

Analysis:

Since FY 2019-20, BCT Line 109 operations have been fully funded by the City’s annual Transit Formula Procedure funding (FAP) allocations and Proposition A Local Return Funds. Cost sharing funds were not needed from the partner Cities for FY 2019-20, FY 2020-21, FY 2021-22, FY 2022-23, FY 2023-24, and FY 2024-25.

BCT transit ridership continues to be in recovery after the COVID-19 pandemic, and BCT is approximately 80 percent of pre-COVID-19 pandemic levels, consistent with regional and national transit providers. Other transit enhancements such as the Real-Time Information (Google Maps, Transit App, Moovit, etc.) and TAP cards continue to give passengers a seamless ride on BCT and other regional transit systems.

The City of Redondo Beach completed a Transit Services Study 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.

BCT has made updates to help ensure continued seamless operations. Recent updates include the following:

- 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

Los Angeles Metro’s annual Transit Formula Allocations Procedure program (FAP) to municipal transit operators is based on sales tax revenue receipts. Metro based Regional Funding estimates decreased for FY 2025-26 by 10 percent based on several economic forecasts.

The Cost Sharing Allocations are based on the percentage of average route miles within each City. Redondo Beach will pay more than the other Cities’ allocated percentage, in order to cover increased costs that exceed estimates. Since the pandemic, this year is the first year City of Redondo Beach has asked partner cities to contribute to the cost sharing allocation.

Based on the preliminary FAP fund marks issued by Metro in March 2025, the City estimates FY 2025-26 BCT Line 109 operations will experience a shortfall of an estimated \$620,785.

City	Route Miles	FY26 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
Total	100%	\$620,785

Redondo Beach will use the Prop A local return to cover 90 percent of the shortfall, effectively subsidizing the partner cities' expenses in the short term. The current political climate introduces uncertainty regarding long-term funding. Therefore, to ensure the continued operation of Line 109, which is shared between Hermosa Beach, El Segundo, and Manhattan Beach, adjustments to the cost-sharing agreement will be necessary, and contributions from Beach Cities Transit's (BCT) partner cities will increase in subsequent years to cover ongoing operational costs.

City	Investment %	FY2018-19 Actual	FY2019-20 Actual	FY2020-21* FY2021-22* Actual	FY2022-23* FY2024-25* Actual	FY2025-26** Projected
Redondo Beach	34.95%	\$20,791	\$0	\$0	\$0	\$55,304
Hermosa Beach	10.89%	\$6,460	\$0	\$0	\$0	\$17,183
Manhattan Beach	16.05%	\$9,521	\$0	\$0	\$0	\$25,326
El Segundo	38.11%	\$22,606	\$0	\$0	\$0	\$60,132
Total Contribution	100%	\$59,378	\$0	\$0	\$0	\$157,947
Prop A Local Return						\$462,838
Net Shortfall						\$620,785

- *COVID Pandemic Year
- **Post-COVID Pandemic

With the 2024 Agreement set to expire on June 30, 2025, the participating cities desire to enter into a new agreement on the terms and conditions set forth in the attached agreement (**Attachment 1**). If approved, the new Transit Service Operation Agreement would be effective July 1, 2025 for a one-year term, expiring on June 30, 2026.

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
Total Estimated Cost	\$2,377,632	Net Shortfall	\$620,785

BCT Line 109 Cost Sharing Estimates Discussion for Fiscal Year 2025-2026

The total cost for FY 2025-26 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.

Since FY26 will be the first year partner cities are asked to contribute to Line 109, the formula used to calculate the cost estimates is based on a 15 percent year-over-year increase from the last agreement paid to the City of Redondo Beach.

Redondo Beach is requesting a City of Hermosa Beach contribution for FY 2025–26 of \$17,183. The City contribution for BCT Line 109 is currently budgeted in the FY 2025–26 Preliminary Budget using Proposition A Funds as part of the Community Development department budget.

Attachments:

1. Transit Service Operation Agreement for Fiscal Year 2025–2026
2. Line 109 Cost Sharing Proposal FY25-26

Respectfully Submitted by: Alison Becker, AICP, 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