



Administrative Report

H.14., File # 25-0930

Meeting Date: 8/19/2025

To: MAYOR AND CITY COUNCIL
From: ELIZABETH HAUSE, COMMUNITY SERVICE DIRECTOR

TITLE

APPROVE A TRANSIT SERVICE OPERATION AGREEMENT WITH THE CITY OF MANHATTAN BEACH TO PROVIDE OPERATION OF BEACH CITIES TRANSIT LINE 109 FOR A ONE-YEAR PERIOD, FROM JULY 1, 2025 THROUGH JUNE 30, 2026, FOR A FEE OF \$25,326

APPROVE A TRANSIT SERVICE OPERATION AGREEMENT WITH THE CITY OF EL SEGUNDO TO PROVIDE OPERATION OF BEACH CITIES TRANSIT LINE 109 FOR A ONE-YEAR PERIOD, FROM JULY 1, 2025 THROUGH JUNE 30, 2026, FOR A FEE OF \$60,132

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2508-063, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AUTHORIZING A FISCAL YEAR 2025-26 BUDGET MODIFICATION TO ALLOCATE \$25,326 FROM THE CITY OF MANHATTAN BEACH FOR BEACH CITIES TRANSIT LINE 109 COST SHARING TO TRANSIT FUNDS

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2508-062, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AUTHORIZING A FISCAL YEAR 2025-26 BUDGET MODIFICATION TO ALLOCATE \$60,132 FROM THE CITY OF EL SEGUNDO FOR BEACH CITIES TRANSIT LINE 109 COST SHARING TO TRANSIT FUNDS

EXECUTIVE SUMMARY

The Transit Division provides regional bus service through Beach Cities Transit (BCT) Line 109, connecting several cities from Redondo Beach to LAX. To support the operational costs of the line, which runs through Hermosa Beach, Manhattan Beach, and El Segundo (BCT Partner Cities), the City maintains agreements with each BCT Partner City. During the pandemic, COVID-19 relief funds provided enough supplemental funding that allowed the continuity of line 109 without contribution from any BCT Partner City. With that funding no longer available, cost-sharing with partner cities must resume. The cities of El Segundo and Manhattan Beach have approved one-year funding agreements totaling \$85,458, while discussions with Hermosa Beach are still ongoing. Staff recommends City Council approve the proposed Agreements with the cities of Manhattan Beach and El Segundo to maintain Line 109 operations, and approve the associated Resolutions to appropriate the funding to offset City expenditures for BCT Line 109 in the Transit Fund. Staff will return with the proposed Hermosa Beach cost-sharing Agreement when it is ready for Council consideration.

BACKGROUND

The Transit Division of the Community Services Department provides a variety of transit services to

the City of Redondo Beach as well as neighboring cities. BCT Line 109, the longest route within the BCT system, runs from Riviera Village to the LAX/Metro Transit Center, serving Redondo Beach, Hermosa Beach, Manhattan Beach, El Segundo, and LAX. In 2006, the City of Redondo Beach executed Transit Service Operation Agreements with the BCT Partner Cities to offset the cost of operating BCT Line 109. This supplemental funding was necessary to ensure continuity of service and support operating expenses incurred by the transit operations contractor, fuel costs, and Real-Time Information (RTI). Subsequent agreements have been executed with all BCT Partner Cities since 2006. The BCT Partners were informed of the estimates through the BCT Line 109 Cost Sharing Proposal.

The City of Redondo Beach has been the recipient of funding offsets from BCT Partner Cities since the creation of Line 109, excluding fiscal years FY 2019-20 through FY 2024-25. During that time, the City of Redondo Beach received dedicated COVID-19 relief funds that helped offset funding shortfalls for the operation of Line 109, resulting in the BCT Partner Cities receiving Line 109 services free of charge. However, COVID-19 relief funding is no longer available. Further, a 10% decrease in anticipated Metro funds in the upcoming fiscal year, coupled with rising costs for the operation of Line 109, have resulted in the need to resume cost sharing with partner agencies. Staff has communicated with representatives from each agency and has been successful in negotiating agreements with the Cities of El Segundo and Manhattan Beach. Staff continues its discussions with the City of Hermosa Beach and is hopeful an agreement will be reached in the near future.

Offset Calculation

The proposed cost-sharing amounts were calculated based on historical agreements with each agency, which considered the percentage of revenue service miles that BCT Line 109 travels through each city. These percentages were then applied to the estimated \$620,785 funding gap. If approved, these offsets would provide the necessary funding to maintain service levels for each city in FY 2025-26. In the future, additional adjustments are necessary to ensure sufficient funding is available to maintain the current service levels for BCT Line 109. All funding collected will be applied directly to the BCT Line 109 operational expenses account.

The annual estimated cost for operation of BCT Line 109 for FY 2025-26 is reflected in the following table:

Estimated Expenditures 2025-2026

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

Historically, funding contribution requests have increased year-over-year at an average of 10%; however, for FY 2025-26, BCT Partner Cities were asked to contribute based on a 15% year-over-year increase from their last contribution in FY 2018-19. This approach sought to capture the increase in the Consumer Price Index along with increases in the Transit Operator contract costs, which is a separate service agreement held by the City ensuring comprehensive management and operation of bus services for the Transit Division. Included below is an overview of historical offset

funding provided by the BCT Partner Cities. BCT will utilize Prop A Local Return to cover the remaining costs after the BCT Partner Cities contributions.

Cost Sharing History Chart

City	Route Service Mile Allocation%	FY 2018-19 Actual	FY 2019-20 through FY2024- 2025 Actual	FY 2025-26 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
Total Contribution	100%	\$59,378	\$0	\$157,947
Prop A Local Return				\$462,838
Line 109 Total Gap				\$620,785

El Segundo

The City of El Segundo approved the proposed Agreement on June 17, 2025 to provide their proportionate share of \$60,132 for Line 109 services, with a term running from July 1, 2025 to June 30, 2026.

Manhattan Beach

The City of Manhattan Beach approved the proposed Agreement for BCT Line 109 services on June 18, 2025, at a cost of \$25,326, with a term running from July 1, 2025 to June 30, 2026.

City staff provides the cities of Hermosa Beach, Manhattan Beach, and El Segundo with service information and collaborates on operations, promotions, and marketing, and also provides updates regarding transit issues, when necessary. Staff continues to coordinate the distribution of BCT bus schedules at city halls, libraries, Chambers of Commerce, and employment centers in Redondo Beach, Hermosa Beach, Manhattan Beach, and El Segundo. Staff also provides ongoing assistance to ensure current BCT schedule information is posted to each city's website and any available social media pages. Staff will continue to monitor BCT Line 109 expenses to confirm that cost-sharing among partner cities remains aligned with the established Agreement.

Staff recommends City Council: approve the Transit Service Operations Agreement with the City of Manhattan Beach for \$25,326; approve the Transit Service Operations Agreement with the City of El Segundo for \$60,132; and, approve attached Resolutions to appropriate funding from both agencies to Transit Fund BCT Line 109 account

COORDINATION

Staff from the Transit Division coordinated with the City Attorney's Office and the cities of Manhattan Beach and El Segundo on the development of the Transit Service Operation Agreements, which have been approved as to form by the City Attorney's Office.

FISCAL IMPACT

As illustrated above, contributions from partner cities account for a small portion of the overall cost of BCT Line 109 services. The total annual cost of the Line is \$2,377,632 and is primarily funded by transportation restricted formula FAP and Proposition A Local Return funds. The funds provided by Manhattan Beach and El Segundo will be appropriated into the Transit Operations account to cover each cities' pro-rata share of Line 109 expenses.

FUNDING SOURCE

Manhattan Beach	\$25,326
El Segundo	<u>\$60,132</u>

EXPENSES

BCT Line 109	
Proportional Share	<u>\$85,458</u>

TOTAL	\$85,458
--------------	-----------------

TOTAL	\$85,458
--------------	-----------------

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- FY 2025-26 BCT Cost Sharing Proposal
- Agmt - Transit Service Operations Agreement with the City of Manhattan Beach
- Agmt - Transit Service Operations Agreement with the City of El Segundo
- Reso - No. CC-2508-063 Authorizing a FY 2025-26 Budget Modification to Allocate \$25,326 from the City of Manhattan Beach for Cost Sharing for Beach Cities Transit Line 109
- Reso - No. CC-2508-062 Authorizing a FY 2025-26 Budget Modification to Allocate \$60,132 from the City of El Segundo Beach for Cost Sharing for Beach Cities Transit Line 109