



Administrative Report

H.11., File # 25-1421

Meeting Date: 10/21/2025

To: MAYOR AND CITY COUNCIL

From: ELIZABETH HAUSE, COMMUNITY SERVICES DIRECTOR

TITLE

APPROVE A TRANSIT SERVICES AGREEMENT WITH THE CITY OF HERMOSA BEACH FOR OPERATION OF BEACH CITIES TRANSIT LINE 109 FOR A ONE-YEAR PERIOD, BEGINNING JULY 1, 2025 THROUGH JUNE 30, 2026, FOR A FEE OF \$17,183

ADOPT BY 4/5THS VOTE AND TITLE ONLY RESOLUTION NO. CC-2510-081, A RESOLUTION OF THE CITY OF REDONDO BEACH, CALIFORNIA, AUTHORIZING A FISCAL YEAR 2025-26 BUDGET MODIFICATION TO ALLOCATE \$17,183 FROM THE CITY OF HERMOSA BEACH 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 Los Angeles International Airport (LAX). To support the operational costs of the line, which runs through Hermosa Beach, Manhattan Beach, and El Segundo, the City maintains agreements with each BCT Partner City. During the pandemic, COVID-19 relief funds provided enough supplemental funding to allow the continuity of Line 109 without contributions from the BCT Partner Cities. With that funding no longer available, cost-sharing with BCT Partner Cities must resume. The City Council approved funding agreements with the cities of El Segundo and Manhattan Beach on August 19, 2025, and this item will formalize the one-year funding agreement approved by the City of Hermosa Beach in an amount of \$17,183. Staff recommends City Council approve the proposed Agreement with the City of Hermosa Beach to maintain Line 109 operations and approve the associated Resolution to appropriate the funding in the BCT Line 109 related transit fund.

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 BCT, 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 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) technology. Subsequent agreements have been executed with all BCT Partner Cities since 2006. The BCT Partners are informed of annual cost estimates through a 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, except for FY 2019-20 through FY 2024-25. During that period of time, the City 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. Additionally, Metro has indicated there will be a 10% decrease in anticipated funding in the upcoming fiscal year. These factors, coupled with rising costs for the operation of Line 109, have resulted in the need to resume cost sharing with BCT's partner agencies.

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 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	Formula All (FAP) \$1,626,847
Fuel \$252,329	
<u>RTI Capital/Ops</u>	<u>Fare Revenues \$130,000</u>
<u>\$22,500</u>	
Total Estimated Cost	Total Estimated Revenues \$1,756,847
\$2,377,632	<i>Net Shortfall \$620,785</i>

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 captures the increase in the Consumer Price Index, along with increases in the Transit Operator contract costs, which is managed through a separate service agreement held by the City to ensure comprehensive management and operation of bus service for the City's Transit Division. Included below is an overview of historical offset funding provided by the BCT Partner Cities. BCT will utilize Proposition A Local Return Funds to cover the remaining costs that exceed 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
Total Offset				\$620,785

El Segundo

The City of El Segundo approved the Agreement for BCT Line 109 services on June 17, 2025, at a cost of \$60,132, with a term running from July 1, 2025 to June 30, 2026. City Council approved this agreement on August 19, 2025.

Manhattan Beach

The City of Manhattan Beach approved the 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 Council approved this agreement on August 19, 2025.

Hermosa Beach

The City of Hermosa Beach approved the proposed Agreement for BCT Line 109 services on August 19, 2025, at a cost of \$17,183, 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, collaborates on operations, promotions, and marketing, and also provides updates regarding transit issues, when necessary. Staff also coordinates the distribution of BCT bus schedules at city halls, libraries, Chambers of Commerce, employment centers, and online via city websites and social media accounts in Redondo Beach, Hermosa Beach, Manhattan Beach, and El Segundo. Staff in the City of Redondo Beach is responsible for monitoring BCT Line 109 expenses to confirm that cost-sharing among partner cities remains aligned with the established agreements.

Staff recommends City Council approve the Transit Services Agreement with the City of Hermosa Beach for \$17,183 and the attached Resolution to appropriate funding from the City of Hermosa Beach in the Transit Fund BCT Line 109 account.

COORDINATION

Staff from the Transit Services Division coordinated the development of the Transit Services Agreement, with the City of Hermosa Beach. The agreement has 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 Allocation Procedure (FAP) and Proposition A Local Return funds. The funds provided by Hermosa Beach will be appropriated into the Transit Operations account to cover the City's pro-rata share of Line 109 expenses.

PARTNER CITY FUNDS

Manhattan Beach	\$ 25,326
El Segundo	\$ 60,132
Hermosa Beach	<u>\$ 17,183</u>
TOTAL	\$102,641

PARTNER CITY EXPENSES

BCT Line 109 Operations	<u>\$102,641</u>
TOTAL	\$102,641

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agmt - Transit Service Operations Agreement with the City of Hermosa Beach
- Reso - No. CC-2510-081 Authorizing a FY 2025-26 Budget Modification to Allocate \$17,183 from the City of Hermosa Beach for Cost Sharing for Beach Cities Transit Line 109
- FY 2025-26 BCT Cost Sharing Proposal