Attachment 2
Background Information on Beach Cities Transit Line 109

In 2006, the City of Redondo Beach executed Transit Service Operation Agreements with the Cities of Hermosa Beach, Manhattan Beach, El Segundo to assist in supporting the cost of the operation of BCT Line 109. Line 109 runs from Riviera Village to LAX Bus Center serving Redondo Beach, Hermosa Beach, Manhattan Beach, El Segundo and Metro Green Line stations at Aviation and Douglas.

At the time of BCT Line 109's implementation, the MTA annual revenue allocation to Redondo Beach for the operation of the discontinued Metro service was received based on a two-year lag process. MTA and farebox revenues received during the term of the first agreement did not achieve a level that could adequately support self-sufficient operation of BCT Line 109. An ongoing funding gap was also anticipated based on the estimated FY 2008-09 and FY 2009-10 MTA and farebox revenue projections. Therefore, another agreement was negotiated for a two year term (FY 2008-10).

In June 2009, Metro discontinued the operation of Lines 124 and 125. Redondo Beach preserved some of the South Bay service provided by those routes by taking over a portion of the Metro lines through expansion of BCT Line 109 along Rosecrans Avenue, and in the city of El Segundo. Concurrent with the takeover, a poorly performing segment of Line 109 was realigned, from Vista Del Mar to re-directing service along Rosecrans Avenue and Sepulveda Boulevard to the Douglas Green Line station (Gardena Municipal Bus Lines took over the remainder of the discontinued service). The BCT Line 109 expansion also extended the route into Plaza El Segundo per the request from the City of El Segundo.

These changes resulted in added route mileage and also increased annual service hours, which increased annual operating costs by more than $250,000 in FY 2009-10. The additional operation expense was covered by a net funding carryover from FY 2008-09 as a result of FY 2008-09 MTA revenues that exceeded the estimated receipts, therefore, providing a greater offset for operation costs during the two-year agreement period. However, declining statewide transportation revenues in FY 2009-10 resulted in decreased MTA funding, delaying Line 109 from becoming a self-sufficient route.

In 2011, the net operating funding gap for FY 2011-12 resulted in the need for continued cost sharing with each participating City in order to offset direct expenses of Line 109's operations. This shortfall was based on operating costs, Metro's Formula Allocation Procedure (FAP) Fund estimates, and on the assumption that Redondo Beach would not receive State Transit Assistance (STA) funds for FY 2011-12, which was uncertain at the time of the budget development. Fortunately, the STA funds were received, and the actual net operating expenses and revenues resulted in a lower shortfall of $96,469 for FY 2011-12.

In November 2011, Redondo Beach's City Council approved service changes based on the results of the BCT Comprehensive Operational Analysis study that was performed that year. In addition, Manhattan Beach staff requested a route change which would bring the route closer to the Manhattan Village Mall. The changes to Line 109 were implemented in late August 2012, which increased the total annual service hours and operating costs, resulting in a shortfall of $113,825 for FY 2012-13.

In 2013, all the participating Cities approved a two-year agreement effective July 1, 2013 to June 30, 2015. The estimated shortfall for FY 2013-14 was $62,048. The actual cost of operating Line 109 was $48,412 higher than was originally estimated due to unanticipated fuel cost increases, higher actual service hours, and lower fare revenues. The FY 2014-15 shortfall for Line 109 was estimated at $161,846. However, the actual fuel costs and actual service hour costs were lower than expected by approximately $111,000. In addition, fare revenues were approximately $11,000 lower than projected. All which resulted in a shortfall of $60,598 for FY 2014-15.

The funding gap in FY 2015-16 was $95,417. This gap accounts for increases in fuel costs, increases in the hourly service rate and operational costs, as well as increased Metro Formula Application Procedure (FAP) monies and projected farebox revenues.