



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Montgomery and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Richard Thompson, Director of Community Development
Ana Stevenson, Management Analyst

DATE: October 7, 2008

SUBJECT: Consideration of a Proposal from Beach Cities Transit to Participate in Funding Operation for the 109 Line for Two Years in Conjunction with the Cities of Hermosa Beach, El Segundo and Redondo Beach (\$61,300)

RECOMMENDATION:

Staff recommends that the City Council authorize the City Manager to enter into an agreement with Beach Cities Transit to continue funding Bus Line 109 for two years.

FISCAL IMPLICATION:

The estimated cost of funding the City's portion of the Line 109 is \$28,863 for fiscal year 2008-2009, and \$32,354 for 2009-2010 (total \$61,217). Local Transportation Proposition A funds are available to fund the project, with no appropriations required at this time.

BACKGROUND:

Line 109 runs from Redondo Beach to downtown Los Angeles, passing through Hermosa Beach, Manhattan Beach, El Segundo and LAX. The line operates roughly between the hours of 6:00 am to 10:00 pm on weekdays and 6:00 am to 9:00 pm on weekends. The route runs through Manhattan Beach along Manhattan Ave and Highland Ave every 30 to 60 minutes depending on the time of the day, and makes 12 stops within the City.

In May 2006, Line 109 replaced MTA Line 439 when MTA identified as "regionally underperforming" the portion of the line between south Redondo Beach and LAX, and decided to discontinue the service. Beach Cities Transit, a community-based transit system that operates out of the City of Redondo Beach, entered into two-year equitable cost-sharing agreements with the Cities of Redondo Beach, Hermosa Beach, El Segundo and Manhattan Beach to operate Line 109 mirroring MTA Line 439 route and schedule. The cost for the City of Manhattan Beach was \$86,640 per year per two years (total \$173,280). The goals were to continue providing mobility and mitigating vehicular congestion in the south bay cities.

Beach Cities Transit expected that Line 109 would qualify for funding from MTA in two years, no longer requiring a subsidy from any of the beach cities from 2008 on. However, Line 109 still has a

funding shortfall. Although the financial gap has been reduced by 29% from FY 2006-07 to FY 2008-09, the anticipated Formula Allocation Box and fare box revenues have not been sufficient to compensate for the remaining nominal financial shortfall and the rise in fuel prices.

DISCUSSION:

Beach Cities Transit proposes to continue supporting Line 109 with the benefiting cities sharing the cost. The issues to be considered in evaluating this proposal include the following:

Projected Costs

The estimated net cost of operating the Line is \$371,677 for two years. The portion of the cost to be paid by the City of Manhattan Beach is \$28,863 the first year, and \$32,354 the second year. The following is a breakdown of contributions from each city:

| | 2008-2010 | % |
|-----------------|-----------|--------|
| El Segundo | \$137,010 | 36.86% |
| Hermosa Beach | \$56,844 | 15.29% |
| Manhattan Beach | \$61,217 | 16.47% |
| Redondo Beach | \$116,606 | 31.37% |

* Based on service miles

Line Usage

Since the start of the operation two years ago, ridership has increased an average of 29% annually. Indicators show that Line 109 will continue to be a popular route for local commuters. Commuter ridership is most obvious during peak times originating from the Green Line Station traveling southbound and conversely during afternoon peak times (see exhibit A). There is a marked increase in ridership during the warmer months. There is no significant difference in ridership between weekdays and weekends.

| | FY 2006/07 | FY 2007/08 | Ridership increase % |
|-----------|---------------|---------------|-------------------------|
| July | N/A | 16,003 | |
| August | 9,522 | 14,577 | 53% |
| September | 10,423 | 13,727 | 32% |
| October | 10,342 | 14,610 | 41% |
| November | 10,259 | 13,208 | 29% |
| December | 10,158 | 11,921 | 17% |
| January | 10,590 | 12,820 | 21% |
| February | 10,845 | 12,840 | 18% |
| March | 12,035 | 14,557 | 21% |
| April | 12,349 | 16,282 | 32% |
| May | 13,981 | N/A | N/A |
| June | 14,194 | N/A | N/A |
| TOTAL | 124,698 | 140,545 | 29% |

Weekday peak ridership analysis shows that commuters use the Line 109 to come to Manhattan Beach early in the morning and leave in the afternoon.

| SOUTHBOUND - AM Thursday, May 29 2008 6:42-7:34am | Boardings | Alightings | NORTHBOUND - PM Wednesday, April 23 2008 15:41-16:38pm | Boardings | Alightings |
|---|-----------|------------|--|-----------|------------|
| Manhattan Beach | 0% | 23% | Manhattan Beach | 21% | 0% |

Indicators also show that 27% average of total commuters board and alight Line 109 in Manhattan Beach during the day in the warmer months.

| NORTHBOUND - AM Sunday, August 26, 2008 15:10 – 16:07 PM | Boardings | Alightings | NORTHBOUND - PM Friday, September 7, 2008 13:30 – 14:27 pm | Boardings | Alightings |
|--|-----------|------------|--|-----------|------------|
| Manhattan Beach | 27% | 25% | Manhattan Beach | 37% | 17% |

Other Beach Cities

The Cities of Hermosa Beach and El Segundo are also considering Beach Cities Transit’s proposal. At a recent meeting staff from both cities indicated that they intend to recommend to their city councils that their cities continue to participate in the program. The City Council of Hermosa Beach expects to consider this proposal on October 14, 2008, and the City Council of El Segundo on October 21, 2008.

CONCLUSION:

Staff feels participation in Line 109 is beneficial to Manhattan Beach. Increased investment in the use of public transportation provides significant, direct environmental benefits and helps meet national air quality standards. Line 109 provides a valuable service to both residents and visitors to the City. Highland Avenue and Manhattan Avenue frequently experience congestion as commuters travel in and out of the City. Failure to offer a public transportation alternative would likely result in increased northbound/southbound traffic volumes and exacerbate congestion problems.

Beach Cities Transit did not meet expectations for a fully funded “Pacific Coaster” line after two years. However, the bus line usage has been growing since it started, and there are other factors that were difficult to anticipate, like the significant increase in fuel cost. Beach Cities Transit will continue to pursue additional funding to cover the funding shortfall and seek out additional methods to lower the cost.

It is recommended that the Council authorize the City Manager to enter into an agreement with Beach Cities Transit to fund the proposed portion of the Bus Line 109, subject to the following:

Agenda Item #: _____

- The City's participation would be contingent on the Cities of Redondo Beach, Hermosa Beach and El Segundo also participating. Manhattan Beach would participate as a co-partner with the other cities.
- As a part of the agreement, Beach Cities Transit agreed to invest in improved marketing. The City will request performance indicators on regular basis.
- The agreement would cover a period of two years.

Exhibit: A. Proposal Letter from Beach Cities Transit



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August 28, 2008

Geoff Dolan
City Manager
City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, CA 90266

Subject: Line 109 City Manager Meeting Responses

Dear Mr. Dolan:

I would like to thank you for your patience and cooperation in working with the City of Redondo Beach and the Beach Cities Transit (BCT) to resolve issues relating to the contract agreement for Line 109 (the "Pacific Coaster"). Our staff has been working diligently during the past several weeks to provide your city with the most equitable cost sharing arrangement for Line 109.

Per your request in our last meeting, we are providing you with clarifications for the following inquiries:

1. Ridership Analysis per City along the Line 109 route
2. Explanation for the requested contributions
3. Existing Bus Lines along the Beach Cities Corridor (Attachment A)

Please feel free to contact Gwendolyn Parker at (310) 318-0631 ext 2246 or me at (310) 318-0631 ext 2246 for any questions and/or comments.

Sincerely,

Bill Workman
City Manager
City of Redondo Beach

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cc: Gwendolyn Parker, HBT, City of Redondo Beach
Richard Thompson, City of Manhattan Beach
Ana Stevenson, City of Manhattan Beach

RIDERSHIP ANALYSIS

Ridership analysis for Line 109 was performed to determine boarding and alighting activities between the Cities of El Segundo, Manhattan Beach, Hermosa Beach, and Redondo Beach. Ridership counts were taken at random one hour intervals one day per month from July 2007 to June 2008. Ridership counts were evaluated based on: trip direction (northbound, southbound), month, day and hour.

The analysis concluded very active ridership numbers. Some examples of the dynamic boardings and alightings per city are described below. Commuter ridership are most obvious during peak times originating from the Green Line Station travelling southbound and conversely during afternoon peak times. There is a marked increase in ridership during the warmer months. There was also no significant difference in ridership trends between weekdays and weekends.

Weekday Peak Mornings from LAX Southbound have the highest ridership activities. This particular trend may indicate that commuters are utilizing Line 109 to travel from the Green Line Station and points north to travel southbound towards the Beach Cities. Reverse commute northbound from Beach Cities toward Green Line Station conversely occurs beginning mid-afternoon. (See Graph A below.)

| <u>Southbound- AM</u> | | | <u>Northbound- PM</u> | | |
|------------------------------|-----------|------------|------------------------------|-----------|------------|
| Thursday, May 29, 2008 | Boardings | Alightings | Wednesday, April 23, 2008 | Boardings | Alightings |
| SOUTHBOUND | | | NORTHBOUND | | |
| 6:42-7:34am | 26 | 26 | 15:41-16:38pm | 19 | 19 |
| REDONDO | | | REDONDO | | |
| ↑ BEACH | 0% | 8% | ↓ BEACH | 37% | 5% |
| HERMOSA | | | HERMOSA | | |
| ↑ BEACH | 4% | 46% | ↓ BEACH | 21% | 16% |
| MANHATTAN | | | MANHATTAN | | |
| ↑ BEACH | 0% | 23% | ↓ BEACH | 21% | 0% |
| ↑ EL SEGUNDO | 0% | 15% | ↓ EL SEGUNDO | 21% | 11% |
| ↑ LA | 96% | 0% | ↓ LA | 0% | 68% |

Graph A

The analysis concluded that ridership activities are generally higher during the warmer months from April to October. (See Graph B below.)

Warmer Months

Cooler Months

| <u>Warmer Months</u> | | | <u>Cooler Months</u> | | |
|-----------------------------|-----------|------------|-----------------------------|-----------|------------|
| Sunday, August 26, 2007 | Boardings | Alightings | Sunday, January 13, 2008 | Boardings | Alightings |
| NORTHBOUND | | | NORTHBOUND | | |
| 15:10-16:07 PM | 30 | 28 | 10:10-11:07AM | 14 | 0 |
| REDONDO | | | REDONDO | | |
| ↓ BEACH | 23% | 14% | ↓ BEACH | 0% | 0% |
| HERMOSA | | | HERMOSA | | |
| ↓ BEACH | 27% | 7% | ↓ BEACH | 7% | 0% |
| MANHATTAN | | | MANHATTAN | | |
| ↓ BEACH | 27% | 25% | ↓ BEACH | 7% | 0% |
| ↓ EL SEGUNDO | 13% | 32% | ↓ EL SEGUNDO | 7% | 0% |
| ↓ LA | 10% | 21% | ↓ LA | 79% | 0% |

Graph B

Although there is a general increase during weekends, it is a minimal comparative difference between weekends and weekdays ridership activities. (Graph C)

Weekdays

Weekends

| <u>Weekdays</u> | | | <u>Weekends</u> | | |
|----------------------------------|-----------|------------|-------------------------------|-----------|------------|
| Friday, September 07, 2007 | Boardings | Alightings | Sunday, August 26, 2007 | Boardings | Alightings |
| NORTHBOUND | | | NORTHBOUND | | |
| 13:30-14:27pm | 19 | 18 | 15:10-16:07 PM | 30 | 28 |
| REDONDO | | | REDONDO | | |
| ↓ BEACH | 5% | 0% | ↓ BEACH | 23% | 14% |
| HERMOSA | | | HERMOSA | | |
| ↓ BEACH | 16% | 0% | ↓ BEACH | 27% | 7% |
| MANHATTAN | | | MANHATTAN | | |
| ↓ BEACH | 37% | 17% | ↓ BEACH | 27% | 25% |
| ↓ EL SEGUNDO | 42% | 17% | ↓ EL SEGUNDO | 13% | 32% |
| ↓ LA | 0% | 67% | ↓ LA | 10% | 21% |

Graph C

EXPLANATION FOR REQUESTED CONTRIBUTIONS

Letters were sent to the South Bay Cities requesting financial contributions for the continued operation of Line 109 between May and July 2008. Following are the explanations for the varying amounts.

May 22, 2008

Due to Metro's intention to cancel Metro Lines 124 and 126 which service the South Bay Cities, BCT planned to take over the cancelled lines in order to maintain transit connectivity. The May 22 letter incorporated the assumed costs for absorbing the discontinued lines increasing initial contributions by approximately 16%.

| MAY 22 LETTER | Initial Contribution | 2008-2009 | 2009-2010 |
|-----------------|----------------------|--------------|--------------|
| El Segundo | \$128,106 | \$149,127.45 | \$161,523.88 |
| Hermosa Beach | \$74,984 | \$86,881.52 | \$94,103.67 |
| Manhattan Beach | \$86,639 | \$100,385.79 | \$108,730.50 |

June 18, 2008

At Metro Board meeting, Metro decided against discontinuing lines.

June 24, 2008

Due to Metro's decision to maintain Metro Lines 124 & 126, cost assumptions associated with the absorption of Metro Lines 124 & 126 are not included, and required contributions were reduced accordingly. Redondo Beach assumed greater financial risk and burden of projected increase in petroleum costs.

| JUNE 24 LETTER | 2008-2009 | 2009-2010 |
|-----------------|-----------|-----------|
| El Segundo | \$40,305 | \$45,454 |
| Hermosa Beach | \$25,410 | \$27,466 |
| Manhattan Beach | \$26,286 | \$29,644 |
| Redondo Beach | \$83,239 | \$93,873 |

July 28, 2008

Final amounts accurately reflect fair distribution of contributions equally.

| JULY 28 LETTER | 2008-2009 | 2009-2010 |
|-----------------|-----------|-----------|
| El Segundo | \$64,598 | \$72,412 |
| Hermosa Beach | \$26,801 | \$30,043 |
| Manhattan Beach | \$28,863 | \$32,354 |
| Redondo Beach | \$54,978 | \$61,628 |

Difference between June 24 letter vs. July 28 Letters

| DIFFERENCE | 2008-2009 | 2009-2010 |
|-----------------|-----------|-----------|
| El Segundo | +\$24,293 | +\$26,958 |
| Hermosa Beach | +\$1,391 | +\$2,577 |
| Manhattan Beach | +\$2,577 | +\$2,710 |
| Redondo Beach | -\$28,261 | -\$32,245 |

Although the financial gap has been reduced, the anticipated Formula Allocation Funds and fare box revenues were not sufficient to compensate for the remaining nominal financial shortfall and the rise in fuel prices.

While we did not meet your expectation for a fully funded 'Pacific Coaster' line, we are hoping that your City continue to participate in this growing bus line through your City, and that the above two-year funding scenario to cover the funding shortfall is acceptable to your City. The BCT will continue to pursue additional funding to cover the funding shortfall and seek out additional methods to lower the costs. Several indicators have shown this Line 109 to be a very successful transit line through your City.