

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1999



 **METROLINK®**

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1999

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY**

**LOS ANGELES, CALIFORNIA**



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**SOUTHERN CALIFORNIA  
REGIONAL RAIL AUTHORITY**

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*A Joint Exercise of Powers Agreement Among:*

Los Angeles County Metropolitan Transportation Authority  
Orange County Transportation Authority  
Riverside County Transportation Commission  
San Bernardino Associated Governments  
Ventura County Transportation Commission

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 1999

Submitted by:  
Paul Sakamoto  
Director, Finance

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**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 1999**

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# **INTRODUCTORY**

Letter of Transmittal

Metrolink System Map

Board Members and Principal Officials

SCRRA Executive and Management Staff

Organization Chart

Certificate of Achievement

Mission Statement





**Member Agencies:**

Los Angeles County  
Metropolitan Transportation  
Authority.  
Orange County  
Transportation Authority.  
Riverside County  
Transportation Commission.  
San Bernardino  
Associated Governments.  
Ventura County  
Transportation Commission.

**Ex Officio Members:**

Southern California  
Association of Governments.  
San Diego Association  
of Governments.  
State of California.

November 16, 1999

The Board of Directors  
Southern California Regional Rail Authority  
700 South Flower Street, 26<sup>th</sup> Floor  
Los Angeles, California 90017

Dear Board Members:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Southern California Regional Rail Authority (SCRRA) for the fiscal year ended June 30, 1999. This report has been prepared by the accounting staff in the Department of Finance and Administration in accordance with guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and is in conformity with generally accepted accounting principles for state and local governmental entities established by the Governmental Accounting Standards Board (GASB).

The GFOA has recognized the SCRRA for each of the three previous years with a Certificate for Excellence in Financial Reporting for the CAFR. This report is developed with an emphasis on clarity, presentation and completeness in all material respects as to fairly present the financial position and results of the SCRRA's operations.

The responsibility for the accuracy, fairness and completeness of the financial statements, note disclosures, supplementary schedules, and statistical data presented rests with the management of the SCRRA. It is the representation of management that the data presents fairly, in all material respects, the financial operations of the SCRRA.

This CAFR is indicative of the SCRRA's commitment to provide accurate, concise financial information of the utmost quality to its governing board, to its member agencies, to the citizens of the area, and to all other interested parties. All disclosures necessary to gain a full understanding of the SCRRA's financial activities have been included.

The CAFR consists of three sections:

- The Introductory Section contains this transmittal letter, a listing of the Board of Directors and management, a chart depicting the SCRRA's organizational structure, a copy of the Certificate of Achievement Award granted by the GFOA for the fiscal year ended June 30, 1998, and the SCRRA's mission statement.
- The Financial Section includes the financial statements and related notes, and the Report of Independent Accountants on the financial statements.

- The unaudited Statistical Section contains comparative financial tables and schedules, demographic information, and statistics concerning operating trends, ridership data, fare structures, and other general information.

The SCRRA is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information relating to findings and recommendations and all other aspects concerning this single audit is included in a separate single audit report.

### **The Reporting Entity**

During the late 1980's, several agencies conducted studies and developed plans for commuter rail transportation in the Southern California region. These efforts gained momentum with the passage of local sales tax measures for transportation in Riverside and San Bernardino counties, and in 1990, in Los Angeles and Orange counties.

In June 1990, at the request of local officials, the California Legislature enacted Senate Bill 1402, Chapter 4 of Division 12 of the Public Utilities Code. This bill required the county transportation commissions of Los Angeles, Orange, Riverside and San Bernardino to jointly develop a plan for regional transit services within the multi-county region. Many of the supporters of commuter rail worked for state rail bond measures that passed in November 1990, and which, combined with local sources and other state funds, provided for the purchase of rail rights-of-way and construction of what was to become the Metrolink system.

In June 1991, following an eight-month cooperative planning effort, the four transportation commissions mentioned above combined with the Ventura County Transportation Commission, the Los Angeles-San Diego Rail Corridor Agency, and the Southern California Association of Governments to produce a report entitled "Southern California Commuter Rail, 1991 Regional System Plan." The report outlined plans for a system to connect Southern California with six commuter rail lines comprised of more than 400 miles of track and 60 stations by 1995. This ambitious plan would represent the nation's sixth largest commuter rail system.

In August 1991, the Southern California Regional Rail Authority (SCRRA), a regional Joint Powers Agency (JPA), was formed. Voting members with their respective number of votes are: Los Angeles County Metropolitan Transportation Authority (LACMTA), four votes; Orange County Transportation Authority (OCTA), two votes; Riverside County Transportation Commission (RCTC), two votes; San Bernardino Associated Governments (SANBAG), two votes; and Ventura County Transportation Commission (VCTC), one vote. Ex-officio members of the SCRRA include the Southern California Association of Governments (SCAG), the San Diego Association of Governments (SANDAG), and the State of California Department of Transportation (Caltrans).

The SCRRA is a separate entity apart from any member agency, each of which has an independent board. The member agencies and other public entities provide transportation within the counties served by the SCRRA. The SCRRA is not considered a component unit of any other reporting entity.

The SCRRA's purpose is to plan, design, construct, and administer the operation of regional passenger rail lines serving the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura. The SCRRA named the regional commuter rail system "Metrolink." The first three lines (San Bernardino, Santa Clarita, and Ventura) started operation in October 1992. The Riverside Line was added in June 1993, and the Orange County Line that extends 19 miles into northern San Diego County was added in April 1994. The sixth line, Inland Empire-Orange County, was added in October 1995. It was the nation's first suburb-to-suburb commuter rail line, running from San Bernardino to Irvine. In September 1995, the first regularly scheduled Saturday service, the San Bernardino Line's Saturday Explorer Trains, began operations. Saturday service was added on the Santa Clarita Line in February 1997. In September 1997 a new route was added connecting Los Angeles to Riverside via Fullerton.

Over its seven years of operations, the SCRRA has been systematically building the Metrolink commuter rail system for the next century. During FY1998/99, Metrolink carried its 32 millionth passenger and continues to add riders at a rate that fills one new passenger car each month, thereby continuing its record as the fastest growing commuter rail system in the nation.

The Metrolink commuter rail system's six-county service area encompasses 38,170.2 square miles, boasts a population of approximately 19.2 million, and is served by 416 miles of track.

### **Economic Condition and Outlook**

The SCRRA receives its primary funding from its member agencies. The majority of sources for transportation funds in these counties are local sales taxes (with the exception of Ventura County), State Rail Bond funds, State Transit Assistance funds, State Highway Account funds, State Transit Capital Improvement funds and Federal Transit Administration Capital funds.

At its annual retreat in April 1997, the SCRRA Board embarked on the creation of a new blueprint to guide further expansion and system improvements. This Strategic Plan projects service levels, ridership, and system improvements to meet demand into the year 2010 and describes goals and strategies in key service areas.

As Metrolink rolls towards the new millennium, Southern California's commuter rail system must continually expand to meet the needs of a growing, diverse population and a booming Southern California economy. During the fiscal year, the SCRRA began contract negotiations with Bombardier Corporation to acquire 28 additional rail cars estimated to cost \$47 million. Funding for these cars will come from federal, state and member agencies. The additional trains will help the system meet the constant demand for increased services.

The improvements that Metrolink has identified through the Strategic Plan will expand weekday services, provide riders with transit choices, and help meet the region's mobility needs over the next dozen years. In FY 1998-99, the Riverside County Transportation Commission (RCTC) adopted a budget that calls for building a platform at the Riverside downtown Metrolink Station and installing video security systems at all Riverside Metrolink Stations. The San Bernardino County Associated Governments retained the services of a consultant to conduct a feasibility study on extending service from San Bernardino to Redlands. The high-ridership San Bernardino Line will get more double track and platforms, allowing a dozen more daily trains. The Orange County Line, which has the highest ridership per train system-wide, will receive more double and triple track, nearly tripling the number of daily trains. The heavily traveled Riverside Line, which shares tracks with freight trains, is slated for

similar improvements along with a few more daily trains that would offer a speedier alternative to the increasingly congested 60 Freeway. The Antelope Valley Line, vital to serving a rapidly growing North Los Angeles County is targeted for track, tunnel and platform improvements that will allow higher train speeds and eight more daily trains. The Ventura County Line will get improved tracks, sidings, platforms and eight new daily trains.

Metrolink plans to stay on track, helping Southern California maintain a high quality of life today and tomorrow.

### **Congestion Reduction**

One of the SCRRA's long-term objectives is to reduce single-occupancy auto trips. Longer trips cause most of the congestion on Los Angeles County's freeways during rush hours. Each driver attracted to Metrolink travels an average of 36 miles. Overall, 70 percent of Metrolink riders used to drive alone. In each of the six travel corridors Metrolink serves, Metrolink carries the equivalent of 8.5% of freeway traffic during each peak period. Of all Metrolink trips, 70 percent end in the urban core, in or near downtown Los Angeles.

Over time, this improved regional access will help keep downtown Los Angeles (especially those areas with access to the expanding LACMTA's Metro Red Line subway) an attractive employment and shopping center.

### **Major Highlights and Achievements for Fiscal Year 1998-99**

Over the past seven years, the SCRRA has been carefully building Metrolink's commuter rail system to serve the next century. In FY 1997-98, the SCRRA Board initiated a management study and other reviews intended to strengthen the organization as an operating entity. Several processes within the organization were identified for improvement to continue ensuring Metrolink maintains its reputation as a world class commuter rail operation. In FY 1998-99, management started implementing the recommendations from the management study. Some of the more significant actions include:

- Developed sections of the Human Resources Policies and Procedures Manual.
- The Board awarded a contract to Ernst & Young for internal audit services.
- The adoption of the FY 99/00 budget that incorporated many of the budget recommendations from the Peer Group Report.
- Completion and implementation of organization-wide classification and compensation study.

Metrolink service continued to thrive as average daily ridership increased by nearly nine percent from 25,590 in FY 1997/98 to 27,894 in FY 1998/99. Metrolink keeps moving forward by continually working to broaden service offerings and attract new passengers within new demographic groups. Today, passengers travel on the nation's first suburb-to-suburb commuter rail line. They travel on Saturday Explorer trains for recreation, shopping, or family trips, and jump at the chance to ride weekend Metrolink "specials" to such events as the Los Angeles and Ventura County Fairs, the Tournament of Roses Parade, the California Speedway Indy car races, and high school proms. "Reverse" commute trains leaving from Los Angeles in the morning are transporting many passengers to jobs in other counties.

In October 1998, Metrolink nearly doubled service on the Orange County Line by adding nine more daily trips from Los Angeles Union Station to Oceanside. During this period, the SCRRA implemented an across the board 4 percent fare rate increase. On the Antelope Valley Line, work began on the construction of a new Metrolink Station at Newhall. Several other new major capital projects were completed during the fiscal year including:

- Newhall Siding – This project on the Newhall Station added passing track on the slowest, most congested portion of the single track line. This project also includes installation of emergency access road to the North portal of Tunnel 25.
- Burbank Airport Crossovers – This project installed four turn outs at the Burbank Airport Station and completed the associated signal work to split the crossovers into two interlockings. The project allows trains to access the Burbank Airport Station more quickly and allows more trains to serve this Station.
- Storage Track Modifications at Taylor Yard – This project installed utility connections along the storage tracks so that trains can receive cleaning without obstructing the full service tracks and, more importantly, minimizing the negative impacts on the surrounding neighborhoods.

Senate Bill 457 was signed into law in FY 1996/97, allowing commuter rail entities to assume Amtrak intercity operations from the state. In FY 1998/99, the SCRRA staff continued to participate in a study of the potential efficiencies of integrating intercity services with commuter rail services.

Metrolink improvements and accomplishments have not gone unnoticed. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the SCRRA for its' FY 97-98 Comprehensive Annual Financial Report.

## **Financial Information**

### ***Single Audit***

As a recipient of federal, state and county financial assistance, the SCRRA is responsible for ensuring an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. As referred to earlier, the SCRRA is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The auditor's report on the single audit for the fiscal year ended June 30, 1999 noted no instances of material weaknesses in the internal control structure or violation of applicable laws and regulations.

### ***Funding Sources and Results of Operations***

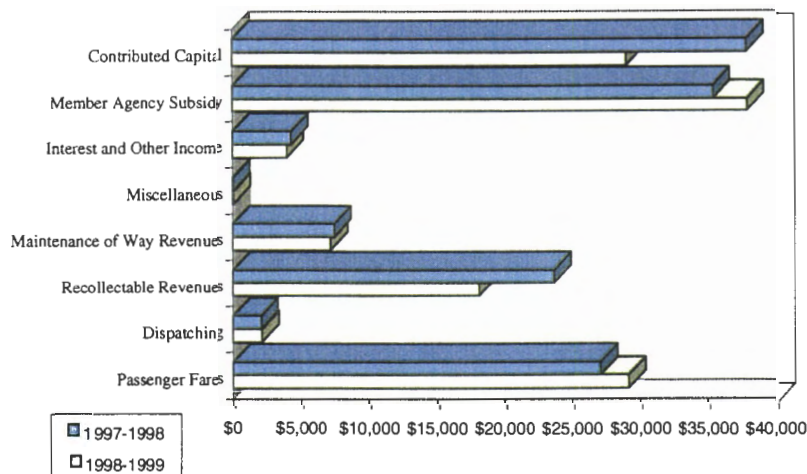
During the fiscal year ended June 30, 1999, the SCRRA received revenue from passenger fares, member agency contributions, and state and federal sources passed through the member agencies to the SCRRA.

The following table illustrates revenue sources by category for the fiscal year ended June 30, 1999 while the following graph compares revenue sources by category for fiscal years ended June 30, 1997-98 and 1998-99:

**Table 1.1 Fiscal Year 1998-99 Revenue by Sources**

Revenue Source (expressed in thousands)	Amount	Percentage of Total
Passenger fares	\$29,146	22.8%
Dispatching	2,134	1.7%
Recollectable revenues	18,101	14.2%
Maintenance of way revenues	7,211	5.6%
Miscellaneous	76	0.1%
Interest and other income	3,972	3.1%
Member agency subsidy	37,932	29.7%
Contributed capital	29,059	22.8%
<b>Total</b>	<b>\$127,631</b>	<b>100.0%</b>

**Chart 1.1 Revenues by Sources FY 1997-98 & FY 1998-99**

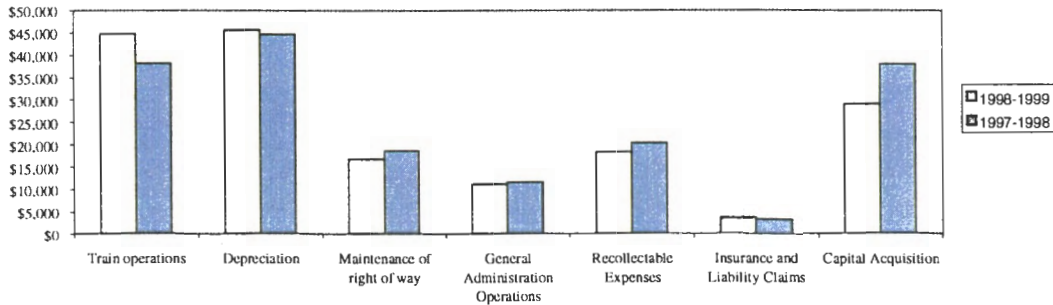


The decline in contributed capital resulted largely from the completion in FY 1997-98 of several capital projects. Passenger fares increased because of increase in ridership and fare rate. The decrease in recollectable revenue was largely due to the completion of several recollectable related projects.

**Table 1.2 Fiscal Year 1998-99 Expenses and Capital Expenditures by Category**

Expenditure Type (expressed in thousands)	Amount	Percentage of Total
Train operations and support	\$44,644	26.4%
Depreciation	45,610	27.0%
Maintenance of right of way	16,765	9.9%
General administration operations	11,100	6.6%
Recollectable expenses	18,336	10.8%
Insurance and liability claims	3,688	2.2%
Capital acquisition	29,059	17.1%
	\$169,202	100.0%

**Chart 1.2 Fiscal Year 1997-98 and 1998-99 Expenses and Capital Expenditures by Category**



Decrease in capital acquisition is related to the completion of several capital projects and is related to the decrease in contributed capital.

**Internal Control Structure**

The management of the SCRRRA is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the SCRRRA are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Evaluations of the internal control structure occur on a periodic basis. We believe the SCRRRA's current internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

**Budgetary Controls**

The SCRRRA's annual budget is adopted and approved by the SCRRRA Board of Directors which has the authority to amend the adopted budget. The budget outlines the expected funding sources and

expenditures that represent the SCRRA's year-long commitment to transportation projects and services. Comprehensive multi-year program plans, adopted when rail projects are approved for the final design and construction phase, provide project-length budgetary planning. The portion of costs expected to be incurred on each project during the fiscal year are included in the annual budget.

Budgetary controls are also maintained by the utilization of purchase orders limited to the boundaries of the budget and by establishing contractual obligations within the confines of the budget. These controls are maintained with the intent of ensuring compliance with legal provisions embodied in the annual non-appropriated budget approved by the Board.

### ***Cash Management***

All of the SCRRA's cash and investments at June 30, 1999 were on deposit with either the State of California State Treasurer's Office Local Agency Investment Fund (LAIF), Sanwa Bank Trust accounts or Union Bank. Cash funds are maintained in investments or commercial banks where idle balances are invested as permitted by state law and the SCRRA's investment policy.

Further details of the SCRRA's cash and investments at June 30, 1999 are set forth in the notes to the financial statements.

### **Risk Management**

The SCRRA is partially self-insured for its risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The self-insurance maximum for public liability and property claims is \$3,000,000 per occurrence. Claims in excess of this amount, up to an additional \$202,000,000, are covered by an insurance policy.

The SCRRA is fully insured for workers' compensation. SCRRA employees are covered through the State Fund Compensation Insurance in accordance with State law. All construction related accidental loss coverage is transferred to the SCRRA contractors through contract agreements. The deductible for the public liability is \$3,000,000 per occurrence. The all risk property insurance deductible is \$500,000 except for earthquake which is 5 percent of loss. During the past three years, no excess claims were incurred.

The SCRRA estimates and recognizes losses on the accrual basis, including estimates of claims incurred but not reported, based on the report of the SCRRA's independent claims' managers. The estimated claims liability through June 30, 1999 amounted to \$2,157,098. Claims paid amounted to \$1,112,881 and were funded from the Self Insurance Reserve as agreed by the member agencies.

### **Independent Audit**

The Joint Exercise of Powers Agreement of the SCRRA requires an annual audit be made by independent certified public accountants. The firm of Vasquez Farukhi & Company LLP has been retained to meet this requirement. The report of the independent accountants on the financial statements is included in the Financial Section of this CAFR.



## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the SCRRA for its CAFR for the fiscal year ended June 30, 1998. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The SCRRA received the Certificate of Achievement for the last four consecutive years ended June 30, 1998. We believe our current report continues to conform to the Certificate of Achievement program requirements and will be submitted to the GFOA.

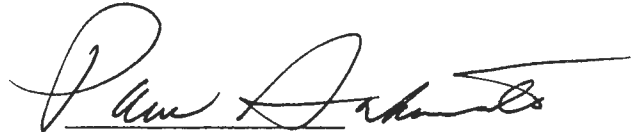
## Acknowledgments

This CAFR is the result of the dedicated service of the entire staff of the SCRRA's Department of Finance and Administration working in conjunction with many other SCRRA staff members and Vasquez Farukhi & Company LLP. This united effort has once again resulted in a CAFR that continues to display a commitment to excellence. The undersigned are especially appreciative of the Board of Directors and its dedicated leadership, providing a vision that will ensure the SCRRA is prepared for the challenges and opportunities of the future.

Respectfully submitted,



David Solow  
Chief Executive Officer



Paul Sakamoto  
Director of Finance

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VENTURA COUNTY

LOS ANGELES COUNTY

SAN BERNARDINO COUNTY



1113

## LEGEND

Effective June 1999

This map is not to scale

○ Future Station

— Ventura County Line

— Antelope Valley Line

— San Bernardino Line

— Riverside Line

— Orange County Line

— Inland Empire-Orange County Line

▬▬▬ Via Fullerton



Operated by MTA

— Metro Red Line (Subway)



— Metro Blue Line (Light Rail)

— Metro Green Line (Light Rail)

Southern California Regional Rail Authority



# SOUTHERN CALIFORNIA'S COMMUTER TRAIN SYSTEM

Los Angeles, Orange, Riverside, San Bernardino and Ventura counties formed the Southern California Regional Rail Authority (SCRRA) in 1991 to develop METROLINK, a regional commuter train system.

Trains carry long-distance commuters from outlying communities to centers of employment such as Burbank, Irvine and downtown Los Angeles. Train service began on three lines and now serves six lines, with a seventh yet to open. By the year 2010, METROLINK will connect Southern California with more than 450 miles of track and 51 stations, forming the nation's sixth largest commuter train system.

Instead of battling rush hour traffic to and from work, ride comfortable, fast, reliable METROLINK trains and turn your commute into a relaxing experience.

## LINES AND STATION LOCATIONS

### SAN BERNARDINO LINE

Trains run from San Bernardino to Los Angeles, paralleling the San Bernardino Freeway (I-10). The 57-mile commute from San Bernardino to Los Angeles takes 1 hour and 25 minutes.

- |  |  |  |
|--|--|--|
| • <b>SAN BERNARDINO</b><br>1204 W. 3rd Street  | • <b>MONTCLAIR</b><br>5091 Richton Street    | • <b>EL MONTE</b><br>10925 Railroad Street             |
| • <b>RIALTO</b><br>261 S. Palm Avenue          | • <b>CLAREMONT</b><br>200 W. 1st Street      | • <b>CAL STATE L.A.</b><br>5150 State University Drive |
| • <b>FONTANA</b><br>16777 Orange Way           | • <b>POMONA</b><br>205 Santa Fe Street       | • <b>L.A. UNION STATION</b><br>800 N. Alameda Street   |
| • <b>RANCHO CUCAMONGA</b><br>11208 Azusa Court | • <b>COVINA</b><br>600 N. Citrus Avenue      |  |
| • <b>UPLAND</b><br>300 East A Street           | • <b>BALDWIN PARK</b><br>3825 Downing Avenue |  |

### ANTELOPE VALLEY LINE

Trains run from Lancaster to Los Angeles, paralleling the Antelope Valley Freeway (State Route 14) and Golden State Freeway (I-5). The 76-mile trip takes 1 hour and 40 minutes.

- |   |  |  |
|---|--|--|
| • <b>LANCASTER</b><br>44812 N. Sierra Highway         | • <b>SANTA CLARITA</b><br>22122 Soledad Canyon Road        | • <b>GLENDALE</b><br>400 W. Cerritos Avenue          |
| • <b>VINCENT GRADE/ACTON</b><br>550 W. Sierra Highway | • <b>SYLMAR / SAN FERNANDO</b><br>2100 Frank Modugno Drive | • <b>L.A. UNION STATION</b><br>800 N. Alameda Street |
| • <b>PRINCESSA</b><br>19201 Via Princessa             | • <b>BURBANK</b><br>201 N. Front Street                    |  |

### RIVERSIDE LINE

Trains run from Riverside to Los Angeles, paralleling the Pomona Freeway (60). The 59-mile trip takes 1 hour and 15 minutes.

- |   |   |  |
|---|---|--|
| • <b>RIVERSIDE - DOWNTOWN</b><br>4066 Vine Street | • <b>EAST ONTARIO</b><br>3330 E. Francis Street | • <b>MONTEBELLO / COMMERCE</b><br>2000 Flotilla Street |
| • <b>THE PEDLEY STATION</b><br>6001 Pedley Road   | • <b>INDUSTRY</b><br>600 S. Brea Canyon Road    | • <b>L.A. UNION STATION</b><br>800 N. Alameda Street   |

### VENTURA COUNTY LINE

Trains run from Oxnard to Los Angeles, paralleling the Ventura Freeway (101) and the Simi Valley Freeway (118). The 66-mile trip takes 1 hour and 30 minutes.

- |   |  |  |
|---|--|--|
| • <b>OXNARD</b><br>201 East 4th Street          | • <b>CHATSWORTH</b><br>21510 Devonshire Street | • <b>BURBANK</b><br>201 N. Front Street              |
| • <b>CAMARILLO</b><br>30 Lewis Road             | • <b>NORTHRIDGE</b><br>8775 Wilbur Avenue      | • <b>GLENDALE</b><br>400 W. Cerritos Avenue          |
| • <b>MOORPARK</b><br>300 High Street            | • <b>VAN NUYS</b><br>7720 Van Nuys Boulevard   | • <b>L.A. UNION STATION</b><br>800 N. Alameda Street |
| • <b>SIMI VALLEY</b><br>5050 Los Angeles Avenue | • <b>BURBANK AIRPORT</b><br>3750 Empire Avenue |  |

### ORANGE COUNTY LINE

Trains run from Oceanside to Los Angeles, paralleling the Santa Ana Freeway (I-5). The 87-mile trip takes 1 hour and 45 minutes.

- |  |   |   |
|--|---|---|
| • <b>OCEANSIDE</b><br>235 S. Tremont Street          | • <b>SANTA ANA</b><br>1000 E. Santa Ana Boulevard | • <b>NORWALK / SANTA FE SPRINGS</b><br>12700 Imperial Highway |
| • <b>SAN CLEMENTE</b><br>1850 Avenida Estacion       | • <b>ORANGE</b><br>194 N. Atchison Street         | • <b>COMMERCE</b><br>6433 26th Street                         |
| • <b>SAN JUAN CAPISTRANO</b><br>26701 Verdugo Street | • <b>ANAHEIM</b><br>2150 E. Katella Avenue        | • <b>L.A. UNION STATION</b><br>800 N. Alameda Street          |
| • <b>IRVINE</b><br>15215 Barranca Parkway            | • <b>FULLERTON</b><br>120 E. Santa Fe Avenue      |   |

### INLAND EMPIRE - ORANGE COUNTY LINE

Trains run from San Bernardino to San Juan Capistrano, paralleling the Riverside Freeway (91), the Costa Mesa Freeway (55) and the Santa Ana Freeway (I-5). The 59-mile trip takes 1 hour and 35 minutes.

- |  |   |  |
|--|---|--|
| • <b>SAN BERNARDINO</b><br>1204 W. 3rd Street          | • <b>WEST CORONA</b><br>155 S. Auto Center Drive    | • <b>SANTA ANA</b><br>1000 E. Santa Ana Boulevard    |
| • <b>RIVERSIDE - DOWNTOWN</b><br>4066 Vine Street      | • <b>ANAHEIM CANYON</b><br>1039 Pacificcenter Drive | • <b>IRVINE</b><br>15215 Barranca Parkway            |
| • <b>RIVERSIDE - LA SIERRA</b><br>10901 Indiana Avenue | • <b>ORANGE</b><br>194 N. Atchison Street           | • <b>SAN JUAN CAPISTRANO</b><br>26701 Verdugo Street |

### VIA FULLERTON - LOS ANGELES

A 60-mile line will connect Riverside to Los Angeles via Fullerton, paralleling the Riverside Freeway (91) and the Santa Ana Freeway (I-5). Several new stations will be built in Orange and Riverside counties for this service which is expected to begin in 2001. Travel time to L.A. will be 1 hour and 30 minutes.

For more information on Metrolink schedules or fares call (800) 371-LINK or visit our website at [www.metrolinktrains.com](http://www.metrolinktrains.com) 

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY  
BOARD MEMBERS AND PRINCIPAL OFFICIALS  
AS OF JUNE 30, 1999**

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**BOARD OF DIRECTORS**

**Los Angeles County**  
Michael Antonovich  
Supervisor  
County of Los Angeles

Hal Bernson (Vice Chair)  
Council Member  
City of Los Angeles

Richard J. Riordan  
Mayor  
City of Los Angeles

Larry Zarian

**Orange County**  
Sarah Catz  
Commission Member  
OCTA

Charles V. Smith  
Supervisor  
Orange County

**Riverside County**  
Alex Clifford  
Council Member  
City of Riverside

Will Kleindienst  
Mayor  
City of Palm Springs

**Alternate**  
Robert T. Bartlett  
Mayor  
City of Monrovia

Nate Brogin  
Brogin Companies

James C. Ledford, Jr.  
Mayor  
City of Palmdale

Francine Oschin  
Council Member  
Hal Bernson's Office  
City of Los Angeles

Thomas W. Wilson \*  
Supervisor  
Orange County

Andrea Puga\*  
Council Member  
City of Corona

Ron Roberts\*  
Mayor  
City of Temecula

\* Alternates represent either member

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY  
BOARD MEMBERS AND PRINCIPAL OFFICIALS  
AS OF JUNE 30, 1999**

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**BOARD OF DIRECTORS (continued)**

**San Bernardino County**

Bill Alexander  
Mayor  
City of Rancho Cucamonga

**Alternate**

Larry Walker\*  
Auditor/Controller-Recorder  
San Bernardino County

Robert Nolan

Mayor  
City of Upland

Judith Valles\*

Mayor  
City of San Bernardino

**Ventura County**

Bill Davis (Chair)  
Mayor  
City of Simi Valley

Brian Humphrey  
Commission Member  
VCTC

**EX-OFFICIO MEMBERS**

**Southern California Association of Governments**

Art Brown, Mayor  
City of Buena Park

**San Diego Association of Governments**

**State of California**

Maria Contreras-Sweet  
Secretary, Business, Transportation and Housing

Alternate:

Robert W. Sassaman  
Caltrans - District 07

\* Alternates represent either member

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY  
SCRRA EXECUTIVE AND MANAGEMENT STAFF  
AS OF JUNE 30, 1999**

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**SCRRA EXECUTIVE STAFF**

<b>Name</b>	<b>Title</b>
David Solow	Executive Director
John Kerins	Director, Operations
William Lydon	Director, Equipment
Michael McGinley	Director, Engineering
Paul Sakamoto	Director, Finance

**SCRRA MANAGEMENT STAFF**

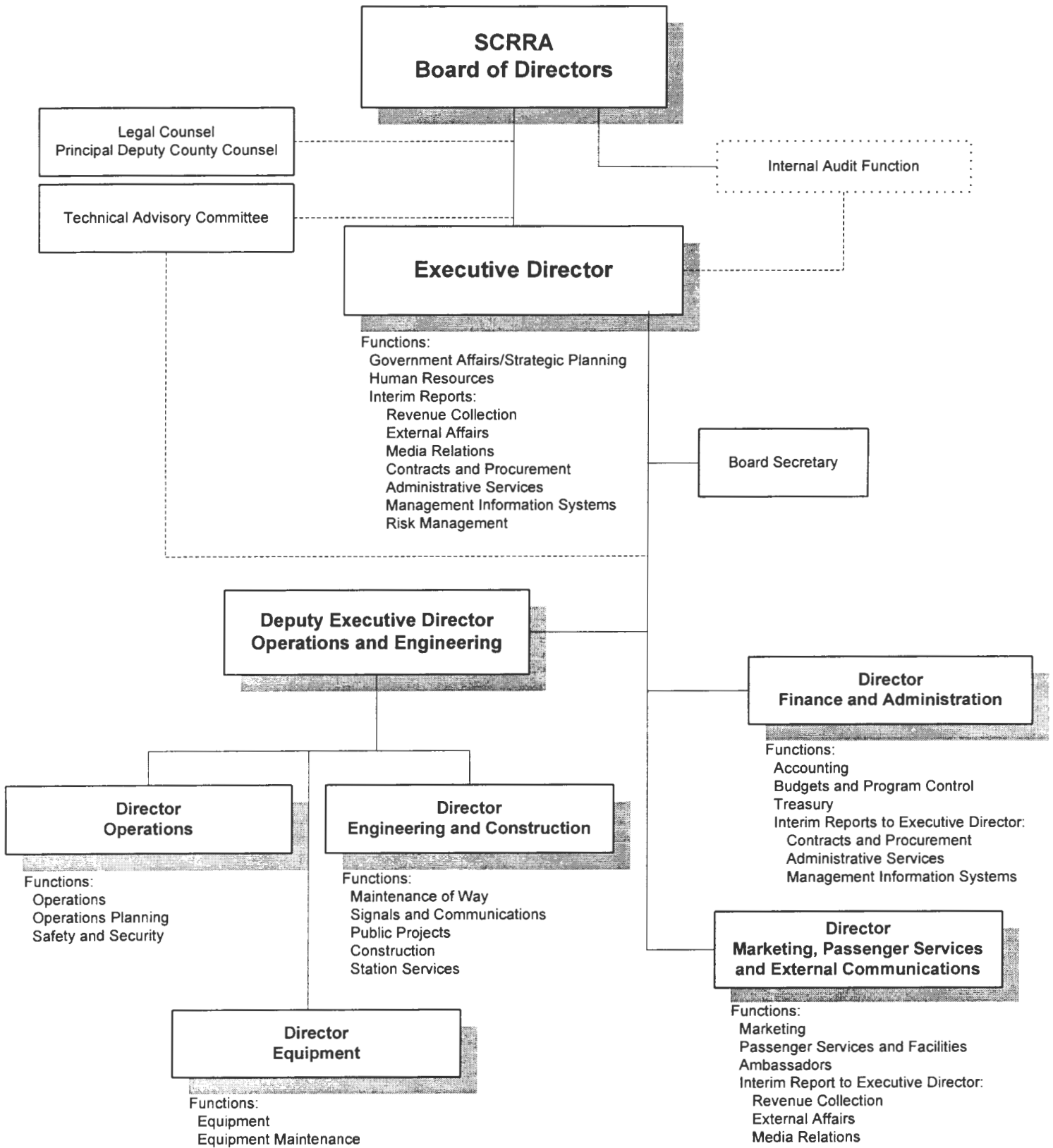
<b>Name</b>	<b>Title</b>
Mike Ridens	Manager, Structures
Bruce Ferguson	Manager, Budgets and Program Control
Dan Guerrero	Manager, Signals and Communications
Peter Hidalgo	Manager, Media and External Communications
Belynda Johnson	Manager, Marketing and Passenger Services
Art Mallette	Manager, Equipment
Dave Mansheim	Manager, Maintenance of Way
Ron Mathieu	Manager, Public Projects
Roger Mowrey	Manager, Operations Planning
Andy Okoro	Manager, Accounting
Ed Pederson	Manager, Rail Safety
Irene Shapiro	Manager, Human Resource
Lloyd Suehiro	Manager, Construction

**LEGAL COUNSEL**

Lloyd W. Pellman, Esq., County Counsel  
Helen S. Parker, Esq., Principal Deputy County Counsel

# Southern California Regional Rail Authority

Organization Chart  
June 30, 1999





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Southern California Regional Rail Authority

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Cary Brueck*  
President

*Jeffrey L. Essler*  
Executive Director



## MISSION STATEMENT

*Metrolink is a premier regional rail system, including commuter and other passenger services, linking communities to employment and activity centers.*

*Metrolink provides reliable transportation and mobility for the region, leading toward more livable communities.*

**Metrolink is committed to and characterized  
by the following attributes:**

- *Technically superior and safe operations*
- *Customer focus and accessibility*
- *Dependable, high-quality service*
- *Cost-effective, high-value service*
- *Strategically located network of lines and stations*
- *Integration with other transit modes*
- *Environmental sensitivity*
- *Community involvement and partnerships with both the public and private sectors*

## SECTION TWO

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# FINANCIAL

Report of Independent Accountants

Financial Statements

- Balance Sheets
- Statements of Revenues, Expenses and Changes in Retained Earnings
- Statements of Cash Flows

Notes to the Financial Statements



**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

**To the Board of Directors  
Southern California Regional Rail Authority**

We have audited the accompanying balance sheets of Southern California Regional Rail Authority (SCRRA) as of and for the years ended June 30, 1999 and 1998, and the related statements of revenues, expenses, and changes in retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the SCRRA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SCRRA as of June 30, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 16, 1999 on our consideration of SCRRA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The statistical data as identified in the table of contents is presented for purposes of additional analysis and is not a required part of these financial statements. Such additional information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

*Vasquez Farukhi & Company LLP.*

Los Angeles, California  
November 16, 1999

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**

**For The Years Ended June 30, 1999 And 1998**

**(Amounts Expressed In Thousands)**

	1999	1998
Operating revenues:		
Fares	\$29,146	\$27,072
Dispatching	2,134	2,052
Recollectable revenues	18,101	23,688
Maintenance of way revenues	7,211	7,463
Miscellaneous	76	24
Total operating revenues	56,668	60,299
Operating expenses:		
Train operations	55,744	49,543
Depreciation	45,610	44,565
Maintenance of right of way	16,765	18,544
Recollectable expenses	18,336	20,261
Insurance	2,299	2,549
Claims and judgements	1,389	609
Total operating expenses	140,143	136,071
Operating loss	(83,475)	(75,772)
Nonoperating revenues:		
Subsidies	36,955	34,696
Subsidies - claims and judgements	977	740
Net appreciation (depreciation) in fair value of investments	(73)	121
Amortization of deferred gain of lease / leaseback	1,312	1,198
Interest	2,733	2,958
Total nonoperating revenues	41,904	39,713
Net loss	(41,571)	(36,059)
Contributed capital adjustment for depreciation	45,610	44,565
Increase in retained earnings	4,039	8,506
Retained earnings, beginning of year	15,675	7,169
Retained earnings, end of year	\$19,714	\$15,675

The accompanying notes are an integral part of these financial statements

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY**

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 1999 And 1998**  
**(Amounts Expressed In Thousands)**

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Fares	\$28,844	\$27,671
Dispatching revenues	2,134	2,052
Recollectable revenues	15,811	17,803
Maintenance of way revenues	7,475	6,740
Miscellaneous receipts	76	24
Payments to employees	(8,808)	(7,615)
Payments to suppliers	(88,714)	(71,635)
Net cash (used) in operating activities	<u>(43,182)</u>	<u>(24,960)</u>
 Cash flows from noncapital financing activities:		
Subsidies received	36,045	33,143
Net cash provided by noncapital financing activities	<u>36,045</u>	<u>33,143</u>
 Cash flows from capital and related financing activities:		
Capital contributions received	28,750	23,897
Construction and purchases of capital assets	(28,375)	(34,724)
Payment on notes payable	(1,233)	(1,165)
Net cash (used in) capital and related financing activities	<u>(858)</u>	<u>(11,992)</u>
 Cash flows from investing activities:		
Interest received on lease proceeds	1,149	1,404
Other interest received	1,440	1,511
Sale of investments	476	2,530
Net cash provided by investing activities	<u>3,065</u>	<u>5,445</u>
 Net increase (decrease) in cash and cash equivalents	(4,930)	1,636
 Cash and cash equivalents, beginning of year	<u>19,143</u>	<u>17,507</u>
 Cash and cash equivalents, end of year	<u><u>\$14,213</u></u>	<u><u>\$19,143</u></u>

The accompanying notes are an integral part of these financial statements.

**Reconciliation of Operating Loss to Net  
Cash Provided by (Used in) Operating Activities**

	<u>1999</u>	<u>1998</u>
Operating loss	(\$83,475)	(\$75,772)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities:		
(Decrease) increase in other liabilities	82	(1,506)
(Decrease) increase in allowance for uncollectible accounts	-	(121)
(Decrease) increase in claims and judgments payable	-	(298)
(Increase) decrease in inventory	197	(452)
Depreciation	45,610	44,565
(Increase) decrease in fares receivable	(302)	433
(Increase) decrease in prepaid expenses	(6,806)	3,284
(Decrease) increase in accounts payable	3,786	(2,134)
(Increase) decrease in accounts receivable	<u>(2,274)</u>	<u>7,041</u>
Total adjustments	<u>40,293</u>	<u>50,812</u>
Net cash used in operating activities	<u><u>(\$43,182)</u></u>	<u><u>(\$24,960)</u></u>
 Noncash Financing Activities		
Net increase (decrease) in fair value of investments	(\$73)	\$121
Contributed capital	<u>309</u>	<u>14,006</u>
Total	<u><u>\$236</u></u>	<u><u>\$14,127</u></u>

The accompanying notes are an integral part of these financial statements.



# SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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### 1. Organization and Summary of Significant Accounting Policies:

#### Reporting Entity

The Southern California Regional Rail Authority (SCRRA) was established on August 1, 1991 through a Joint Exercise of Powers Agreement (JPA) among the following public agencies (member agencies):

- Los Angeles County Metropolitan Transportation Authority (LACMTA)
- Orange County Transportation Authority (OCTA)
- Riverside County Transportation Commission (RCTC)
- San Bernardino Associated Governments (SANBAG)
- Ventura County Transportation Commission (VCTC)

The SCRRA's purpose is to plan, design, construct and administer the operation of regional passenger rail lines serving the counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura.

The SCRRA's independent governing Board of Directors (Board) consists of eleven members appointed by the member agencies as follows:

LACMTA	4
OCTA	2
RCTC	2
SANBAG	2
VCTC	1

The member agencies and other public entities provide transportation within the counties served by the SCRRA. The SCRRA is not considered a component unit of any other reporting entity.

In addition to operating subsidies from the member agencies, the SCRRA receives capital contributions from member agencies, the State of California and the Federal Transit Administration.

#### Operating Agreements

The SCRRA entered into an operating agreement on June 1, 1992 with the National Rail Passenger Corporation (Amtrak). This agreement provided the terms and conditions for the daily operation of commuter rail service (Metrolink) and with the two-year option exercised, was effective to June 30, 1998. Effective July 1, 1998, the SCRRA entered into a new five year agreement with Amtrak to June 30, 2003. The new contract covers train operations excluding equipment maintenance. Effective June 29, 1999, the SCRRA Board awarded a three year Equipment Maintenance Services Contract to Bombardier Mass Transit Corporation.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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1. Organization and Summary of Significant Accounting Policies - Continued:

The SCRRA operates the Metrolink Commuter Rail on six lines; five of which terminate at the Los Angeles Union Station while originating in: Oxnard, Ventura County; Lancaster, Los Angeles County; San Bernardino, San Bernardino County; Riverside, Riverside County; and Oceanside, San Diego County. The sixth line, the Inland Empire - Orange County line terminates in Irvine/San Juan Capistrano, Orange County while originating in San Bernardino, San Bernardino County.

Staff and Facilities

The SCRRA contracts with the LACMTA to provide certain administrative services. As of June 30, 1999, the LACMTA provided the SCRRA with financial information systems and data base administration support. All other administrative services were performed by SCRRA staff during the fiscal year ended June 30, 1999.

Basis of Accounting

The financial statements of the SCRRA are prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation and New Accounting Pronouncements

The financial statements of the SCRRA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles for governments. The SCRRA has utilized the accounting principles and methods appropriate for a governmental enterprise activity and complies with the Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 for its proprietary activities.

In 1998, the SCRRA adopted GASB No. 27, "Accounting for Pensions by State and Local Governmental Employees." This statement establishes standards of accounting and financial reporting for pension expense and related pension liabilities, pension assets, note disclosures and required supplementary information in financial reports of state and local governmental employees. Both FY 1998 and 1999 financial statements as presented, have incorporated the provisions of GASB Statement No. 27.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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1. Organization and Summary of Significant Accounting Policies - Continued:

Budgetary Information

Annual non-appropriated budgets are adopted on a basis consistent with GAAP and lapse at year-end. The budget process provides for the SCRRA Board to approve a preliminary budget for the succeeding year by May 1 of each year. The preliminary budget is then submitted to the member agencies for approval of the operating and capital funding requirements. The SCRRA Board then adopts a final budget, not subject to appropriation, by June 30 of each year. State and local contributions to capital are estimated annually on the basis of funding agreements. These agreements may be modified depending on the actual amount of capital contributions received from the State of California. Capital contributions by the State are provided from voter approved bonds for passenger rail, clean air and transportation improvement propositions. Capital contributions are deemed to be provided solely for capital acquisition and construction.

Cash and Cash Equivalents

In accordance with GASB Statement No. 9, the SCRRA has defined, for purposes of the preparation of its statement of cash flows, cash and cash equivalents to include deposits and money market accounts with an original maturity date of three months or less excluding investment in the State of California Local Agency Investment Fund (LAIF), which is classified as investments.

Investments

Investments are stated at fair value except for investments in the LAIF which are stated at cost which approximates fair value. The value of each investment security has been determined based on the published closing price of the security as of June 30, 1999. Net appreciation (depreciation) in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) on those investments, is shown in the statement of revenues, expenses and changes in retained earnings.

The SCRRA, through an annual investment policy adopted by the Board, is authorized to invest in securities of the U.S. Government or its agencies, State of California and Local Agency Obligations, Bankers Acceptances, Commercial Paper, Negotiable Certificates of Deposit, Repurchase Agreements, Medium-term Maturity Corporate Securities, Money Market Funds, Other Mutual Funds, Mortgage or Asset-backed Securities, Investment Agreements, LAIF, California Arbitrage Management Program, Variable and Floating Rate Securities and Derivatives. Commissions and fees paid to investment managers are recorded as a reduction of investment income recognized by the SCRRA.

The SCRRA is a participant in the LAIF, an investment pool that is not SEC registered. An advisory board reviews and monitors the investment portfolio and strategies on a monthly basis.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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1. Organization and Summary of Significant Accounting Policies - Continued:

Property and Equipment

Property and equipment purchased or constructed are carried at cost. Donated assets are valued at the estimated fair value on the date received. Depreciation is provided over the estimated useful life of each asset and computed on a straight-line basis beginning the fiscal year after the asset is placed in service.

Estimated lives of classes of assets are as follows:

Buildings/right-of-way improvements	30 years
Signal improvements	25 years
Rail vehicles	10 years
Other equipment	10 years
Other vehicles	5-7 years

Assets acquired with state and local grants are included in property and equipment. Depreciation on these assets is included in the results of operations for the year and contributed capital is reduced by the amount of depreciation.

Inventory

Inventory consists of spare parts that are recorded when purchased and expensed when used. As part of the Equipment Maintenance Services Contract between the SCRRA and Bombardier Mass Transit, Bombardier controls, monitors and values the SCRRA's inventory using an average cost methodology to value significant items.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Compensated Absences

Substantially all employees earn Time-Off-With-Pay (TOWP) for vacation, illness and certain other qualifying absences each pay period. The number of hours accrued is based generally on length of service. Compensated absences which have been earned but not paid have been accrued in the accompanying financial statements.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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1. Organization and Summary of Significant Accounting Policies - Continued:

Deferred Lease Proceeds

Deferred lease proceeds represent the balance of the deferred gains recorded from FY 1996 and FY 1999 lease/leaseback transactions. The deferred gains are being amortized in proportion to the amortization of the lease payments on a straight line basis. The amount of current amortization has been included in the results of operations.

Deferred Revenue

Deferred revenue represents cash received by the SCRRA before it has a legal claim to it, as when operating subsidies or capital contributions are received prior to the incurrence of qualifying expenses.

Advances for Construction

The SCRRA entered into agreements with local governments and other agencies whereby the SCRRA would construct or manage the construction contracts of rail stations and improvements on their behalf. The amounts advanced to SCRRA for construction costs were \$1,868,000 and \$1,713,566 as of June 30, 1999 and 1998, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data/Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation.

2. Cash and Investments:

Deposits

The net book carrying amounts of the SCRRA's deposits were \$14,212,902 and \$19,143,034 and the bank balances were \$20,268,195 and \$19,011,474 at June 30, 1999 and 1998, respectively. The differences are outstanding checks, deposits in transit and the ticket vending machine change fund. At June 30, 1999, the \$14,212,902 in cash and cash equivalents included a \$6,100,000 certificate of deposit pledged as a requirement to litigation which is under appeal. Of

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

2. Cash and Investments - Continued:

the bank balances, \$200,000 is covered by the Federal Deposit Insurance Corporation with the excess amount covered by collateral held by the pledging bank's trust department or agent, but not in the SCRRA's name. California Code Section 53601 requires California financial institutions to collateralize deposits of public funds by pledging government securities as collateral. Such collateralization of public funds is accomplished by pooling. The market value of pledged securities must equal at least 110% of the public funds' deposits. California law also allows financial institutions to secure public funds' deposits by pledging first trust deed mortgage notes having a value equal to 150% of a governmental unit's total deposit.

Investments

The SCRRA's investments at June 30, 1999 are categorized below to give an indication of the level of custodian risk assumed by the SCRRA.

- Category 1 includes investments that are insured or registered or held by the SCRRA or its agent in the SCRRA's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the SCRRA's name.
- Category 3 includes uninsured and registered investments for which securities are held by the counterparty's trust department or agent but not in the SCRRA's name.

Investments consisted of the following (amount in thousands):

	Risk Category	June 30, 1999		June 30, 1998	
		Fair Value	Carrying Value	Fair Value	Carrying Value
<b>Categorized Investments</b>					
Corporate obligations	1	\$1,190	\$1,190	\$3,277	\$3,257
Governments and agencies	1	19,481	19,500	12,753	12,935
Total categorized investments		20,671	20,690	16,030	16,192
<b>Noncategorized Investments</b>					
Deferred compensation plan Investments		1,221	1,221	556	556
Local Agency Investment Fund		15,975	15,975	19,997	19,997
Total noncategorized investments		17,196	17,196	20,553	20,553
Total Investments		\$37,867	\$37,886	\$36,583	\$36,745

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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2. Cash and Investments - Continued:

Investments not evidenced by securities are presented as noncategorized.

The reconciliation of investments as shown on the balance sheet is as follows (amounts in thousands):

Reported as:	June 30, 1999	June 30, 199
Short-term investments	\$30,625	\$27,527
Deferred compensation	1,221	556
Long-term investments	6,040	8,662
Total Investments	\$37,886	\$36,745

The net realized gain (loss) on the sale of investments was \$61,524 and (\$40,865) in 1999 and 1998, respectively. The calculation of realized gains and losses is independent of a calculation of the net change in the value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and current year.

3. Due From Other Agencies:

The amounts due from other agencies consist of construction costs, capital contribution receivables, and operating subsidies incurred on their behalf. The following summarizes the amounts due from other agencies (amounts in thousands):

	Balance June 30, 1999	Balance June 30, 1998
Construction costs	\$9,488	\$12,166
Contributed capital	2,207	1,898
Operating subsidies	27	2,371
Total	\$11,722	\$16,435

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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4. Property and Equipment:

The following schedule summarizes property and equipment (amounts in thousands):

	Balance June 30, 1999	Balance June 30, 1998
Building/right-of-way improvements	\$672,398	\$635,807
Rail vehicles	225,346	218,218
Other equipment	18,374	18,374
Support vehicles	3,593	3,493
Construction in progress	4,775	17,510
Total	924,487	893,402
Accumulated depreciation	(216,211)	(170,601)
Property and Equipment(net)	\$708,275	\$722,801

5. Notes Payable:

The SCRRA has several notes payable bearing interest at various rates ranging from 9% to 16% and they are payable in semi-annual installments through February 2002. Future payments are as follows (amounts in thousands):

Fiscal Years Ending June 30,	Amount
2000	\$928
2001	314
2002	332
Total	\$1,574



SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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6. Lease/Leaseback:

In fiscal year 1996, the SCRRA Board entered into an agreement to lease 94 coach and cab cars (cars) and 31 locomotives and simultaneously entered into a sublease agreement with the lessee to lease them back. The SCRRA received proceeds of approximately \$193.9 million of which it used approximately \$152.3 million to prepay future lease payments and defease part of its obligation. This prepayment amount is sufficient to cover the loan amount taken by the lessee through the years 2012 and 2014 for the locomotives and the cars, respectively. In addition, the Board invested approximately \$21,183,000 in U.S. Zero Coupon Treasury strips. The Treasury strips will mature at values sufficient to cover all remaining lease payments due under the lease agreement as well as amounts necessary to exercise the repurchase options. As a result, all obligations under this lease/leaseback transaction are considered to be defeased in substance. Accordingly, the related debt and the investment, have been excluded from the SCRRA's financial statements.

The deferred benefit for the SCRRA from the lease/leaseback agreement was approximately \$20.4 million, which is being amortized over the life of the leases. The amortization for each of the fiscal years ended June 30, 1999 and 1998 was \$1,197,552.

In fiscal year 1999, the SCRRA entered into another agreement to lease 25 bi-level commuter rail cars and 2 diesel locomotives and simultaneously entered into sublease agreement with the lessee to lease them back. The SCRRA received proceeds of approximately \$36.5 million of which it used \$24.7 million and \$7.7 million for debt and equity defeasance, respectively. This amount is sufficient to cover all lease payments due under the agreements and to exercise the repurchase options. As a result, all obligations under this lease/leaseback transaction are considered defeased in substance. Accordingly, the related debt and the investment have been excluded from the SCRRA's financial statements.

The deferred benefit for the SCRRA from the lease/leaseback agreement was approximately \$3.8 million, which is being amortized over the life of the leases. The amortization for the fiscal year ended June 30, 1999 was \$114,810.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

7. Equity:

The following schedule reflects changes to equity for the years ended June 30, 1999 and 1998 (amounts in thousands):

	Retained Earnings	Contributed Capital		
		LACMTA	OCTA	RCTC
Balance July 1, 1997	\$7,169	\$118,554	\$27,931	\$14,217
Net loss for the year ended June 30, 1998	(36,059)	-	-	-
Depreciation on assets acquired with contributed capital	44,565	(7,327)	(1,726)	(879)
Capital contributions	-	8,161	2,604	528
Balance June 30, 1998	15,675	119,388	28,809	13,866
Net loss for the year ended June 30, 1999	(41,571)	-	-	-
Depreciation on assets acquired with contributed capital	45,610	(7,622)	(1,839)	(885)
Capital contributions	-	11,327	2,316	455
Balance June 30, 1999	\$19,714	\$123,093	\$29,286	\$13,436

## SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

June 30, 1999

## 7. Equity - Continued:

Contributed Capital						TOTAL
SANBAG	VCTC	STATE	FEDERAL	AMTRAK	TOTAL	EQUITY
\$28,185	\$125	\$498,964	\$31,153	\$1,900	\$721,029	\$728,198
-	-	-	-	-	-	(36,059)
(1,742)	(8)	(30,839)	(1,926)	(117)	(44,565)	-
1,084	194	22,528	1,639	1,164	37,903	37,903
27,527	311	490,653	30,866	2,947	714,367	730,042
-	-	-	-	-	-	(41,571)
(1,758)	(20)	(31,327)	(1,971)	(188)	(45,610)	-
966	308	11,579	1,936	172	29,059	29,059
\$26,735	\$599	\$470,905	\$30,831	\$2,931	\$697,816	\$717,530

## 8. Operating Leases:

The SCRRA is committed under various leases for building, office space and equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the years ended June 30, 1999 and 1998 were \$1,248,519 and \$1,841,139, respectively.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

The future minimum lease payments for these leases are as follows:

Fiscal Years Ending June 30,	Amount
2000	\$1,198,116
2001	1,132,915
2002	1,047,379
2003	729,377
2004	475,169
Thereafter	934,859
	<u>\$5,517,815</u>

9. Risk Management:

The SCRRA is partially self-insured for its risk of loss from operations related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The self-insurance maximum for public liability and property damage claims is \$3,000,000 per occurrence. Claims in excess of this amount are covered by an insurance policy up to an additional \$202,000,000. All risk property insurance levels are \$125,000,000 plus a \$100,000,000 quake and flood. During the prior three years, no excess claims were incurred.

Funding for self-insured operating claims is provided through a contributed reserve of \$2.5 million established by the SCRRA member agencies in 1993. This reserve is replenished when balances fall below estimated claims for the next fiscal year. Insurance claims funded from this reserve for the fiscal years ended June 30, 1997, 1998 and 1999 amounted to \$566,418, \$406,479 and \$1,112,881 respectively.

The SCRRA is fully insured for workers' compensation. SCRRA employees are covered for workers' compensation through State Fund in accordance with state law. All construction related accidental loss coverage is transferred to the SCRRA contractors through contract agreements. The deductible for the public liability is \$3,000,000 per occurrence. The all risk property insurance deductible is \$500,000 except for earthquake which is 5% of loss. During the past three years, no excess claims were incurred.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

9. Risk Management - Continued:

The SCRRA's practice is to estimate and recognize losses on the accrual basis, including estimates of claims incurred but not reported, based on the report of the SCRRA's independent claims managers. The estimated claims liability and changes in the claims liability amount in fiscal year 1999 and fiscal year 1998 were:

Claims liability at the beginning of the year	\$2,157,098	\$2,455,005
Claims incurred/changes in estimate	1,112,881	108,572
Payments on claims	(1,112,881)	(406,479)
Claims liability at the end of the year	<u>\$2,157,098</u>	<u>\$2,157,098</u>

10. Pension and Post-Retirement Benefits:

Plan Description

The SCRRA's defined benefit pension plan, SCRRA Miscellaneous Plan, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The SCRRA Miscellaneous Plan is part of the public agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The SCRRA selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through the SCRRA Board Resolution. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS annual financial report may be obtained from CalPERS Executive Office, 400 P. Street, Sacramento, California 95814.

Funding Policy

Active plan members of the SCRRA Miscellaneous Plan are required to contribute 7% of their annual covered salary. The SCRRA is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required contribution for fiscal year 1998/99 was 8.118% of annual covered payroll. The contribution requirements of the plan members are established by State statute and the SCRRA's contribution rate is established and may be amended by CalPERS.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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10. Pension and Post Retirement Benefits - Continued:

Annual Pension Cost

For fiscal year 1999, the SCRRA's annual pension cost was \$484,966 and the SCRRA actually contributed \$484,966. The required contribution was determined as part of the June 30, 1997 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percentage of pay. The actuarial assumptions included: (a) an 8.25% investment rate of return; (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20%; and (c) a 3.75% salary growth. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of the SCRRA's Miscellaneous Plan assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two year period. The unfunded accrued actuarial liability of SCRRA's Miscellaneous Plan is being amortized as a level percentage of projected payroll on a closed basis. The funding horizon for the SCRRA's Miscellaneous Plan is June 30, 2015.

Three-year Trend Information for the SCRRA Miscellaneous Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/95	\$121,675	100.0%	0
6/30/96	136,619	100.0%	0
6/30/97	343,368	100.0%	0

Required Supplementary Information

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As % Of Payroll
6/30/95	\$340,957	\$218,208	122,749	64.0%	\$1,906,843	6.437%
6/30/96	589,243	519,155	70,088	88.1%	2,141,037	3.274%
6/30/97	1,330,452	1,298,376	32,076	97.6%	5,151,990	0.623%

11. Deferred Compensation Plan:

SCRRA offers its employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The market value of the deferred compensation plan assets as of June 30, 1999 is \$1,220,738.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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11. Deferred Compensation Plan - Continued:

Under the deferred compensation plan which is administered by a third-party administrator, employees are allowed to defer on a pre-tax basis a portion of their earnings up to the lesser of 25% or \$8,000 a year. Employee deferrals can be allocated among several investment funds managed by the fund administrator. Benefits under this plan are not available to employees until termination, retirement, death or unforeseeable emergency.

As a result of changes under the Small Business Job Protection Act of 1996, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts must be held in trust, custodial accounts, or annuity contract, for the exclusive benefit of the employee participants and their beneficiaries. The law effectively repeals the requirement that a section 457 plan sponsored by a governmental entity be solely the property of the employer, subject only to the claims of the employer's general creditors.

These new law changes generally apply to tax years beginning after December 31, 1996. If there was a plan in existence on the date of the enactment of the law (August 20, 1996), a trust need not be established before January 1, 1999. Before January 1, 1999, the SCRRA acted to designate the SCRRA as the trustee for the assets in the deferred compensation account. Both the assets and liabilities of the plan have been separately identified in the financial statements.

The following is a summary of the increases and decreases in the deferred compensation plan during the fiscal year:

Assets, beginning of year (market value)	\$556,206
Contributions made	206,629
Earnings on contributions	180,338
Withdrawals of contributions	(8,542)
Transfers from other plans	286,107
Assets, end of year (market value)	<u>\$1,220,738</u>

12. Litigation and Other Contingencies:

The SCRRA is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, resolution of these matters will not have a material adverse effect on the financial condition of the SCRRA.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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13. Year 2000 Issue:

The year 2000 issue is the result of shortcomings in many electronic data-processing systems and other equipment which may adversely affect operations in the year 1999 and beyond. The year 2000 problem affects many computer systems and other electronic equipment necessary for the continued and uninterrupted operations of the SCRRA. As of June 30, 1999, the SCRRA has identified all critical systems that impact the operations of the agency and has identified the required actions necessary to address year 2000 issues related to these systems. Key financial applications systems have been upgraded. Other critical systems are in use by contractors providing critical services for the SCRRA. As of June 30, 1999, the SCRRA has not committed material financial resources to upgrading the systems in use by contractors. The cost of making these systems year 2000 ready will be borne by the respective contractors. With regards to all critical systems, the SCRRA is either at remediation or validation/testing stage.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the SCRRA is or will be year 2000 ready, that the SCRRA's remediation efforts will be successful in whole or in part, or that parties with whom the SCRRA does business will be year 2000 ready.



## SECTION THREE

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# STATISTICAL

Table of Revenues, Expenses and Capital Expenditures for Five Years

Multi-Year Operating Statistics

- Total Train Miles
- Service Hours
- On-Time Performance
- Ridership, Average Daily Ridership
- Passenger Fares
- Subsidy/Passenger Mile

Miscellaneous Statistics

Fare Information



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**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY**  
**TABLE OF REVENUES, EXPENSES AND CAPITAL EXPENDITURES (From Inception To Date)**

	Years Ended June 30, (Expressed in Thousands)	
	1999	1998
Revenue Sources		
Passenger Fares	\$29,146	\$27,072
Member Agency Operating Subsidies	37,932	35,436
Emergency Period Subsidies	-	-
Interest and Other Income	2,733	2,982
Contributed Capital	29,059	37,903
Dispatching Revenues *	2,134	2,052
Recollectable Revenues*	18,101	23,688
Maintenance of Way Revenues*	7,211	7,463
Total Revenues	<u>\$126,316</u>	<u>\$136,596</u>
Expenses and Expenditures		
Train Operations and Support	\$44,644	\$38,841
Depreciation & Amortization	45,610	44,565
Maintenance of Right of Way*	16,765	18,544
Train Operations Emergency Period	-	-
General Administration	11,100	10,702
Insurance and Liability Claims	3,688	3,158
Assets Acquired/Contributed Capital	29,059	37,903
Total Expenses and Expenditures	<u>\$150,866</u>	<u>\$153,713</u>
Sources of Contributed Capital		
FEMA, FHWA	\$ -	\$ -
Federal Transit Administration	1,936	1,639
State of California	11,579	22,528
L.A.C. Metropolitan Transportation	11,327	8,161
Orange County Transportation	2,316	2,604
Riverside County Transportation	455	528
San Bernardino Associated	966	1,085
Ventura County Transportation	308	194
Amtrak	172	1,164
Total Contributed Capital	<u>\$29,059</u>	<u>\$37,903</u>

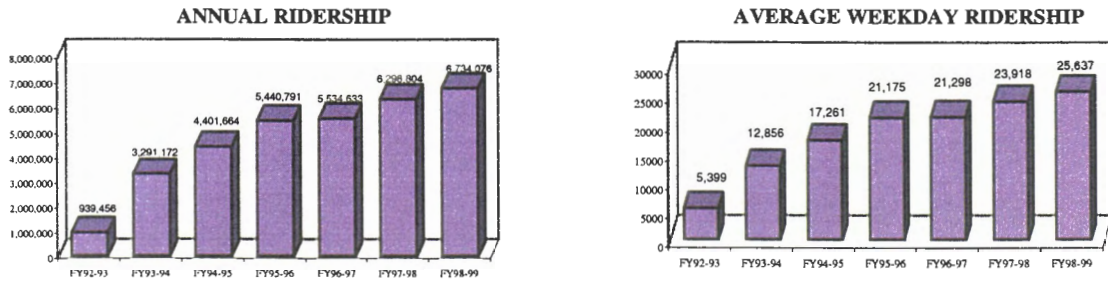
\* Prior to FY 1997, dispatching, recollectable, Maintenance of Way revenues and recollectable expenses were netted against Maintenance of Way expenses.

Years Ended June 30 (Expressed in Thousands)					
1997	1996	1995	1994	1993	1992
\$24,370	\$21,762	\$16,367	\$10,655	\$2,460	\$ -
30,708	33,260	33,836	25,004	16,234	500
-	-	1,439	5,861	-	-
3,613	2,424	1,985	1,291	578	500
55,761	69,924	120,372	192,623	296,204	115,597
2,085	-	-	-	-	-
9,488	-	-	-	-	-
8,188	-	-	-	-	-
<u>\$134,213</u>	<u>\$127,370</u>	<u>\$173,999</u>	<u>\$235,434</u>	<u>\$315,476</u>	<u>\$116,597</u>
\$35,198	\$33,524	\$30,133	\$21,863	\$11,346	\$ -
32,980	29,486	27,786	23,620	12,272	-
16,014	9,607	10,353	6,368	2,688	-
-	-	1,439	5,861	-	-
10,104	8,440	7,286	5,701	1,957	865
3,843	5,238	3,359	2,690	2,963	-
55,761	69,924	120,372	192,623	296,204	115,597
<u>\$153,900</u>	<u>\$156,219</u>	<u>\$200,728</u>	<u>\$258,726</u>	<u>\$327,430</u>	<u>\$116,462</u>
\$ -	\$ -	\$5,076	\$29,228	\$ -	\$ -
2,291	849	-	-	-	-
26,273	66,319	84,490	125,449	241,604	42,565
8,744	1,585	19,258	29,436	26,958	55,978
10,459	2,154	812	6,572	11,529	217
2,240	(18)	1,878	584	10,235	1,716
3,806	(771)	8,314	1,354	5,878	15,083
(39)	(194)	544	-	-	38
1,987	-	-	-	-	-
<u>\$55,761</u>	<u>\$69,924</u>	<u>\$120,372</u>	<u>\$192,623</u>	<u>\$296,204</u>	<u>\$115,597</u>

# SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY MULTI-YEAR OPERATING STATISTICS

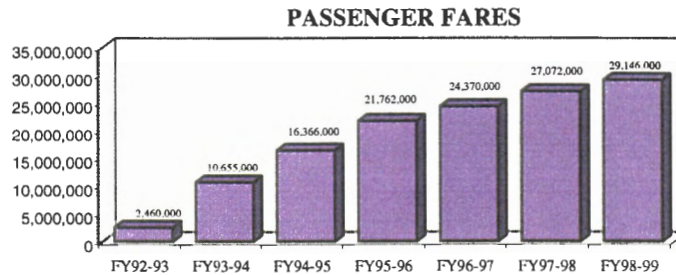
## Ridership: 1992-93 through 1998-99

During nearly seven years of Metrolink operations, ridership has risen dramatically and continues to grow at a significant rate. The following charts show the number of passengers carried for each of the last seven fiscal years and the average weekday ridership.



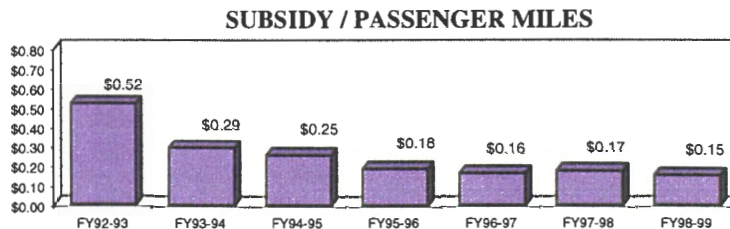
## Passenger Fares: 1992-93 through 1998-99

In October 1998, the SCRRA implemented its first ever fare rate increase. Passenger fare revenue increases are primarily the result of ridership growth. Fares reported are before deduction for transfer payments to connecting transit operators except for FY 93-95 when fares were reported net of transfer payments. Transfer payments for FY 93-95 are considered immaterial.



## Subsidy/Passenger Mile: 1992-93 through 1999-99

Subsidy per passenger mile is a measure of public funding provided for each passenger mile of travel. This subsidy has declined over the years as operating efficiencies and ridership increase.



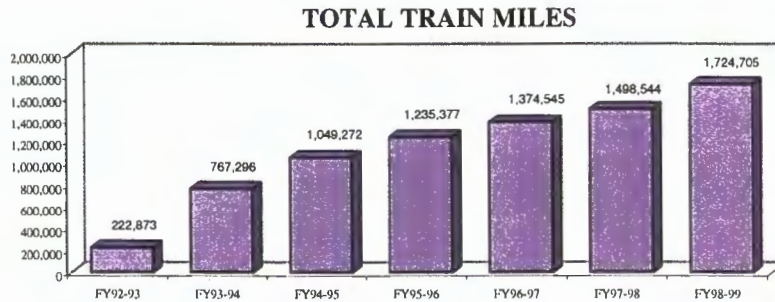
# SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

## MULTI-YEAR OPERATING STATISTICS

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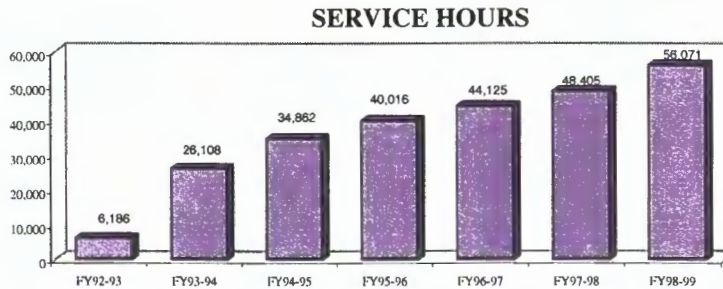
### Total Train Miles: 1992-93 through 1998-99

Total train miles initially increased with the addition of new lines and train schedules. Several additional emergency services were started after the Northridge earthquake and many have been retained. In the fall of 1995, the Inland Empire and Orange County line added 6 trains daily and Saturday service on the San Bernardino line was added. In February 1997 Saturday service was added on the Santa Clarita line. In September 1997 a new route was added connecting Los Angeles to Riverside via Fullerton. In FY 1999, additional train schedules were added to various lines.



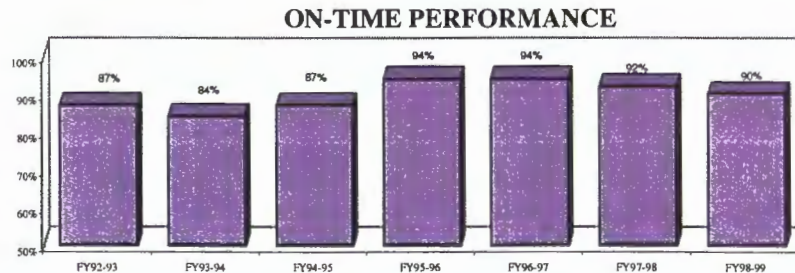
### Service Hours: 1992-93 through 1998-99

Service hours like train miles increased as the result of new lines and additional schedules.



### On-Time Performance: 1992-93 through 1998-99

In FY 1998-99, On-Time Performance slightly declined from the prior three fiscal years high of 92% to 94% due to problems with dispatching freight train interference on the Riverside line.



**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY**  
**MISCELLANEOUS STATISTICS**  
**JUNE 30, 1999**

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<b>Date of Formation</b>	August 1991	
<b>Form of Government</b>	Joint Powers Authority	
<b>Purpose</b>	To plan, design, construct and administer the operation of regional passenger rail lines.	
<b>Member Agencies</b>	Los Angeles County Metropolitan Transportation Authority Orange County Transportation Authority Riverside County Transportation Commission San Bernardino Associated Governments Ventura County Transportation Commission	
<b>Counties Served</b>	Los Angeles County Orange County Riverside County San Bernardino County San Diego County Ventura County	
<b>Population</b>	Los Angeles County	9,757,542
	Orange County	2,775,619
	Riverside County	1,473,307
	San Bernardino County	1,654,007
	San Diego County	2,853,258
	Ventura County	<u>742,008</u>
	<b>Total Population:</b>	<b>19,255,741</b>
<b>Route Miles in System</b>	Los Angeles County	199
	Orange County	87
	Riverside County	38
	San Bernardino County	39
	San Diego County	19
	Ventura County	<u>34</u>
	<b>Total Miles:</b>	<b>416</b>

Source: 1998 State of California Department of Finance Report E5, SCRRA's June 1999 Fact Sheet and operating budget, and 1997 SCRRA annual ridership survey



**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY**  
**MISCELLANEOUS STATISTICS**  
**JUNE 30, 1999**

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<b>Route Miles</b> <b>Potentially in System</b> <b>(SB1402 Rev. 1993)</b>	Los Angeles County	222	
	Orange County	115	
	Riverside County	100	
	San Bernardino County	68	
	Ventura County	<u>4</u>	
	<b>Total Miles:</b>	<b>509</b>	
<b>Train Equipment</b>	Locomotives	33	
	Cab Cars	37	
	Coaches	82	
<b>Stations</b>	Los Angeles County	22	
	Orange County	8	
	Riverside County	4	
	San Bernardino	7	
	San Diego County	1	
	Ventura County	<u>4</u>	
<b>Total Stations:</b>	<b>46</b>		
<b>Ticket Vending Machines</b>	TVMs Installed	96	
	Validators Installed	119	
	TOMs Installed	3	
<b>Highway-Rail Grade Crossings</b>	Total Network Grade Crossings	399	
	Public Crossings	339	
	Private Crossings	61	
	SCRRA Maintained Crossings	238	
<b>1997/98 Operating Budget</b>	Operations	\$60,541,300	
	Maintenance of Way (net)	12,778,700	\$73.3 million
<b>Percent of Operating Costs Covered by Revenues</b>			54.2 Percent
(Excludes depreciation recollectable expenses and revenues)			

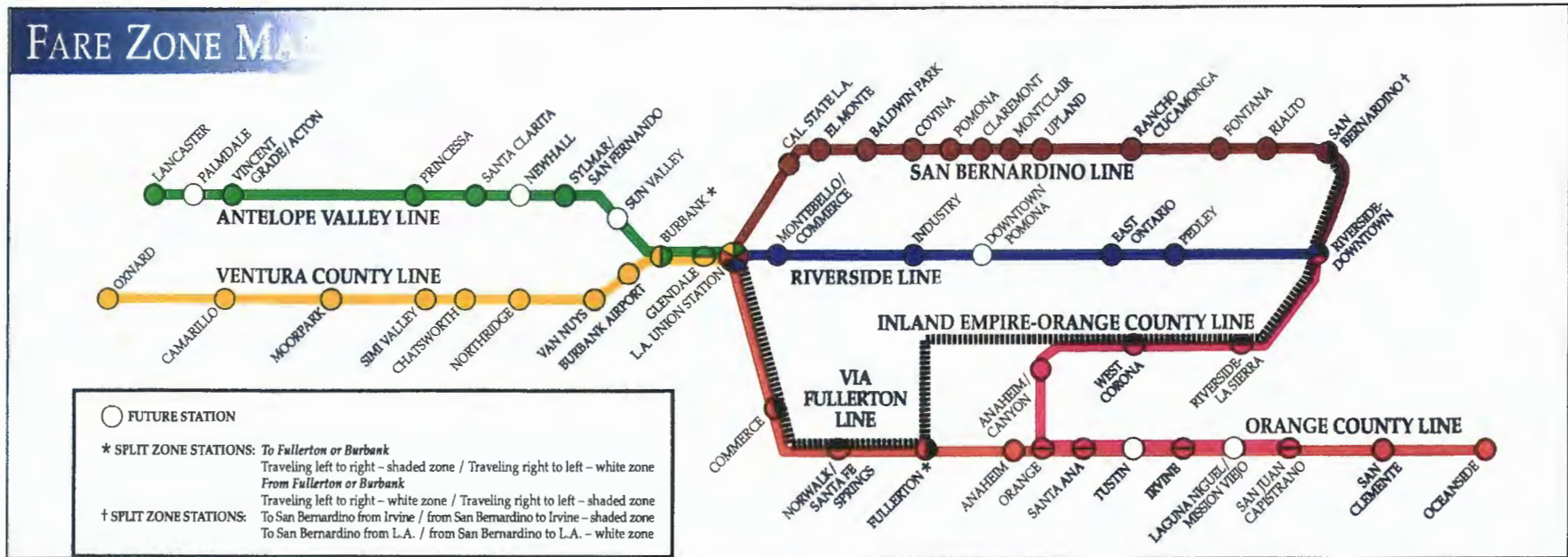
Source: 1998 State of California Department of Finance Report E5, SCRRA's June 1999 Fact Sheet and operating budget, and 1997 SCRRA annual ridership survey

**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY  
 MISCELLANEOUS STATISTICS  
 JUNE 30, 1999**

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<b>Number of Auto Trips Removed per Day</b>	19,526	trips
<b>Percent of Freeway Traffic Removed on Parallel Freeways Each Peak Hour</b>	8.5	percent
<b>Average Commute Trip Length</b>	34	miles
<b>Percent of Riders Formerly Driving Alone</b>	70	percent
<b>Percent of Riders with Downtown Los Angeles Destination</b>	70	percent
<b>Percent of Ethnic Riders by Line Corridor (Latino, Asian, African-American)</b>		
San Bernardino Line	53	percent
Riverside Line	53	percent
Santa Clarita Line	32	percent
Ventura County Line	29	percent
Orange County Line	29	percent
System-wide	39	percent

Source: 1998 State of California Department of Finance Report E5, SCRRA's June 1999 Fact Sheet and operating budget, and 1997 SCRRA annual ridership survey



### METROLINK FARE CATEGORIES AND DISCOUNTS

#### PEAK TIME:

- Monday - Friday before 8:30am and 3:30 - 6:55pm

#### OFF-PEAK TIME:

- 8:30am - 3:30pm
- Evenings after 6:55pm
- All day Saturday

#### ADULT FARE:

- Ages 19 to 64
- 25% discount on One-Way and Round-Trip Tickets purchased during off-peak hours

#### YOUTH FARE:

- Ages 6 to 18
- 50% off Adult Fare on One-Way and Round-Trip Tickets purchased and used during off-peak hours

#### CHILDREN

- One child, age 5 or under, rides free with an adult using a valid ticket
- For each additional child age 5 or under, please pay a Youth Fare

#### ELDERLY:

- Ages 65 and over with valid driver's license or photo ID with date of birth
- 50% off Regular Adult Fare at all times

#### DISABLED:

- 50% off the Adult Peak Fare at all times with one of these ID Cards to be shown to the conductor or Sheriff:
  - L.A. County Transit Operators Assoc.
  - Reduced Fare ID from any transit system
  - DMV Placard (ID Card)
  - Medicare

### SPECIAL TICKETS

#### COLLEGE STUDENTS

Some colleges and universities offer discounted passes for full-time students. Call your college coordinator or (800) 371-LINK for information.

#### SCHOOL GROUP RATES

Special discounted tickets are available for youths 18 years and under when traveling in a school group on selected off-peak trains. Advance reservations are required and restrictions apply. Call (800) 371-LINK for information.

Metrolink tickets are not interchangeable between lines with one exception: San Bernardino and Riverside Line tickets of all types can be used interchangeably for travel between the same or fewer zones.

### REGULAR ADULT FARES

NO. OF ZONES	1	2	3	4	5	6	7
ONE-WAY	\$3.50	\$4.50	\$5.50	\$6.50	\$7.50	\$8.50	\$9.50
ROUND-TRIP	\$6.00	\$8.00	\$10.00	\$12.00	\$14.00	\$16.00	\$18.00
10-TRIP TICKET	\$25.00	\$35.00	\$45.00	\$55.00	\$65.00	\$75.00	\$85.00
MONTHLY PASS	\$80.00	\$112.00	\$144.00	\$176.00	\$208.00	\$240.00	\$272.00

- Metrolink fares are based on distance.
- To determine the price of your ticket, count the number of zones your route passes through, including your departure and arrival zones.  
**Example:** A trip on the San Bernardino Line between Pomona and Rialto begins in a white zone, goes east through a shaded zone and ends in a white zone: **three zones.**

