

**SOUTHERN CALIFORNIA RAPID  
TRANSIT DISTRICT**  
(Los Angeles County, California)



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OFFICIAL STATEMENT

Relating to

**\$15,215,000**

1978 Refunding Revenue Bonds

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THE DATE OF THIS OFFICIAL STATEMENT IS DECEMBER 22, 1977.



SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT  
(Los Angeles County, California)

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Jack R. Gilstrap, *General Manager*

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Jack Stubbs, *Assistant General Manager for Administration*

Richard Gallagher, *Manager and Chief Engineer, Rapid Transit*

Joe B. Scatchard, *Controller-Treasurer-Auditor*

Richard T. Powers, *General Counsel*

George L. McDonald, *Manager of Planning and Marketing*

John S. Wilkens, *Manager of Employee Relations*

Richard K. Kissick, *Secretary*

Robert Williams, *Manager of Customer Relations*

Michael Olivas, *Deputy Administrator-Equal Employment Opportunity*

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Special Services

Lloyds Bank California, *Los Angeles*

FISCAL AGENT

Manufacturers Hanover Trust Co., *New York*

PAYING AGENT

O'Melveny & Myers, *Los Angeles*

BOND COUNSEL

Blyth Eastman Dillon Co. Incorporated, *San Francisco*

FINANCING CONSULTANT

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Southern California Rapid Transit District • 425 So. Main St. • Lo

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Jack R. Gilstrap  
General Manager

December 22, 1977

TO WHOM IT MAY CONCERN:

The purpose of the Official Statement is to furnish information regarding \$15,215,000 par value of revenue bonds to be issued by the Southern California Rapid Transit District to refund similar bonds of its predecessor, the Los Angeles Metropolitan Transit Authority.

The material contained in this Official Statement was prepared by Blyth Eastman Dillon & Co. Incorporated as financing consultant to and under direction of the District (which firm will receive compensation from the District contingent upon sale and delivery of the bonds) for the information of all who might become holders of the bonds described herein.

All of the following summaries of Resolution No. R-77-463, the Southern California Rapid Transit District Law, other applicable legislation, grant programs, and other documents are made subject to the provisions of such documents respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

The covenants of the District are fully set forth in Resolution No. R-77-463 and this Official Statement does not constitute a contract with purchasers of bonds. Any statements herein involving matters of opinion or estimates, whether or not so designated, are to be construed as provisional rather than factual.

The opinion of O'Melveny & Myers, Los Angeles, California, approving the validity of the bonds will be made available to the purchasers at the time of original delivery of the bonds. (See "Legal Opinion" in "The Bonds" section of this Official Statement.)

The execution and delivery of this Official Statement has been authorized by the District.

MARVIN L. HOLEN, *President*

JACK R. GILSTRAP, *General Manager*

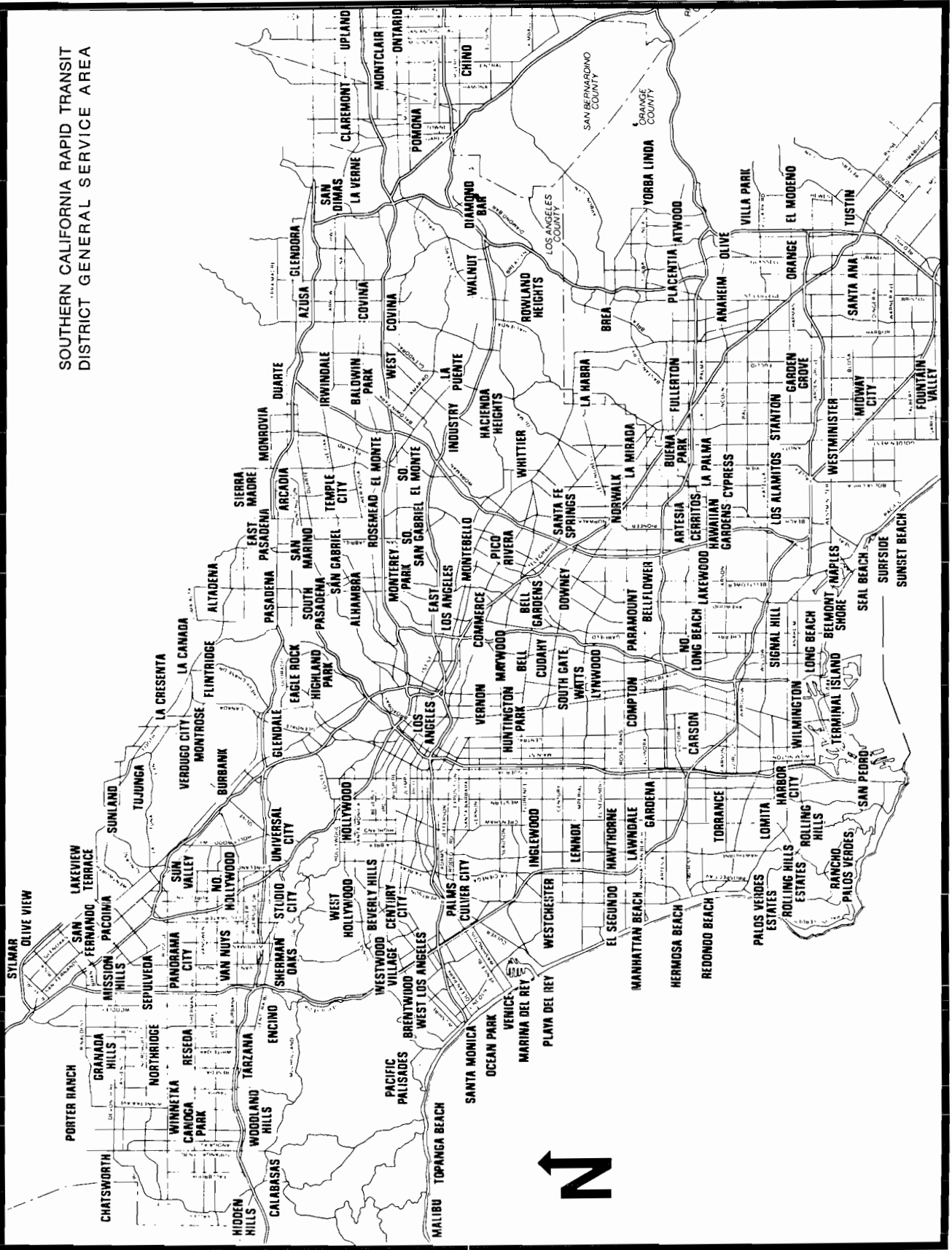
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SOUTHERN CALIFORNIA RAPID TRANSIT  
DISTRICT GENERAL SERVICE AREA



**\$15,215,000 SOUTHERN CALIFORNIA  
RAPID TRANSIT DISTRICT  
1978 REFUNDING REVENUE BONDS**

In 1958, the predecessor to the Southern California Rapid Transit District, the Los Angeles Metropolitan Transit Authority, sold \$40,000,000 par value of Revenue Bonds, Series of 1958 (the "Series of 1958 Bonds"), principally to acquire the physical assets of Los Angeles Transit Lines and Metropolitan Coach Lines including its subsidiary, Asbury Rapid Transit System, the two largest local and interurban passenger transportation companies serving Los Angeles County. A total of \$15,231,000 par value of the Series of 1958 issue remains outstanding, all 5¾% bonds due March 1, 1983, and the issue is subject to redemption at a price of 101% on March 1, 1978.

The trust indenture securing the Series of 1958 Bonds requires among other things that the District impose rates and charges to produce revenues each year sufficient to pay the operating expense of the transit system and net revenues equal to debt service and depreciation, the latter established at 8% of revenues each month. The objectives of public transportation have changed in recent years and the expansion of service to provide mobility to families of low and moderate income and to minimize automobile fuel consumption and resulting air pollution have mandated an alleviation of the revenue requirement. Federal, State and County grants and subventions for operating purposes have made it possible for the District to minimize increases in rates and charges but has placed the District in technical default respecting the trust indenture requirement, although bond debt service is not jeopardized. To revise the revenue requirement and to remove other trust indenture provisions which have proved burdensome, the District is offering its \$15,215,000 1978 Refunding Revenue Bonds the proceeds from which will be used to redeem the Series of 1958 Bonds.

The Refunding Bonds will be payable from the gross revenues of the transit system (excluding non-operating income which includes grants, subsidies and subventions). For 1976/77, such gross revenues aggregated \$64.2 million and would have covered by nearly 22 times estimated maximum annual debt service of \$2.9 million on the Refunding Bonds (which mature serially 1978 to 1983), at an assumed 5% borrowing rate. Such gross revenues are budgeted at \$80.2 million for 1977/78 and are estimated to provide more than 27 times coverage of such debt service. Pursuant to State legislation (the Mills-Alquist-Deddeh Act), the District may file a claim each year, and covenants to do so, against Los Angeles County's Local Transportation Fund (which is the recipient of income arising from ¼ of 1% of the 6% sales tax on all taxable sales in the County and from which the District received \$67 million in 1976/77) for any deficiency in moneys available from such revenues for operation and maintenance after payment of debt service on the Refunding Bonds. (See the Appendix for audited financial statements of the District for 1975/76 and 1976/77.)

Refunding Bond proceeds will be utilized, together with funds on hand, to redeem the Series of 1958 Bonds on March 1, 1978, and for costs of Bond issuance. Prior to Bond delivery, from funds on hand, deposit will be made to the Reserve Fund of an amount equal to maximum annual debt service. Moneys in the Reserve Fund may be used only for debt service on the Refunding Bonds or for the retirement of all such Bonds then outstanding.

The Southern California Rapid Transit District comprises all of Los Angeles County except Santa Catalina Island and the area lying north of the San Gabriel Mountains and provides bus service on a contract basis in portions of Orange, Riverside and San Bernardino Counties and in Ventura County to a total of 185 cities and communities. Total employees approximate 6,700 and an active fleet of some 2,200 buses presently operate a weekday total of 340,000 miles over a route system of 4,291 miles and carry 800,000 weekday revenue passengers. A total of 206 million passengers were carried in fiscal 1976/77.

As shown in the audited financial statements in the Appendix, net losses were sustained for the fiscal years ended June 30, 1976 and 1977 of \$7.9 million and \$5.9 million, respectively, after depreciation, a non-cash charge, of \$7.8 million and \$8.5 million, respectively. Operating losses, excluding depreciation, were \$110.8 million and \$118.9 million in those years and Federal, State and County subsidies totalled \$111.5 million and \$121.8 million compared to operating revenues of \$54.5 million and \$64.2 million in 1976 and 1977.

# THE BONDS

## Authority for Issuance

The \$15,215,000 1978 Refunding Revenue Bonds (the "Bonds"), currently being offered are authorized pursuant to Resolution No. R-77-463 of the District adopted December 22, 1977 (hereinafter referred to as the "Resolution"). The Bonds will be issued in accordance with provisions of the Southern California Rapid Transit District Law and the Revenue Bond Law of 1941 of the State of California.

## Security

The Bonds and the interest thereon are payable from, and are secured by an exclusive pledge, charge and lien upon, the gross revenues of the District's rapid mass transit system (as those terms are defined in the Resolution) and said gross revenues cannot be used for any other purpose except as permitted by the Resolution. The General Fund of the District is not liable for the payment of the Bonds or their interest, nor is the credit of the District pledged therefor.

## Description of the Bonds

The Bonds consist of an aggregate principal amount of \$15,215,000 of the denomination of \$5,000 each, are dated February 1, 1978, are numbered consecutively from 1 to 3043 and mature on August 1 as shown below.

Year	Principal Amount	Year	Principal Amount
1978 .....	\$2,545,000	1981 .....	\$2,530,000
1979 .....	2,295,000	1982 .....	2,655,000
1980 .....	2,405,000	1983 .....	2,785,000

Interest is payable semiannually on February 1 and August 1 each year. Both interest and principal, in the case of coupon bonds, are payable at the office of the Treasurer of the District in Los Angeles, California, or at the option of the holder, at the office of the Fiscal Agent of the District in Los Angeles, California, or at the office of the Paying Agent of the District in New York, New York.

## Redemption Provisions

The Bonds are not subject to call and redemption prior to maturity.

## Registration

The Bonds will be issued as coupon bonds and may be registered only as to both principal and interest. The form of registration may be changed, or any Bond may be discharged from registration, at the office of the Fiscal Agent. A charge for such exchange will be made only in the event that new Bonds or new coupons are issued.

## Legal Opinion

The legal opinion of O'Melveny & Myers, Los Angeles, California, Bond Counsel to the District, approving the validity of the Bonds will be made available to purchasers at the time of original delivery of the Bonds, and a copy thereof will be printed on each Bond.

Bond Counsel's review of this Official Statement has been limited to the statements of law and legal conclusions set forth herein under the caption "The Bonds". Bond Counsel's employment is limited to a review of the legal proceedings required for the authorization of the Bonds and to rendering opinions as to



the validity of the Bonds and the exemption of interest on the Bonds from income taxation. The opinion of Bond Counsel will not consider or extend to any documents, agreements, representations, offering circulars or other material of any kind concerning the Bonds, including portions of this Official Statement, not mentioned in this paragraph.

### **Tax Status**

The opinion of Bond Counsel that interest on the Bonds is exempt from income taxes of the United States of America under present federal income tax laws and from State of California personal income taxes under state income tax laws will be furnished to purchasers at the time of original delivery of the Bonds.

### **Purpose of the Issue**

Proceeds from the Bonds will be used, together with other moneys on hand, to call for redemption on March 1, 1978 the outstanding \$15,231,000 principal amount of Series of 1958 Bonds of the Los Angeles Metropolitan Transit Authority (the predecessor to the District).

### **Disposition of Bond Proceeds**

The Resolution provides that after providing for the costs of Bond issuance, proceeds from the sale of the Bonds will be transferred by the Treasurer as follows:

- (a) To the Fiscal Agent, for deposit in the Bond Service Fund, any accrued interest received.
- (b) To the Escrow Bank for deposit in the Escrow Fund, the balance of proceeds.

### **The Reserve Fund**

The Resolution provides for a deposit to the Reserve Fund held by the Fiscal Agent, prior to delivery of the Bonds, from any source of available funds, of an amount equal to maximum annual debt service on the Bonds. Moneys in the Reserve Fund may be used solely for the purpose of paying interest on and principal of the Bonds in the event that moneys in the Bond Service Fund are insufficient therefor, or for the payment of the principal and interest of the last outstanding maturity of the Bonds.

### **Allocation of Revenues**

The Treasurer, on or before the fifth day of each month, shall deposit the gross revenues collected in the prior month in the Revenue Fund, held by the Treasurer in trust, and shall transfer moneys from the Revenue Fund in the amounts and in the order shown below:

1. To the Bond Service Fund, held by the Fiscal Agent, on or before the 10th day of each month, one-sixth of the interest which will become due and payable within the next ensuing six months and one-twelfth of the principal amount of Bonds which will mature in the next twelve months, with appropriate adjustments to reflect the August 1, 1978 interest and principal payments due. In the event that the transfer for each month is less than the required amount, the deficiency shall be added to and become a part of the transfer required for the following month. Such sums shall be transferred so that the full amount required to pay interest and maturing principal will be in the Bond Service Fund at least five days prior to the due date and any moneys required to be set aside may be prepaid in which event subsequent transfers need not be made.

2. To the Reserve Fund, any transfer necessary to maintain a balance equal to maximum annual debt service (such transfer may also be made from the Surplus Fund).

3. To the Operation Fund, on or before the 10th day of each month, beginning February 10, 1978, all sums necessary to pay, together with non-operating income, the necessary and reasonable maintenance and operation costs of the rapid transit system. The District shall transfer to the Operation Fund, from any other sources available to the District, non-operating income (as defined in the Resolution) sufficient to make up any deficiencies.

4. To the Surplus Fund, any moneys remaining after making the above transfers, to be used for (a) extensions and betterments of the system including the purchase or lease of equipment,

(b) unbudgeted maintenance and operation costs, (c) the purchase of Bonds in the open market, and (d) any lawful purpose of the District, including investment of such funds.

### **Maintenance of Revenues**

The payments into the Bond Service Fund and the Reserve Fund will be made from gross revenues and the District covenants not to enter into any agreement which impairs the operation of the transit system necessary to secure adequate gross revenues to pay the principal and interest of the Bonds.

### **Investment of Funds**

All moneys held by the Treasurer or Fiscal Agent in the Bond Service Fund, Reserve Fund or Surplus Fund may be invested in securities in which the District may legally invest. Investments must mature prior to the date on which such moneys are required to be paid, or in the case of the Reserve Fund, within five years from the date of purchase. All investment income will remain in the fund from which earned and excess moneys in the Reserve Fund will be treated as gross revenues.

### **Issuance of Additional Bonds**

No additional indebtedness evidenced by revenue bonds, revenue notes or other indebtedness payable out of the Revenue Fund will be issued, except refunding bonds, and except as permitted below:

(a) Temporary borrowing under sections 53850 *et seq.* of the Government Code of the State of California against Mills-Alquist-Deddeh Act (Section 99200 *et seq.* of the Public Utilities Code of the State of California) moneys (non-operating income).

(b) Borrowing against non-operating income to the extent it does not interfere with payment of debt service on the Bonds including but not limited to borrowing against funds under the Urban Mass Transportation Act (49 USC 1604 *et seq.*).

(c) Purchase of equipment (or any other purchase of real or personal property) through sale of equipment trust certificates or under conditional sales contracts, leases, trust agreements or other contracts payable from the Surplus Fund or from non-operating income to the extent that such purchases do not interfere with the payment of debt service on the Bonds.

### **Other Covenants**

In addition to the covenants recited above, the District covenants, among other things, that so long as any of the Bonds are outstanding it will:

(a) Operate the transit system in an efficient and economical manner and operate, preserve and maintain it in good repair and working order;

(b) Discharge all lawful claims for labor, materials or supplies that otherwise might become a lien on the gross revenues superior to the lien of the Bonds, or might impair their security;

(c) Maintain insurance on the transit system as is customarily maintained with respect to works and properties of like character against accident, loss or damage to such works or properties and to apply proceeds from such insurance to repairing, rebuilding or restoring the transit system or to the retirement of Bonds, and to maintain public liability and property damage insurance to the extent reasonably necessary to protect the District and Bondholders;

(d) Not mortgage, sell, lease, pledge or otherwise encumber the transit system, or dispose thereof substantially as a whole, unless such sale or other disposition provides for continuance of payments into the Revenue Fund sufficient to pay debt service on the Bonds. Proceeds from any sale of a substantial part of the system or from eminent domain proceedings shall be used to acquire or construct improvements to the system or for payment of the Bonds;

(e) Maintain proper records and accounts, to be audited annually by certified public accountants, and to publish a summary statement of gross revenues, disbursements and a general statement of the financial and physical condition of the transit system within 120 days of the close of each fiscal year;

(f) To apply proceeds of the Bonds to the redemption of the Series of 1958 Bonds;

(g) To take all steps legally possible to make non-operating income available to the District, including the filing of claims under the Mills-Alquist-Deddeh Act or other applicable State or Federal program providing for grants, subsidies and subventions, for payment of necessary and reasonable maintenance and operation costs of the transit system and necessary or desirable capital improvements thereto not available from gross revenues after the payment of debt service on the Bonds;

(h) Not use Bond proceeds in such a manner as to cause the Bonds to be classified as arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954 and regulations adopted pursuant thereto.

### Amendment of the Resolution

The covenants contained in the Resolution may be modified or amended only with the consent of holders of 60% of all Bonds then outstanding (exclusive of Bonds owned by the District). No modification or amendment will change the maturity or interest payment date or reduce the interest rate or principal amount payable without the consent of the holder or registered owner of the Bond affected, or reduce the percentage of consent required for amendment.

District's new transportation and maintenance building in West Hollywood, California, completed in November 1977.



# THE DISTRICT

## Historical

The Los Angeles Metropolitan Transit Authority was created in 1951 pursuant to Chapter 1668, Statutes of 1951. The Authority had limited powers under its enabling legislation and existed from July 1, 1952 to June 30, 1956 by a total appropriation from the Board of Supervisors of Los Angeles County of approximately \$300,000. It operated the following year with an appropriation from the State of California of \$70,000.

In 1957, the Los Angeles Metropolitan Transit Authority Act of 1957 was enacted (Chapter 547, Statutes of 1957) and the 1951 act was repealed. The 1957 legislation created the Authority as a public corporation with the power to own, operate and maintain a transit system in Los Angeles County (including the power to acquire existing systems extending into adjacent counties), to issue revenue bonds, to acquire, construct or extend the system and to fix its own rates and routes. The Authority was composed of seven members appointed by the Governor.

In March 1958, the Authority issued \$40,000,000 par value of Revenue Bonds, Series of 1958, to acquire the physical facilities of the Los Angeles Transit Lines and Metropolitan Coach Lines, including the subsidiary of the latter, Asbury Rapid Transit System. These privately-owned systems served approximately 80% of the mass transit passengers of the metropolitan area and carried an estimated 198 million revenue passengers in 1957. Rolling stock purchased included 1,483 motor buses, 109 trolley buses and 278 street cars and the route system of the three systems was 1,906 miles including some duplication.

In 1964, the State Legislature enacted the Southern California Rapid Transit District Law (Sections 30000 *et seq.* of the Public Utilities Code) and the Authority and its assets and liabilities were merged into the District effective November 5, 1964.

## Area

The District comprises approximately 55% of the area of Los Angeles County or 2,243 square miles. It includes all of the County except for Santa Catalina Island and that area north of the San Gabriel Mountains. Population at July 1, 1977 was estimated at 6,500,000.

The District's five-county service area covers approximately 2,600 square miles. Portions of Orange, Riverside and San Bernardino Counties are served by contract and the District has routes terminating in Ventura County to the west.

## Governing Body

The District is governed by a Board of Directors consisting of 11 members appointed by local elected officials. Five members are appointed by the Board of Supervisors of Los Angeles County (one by each Supervisor), two by the Mayor of the City of Los Angeles with the concurrence of the City Council and four by the City Selection Committee representing 75 municipalities within the County that are in the District. Directors appointed by the City Selection Committee serve a term of four years while those appointed by the Board of Supervisors and the City Council serve at the pleasure of those bodies and if the Director is a member of one of those bodies and his term of office expires, a vacancy is automatically created.

The present Directors, their date of initial appointment and their principal occupation are as follows: Mr. Marvin L. Holen, President (October 1975), an attorney; Mr. George W. Brewster, Vice President (June 1973), City of Torrance Councilman and president of a business management firm; Mr. Byron E. Cook (September 1972), City of Burbank Councilman and an attorney; Mr. Donald H. Gibbs (February 1975), an architect; Mr. Gerald B. Leonard (December 1976), a planner and senior deputy to Supervisor Baxter Ward; Mr. Michael W. Lewis (June 1976), an assistant deputy to Supervisor Peter F. Schabarum; Mr. Thomas G. Neusom (May 1969), an attorney; Mr. Jay B. Price (September 1971), a City of Bell Councilman and a retired United States Treasury official; Mrs. Ruth E. Richter (January 1976), civic leader; Mr. Charles H. Storing (August 1976), La Puente City Councilman and retired manufacturing executive; and Mr. George H. Takei (November 1973) a professional actor.

## Administration

The District and its nearly 6,700 employees are administered by a professional staff headed by Jack R. Gilstrap, General Manager. A transit executive since 1960, Mr. Gilstrap is a member of the Federal Urban Mass Transportation Administration's Capital Grant Criteria Committee, the Federal Aid to Urban Systems Act Advisory Committee, the National Safety Council's Board of Directors, the American Transit Association's Board of Directors and is one of 16 transportation executives selected as a technical advisor to the National Academy of Sciences Transportation Research Board. Prior to promotion to his present position in 1970, Mr. Gilstrap was assistant general manager of the District and held administrative posts with the California State Legislature. He has a master's degree in public administration from the University of Southern California.

George W. Heinle has been the Manager of Operations since 1973 and came to the District after many years of experience in operating and engineering roles with the Philadelphia and New York City transit systems. He holds a bachelor of science and an MBA degree from Drexel University.

Jack Stubbs is Assistant General Manager for Administration and heads a staff of 56 persons involved in community relations, liaison with local, State and Federal governments, grant applications for Federal funding and bus facilities engineering. He has been with the District since 1966 and in his present position since 1972. A Loyola University, Los Angeles, graduate, he formerly was an administrative assistant to the California Legislature.

Richard Gallagher is the Chief Engineer of the Rapid Transit Department. He joined the District in 1967 after prior service as the director of public works for the County of San Luis Obispo and the cities of Berkeley and San Diego. A registered civil engineer, he is a graduate of the University of California.

Joe B. Scatchard has been the Treasurer-Controller-Auditor of the District since 1971 and oversees a staff of more than 100 persons engaged in financial and related activities including financial planning, accounting, payroll, internal auditing, data processing, cash management and purchasing. A graduate of the University of Southern California and holder of an MBA degree from Stanford University, he previously was in the defense industry.

Richard T. Powers, General Counsel, obtained his law degree from the State University of New York and prior to joining the District in 1971 was employed in a similar capacity at Western Air Lines.

George L. McDonald is Manager of Planning and Marketing. A graduate of San Jose State University, he was employed by the Bay Area Rapid Transit District in several capacities for 12 years prior to joining the District in 1971.

John S. Wilkens is Manager of Employee Relations and has worked for predecessor organizations since 1948. A graduate of UCLA, he has served in a number of operating and staff positions for the District.

Richard K. Kissick has been Secretary of the District since 1972 and is a 40-year veteran of the transit industry. He formerly served as Administrative Assistant to the General Manager.

Robert Williams, Manager of Customer Relations, has been with the District since 1971. Holder of an MBA degree from Pepperdine University, he previously was in the personnel field with the District.

Michael Olivas is Deputy Administrator—Equal Employment Opportunity. A graduate of California State University, Los Angeles, he has been with the District since 1972.

## Employees

At September 30, 1977, the District had 6,699 employees classified as follows:

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Operators .....	4,416
Mechanics and maintenance employees .....	1,075
Clerks .....	441
Non-contract employees .....	767
Total .....	<u>6,699</u>

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Operators include schedule checkers, traffic loaders and service directors. Non-contract employees (non-members of unions) account for 11.4% of the District work force and most employees in this category are professionals. Females total nearly 11% of the total work force (735), and the ethnic makeup was Anglo (44.1%), Black (37.4%), Spanish surname (16.4%), Asian-American (2.0%) and American Indian (0.1%).

At the close of fiscal years ending June 30, the District reported total employees as follows:

**TABLE 1**  
**District Employees**

1977 .....	6,919
1976 .....	7,378
1975 .....	6,150
1974 .....	4,890
1973 .....	4,374

The reduction in personnel from 1976 to 1977 and the trend continuing into this fiscal year is attributed principally to a reduction in service necessitated by rising costs. Frequencies have been decreased and evening and weekend service has been curtailed on routes with low patronage. Reduction in the number of employees has been accomplished through attrition wherever possible, but some furloughs and lay-offs have been made.

The District has contracts with three labor unions. The United Transportation Union represents the operators, the Amalgamated Transportation Union represents the mechanics and maintenance employees and the Brotherhood of Railway, Airline and Steamship Clerks represents the clerical personnel.

All three labor contracts expire on May 31, 1979. Labor negotiations are conducted by the District's labor relations staff assisted by outside legal and labor experts.

District employees covered by labor contracts can go on strike after a fact-finding period. Generally, all union personnel support a strike called by one of the three unions. The District's bus service was shut down by a strike for 68 days in 1974 and for 36 days in 1976.

### Pension Plans

The District has four pension plans covering its employees. Three of the plans cover employee groups working under labor contracts and the fourth is for non-contract employees. Trustee for the plans is Lloyds Bank California. Annual contributions are made to each plan's trust fund as determined by the plan's actuary, Towers, Perrin, Forster and Crosby. The District reports current contribution rates as a percent of salary are as follows and contributions amounted to \$11,924,000 in 1976 and \$11,770,000 in 1977:

Plan	Percent of Salary
Amalgamated Transportation Union .....	12.84%
Brotherhood of Railway, Airline and Steamship Clerks .....	9.74
United Transportation Union .....	10.51
Non-contract employees .....	17.40

Employees are eligible for service retirement benefits at age 55 with 10 years of employment or at any age with 30 years of employment. Generally, the benefit level is determined by age, length of service, and the highest consecutive 36-month wage average. Upon completion of 30 years of service, an employee is eligible to receive 50% of the monthly wage base average.



Assets of the plans on December 31, 1976 were \$58 million at market value. Management over the assets has been delegated to three investment advisory firms. State of California regulations control certain aspects of public retirement fund investments, including a limitation that no more than 25% of assets may be invested in common stocks.

The unfunded liability of all plans on December 31, 1976 was \$71,572,691. This liability is being amortized over a 30-year period ending December 31, 2001 as an operating expense.

Mini-bus, double-deck bus and regular buses at District's transportation yard in El Monte, California.



# THE TRANSIT SYSTEM

## Routes

The District operates 220 routes throughout its five-county service area extending from Thousand Oaks in Ventura County on the west to portions of San Bernardino in the east and from Sylmar in the San Fernando Valley on the north to parts of Orange County to the south. The District is precluded by law from offering charter service. Operations are divided into seven route systems as described below:

San Fernando Valley—30 routes are designed to bring bus service within a four-block radius of any residence and 9 routes serve downtown Los Angeles.

Western Sector—More than 70 routes serve the 260 square miles extending westerly of downtown Los Angeles and connection is made with Santa Monica and Culver City municipal bus lines.

South Central Los Angeles—Nearly 677,000 people reside in this 46-route service area extending southerly from downtown Los Angeles.

San Gabriel Valley—Bus service is provided within ½ mile of most of the valley's 1,340,000 residents by more than 50 routes in the 350 square-mile area.

South Bay—More than 45 routes serve this 140 square-mile area and provide connections with four municipal carriers (Torrance, Long Beach, Gardena and Culver City) through interagency transfer agreements.

East Los Angeles—More than 40 routes provide 20-minute service to the many shopping centers, hospitals, employment centers, colleges, universities and social and cultural centers of the area and transfer can be made to Commerce and Montebello municipal carriers.

Mid-Cities—Service is provided by 28 routes to areas south and east of downtown Los Angeles, including 8 to downtown, and connection is made with Long Beach municipal service.

Mini-bus service is provided in downtown Los Angeles on a route that includes Occidental Center, the Atlantic Richfield Plaza, City Hall, Union Station and Chinatown for a fare of \$0.15, and similar service is offered in Westwood Village for a fare of \$0.10.

The El Monte Busway, an exclusive busway on the San Bernardino Freeway, now carries 19,000 passengers daily, more than twelve times the number of patrons who commuted by bus from the San Gabriel Valley to Los Angeles prior to its introduction in 1973.

The District's Airport Express provides service to Los Angeles International Airport from hotels and other locations in the San Fernando Valley, Hollywood-Wilshire, downtown Los Angeles, Century City-Beverly Hills and the San Gabriel Valley-Inland Empire areas. More than 200 trips are made each day at fares ranging from \$2.50 to \$6.00, one way, on this new service formerly provided by another operator. Patronage has nearly doubled to an average 14,000 per week in June 1977 since beginning service in December 1976.

## Fares

The present fare schedule became effective July 1, 1977 and generally provides in Los Angeles County for a \$0.40 fare on local routes (\$18.00 for a monthly pass), \$0.60 to \$1.40 on express lines which travel the freeways and busways (monthly passes are \$24.00 to \$48.00) and \$0.10 for transfers which are good for three additional buses. A senior citizen/handicapped monthly pass is sold for \$4.00 and student monthly passes are \$12.00.

Shown in Table 2 are historical fares and current fares adopted by the Board as published by the District.



**TABLE 2**  
**Historical and Current Fare Structure**

	1967 to March 1974	April 1974 to June 1976	1976/77	1977/78
Base fare, regular .....	\$ .30	\$ .25	\$ .35	\$ .40
Base fare, student .....	.15	.15	.25	.40
Base fare, senior .....	.30/.10	.10	.10	.15
Limited surcharge .....	①	①	①	①
Zones or distance steps .....	.08	①	.35	.20
Park/ride, one-zone .....	②	①	.65	①
Park/ride, two-zone .....	②	①	1.00	①
Priority premium .....	②	①	.10	①
Transfer .....	.05	.10	.10	.10
Regular pass .....	12.00	10.00	14.00	18.00
Student pass .....	①	①	①	12.00
Senior pass .....	9.00	4.00	4.00	5.00
Limited stamp .....	①	①	①	①
Zone or distance stamp .....	3.50	①	11.00	8.00
Park/ride pass .....	②	①	37.50	①

① Service covered by other fare element(s).

② No such service existed.

Base fares for other public bus systems in California at present include \$0.25 for Alameda-Contra Costa Transit, Orange County Transit District, San Francisco Municipal Railway, Long Beach, Montebello, Santa Monica and Torrance. San Diego, Culver City and Gardena each charge \$0.35 and Commerce offers free service.

Across the country, base fares of \$0.50 are in effect in New York, Pittsburgh and Chicago, \$0.40 in Detroit and Portland, \$0.35 in Baltimore and Philadelphia, \$0.30 in Miami, Minneapolis/St. Paul and New Jersey, \$0.25 in Boston and St. Louis, \$0.20 in Seattle and \$0.15 in Atlanta.

## Equipment

The District reported an active fleet of 2,210 buses at June 30, 1977 at an increasing average age as shown in Table 3.

**TABLE 3**  
**Active Bus Fleet**

Fiscal Year	Number of Active Buses	Average Age (Years)
1972/73 .....	1,775	8.0
1973/74 .....	2,009	9.6
1974/75 .....	2,324	9.6
1975/76 .....	2,395	10.3
1976/77 .....	2,210	10.4

The oldest buses operated were manufactured in 1955 and years in which 200 or more active buses were made include 1961 (212), 1968 (218), 1971 (219), 1973 (218), 1974 (202) and 1975 (240), the newest equipment in the fleet.

At November 1977, the District had a total of 2,391 buses including those in reserve status. This equipment consisted of 2,330 conventional buses, 59 mini-buses of 20-seat capacity and two double-deck buses.

The District expects to place in service by March 1978 the first of 200 new buses specially designed to accommodate the elderly and wheelchair handicapped as well as the general public. Upon delivery of the new buses and as the result of service modifications the District will have a surplus of equipment. The Board of Directors has approved plans to hold 300 older buses in storage in a ready reserve status to permit the District to respond to greatly increased demand for service in the event of an energy emergency such as occurred during the 1973/74 oil embargo. The District presently carries 3.2% of the weekday trips logged in Los Angeles County and could carry up to 10% of this load with the active and reserve fleet.

The first of 30 articulated buses are scheduled to be placed in service in the Summer of 1978.

The District recently announced formation of a consortium with the Metropolitan Dade County Transit Authority (Miami) and the Southeastern Pennsylvania Transportation Authority (Philadelphia) to purchase 530 buses to be developed under the Transbus program of the Urban Mass Transportation Administration (UMTA). The District would receive 230 of the buses, expected to cost \$130,000 to \$150,000 each, which would have lower floors, fewer steps, a wheelchair ramp and the ability to lower to curbside. Funding would come from an UMTA grant. These buses are not expected to be delivered for three years.

## Passenger and Operating Statistics

Shown in Table 4 are various statistical measures of patronage and operations for the most recent five-year period taken from the District's 1976/77 Annual Report.

**TABLE 4**  
**Passenger and Operating Statistics**

	1973	1974	1975	1976	1977
<b>Passenger Data</b>					
Average weekday boardings . . . . .	610,000	690,000	880,000	1,030,000	1,040,000
Total annual boardings . . . . .	186,000,000	216,000,000	218,000,000 <sup>①</sup>	310,000,000	282,000,000 <sup>②</sup>
Annual passenger revenues . . . . .	\$47,419,000	\$48,100,000	\$34,459,000	\$53,596,000	\$62,937,000
<b>Operating Data</b>					
Number of bus routes . . . . .	139	160	224	222	214
Average weekday miles operated . . . . .	194,000	210,000	284,000	342,000	351,000
Annual miles operated . . . . .	64,000,000	67,000,000	69,000,000 <sup>①</sup>	100,000,000	102,900,000 <sup>②</sup>
One-way route miles . . . . .	3,057	3,300	3,803	4,150	4,294
Passenger stops . . . . .	20,332	20,000	25,000	32,000	30,000

① 68-day work stoppage occurred in August-September-October 1974.

② 36-day work stoppage occurred in August-September 1976.

The District has a Productivity and Efficiency Program in effect to combat the continuing rise in operating costs. Among the positive results of this program have been a 17% increase in average schedule speeds through careful control and monitoring of operating conditions and the increase of intervals between service or the reduction or elimination of weekend and evening service on more than 100 lines following a thorough analysis of the patronage of all lines with levels below 20 passengers per bus hour.

The Auditor General of the State of California in January 1977 submitted a report to the Joint Legislative Audit Committee entitled *Financing and Evaluating Public Transit Systems in California*. Shown in Table 5 are performance indicators from that report comparing the three largest bus systems in the State.

**TABLE 5**  
**Comparative Performance Indicators<sup>①</sup>**

	Fiscal Year	Southern <sup>②</sup> California Rapid Transit District	San Diego Transit Corporation	Alameda- <sup>③</sup> Contra Costa Transit District
<b>Service Efficiency</b>				
<b>Operating Cost</b>				
Per Vehicle Service Hour .....	1975/76	\$ 26.92	\$ 27.88	\$ 23.15
	1974/75	22.26	26.59	22.32
	1973/74	19.58	22.53	18.33
	1972/73	17.84	20.86	15.22
	1971/72	15.57	—	14.11
<b>Operating Cost</b>				
Per Passenger .....	1975/76	\$ .75	\$ .82	\$ .80
	1974/75	.71	.70	.82
	1973/74	.58	.58	.62
	1972/73	.56	.62	.54
	1971/72	.49	.67	.49
<b>Vehicle Service Hours</b>				
Per Employee .....	1975/76	872.3	923.3	988.9
	1974/75	856.7	869.8	980.3
	1973/74	961.2	901.7	1006.0
	1972/73	960.3	881.1	1012.3
	1971/72	985.3	—	1026.1
<b>Effectiveness</b>				
<b>Passengers</b>				
Per Vehicle Service Mile .....	1975/76	2.5	2.4	2.0
	1974/75	2.6	2.7	1.9
	1973/74	2.6	2.8	2.1
	1972/73	2.5	2.4	2.0
	1971/72	2.5	2.0	2.0
<b>Passengers</b>				
Per Vehicle Service Hour .....	1975/76	36.0	33.8	29.0
	1974/75	31.5	38.0	27.2
	1973/74	33.9	39.0	29.7
	1972/73	32.0	33.8	28.2
	1971/72	32.0	—	29.0

① These indicators were computed from data supplied by the operators. Adjustments were made to make the data as comparable as possible.

② During fiscal year 1974/75 SCRITD experienced a 68 day strike.

③ During fiscal year 1974/75 A/C Transit experienced a 61 day strike.

## Financial Data and Funding Sources

In common with other public transportation agencies, the District is heavily subsidized with local and State tax funds and Federal grants and last operated solely from farebox revenues in 1968. Passengers in 1976/77 provided 34.4% of the District's operating expenses compared to only 32.4% in 1975/76. Shown in Table 6 are operating results for the most recent five years taken from annual reports of the District and budgeted data for 1977/78.



Modern bus passenger station serving the Busway lane of the San Bernardino Freeway at El Monte, California.

The District's principal funding source for operating expenses has been the Mills-Alquist-Deddeh Act (the Transportation Development Act of 1971) which provides that  $\frac{1}{4}$  of 1% of the State's current 6% sales tax be made available for public transportation in the counties of origin. Moneys from the Los Angeles County Local Transportation Fund are allocated among transportation operators pursuant to the provisions of said Act. As the largest operator in Los Angeles County, the District receives the major portion of moneys available from this source and received moneys equivalent to 36% of operating expenses before depreciation in each of the last two years.

The Southern California Association of Governments (SCAG) is the agency which approves allocations from the County's Local Transportation Fund, subject to the prior approval of the Los Angeles County Transportation Commission. SCAG approves the District's claim in advance each year and directs the County Auditor-Controller to pay to the District monthly a fixed percentage of the gross sales tax receipts. As the result of higher than anticipated receipts, the District's claim for 1977/78 is expected to be paid in full by April 1978. The District may submit supplemental claims during the year but the total of all claims cannot exceed the farebox revenues collected (gross revenues). Funds remaining with the Auditor-Controller are carried over to the following year. Funds received from this source may be used for operating expenses and for matching capital grants, subject to certain limitations which the District has historically met.

The Urban Mass Transit Act of 1964, as amended, provides Federal subsidies for operation, based on population and population density, limited to 50% of eligible operating expenses. This program, administered by the U.S. Department of Transportation (DOT), provided \$28.5 million in 1976 and \$44.5 million in 1977 which was equivalent to 17.2% and 24.3% of operating expenses before depreciation in these years. A grant of approximately \$49 million is expected for 1978 based upon a renewed agreement with DOT.

**TABLE 6**  
**Historical and Budgeted Operating Results**  
**(000 omitted)**

	1972/73	1973/74	1974/75	1975/76	1976/77	Budgeted 1977/78
<b>Operating Revenues</b>						
Passenger .....	\$47,419	\$48,100	\$ 34,459	\$ 53,596	\$ 62,937	\$ 79,100
Other .....	919	1,416	2,022	2,916	1,301	1,105
<b>Total Operating Revenues</b> ....	<u>\$48,338</u>	<u>\$49,516</u>	<u>\$ 36,481</u>	<u>\$ 54,512</u>	<u>\$ 64,238</u>	<u>\$ 80,205</u>
<b>Operating Expenses Before Depreciation</b>						
Transportation .....	\$38,828	\$47,052	\$ 55,362	\$ 84,483	\$ 93,369	\$105,000
Maintenance .....	11,956	13,391	16,089	25,320	28,438	30,300
Traffic and advertising .....	1,494	2,359	3,352	4,642	4,301	4,100
Insurance .....	5,015	5,494	6,781	11,598	14,633	14,885
Station .....	1,166	1,528	1,760	2,782	2,631	2,850
Pension and medical .....	8,716	10,210	12,393	17,579	19,797	21,700
Social Security, employer's share ....	2,234	2,938	3,907	5,540	6,142	6,300
Administrative and general .....	3,951	4,752	7,631	11,197	11,307	9,385
Miscellaneous .....	1,227	1,387	1,043	2,154	2,475	2,700
<b>Total Operating Expense</b> Before Depreciation .....	<u>\$74,587</u>	<u>\$89,111</u>	<u>\$108,318</u>	<u>\$165,295</u>	<u>\$183,093</u>	<u>\$197,220</u>
<b>Depreciation</b>						
On assets acquired with District equity	\$ 2,502	\$ 2,810	\$ 3,080	\$ 3,703	\$ 4,041	(Not Funded)
On assets acquired with Federal and County grants .....	558	1,416	2,474	4,184	4,522	(Not Funded)
<b>Total Depreciation</b> .....	<u>\$ 3,060</u>	<u>\$ 4,226</u>	<u>\$ 5,554</u>	<u>\$ 7,887</u>	<u>\$ 8,563</u>	
<b>Operating Loss</b> .....	<u>\$29,309</u>	<u>\$43,821</u>	<u>\$ 77,391</u>	<u>\$118,670</u>	<u>\$127,418</u>	<u>\$117,015</u>
<b>Non-operating Income</b>						
Interest income .....	\$ 550	\$ 1,383	\$ 1,314	\$ 954	\$ 595	\$ 550
Tax proceeds .....	32,027	41,172	51,919	59,904	67,056	62,715
U.S. Department of Transportation subsidy .....	—	—	16,500	28,506	44,524	49,400
Revenue sharing funds .....	—	—	—	15,262	4,536	5,200
Other subsidies .....	727	6,380	13,639	7,847	5,677	
Interest expense, revenue bonds (1958 issue) .....	(1,388)	(1,281)	(1,196)	(1,035)	(913)	(850)
Other .....	134	716	65	(708)	41	
<b>Total Non-operating Income,</b> <b>Net</b> .....	<u>\$32,050</u>	<u>\$48,370</u>	<u>\$ 82,241</u>	<u>\$109,393</u>	<u>\$121,516</u>	<u>\$117,015</u>
<b>Net Income (Loss)</b> .....	<u>\$ 2,741</u>	<u>\$ 4,549</u>	<u>\$ 4,850</u>	<u>\$ (7,940)</u>	<u>\$ (5,902)</u>	<u>\$ -0-</u>

To be eligible for present Federal operating subsidies, the District must receive operating subsidies from other sources at least equal to the Federal subsidy. The State subsidy cannot exceed farebox revenues so in any given year, \$1.00 of farebox revenue could produce as much as \$2.00 of subsidies, if needed.

Revenue sharing funds have been provided by the County of Los Angeles for a portion of the difference between operating revenues and operating expenses in recent years. The reduction in moneys from this source from \$15.2 million in 1976 to \$4.5 million in 1977 was responsible for the new fare structure which became effective July 1, 1976. A renewal agreement with the County to provide up to \$5.2 million in 1978 has been executed.

State and Federal technical study and planning grants have also been received by the District and are included in Table 6. A major effort commenced in 1976/77 is the development of a four-part, multi-modal regional transit program at a cost of \$13.5 million of which \$11 million has been allocated by the Federal government and the balance will come from the State, the City of Los Angeles and the District. The program involves regional transportation system management, regional freeway transit, a downtown people mover and a regional core rapid transit element. Other operating subsidies include those for specialized bus service and grants geared to reduce unemployment in the Los Angeles area.

Capital grants are also made available by the Urban Mass Transportation Act, as amended, for equipment purchase, system modernization and facilities. Shown in Table 7 is a list of grant contracts entered into between DOT and the District, the principal purposes thereof and the sums involved as reported by the District. Such grants presently total 80% of the capital cost.

**TABLE 7**  
**Capital Grant Funding Summary**

Date	Purpose	DOT/UMTA	District	Total
September 11, 1969	Exact Fare Program: 219 buses, 1,500 fareboxes . . . .	\$ 6,310,566	\$ 3,155,284	\$ 9,465,850
August 9, 1970	Fleet Modernization: 212 buses, 63 autos . . . . .	6,975,629	3,487,815	10,463,444
August 24, 1971	San Bernardino Express Busway: 100 buses . . . . .	10,855,236	4,301,564	16,963,000 <sup>①</sup>
June 23, 1972	Eastern Cities Acquisition: 7 buses, assets of Eastern Cities Line . . .	336,424	168,213	504,637
November 7, 1972 Amended August 19, 1974	1st Phase Capital Improvement Program: 240 buses, 85 autos . .	16,343,426	6,776,474	23,119,900
June 3, 1974	Computerized run scheduling . . . .	240,000	60,000	300,000
July 22, 1975 Amended August 8, 1977	300 buses . . . . .	32,573,160	8,143,290	40,716,450
January 28, 1976 Amended October 4, 1977	30 articulated buses, 5,000 bus stop signs . . . . .	9,822,736	2,455,684	12,278,420
October 19, 1976 Amended May 26, 1977	38 used buses, 75 autos . . . . .	2,243,200	560,800	2,804,000
October 4, 1977	280 buses, 91 autos	33,348,060	8,337,015	41,685,075
	Total Capital Grants . . . . .	\$119,048,437	\$37,446,139	\$158,300,776

<sup>①</sup> Includes a \$1,806,200 capital grant from others.

Among the capital improvements made to the District's physical plant in 1976/77 as part of the five-year program were a new \$1.5 million maintenance building and tire repair facility with 19 bus repair stations in the Lincoln Heights area replacing a 70-year old structure originally built as a trolley shop and commencement of work in West Hollywood on a \$5.4 million modern maintenance and service complex for 250 buses which will include a water recycling unit to save water used in bus washing. From February to July 1977, the District was able to reduce water consumption by 35% over year-earlier use by installation of a similar unit at the El Monte facility, increasing washing intervals and other measures.

The adopted capital improvement plan for the five-year period 1978/79 to 1983/84 calls for the expenditure of \$350 million for buses, facilities and miscellaneous capital equipment items, of which 80% is grant-eligible.

Shown in the Appendix are balance sheets of the District as of June 30, 1977 and June 30, 1976, the related statements of revenue and expense, changes in District equity and capital grants and changes in financial position for the years then ended, as prepared by the District's independent auditors.

## Debt Service

The District will call for redemption and retire the outstanding Series of 1958 Bonds on March 1, 1978 from proceeds of the Bonds and with moneys on hand and to be deposited with the Escrow Bank for that purpose. Thereafter, the only debt service payable by the District will be as shown in Table 8 below which is based upon an assumed 5% interest rate on the 1978 Refunding Revenue Bonds.

**TABLE 8**  
**Assumed Debt Service Requirements**  
**\$15,215,000 1978 Refunding Revenue Bonds**  
**(to nearest \$100)**

Period Ending August 1	Bonds Outstanding	Assumed Interest at 5%	Principal Retired	Total Debt Service
1978 .....	\$15,215,000	\$380,400	\$2,545,000	\$2,925,400
1979 .....	12,670,000	633,500	2,295,000	2,928,500
1980 .....	10,375,000	518,800	2,405,000	2,923,800
1981 .....	7,970,000	398,500	2,530,000	2,928,500
1982 .....	5,440,000	272,000	2,655,000	2,927,000
1983 .....	2,785,000	139,300	2,785,000	2,924,300

Budgeted 1978 operating revenues of the District of \$80,205,000 (gross revenues as defined in the Resolution) would cover assumed maximum annual debt service 27.31 times. Based upon 1976/77 passenger revenues of \$62.9 million and 282 million total passengers boarded, an average fare of \$0.22 was received per passenger before the 1977/78 fare increase became effective. Average weekday boardings totaled 1,040,000 passengers and produced approximately \$228,000 per day. Less than three weeks of operations last year would have produced gross revenues exceeding total annual debt service on the Bonds.

Although not bonded indebtedness, the District had lease commitments for division facilities and a headquarters office building which aggregated \$1,586,000 in 1977 and \$1,298,000 in 1976. Shown below in Table 9 are rental requirements on non-cancellable leases as of June 30, 1977 as reported by the District.

**TABLE 9**  
**Building Lease Obligations**

Fiscal Year	Amount
1978 .....	\$1,117,000
1979 .....	1,060,000
1980 .....	1,022,000
1981 .....	418,000
1982-1983 .....	155,000



Shown in Table 10 is the overlapping indebtedness of the Southern California Rapid Transit District as prepared by California Municipal Statistics, Inc. of San Francisco. No general obligation bonded indebtedness has ever been issued by the District and the District has no powers of ad valorem property taxation.

**TABLE 10**  
**Overlapping Indebtedness**  
**Southern California Rapid Transit District**

Issuer	Percent Applicable	Debt as of January 11, 1978
Los Angeles County .....	98.377%	\$ 16,614,892
Los Angeles County Building Authorities .....	98.377	216,284,510 <sup>①</sup>
Los Angeles County Flood Control District .....	99.767	477,834,047
Metropolitan Water District of Southern California .....	58.031	309,941,830
Other Water Districts .....	100.	59,122,739
Los Angeles Community College District .....	100.	19,000,000
Other Community College Districts .....	100. <sup>②</sup>	20,903,883
Los Angeles Unified School District .....	100.	285,500,000
Other Unified School Districts .....	100.	177,073,360
High School Districts .....	100. <sup>②</sup>	41,788,800
Other School Districts .....	100. <sup>②</sup>	21,187,064
City of Los Angeles and Building Authorities .....	100.	292,860,000
Other Cities and Building Authorities .....	100.	332,818,280
Other Special Districts .....	100. <sup>②</sup>	22,414,061
<b>Total Gross Direct and Overlapping Bonded Debt .....</b>		<b>\$2,293,343,466<sup>③</sup></b>
Less: Metropolitan Water District (City water-revenue supported) ..		6,784,019
City of Los Angeles (water, airport, light, power and parking		
bonds, 100% self-supporting) .....		28,020,000
Other Self-supporting Bonds .....		13,194,000
<b>Total Net Direct and Overlapping Bonded Debt .....</b>		<b>\$2,245,345,447</b>

Ratios to Assessed Valuation <sup>④</sup>	Per Capita (6,500,000)
Total Gross Debt .....	7.66%      Assessed Valuation .....
Total Net Debt .....	7.50%      Total Net Debt .....
	\$4,605
	\$ 345

<sup>①</sup> Including \$27,500,000 Los Angeles County Martin Luther King, Jr. General Hospital Authority bonds to be sold January 10, 1978.

<sup>②</sup> All 100%, or almost 100%, except for Antelope Valley Joint Union High School District, Fullerton Union High School District, and Community College Districts, and the schools and special districts included in them.

<sup>③</sup> Excludes revenue bonds and \$238,113,959 Los Angeles County lease purchase obligations.

<sup>④</sup> The State Board of Equalization reports that 1977/78 Los Angeles County valuations average 21.3% of full value. Public utility property is assessed by the State Board of Equalization at 25% of market value. The assessed valuation (\$29,935,288,923) is before deduction of homeowners and business inventory exemptions the taxes at which are paid by the State of California, and after deduction of assessed valuation in excess of redevelopment project base rolls (\$860,744,945).

Share of authorized and unsold bonds:	
Metropolitan Water District .....	\$211,813,150
Los Angeles County Flood Control District .....	\$ 32,174,858
Other Districts .....	\$103,572,000
State School Building Aid Repayable (as of June 30, 1977) .....	\$456,503,584



## ECONOMICS AND STATISTICS

### General

The majority of the District's passengers are residents of Los Angeles County and statistics concerning this County are shown in the following section with lesser emphasis on the adjacent Counties of Orange, Riverside, San Bernardino and Ventura which are included in the District's service area. Although portions of Los Angeles County are excluded from the District, the data shown is believed to be representative of that portion within the District.

Los Angeles County is the focal point of a large industrial producing area and transportation center for much of Southern California and the continuing economic growth in the County has played a large part in the development of this area. This growth trend is indicated by the various indices shown in the following Table 11 and by the statistical records as shown in the other tables included in this section on Economics and Statistics.

**TABLE 11**  
**Growth Indices of Metropolitan Los Angeles Area**

Year	Total Telephone Stations <sup>①</sup>	Active Electric Accounts <sup>②</sup>	Active Natural Gas Accounts <sup>③</sup>	Active Water Accounts <sup>④</sup>	Postal Receipts <sup>⑤</sup>
1967 .....	2,984,224	1,060,118	911,975	607,683	\$113,968,647
1968 .....	3,071,877	1,072,985	922,067	618,655	126,287,805
1969 .....	3,184,729	1,082,609	929,084	616,821	139,174,730
1970 .....	3,273,571	1,092,092	931,040	618,963	144,894,554
1971 .....	3,390,580	1,100,135	927,207	617,592	149,063,344
1972 .....	3,339,517	1,099,034	921,441	616,173	172,644,940
1973 .....	3,418,692	1,108,038	923,067	615,982	172,365,582
1974 .....	3,511,409	1,115,918	925,168	617,664	176,847,940
1975 .....	3,583,878	1,113,935	930,692	618,846	193,229,077
1976 .....	3,677,275	1,114,729	938,976	622,129	203,413,409

*Source:*

- ① Pacific Telephone (213 area code of Los Angeles). ② Los Angeles Department of Water & Power (service area).  
 ③ Southern California Gas Company (Los Angeles City). ④ Los Angeles Department of Water & Power (service area).  
 ⑤ South San Francisco Postal Data Center (Los Angeles County).

### Geography and Climate

Located in Southern California, Los Angeles County is bordered on the east by Orange and San Bernardino counties, on the north by Kern County, on the west by Ventura County, and on the south by the Pacific Ocean. Some 55 miles of the County border on the ocean, providing many beaches, marinas and other recreational areas for use by residents and visitors. Almost half the County is mountainous with the highest elevation being Mt. Baldy at 10,065 feet. The remainder of the County is made up of two major lowlands known as the Los Angeles Basin with its numerous valleys and the Antelope Valley in the Mojave Desert. The Los Angeles Basin is considered to be one of the most pleasant in the United States. Average high temperatures range from 65° in January to 82° in July.

Drought conditions which exist in many areas of the State have had a lesser impact in Los Angeles County. From July 1, 1976 to June 30, 1977, rainfall in the County totaled 12.64 inches, compared with a yearly average of 14.05 inches. Some areas of the State have received less than half the normal rainfall. Measurements of rainfall are recorded on a July 1 to June 30 yearly basis.

Approximately 40% of the County's water supply is provided from underground basins, with the remainder imported from the Colorado River Aqueduct, the Owens Valley and Northern California. Reduced rainfall in Northern California has curtailed water deliveries to the County, requiring greater utilization of other sources. A 10% reduction in water usage has been mandated in the City of Los Angeles.

### Population

Almost a third of all California residents live in Los Angeles County. It is the most populous county in the nation. The population decline experienced in many urban areas has been reversed in Los Angeles

County, as shown by the following Table 12. Figures presented for the years 1960 through 1974 are State Department of Finance estimates as of July 1; succeeding years are estimates as of January 1.

**TABLE 12**  
**Population**

Year	Los Angeles County	State of California	United States
1960 .....	6,071,900	15,683,000	179,323,175
1970 .....	7,045,200	20,026,100	204,878,000
1971 .....	7,059,300	20,295,900	207,053,000
1972 .....	7,006,200	20,517,900	208,846,000
1973 .....	6,967,000	20,741,000	210,410,000
1974 .....	6,943,800	20,963,500	211,894,000
1975 .....	6,940,000	21,133,000	212,748,000
1976 .....	6,984,100	21,324,000	214,435,000
1977 .....	7,023,800	21,670,000	215,998,000

Source: State Department of Finance.

## Housing

Housing units in the County were estimated by the County Department of Regional Planning to total 2,732,161 as of January 1, 1977, compared with 2,541,603 reported in the 1970 Census. Although single-family residences comprised approximately two-thirds of all dwelling units at the end of 1976, almost 70% of the 163,504 new housing units added during the last five years were multiple dwellings. (See Table 21).

The median value of owner-occupied dwellings within the County was reported by the 1970 Census to be \$24,300 compared with a State-wide median value of \$23,100. Median monthly rentals were \$110 in the County and \$113 State-wide in 1970. Building permits issued for 14,272 new single-family homes throughout the County showed an average value (excluding land) of more than \$46,000 in 1976, according to "California Construction Trends" published by Security Pacific National Bank.

## Economic Characteristics of Population

Figures concerning income grouping per household are shown in the following Table 13.

**TABLE 13**  
**Income Grouping for 1976**

Income Per Household	Los Angeles County	State of California	United States
\$ 0- 8,000 .....	26.5%	26.2%	27.7%
8,000- 9,999 .....	7.2	7.1	7.3
10,000-14,999 .....	19.4	19.3	19.9
15,000-24,999 .....	29.9	30.7	30.0
25,000 and over .....	17.0	16.7	15.1

Source: Copyright *Sales Management Survey of Buying Power*; further reproduction not licensed.

On average, Los Angeles County appears to have a modestly smaller percentage of households in the lower income ranges and a larger percentage of households in the higher income ranges than does the State of California and the United States in spite of the fact that the number of persons per household is slightly less in Los Angeles County than in the State as a whole or the entire country as shown in the subsequent Table 14.

**TABLE 14**  
**Population and Household Data—1976**

	Los Angeles County	State of California	United States
Number of Households . . . . .	2,717,000	7,951,900	74,002,400
Population . . . . .	6,981,500	21,580,700	215,881,400
Population per Household . . . . .	2.6	2.7	2.9

Source: Copyright *Sales Management Survey of Buying Power*; further reproduction not licensed.

The smaller number of residents per household in Los Angeles County is especially important when related to effective buying income which increased from \$31.4 billion in 1972 to almost \$45.0 billion in 1976. Per household comparisons for 1976 place Los Angeles County below the State or nation but the more useful per capita comparison places Los Angeles County well above the national average and ahead of the State of California. These comparisons are shown in detail in the following Table 15.

**TABLE 15**  
**Effective Buying Income**  
**(000 omitted)**

Year	Los Angeles County	State of California	United States
1972 . . . . .	\$31,384,661	\$ 87,070,284	\$ 791,506,134
1973 . . . . .	34,491,000	96,273,475	880,725,562
1974 . . . . .	37,916,381	107,283,805	978,025,805
1975 . . . . .	41,563,689	119,171,408	1,073,292,857
1976 . . . . .	44,987,702	130,815,695	1,176,239,778
Per Household (000 included) . . . . .	13,205	15,174	15,895
Per Capita (000 included) . . . . .	5,992	5,587	5,449

Source: Copyright *Sales Management Survey of Buying Power*; further reproduction not licensed.

The attraction of Los Angeles as a retail center is demonstrated in the following Table 16 which indicates approximately one-third of all retail sales in the State occur within Los Angeles County. Per capita retail sales in the County are higher than comparable figures for the State of California and the country as a whole.

**TABLE 16**  
**Retail Sales**  
**(000 omitted)**

Year	Los Angeles County	State of California	United States
1972 . . . . .	\$16,200,055	\$46,902,058	\$443,695,884
1973 . . . . .	18,494,136	54,442,388	514,053,460
1974 . . . . .	20,294,581	59,387,806	558,883,349
1975 . . . . .	21,294,867	64,293,458	596,711,857
1976 . . . . .	23,868,371	72,472,430	661,748,588
Per Household (000 included) . . . . .	8,780	9,110	8,942
Per Capita (000 included) . . . . .	3,420	3,358	3,065
Percent of Retail Sales to Effective Buying Income . . . .	53.0%	55.4%	55.6%

Source: Copyright *Sales Management Survey of Buying Power*; further reproduction not licensed.

**TABLE 17**  
**Total Taxable Sales in Los Angeles County**  
**(000 omitted)**

	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Apparel Stores .....	\$ 667,412	\$ 712,023	\$ 785,211	\$ 770,005	\$ 817,432	\$ 873,993	\$ 910,790	\$ 927,154	\$ 1,011,520	\$ 1,099,291
General Merchandise ...	1,978,610	2,119,340	2,247,113	2,267,031	2,323,115	2,454,148	2,627,541	2,741,100	2,946,528	3,145,284
Specialty Stores .....	881,512	1,009,083	1,088,335	1,115,742	1,129,481	1,301,192	1,390,426	1,545,763	1,649,064	1,868,186
Food and Liquor Stores .	1,172,752	1,690,117	1,383,317	1,462,621	1,548,493	1,604,942	1,643,107	1,863,255	2,198,762	2,188,915
Eating and Drinking ...	1,028,720	1,088,496	1,175,768	1,230,173	1,289,625	1,510,244	1,669,730	1,864,545	2,031,358	2,265,382
Household .....	524,362	555,676	559,522	531,926	569,396	632,387	689,480	704,497	707,812	839,963
Farm and Fuel .....	81,332	83,773	102,835	101,495	99,050	111,508	126,964	144,634	144,791	163,439
Building Materials .....	390,918	466,392	527,908	500,119	552,891	642,527	741,324	762,977	774,817	938,520
Automotive .....	2,153,294	2,425,916	2,552,506	2,352,562	2,734,024	3,541,158	4,493,463	4,761,186	4,847,648	5,748,876
<b>Total Retail Sales ..</b>	<b>\$ 8,878,912</b>	<b>\$10,150,816</b>	<b>\$10,422,510</b>	<b>\$10,331,674</b>	<b>\$11,063,507</b>	<b>\$12,672,099</b>	<b>\$14,292,825</b>	<b>\$15,315,111</b>	<b>\$16,312,300</b>	<b>\$18,257,856</b>
Business and Personal Services .....	442,085	488,381	549,873	567,158	584,753	657,873	759,117	816,522	861,619	982,500
All other outlets .....	4,254,002	4,544,731	4,981,313	4,940,898	4,889,443	5,450,910	6,168,498	7,154,263	7,615,618	8,174,805
<b>Total All Outlets ..</b>	<b>\$13,574,999</b>	<b>\$15,183,928</b>	<b>\$15,953,696</b>	<b>\$15,839,730</b>	<b>\$16,537,703</b>	<b>\$18,780,882</b>	<b>\$21,220,440</b>	<b>\$23,285,896</b>	<b>\$24,789,537</b>	<b>\$27,415,161</b>

Source: California State Board of Equalization, Statistical Research and Consulting Division.

Table 17 provides a historical breakdown of all taxable sales by category, in dollar amounts over the past ten years, for Los Angeles County as prepared by the Statistical Research and Consulting Division of the California State Board of Equalization.

## Education

Public instruction in Los Angeles County is provided by 33 elementary school districts, seven high school districts and 42 unified (combined elementary and high school) districts. Approximately 86% of the students attend unified school districts. For the Fall 1976 semester, the largest district, Los Angeles Unified School District, had 601,429 students enrolled in kindergarten through twelfth grade, plus 117,252 adult students, for a total of 718,618 students. County-wide enrollments shown below in Table 18 are reported as of October for each year.

**TABLE 18**  
**Public School Enrollments**

Grades	1972	1973	1974	1975	1976
K-8 .....	973,529	950,335	934,641	927,552	908,260
9-12 .....	437,106	437,383	435,160	437,492	437,321
	<u>1,410,635</u>	<u>1,387,718</u>	<u>1,369,801</u>	<u>1,365,044</u>	<u>1,345,581</u>
Adults .....	224,308	245,524	264,174	279,993	288,292
Total .....	<u>1,634,943</u>	<u>1,633,242</u>	<u>1,633,975</u>	<u>1,645,037</u>	<u>1,633,873</u>

Source: County Superintendent of Schools.

Thirteen community college districts operate 21 two-year institutions within the County. Full and part-time students enrolled in the colleges number more than 290,000.

Los Angeles County is the location of many colleges and universities, both public and private, including such well-known institutions as the University of California at Los Angeles, the University of Southern California, Occidental College, the Claremont Colleges, and the California Institute of Technology. State university campuses are located in Los Angeles, Long Beach, Northridge, Pomona and Dominguez Hills.

## Industry

The "Roster of Leading California Companies" published by the *Los Angeles Times* showed 58 of California's 100 largest industrial firms in 1976 were headquartered in Los Angeles County. These 58 firms had total sales of \$58.3 billion.

Thirteen of the top 58 had total 1976 sales in excess of \$1 billion. Atlantic Richfield Company led the list with a sales volume of \$8.9 billion. Others were Union Oil Company of California (\$5.7 billion), Occidental Petroleum Corp. (\$5.5 billion), Litton Industries Inc. (\$3.3 billion), Getty Oil Company (\$3.2 billion), Lockheed Aircraft Corp. (\$3.2 billion), the Signal Companies Inc. (\$2.4 billion), Carnation Co. (\$2.1 billion), Teledyne Inc. (\$1.9 billion), Fluor Corp. (\$1.8 billion), Dart Industries Inc. (\$1.4 billion), Reserve Oil and Gas Co. (\$1.4 billion), and Northrop Corp. (\$1.2 billion).

Total sales in excess of \$500 million were recorded by an additional nine companies: the Times Mirror Company, the Ralph M. Parsons Company, Tosco Corp., MCA Inc., Whittaker Corp., Lear Siegler Inc., Petrolane, Inc., Walt Disney Productions, and C F Braun & Company.

The total 1976 sales of these 22 companies exceeded \$49.2 billion, or approximately half of the \$101.8 billion total sales of California's 100 largest industrial firms.

## Employment

The following Table 19 summarizes employment of nonagricultural wage and salary workers in the Los Angeles-Long Beach metropolitan area over the past five years. The figures presented are annual averages which are estimated by the California Employment Development Department.

**TABLE 19**  
**Estimated Average Annual Employment by Industry**  
**Nonagricultural Wage and Salary Workers**

	1972	1973	1974	1975	1976
Manufacturing .....	773,700	820,000	823,800	766,800	792,300
Retail and Wholesale Trade .....	649,700	681,700	693,100	690,700	714,300
Services .....	568,800	606,100	618,900	627,200	647,400
Government .....	436,200	440,300	457,800	477,800	483,600
Finance, Insurance and Real Estate .....	177,900	184,100	186,600	184,300	188,200
Transportation, Communications and Utilities .....	171,400	177,300	177,200	170,900	173,300
Consultation .....	99,700	107,800	105,500	95,800	96,400
Mineral Extraction .....	10,700	10,500	10,900	11,200	11,300
Total .....	2,888,100	3,028,000	3,073,800	3,024,700	3,106,800

Source: State of California Employment Development Department.

The average number of employed and unemployed residents of the County, together with the average unemployment rate, is summarized in the following Table 20. The difference in the total employment by industry shown in the preceding table from the total number of employed shown in the following table is due to the fact that the former table includes nonresidents who commute to work in the County, while the latter includes residents who commute to work in other counties.

**TABLE 20**  
**Estimated Average Annual Employment and Unemployment**  
**of Resident Labor Force**  
**(in thousands)**

	1972	1973	1974	1975	1976
Employed .....	2,834	2,880	2,962	2,935	2,991
Unemployed .....	235	201	215	315	290
Total Work Force .....	3,069	3,081	3,177	3,250	3,281
Unemployed .....	7.7%	6.5%	6.8%	9.7%	8.8%

Source: State of California Employment Development Department.

## Financial Institutions

The *Los Angeles Times* "Roster of Leading California Companies" also listed a number of leading financial institutions with home offices in Los Angeles County. It showed five major banks with assets of more than \$32.2 billion and seven leading savings and loan associations with over \$30.8 billion in assets. Included on the list was Home Savings and Loan Association, the nation's largest.

The list also contained eight bank holding companies with assets of more than \$65.4 billion; three other mortgage and lending institutions; three nationally prominent life insurance companies; two major fire and casualty insurers and the State's largest title insurance company. Combined assets of \$7 billion were shown for the six insurance companies.

Total national bank deposits in the Los Angeles SMSA were \$12,231,988,000 at June 30, 1977, compared with \$11,514,218,000 at December 31, 1976, according to the Federal Reserve Bank of San Francisco.

## Construction Activity

The total valuation of building permits issued in Los Angeles County exceeded \$2.3 billion in 1976, an increase of 33% from the previous year. The County accounted for more than one fifth of the State's total building permit valuations in 1976. The following Table 21 provides a summary of the building permit valuations and the number of new dwelling units authorized in Los Angeles County during the past five years.

**TABLE 21**  
**Building Permit Valuations**

	1972	1973	1974	1975	1976
Valuation (in thousands):					
Residential .....	\$1,073,972	\$1,051,428	\$ 705,771	\$ 733,771	\$1,260,717
Nonresidential .....	1,228,920	1,116,565	1,052,312	1,036,831	1,091,158
Total .....	<u>\$2,302,892</u>	<u>\$2,167,993</u>	<u>\$1,758,083</u>	<u>\$1,770,602</u>	<u>\$2,351,875</u>
New Dwelling Units:					
Single family .....	10,805	9,413	5,946	8,822	14,272
Multiple family .....	42,295	33,635	14,000	8,904	15,012
Total .....	<u>53,100</u>	<u>43,048</u>	<u>20,346</u>	<u>17,726</u>	<u>29,284</u>

Source: "California Construction Trends", Security Pacific National Bank.

## Visitor and Convention Business

Millions of visitors are attracted to Southern California each year, providing a significant contribution to the County's economy. Tourism is a year-round industry which peaks in the summer months.

Major tourist attractions located in the County include Magic Mountain, Marineland of the Pacific, the Queen Mary, motion picture and television studios, the Los Angeles Music Center and the Rose Bowl. Sports fans enjoy the County's home-based teams which represent every major league sport; nationally prominent collegiate athletic teams are also located in the County. Natural attractions include the temperate climate, beaches fronting the Pacific Ocean, the mountains and the desert. Santa Catalina Island has long been a popular recreational area.

The Southern California Visitors Council estimates that tourism supports one million jobs in Southern California. The principal beneficiaries of the tourist dollar in 1976 were food and beverage establishments which received more than \$663 million; hotels and motels which realized more than \$637 million; and recreation and entertainment places which grossed more than \$484 million. Surveys by the Southern California Visitors Council indicate that taxes paid by visitors to Southern California amounted to \$135 million in 1975 and \$160 million in 1976. The following Table 22 shows the estimated total number of tourists visiting Southern California over the past five years and their total estimated expenditures:

**TABLE 22**  
**Tourists and Expenditures in Southern California**

	Tourists	Expenditures
1972 .....	8,125,000	\$1,400,000,000
1973 .....	8,446,000	1,966,000,000
1974 .....	8,363,000	2,219,000,000
1975 .....	8,480,000	2,431,000,000
1976 .....	9,504,000	2,856,447,000

Source: Southern California Visitors Council.

Los Angeles County is also an important convention center. Its status as a major metropolitan area, coupled with the natural, cultural and recreational attractions listed above, make the County an ideal site for conventions. Meeting facilities for both large and small groups are provided by the Los Angeles Convention Center and hotels located in downtown Los Angeles, in Beverly Hills and adjacent to the Los Angeles International Airport. In 1975 and 1976 convention business in Los Angeles County experienced a decline as the national economic recession reduced the number of conventions and as conventions slated activities in Bicentennial cities. Bookings received thus far in 1977 indicate that this year will show a rise in convention business in the County. The following Table 23 summarizes the number of conventions held in the County, as well as estimated attendance and delegate expenditures, for the past five years.

**TABLE 23**  
**Convention Activity in Los Angeles County**

	Conventions	Attendance	Expenditures
1972 .....	232	369,730	\$61,005,450
1973 .....	243	403,150	86,072,525
1974 .....	276	433,720	92,599,220
1975 .....	224	389,076	83,067,726
1976 .....	199	260,129	55,537,541

Source: Los Angeles Convention and Visitors Bureau.

## Agriculture

Despite the substantial urbanization of Los Angeles County, agriculture remains an important sector of the County's economy. Total receipts from farm crops and livestock of \$174,195,000 in 1976 represented a 14% increase over 1975 and produced the highest level of agricultural income in the past ten years ranking Los Angeles County 16 out of a total 58 counties in California in agricultural income.

The County's favorable climate and long growing season are conducive to producing a wide variety of crops. By far the most important agricultural crop for the County was nursery products and cut flowers. Other important areas of agriculture were vegetable crops, livestock products and poultry as well as field crops (primarily alfalfa hay).

Although drought conditions in 1976 lowered yields in certain categories such as hay, grain, beans, cattle and apiary products, large increases in the other crops mentioned contributed to the record production. The County Agricultural Commissioner estimates that drought conditions decreased agricultural receipts by approximately \$4 million in 1976 as new plantings were scaled back and livestock herds were reduced. Table 24 gives a history of agricultural crop production by category during the past four years.



**TABLE 24**  
**Los Angeles County**  
**Gross Values of Agricultural Production**  
**(000 omitted)**

	1973	1974	1975	1976
Field Crops .....	\$ 11,843	\$ 14,291	\$ 13,314	\$ 16,007
Seed Crops .....	7	33	18	9
Vegetable Crops .....	11,853	15,027	24,342	31,357
Fruit and Nut Crops .....	9,048	9,692	4,941	4,562
Nursery and Cut Flowers .....	54,580	64,145	62,468	74,660
Apiary Products .....	712	969	662	384
Livestock .....	12,027	11,205	11,561	7,653
Livestock Products .....	18,851	23,390	17,819	21,800
Poultry .....	12,032	13,843	11,604	12,315
Poultry Products .....	5,674	5,774	5,843	5,448
Total Crops and Livestock .....	<u>\$136,627</u>	<u>\$158,369</u>	<u>\$152,572</u>	<u>\$174,195</u>

Source: California Agricultural Commissioners' Annual Reports.

## Transportation

Los Angeles County is one of the world's leading transportation centers. Extensive air, ship, rail and highway facilities serve residents, visitors and industry.

All transcontinental airlines and many international carriers serve the Los Angeles area. The major air terminals are Los Angeles International Airport, Ontario International Airport and Hollywood-Burbank Airport. Los Angeles International Airport, owned and operated by the City of Los Angeles, is one of the largest and most modern air terminals in the nation. The Department of Airports reports that air traffic in 1976 included 25.9 million passengers and 1.54 billion pounds of air freight, compared with 23.7 million passengers and 1.4 billion pounds of air freight in 1975.

Shipping facilities make a substantial contribution to the County's economy. More than 5,000 vessels call annually at the two major adjoining port complexes, the Port of Los Angeles and the Port of Long Beach.

The Port of Los Angeles has 28 miles of waterfront and covers more than 7,000 acres of land and water area. Its facilities include container terminals, a bulk cargo handling and loading complex, a super-tanker terminal, and shipyards. The Port can handle more than 80 ocean-going vessels simultaneously.

The leading foreign trade port on the west coast is the Port of Long Beach. It can accommodate super-tankers up to 200,000 tons gross weight. The Port has extensive automatic loading and unloading equipment and devotes more than 300 acres to containerized shipping.

Railway service is provided in the County by three transcontinental railroads—the Atchison, Topeka and Santa Fe; the Union Pacific and the Southern Pacific. The sole source of public transportation is bus service. The largest transit system is operated by the District which has more than 2,200 miles of local and interurban routes serving most of the County's cities and communities.

Residents continue to rely on the automobile as the primary source of transportation. A network of fifteen freeways facilitate intra- and inter-county travel. Major freeways include Interstate 5, the main west coast route from the Canadian border to the Mexican border, and Interstate 10, a major highway connecting the east and west coasts.

## Adjacent Counties

Shown in Table 25 are data relating to population, assessed valuation and taxable sales in the four other counties comprising the District's service area. As may be seen, the trend in each of these is upward indicative of the growth occurring in the Southern California area.

**TABLE 25**  
**Population, Assessed Valuation and Retail Sales**  
**Orange, Riverside, San Bernardino and Ventura Counties 1971/72 to 1976/77**

	Orange County			Riverside County		
	Population <sup>①</sup>	Assessed Valuation <sup>②</sup> (000)	Taxable Sales <sup>③</sup> (000)	Population <sup>①</sup>	Assessed Valuation <sup>②</sup> (000)	Taxable Sales <sup>③</sup> (000)
1971/72 .....	1,528,100	\$4,346,458	\$3,931,107	486,800	\$1,353,355	\$1,119,295
1972/73 .....	1,584,300	4,964,075	4,701,633	507,800	1,453,851	1,274,508
1973/74 .....	1,631,000	5,384,743	5,210,519	504,400	1,574,988	1,369,029
1974/75 .....	1,684,500	6,311,522	5,751,433	518,500	1,725,438	1,502,113
1975/76 .....	1,729,300	7,185,865	6,965,894	538,400	1,866,756	1,775,716
1976/77 .....	1,768,000	8,525,859	N/A	560,440	2,038,940	N/A
	San Bernardino County			Ventura County		
1971/72 .....	690,400	\$1,803,417	\$1,472,978	404,700	\$1,216,918	\$ 787,340
1972/73 .....	694,100	1,941,122	1,686,423	416,500	1,293,958	903,106
1973/74 .....	699,100	2,082,794	1,823,841	420,400	1,353,802	1,000,932
1974/75 .....	706,800	2,233,054	1,977,173	432,400	1,501,129	1,143,809
1975/76 .....	703,800	2,383,141	2,343,336	444,500	1,610,365	1,318,829
1976/77 .....	723,800	2,586,608	N/A	457,800	1,940,847	N/A

① State of California Population Research Unit, January 1 of each fiscal year.

② State Controller, includes business inventory and homeowner exemptions.

③ State Board of Equalization.

Bus operating yard in Sun Valley, California.



**Southern California Rapid Transit District**

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**Report on Examination of Financial Statements  
For the Years Ended June 30, 1977 and June 30, 1976**

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COOPERS & LYBRAND  
WILFONG & COMPANY

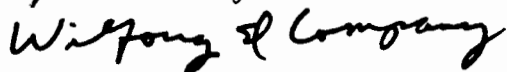
CERTIFIED PUBLIC ACCOUNTANTS  
555 SOUTH FLOWER STREET  
LOS ANGELES, CALIFORNIA 90071  
213-680-2500

Board of Directors  
Southern California Rapid Transit District

We have examined the balance sheets of the Southern California Rapid Transit District (SCRTD) as of June 30, 1977 and June 30, 1976, and the related statements of revenue and expense, changes in district equity and capital grants and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of SCRTD as of June 30, 1977 and June 30, 1976, and the results of its operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

  
COOPERS & LYBRAND



WILFONG & COMPANY

Los Angeles, California  
September 9, 1977

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

BALANCE SHEET

	<u>1977</u>	<u>June 30,</u> <u>1976</u>	<u>1977</u>	<u>June 30,</u> <u>1976</u>
A S S E T S:				
Current:				
Cash, including \$8,694,000 and \$12,846,000 of time deposits, respectively	\$16,206,000	\$13,702,000		
Accounts receivable (Note 5):				
Tax proceeds and other subsidies	6,437,000	5,727,000		
Capital grants	6,035,000	4,693,000		
Other	1,052,000	1,132,000		
Material and supplies	<u>1,727,000</u>	<u>1,468,000</u>		
Total current assets	<u>31,457,000</u>	<u>26,722,000</u>		
Marketable securities, at cost, approximately market	<u>1,797,000</u>	<u>999,000</u>		
Restricted cash (Note 3):				
Bond interest fund, time deposits	294,000	325,000		
Sinking fund, time deposits	3,187,000	3,187,000		
Depreciation fund, including \$100,000 of time deposits in 1976	<u>9,000</u>	<u>115,000</u>		
Total restricted cash	<u>3,490,000</u>	<u>3,627,000</u>		
Property, plant and equipment:				
Land	10,295,000	9,912,000		
Buildings	16,395,000	13,896,000		
Revenue-earning and automotive equipment	84,933,000	83,996,000		
Office furnishings, shop equipment and other	<u>8,116,000</u>	<u>5,745,000</u>		
	119,739,000	113,549,000		
Less, Accumulated depreciation	<u>55,066,000</u>	<u>47,520,000</u>		
Other	64,673,000	66,029,000		
	<u>742,000</u>	<u>663,000</u>		
	<u>\$102,159,000</u>	<u>\$98,040,000</u>		
LIABILITIES, RESERVES, AND EQUITY:				
Current:				
Accounts payable	\$5,386,000	\$5,572,000		
Accrued expenses	12,362,000	11,517,000		
Estimated liability for insurance claims (Note 2)	<u>14,123,000</u>	<u>8,875,000</u>		
Total current liabilities	<u>31,871,000</u>	<u>25,964,000</u>		
Deferred compensation (Note 7)	1,797,000	999,000		
Revenue bonds, Series of 1958 (Note 3)	<u>15,291,000</u>	<u>16,918,000</u>		
Reserves (Note 3):				
Bond interest fund	294,000	325,000		
Sinking fund	3,187,000	3,187,000		
Depreciation fund	<u>9,000</u>	<u>115,000</u>		
Total reserves	<u>3,490,000</u>	<u>3,627,000</u>		
Contingencies and commitments (Notes 3, 5 and 6)				
Equity (statement annexed):				
District equity	17,922,000	19,165,000		
Capital grants:				
Federal	31,788,000	31,367,000		
Total equity	<u>49,710,000</u>	<u>50,532,000</u>		
	<u>\$102,159,000</u>	<u>\$98,040,000</u>		

The accompanying notes are an integral part of this statement.

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT  
STATEMENT OF REVENUE AND EXPENSE

	For The Years Ended	
	June 30,	
	<u>1977</u>	<u>1976</u>
Operating revenues:		
Passenger	\$62 937 000	\$53 596 000
Other	<u>1 301 000</u>	<u>916 000</u>
Total operating revenues	<u>64 238 000</u>	<u>54 512 000</u>
Operating expenses before depreciation:		
Transportation	93 369 000	84 483 000
Maintenance	28 438 000	25 320 000
Traffic and advertising	4 301 000	4 642 000
Insurance	14 633 000	11 598 000
Station	2 631 000	2 782 000
Pension and medical (Note 4)	19 797 000	17 579 000
Social security, employer's share	6 142 000	5 540 000
Administrative and general	11 307 000	11 197 000
Miscellaneous	<u>2 475 000</u>	<u>2 154 000</u>
Total operating expenses before depreciation	<u>183 093 000</u>	<u>165 295 000</u>
Depreciation:		
On assets acquired with district equity	4 041 000	3 703 000
On assets acquired with Federal and County grants	<u>4 522 000</u>	<u>4 184 000</u>
Total depreciation	<u>8 563 000</u>	<u>7 887 000</u>
(Operating loss)	<u>127 418 000</u>	<u>118 670 000</u>
Nonoperating income (expense):		
Interest income	595 000	954 000
Tax proceeds (Note 5)	67 056 000	59 904 000
U.S. Department of Transportation subsidy (Note 5)	44 524 000	28 506 000
Revenue sharing funds (Note 5)	4 536 000	15 262 000
Other subsidies (Note 5)	5 677 000	7 847 000
Interest expense, revenue bonds	(913 000)	(1 035 000)
Other	<u>41 000</u>	<u>(708 000)</u>
Total nonoperating income, net	<u>121 516 000</u>	<u>110 730 000</u>
Net loss	<u>(\$5 902 000)</u>	<u>(\$7 940 000)</u>

The accompanying notes are an integral part of this statement.

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

STATEMENT OF CHANGES IN DISTRICT EQUITY AND CAPITAL GRANTS  
For The Years Ended June 30, 1977 And June 30, 1976

	District Equity	Capital Grants	
		Federal	State And County
Balance, June 30, 1975	\$22 971 000	\$26 171 000	\$431 000
Net loss	(7 940 000)		
Amortization of capital grants	4 184 000	(3 753 000)	(431 000)
Grants received		8 949 000	
Decrease (increase) in reserve for:			
Bond interest fund	60 000		
Depreciation fund	(110 000)		
Balance, June 30, 1976	<u>19 165 000</u>	<u>31 367 000</u>	<u>-</u>
Net loss	(5 902 000)		
Amortization of capital grants	4 522 000	(4 522 000)	
Grants received		4 943 000	
Decrease in reserve for:			
Bond interest fund	31 000		
Depreciation fund	106 000		
Balance, June 30, 1977	<u>\$17 922 000</u>	<u>\$31 788 000</u>	<u>-</u>



SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT  
STATEMENT OF CHANGES IN FINANCIAL POSITION

	For The Years Ended June 30,	
	1977	1976
Working capital provided:		
Net loss	(\$5 902 000)	(\$7 940 000)
Expenses not requiring outlay of working capital:		
Depreciation	8 563 000	7 887 000
Working capital provided from (used in) operations	2 661 000	(53 000)
Capital grants received	4 943 000	8 949 000
Restricted assets, withdrawals	8 658 000	15 644 000
Deferred compensation plan deposits	798 000	638 000
Other	66 000	628 000
	17 126 000	25 806 000
Working capital applied:		
Investment in marketable securities	798 000	638 000
Restricted assets, deposits	8 521 000	15 693 000
Property, plant and equipment purchased	7 352 000	12 701 000
Revenue bonds retired	1 627 000	2 429 000
	18 298 000	31 461 000
Decrease in working capital	(1 172 000)	(5 655 000)
Summary of changes in the elements comprising working capital:		
Increases (decreases) in current assets:		
Cash	2 504 000	4 962 000
Accounts receivable, tax proceeds and other subsidies	710 000	(4 818 000)
Accounts receivable, capital grants	1 342 000	130 000
Accounts receivable, other	(80 000)	(500 000)
Materials and supplies	259 000	459 000
(Increases) decreases in current liabilities:		
Accounts payable	186 000	632 000
Accrued expenses	(845 000)	(2 770 000)
Estimated liability for insurance claims	(5 248 000)	(3 750 000)
Decrease in working capital	(\$1 172 000)	(\$5 655 000)

The accompanying notes are an integral part of this statement.

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

2. Estimated Liability For Insurance Claims, Continued:

The District has a self-insurance program for public liability and property damage claims up to a maximum of \$500,000 for any one occurrence. Claims in excess of \$500,000 are covered up to \$30,000,000 by insurance policies. This program is administered by an independent adjustment bureau. The liability is based in part upon the independent adjustment bureau's estimate of reserves required for unsettled claims and related administrative costs. Such reserves are subject to adjustment from time to time as conditions warrant.

The estimated liability for insurance claims at June 30, 1977 is believed to be sufficient to cover any costs arising out of claims filed or to be filed for accidents which occurred through that date.

3. Revenue Bonds:

Under a Trust Indenture executed in 1958, revenue bonds aggregating \$40,000,000 were issued. The unredeemed balance bears interest at 5-3/4% and matures in 1983. The Trust Indenture requires that revenues be deposited with a Trustee and that such revenues be allocated to specified funds (which are included in the balance sheet) from which expenditures are to be made in accordance with the terms of the Indenture. The Trust Indenture also prohibits encumbering the physical assets or the revenues, as defined, of the District. Revenue bond sinking fund and interest requirements for fiscal year 1978 are approximately \$2,129,000 and \$879,233, respectively.

As of June 30, 1977, insufficient revenue fund proceeds resulted in deficiencies in the operating fund and depreciation fund. While the Indenture requires these monies be provided from passenger fares, the District has satisfied such deficiencies by other means, principally through the application of sales tax proceeds. However, the District is technically in default under the Indenture. The District has been informed that the Trustee does not contemplate proceeding under the default provisions of the Indenture as long as the position of the bondholders is not jeopardized.

Continued

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

4. Pensions:

Pension expense for the years ended June 30, 1977 and June 30, 1976 was \$11,924,000 and \$11,777,000, respectively. At June 30, 1977, the actuarially computed value of vested benefits exceeded the pension fund by \$25,972,000.

5. Contingencies:

Expenditures financed by State and Federal grants are subject to audit by the granting agencies to determine if expenditures comply with conditions of the grants. Management believes that no significant liability will arise from audits previously performed or to be performed.

6. Lease Commitments:

The principal property leased by the District consists of division facilities and a headquarters office building. The primary lease agreement for the office building includes a 5-year renewal option and provides for an annual adjustment to the rent based upon real property taxes.

The rental expense for the years ended June 30, 1977 and June 30, 1976 was \$1,586,000 and \$1,298,000, respectively.

The District was obligated under noncancellable leases at June 30, 1977 as follows:

Year Ending June 30

1978	\$1 117 000
1979	1 060 000
1980	1 022 000
1981	418 000
1982-1983	<u>155 000</u>
	<u>\$3 772 000</u>

Continued

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

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7. Deferred Compensation:

The District has a deferred compensation plan under which employees may defer all or any part of their earnings. The deferred amounts and accumulated earnings remain an asset of the District and are invested in a number of ways as authorized by the California code covering such plans. Each employee in the plan has a contract with the District covering the investment of the deferred earnings. At June 30, 1977, total assets in the plan were \$1,797,000.

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