



SFMTA
Municipal
Transportation
Agency

Edwin M. Lee, *Mayor*

Tom Nolan, *Chairman*

Cheryl Brinkman, *Vice-Chairman*

Gwyneth Borden, *Director*

Edward D. Reiskin, *Director of Transportation*

Malcolm Heinicke, *Director*

Joél Ramos, *Director*

Cristina Rubke, *Director*

San Francisco Municipal Transportation Agency of the City and County of San Francisco

Annual Disclosure Report For Fiscal Year Ending June 30, 2014

Disclaimer



This document provides general information about the San Francisco Municipal Transportation Agency (SFMTA) and its outstanding bonds, notes or other obligations. The information is provided for quick reference only. It is not a summary or a compilation of all information relevant to any particular financial transactions, bonds, notes or other obligations. It does not purport to include every item that may be relevant, nor does it purport to present full and fair disclosure with respect to any financial transactions, bonds, notes or other obligations related to the SFMTA within the meaning of applicable securities laws and regulations.

The information presented in this document speaks only as of the date it was posted or, if such information is dated, as of its dated date. The SFMTA does not undertake continuously to update materials posted in this document. Developments may occur after the dated date or posted date of such information that could render it inaccurate or unreliable.

Certain information has come from other sources that are not developed by the SFMTA, and the SFMTA presents that information for convenience only. The SFMTA does not guarantee the accuracy of any such information and undertakes no responsibility to verify any of that information. Links to other websites similarly are provided for convenience; the SFMTA takes no responsibility for the accuracy of such information.

THIS IS NOT AN OFFER TO SELL BONDS. Information in this document is not an offer to sell securities or the solicitation of an offer to buy securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Viewers acknowledge that: (1) the SFMTA is not now by this document and the information shown herein offering any bonds, notes or other obligations, nor soliciting an offer to buy any such securities; (2) this document and the information herein shall not be construed as any description of the SFMTA, any departments thereof or the programs of the SFMTA in conjunction with any offering of bonds, notes or other obligations; (3) the information in this document is subject to change without notice, and no one shall assume from the availability of this document and the information herein that the affairs of the SFMTA and/or the programs of the SFMTA have not changed since the date of this information; (4) no representation is made as to the propriety or legality of any secondary market trading of the bonds, notes or other obligations of the SFMTA by anyone in any jurisdiction, (5) the information in this document speaks as of its date, and the SFMTA does not hereby obligate itself in any manner to periodically or otherwise update this information or to maintain the availability of this information.

All information in this document has been obtained by the SFMTA from sources believed to be reliable but no representation or warranty is made by the SFMTA as to its accuracy or completeness. Neither the SFMTA, nor any of its agencies or departments nor any of its officers or employees, shall be held liable for any use of the information described and/or contained in this document. In no event shall the SFMTA or its agencies or departments, officers or employees be liable for any direct, indirect, incidental, special, exemplary or consequential damages however caused and on any theory of liability, whether in contract, strict liability or tort (including negligence or otherwise) arising in any way out of the use of this document, even if advised of the possibility of such damage. This disclaimer of liability applies to any and all damages and injuries, including, but not limited to those caused by any failure of performance, error, omission, interruption, deletion, defect, delay in operation or transmission, computer virus, communication line failure, theft or destruction or unauthorized access to, alteration of, or use of any record, whether for breach of contract, tortious behavior, negligence or under any other cause of action. This disclaimer applies to both isolated and aggregate uses of the information in this document.

Any addresses or links to other websites which may be contained in this document are given only for the convenience of the viewer. The SFMTA has not participated in the preparation, collection, compilation or selection of information on any such other website and assumes no responsibility or liability for the contents of such websites. Due to the dynamic nature of the internet, resources that are free and publicly available one day may require a fee or restricted access the next, and the location of items may change as menus, homepages and files are reorganized. If you obtain any information from this document from any source other than this document, please be aware that electronic data can be altered subsequent to original distribution. Data can also quickly become out of date. It is recommended that careful attention be paid to any data associated with a file, and that the originator of the data or information be contacted with any questions regarding appropriate use.

Choice of Law Construction of the disclaimers above and resolution of disputes regarding such disclaimers are governed by the laws of the State of California. The laws of the State of California shall apply to all uses of this document and the information contained in this document.

Viewer Acknowledgement and Agreement. The viewer acknowledges and agrees that the information provided in this document is provided by the SFMTA for convenience. By viewing this document and the information contained herein, the viewer acknowledges and agrees that any use of the document and information contained herein shall conform to all applicable laws and regulations and that the viewer shall not violate the rights of any third parties and agrees to all of the terms, conditions and provisions set forth above under "Notice to Readers," "THIS IS NOT AN OFFER TO SELL BONDS" and "Choice of Law."

February 18, 2015

VIA: MSRB EMMA

Dear Investors, Friends, Stakeholders, and Interested Parties:

We are pleased to present the Annual Disclosure Report for fiscal year ending June 30, 2014 for the San Francisco Municipal Transportation Agency of the City and County of San Francisco (SFMTA). It is delivered pursuant to the continuing disclosure certificates (the "Continuing Disclosure Certificates") that the SFMTA has executed in connection with the following bond issues:

- San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012A, dated July 11, 2012
- San Francisco Municipal Transportation Agency Revenue Bonds, Series 2012B, dated July 11, 2012
- San Francisco Municipal Transportation Agency Revenue Bonds, Series 2013, dated December 4, 2013
- San Francisco Municipal Transportation Agency Revenue Bonds, Series 2014, dated December 10, 2014

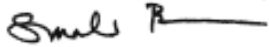
This Annual Disclosure Report is being provided by the SFMTA in connection with our undertaking entered into in accordance with Rule 15c2-12, promulgated by the U.S. Securities and Exchange Commission. The information provided in this Annual Disclosure Report speaks only as of its date, February 12, 2015. The delivery of this Annual Disclosure Report may not, under any circumstances, create an implication that there has been no other change to the information provided in any final official statement. Other than as set forth in the Continuing Disclosure Agreement, SFMTA has not agreed to notify the secondary market of subsequent changes to the information in this Annual Disclosure Report ("Report").

The filing of this Report does not constitute or imply any representation (1) that any or all of the information provided is material to investors, (2) regarding any other financial, operating or other information relating to the security for the referenced securities, (3) that no changes, circumstances or events have occurred which may have a bearing on the security for the referenced securities or an investor's decision to buy, sell, or hold the referenced securities. Any statements regarding the referenced securities, other than a statement made by the City and County of San Francisco in an official release or subsequent notice or annual report, published in a financial newspaper of general circulation and/or filed with the Municipal Securities Rulemaking Board (MSRB) or on Electronic Municipal Market Access (EMMA), are not authorized by the

SFMTA. The SFMTA shall not be responsible for the accuracy, completeness, or fairness of any such unauthorized statement.

If you have any questions regarding this Annual Disclosure Report, please contact Sonali Bose, Chief Financial Officer, at (415) 701-4617 or by e-mail at Sonali.bose@sfmta.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Sonali Bose", followed by a horizontal line.

Sonali Bose
Chief financial officer

Enclosure: Annual Report



Page intentionally left blank.



SFMTA Annual Disclosure Report Fiscal Year Ended June 30, 2014

Description of Issuer

The SFMTA is an enterprise department of the City and County of San Francisco (the “City”) and a multi-modal transportation agency responsible for planning, designing, constructing, managing, operating and maintaining public transit, paratransit, street and traffic management and improvements, bicycle and pedestrian safety and enhancement programs, on and off-street parking improvements and programs, and the regulation of taxis within the City. The SFMTA was established by voter approval of the addition of Article VIIIA to the Charter of the City (the “Charter”) in 1999 (Proposition E). The purpose of the Charter amendment was to consolidate all transportation functions within a single City department, and to provide the transportation system with the resources, independence and focus necessary to improve transit service and the City's transportation system. Among City departments, the SFMTA was given exceptional authority to control its operations, purchasing, contracting, and labor relations, as well as a guaranteed share of City General Fund resources. The voters approved additional Charter amendments in 2007 (Proposition A), which increased the autonomy of and revenues to the SFMTA, and other Charter amendment in 2010 (Proposition G), which increased management flexibility to labor contracts.

The SFMTA promotes the safe and efficient movement of people and goods throughout the City through many programs. It manages the City's public transportation system (“MUNI”), including its motor buses, trolley buses, light rail vehicles, historic streetcars, and cable cars. The SFMTA oversees the management and operation of 19 City-owned garages and 19 metered parking lots, including three nonprofit parking garage corporations operated by separate nonprofit corporations, whose operations are interrelated. The SFMTA also manages traffic engineering functions within San Francisco, including the placement of signs, signals, traffic striping, curb markings, and parking meters. Finally, the SFMTA regulates the taxi industry within the City.

For additional information about the SFMTA, please go to the Investor Relations section of the SFMTA Website, under About Us. The information contained on the SFMTA website, including in the Investor Information section, is not incorporated by reference herein.



Continuing Disclosure Information

Transit

Of Muni's five fixed route modes of service, motorbuses serve the highest number of passengers, followed by trolley buses, light rail, street rail and cable car. During the five-year period from Fiscal Year 2009-10 through Fiscal Year 2013-14, annual Muni ridership varied between approximately 214 million passengers and approximately 228 million boardings. (A Fiscal Year begins on July 1 and ends on June 30.)

TABLE 2
HISTORIC FIXED ROUTE RIDERSHIP BY MODE
(ANNUAL BOARDINGS IN THOUSANDS)
(FISCAL YEARS ENDED JUNE 30)

Mode	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014⁽¹⁾</u>
Motor Bus	91,609	89,451	95,625	97,181	98,366
Trolley Bus	66,968	66,233	67,545	65,248	65,328
Light Rail ⁽²⁾	49,397	51,022	43,608	45,359	48,779
Street Rail ⁽²⁾	N/A	N/A	8,078	8,390	8,172
Cable Car	8,008	7,042	7,270	6,813	7,332
Total Ridership	<u>215,982</u>	<u>213,748</u>	<u>222,126</u>	<u>222,991</u>	<u>227,977</u>

⁽¹⁾ Fiscal Year 2013-14 ridership numbers have been submitted but have not yet been approved by the Federal Transit Administration and the National Transit Database ("NTD")

⁽²⁾ Effective Fiscal Year 2011-12, NTD reports Street Rail data separate from Light Rail data.

Source: SFMTA

Financial Operations

The SFMTA's financial operations are supported from each of the following sources: 1) passenger fares, 2) City General Fund Transfer No. 1 and City General Fund Transfer No. 2 (each defined below), 3) federal, State and regional grants, and 4) local parking revenues. This diversity of sources gives the SFMTA a relatively stable base of operating revenues.

TABLE 6
SFMTA HISTORICAL OPERATING REVENUES AND EXPENSES
(FISCAL YEARS ENDING JUNE 30)

	2010	2011	2012	2013	2014
Operating Revenues					
Passenger Fares (fixed route & paratransit)	\$187,628,510	\$191,626,285	\$202,272,010	\$220,090,131	\$212,832,484
Fines, Fees, Permits & Taxi	106,626,573	123,326,527	120,313,199	126,835,008	152,143,414
Parking Meters	38,868,351	40,530,598	47,138,412	53,856,002	59,964,106
Parking Garage	32,079,597	46,025,396	44,024,673	56,572,912	68,462,554
General Fund Transfer No. 2 ⁽¹⁾	53,190,000	58,190,000	61,320,000	65,320,000	66,781,300
Other (includes rent, advertising & interest)	20,336,101	23,734,857	23,638,801	26,275,183	31,320,743
<i>Operating Grants:</i>					
Regional Grants (AB 1107, TDA, Bridge Tolls)	\$ 60,102,028	\$ 64,854,252	\$66,512,285	\$79,608,421	\$81,497,955
State Transit Assistance (STA)	-	36,344,667	31,044,664	46,576,187	39,080,722
Gas Tax Adjustment	3,353,616	3,173,568	2,979,709	3,055,028	3,601,174
Restricted Paratransit Grants (5307, Prop K, STA, other)	14,028,740	9,978,723	14,776,767	14,767,218	15,056,121
<i>Subtotal Operating Grants</i>	<i>\$ 77,484,384</i>	<i>\$114,351,210</i>	<i>\$115,313,425</i>	<i>\$144,006,854</i>	<i>\$139,235,972</i>
General Fund Transfer No. 1 ⁽¹⁾	183,730,000	196,700,000	212,640,000	222,390,000	243,910,000
Appropriated Fund Balance	41,840,121	-	-	-	-
TOTAL OPERATING REVENUES	\$741,783,637	\$794,484,873	\$826,660,520	\$915,346,090	\$974,650,573
Operating Expenses					
Salaries	\$366,686,250	\$360,199,083	\$365,402,874	\$367,955,701	\$382,456,456
Less: Overhead/Recoveries	(41,319,807)	(33,560,836)	(26,091,232)	(28,945,005)	(35,412,815)
Net Salaries	\$325,366,443	\$326,638,247	\$339,311,642	\$339,010,696	\$349,043,641
<i>Fringe Benefits:</i>					
Pension	\$ 42,161,528	\$ 50,572,435	\$63,557,023	\$65,627,360	\$76,811,693
Medical	67,871,784	72,150,750	82,321,832	85,429,332	86,540,170
Less: Overhead/Recoveries	(12,342,280)	(10,024,665)	(7,793,485)	(8,645,911)	(10,577,854)
Net Pension & Medical	\$ 97,691,032	\$112,698,520	\$138,085,370	\$142,410,781	\$152,774,009
All Other Fringe Benefits	\$ 31,441,484	\$ 29,342,159	\$33,063,255	28,782,621	29,844,154
Fuel & Lubricants	13,015,737	16,109,183	19,486,160	19,474,408	19,231,499
All Other Materials and Supplies	47,602,192	48,887,647	51,796,213	55,265,880	75,307,240
Paratransit Service Contract	18,580,657	16,993,086	18,140,982	17,893,750	19,040,363
All Other Professional Services	21,659,345	31,530,326	31,547,683	47,761,971	58,304,451
Service of Other City Departments ⁽²⁾	49,317,582	45,287,150	52,662,798	55,278,596	54,444,965
Rent and Buildings	14,683,304	16,449,535	14,386,146	15,435,334	18,353,315
Insurance and Claims	43,299,618	39,006,208	44,121,393	32,729,884	48,320,905
Payments to Other Governmental Entities	17,945,920	19,206,675	22,261,080	24,710,321	17,366,605
Debt Service	3,741,819	2,690,890	2,685,035	5,886,249	11,348,069
Operating Expenses before Transfers	\$684,345,133	\$704,839,626	\$767,547,757	\$784,640,491	\$851,379,216
<i>Transfers:</i>					
Transfers to Current Capital Projects	22,769,830	17,742,000	3,074,716	5,790	6,144,438
Transfers to Future Capital Projects and Net Changes in Operating Carryforward	32,331,800	29,261,264	30,765,000	69,927,137	57,707,094
Transfers to Reserves	-	20,000,000	8,000,000	17,000,000	9,900,000
TOTAL OPERATING EXPENSES & TRANSFERS	\$739,446,763	\$771,842,890	\$809,387,473	\$871,573,418	\$925,130,748

⁽¹⁾ General Fund Transfer No. 1 is reported in the SFMTA's audited financial statements as "General Fund Baseline Transfer (by City Charter)." General Fund Transfer No. 2 is reported in the SFMTA's audited financial statements as "General Fund - in lieu of Parking Tax."

⁽²⁾ Service of Other City Departments includes amounts paid to the SFPUC for electricity.

Source: SFMTA

The amounts in Table 7 (extracted from Table 6) represent the SFMTA revenues that constituted "Pledged Revenues" in Fiscal Years 2012-13 and 2013-14 and SFMTA revenues that would have constituted "Pledged Revenues" under the Indenture in earlier Fiscal Years had the Indenture been in effect at such time. Revenues shown in Table 6 but not in Table 7 would not or, as applicable, would not have constituted "Pledged Revenues" under the Indenture.

TABLE 7
PLEDGED REVENUES
(IN THOUSANDS)
(FISCAL YEARS ENDING JUNE 30)

<u>REVENUE SOURCE</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>
Passenger Fares (fixed route & paratransit) ⁽¹⁾	\$187,629	\$191,626	\$202,272	\$220,090 ⁽²⁾	\$212,832
Fines, Fees, Permits & Taxi ^{(1), (3)}	106,627	123,327	120,313	126,835	152,143
Parking Meters ^{(1), (4)}	38,868	40,531	47,138	53,856	59,964
Parking Garages ^{(1), (5)}	32,080	46,025	44,025	56,573	68,463
Other (includes rent, advertising & interest)	20,336	23,735	23,639	26,275	31,321
AB 1107	27,767	30,145	32,501	34,812	36,912
State Transit Assistance (STA) ⁽⁶⁾	-(⁷)	36,345 ⁽⁷⁾	31,045	46,576	39,081
TDA	29,647	32,021	31,324	42,108	41,898
Total Pledged Revenues ⁽⁸⁾	\$442,954	\$523,755	\$532,257	\$607,125	\$642,614

⁽¹⁾ Managed Revenues over which the SFMTA has rate-setting authority.

⁽²⁾ Includes one-time payment from BART for feeder service provided by the SFMTA.

⁽³⁾ Increase in Fiscal year 2010-11 is due to the implementation of a taxi medallion sales pilot program.

⁽⁴⁾ Amounts shown include all parking meter revenues received by the SFMTA in the applicable Fiscal Year. Parking meter revenues constitute Pledged Revenues only to the extent Bonds or other Parity Obligations have financed traffic regulation and control functions. As of November 1, 2014, Outstanding Bonds have financed or refinanced sufficient traffic regulation and control functions so as to result in all parking meter revenues constituting Pledged Revenues for such Bonds in the Fiscal Years set forth in Table 7. Should this change in the future, however, some or all of such parking meter revenues may be unavailable to pay debt service on the Bonds.

⁽⁵⁾ Net of operating and maintenance expenses from non-profit garage corporations.

⁽⁶⁾ A portion of the State Transit Assistance funds received by the SFMTA are restricted to application for paratransit purpose and therefore do not constitute Pledged Revenues under the Indenture.

⁽⁷⁾ Annual Amounts have varied as a result of legislative action.

⁽⁸⁾ Totals may not add due to rounding.

Source: SFMTA

On March 1, 2013, SFMTA launched a 16-month pilot program to provide free, unlimited rides on Muni to youths between the ages of 5 and 17 who live in households with a gross annual family income at or below the Bay Area median (the "Youth Program"). SFMTA projected that revenue losses and incremental costs of the Youth Program to the SFMTA would total approximately \$9.4 million during its 16-month term, half of which the SFMTA expects ultimately to be offset by funds for the program provided by MTC, the San Francisco County Transportation Authority (the "County Transportation Authority") and the San Francisco Unified School District. In 2014, the Board approved continuing the Youth Program through the end of its Fiscal Year 2015-16. The Board also approved expanding the Youth Program to include 18 year-olds as well as 19 to 22 year-old students enrolled in the San Francisco Unified School District's Special Education Services Program and delaying indexed increases for discount passes and discount cash fare until Fiscal Year 2015-16. The SFMTA expects that the costs of the expanded and extended Youth Program will be funded by a gift from Google.

Between Fiscal Year 2004-2005 and Fiscal Year 2013-14, annual ridership has remained relatively stable while Muni's adult cash fare, the cost of an adult monthly pass and Muni's average fare per passenger have generally increased, with a decline in average fare per passenger in Fiscal Year 2013-14 resulting from the Youth Program and other discounts implemented by the SFMTA.

TABLE 9
FARE REVENUE, RIDERSHIP AND AVERAGE FARES PER PASSENGER

Fiscal Year	Total Fare Revenue (In Thousands)	Total Annual Boardings (In Thousands)	Percentage Change in Boardings	Average Fare Per Passenger⁽¹⁾	Percentage Change in Average Fare⁽²⁾
2014 ^{(3),(4)}	\$212,832	227,977 ⁽⁴⁾	2.2%	\$0.93	-5.4%
2013 ⁽³⁾	220,090	222,991	0.4	0.99	8.4
2012 ⁽³⁾	202,272	222,126	3.9	0.91	1.6
2011 ⁽³⁾	191,626	213,748	-1.0	0.90	3.2
2010 ⁽³⁾	187,629	215,982	-4.4	0.87	28.3
2009	153,011	225,990	2.7	0.68	-1.6
2008	151,455	220,046	6.6	0.69	-0.7
2007	143,078	206,459	-2.1	0.69	7.2
2006	136,329	210,848	-2.8	0.65	16.8
2005	120,072	216,918	N/A	0.55	N/A

⁽¹⁾ Average fare per passenger is equal to boardings divided by revenue and reflects the impact of transfers, monthly passes and discounted fares, including the Youth Program. Rounded to the nearest \$0.01.

⁽²⁾ Percentages based on non-rounded average fare per passenger.

⁽³⁾ Pursuant to a contract finalized with BART in Fiscal Year 2012-13, Fare Revenues for Fiscal Year 2012-13 include a one-time payment totaling approximately \$8.0 million made by BART for feeder services provided by SFMTA during Fiscal years 2009-10 to 2011-12, and a payment of approximately \$2.8 million for feeder services provided by SFMTA in Fiscal Year 2012-13. Fare Revenues for Fiscal Year 2013-14 include a payment of approximately \$2.9 million for feeder services provided by SFMTA during such Fiscal Year.

⁽⁴⁾ Fiscal Year 2013-14 ridership numbers include participants in the Youth Program.

⁽⁵⁾ Fiscal Year 2013-14 ridership numbers have been submitted but have not yet been approved by the Federal Transit Administration and the National Transit Database ("NTD")

Source: SFMTA

Labor Relations

The City has determined a City-wide Annual Required Contribution ("ARC"), interest on net Other Post-Employment Benefits ("OPEB") obligation, ARC adjustment and OPEB cost based on an actuarial valuation performed in accordance with GASB 45, by the City's actuaries. The City's allocation of OPEB costs to the SFMTA for the year ended June 30, 2014 based on a percentage of Citywide Pensionable Salary is presented below. The following table shows the components of the City's annual OPEB allocations for the SFMTA for the Fiscal Years ended June 30, 2011, through June 30, 2014, the amounts contributed to the plan and changes in the net OPEB obligations.

TABLE 17
SFMTA OPEB ALLOCATIONS AND CONTRIBUTIONS
(IN THOUSANDS)
(FISCAL YEARS ENDING JUNE 30)

	<u>2011⁽¹⁾</u>	<u>2012⁽²⁾</u>	<u>2013⁽³⁾</u>	<u>2014⁽⁴⁾</u>
Annual Required Contribution	\$ 50,338	\$ 51,232	\$ 52,025	\$ 44,080
Interest on net OPEB Obligation	4,747	6,017	7,297	9,225
Adjustment to ARC	(3,721)	(4,987)	(6,050)	(7,691)
Annual Net OPEB Cost	51,364	52,262	53,272	45,614
Contribution Made	(24,898)	(25,352)	(25,984)	(27,066)
Increase in net OPEB Obligation	26,466	26,910	27,288	18,548
Net OPEB Obligation at beginning of Fiscal Year	99,993	126,459	153,369	180,657
Net OPEB Obligation at end of Fiscal Year	126,459	153,369	180,657	199,205

⁽¹⁾ In Fiscal Year 2010-11, the City had 27,994 funded positions and the SFMTA had 4,528 funded positions for both operations and capital project support. The total number of active employees during any Fiscal Year may vary from the number of authorized funded positions.

⁽²⁾ In Fiscal Year 2011-12, the City had 28,073 funded positions and the SFMTA had 4,539 funded positions for both operations and capital project support. The total number of active employees during any Fiscal Year may vary from the number of authorized funded positions.

⁽³⁾ In Fiscal Year 2012-13, the City had 28,387 funded positions and the SFMTA had 4,443 funded positions for both operations and capital project support. The total number of active employees during any Fiscal Year may vary from the number of authorized funded positions.

⁽⁴⁾ In Fiscal Year 2013-14, the City had 29,236 funded positions and the SFMTA had 4,535 funded positions for operations and capital project support. The total number of active employees during any Fiscal Year may vary from the number of authorized funded positions.

Source: SFMTA and City CAFR, calculated in accordance with GAAP