OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller

ChiaYu Ma
Deputy Controller

Anna Van Degna
Public Finance Director

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Anna Van Degna, *Director of the Controller's Office of Public Finance*

DATE: January 12, 2026

SUBJECT: **San Francisco Airport Supplemental Appropriation Ordinance**

The Office of Public Finance ("OPF") has been briefed by the San Francisco International Airport (the "Airport") staff with respect to their request for Board of Supervisors' ("Board") approval and supplemental appropriation for the Airport to spend the proceeds of San Francisco International Airport Second Series Revenue Bonds ("Capital Plan Bonds") or Commercial Paper ("CP") notes (CP notes together with the Capital Plan Bonds, "Bonds") in the amount of $9.0 billion. Based on the information provided by the Airport regarding the approved Capital Improvement Plan ("CIP"), the Office of Public Finance finds the Airport's proposed plan of finance and its assumptions to be reasonable.

Background:

The Airport Commission (the "Commission") issues Bonds from time to time to finance capital projects at the Airport. The Commission approves and updates the CIP on an as-needed basis.

The Commission is authorized to issue bonds under the City Charter and applicable state laws using a multi-step approval process. First, the Commission adopts an authorizing resolution to authorize the issuance of the bonds. The City Charter then requires the Board to approve the issuance of bonds. Finally, when the Commission is ready to sell the bonds, it adopts one or more sale resolutions authorizing a bond sale within certain parameters. The Airport may then proceed with the bond sale. In order to

spend the proceeds from a bond sale for the CIP, the Airport must have the Board's approval through a Supplemental Appropriation Ordinance.

The Airport Capital Improvement Plan:

The Airport continues to experience an increase in passenger traffic over the last two fiscal years, which was approximately 51.1 million in FY 2023/24 and 54.0 million in FY 2024/25, and is projected to reach 72.0 million in the mid-2030s. The growth in passenger demand has strained the Airport's facilities, creating peak period terminal gate capacity constraints and increased ground transportation congestion within the Airport campus. These factors, combined with the need to continually improve airport security, and to meet State of Good Repair requirements, are driving the Airport's $12.5 billion CIP. The approved CIP for the period FY2025/26 through FY2034/35 was adopted by the Commission on August 19, 2025, and includes major capital projects, such as:

- Terminal 3 West Modernization;
- West Field Cargo Improvements;
- Power & Lighting Improvements; and
- Water System Improvements.

To complete the remaining projects in the current CIP, the Airport will need an additional $8.8 billion in project funding.

Financing Parameters:

Capital Plan Bonds

The Commission has $3.2 billion in Capital Plan Bond issuance authorization available. Therefore, the Commission is not seeking additional Capital Plan Bond authorization at this time, but plans to return in the future.

Existing Capital Plan Bond Authorization ($ in Millions)	
Issuance Authority Authorized	$10,827
Issuance Authority Used	*$7,613*
Total Bond Authorization Available*	$3,214

**Includes amounts to finance capital project costs, financing costs (debt service reserve deposits, contingency account deposits, capitalized interest, costs of issuance), and CSA audit expenses.*

Supplemental Appropriation

The Airport has approximately $783 million in existing capital project appropriation to fund construction costs related to projects in the CIP. The Commission

is requesting approval of a Supplemental Appropriation Ordinance to appropriate an additional $9.0 billion in bond proceeds, which includes $8.0 billion in construction costs and $1.0 billion in financing costs related to issuing future bonds. The $8.0 billion in construction cost appropriation is based on the total capital project funding need of $8.8 billion less the remaining appropriation of $783 million and will enable the Airport to complete all projects in the current CIP.

Summary of Airport Supplemental Appropriations Request	
Sources	
Proceeds from Sale of Bonds	**$9,016,051,176**
Uses	
New Capital Projects Appropriation Need (by Cost Center)	
Airfield Improvements	508,236,206
Airport Support Improvements	3,375,947,296
Groundside Improvements	184,644,673
Terminal Improvements	776,201,908
Terminal 3 Program	2,031,123,392
Utility Improvements	1,134,434,586
Subtotal	*8,010,588,061*
New Appropriation Need for Related Financing Costs	
CSA Audit Costs (0.2%)	16,021,176
Capitalized Interest Fund	322,235,034
Contingency Account	127,922,909
Cost of Issuance	11,571,246
Debt Service Reserve Fund	511,691,634
Underwriter's Discount	16,021,116
Subtotal	*1,005,463,115*
Grand Total - New Appropriation Needs	**$9,016,051,176**

The Supplemental Appropriation Request of $9.0 billion is higher than the project cost of $8.0 billion to account for financing costs.

Debt Limit Impact:

Because the Commission issues General Airport Revenue Bonds, rather than General Obligation ("G.O.") Bonds, there is no impact on the City's G.O. Bond Debt Limit.

Property Tax Impact:

Because the Commission issues General Airport Revenue Bonds, which are supported solely by Airport revenues, there is no impact on the City's Property Taxes.

Financing Timeline:

Milestones:	**Date**
Capital Planning Committee review	11/17/2025
Introduction of legislation and supporting materials to the Board	12/9/2025
Final Board Consideration of Supplemental Appropriation Ordinance	Est. February 2026