File No. 251180 **Committee Item No.** 8
Board Item No. 3

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee **Date** January 14, 2026
Board of Supervisors Meeting **Date** January 27, 2026

Cmte Board

Cmte	Board	
☐	☐	**Motion**
☐	☐	**Resolution**
☒	☒	**Ordinance**
☐	☐	**Legislative Digest**
☒	☒	**Budget and Legislative Analyst Report**
☐	☐	**Youth Commission Report**
☐	☐	**Introduction Form**
☒	☒	**Department/Agency Cover Letter and/or Report**

- **CPC Memo 11/17/2025**
- **AIR Cover Letter 12/1/2025**
- **OPF Letter 1/12/2025**

☐	☐	**MOU**
☐	☐	**Grant Information Form**
☐	☐	**Grant Budget**
☐	☐	**Subcontract Budget**
☐	☐	**Contract/Agreement**
☐	☐	**Form 126 – Ethics Commission**
☐	☐	**Award Letter**
☐	☐	**Application**
☐	☐	**Public Correspondence**

OTHER **(Use back side if additional space is needed)**

☒	☒	AIR Commission Resolution No. 25-132 8/19/2025
☒	☒	AIR Commission Resolution No. 25-172 10/21/2025
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	

Completed by: Brent Jalipa **Date** January 8, 2026
Completed by: Brent Jalipa **Date** January 22, 2026

[Appropriation - Revenue Bonds Proceeds - Capital Improvement Projects - Airport Commission - $9,016,051,176 - FY2025-2026]

Ordinance appropriating $9,016,051,176 of proceeds from the sale of revenue bonds or commercial paper for capital improvement projects to the Airport Commission for FY2025-2026; and placing $9,016,051,176 on Controller's Reserve pending receipt of proceeds of indebtedness.

Note: Additions are *single-underline italics Times New Roman*; deletions are ~~*strikethrough italics Times New Roman*~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The sources of funding outlined below are herein appropriated in the Airport Commission to reflect the projected source of funding in Fiscal Year 2025-2026.

Sources Appropriation

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
19439 - AIR CAP 2026 APPN Capital Proj/ 228994 - AIR General	10005762 - AC SFIA Capital Projects 0001 - SFIA Capital Projects / 10741 - AC AIR Capital Project Revenue	480111	Proceeds from Sale of Bonds	$9,016,051,176
Total Sources				**$9,016,051,176**

Section 2. The uses of funding outlined below are herein appropriated in the Airport Commission to reflect the projected uses of funding in Fiscal Year 2025-2026.

Uses Appropriation

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
19439 - AIR CAP 2026 APPN Capital Proj/ 109722 - AIR Capital Projects	10003760 - AC Airfield Unallocated-Ordina 0001 - Airfield Improvements-Unallocated / 10337 - AC Airfield Improvements	567000 - Bldgs,Struct&Imprv Proj-Budget	Airfield Improvements	$508,236,206
19439 - AIR CAP 2026 APPN Capital Proj / 109722 - AIR Capital Projects	10004055 - AC Air Support Unallocated-Ord 0001 - Airport Support-Unallocated / 10340 - AC Airport Support Improvement	567000 - Bldgs,Struct&Imprv Proj-Budget	Airport Support Improvements	$3,375,947,296

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
19439 - AIR CAP 2026 APPN Capital Proj / 109722 - AIR Capital Projects	10004134 - AC Groundside Unallocated-Ordi 0001 - Roadway Improvements-Unallocated / 10343 - AC Groundside Improvements	567000 - Bldgs,Struct&Imprv Proj-Budget	Groundside Improvements	$184,644,673
19439 - AIR CAP 2026 APPN Capital Proj / 109722 - AIR Capital Projects	10004334 - AC Terminals Unallocated-Ordin 0001 - Terminal Renovations-Unallocated / 10345 - AC Terminal Improvements	567000 - Bldgs,Struct&Imprv Proj-Budget	Terminal Improvements	$776,201,908
19439 - AIR CAP 2026 APPN Capital Proj / 109722 - AIR Capital Projects	10030891 - AC Terminal 3 Unallocated-Ordi 0002 - Terminal 3 Program-Unallocated / 19698 - AC Terminal 3 Program CAC087	567000 - Bldgs,Struct&Imprv Proj-Budget	Terminal 3 Program	$2,031,123,392

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
19439 - AIR CAP 2026 APPN Capital Proj / 109722 - AIR Capital Projects	10004436 - AC Utilities Unallocated-Ordin 0001 - Utility Improvements-Unallocated / 10347 - AC Utility Improvements	567000 - Bldgs,Struct&Imprv Proj-Budget	Utilities Improvements	$1,134,434,586
19439 - AIR CAP 2026 APPN Capital Proj / 109722 - AIR Capital Projects	10005762 - AC SFIA Capital Projects 0002 - City Services Auditor Allocation / 10741 - AC AIR Capital Project Revenue	581130 - GF-Con-Internal Audits	CSA 0.2% Controller's Auditor Fund	$16,021,176
19439 - AIR CAP 2026 APPN Capital Proj / 109722 - AIR Capital Projects	10005762 - AC SFIA Capital Projects 0003 - Financing Costs / 10741 - AC AIR Capital Project Revenue	573110 - Bond Issuance Cost-Unamortized	Contingency Account	$127,922,909

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
19439 - AIR CAP 2026 APPN Capital Proj / 109722 - AIR Capital Projects	10005762 - AC SFIA Capital Projects 0003 - Financing Costs / 10741 - AC AIR Capital Project Revenue	573110 - Bond Issuance Cost-Unamortized	Debt Service Reserve Fund	$511,691,634
19439 - AIR CAP 2026 APPN Capital Proj / 109722 - AIR Capital Projects	10005762 - AC SFIA Capital Projects 0003 - Financing Costs / 10741 - AC AIR Capital Project Revenue	573110 - Bond Issuance Cost-Unamortized	Capitalized Interest Fund	$322,235,034
19439 - AIR CAP 2026 APPN Capital Proj / 109722 - AIR Capital Projects	10005762 - AC SFIA Capital Projects 0003 - Financing Costs / 10741 - AC AIR Capital Project Revenue	573110 - Bond Issuance Cost-Unamortized	Cost of Issuance	$11,571,246
19439 - AIR CAP 2026 APPN Capital Proj / 109722 - AIR Capital Projects	10005762 - AC SFIA Capital Projects 0003 - Financing Costs / 10741 - AC AIR Capital Project Revenue	573110 - Bond Issuance Cost-Unamortized	Underwriter's Discount	$16,021,116

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
Total Uses				**$9,016,051,176**

Section 3. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this ordinance as necessary to conform with Generally Accepted Accounting Principles and other laws.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/
BRADLEY A. RUSSI
Deputy City Attorney

FUNDS AVAILABLE:
GREG WAGNER, Controller

By: /s/
GREG WAGNER
Controller

Item 8 File 25-1180	Department: San Francisco International Airport (Airport)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would appropriate $9,016,051,176 of proceeds from Airport Revenue Bonds or commercial paper to the Airport Commission in FY 2025-26 to finance capital improvement projects. The $9,016,051,176 appropriation would be placed on Controller's Reserve pending sale of the bonds or commercial paper.

Key Points

- The proposed appropriation will be funded by the issuance of Airport Revenue Bonds proceeds. The Airport last issued revenue bonds in December (Series 2025 D/E), and the bonds received high-quality investment-grade ratings.
- The proposed appropriation will provide additional spending authority through FY 2028-2029 to fully fund the $12.5 billion FY 2025-26 Capital Improvement Plan, which will fund projects such as Terminal 3 renovations, cargo and hangar improvements, and parking and garage improvements. The capital projects to be funded by the proposed appropriation are mainly to accommodate the projected increase in air passenger traffic at the Airport. Passenger traffic is projected to grow an average of 3.5 percent annually from FY 2025 to FY 2032.

Fiscal Impact

- The proposed ordinance appropriates $9,016,051,176 in Airport Revenue bonds, which includes a portion of Series 2025 D/E bond proceeds and anticipated proceeds from future bonds to be sold and issued in FY 2026 through FY 2029.
- Annual debt service for all current and proposed bonds would increase by 113 percent from $653.9 million in FY 2026 to a peak of $1.39 billion in FY 2046, before declining to $1.2 billion in FY 2051.
- Debt service on the Airport's Revenue bonds is paid from Airport revenues, which primarily consists of charges to airlines and non-airline tenants. Based on Airport forecasts, the debt service coverage ratio is expected to remain above the 125 percent threshold requirement from FY 2025 to FY 2032.

Recommendation

- Approve the proposed ordinance.

MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance after the Controller certifies the availability of funds.

City Charter Section 4.115 states that the Airport Commission has exclusive authority to plan and issue Airport revenue bonds for Airport-related purposes, subject to the approval, amendment, or rejection of the Board of Supervisors.

BACKGROUND

Airport Revenue Bond Authorization

The San Francisco International Airport (Airport) issues Airport Revenue bonds under a Trust Indenture between the Airport Commission and The Bank of New York Mellon Trust Company, N.A., as trustee. Prior to the Trust Indenture's adoption, the Airport issued its Airport Revenue bonds under the 1991 Master Bond Resolution. The 1991 Master Bond Resolution has been supplemented and amended twenty-four times since its original adoption. On January 10, 2025, the Airport entered into the Trust Indenture amending and restating the 1991 Master Bond Resolution without making any material changes to its terms. The Airport adopted the Trust Indenture to increase clarity and documentational efficiency within its bond program.

Since 2008, the Board of Supervisors has authorized approximately $10.8 billion in Airport Capital Plan bonds, and approximately $8.1 billion has been issued. The Board last authorized an increase of $3 billion in the Airport's bond issuance authority in 2020 (File 19-1124). This funded key projects in the FY 2019-20 Capital Improvement Plan including major renovations to Terminals 1, 3 and the International Terminal, as well as the AirTrain Extension and the debt service reserve fund.

As of December 18, 2025, the total amount of outstanding bond debt issued by the Airport was $10.6 billion, with approximately $2.8 billion of Capital Plan bond issuance authority remaining, as shown in Exhibit 1 below.

Exhibit 1: Previous and Remaining Capital Plan Bond Authorization (as of December 18, 2025)

	Capital Plan Bonds
Issuance Authority Authorized	$10,826,725,000
Issuance Authority Used	(8,053,135,000)
Issuance Authority Remaining	$2,773,590,000

Source: Airport

Airport Capital Budget Appropriation

In February 2020, the Board of Supervisors approved an appropriation of approximately $3.9 billion of proceeds from the sale of revenue bonds or commercial paper for Airport capital

improvement projects (File 19-1123), including approximately $3.0 billion for project costs and $0.9 billion for financing and other costs. Out of the $3.0 billion in appropriations for project costs, approximately $783 million is remaining, including $0.9 million for the Terminal 3 program, as shown in Appendix 1. The Airport is requesting a $9.0 billion supplemental appropriation to fully fund its 10 Year Capital Plan.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate $9,016,051,176 of proceeds from Airport Revenue Bonds or commercial paper[1] to the Airport Commission in FY 2025-26 to finance capital improvement projects. The $9,016,051,176 appropriation would be placed on Controller's Reserve pending sale of the bonds or commercial paper.

The appropriation sources include a portion of Series 2025 D/E General Airport Revenue Bonds proceeds and anticipated proceeds from future bonds to be sold and issued in FY 2026 through FY 2029. The appropriation uses consist of $8,010,588,061 for Airport capital projects and $1,005,463,115 in financing, contingency and other costs.

Series 2025 D/E Airport Revenue Bonds

The appropriation will be partially funded by the issuance of $900,885,000 in Series 2025 D/E General Airport Revenue Bonds proceeds ($847,850,000 in Series 2025D and $53,035,000 in Series 2025E Revenue Bonds). According to the Airport, the transaction was priced December 2, 2025 and closed December 17, 2025. According to the Official Statement, the bonds were sold through a negotiated sale[2] and are structured as fixed-rate bonds with multiple maturities[3] extending up to approximately 30 years. The Series 2025 D/E General Airport Revenue Bonds proceeds will be used to fund a portion of the Airport's Capital Improvement Plan costs[4], repay $437 million in outstanding commercial paper notes used to finance Capital Improvement Plan

[1] Commercial paper is short term, low interest debt. The Airport is authorized to issue up to $600 million in commercial paper notes. As of December 17, 2025, $437 million in outstanding commercial paper notes were fully refunded with the Series 2025D/E Bonds. Under the proposed appropriation ordinance, the Airport may issue commercial paper prior to the issuance of the bonds, which will be repaid by bond proceeds. The Airport plans to continue issuing commercial paper notes in the future, subject to market conditions and capital needs.

[2] The Airport Commission's Debt Policy allows the Airport to use negotiated or competitive sales, or direct placements of bonds to minimize debt service cost and to determine the structure, timing and terms of bond issuances within the terms of the Trust Indenture.

[3] The bonds' coupon rates vary by maturity, including five percent serial maturities and Series 2025D term bonds with 5.25 percent and 5.50 percent interest (with final maturities extending to May 1, 2055).

[4] The 2025D/E bond issued $412 million to be used for future capital projects. Of the $412 million, the Airport is using $262 million to fund the existing appropriation and $150 million to fund the proposed appropriation.

projects, fund a deposit to the Common Reserve Account[5], and pay capitalized interest on a portion of the Series 2025 D/E bonds, as well as costs of issuance and other financing costs.

According to the Official Statement, the Series 2025 D/E General Airport Revenue Bonds were rated Aa3 by Moody's Investors Service and AA- by S&P Global Ratings, which are considered high-quality investment-grade ratings and an improvement from the ratings of the Series 2019EFG Airport Revenue bonds (which were rated A1 by Moody's and A+ by S&P) issued in August 2019.

According to the Airport, the next issuance of debt is expected in late Spring or Summer 2026 for an anticipated $1.3 billion. The interest rate structures of future financing have yet to be determined. Exhibit 2 below shows the Airport's projected bond issuance schedule for an additional $8.46 billion in future debt (assumed to be issued in 2026 through 2029) to fund the proposed appropriation.[6] According to the Airport, projections are subject to change based on market conditions and capital needs.

Exhibit 2. Projected Bond Issuance Schedule (as of August 2025)

Future Bond Issuance	Principal Amount	Final Maturity of Bonds
FY 2026	$1,327,000,000	2056
FY 2027	$2,816,000,000	2057
FY 2028	$2,141,000,000	2058
FY 2029	$2,172,000,000	2059
Total	**$8,456,000,000**	

Source: Series 2025 D/E Airport Revenue Bonds Official Statement

Airport Capital Improvement Plan

The proposed appropriation will fund capital projects in the FY 2025-26 Capital Improvement Plan. In October 2023, the Airport Commission approved the $8.0 billion Ascent Program - Phase 1.5 program and $3.0 billion FY 2023-24 Infrastructure Projects Plan within the Airport's Capital Improvement Plan. In August 2025, the Commission approved an increase to the FY 2025-26 Infrastructure Projects Plan budget from $3.0 billion to $4.4 billion, establishing a total FY 2025-26 Capital Improvement Plan of $12.5 billion.

The $12.5 billion FY 2025-26 Capital Improvement Plan comprises the following two program categories:

- **Ascent Program – Phase 1.5 ($8.04 billion):** This consists of a fixed set of 30 projects (within 17 project categories) approved in the FY 2023-24 Capital Improvement Plan with

[5] This is a reserve fund held by the bond trustee in the Debt Service Reserve Fund created under the Trust Indenture for the Airport's revenue bonds

[6] The projection was completed prior to the pricing of the Series 2025D/E bonds and differs slightly from the appropriation amounts. Consequently, the proposed issuance amount for the Series 2025D/E ($968 million) differs from the final issued amount ($901 million).

an estimated completion in FY 2035. The program will prioritize completing the Terminal 3 West Modernization project, Harvey Milk Terminal 1 project, developing the West Field area of campus and renewing aging utility infrastructure, amongst other projects.

- **Infrastructure Projects Plan ($4.42 billion):** This consists of a dynamic set of projects (currently 229 projects within 29 project categories) that can be updated bi-annually to include newly emerging needs. The program will prioritize infrastructure upgrades such as power and lighting improvements, water system and utility improvements, energy efficient upgrades, runway and taxiway improvements, and wastewater system projects, amongst other projects.

Both programs also initially included a Director's Reserve of 10 percent of project costs to address changing market conditions and unanticipated needs and challenges; the Ascent Program currently has a 6.2 percent reserve as funds have been used.

As shown in Exhibit 3 below, the proposed appropriation will provide spending authority for a portion of the $12.5 billion capital plan (less previously appropriated amounts) as well as financing costs not included in the plan.

Exhibit 3: Breakdown of Proposed Appropriation

FY 2025-26 Capital Improvement Plan Project Total	$12,452,690,753
Less Previous Funding	(3,659,398,111)
Total Capital Improvement Plan Project Funding Needed	*8,793,292,642*
Less Remaining Project Appropriation	(782,704,581)
Estimated Financing Costs	1,005,463,115
Total	**$9,016,051,176**

Source: Airport

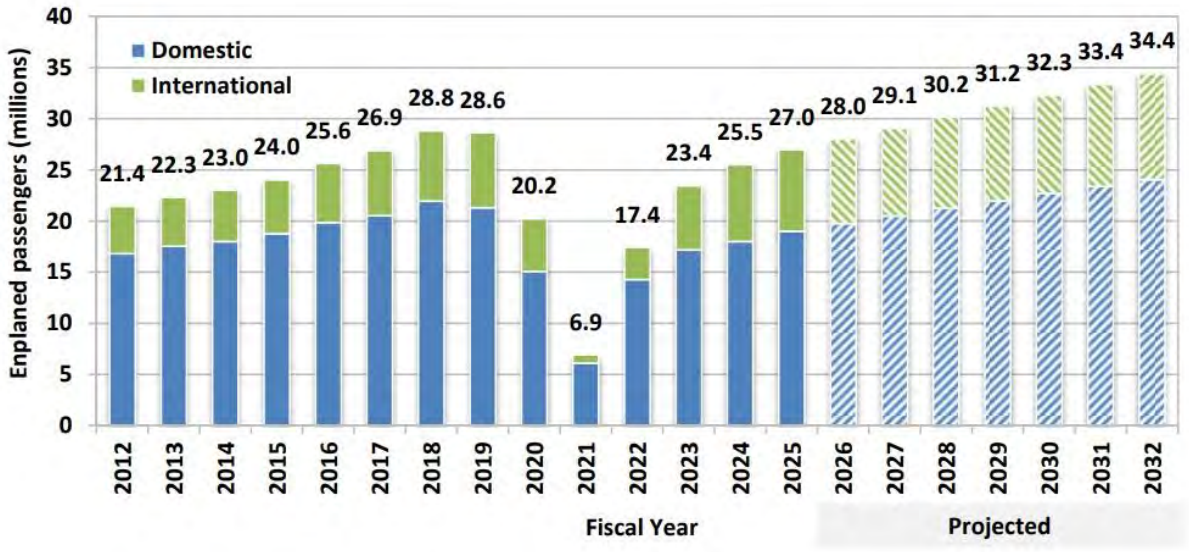
Capital Improvement Plan Reporting

The public-facing Capital Improvement Plan includes descriptions and funding levels at a program level and does not include individual project-level details. However, the Airport shared project-level information with our office. The Airport produces quarterly reports for the Airport Commission and monthly reports for management that provide detailed information on individual capital projects, including project descriptions, timelines, and budgets. While the monthly monitoring reports compare the projected timeline and budget to the current timeline and budget, monthly monitoring reports could be enhanced by including the original timeline and budget for each project to allow the reader to understand the changes to the budget and timeline over a longer period. In addition, the Airport could consider enhancing transparency by making the quarterly reports to the Airport Commission publicly available on their website, consistent with the San Francisco Public Utilities Commission's quarterly reporting practice. According to the Airport, publishing the quarterly project reports would require additional staff resources at the Airport.

Passenger Traffic Trends

The capital projects to be funded by the proposed appropriation are mainly to accommodate the projected increase in air passenger traffic at the Airport. According to a report by the Airport's Consultant, the total number of domestic and international passengers enplaned at the Airport increased from 25.5 million in FY 2024 to 27 million in FY 2025 (5.9 percent). Passenger traffic is projected to grow an average of 3.5 percent annually from FY 2025 to FY 2032, reaching an anticipated 34.4 million enplanements in FY 2032.[7] Similarly, the FAA's most recent Terminal Area Forecast (issued January 2025) projects SFO's total passenger enplanements[8] to increase an average of 3.6 percent annually during the same timeframe. Exhibit 4 below shows the Airport's total passenger enplanements from FY 2012 to FY 2032.

Exhibit 4: SFO's Historical and Projected Passenger Enplanements, FY 2012 to FY 2032



Source: Series 2025 D/E Airport Revenue Bonds Official Statement. Historical data from Airport Commission; Forecasts by Leigh Fisher, Airport Consultant

According to the Federal Aviation Administration (FAA), San Francisco International Airport was the 13th busiest airport in the United States in CY 2024 based on passenger traffic, with 25.1

[7] Passenger projections are as of August 2025 and based on the following key assumptions: the Bay Area economy increasing at a rate comparable to or greater than California and the U.S. overall, U.S. GDP growth averaging two percent per year, a continued lag in passenger traffic growth to the Asia-Pacific region, aviation fuel prices will remain at Summer 2025 levels and increasing at moderate rates from FY 2026 to FY 2032, inflation levels averaging 2.2 to 2.5 percent per year from FY 2026 to FY 2032, United Airlines will continue to use SFO as its primary West Cost connecting hub and international gateway, and no major disruption of airline service or airline travel behavior due to airline bankruptcies or liquidations, etc.

[8] U.S. domestic and international (U.S. and foreign flag carriers) enplanements in the Terminal Area Forecast reports are derived from the Department of Transportation's (DOT's) T-100 database. The T-100 database is a route-level and segment-level reporting system used to track how airlines operate in the U.S. and internationally.

million total enplanements. However, this was down from seventh in CY 2018 due to the impacts of the pandemic on passenger traffic.

Compared to the Los Angeles International Airport (LAX), which is the closest peer on the West Coast, SFO's FY 2025 cost per enplanement of $25.24 is approximately 24 percent less than LAX's FY 2025 cost per enplanement of $33.29. SFO's cost per enplanement is projected to grow to $47.31 in FY 2032, while LAX's cost of enplanement is projected to grow to $57.39 in FY 2032. According to a December 2025 benchmarking report produced by WJ Advisors and related aviation consultants that compared FY 2024 cost per enplanement for large hub U.S. airports, the Airport ranked the sixth highest among 31 airports.[9] The report also noted that each airport differs in terms of what the airlines operate and pay for directly and what the airport operator provides and charges airlines through rates and charges; the cost per enplanement metric does not factor in what airlines may operate and pay for directly.

FISCAL IMPACT

The proposed ordinance appropriates $9,016,051,176 in Airport Revenue bonds. Exhibit 5 below outlines anticipated sources and uses for the proposed appropriation. Appendix 2 provides further details on the financed capital improvement projects.

[9] The following airports had a higher cost per enplanement than SFO: JFK International Airport, Newark Liberty International Airport, Los Angeles International Airport, Chicago O'Hare International Airport, and LaGuardia Airport

Exhibit 5: Sources and Uses of Proposed Appropriation

Sources	
Proceeds from Revenue Bond Sales	$9,016,051,176
Total Sources	**$9,016,051,176**
Uses	
Capital Project Costs	
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
Capital Project Costs Subtotal	*$8,010,588,061*
Financing and Other Costs	
Contingency Account[10]	$127,922,909
Debt Service Reserve[11]	511,691,634
Capitalized Interest[12]	322,235,034
Cost of Issuance[13]	11,571,246
Underwriters Discount	16,021,116
City Services Auditor (0.2%)	16,021,176
Financing and Other Costs Subtotal	*$1,005,463,115*
Total Uses	**$9,016,051,176**

Source: Airport

Annual Debt Service Forecast

According to the Official Statement, the total debt service over 30 years on the Series 2025 D/E General Airport Revenue Bonds of $900.9 million is estimated to be $2.0 billion, including $900.9 million in principal repayment and $1.1 billion in interest payments. The average annual debt service is estimated to be $66.5 million.

According to data provided by the Airport, debt service for all current and proposed bonds would increase by 113 percent from $653.9 million in FY 2026 to a peak of $1.39 billion in FY 2046,

[10] The Contingency Account holds Airport funds that may be used for operating or capital purposes, but are also used each year to help the Airport meet its bond covenant requirement to have the sum of annual net operating revenues plus the balance in the Contingency Account equal to at least 125% of annual debt service, as required by the Trust Indenture.

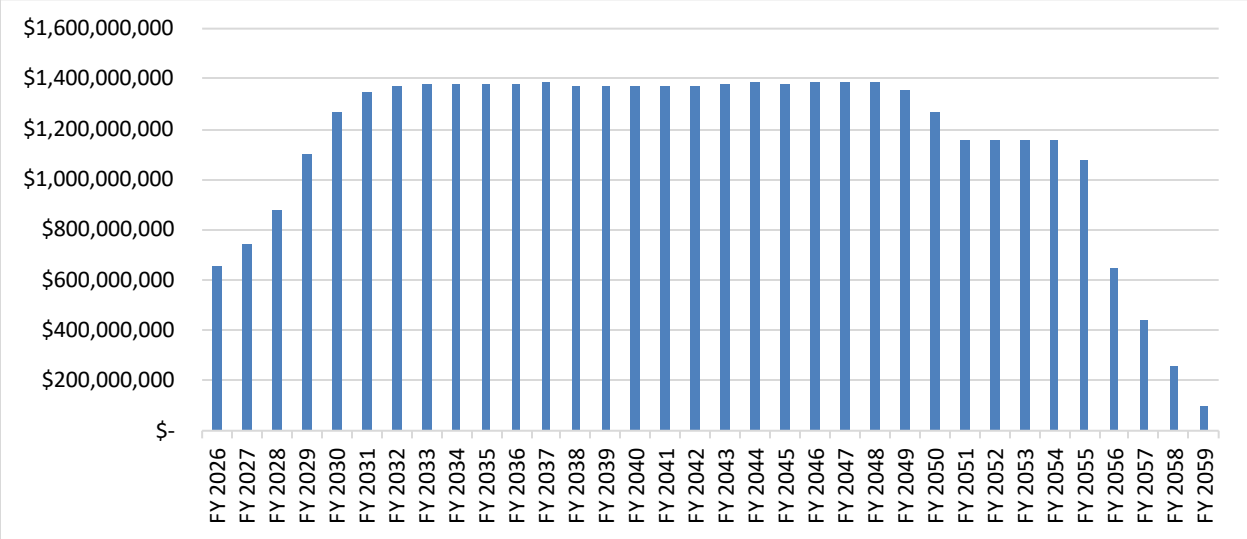
[11] Debt Service Reserve is a fund in which an issuer sets aside money in case its regular debt service fund is insufficient to make a future debt service payment

[12] Capitalized interest is the portion of the proceeds of a bond issue that is set aside to pay interest on the bonds for a specified period. Interest is commonly capitalized for the construction period of a revenue-producing project, and sometimes for a period thereafter, so that debt service expense does not begin until the project is expected to be operational and producing revenues.

[13] This consists of expenses associated with the sale of a bond, including fees for financial advisors, counsel, the trustee and rating agency fees and other expenses

before declining to $1.2 billion in FY 2051. Exhibit 6 below shows the Airport's annual debt service forecast between FY 2026 to FY 2059. The forecast conservatively assumes a 6.1 percent interest rate for future issuances, level debt service and no refunding of outstanding bonds for debt service savings.

Exhibit 6: San Francisco Airport Annual Debt Service Forecast, FY 2026 to FY 2059



Source: Airport
Note: Assumes future debt is issued at an interest rate of 6.1 percent, level debt service, and no refunding of outstanding bonds for debt service savings

Debt Service Repayment and Revenues

Debt service on the Airport's Revenue bonds is paid from Airport revenues, which primarily consists of charges to airlines and non-airline tenants. Under the 2023 Lease and Use Agreement between the Airport and the airlines, the Airport has the authority to increase the landing and terminal fees charged to the airlines to meet its operating expenses, including annual debt service on outstanding Airport revenue bonds (File 23-1038).[14]

According to the Trust Indenture, which governs bond issuances by the Airport (as previously mentioned), the two following conditions must be met regarding debt service repayment (i.e. the "rate covenant"):

1. Net revenues in each Fiscal Year must be at least sufficient (a) to make all required payments and deposits to cover Revenue Bond debt service, and (b) to make the Annual Service Payment to the City; and,

[14] The Airport updates the terminal and landing fees annually by forecasting the total annual expenses and the total non-airline revenues. The difference between the annual expenses and non-airline revenues must be paid from airline landing and terminal fees, which are adjusted by the Airport to fill the gap.

2. Net revenues, together with any transfers, in each Fiscal Year must be at least equal to 125 percent of aggregate annual debt service with respect to bonds outstanding for that fiscal year.

To issue additional bonds for new projects, the Airport Commission must also receive a certificate from an independent consultant or auditor stating that the Airport will be able to meet the rate covenant for the period covered by the bonds. The Airport received certificates in December 2025 as part of its Series 2025 D/E General Airport Revenue Bonds issuance of $900.9 million. The certificates do not cover the expected future bonds under the FY 2025-26 Capital Improvement Plan and will be required for future bond issuances. This ensures that the revenues generated from Airport operations are sufficient to cover the debt service obligations on the Bonds.

According to the Airport Consultant's forecasts, the debt service coverage rate is expected to remain above the 125 percent threshold requirement from FY 2025 to FY 2032, as shown in Exhibit 7 below. The debt service coverage rate calculation assumes annual transfers from the Airport's Contingency Fund to cover increasing debt service. The Airport Commission has discretion to fund the Contingency Fund and use this to pay debt service.[15] As shown in Exhibit 7 below, the total amount available for debt service (net revenues and transfers) is projected to grow by an average of 9.6 percent per year from FY 2025 to FY 2032, increasing from $992.2 million in FY 2025 to $1.9 billion in FY 2032. The annual debt service is projected to grow by an average of 13 percent per year over the same period, resulting in a decline in debt service coverage from 170 percent to 137 percent, which is still above the rate covenant requirement of 125 percent.[16]

[15] According to the Airport, contingency funds have never been drawn upon by the Airport to cover debt service obligations.

[16] The deposit to the Operating Revenue and Capital Improvement Fund (ORCIF) – a reserve fund – is funded by revenues and impacts the Net Revenues line in Exhibit 7. The debt service coverage ratios are decreasing because (1) certain expenses (including ORCIF contributions and the Annual Service Payment, among other smaller items, which are funded by revenues) decline in future years, reducing Net Revenues and, (2) the amount of debt service is projected to increase in the future years.

Exhibit 7: Forecast of Debt Service Coverage from Bond Issuances for FY 2025 to FY 2032 ($ in thousands)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Net Revenues	$797,979	$824,441	$899,777	$1,030,215	$1,255,331	$1,423,408	$1,513,525	$1,515,016
Transfer[17]	$194,174	$157,831	$179,533	$212,672	$268,232	$310,091	$331,080	$337,311
Total Amount Available for Debt Service	*$992,153*	*$982,273*	*$1,079,311*	*$1,242,887*	*$1,523,564*	*$1,733,499*	*$1,844,605*	*$1,852,326*
Annual Debt Service	$583,877	$631,326	$718,134	$850,689	$1,072,929	$1,240,363	$1,324,322	$1,349,242
Debt Service Coverage %	**170%**	**156%**	**150%**	**146%**	**142%**	**140%**	**139%**	**137%**
Debt Service Coverage % (Excluding Transfer)	**137%**	**131%**	**125%**	**121%**	**117%**	**115%**	**114%**	**112%**

Source: Series 2025 D/E Airport Revenue Bonds Official Statement and BLA analysis

RECOMMENDATION

Approve the proposed ordinance.

[17] Projected FY 2026 to FY 2032 transfer amounts were limited to 25 percent of Annual Debt Service.

Appendix 1: Remaining Appropriation Balance for Project Costs

Authority	FY 2019-20 Appropriation	Remaining Appropriation Balance	Proposed FY 2025-26 Appropriation
Airfield	$135,560,282	$24,436,181	$508,236,206
Airport Support	769,979,707	317,409,563	3,375,947,296
Groundside	103,759,546	52,673,458	184,644,673
Terminals	337,022,830	227,630,458	776,201,908
Terminal 1 Program	688,691,677	27,098,911	
Terminal 3 Program	711,034,265	937,280	2,031,123,392
Utilities	269,209,504	132,518,730	1,134,434,586
Total Project Costs	**$3,015,257,811**	**$782,704,581**	**$8,010,588,061**

Source: Previous and proposed appropriation ordinances; Airport

Appendix 2: Project Categories Funded by Proposed Appropriation

Airport Project Category	No. of Projects	Total Cost of Projects	Prior Funding	Existing Appropriations	Proposed Appropriation
Ascent Phase 1.5	**30**	**$8,035,445,000**	**$3,077,554,397**	**$245,530,324**	**$4,712,360,279**
Airport Support	*11*	*2,270,030,569*	*17,942,360*		*2,252,088,209*
Ascent Phase 1.5 Program Reserve	1	494,313,416			494,313,416
Cargo and Hangar Improvements	3	746,900,000	6,534,000		740,366,000
Consolidated Administration Campus	2	447,000,000			447,000,000
Parking & Garage Improvements	1	251,450,000	9,632,360		241,817,640
Support Facility Improvements	2	186,300,000	1,776,000		184,524,000
Wayfinding Projects	2	144,067,153			144,067,153
Groundside	*1*	*35,420,000*	*29,556,325*	*5,863,675*	
Plot 700 Redevelopment Projects	1	35,420,000	29,556,325	5,863,675	
Terminal 1 Program	*3*	*1,698,276,732*	*1,671,177,821*	*27,098,911*	
Terminal 1 Projects	3	1,698,276,732	1,671,177,821	27,098,911	
Terminal 3 Program	*3*	*3,107,291,584*	*1,075,230,912*	*937,280*	*2,031,123,392*
Courtyard 3 Connector	2	413,998,000	377,751,711		36,246,289
Terminal 3 Projects	1	2,693,293,584	697,479,201	937,280	1,994,877,103
Terminals	*10*	*846,326,115*	*241,066,502*	*211,630,458*	*393,629,155*
Baggage Handling System	3	57,568,000	4,995,650	9,804,350	42,768,000
CIP Program Support	1	90,400,000	56,527,794	33,872,206	
Gate Enhancements	1	143,000,000	81,600	51,057,245	91,861,155
International Terminal Refresh Projects	1	296,358,115	179,461,458	116,896,657	
Miscellaneous Terminal Improvements	1				
Terminal 3 Projects	3	259,000,000			259,000,000
Utilities	*2*	*78,100,000*	*42,580,477*		*35,519,523*
Energy and Efficiency Improvements	1	43,100,000	42,580,477		519,523
Power & Lighting Improvements	1	35,000,000			35,000,000

Airport Project Category	No. of Projects	Total Cost of Projects	Prior Funding	Existing Appropriations	Proposed Appropriation
Infrastructure CIP	**229**	**$4,417,245,753**	**$581,843,714**	**$537,174,257**	**$3,298,227,782**
Airfield	*19*	*863,130,501*	*330,458,114*	*24,436,181*	*508,236,206*
Apron Reconstruction	1	25,000,000	3,895	24,436,181	559,924
Miscellaneous Airfield Improvements	2	27,000,000			27,000,000
Power & Lighting Improvements	4	40,600,000	6,644,649		33,955,351
Runway Improvements	5	465,836,802	215,556,902		250,279,900
Taxiway Improvements	7	304,693,699	108,252,668		196,441,031
Airport Support	*126*	*1,561,328,828*	*120,060,178*	*317,409,563*	*1,123,859,087*
Airport Shoreline Protection Projects	3	130,500,000	15,313,910	110,898,090	4,288,000
Airport Support Computer System Improvements	3	4,377,172	2,023,172	1,000,000	1,354,000
Airport Support Miscellaneous Improvements	12	144,715,560	2,233,697		142,481,863
Capital Equipment	40	28,206,001	2,347,996		25,858,005
Director's Infrastructure CIP Reserve	1	401,567,796		36,060,316	365,507,480
Elevator, Escalator, & Moving Walk Modernization	3	46,400,000	16,650,000		29,750,000
Fire Equipment Projects	12	42,400,000	5,745,851		36,654,149
Noise Insulation Projects	6	46,900,000	13,566,060		33,333,940
Security Improvements	4	171,500,000	325,000	3,500,000	167,675,000
Superbay Renovation Projects	1	143,196,565	1,196,565	142,000,000	
Support Facility Improvements	9	65,084,297	7,275,312		57,808,985
Technology Improvement Projects	32	336,481,437	53,382,615	23,951,157	259,147,665
Groundside	*19*	*248,303,921*	*16,849,465*	*46,809,783*	*184,644,673*
AirTrain Improvements	5	27,672,000	8,472,000		19,200,000
Parking & Garage Improvements	4	74,000,000	2,370,136	25,887,036	45,742,828
Roadway Improvements	4	28,500,000	854,183	14,145,817	13,500,000
Shuttle Bus Replacement	3	32,400,871	2,624,908	2,519,118	27,256,845
Technology Improvement Projects	1	1,731,050	81,049	1,650,001	
Viaduct Improvements	2	84,000,000	2,447,189	2,607,811	78,945,000

Airport Project Category	No. of Projects	Total Cost of Projects	Prior Funding	Existing Appropriations	Proposed Appropriation
Terminals	*22*	*471,779,925*	*73,207,172*	*16,000,000*	*382,572,753*
International Terminal Improvements	11	361,080,000	55,126,111	1,000,000	304,953,889
Miscellaneous Terminal Improvements	9	73,750,000	378,080	12,000,000	61,371,920
Technology Improvement Projects	2	36,949,925	17,702,981	3,000,000	16,246,944
Utilities	*43*	*1,272,702,578*	*41,268,785*	*132,518,730*	*1,098,915,063*
Energy and Efficiency Improvements	8	95,248,650	1,065,295		94,183,355
Power & Lighting Improvements	15	640,575,000	26,428,958		614,146,042
Storm Drain Improvements	2	26,100,000	1,091,222		25,008,778
Utility Improvements	3	27,700,000	2,415,941		25,284,059
Waste Water System Improvements	10	152,578,928	4,590,944		147,987,984
Water System Improvements	5	330,500,000	5,676,425	132,518,730	192,304,845
Total	**259**	**$12,452,690,753**	**$3,659,398,111**	**$782,704,581**	**$8,010,588,061**

Source: Airport

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

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 25-0132

APPROVAL OF THE UPDATE TO THE FISCAL YEAR 2025/26 INFRASTRUCTURE PROJECTS PLAN INCREASING THE BUDGET FROM $3.0 BILLION TO $4.4 BILLION, AND ESTABLISHING A DIRECTOR'S RESERVE

WHEREAS, San Francisco Administrative Code Section 3.20 requires the Airport to submit a 10-Year Capital Improvement Plan (CIP) each odd-numbered year; and

WHEREAS, on September 5, 2017, the Commission adopted Resolution No. 17-0212, which established the Ascent Program – Phase I for $7.3 billion and Infrastructure Projects Plan for $122 million within the CIP; and

WHEREAS, on March 5, 2019, by Resolution No. 19-0041, the Commission approved the Infrastructure Projects Plan for Fiscal Year 2019/20 through Fiscal Year 2028/29 in the amount of $351 million; and

WHEREAS, on June 2, 2020, by Resolution No. 20-0089, the Commission approved the addition of certain capital improvement projects to the Infrastructure Projects Plan and approved the updated Infrastructure Projects Plan in the amount of $571 million; and

WHEREAS, on April 19, 2022, by Resolution No. 22-0059, the Commission approved renaming the Infrastructure Projects Plan to the Rolling Capital Improvement Plan, approved a decrease to the budget from $570 million to $492 million, and established the Director's Rolling CIP Reserve; and

WHEREAS, on January 17, 2023, by Resolution No. 23-0007, the FY 2022/23 Mid-Year CIP Update increased the Rolling CIP budget from $492 million to $1.6 billion; and

WHEREAS, on October 3, 2023, by Resolution No. 23-0242, the Airport changed the Rolling Capital Improvement Plan (Rolling CIP) back to its original name, the Infrastructure Projects Plan, and increased the FY 2023/24 Infrastructure Projects Plan budget from $1.6 billion to $3.0 billion; and

WHEREAS, Airport staff has reviewed and ranked the proposed capital projects for the FY 2025/26 Infrastructure Projects Plan for Fiscal Year 2025/26 through Fiscal Year 2034/35; and

WHEREAS, Airport staff recommends the projects be added to the Infrastructure Projects Plan; and

WHEREAS, in light of ongoing pricing uncertainty, supply chain disruptions, and dynamic market conditions, an Infrastructure Projects Plan Director's Reserve is being included in the FY 2025/26 Infrastructure Projects Plan; and

WHEREAS, the Infrastructure Projects Plan Director's Reserve totals $402 million and is calculated as 10% of the $4.0 billion in FY 2025/26 Infrastructure Projects Plan project budgets; and

WHEREAS, Airport staff has identified the necessary capital funding sources to support the updated FY 2025/26 Infrastructure Projects Plan; and

WHEREAS, the FY 2025/26 Infrastructure Projects Plan is part of the Airport's Capital Improvement Plan, which defines its projects into the following two categories for tracking and reporting purposes: (1) the Ascent Program - Phase 1.5 which includes an Ascent Program – Phase 1.5 Reserve; and (2) the FY 2025/26 Infrastructure Projects Plan which includes a Director's Infrastructure Projects Plan Reserve; now, therefore, be it

RESOLVED, that this Commission approves the FY 2025/26 Infrastructure Projects Plan as set forth in Attachment 1, with a budget increase from $2,986,748,710 to $4,417,245,753; and, be it further

RESOLVED, that the FY 2025/26 Infrastructure Projects Plan Director's Reserve is established and the Airport Director is authorized to allocate the Director's Reserve only to projects included in the FY 2025/26 Infrastructure Projects Plan as approved pursuant to this resolution, without any cost savings on completed projects being added or returned to the Director's Reserve, provided that: (1) unless otherwise approved by the Commission, the availability of the Director's Reserve for allocation to projects will sunset on the FY 2025/26 Infrastructure Projects Plan completion; (2) each project expenditure is in conformance with applicable law; and (3) the Airport Director shall periodically report to the Commission on the CIP project expenditures and the allocation of the Director's Reserves to projects, as further described in the Airport Director's memorandum accompanying this resolution; and, be it further

RESOLVED, that, by taking this action, this Commission is not making a commitment to proceed with any individual project in the Capital Improvement Plan, and retains its discretion to, among other things, modify a project, or elect not to proceed with the project, based on information generated through any required environmental review process or for any other reason, and FY 2025/26 Infrastructure Projects Plan Director's Reserve funds may not be utilized for construction of a project under the FY 2025/26 Infrastructure Projects Plan, unless and until: (1) any required environmental review under the California Environmental Quality Act (CEQA) is completed or the project is determined to be exempt from CEQA, and (2) the Commission has taken an Approval Action (as defined in San Francisco Administrative Code section 31.04(h) with respect to the project.

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of AUG 19 2025

Secretary

SAN FRANCISCO INTERNATIONAL AIRPORT

MEMORANDUM
August 19, 2025

TO: AIRPORT COMMISSION
Hon. Malcolm Yeung, President
Hon. Jane Natoli, Vice President
Hon. Jose F. Almanza
Hon. Mark Buell
Hon. Susan Leal

25-0132

AUG 19 2025

FROM: Airport Director

SUBJECT: Approval of the Update to the Fiscal Year 2025/26 Infrastructure Projects Plan

DIRECTOR'S RECOMMENDATION: APPROVE THE UPDATE TO THE FISCAL YEAR 2025/26 INFRASTRUCTURE PROJECTS PLAN AND INCREASE THE BUDGET FROM $3.0 BILLION TO $4.4 BILLION, AND ESTABLISH A DIRECTOR'S RESERVE.

Executive Summary

The attached resolution approves the Airport's updated Fiscal Year (FY) 2025/26 Infrastructure Projects Plan, which is updated on an as-needed basis to reflect evolving priorities. This update increases the Infrastructure Projects Plan from $3.0 billion to $4.4 billion to support critical operational and resiliency needs and to include a Director's Reserve of $402 million.

Background

On October 3, 2023, the Commission adopted Resolution No. 23-0242, which established the Ascent Program – Phase 1.5 and Infrastructure Projects Plan within the Airport's Capital Improvement Plan (CIP). The CIP consists of: (1) the fixed $8.0 billion Ascent Program - Phase 1.5, and (2) the FY 2025/26 Infrastructure Projects Plan, which totals $4.4 billion. The proposed resolution does not make any changes to the fixed Ascent Program – Phase 1.5. Combined with the existing $8.0 billion Ascent Program – Phase 1.5, the update brings the CIP to approximately $12.5 billion. Comprehensive lists of uses for the projects associated with Ascent Program – Phase 1.5 and the Fiscal Year 2025/26 Infrastructure Projects Plan are detailed in Attachments 1 and 2. A further history of the prior Commission actions related to the Ascent Program and the FY 2025/26 Infrastructure Projects Plan is set forth in Appendix A.

Infrastructure Projects Plan Update

The update to the FY 2025/26 Infrastructure Projects Plan brings the total from $3.0 billion to $4.4 billion, which represents a $1.4 billion increase over the FY 2023/24 Infrastructure Projects Plan, and includes essential projects supporting state of good repair and infrastructure upgrades, such as power & lighting improvements, runway improvements, technology initiatives, terminal improvements, water system projects, among others. The FY 2025/26 Infrastructure Projects Plan also includes a Director's Reserve of $402 million, which represents 10% of the $4.0 billion in project costs to address unanticipated needs and changing market conditions.

THIS PRINT COVERS CALENDAR ITEM NO. 4

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO
DANIEL LURIE MAYOR | MALCOLM YEUNG PRESIDENT | JANE NATOLI VICE PRESIDENT | JOSE F. ALMANZA | MARK BUELL | SUSAN LEAL | MIKE NAKORNKHET AIRPORT DIRECTOR
P.O. BOX 8097 SAN FRANCISCO, CA 94128 TEL 650.821.5000 FAX 650.821.5005 FLYSFO.COM

A comprehensive list of uses for the FY 2025/26 Infrastructure Projects Plan projects is included in Attachment 1.

Plan of Finance (Sources) and (Uses)

A combination of Airport revenue bonds, commercial paper, grants, and other funding sources will fund the FY 2025/26 Infrastructure Projects Plan. As shown in the table below, grants and other funding sources is estimated to fund approximately $813 million (18%) while Airport revenue bonds will fund the remaining $3.6 billion (82%). The Commission continues to use its commercial paper program as an interim financing tool to achieve a lower, short-term interest rate. The commercial paper notes are issued on a short-term basis and are eventually refinanced with long-term Airport revenue bonds. This approach enables the Commission to issue debt only as it is required.

Sources of Funds	Description	Total ($ in millions)
General Airport Revenue Bonds (GARBs)	Commercial Paper as interim financing tool (lower, short-term interest rate) and refinance with long-term Airport revenue bonds	$3,604
Grants	Estimated grant awards based on the application process	472
Other Funding Sources	Estimated funding from other City departments and use of the Operating Revenue and Capital Improvement Fund (ORCIF)	341
Total Sources of Funds		**$4,417**

Uses of Funds by Project	Description	Total ($ in millions)
Power & Lighting Improvements	Install and upgrade power distribution equipment and electrical infrastructure to support airport-wide operations	$681
Runway Improvements	Rehabilitate various runways, including pavement reconstruction, airfield lighting, signage, pavement markings, timber trestles, and associated utility improvements	466
Infrastructure Projects Plan Director's Reserve	This reserve represents ten percent of the total FY 2025/26 Infrastructure Projects Plan projects to be used to address unanticipated needs and changing market conditions	402
Technology Improvement Projects	Upgrade, replace, and add new technology and telecommunication system infrastructure to enhance the delivery, connectivity and cybersecurity of business services	375
International Terminal Improvements	Replace, upgrade and improve various International Terminal components including roof, HVAC system, restrooms, lost and found, fire alarm and fire sprinkler systems	361

Water System Improvements	Construct a new recycled water system and upgrade various water mains and meters	330
All Other Projects	Subtotal of remaining FY 2025/26 Infrastructure Projects Plan projects	1,802
Total Uses of Funds		**$4,417**

Infrastructure Projects Plan Director's Reserve

Given current market conditions including volatility and uncertainty in several areas such as pricing, supply chains, inflationary pressures, and geopolitical factors, staff proposes the use of an Infrastructure Projects Plan Director's Reserve. This reserve, in addition to traditional project contingencies, will help the Airport respond to evolving market conditions while maintaining progress on critical capital improvements. The proposed Infrastructure Projects Plan Director's Reserve would represent 10% or $402 million of the FY 2025/26 Infrastructure Projects Plan project total of $4.0 billion.

The proposed resolution authorizes the Airport Director to allocate the Infrastructure Projects Plan Director's Reserve to projects included in the FY 2025/26 Infrastructure Projects Plan, and without any cost savings on completed projects in the FY 2025/26 Infrastructure Projects Plan being added or returned to the Infrastructure Projects Plan Director's Reserve.

Unless otherwise approved by the Commission, the availability of the Director's Reserve for allocation to projects will sunset for the (1) fixed Ascent Program – Phase 1.5 at the program's completion and (2) dynamic FY 2025/26 Infrastructure Projects Plan at the time which this Commission approves the next update to the Infrastructure Projects Plan. As noted, the reserves are distinct between the Ascent Program – Phase 1.5 and the FY 2025/26 Infrastructure Projects Plan and cannot be commingled.

Summary Table of Director's Reserves in the Capital Improvement Plan
**Note: Totals may not add up due to rounding*

Project Budget vs. Director's Reserves	Description	Ascent Program - Phase 1.5	FY 2025/26 Infrastructure Projects Plan	Total ($ in millions)
Project Budget	Project budgets in the CIP	$7,305	$4,016	$11,321
Director's Reserves	Calculated at 10% of Projects	$730	$402	$1,131
Total CIP		**$8,035**	**$4,417**	**$12,452**

Project Status and Reporting

The Airport Director periodically reports to the Commission on the Ascent Program – Phase 1.5 and the Infrastructure Projects Plan expenditures, and the allocation of the Director's Reserves to projects, and will continue to do so. These updates will include project status and expected completion dates, project forecasts vs. budget, and use of Director's Reserves.

Recommendation

I recommend the Commission adopt the attached resolution approving the update to the FY 2025/26 Infrastructure Projects Plan increasing the budget from $3.0 billion to $4.4 billion and establishing a Director's Reserve.

Sincerely,

Mike Nakornkhet
Airport Director

Prepared by: Kevin Bumen
Chief Financial and Commercial Officer

Attachments

Attachment 1
San Francisco International Airport
FY 2025/26 Infrastructure Projects Plan
($ in thousands)

#	Airport Project Category	Project Description	Prior Funding	Future Funding	Project Total
1	Power & Lighting Improvements	Install and upgrade power distribution equipment and electrical infrastructure to support airport-wide operations.	$ 33,074	$ 648,101	$ 681,175
2	Runway Improvements	Rehabilitate various runways including pavement reconstruction, airfield lighting, signage, pavement markings, timber trestles and associated utility improvements.	215,557	250,280	465,837
3	Director's Infrastructure CIP Reserve	This reserve is used to fund unanticipated scope changes and/or address changing market conditions related to projects in the Infrastructure Projects Plan.	-	401,568	401,568
4	Technology Improvement Projects	Upgrade, replace, and add new technology and telecommunication system infrastructure to enhance the delivery and connectivity of business services.	71,167	303,996	375,162
5	International Terminal Improvements	Replace, upgrade and improve various International Terminal components including roof, HVAC system, restrooms, lost and found, fire alarm and fire sprinkler systems.	55,126	305,954	361,080
6	Water System Improvements	Construct a new recycled water system and upgrade various water mains and meters.	5,676	324,824	330,500
7	Taxiway Improvements	Reconstruct and rehabilitate portions of various taxiways including upgrades to airfield lighting, signage, and pavement markings.	108,253	196,441	304,694
8	Security Improvements	Strengthen Airport-wide security with various improvements to infrastructure, including enhanced Access Control, Closed-Circuit Television (CCTV) systems, and other system upgrades.	325	171,175	171,500
9	Waste Water System Improvements	Make improvements to the sanitary sewer system, West Field Station BP, pipeline replacements and various other industrial waste systems and pump stations.	4,591	147,988	152,579
10	Airport Support Miscellaneous Improvements	Replace or upgrade various airport-wide systems in support of daily operations such as the Ground Transportation Management (GTMS) system, Automotive Paint Booth, and fire station alerting.	2,234	142,482	144,716
11	Superbay Renovation Projects	Renovate the existing Superbay facility to address aging infrastructure.	1,197	142,000	143,197
12	Airport Shoreline Protection Projects	Provide for conceptual design and planning, environmental review and mitigation, project construction permits, and public outreach. Extend and replace existing seawall and embankments to address SFO's risk of flooding from storms and sea level rise.	15,314	115,186	130,500
13	Energy and Efficiency Improvements	Install and replace various electrical control systems, equipment, and solar, to improve energy efficiency and resilience.	1,065	94,183	95,249
14	Viaduct Improvements	Resurface the upper level viaduct and repair the terminal 2 departures level roadway.	2,447	81,553	84,000
15	Parking & Garage Improvements	Replace the Parking Access and Revenue Control System (PARCS) and make various other improvements to the Airport parking garages.	2,370	71,630	74,000
16	Miscellaneous Terminal Improvements	Replace checkpoint equipment airport wide, replace the roof on Boarding Area's C and F, standup AIOC systems, and make various other terminal improvements.	378	73,372	73,750
17	Support Facility Improvements	Make improvements to various Airport buildings and office spaces.	7,275	57,809	65,084
18	Noise Insulation Projects	Install acoustic treatments in qualifying homes.	13,566	33,334	46,900
19	Elevator, Escalator, & Moving Walk Modernization	Modernize moving walkways, escalators, and elevators throughout the Airport.	16,650	29,750	46,400
20	Fire Equipment Projects	Replace fire engines and Airport Rescue Firefighting vehicles; purchase a new rescue watercraft.	5,746	36,654	42,400
21	Shuttle Bus Replacement	Replace shuttle bus vehicles that have reached the end of their useful life.	2,625	29,776	32,401
22	Roadway Improvements	Reconfigure and update various roadway intersections airport-wide to include pedestrian safety improvements, signage systems, and improve ground transportation efficiencies.	854	27,646	28,500

(continued on next page)

Attachment 1
San Francisco International Airport
FY 2025/26 Infrastructure Projects Plan
($ in thousands)

#	Airport Project Category	Project Description	Prior Funding	Future Funding	Project Total
23	Capital Equipment	Replace various capital equipment that is used for operational maintenance that has reached the end of its useful life.	2,348	25,858	28,206
24	Utility Improvements	Upgrade ventilation and install natural gas leak detection in the Central Utility Tunnel, replace HVAC and supply fans in select Airport locations, replace fire sprinklers, and conduct an Infrastructure Modernization Program (IMP) study.	2,416	25,284	27,700
25	AirTrain Improvements	Replace and upgrade various AirTrain systems including security and signage.	8,472	19,200	27,672
26	Miscellaneous Airfield Improvements	Maintain and improve airfield infrastructure to enhance the safety and efficiency of airfield operations.	-	27,000	27,000
27	Storm Drain Improvements	Upgrade and replace aging storm drain systems throughout the Airport.	1,091	25,009	26,100
28	Apron Reconstruction	Reconstruct and make improvements to the parking aprons at Plot 9.	4	24,996	25,000
29	Airport Support Computer System Improvements	Develop new computer systems that will support Airport business activities.	2,023	2,354	4,377
	Infrastructure Projects Plan Total		**$ 581,844**	**$ 3,835,402**	**$ 4,417,246**

Attachment 2
San Francisco International Airport
Ascent Program - Phase 1.5
($ in thousands)

	Prior Funding	Future Funding	Project Total
Ascent Phase 1.5 Program Total	$ 3,077,554	$ 4,957,891	$ 8,035,445

APPENDIX A

Airport Commission Resolutions related to the Airport's CIP

On December 5, 2006, by Resolution No. 06-0232, the Commission approved the Capital Plan Policy, which sets forth the process for the development, approval, and modification of the CIP.

On September 5, 2017, by Resolution No. 17-0212, the Commission established the Ascent Program and Infrastructure Projects Plan within the CIP.

On March 5, 2019, by Resolution No. 19-0041, the Commission approved the Infrastructure Projects Plan for Fiscal Year 2019/20 through Fiscal Year 2028/29 in the amount of $351 million.

On June 2, 2020, by Resolution No. 20-0089, the Commission approved the addition of certain projects to the Infrastructure Projects Plan for a new amount of $571 million.

On April 19, 2022, by Resolution No. 22-0059, the Commission approved the renaming of the Infrastructure Projects Plan to the FY 2022/23 Rolling Capital Improvement Plan and reduced the budget from $571 million to $492 million, due to the removal of any completed or cancelled projects from the Rolling CIP.

On January 17, 2023, by Resolution No. 23-0007, the Commission approved the Mid-Year Update to the FY 2022/23 Rolling CIP and increase the budget from $492 million to $1.6 billion.

On October 3, 2023, the Commission adopted Resolution No. 23-0242, which established and approved the Ascent Program – Phase 1.5 with a fixed budget of $8.0 billion and the dynamic FY 2023/24 Infrastructure Projects Plan with a budget of $3.0 billion.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 25-0172

AUTHORIZATION TO REQUEST BOARD OF SUPERVISORS' APPROVAL AND SUPPLEMENTAL APPROPRIATION FOR THE AIRPORT TO SPEND THE PROCEEDS OF BONDS IN THE AMOUNT OF $9,016,051,176

WHEREAS, the Airport periodically requests supplemental appropriations from the Board of Supervisors to spend proceeds of General Airport Revenue Bonds (GARBs) and Commercial Paper (CP) notes (CP notes together with the GARBs, Bonds) to support the Capital Improvement Plan (CIP); and

WHEREAS, on October 15, 2019, by Resolution No. 19-0260, the Commission authorized the Airport Director to seek approval from the Board of Supervisors (BOS) for an additional $3,888,069,311 of supplemental appropriation; and

WHEREAS, on February 4, 2020, the BOS passed Ordinance 09-20, which approved an additional $3,888,069,311 of supplemental appropriation based on the Airport's Approved FY 2019/20 CIP totaling $7,620,417,135; and

WHEREAS, on October 3, 2023, the Commission adopted Resolution No. 23-0242, which established the $8.0 billion Ascent Program – Phase 1.5 and $3.0 billion Infrastructure Projects Plan within the Airport's Capital Improvement Plan; and

WHEREAS, on August 19, 2025, the Commission adopted Resolution No. 25-0132, which increased the budget of the $3.0 billion Infrastructure Projects Plan to $4.4 billion; and

WHEREAS, the current CIP consists of: (1) the fixed $8.0 billion Ascent Program - Phase 1.5, and (2) the FY 2025/26 Infrastructure Projects Plan, which totals $4.4 billion, for a total CIP cost of $12,452,690,753; and

WHEREAS, the remaining appropriation balance is now $782,704,581, which is not sufficient to fund the CIP; and

WHEREAS, BOS approval is needed for a $9,016,051,176 supplemental appropriation for the Airport to spend proceeds of Bonds to fund the CIP; now, therefore, be it

RESOLVED, that this Commission authorizes the Airport Director to request Board of Supervisors' approval for a supplemental appropriation for the Airport to spend proceeds of Authorized Bonds in the amount of $9,016,051,176.

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of OCT 21 2025

Secretary

SAN FRANCISCO INTERNATIONAL AIRPORT

MEMORANDUM
October 21, 2025

25-0172
25-0173
OCT 21 2025

TO: AIRPORT COMMISSION
Hon. Malcolm Yeung, President
Hon. Susan Leal, Vice President
Hon. Jose F. Almanza
Hon. Mark Buell
Hon. Nancy Tung

FROM: Airport Director

SUBJECT: Authorization to Request Board of Supervisors' Approval and Supplemental Appropriation for the Airport to Spend the Proceeds of Bonds in the Amount of $9,016,051,176, and Related Actions

DIRECTOR'S RECOMMENDATION: AUTHORIZE THE AIRPORT TO REQUEST BOARD OF SUPERVISORS' APPROVAL AND SUPPLEMENTAL APPROPRIATION FOR THE AIRPORT TO SPEND THE PROCEEDS OF AUTHORIZED BONDS IN THE AMOUNT OF $9,016,051,176, AND AUTHORIZE THE AIRPORT TO OBTAIN $10,000,000,000 IN TEFRA APPROVAL FROM THE MAYOR OF THE CITY AND COUNTY OF SAN FRANCISCO FOR A PERIOD OF THREE YEARS.

Executive Summary

In order to spend proceeds of General Airport Revenue Bonds (GARBs) or Commercial Paper (CP) notes (CP notes together with the GARBs, Bonds), the Airport periodically requests supplemental appropriations from the Board of Supervisors. This allows the use of Bonds proceeds to fund the approved FY 2025/26 Capital Improvement Plan (CIP), which consists of the Ascent Program – Phase 1.5 and the Infrastructure Projects Plan.

On a related matter, the Airport also intends to seek $10,000,000,000 in Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) approval from the Mayor in order to satisfy the public approval requirement under Section 147(f) of the Internal Revenue Code with respect to the financing of Airport expenditures from the proceeds of tax-exempt private activity GARBs (PABs) and tax-exempt private activity CP notes. This approval will remain effective for a period of three years; however, Staff may return to the Commission to pursue additional approval sooner if deemed necessary.

Background – Supplemental Appropriation

The Airport periodically requests supplemental appropriations from the Board of Supervisors to spend proceeds of Bonds to support the CIP. The Airport last received a supplemental appropriation in FY 2019/20 by Ordinance 09-20, which totaled $3,888,069,311 and was based on the Airport's approved FY 2019/20 CIP totaling $7,620,417,135.

On October 3, 2023, the Commission adopted Resolution No. 23-0242, which established the $8.0 billion Ascent Program – Phase 1.5 and $3.0 billion Infrastructure Projects Plan within the Airport's Capital Improvement Plan.

On August 19, 2025, the Commission adopted Resolution No. 25-0132, which increased the budget of the $3.0 billion Infrastructure Projects Plan to $4.4 billion, for a total FY 2025/26 CIP of $12.5 billion.

The new supplemental appropriation totaling $9.0 billion will allow the Airport to fully fund the FY 2025/26 CIP through completion. A summary of the proposed supplemental appropriation is shown below:

		Amount
FY 2025/26 Approved CIP	$	12,452,690,753
Less: amount previously bond funded		(3,659,398,111)
Total CIP Funding Needed	$	8,793,292,642
FY 2025/26 Supplemental Appropriation		
Project Funding Needed	$	8,793,292,642
Less: remaining project appropriation		($782,704,581)
Estimated financing costs		1,005,463,115
Total Supplemental Appropriation	**$**	**9,016,051,176**

Background – TEFRA

Section 147(f) of the Internal Revenue Code of 1986, as amended, provides that an applicable elected representative of the City must grant public approval of the issuance of the Commission's PABs, including CP notes. To meet these requirements, issuers must (1) publicly announce and hold a hearing open to the public in which the public may comment on the proposed issuance of one or more series of PABs or CP notes as part of a plan of financing, and the projects to be financed thereby, and (2) obtain formal approval from an applicable elected representative approving the issuance of the PABs and CP notes for the applicable projects (TEFRA Approval). For the Commission's PABs and CP notes, TEFRA Approval may be made by resolution of the Board of Supervisors or by certificate of the Mayor. Once granted, TEFRA Approval for a plan of finance to issue one or more series of PABs or CP notes remains valid for a period of three years or until the amount of authorized PABs and CP notes has been issued.

TEFRA Approval alone does not bind the Commission to issue PABs or CP notes, make any expenditure, incur any indebtedness or proceed with any particular project.

The Airport routinely issues PABs and CP notes to finance capital improvement projects and such bonds are often refunded at a later date by additional PABs and CP notes. Such PABs and CP notes, including, in some cases, PABs and CP notes issued to refund prior debt, count towards using TEFRA Approval. As a result, the recommended $10,000,000,000 TEFRA Approval amount exceeds the amount of capital improvement projects the Airport expects to finance in the next three years, to account for this way of attributing refunding debt towards the TEFRA Approval amount.

In connection with the Airport's previous TEFRA Approval, the Airport published a Notice of Public Hearing in the San Francisco Examiner on March 26, 2023. The public hearing was held on April 4, 2023, and formal TEFRA Approval was granted on July 6, 2023, in the amount of $4,622,612,335.

In connection with the current TEFRA Approval process, the Airport published a Notice of Public Hearing in the San Francisco Examiner on September 24, 2025 and held a public hearing on October 2, 2025. No public comment was received. The Airport Director will pursue $10,000,000,000 in TEFRA Approval from the Mayor upon the Commission's authorization of such action.

Recommendation

I recommend the Commission authorize the Airport to request the Board of Supervisors' approval and supplemental appropriation for the Airport to spend the proceeds of Bonds in the amount of $9,016,051,176, and also authorize the Airport to obtain $10,000,000,000 in TEFRA Approval from the Mayor of the City and County of San Francisco for a period of three years.

Sincerely,

Mike Nakornkhet
Airport Director

Prepared by: Kevin Bumen
Chief Financial and Commercial Officer

Attachments

City & County of San Francisco
Daniel Lurie, Mayor

Office of the City Administrator
Carmen Chu, City Administrator
Brian Strong, Chief Resilience Officer
Office of Resilience & Capital Planning

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2025 NOV 18 AM08:12
BOS-11

MEMORANDUM

November 17, 2025

To: Members of the Board of Supervisors

From: Carmen Chu, City Administrator & Capital Planning Committee Chair

Copy: Angela Calvillo, Clerk of the Board
Capital Planning Committee

Regarding: (1) The San Francisco Airport FY26-FY35 Capital Improvement Plan Update and FY26-FY35 Supplemental Budget Appropriation

---

In accordance with Section 3.21 of the Administrative Code, on November 17, 2025, the Capital Planning Committee (CPC) approved the following action item to be considered by the Board of Supervisors. The CPC's recommendation is set forth below.

1. Board File Number:	**APPROVAL OF THE SAN FRANCISCO AIRPORT FY26 – FY35 CAPITAL IMPROVEMENT PLAN UPDATE AND FY26-FY35 SUPPLEMENTAL BUDGET APPROPRIATION**
CPC Recommendation:	The CPC recommends approval of this Capital Improvement Plan Update and Supplemental Budget Appropriation.
Comments:	The CPC approves this item by a vote of 10-0.
	Committee members or representatives in favor:
	Carmen Chu, City Administrator; Rafael Mandelman, Board President; Sophia Kittler, Mayor's Budget Director; Carla Short, Director, Public Works; Anna Van Degna, Controller's Office; Josh Switzky, Planning; Elaine Forbes, Executive Director, Port of San Francisco; Stephen Robinson, Public Utilities Commission; Phil Ginsburg, General Manager, Recreation and Parks Department; Mike Nakornkhet, Director, San Francisco International Airport.

December 1, 2025

Ms. Angela Calvillo
Clerk of the Board
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Subject: Approval of the Airport Appropriation - Revenue Bonds Proceeds - Capital Improvement Projects - Airport Commission - $9,016,051,176 - FY2025-2026

Dear Ms. Calvillo:

Pursuant to Section 9.118 of the City Charter, I am forwarding for the Board of Supervisors' approval of the proposed Ordinance appropriating $9,016,051,176 of proceeds from the sale of revenue bonds or commercial paper for capital improvement projects to the Airport Commission for FY2025-2026; and placing $9,016,051,176 on Controller's Reserve pending receipt of proceeds of indebtedness.

The following is a list of accompanying documents:

- Board of Supervisors Ordinance;
- Approved Airport Commission Resolution No. 25-0132;
- Memorandum accompanying Airport Commission Resolution No. 25-0132;
- Approved Airport Commission Resolution No. 25-0172;
- Memorandum accompanying Airport Commission Resolution No. 25-0172;
- Capital Planning Committee recommendation memorandum

The following person may be contacted regarding this matter:

Denise Payton
Acting Managing Director of Finance
Business and Finance
(650) 821.2810
denise.payton@flysfo.com

Sincerely,

Kantrice Ogletree /s/

Kantrice Ogletree
Director, Commission Affairs

Enclosures
cc: Denise Payton, Business and Finance
Cathy Widener, Governmental Affairs