

Research Update:

San Francisco City And County Airport Commission, CA Series 2026C/D/E Revenue Bonds Assigned 'AA+/A-1' Rating

June 3, 2026

Overview

- S&P Global Ratings assigned its 'AA+/A-1' dual rating and 'AA-' underlying rating (SPUR) to the [San Francisco City and County Airport Commission](#), California's proposed \$250 million series 2026C (AMT), \$175 million series 2026D (AMT), and \$150 million series 2026E (AMT) second series variable-rate revenue bonds, based on the application of our joint criteria.
- The outlook, where applicable, is stable.

Rationale

Security

Airport system net revenue, including all revenue that the San Francisco City and County Airport Commission earns with respect to the airport, secures San Francisco International Airport's (SFO) senior-lien bonds. The commission has designated as revenue (on an annual basis) a portion of revenue derived from a \$4.50 passenger facility charge (PFC) that the airlines collect and remit to the commission, and the commission has authorized this revenue to offset debt service on bonds issued to finance PFC-eligible projects. Revenue from a contract customer facility charge (CFC) of \$10 per rental car implemented in early 2022, collected by the rental car companies and remitted to the commission for making improvements to the rental car facilities, is not designated as revenue under the indenture.

SFO had approximately \$10.7 billion in debt outstanding as of fiscal year-end (June 30) 2025 and, after the sale of all the series 2026 bonds, approximately \$11.2 billion will be outstanding. SFO expects to have debt service reserve accounts funded at a combined \$788 million by June 2026.

In our view, SFO has a generally supportive, industry-standard legal framework providing bondholder security for debt outstanding. This includes a security interest in and pledge of net airport revenue, use of designated PFC revenue, a 1.25x rate covenant including use of a contingency account, a 1.25x projected additional bonds test, and a common debt service reserve account. Outside of industry norms, SFO is one of several airports that has a grandfathered agreement permitting the transfer of revenue on a subordinated basis to the City and County of San Francisco, which we treat as a debt-like expense in our financial metrics.

Primary Contact

Kurt E Forsgren
Boston
1-617-530-8308
kurt.forsgren
@spglobal.com

Secondary Contact

Kevin R Archer
San Francisco
+ 1 (415) 3715031
Kevin.Archer
@spglobal.com

The 'AA+/A-1' dual ratings are assigned to second series variable rate revenue bonds, series 2026C, 2026D, 2026E (AMT). For the assigned variable-rate obligations, the long-term component of the dual rating reflects our view of the joint support of the letters of credit (LOCs) provided by Wells Fargo Bank, N.A. (A+/A-1) for 2026C, Bank of America, N.A. (A+/A-1) for 2026D, and Barclays Bank PLC (A+/A-1) for 2026E, in the form of an irrevocable direct-pay LOC, and the SPUR of 'AA-' on Airport Commission of the City and County of San Francisco San Francisco International Airport, the obligor, assuming a low correlation level between the LOC providers and obligor.

The long-term component of our ratings addresses the likelihood that bondholders will receive interest and principal payments when due if they do not exercise the put option. The short-term component of the rating reflects only the short-term rating on Wells Fargo Bank, N.A. (A+/A-1) for 2026C, Bank of America, N.A. (A+/A-1) for 2026D, and Barclays Bank PLC (A+/A-1) for 2026E, and addresses the likelihood that bondholders will receive interest and principal payments if they exercise the put option.

The series 2026C, 2026D, 2026E bonds will be issued in the weekly rate mode (covered rate mode). During the weekly rate mode, bondholders have the option to tender their bonds seven business days prior to the purchase date. The LOCs cover bonds in the weekly rate mode (covered rate mode) and cover the entire principal amount and 51 days of interest coverage at the 12% maximum rate. The interest component on the LOC reinstates automatically on the fifth calendar day following an interest drawing. Should the trustee receive notice of an event of default under the reimbursement agreement, the bank will direct the trustee to cause a mandatory tender. The LOCs provided by Wells Fargo Bank, N.A.; Bank of America, N.A.; and Barclays Bank PLC are scheduled to expire on June 15, 2029; June 15, 2030; and June 15, 2029, respectively, unless terminated, replaced, or extended beforehand.

Pursuant to the transaction documents, the trustee is directed to first draw on the LOC for scheduled payments of principal and interest due on the bonds; however, if the LOC provider fails to honor the drawing, the trustee is directed to use monies provided by the obligor to make payments. In view of the transactions' structures, changes to our ratings on the weekly rate bonds can result from, among other things, changes to our rating on the LOC providers or obligor, revisions to our correlation assumptions, the expiration, replacement or termination of the LOCs, or amendments to the transactions' terms. This analysis of the series 2026C, 2026D, 2026E bonds reflects information as of May 29, 2026. Subsequent information from now until the closing date, could result in our changing or withdrawing the rating.

Credit highlights

The ratings reflect our view of SFO's advantageous geographic, economic, and demographic conditions, which have supported a long history of favorable enplanement trends and stable financial performance. The airport's post-pandemic enplanement recovery lagged that of large-hub peers; management anticipates recovery to over 100% of 2019 levels in fiscal 2027. The ratings also incorporate our view of SFO's solid coverage and liquidity metrics, partly resulting from additional airline deposits totaling \$813 million through 2032 to a reserve for future capital projects. Since November 2025, the capital plan has remained largely unchanged and passenger forecasts have been slightly lowered, resulting in higher airline costs. Recent flight reductions by major airlines because of rising jet fuel prices have not significantly affected SFO's year-to-date traffic, with United Airlines still forecasting capacity increases through second-quarter 2026.

The ratings further reflect our view of SFO's:

- Exceptionally broad and diverse service area economy;

- Extremely strong market position as the eighth-largest U.S. airport, supported by both a very strong regional market share in the Bay Area and its role as a key U.S. gateway for Asia-Pacific traffic, with international passengers representing approximately 30% of total enplanements in fiscal 2025;
- Financial metrics, including pro forma S&P Global Ratings-calculated debt service coverage (DSC) and days' cash on hand (DCOH) that we expect will remain strong over the forecast period; and
- Sophisticated, experienced, and deep management team with clearly defined financial and operational goals that are generally achieved or exceeded, detailed projections and disclosures, generally well-defined project plans and targets that mitigate key risks, and a history of successful on-time/on-budget project-delivery.

Partly offsetting the above strengths, in our view, is SFO's comparatively high debt burden, which we expect will increase as the airport continues to fund a very large \$12.5 billion capital improvement plan (CIP), including \$7.6 billion in future bond issuances through 2029 based on identified needs that are likely to increase. For example, the size, timing, and funding sources associated with the identified Shoreline Protection Program (SPP), not currently in SFO's CIP, along with other projects, have the potential to raise debt and costs. With a lowering of passenger forecasts and additional capital projects added to the program, the cost per enplaned passenger in 2032 has increased to \$47.82 compared with the January 2025 estimate of \$40.81, with debt per enplaned passenger estimated to be near \$500 by 2032.

We expect that SFO's out-year DSC, on a generally accepted accounting principles (GAAP) basis, will be near 1.25x based on our calculations. Pro forma DSC based on cash flow is projected to range from 1.0x to 1.1x over the forecast period as a result of additional debt as well as transfers from accumulated balances in the PFC fund. This has the effect of lowering airline-generated operating revenue and cash flow coverage. Management indenture-calculated DSC is projected to range from 1.6x in the early years to about 1.4x by 2032, including transfers from a contingency account, which we exclude from our calculation. We expect debt to revenue will weaken to adequate levels (15x to 20x), and that SFO's liquidity, measured by DCOH, will remain very strong (greater than 400) despite a weakening of available liquidity to debt (to 7.5% to 20.0%).

For more information, please see "[San Francisco International Airport Series 2026A-B Revenue Bonds Assigned 'AA-' Rating](#)," Apr. 30, 2026.

Environmental, social, and governance

Per data from S&P Global Sustainable¹, SFO faces elevated risk from coastal flooding, with eight miles of shoreline adjacent to San Francisco Bay. The commission has acknowledged risks associated with its location and revised its SPP, and longer-term plans are underway to adopt design criteria to protect airport infrastructure against an estimated 42 inches of sea-level rise through 2085. Final environmental approvals are expected to be completed by early 2027. Management believes that the final costs are likely to significantly surpass an initial \$587 million estimate, with the CIP excluding all but \$131 million of the SPP. Absent alternative funding sources, we believe this could add to a large CIP and pressure debt metrics. We also analyzed governance and social factors and considered them neutral in our credit rating analysis.

Outlook

The stable outlook reflects our expectation that air travel demand for SFO will hold or increase, and that management will adjust revenue, expenses, and capital spending to maintain financial metrics that we view as strong while it funds its large CIP.

Downside scenario

We could lower the ratings within the next two years if SFO's enplanements decrease significantly or if we come to believe that financial metrics will weaken beyond expectations for an extended period.

Upside scenario

We could raise the ratings if activity and financial metrics significantly outperform forecasts.

Ratings List

New Issue Ratings

US\$150.000 mil second series var rate rev bnds (AMT) (San Francisco International Airport) ser 2025E due 05/01/2061

Long Term Rating AA+/A-1

S&P Published Underlying Rating AA-/Stable

US\$175.000 mil second series var rate rev bnds (AMT) (San Francisco International Airport) ser 2026D due 05/01/2061

Long Term Rating AA+/A-1

S&P Published Underlying Rating AA-/Stable

US\$250.000 mil second series var rate rev bnds (AMT) (San Francisco Intl Arpt) ser 2026C due 05/01/2061

Long Term Rating AA+/A-1

S&P Published Underlying Rating AA-/Stable

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

San Francisco City And County Airport Commission, CA Series 2026C/D/E Revenue Bonds Assigned 'AA+/A-1' Rating

Copyright ©2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software, or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced, or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees, or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness, or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment, and experience of the user, its management, employees, advisors, and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge) and www.ratingsdirect.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.