

RatingsDirect®

Summary:

San Francisco City & County, California; Appropriations

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Credit Profile

US\$15.0 mil certs of part (War Memorial Veterans Building) ser 2016A due 04/01/2032

Long Term Rating

AA/Stable

New

Rationale

S&P Global Ratings assigned its 'AA' long-term rating to San Francisco City & County, Calif.'s series 2016A certificates of participation (COPs), War Memorial Veterans Building Seismic Upgrade and Improvements, which are an appropriation obligation of the city and county. The outlook is stable.

The 2016A COPs represent an interest in lease payments that the city and county make, as lessee, for the use of capital facilities, and a covenant to annually budget and appropriate base rental payments. The city and county has covenanted to maintain at least 24 months' business interruption insurance to mitigate the risk of base rental abatement during any period for which the property is not available for use, and the leased property meets or exceeds our threshold for acceptable seismic risk. The city and county expect to fund a debt service reserve for the bonds at 50% of maximum annual debt service, although the lease payment due dates meet our requirements for late budget adoption.

For additional information on the city and county's long-term rating, please see our analysis published March 18, 2016, on RatingsDirect.

Outlook

The stable outlook reflects our expectation that the city and county's very strong economy and strong budgetary flexibility will continue.

Upside scenario

We could raise our rating if the city and county's pension and other postemployment benefit contributions shrink significantly relative to total governmental funds expenditures or if the city and county adopts a comprehensive plan that we think will significantly lower the long-term annual costs associated with these liabilities.

Downside scenario

A major reversal in economic performance that starts to weigh on the city and county's financial performance and budgetary flexibility could lead us to lower the rating.

Related Criteria And Research

Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- U.S. State And Local Government Credit Conditions Forecast, April 19, 2016
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015
- 2015 Update Of Institutional Framework For U.S. Local Governments

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 www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on the S&P Global Ratings public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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