

# PORT HOUSTON

Budget Presentation  
November 18, 2022



# 2023 Budget - Forward

- This proposed 2023 operating budget and capital plan has been developed to guide staff in the operation and management of Port Authority (“PHA”) facilities and activities for Fiscal Year 2023. It is being presented to the Port Commission on November 18, 2022.
- Note that the operating budget does not include Harris County property tax receipts, which are used exclusively for debt service on the outstanding general obligation (“GO”) *ad valorem* tax bonds.
- While the capital plan may be approved as to maximum annual amount of capital expenditures, individual capital (and operating expense) projects exceeding \$50,000 will be presented separately to the Port Commission for approval in accordance with statutory requirements.
- For purposes of this presentation, 2023 Budget comparisons are made to the 2022 Reforecast, which is an update to the 2022 Budget prepared by staff as of July 2022.



Note that totals on the following slides may be slightly off due to rounding differences.

# 2023 Budget Presentation - Content

- Executive summary: narrative overview
- Cargo assumptions
- Income Statement – summary & full view
- Revenue & expense analysis
- Headcount
- Capital & Liquidity
- *5-Year Plan Review*

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# Executive Summary – 2023 Operating & Capital Budget

## Narrative overview

- Considering industry and market signals, Container unit growth projected to slow in 2023; General cargo tonnage is projected to trend downward through 2023 to pre-pandemic level growth trends
  - CPI adjustment is factored into the tariff-based revenues
  - Operating revenue of \$609 million is down 4.6% on anticipated Storage and General cargo declines
- Salaries and benefits reflect new and replacement headcount coupled with performance management and incentive program funding tied to attainment of cash generation targets
- Other spending increases tied to strategic initiatives and activities to support business growth and community engagement
- \$579 million in project awards anticipated for the Port Operating Capital Plan; \$99 million in awards planned for the Houston Ship Channel Expansion Project (“Project 11”)
- Liquidity outlook portrays the ability to cash fund the 2023 (and 5-year) operational Capital Plan
  - Additional credit or ‘award capacity’ may be necessary in late-2023
  - Considering alternatives to address funding needs in mid-2023 to complete funding of Project 11

# 2023 Budget Presentation - Content

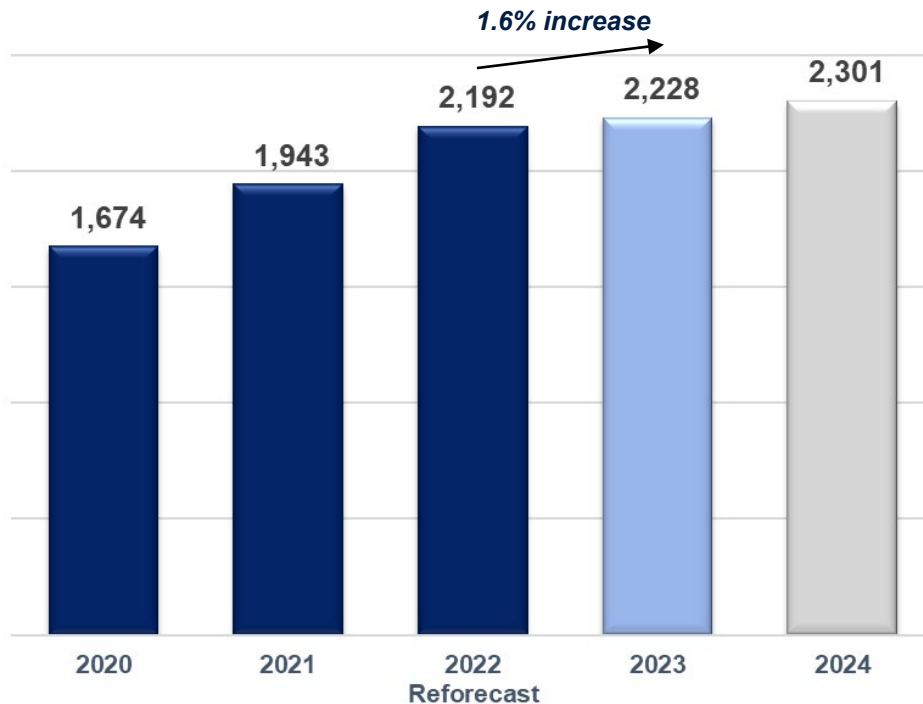
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# Cargo assumptions

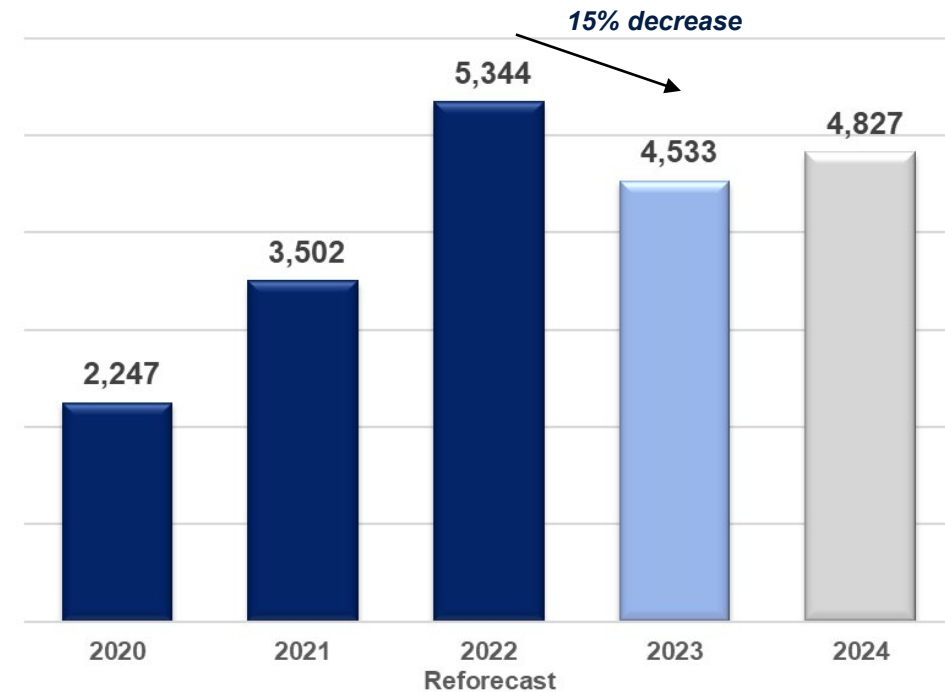
Container growth slowing; Steel trending down, but remains strong (000s)

Container Terminal units



Led by Export loads up 4% as resin production capacity and volumes trend upward

Steel tonnage



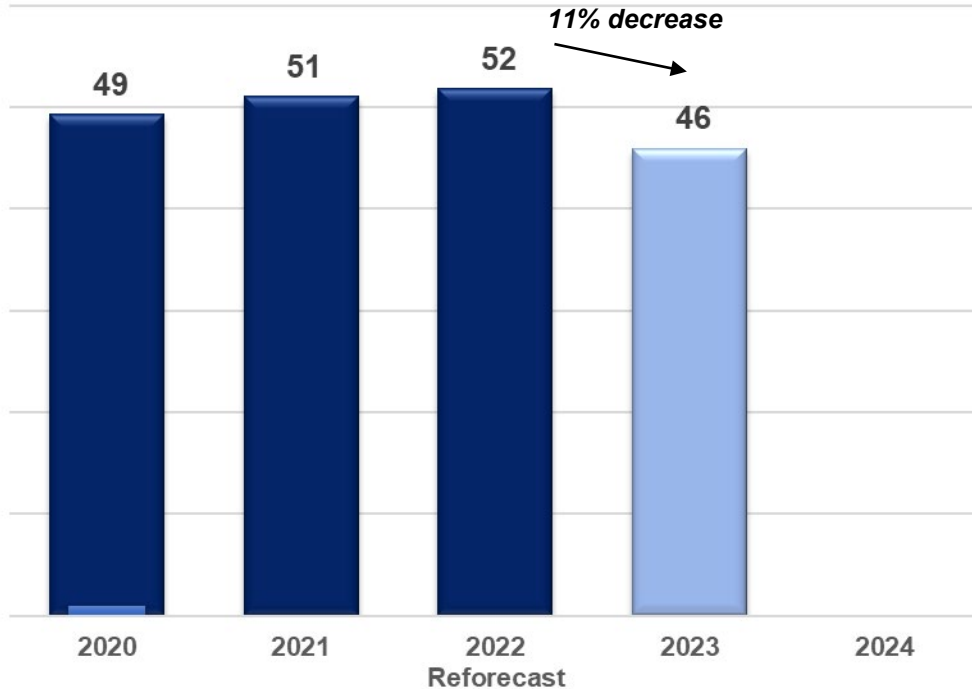
Steel 'recovery' in early 2022 has subsequently trended to healthy levels; drilling activity has potential to trend down in 2023<sup>1</sup>, though international demand remains supportive

<sup>1</sup> Baker Hughes Rig Count, *Trading Economics*

# Cargo assumptions

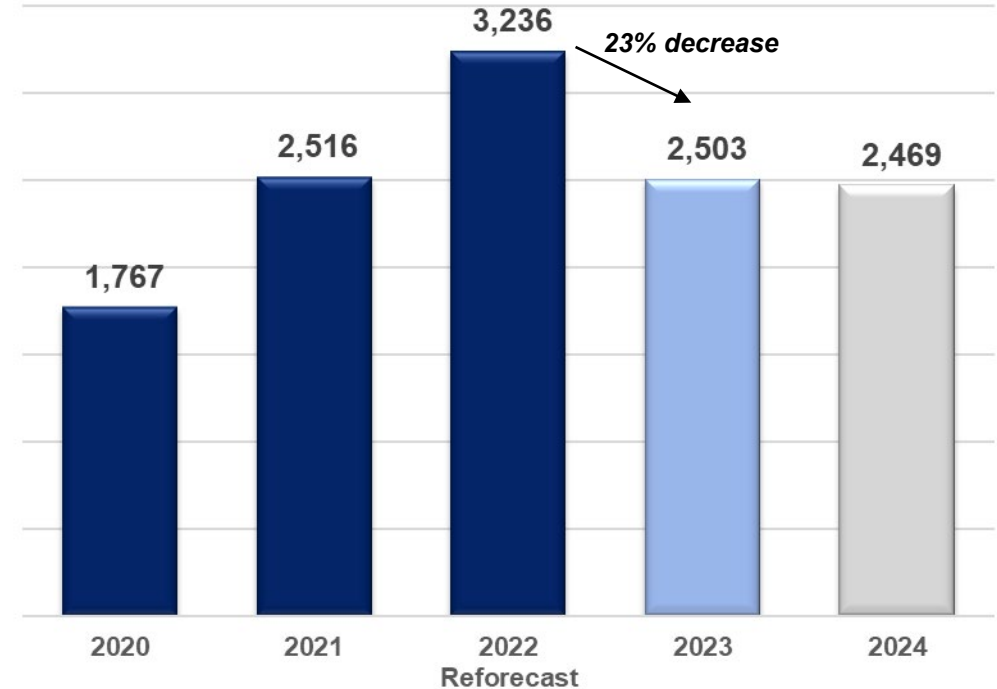
## Autos and Other General Cargos (000s)

Total Auto (units)



Bayport Auto Terminal ramping down in 2022; Turning Basin Auto customer ceasing operations in 2023

Other General Cargos (tons)



Represents largely 'revenue tonnage' at the Turning Basin and includes bulk and project cargos; decline into 2023 reflects drop in containers and other expected cargo normalization

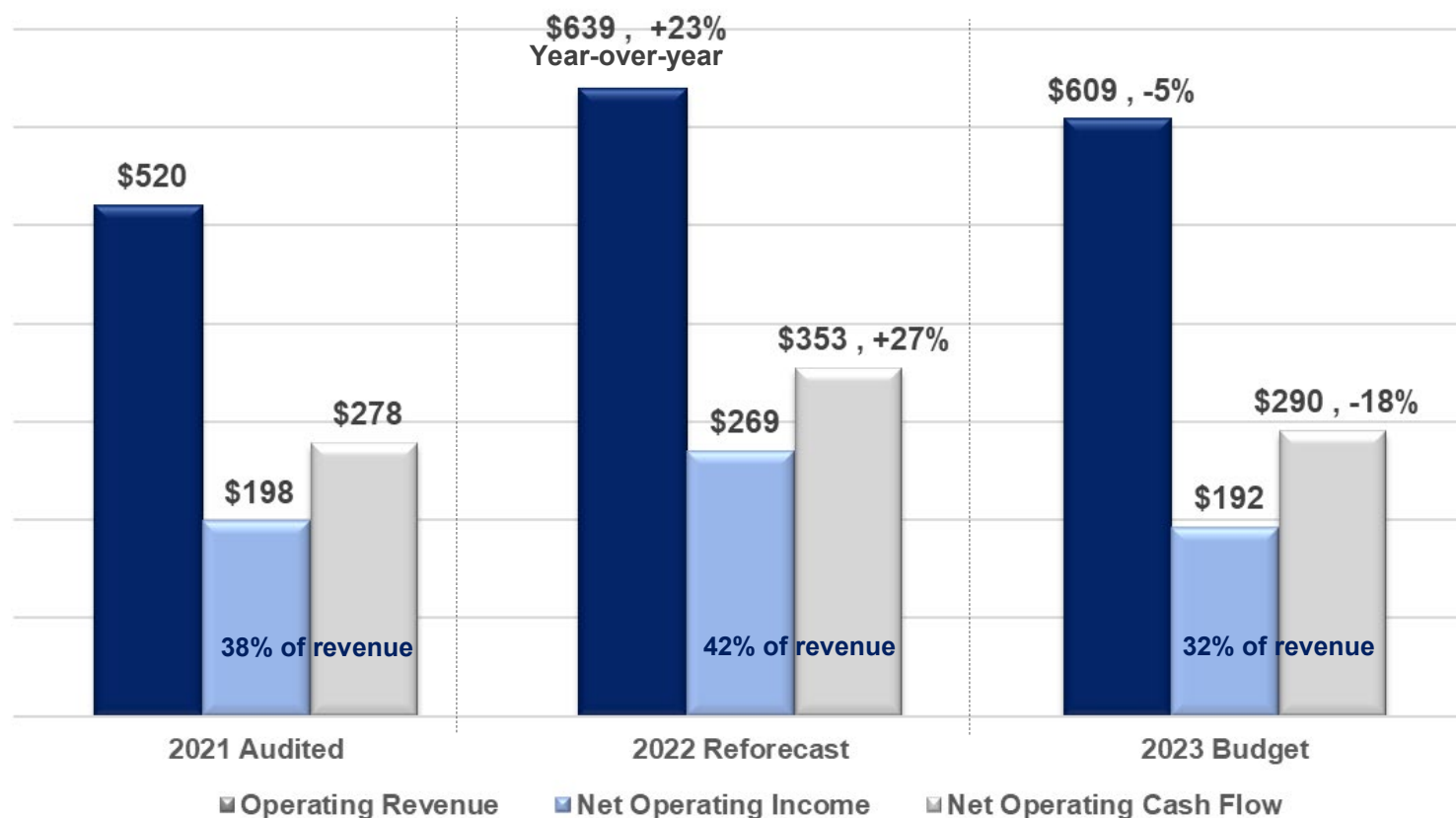


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# Projecting stable performance in a changing environment

## Income Statement summary, \$ in millions



### Keys to year-over-year changes:

- Reflecting a -5% revenue decline driven by a \$74 million or 60% drop in Storage combined with Turning Basin decreases, softened by marginal unit growth
  - *Normalized\*, Operating Revenue grows by 8% into 2023*
- Overhead spending influenced by staffing and benefits cost; growth in Discretionary items
- Decline in Cash generation of -18% illustrates expected drop in Storage
  - *Net Operating Cash Flow grows by 4% when normalized\**

\* 'Normalized Storage' restates revenues and cash flow to pre-pandemic run-rate Storage fees, escalated with unit and yard capacity growth, but attempts to exclude the effects of extended dwell times resulting from supply chain anomalies.

# Projecting stable performance in a changing environment

## Income Statement summary, \$ in thousands

|                                     | Actual<br>2021 | Budget<br>2022 | 2022 Actual<br>Sep YTD | Reforecast<br>2022 | Budget<br>2023 | Budget 2023 v.<br>Reforecast | %      |
|-------------------------------------|----------------|----------------|------------------------|--------------------|----------------|------------------------------|--------|
| Operating Revenue                   | \$520,340      | \$478,391      | \$487,758              | \$638,746          | \$609,476      | (\$29,270)                   | -4.6%  |
| Operating Expense                   | 272,211        | 290,674        | 230,400                | 315,151            | 349,002        | 33,853                       | 10.7%  |
| Gross Margin                        | 248,128        | 187,717        | 257,359                | 323,597            | 260,474        | (63,123)                     | -19.5% |
| % of revenue                        | 47.7%          | 39.2%          | 52.8%                  | 50.7%              | 42.7%          | (7.9pts)                     |        |
| General & Administrative Expense    | 49,872         | 57,262         | 40,234                 | 54,397             | 68,092         | 13,693                       | 25.2%  |
| % of revenue                        | 10%            | 12%            | 8%                     | 9%                 | 11%            | 2.7pts                       |        |
| Net Operating Income                | 198,257        | 130,455        | 217,126                | 269,199            | 192,382        | (76,817)                     | -28.5% |
| % of revenue                        | 38%            | 27%            | 45%                    | 42%                | 32%            | (10.6pts)                    |        |
| Net Operating Cash Flow             | 277,885        | 217,242        | 277,078                | 353,428            | 290,067        | (63,361)                     | -17.9% |
| Interest expense                    | (843)          | (15,548)       | (11,143)               | (15,041)           | (26,060)       | (11,020)                     | 73.3%  |
| Other Nonoperating income, net      | 4,597          | 10,888         | 7,627                  | 11,519             | 45,647         | 34,128                       | 296.3% |
| Net Income                          | \$202,011      | \$125,795      | \$213,610              | \$265,678          | \$211,969      | (\$53,709)                   | -20.2% |
| % of revenue                        | 39%            | 26%            | 44%                    | 42%                | 35%            | (6.8pts)                     |        |
| Total Cash Flow (GAAP) <sup>1</sup> | \$286,284      | \$212,582      | \$273,805              | \$347,523          | \$297,924      | (\$49,599)                   | -14.3% |
| \$ of revenue                       | \$0.55         | \$0.44         | \$0.56                 | \$0.54             | \$0.49         | (\$0.06)                     |        |

- Downward trend of financial outlook is impacted by anticipated decline in Storage Fees, combined with softening in General cargos, partially softened by marginal Container unit growth; spending is addressed in the next section

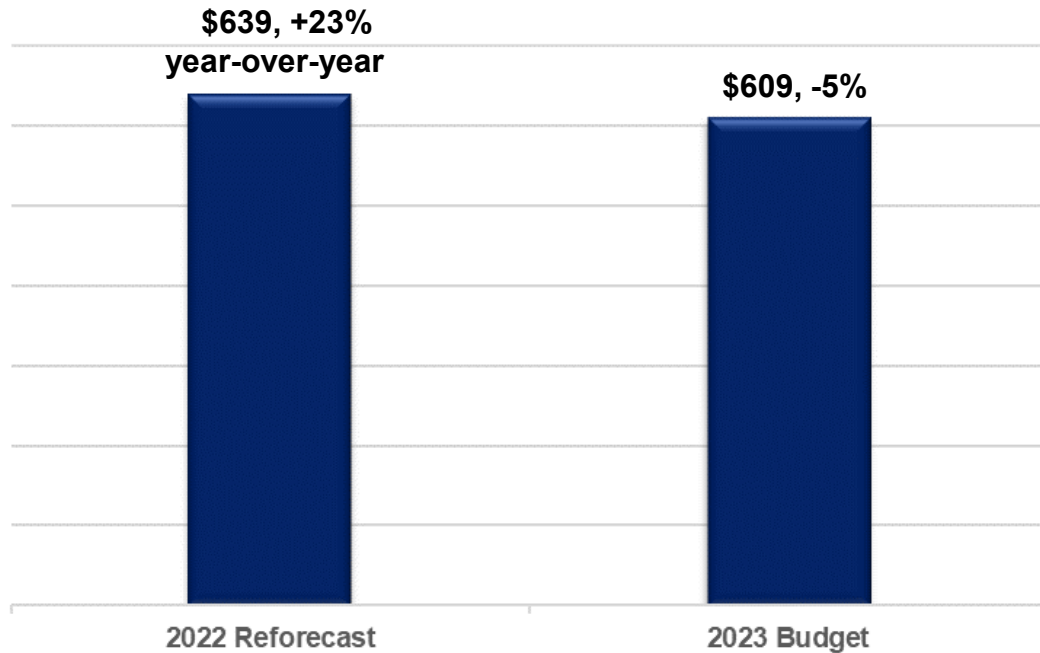
<sup>1</sup> Includes impact of the principal portion of debt service payment

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# Operating Revenue analysis, key changes from 2022

\$ in millions

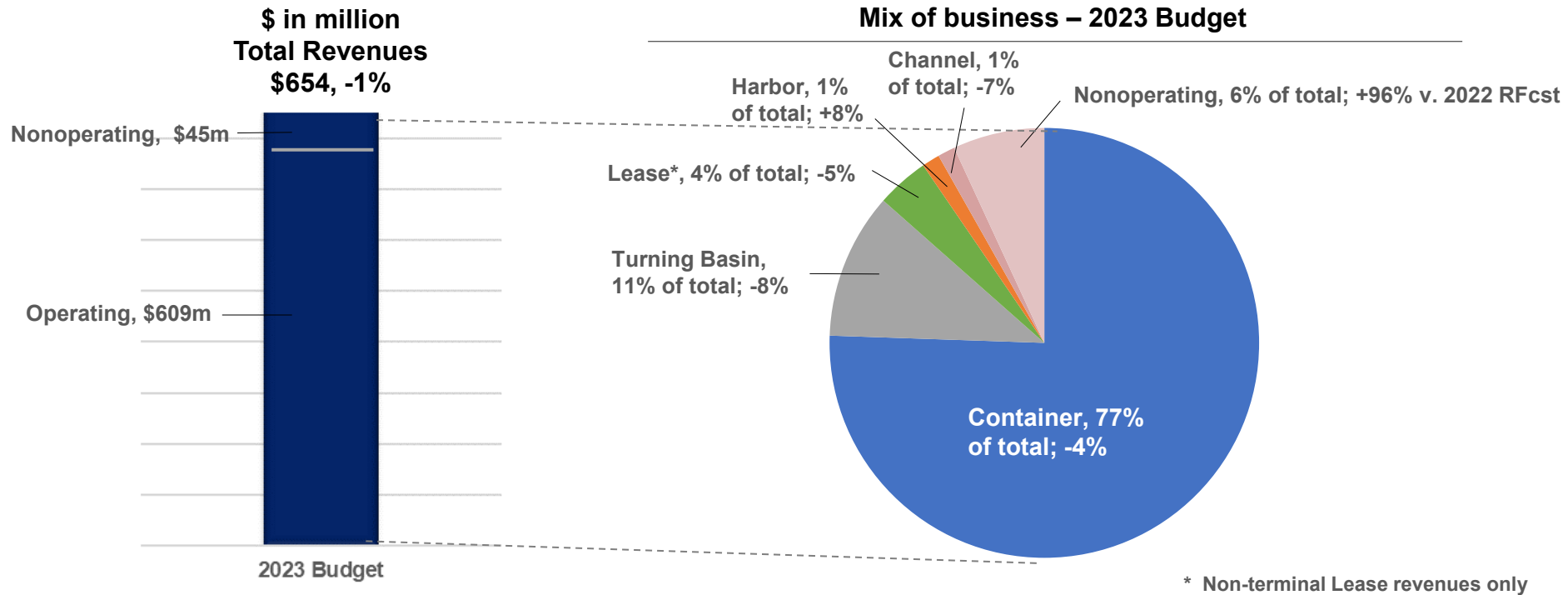


|  |              |
|--|--------------|
| <b>2022 Reforecast</b>                       |              |
| <b>Operating Revenue</b>                     | <b>\$639</b> |
| • Decrease in Storage revenue                | (74)         |
| • Net Container revenue increase             | 51           |
| • Decrease in Turning Basin on cargo decline | (6)          |
| • Decline in Lease revenue, other            | (1)          |
| <b>Subtotal</b>                              | <b>(30)</b>  |
| <b>2023 Budget</b>                           |              |
| <b>Operating Revenue</b>                     | <b>\$609</b> |

When 'normalized' for incremental Storage revenues resulting from Supply Chain anomalies, operating revenues grow by 8% from 2022 to this 2023 Budget.

# Revenue profile

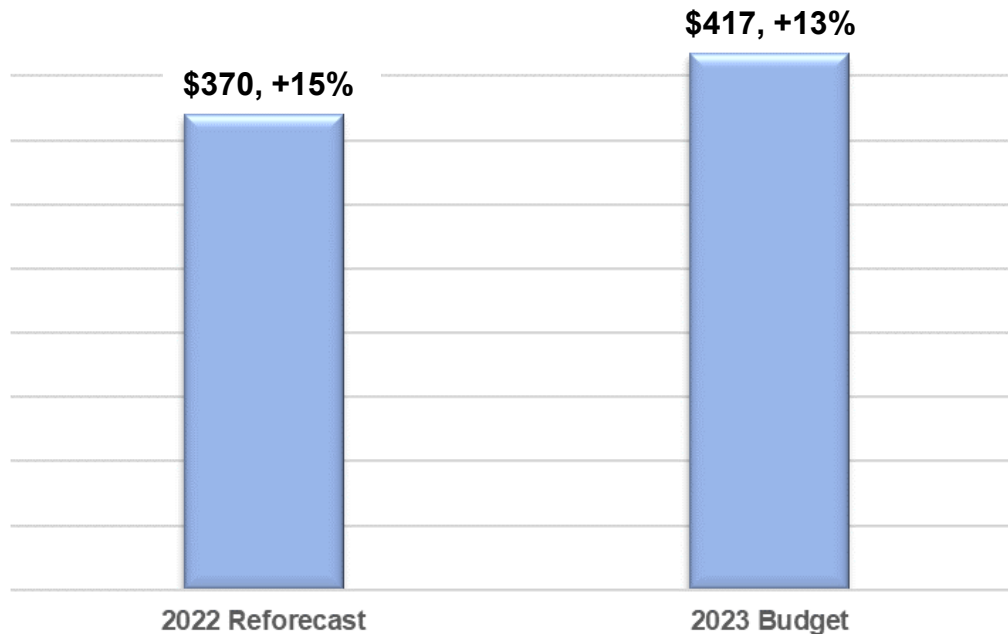
Total Revenues: Operating + Nonoperating (Grants, Interest income, other)



- Container Terminals revenue decline of -4% is largely driven by reduction in Storage, partially offset by unit growth
- Turning Basin revenue decrease is primarily a result of cargo tonnage (Steel -15%, other general cargos -23%)
- Nonoperating up 96% from grant funding associated with Bayport Wharf 6 (PIDP, \$5.9 million) and Barbours Cut (INFRA, \$15.6 million), combined with interest income projected on cash & investments

# Expense analysis, key changes from 2022

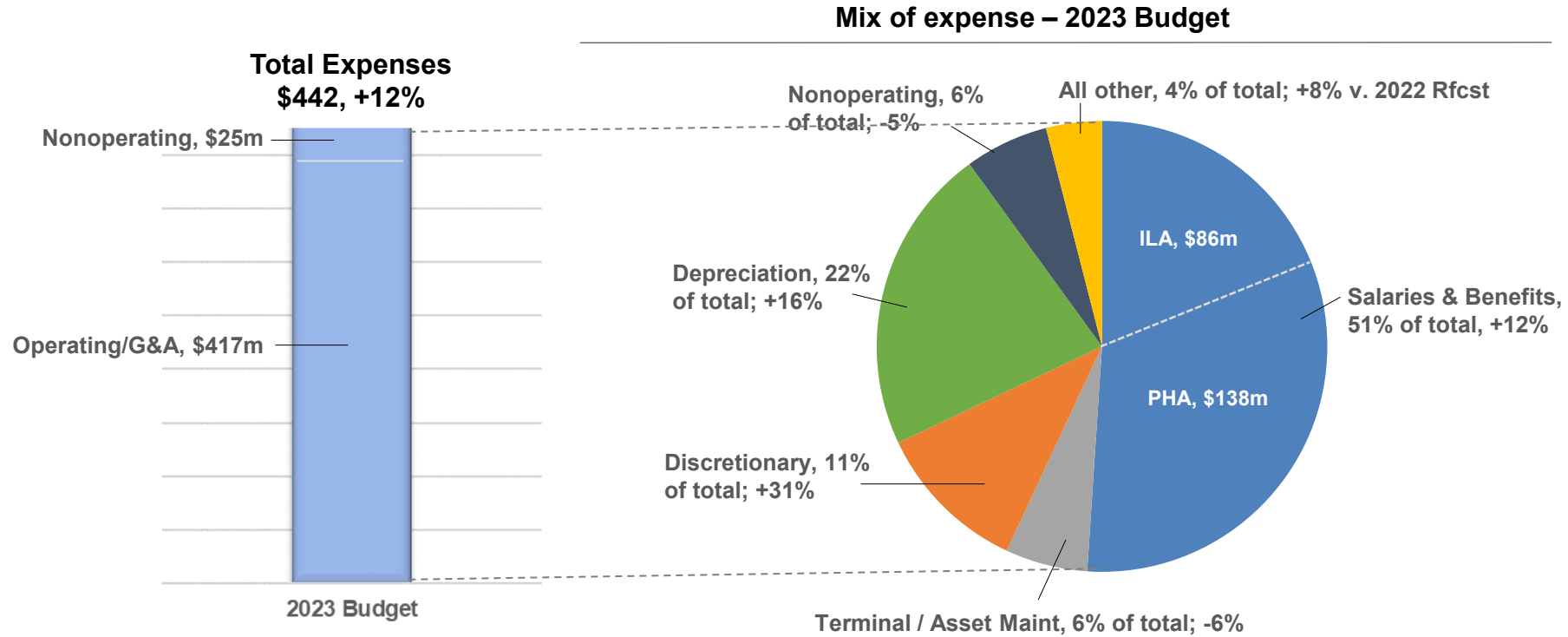
\$ in millions



|   |  |              |
|---|--|--------------|
| <b>2022 Reforecast, Operating and G&amp;A Expenses</b>                                      |  | <b>\$370</b> |
| <b>Changes in Operating:</b>  |  |              |
| • PHA and ILA Salaries / Benefits driven by volume, new/replacement headcount, merit, other |  | 18           |
| • Depreciation and amortization from capacity additions, maintenance dredge                 |  | 13           |
| • Equipment rental of terminal-use chassis  |  | 3            |
| Subtotal Operating changes  |  | 34           |
| <b>Changes in G&amp;A:</b>  |  |              |
| • Salaries / Benefits driven by new/replacement headcount, merit, other                     |  | 5            |
| • 5% inflation/cost increase provided (Travel, Training, etc.)                              |  | 1            |
| • Next Generation ERP elements (Software Licenses, other)                                   |  | 2            |
| • Discretionary investments:  |  | 3            |
| Disparity Study update  |  |              |
| Grant Application support   |  |              |
| Enterprise Risk Management program  |  |              |
| Executive Development Initiative  |  |              |
| Long-range Capacity Planning  |  |              |
| Economic Impact Study update  |  |              |
| Houston International Maritime Conference   |  |              |
| • All other: Depreciation on IT assets; Insurance, other                                    |  | 1.5          |
| Subtotal G&A changes  |  | 13           |
| <b>2023 Budget, Operating and G&amp;A Expenses</b>  |  | <b>\$417</b> |

# Expense profile

**Total Expenses:** All Operating + Nonoperating (Contributions, Interest expense, other)



- Salaries & Benefits, including ILA, growing to support sustained volume, capacity additions and initiatives
- Depreciation expense reflects capacity additions and maintenance dredge
- Discretionary includes rental of chassis; various study/program updates; and employee development initiatives
- Terminal/Asset Maintenance decreasing (BCT pavement replacement)
- Nonoperating includes interest expense, \$26m; Contributions “To” (Port Road, Pelican Island. other), \$5m; partially offset by bond premium amortization



# Promotion & Development Fund

## Improvement Plan (approved Sept 2022)

|                                       | 2022 Budget        | 2023 Budget        |
|---------------------------------------|--------------------|--------------------|
| <b>Organizational Partnership</b>     |                    |                    |
| Organizational Support                | \$287,500          | \$201,750          |
| Memberships                           | 25,550             | 30,750             |
| Events & Sponsorships                 | 143,275            | 167,025            |
| Discretionary Funding                 | 117,000            | 209,500            |
| <b>Strategic Programmatic Funding</b> |                    |                    |
| Maritime Workforce Support            | 110,000            | 125,000            |
| Community Outreach Support            | 30,900             | 38,400             |
| Community Grants Program              | 325,000            | 375,000            |
| Parks & Green Space Program           | 580,000            | 580,000            |
| Maritime Education Program            | 156,900            | 168,900            |
| Public Boat Tour                      | 1,278,351          | 1,392,549          |
| Advocacy Support                      | 739,500            | 742,250            |
| Business Equity Program               | 126,000            | 160,000            |
| <b>Miscellaneous</b>                  | 28,950             | 72,950             |
| <b>Total</b>                          | <b>\$3,948,926</b> | <b>\$4,264,074</b> |



**COMMUNITY**

**ENHANCE**  
COMMUNITY CONNECTIONS

Optimally partner and  
steward resources to benefit  
stakeholders

**INITIATIVES**

-  **COMMUNITY PARTNERSHIPS**  
PROJECT-FOCUSED  
ENGAGEMENT
-  **ENVIRONMENTAL STEWARDSHIP**  
SUSTAINABLE BUSINESS  
PRACTICES
-  **REGIONAL COMPETITIVENESS**  
SUPPORT FREIGHT MOBILITY  
INITIATIVES



### Objectives:

- a) Cultivate key relationships to accomplish common goals
- b) Demonstrate transparency and accountability
- c) Engage in proactive two-way communication

# Environmental, Social, Safety & Governance (ESSG)

## Spend integrated in 2023 budget

Funding \$80+ million in programs, initiatives and assets that support ESSG

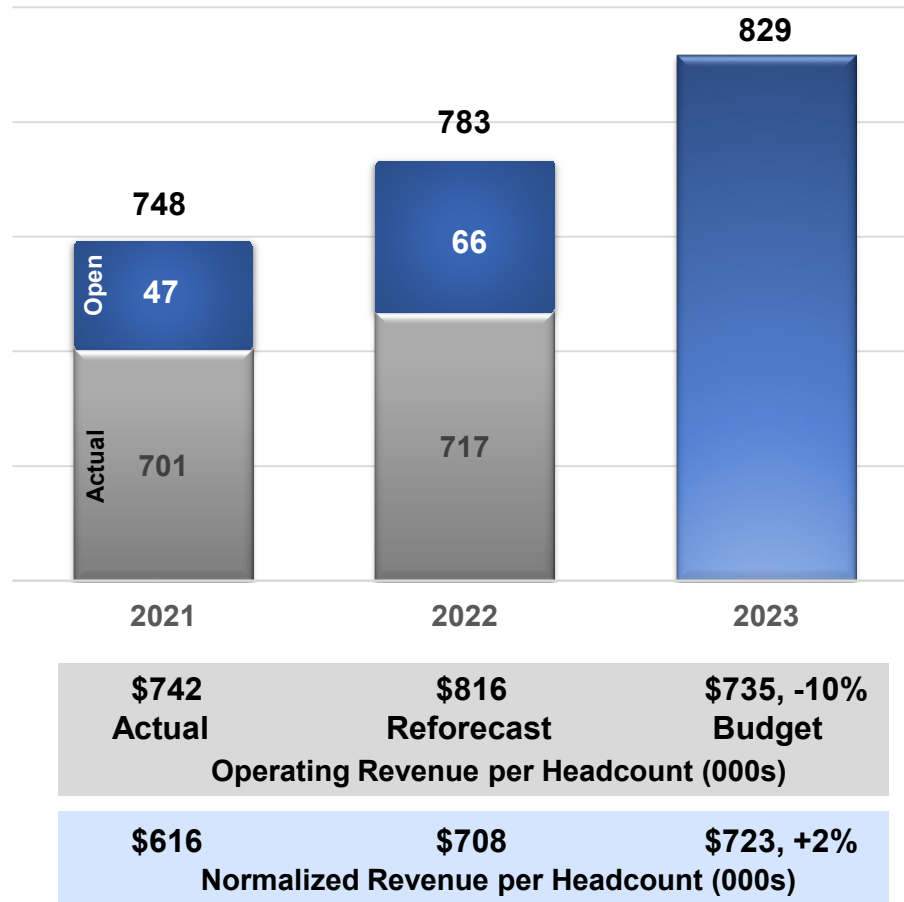
| Programs and initiatives  | Assets   |
|---|--|
| Environmental, \$70.9 million   |  |
| Smart Control of lighting; incremental Greenspace maintenance (Damp and Marsh sites); Environmental Department, events and initiatives  | Electric Wharf cranes; Hybrid RTG cranes; Electric vehicle purchases; a portion of Project 11 focused on NOx reduction, new oyster reefs / restoration, new bird islands |
| Social & Safety, \$10.9 million   |  |
| Sam Houston Tour operations; Community Grants, Green Space (Parks) and Maritime Education programs; Health and Wellness program funding; Community Relations and Safety Department expenses and programs; a portion of Fire Department expenditures associated with local community support | New Sam Houston Boat to support Community tours  |
| Governance, \$2.2 million   |  |
| Business Equity Department and projects; Carbon Neutrality Assessment; ISO certifications   |  |

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# Staffing growth to support Operations and strategic initiatives

## Headcount analysis, Number of Employees\*



| 2023 Budgeted Staffing                   |     |
|--|-----|
| Exempt                                   | 261 |
| Nonexempt                                | 456 |
| Total Actual Headcount, 9/30/2022        | 717 |
| Approved, existing open requisitions     | 66  |
| - 8 new from 2021 & '22, 58 replacements |     |
| New in 2023 **                           | 46  |
| Total Budgeted Positions                 | 829 |
| 2023 Budget – Headcount                  | 829 |

\* Does not include Casual Labor

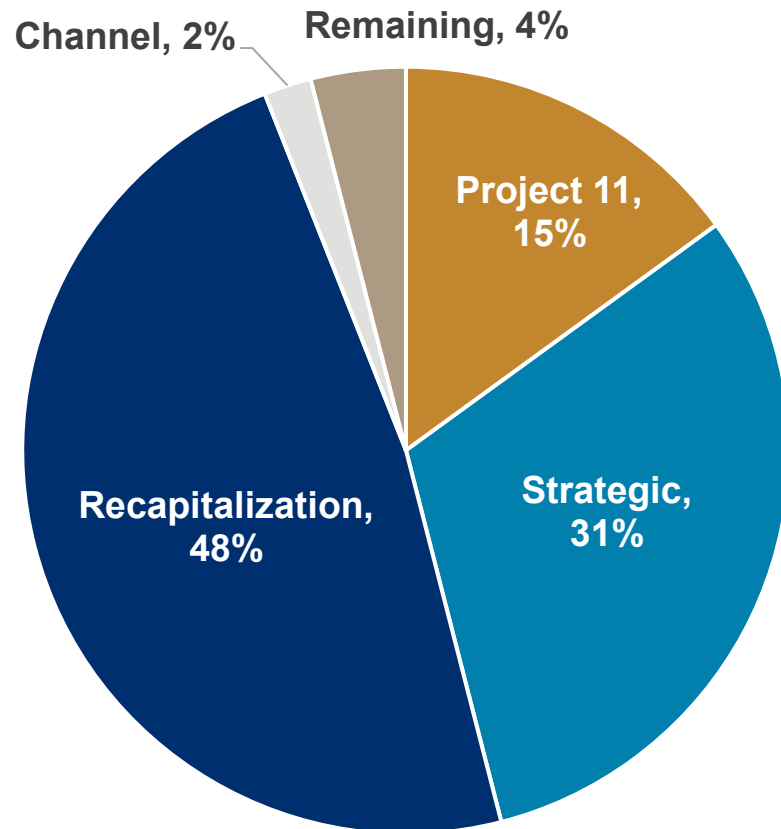
\*\* 46 new in 2023: 30 Operating (23-Ops, 7-PSEO); 16 G&A (4-Executive, 2-Infrastructure, 3-Technology, 2-People, 4-Finance, 1-Business Equity)

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# Proposed 2023 Capital awards comprehend PHA Operating CIP budget of \$579 million and \$99 million for Project 11

## 2023 Capital Improvement Program



- Project 11 awards of \$99 million will fund Segment 1C and Segment 4 Placement Areas
- Strategic projects, \$211 million
  - Bayport Wharf 7 and STS Cranes, Container Yard (“CY”) 1 South Design, Bayport South development; BPT East and BCT West Areas Design; Next Gen ERP; other
- Recapitalization projects, \$329 million
  - BCT Wharves 4 & 5, CY 6 & 7, Cranes; Turning Basin City Dock 21/22, Manchester Wharf 2, Waterlines at Turning Basin South
- Channel maintenance projects, \$11 million
  - Placement Area and USACE cost share
- Remaining projects, \$28 million
  - Executive Office Building, Fire suppression at BCT, Dispatch equipment, other

# 2023 Capital Awards proposed

(\$ in thousands)

|                         | 2021<br>Actual   | 2022<br>Budget   | 2022<br>Reforecast | 2023<br>Budget   |
|-------------------------|------------------|------------------|--------------------|------------------|
| Bayport Terminal        | \$119,069        | \$140,272        | \$155,037          | \$179,102        |
| Barbours Cut            | 21,813           | 82,199           | 135,463            | 296,828          |
| Channel Development     | 20,994           | 18,317           | 19,434             | 11,160           |
| Turning Basin Terminals | 4,528            | 38,396           | 25,507             | 36,000           |
| Maintenance             | 11,144           | 5,453            | 21,992             | 6,490            |
| Real Estate             | 208              | 26,781           | 19,445             | 26,368           |
| PSEO                    | 2,236            | 6,660            | 4,751              | 3,930            |
| Other                   | 5,185            | 8,655            | 7,770              | 18,808           |
| PHA Operating Capital   | 185,177          | 326,733          | 389,399            | 578,686          |
| Project 11              | 157,785          | 460,095          | 521,238            | 98,732           |
| Total Capital           | <u>\$342,962</u> | <u>\$786,829</u> | <u>\$910,637</u>   | <u>\$677,418</u> |
| Grant Reimbursements    | \$5,567          | \$22,421         | \$16,195           | \$24,319         |

2022 Reforecast represents actual awards through September plus 3 months of forecasted awards for remainder of the year.

# Bayport Terminal development

## Container capacity growth: 2023 and 5-year plan overview



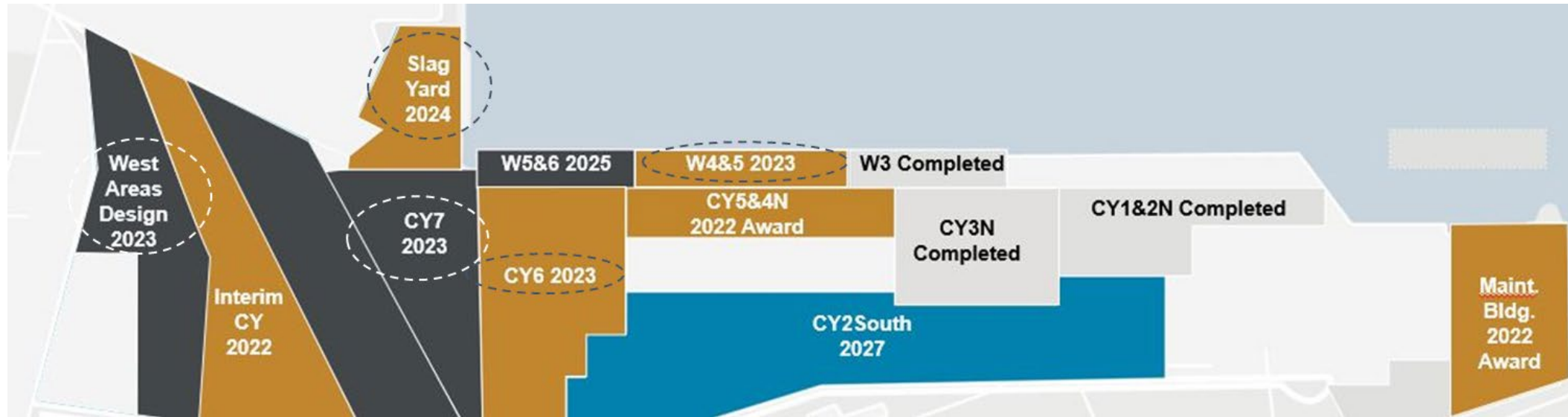
|                                       |                   |
|---------------------------------------|-------------------|
| Wharf 7 Construction                  | \$ 90,000         |
| 4 STS Cranes- Wharf 7                 | 50,000            |
| Bayport South Development Prep        | 15,000            |
| East Areas Design (CY8 & CY9)         | 6,000             |
| Container Yard CY1S Design            | 4,000             |
| Wharf 1 and SSB #5 Design             | 3,500             |
| Exit Gate Expansion                   | 3,000             |
| Other (Fill Dirt, IT, Vehicles, etc.) | 7,602             |
| <b>Total Projects</b>                 | <b>\$ 179,102</b> |

Unless noted, dates are of construction award



# Barbours Cut Terminal recapitalization and development

## Container capacity growth: 2023 and 5-year plan overview



|  |                   |
|--|-------------------|
| Wharf 4 & 5 & SSB Construction             | \$ 101,875        |
| CY 6 Reconstruction                        | 102,130           |
| CY 7 Reconstruction                        | 61,000            |
| 5 RTG Cranes (phase 2)                     | 12,500            |
| West Areas Design                          | 3,000             |
| Wharf 5 & 6 & SSB Design (phase 2)         | 6,300             |
| Slag Yard-Rack Yard (Reefer Plug) - Design | 5,000             |
| Other (Fire Suppression, Vehicles, etc)    | 5,023             |
| <b>Total Projects</b>                      | <b>\$ 296,828</b> |

Unless noted, dates are of construction award

# Summary of Cash planning projections (\$ in thousands)

## Resources distinguished for PHA CIP and HSC Project 11

|   | 2022              | 2023              | 2024              |
|---|-------------------|-------------------|-------------------|
| <b>Beginning available, PHA Operating *</b> | <b>\$ 517,102</b> | <b>\$ 707,037</b> | <b>\$ 398,287</b> |
| <b>Sources:</b>                             |                   |                   |                   |
| Proceeds from debt issuance                 | -                 | -                 | -                 |
| Operating cash flow and net grant funds     | 348,090           | 314,467           | 316,443           |
| Available Resources                         | 865,191           | 1,021,504         | 714,730           |
| <b>Uses:</b>                                |                   |                   |                   |
| Debt Service                                | (20,553)          | (32,782)          | (45,567)          |
| Operating Capital cash outflow              | (172,601)         | (590,435)         | (518,171)         |
| Project 11 funding inflow/outflow **        | 35,000            | -                 | (15,000)          |
| Net Uses                                    | (158,154)         | (623,217)         | (578,738)         |
| <b>Ending available, PHA Operating</b>      | <b>\$ 707,037</b> | <b>\$ 398,287</b> | <b>\$ 135,992</b> |
| <b>Beginning available, Project 11</b>      | <b>\$ 390,194</b> | <b>\$ 181,334</b> | <b>\$ 202,861</b> |
| Project 11 funding inflow/outflow           | (35,000)          | -                 | 15,000            |
| Proceeds from debt issuance                 | -                 | 425,000           | -                 |
| Project 11 cash outflow, net of credits     | (173,860)         | (403,472)         | (212,153)         |
| <b>Ending available, Project 11</b>         | <b>\$ 181,334</b> | <b>\$ 202,861</b> | <b>\$ 5,708</b>   |

- Projecting a stable liquidity position for PHA operating funds as the Port invests in new capacity while supporting Project 11 bonds
- Note projected strength in PHA Operating funds may be leveraged to delay Project 11 debt issuance*
- Financing alternatives are being developed to fund Project 11 costs, shown here as an additional debt issuance of \$425 million in mid-2023

\* Total cash and investments less prior year PO balances, contingency, self-insurance, other

\*\* 2022 funding from P11 to PHA reflects reimbursement of funds from bond issuance; 2024 is placeholder

# Projected Capacity to award new projects (\$ in thousands)

|  | 2022              | 2023              | 2024              |
|--|-------------------|-------------------|-------------------|
| <b>Beginning Funds Available (Uncommitted) *</b> | <b>\$ 454,814</b> | <b>\$ 278,031</b> | <b>\$ 610,256</b> |
| <b>Sources:</b>                                  |                   |                   |                   |
| Proceeds from debt issuance                      | -                 | 425,000           | -                 |
| Operating cash flow and net grant funds          | 348,090           | 314,467           | 316,443           |
| Credit instrument (Note purchase, other)         | 406,318           | 302,957           | 12,746            |
| <b>Available Resources</b>                       | <b>1,209,221</b>  | <b>1,320,455</b>  | <b>939,445</b>    |
| <b>Commitments:</b>                              |                   |                   |                   |
| PHA Operating CIP Awards                         | 389,399           | 578,686           | 379,853           |
| Project 11 Awards                                | 521,238           | 98,732            | 36,413            |
| <b>Debt Service</b>                              | <b>20,553</b>     | <b>32,782</b>     | <b>45,567</b>     |
| <b>Total Commitments</b>                         | <b>931,190</b>    | <b>710,199</b>    | <b>461,833</b>    |
| <b>Ending Funds Available (Uncommitted)</b>      | <b>\$ 278,031</b> | <b>\$ 610,256</b> | <b>\$ 477,613</b> |

- 2023 anticipated Awards for Port Commission approval total \$677 million
  - \$579 million PHA Capital projects
  - \$99 million Project 11
- Financing alternatives are being developed to fund Project 11 costs, shown here as an additional debt issuance of \$425 million in mid-2023
- Note the potential for an incremental credit of \$300 million in late 2023 to support PHA CIP award capacity

\*Total cash and investments less total POs and commitments, contingency, self-insurance, other

# Executive Summary – 2023 Operating & Capital Budget

## Key takeaways

- Container unit growth rates and General Cargos are projected to slow in 2023 based on industry and market signals.
- Financial outlook for next year is strong and illustrates a potential decline relating to cargo, market uncertainties and a return to pre-pandemic operating trends.
- Capital plans continue for accelerated Container capacity additions to provide efficient growth opportunities for our Customers.
- Liquidity position is sound, with decisions coming in 2023 with regards to the lowest cost financing approach to complete funding of the acceleration of the Houston Ship Channel Expansion Project.

# 2023 Operating and Capital Budget

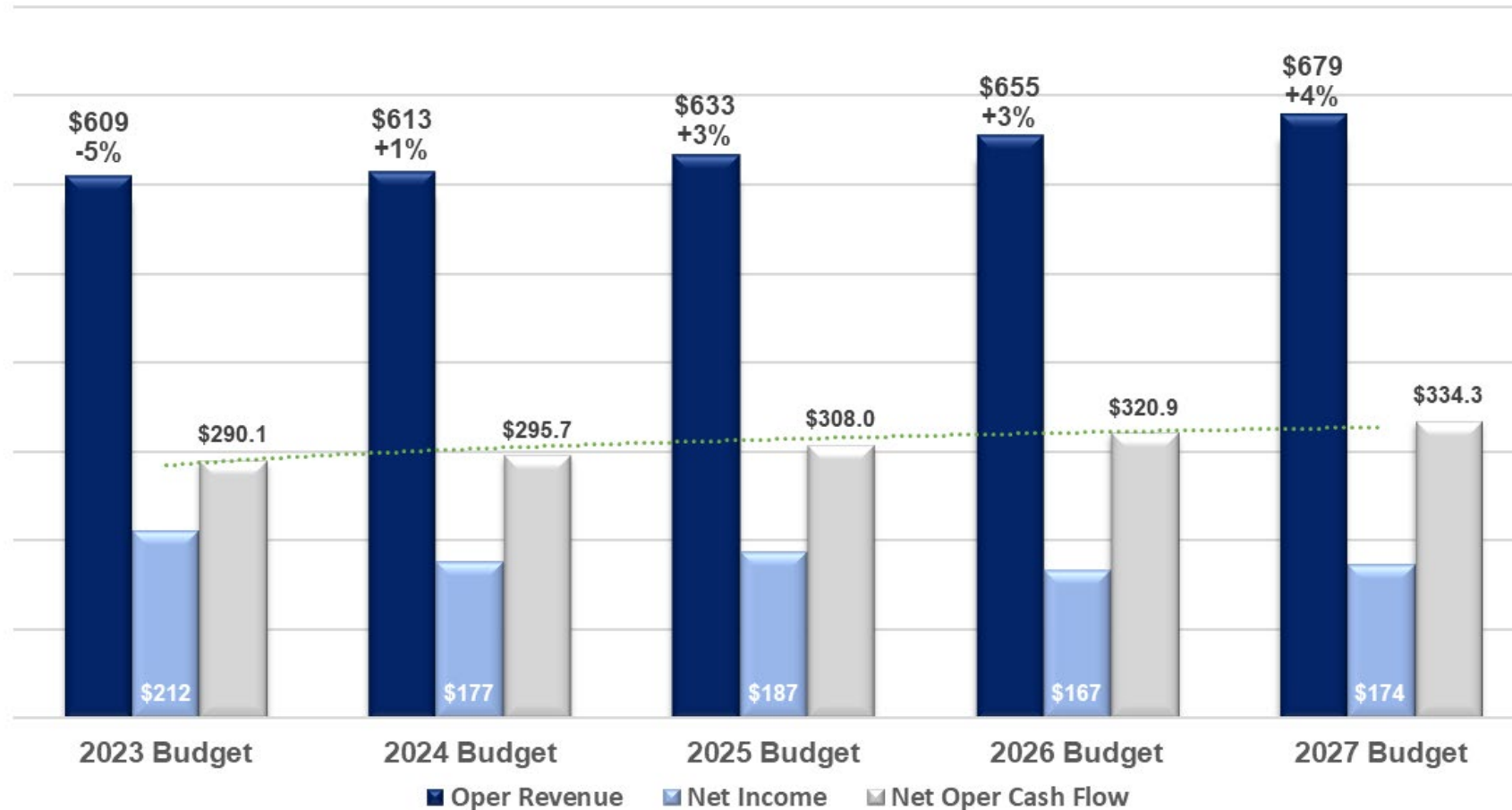
- This concludes the presentation of the 2023 Budget proposal for the Port Commission's consideration and possible adoption.
- The following 5-year Plan materials are provided to the Port Commission for review, though no action is required.

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# 5-year Income Statement summary - Operating

\$ in millions



## Key assumptions:

- Unit growth pegged at Texas Gross State Product rates; 3.5% CAGR
- General cargos grow ~2% annually
- Operating expenses trend with volume; slight margin deterioration on increased Depreciation
- Salary and wages trend on ongoing performance-based merit

- Operating revenues reflect a steady 2.7% compound annual growth rate across this planning horizon while Net Operating Cash generation grows by 3.6%
- Net income trend influenced by depreciation on capacity additions and interest expense on revenue bond issuances

## 2023-2027 – Income Statement (\$ in thousands)

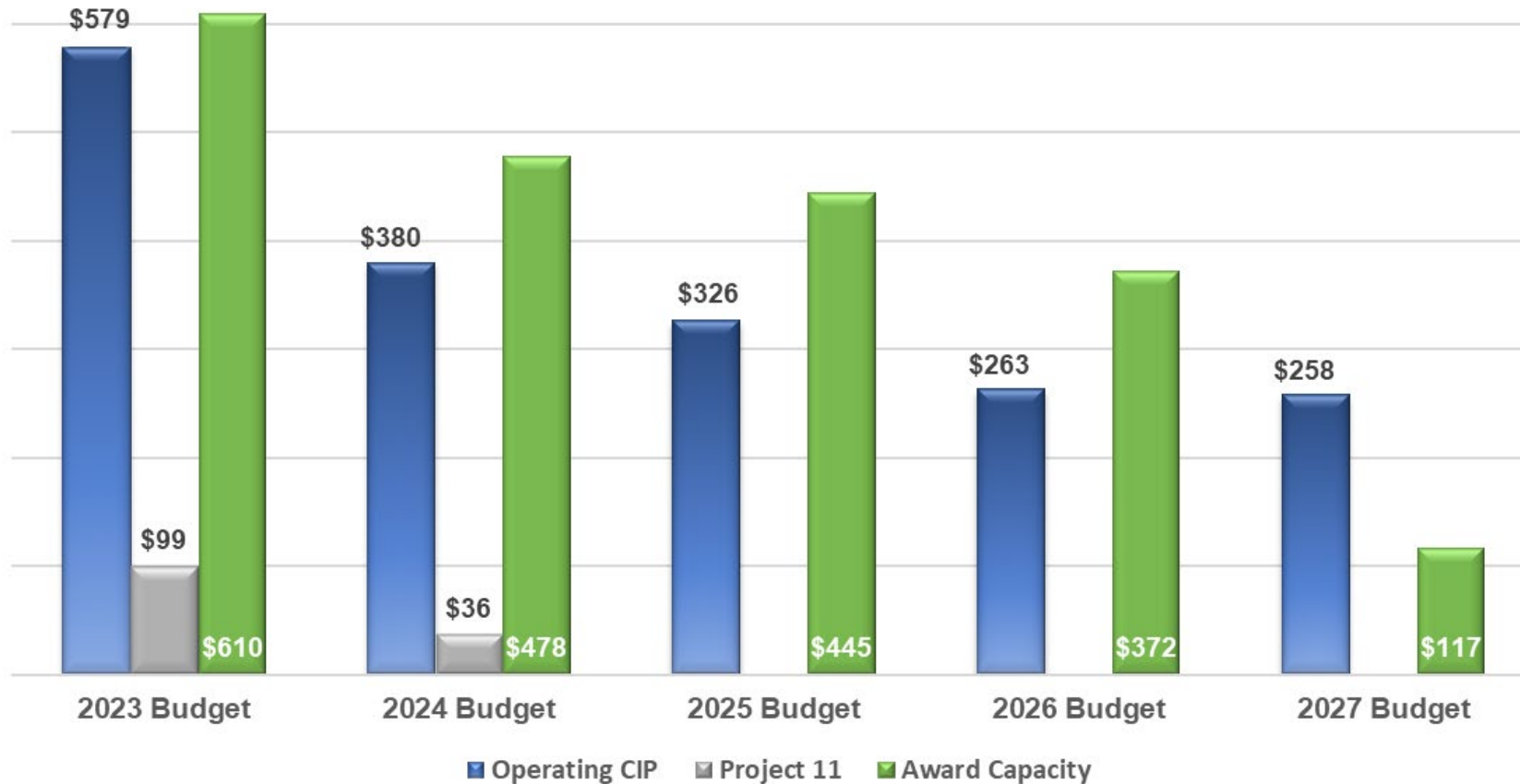
|  | Budget<br>2023       | Budget<br>2024       | Budget<br>2025       | Budget<br>2026       | Budget<br>2027       |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Revenue                              | \$609,476            | \$613,452            | \$633,052            | \$654,692            | \$678,540            |
| Less: Operating Expense                        | 349,002              | 357,710              | 372,845              | 393,031              | 405,892              |
| Gross Margin                                   | 260,474              | 255,743              | 260,206              | 261,660              | 272,648              |
| % of revenue                                   | 43%                  | 42%                  | 41%                  | 40%                  | 40%                  |
| General & Administrative Expenses              | 68,092               | 74,941               | 78,359               | 83,071               | 86,919               |
| % of revenue                                   | 11%                  | 12%                  | 12%                  | 13%                  | 13%                  |
| Net Operating Income                           | 192,382              | 180,802              | 181,847              | 178,589              | 185,729              |
| % of revenue                                   | 32%                  | 29%                  | 29%                  | 27%                  | 27%                  |
| Net Operating Cash Flow                        | 290,067              | 295,730              | 308,009              | 320,880              | 334,292              |
| % of revenue                                   | 48%                  | 48%                  | 49%                  | 49%                  | 49%                  |
| Interest expense                               | (26,060)             | (34,310)             | (34,310)             | (34,310)             | (34,310)             |
| Other Nonoperating income, net                 | 45,647               | 30,644               | 39,839               | 22,704               | 22,525               |
| <b>Net Income</b>                              | <b>\$211,969</b>     | <b>\$177,135</b>     | <b>\$187,376</b>     | <b>\$166,983</b>     | <b>\$173,943</b>     |
| <br><b>Total Cash Flow (GAAP) <sup>1</sup></b> | <br><b>\$297,924</b> | <br><b>\$272,990</b> | <br><b>\$294,038</b> | <br><b>\$289,325</b> | <br><b>\$302,078</b> |
| \$ of revenue                                  | \$0.49               | \$0.45               | \$0.46               | \$0.44               | \$0.45               |

Note: full Liquidity (Cash) projections for this 5-year plan are provided on following pages.

<sup>1</sup> Includes impact of the principal portion of debt service payment



## 5-year Capital Budget summary – Awards-based (\$ in millions)



- 2024 - 2027 Operating CIP includes Bayport Wharf 1 and Container Yard 1 South, East End container yards; BCT Admin building and redevelopment of Wharves 5&6 and container yards; and Executive Office Building.
- Award capacity represents uncommitted funds available for award by Port Commission of future projects; 5-year plan includes a potential additional credit of \$300 million in 2023 for PHA CIP

## 5-year Capital Budget summary – Awards-based (\$ in thousands)

|                         | 2023<br>Budget   | 2024<br>Budget   | 2025<br>Budget   | 2026<br>Budget   | 2027<br>Budget   |
|-------------------------|------------------|------------------|------------------|------------------|------------------|
| Bayport Terminal        | \$179,102        | \$109,124        | \$ 94,910        | \$180,355        | \$152,800        |
| Barbours Cut            | 296,828          | 102,387          | 192,315          | 25,650           | 24,280           |
| Channel Development     | 11,160           | 36,979           | 6,120            | 21,483           | 1,290            |
| Turning Basin Terminals | 36,000           | 26,775           | 2,610            | 16,425           | 63,875           |
| Real Estate             | 26,368           | 55,155           | 8,250            | 5,000            | 5,000            |
| Maintenance             | 6,490            | 20,939           | 4,845            | 1,576            | 3,270            |
| Bayport Railroad        | 5,400            | 12,000           | -                | -                | -                |
| Other                   | 17,338           | 15,927           | 17,378           | 12,649           | 7,398            |
| Total Capital           | \$578,686        | \$379,286        | \$326,428        | \$263,138        | \$257,913        |
| Project 11              | 98,732           | 36,979           | -                | -                | -                |
| Total Capital           | <u>\$677,417</u> | <u>\$416,265</u> | <u>\$326,428</u> | <u>\$263,138</u> | <u>\$257,913</u> |
| Grant Reimbursements    | \$24,319         | \$20,694         | \$30,062         | \$13,102         | \$13,102         |

- 2024 - 2027 Operating CIP includes Bayport Wharf 1 and Container Yard 1 South, East End container yards; BCT Admin building and redevelopment of Wharves 5&6 and container yards; and Executive Office Building.

# Liquidity (Cash) rollforward (\$ in thousands)

|   | 2022              | 2023              | 2024              | 2025              | 2026             | 2027             |
|---|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
| <b>Beginning available, PHA Operating *</b> | <b>\$ 517,102</b> | <b>\$ 707,037</b> | <b>\$ 398,287</b> | <b>\$ 135,992</b> | <b>\$ 69,802</b> | <b>\$ 54,050</b> |
| <b>Sources:</b>                             |                   |                   |                   |                   |                  |                  |
| Proceeds from debt issuance                 | -                 | -                 | -                 | -                 | -                | -                |
| Operating cash flow and net grant funds     | 348,090           | 314,467           | 316,443           | 339,467           | 335,995          | 348,147          |
| Available Resources                         | 865,191           | 1,021,504         | 714,730           | 475,459           | 405,796          | 402,197          |
| <b>Uses:</b>                                |                   |                   |                   |                   |                  |                  |
| Debt Service                                | (20,553)          | (32,782)          | (45,567)          | (45,567)          | (45,565)         | (45,564)         |
| Operating Capital cash outflow              | (172,601)         | (590,435)         | (518,171)         | (368,918)         | (306,182)        | (263,824)        |
| Project 11 funding inflow/outflow           | 35,000            | -                 | (15,000)          | 8,827             | -                | -                |
| Net Uses                                    | (158,154)         | (623,217)         | (578,738)         | (405,658)         | (351,746)        | (309,389)        |
| <b>Ending available, PHA Operating</b>      | <b>\$ 707,037</b> | <b>\$ 398,287</b> | <b>\$ 135,992</b> | <b>\$ 69,802</b>  | <b>\$ 54,050</b> | <b>\$ 92,808</b> |
| <b>Beginning available, Project 11</b>      | <b>\$ 390,194</b> | <b>\$ 181,334</b> | <b>\$ 202,861</b> | <b>\$ 5,708</b>   | <b>\$ -</b>      | <b>\$ -</b>      |
| Project 11 funding inflow/outflow           | (35,000)          | -                 | 15,000            | (8,827)           | -                | -                |
| Proceeds from debt issuance                 | -                 | 425,000           | -                 | -                 | -                | -                |
| Project 11 cash outflow, net of credits     | (173,860)         | (403,472)         | (212,153)         | 3,120             | -                | -                |
| <b>Ending available, Project 11</b>         | <b>\$ 181,334</b> | <b>\$ 202,861</b> | <b>\$ 5,708</b>   | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b>      |

Staff will bring proposed solutions at the appropriate time for funding of the remaining costs associated with Project 11.

# Award capacity rollforward (\$ in thousands)

|  | 2022              | 2023              | 2024              | 2025              | 2026              | 2027              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Beginning Funds Available (Uncommitted) *</b> | <b>\$ 454,814</b> | <b>\$ 278,031</b> | <b>\$ 610,256</b> | <b>\$ 477,613</b> | <b>\$ 445,085</b> | <b>\$ 372,377</b> |
| <b>Sources:</b>                                  |                   |                   |                   |                   |                   |                   |
| Proceeds from debt issuance                      | -                 | 425,000           | -                 | -                 | -                 | -                 |
| Operating cash flow and net grant funds          | 348,090           | 314,467           | 316,443           | 339,467           | 335,995           | 348,147           |
| Credit instrument (Note purchase, other)         | 406,318           | 302,957           | 12,746            | -                 | (100,000)         | (300,000)         |
| Available Resources                              | 1,209,221         | 1,320,455         | 939,445           | 817,080           | 681,080           | 420,524           |
| <b>Commitments:</b>                              |                   |                   |                   |                   |                   |                   |
| PHA Operating CIP Awards                         | 389,399           | 578,686           | 379,853           | 326,428           | 263,138           | 257,913           |
| Project 11 Awards                                | 521,238           | 98,732            | 36,413            | -                 | -                 | -                 |
| <b>Debt Service</b>                              | <b>20,553</b>     | <b>32,782</b>     | <b>45,567</b>     | <b>45,567</b>     | <b>45,565</b>     | <b>45,564</b>     |
| <b>Total Commitments</b>                         | <b>931,190</b>    | <b>710,199</b>    | <b>461,833</b>    | <b>371,995</b>    | <b>308,703</b>    | <b>303,477</b>    |
| <b>Ending Funds Available (Uncommitted)</b>      | <b>\$ 278,031</b> | <b>\$ 610,256</b> | <b>\$ 477,613</b> | <b>\$ 445,085</b> | <b>\$ 372,377</b> | <b>\$ 117,046</b> |

Staff will bring proposals for this credit capacity at the appropriate time.

\* Total cash and investments less POs and commitments, contingency, self-insurance, other

# THANK YOU

**PORT HOUSTON**  
**Financial Planning**

