

2014 Budget Presentation

**Port of Houston Authority
Approved December 10, 2013**



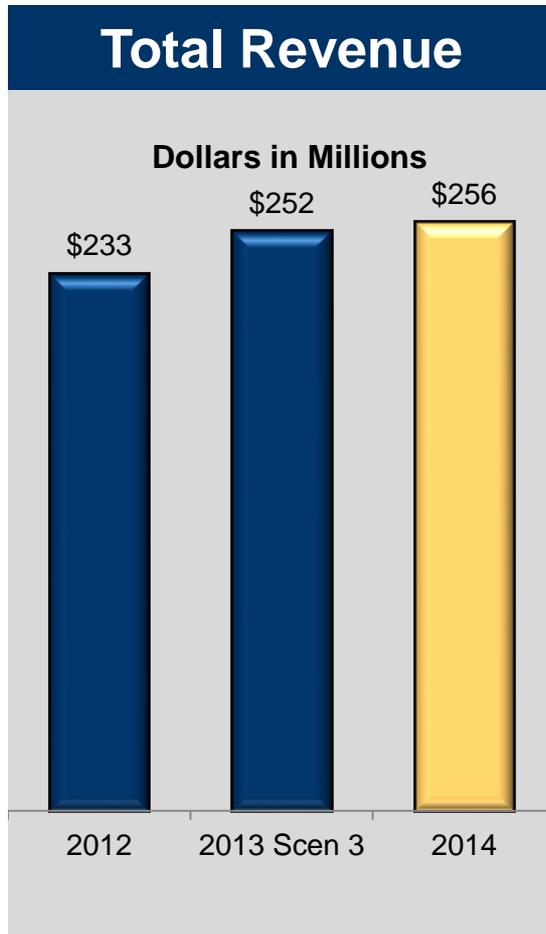
Foreword

- This proposed 2014 operating and capital budget has been developed to guide staff in the operation and management of Port Authority facilities and activities for Fiscal Year 2014. It was presented to the Port Commission on November 11, 2013, and revised based on questions and comments from Port Commissioners.
- Note that the operating budget does not include tax revenues, which are used exclusively for debt service on outstanding ad valorem tax bonds.
- While the capital plan may be approved as to maximum annual amount of capital expenditures, individual items exceeding \$50,000 (both operating expenditures and capital projects) will continue to be presented separately to the Port Commission for approval.
- References to “2013 Budget Scenario 3” refer to the 2013 Budget Reforecast prepared by staff in July 2013, dated August 16, 2013, and posted on the Port Authority’s website (www.portofhouston.com).

Executive Summary

2014 Budget

2014 revenue growth continues despite challenges in steel

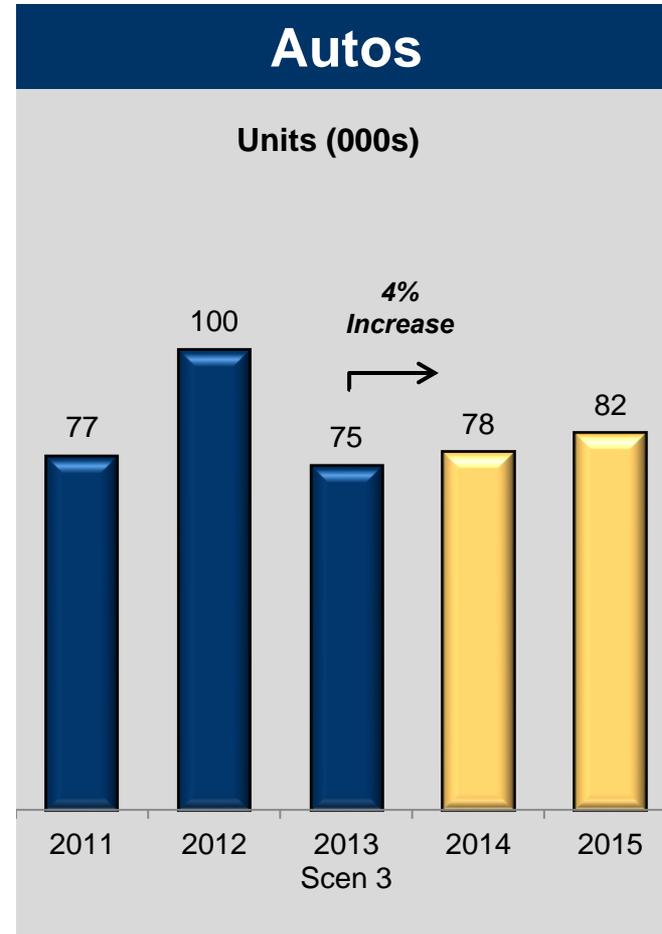
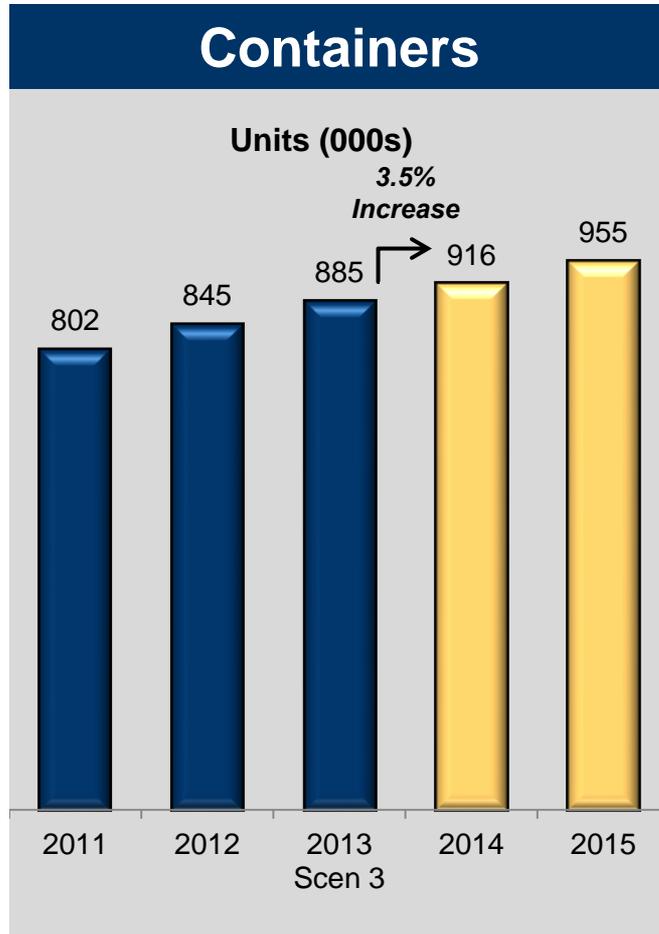


- PHA revenues increase 1.6%
 - *Compared to 2013 Budget Reforecast Scenario 3*
- Container TEUs increase 3.5%
 - *Import & Export loads up 5%*
 - *No growth in empties*
- Steel tonnage decrease 19.4%
 - *Imports down 17%*
 - *Exports down 32%*

U.S. and Global market outlooks show continued improvement in 2014 with Texas leading the way

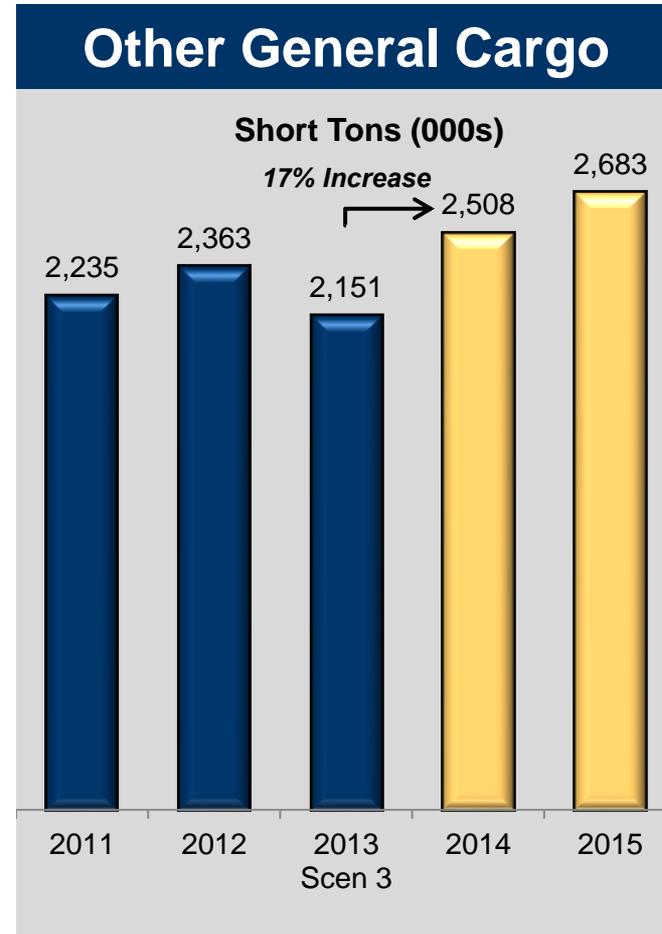
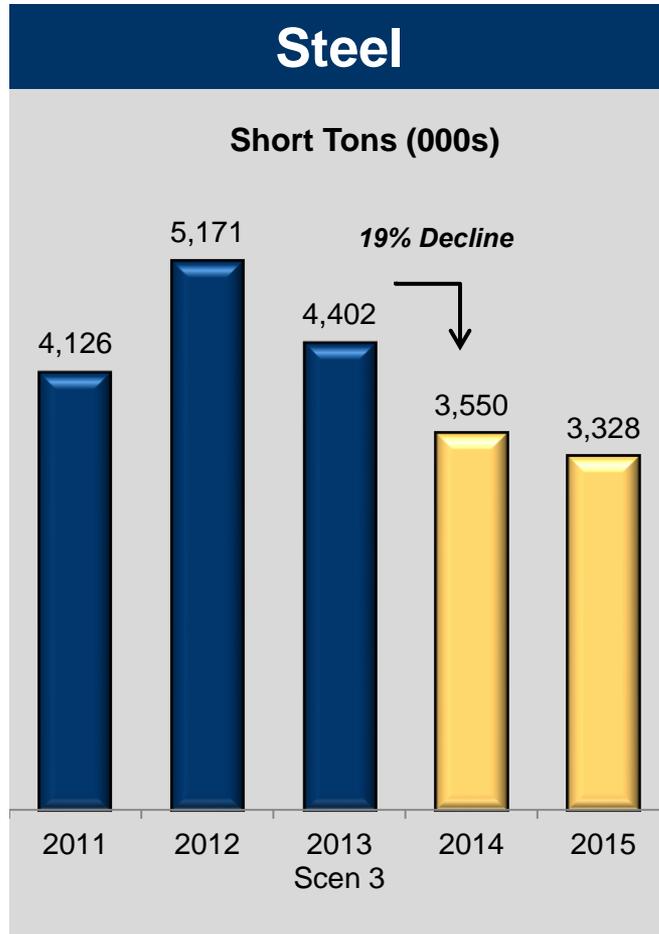
- Global economic outlook for 2014 improving with accelerated growth in the 2014-2018 period
- Continued gradual recovery of the U.S. economy with an expected 2014 GDP growth of 2.6%
- Texas job growth to outpace U.S. economy

Container and auto cargo forecasts show growth



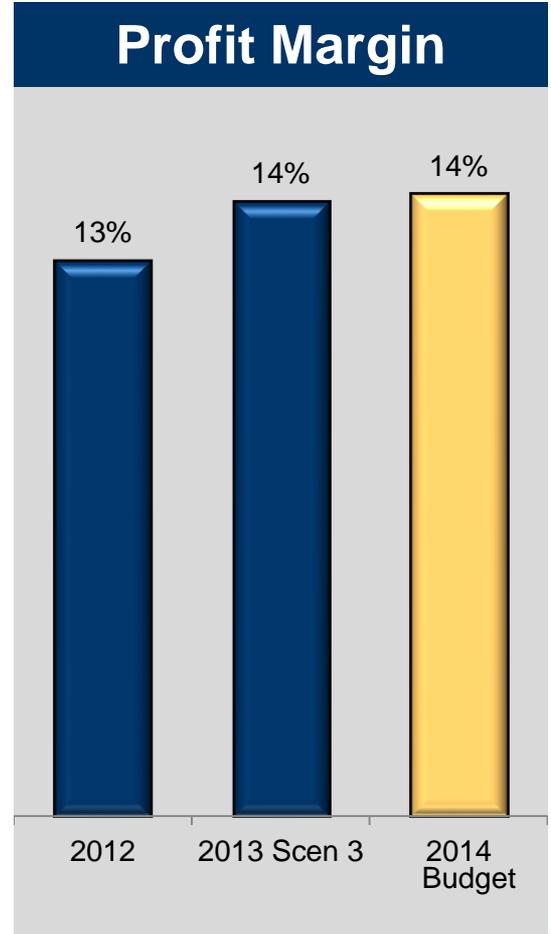
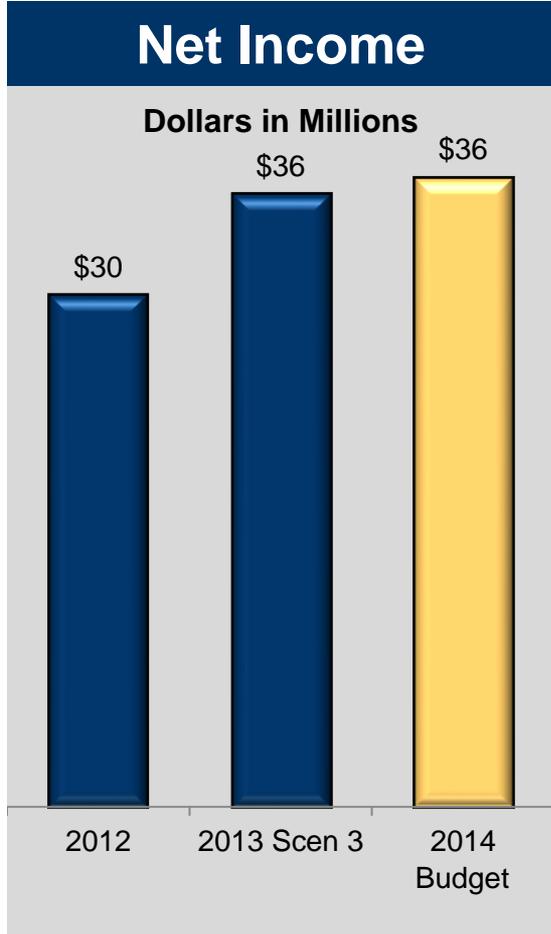
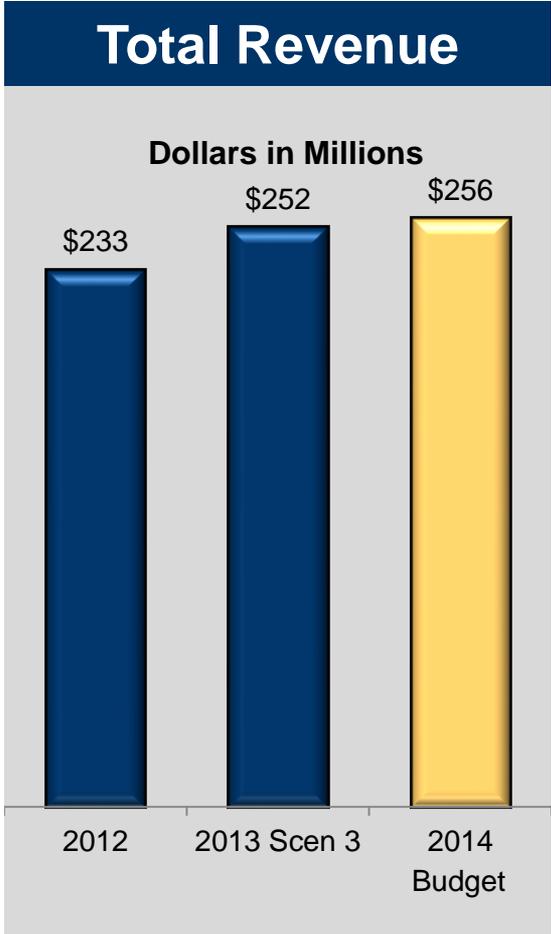
*Note – 2013, 2014 and 2015 are forecasts

Steel declines but other general cargo volumes increase

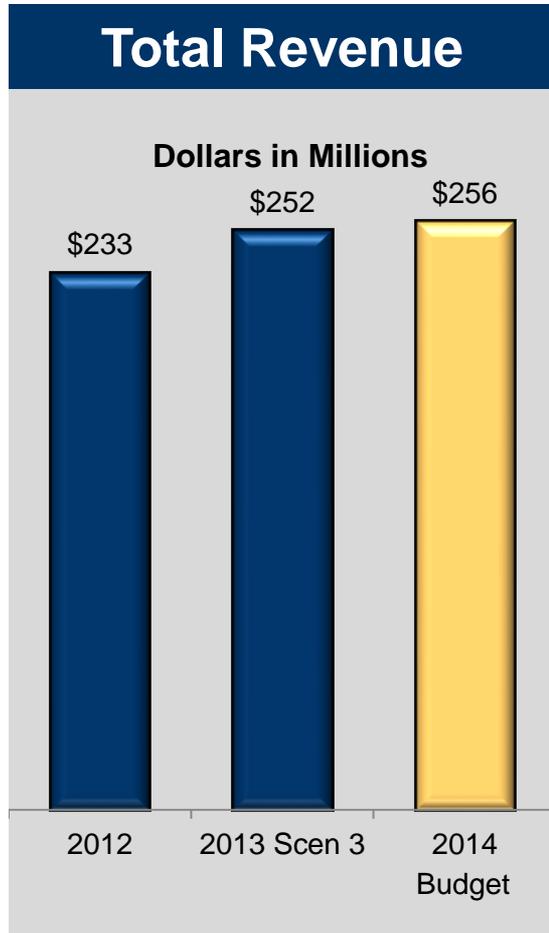


*Note – 2013, 2014 and 2015 are forecasts

Strong financial performance continues in 2014



2014 Revenue expected to increase 1.6%

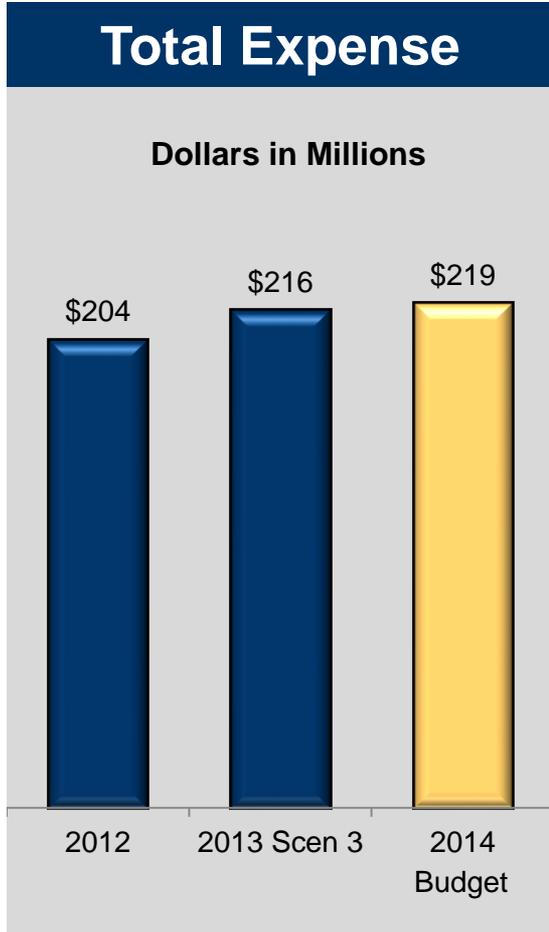


Revenue Analysis

Dollars in Millions

2013 Reforecast (Scenario 3) – Total Revenue		\$252
		<u>Variance</u>
Increase in Container revenue driven by volumes and tariff increases		12
Increase in Rent/Lease revenue		3
Increased utilization of dredge material sites		2
Reduced Non-Operating revenue driven by		
decrease in income from Federal Funds		(14)
decrease in interest income		(1)
Other		2
Subtotal		4
2014 Budget – Total Revenue		\$256

2014 Expenses expected to increase 1%

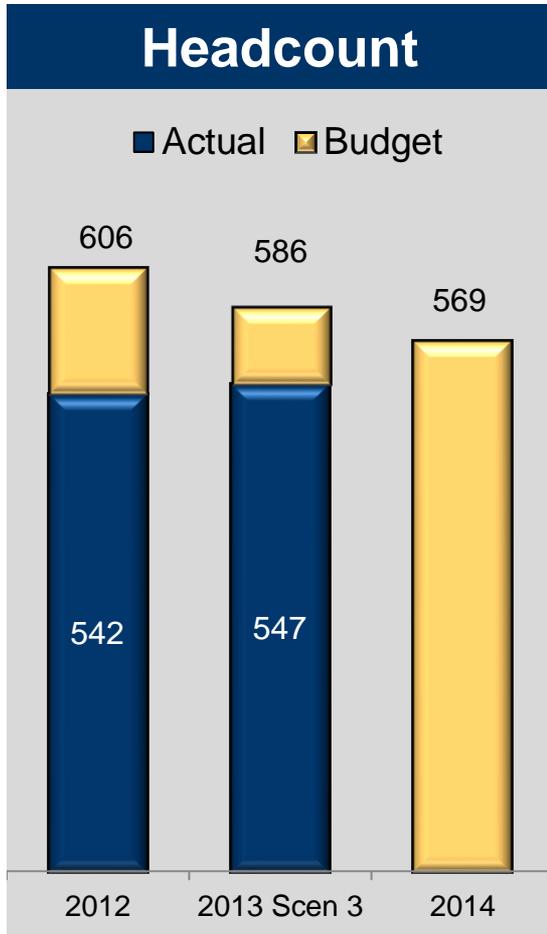


Expense Analysis

Dollars in Millions

2013 Reforecast (Scenario 3) – Total Expense		\$216
		<u>Variance</u>
Increase in Terminal Maintenance due to demolitions, wharf maintenance and road maintenance		3
Increase in Depreciation		3
Increase in Discretionary Expenses, primarily advertising and special events (AAPA and centennial)		3
Decrease in Non-Operating Expense due to Unrealized Gain /Loss on Investments		(5)
Decrease in Fees & Services due to a decrease in consulting expense		(2)
Other		1
Subtotal		3
2014 Budget – Total Expense		\$219

2014 Budget – Headcount Analysis



Number of PHA Employees

2013 Actual Headcount (as of November 13, 2013)

Actual Headcount	
Salary	381
Hourly	151
Total Actual Headcount	532
Positions previously approved to be filled	37

2014 Budget – Headcount	569
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Continued focus on the bottom line

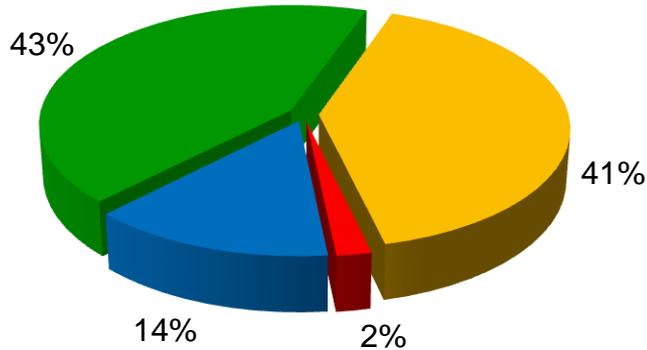
Budget Overview

Dollars in Millions

	2012 Budget	2012 Audited	2013 Scenario 3	2014 Budget
Total Revenue	\$223	\$233	\$252	\$256
Total Expense	213	203	216	219
Net Income	\$10	\$30	\$36	\$36
Net Profit Margin	4%	13%	14%	14%
Cash Flow	\$66	\$86	\$96	\$95

Cash flow generated will help support the 2014 Capital Improvement budget of \$325 million

2014 Capital Improvement Program \$325 Million



- Recapitalization
- Strategic
- Channel Development
- Maintenance/Other

- Recapitalization projects = \$47 million
 - Investments required to sustain high service levels and/or enhance productivity
- Strategic projects = \$138 million
 - These investments support new growth opportunities
- Channel projects = \$133 million
 - Development at container terminals and DAMP areas
- Remaining projects = \$7 million
 - Includes required maintenance, equipment replacement, etc.

2014 Budget

Liquidity (000's)

	2013	2014	2015
Discretionary Funds Available, Beginning of Period	\$ 397,464	\$ 206,606	\$ 76,412
Contingency	\$ (35,000)		
Debt Service and Other Reserves	\$ (14,256)		
Construction Bond Funds	\$ -		
Outstanding Capital PO's and Commitments	\$ (76,856)		
	<hr/> \$ 271,352	<hr/> \$ 206,606	<hr/> \$ 76,412
Sources:			
Operating Cash Flow	103,169	94,515	104,454
Additional Financing		100,000	100,000
	<hr/>	<hr/>	<hr/>
Available Resources	\$ 374,520	\$ 401,121	\$ 280,866
Uses:			
New Capital Investment			
Channel Development and Beneficial Use Sites	(10,339)	(132,825)	(2,170)
Bayport Terminal	(9,989)	(125,637)	(15,515)
Turning Basin Terminals	(24,927)	(26,983)	(24,580)
Barbours Cut	(97,385)	(21,625)	(96,770)
Bayport Railroad	-	(6,775)	(8,775)
HSSE	(6,145)	(3,545)	(1,405)
IT	(4,357)	(3,150)	(1,300)
Real Estate	(10,322)	(2,090)	(2,643)
Other	(4,451)	(2,080)	(2,200)
	<hr/>	<hr/>	<hr/>
Subtotal - New Capital Investment	(167,914)	(324,710)	(155,358)
Net Uses	<hr/> (167,914)	<hr/> (324,710)	<hr/> (155,358)
Discretionary Funds Available, End of Period	<hr/> <u>\$ 206,606</u>	<hr/> <u>\$ 76,412</u>	<hr/> <u>\$ 125,508</u>

2014 Budget Operating and Capital Summary

Port of Houston Authority

Approved December 10, 2013



2014 Budget Operating and Capital Budget Summary

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2014 Operating Budget

2014 Market Forecast – Global Economy

- Global economic outlook improving in 2014 after worldwide slowdown
- Global growth expected to accelerate in the period 2014-2017
- Most key economies will either grow or remain steady in 2014
- 2014 Real GDP Growth Forecast

	<u>2014</u>	<u>2013</u>
➤ European Union	1.3%	0.0%
➤ China	7.3%	7.6%
➤ India	5.1%	3.8%
➤ Brazil	2.5%	2.5%

- Commodities: international market prices for oil, food and metals will remain broadly unchanged in 2014

Sources: PHA Market Development, IMF-World Economic Outlook Database, Oct. 2013

Global economy improving in 2014

2014 Market Forecast – U.S. Economy

- U.S. economy continues its gradual recovery from the recession with 2014 GDP growth of 2.6%, slightly ahead of 2013 GDP growth, currently estimated at 1.5%
- Low inflation continues, consumer prices increasing 2.0% in 2014
- U.S. unemployment rate continues slow trend downward, falling an average of 0.1% per quarter
- The Federal Funds rate will remain near zero at least until 2015, keeping other interest rates low
- The Federal Reserve plans to taper down the Quantitative Easing program

Sources: PHA Market Development, Federal Reserve Bank Philadelphia-Survey of Professional Forecasters-3rd Quarter 2013, Federal Reserve FOMC Minutes for Sept. 17-18, 2013

Continued gradual recovery of the U.S. economy

2014 Budget

2014 Market Forecast – Texas Economy

- Texas job growth continues to outpace the U.S. as a whole
 - Texas' job growth rate has beaten the overall U.S. job growth rate in each of the last seven quarters
 - 2.3% Texas job growth in Q3 2013, more than double the 0.9% U.S. overall rate
 - Texas unemployment rate of 6.5% remains almost a full percentage point lower than the U.S. at 7.3% (as of Aug 2013)
- Texas economy likely to continue growing near the historical average rate through 2014
 - Statewide leading indicators continue to strengthen
 - Growth in housing permits
 - Manufacturing, Retail and Service Sector surveys indicate continued positive outlook

Sources: PHA Market Development, Federal Reserve Bank of Dallas "Regional Economic Update" Sept. 18, 2013

The Texas economy continues to grow

2014 Budget

2014 Market Forecast – PHA

- PHA overall volumes are growing in spite of weak steel tonnage
 - Total 2013 tonnage is 3% higher vs. 2012*
 - General Cargo (excl. containers) tonnage fell 21% in 2013 vs. 2012**, largely due to a decline in steel tonnage
- Container TEUs year-over-year increase of 4%**
 - Import loads up 5% / Export loads up 5% / Empties are flat**
 - Economies of key partners are recovering from an international economic slowdown in 2012
- Steel tonnage year-over-year decrease of 19%
 - Imports down 17% / Exports down 32% 2013 vs. 2012**
 - Steel volumes affected by a slowdown in new oil and gas drilling activity

Source: PHA Market Development, PHA Accounting

* based on 2013 YTD Sept. vs. 2012 YTD Sept. for overall PHA tonnage excl. Bayport Industrial Complex

**based on 2013 YTD Sept. vs. 2012 YTD Sept.

PHA cargo volumes show improvement

2014 Budget

Cargo Assumptions – Container Terminals

Trends and Forecast (000's)

	2011 <u>Actual</u>	2012 <u>Budget</u>	2012 <u>Actual</u>	2013 <u>Scenario 2</u>	2013 <u>Scenario 3</u>	2014 <u>Budget</u>	2015 <u>Projection</u>
Units	802	837	845	868	885	916	955
TEU (Imports)	654	617	674	640	652	677	704
TEU (Exports)	654	722	700	749	764	790	824
% Change*			5.4%		4.7%		4.3%
<i>Budget Growth Assumption</i>		4.4%		2.7%		3.5%	4.3%

* Percentages are based on 2011 Actual, 2012 Actual, 2013 Scenario 3, 2014 Budget & 2015 Projection

Note: Units at PHA container terminals only, excluding units in leased terminals

- **Projected volumes based on PHA Economic Analysis Forecast Summary with updated 2013 data**
- **3% general rate increase incorporated in 2014 Budget effective January 1, 2014**
- **2014 Budget reflects growth of export and import loads at 5%, with no growth in empty container volume**

2014 Budget

Cargo Assumptions – Turning Basin Terminals

Trends and Forecast (000's)

		2011	2012	2012	2013	2013	2014	2015
		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Scenario 2</u>	<u>Scenario 3</u>	<u>Budget</u>	<u>Projection</u>
Steel	(short tons)	4,126	3,574	5,171	4,504	4,402	3,550	3,328
<i>% Change*</i>				25.3%		-14.9%	-19.4%	-6.3%
General Cargo	(short tons)	2,265	2,250	2,363	2,151	2,151	2,508	2,683
<i>% Change*</i>				4.3%		-9.0%	16.6%	7.0%
Automobiles	(units)	77.3	69.1	99.8	110.0	75.1	77.8	81.9
<i>% Change*</i>				29.1%		-24.8%	3.6%	5.3%

** Percentages are based on 2011 Actual, 2012 Actual, 2013 Scenario 3, 2014 Budget & 2015 Projection*

- **3% general rate increase incorporated in 2014 Budget starting January 1, 2014**
- **Expected decline in Import and Export Steel volumes in 2014**
- **General cargo and import automobiles expected to show growth in 2014 and 2015**

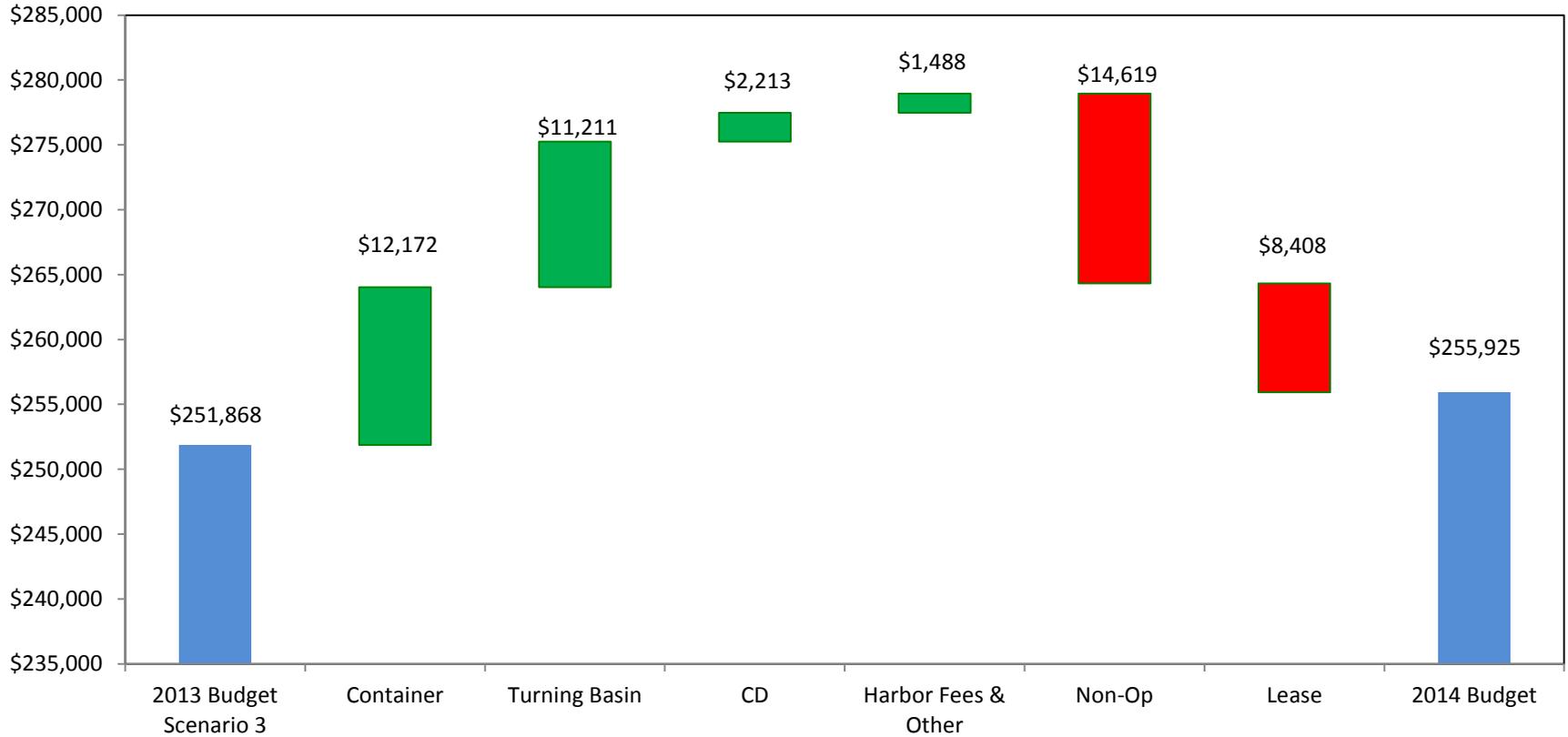
2014 Budget

Total Revenue - Summary (000's)

	2012 Budget	2012 Audited	2013 Actual Sep YTD	2013 Budget Scenario 3	2014 Budget	
Container Terminals	\$136,072	\$137,230	111,896	\$149,587	\$161,759	8.1%
Turning Basin Terminals	44,675	51,852	38,084	49,291	60,502	22.7%
Lease Revenues	17,593	19,133	15,275	19,803	11,395	-42.5%
Harbor Fees	5,908	6,013	4,470	6,125	6,255	2.1%
Channel Development	9,788	8,455	4,108	4,675	6,888	47.3%
Other Revenues	761	812	490	964	2,322	140.9%
Total Operating Revenues	\$214,797	\$223,495	\$174,323	\$230,445	\$249,121	8.1%
Non-Operating (Federal Grants, Insurance, Interest Income)	8,027	9,772	19,827	21,423	6,804	-68.2%
Total Revenue	\$222,824	\$233,267	\$194,150	\$251,868	\$255,925	1.6%

*Note: In the 2014 Budget, lease revenues relating to terminals are included in the respective terminals instead of in the "Lease Revenues" category.
Lease revenue increases \$6.6M in 2014 Budget.
Percentages are based on 2013 Budget Scenario 3 and 2014 Budget*

2014 Budget Total Revenue – Major Changes (000's)



2014 Budget

Total Revenue – Major Changes (000's)

2013 Budget Scenario 3		\$251,868
Container Terminals		
Full Container Receipt/Delivery	1,584	
Wharfage - Loaded Containers	3,780	
Dockage	830	
Rent/Lease	3,543	
Wharf Crane Rental	1,555	
Other Container Terminal Revenues	880	12,172
Turning Basin Terminals		
Rent/Lease	11,211	11,211
Lease Revenues		
Rent/Lease	(8,331)	
Other Lease Revenues	(77)	(8,408)
Channel Development		
DMA Fees	2,106	
Other Channel Development Revenue	107	2,213
Other Revenue		
Parking Lot Income	1,482	
Other Revenue	(124)	1,358
Harbor Fees		
Harbor & Barge Fees	130	130

Container Terminal Revenue Represents Highest Growth Segment in 2014

2014 Budget

Total Revenue – Major Changes (cont.) (000's)

Non-Operating

Interest Income - Securities Current Fund	(1,383)	
Reimbursement of Capital Expense	(5,243)	
Income from Federal Funds	(9,651)	
Income from FEMA-Ike	1,731	
Other Non Operating Revenues	(73)	(14,619)
		<u>4,057</u>

2014 Budget

\$255,925

2014 Budget

Expense - Assumptions

- Equipment and terminal maintenance expenses increase due to demolition of buildings and wharf maintenance
- Depreciation increase resulting from continued investment in our facilities
- Increased cost for sponsored events due to AAPA and centennial

Continue to manage expense against operational performance targets

2014 Budget

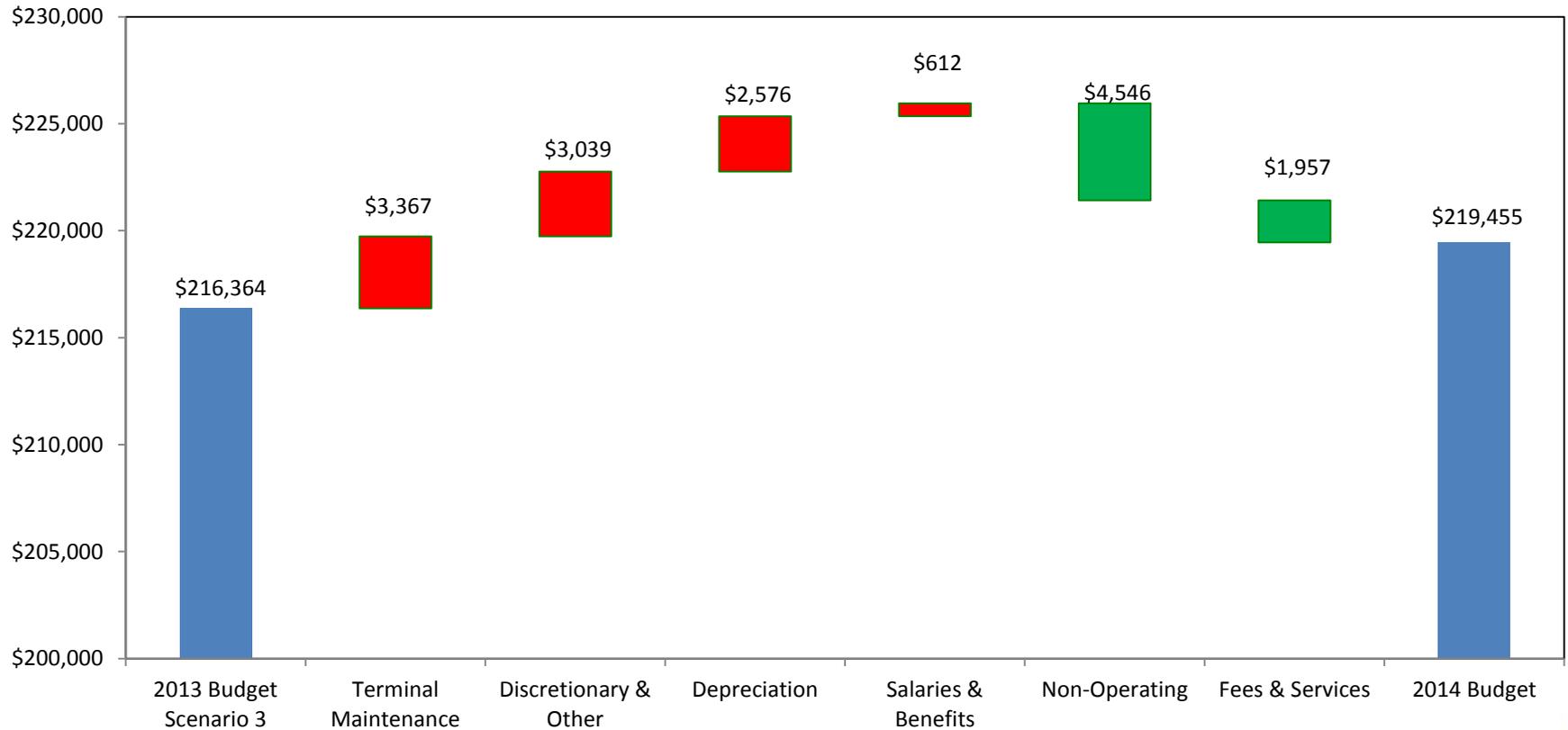
Total Expense – Summary (000's)

	2012 Budget	2012 Audited	2013 Actual Sep YTD	2013 Budget Scenario 3	2014 Budget	
Salaries	\$57,517	\$55,055	\$42,259	\$57,750	\$60,318	4.4%
Benefits	22,313	22,276	17,341	22,202	20,245	-8.8%
Retirement Benefits	21,477	17,881	12,637	15,965	16,079	0.7%
Depreciation & Amortization	56,226	56,278	41,942	56,469	59,045	4.6%
Equipment & Terminal Maintenance	15,207	14,329	9,076	16,531	19,898	20.4%
Fees & Services	15,322	11,131	9,153	12,583	12,539	-0.3%
Insurance	4,701	4,880	3,637	4,910	4,804	-2.2%
Utilities	4,419	4,329	2,976	4,185	4,226	1.0%
Fuel	3,269	3,485	2,671	3,259	3,420	4.9%
Consulting Fees	2,632	2,554	1,658	5,170	3,257	-37.0%
Discretionary Expenses	10,073	12,990	8,296	12,842	15,559	21.2%
Allocations	(2,687)	(1,846)	(708)	(1,378)	(1,265)	-8.2%
Total Expenses Operations and G&A	\$210,469	\$203,342	\$150,938	\$210,488	\$218,125	3.6%
Non-Operating Expenses	2,650	259	4,886	5,876	1,330	-77.4%
Net Expense	\$213,119	\$203,601	\$155,824	\$216,364	\$219,455	1.4%

Percentages are based on 2013 Budget Scenario 3 and 2014 Budget

2014 Budget

Total Expense – Major Changes (000's)



2014 Budget

Total Expense – Major Changes (000's)

2013 Budget Scenario 3			\$216,364
Non-Operating			
Unrealized Gain/Loss on Investments	(5,047)		
Interest Expense	900		
Contributions to State / Local Agencies	(705)		
Debt Issuance Costs	250		
All Other Non-Operating	56	(4,546)	
Salaries & Benefits			
Decrease in Medical Insurance	(2,283)		
ILA Labor due to Increased Volume	1,417		
PHA Salaries due to Increased Volume	1,152		
All Other Salaries & Benefits	326	612	
Depreciation & Amortization			
Increase in Depreciation	3,466		
Decrease in Amortization (Includes Amortization of Long Term Agreements)	(890)	2,576	
Terminal & Asset Maintenance			
Wharf Maintenance	1,353		
Demolition	1,144		
Road Maintenance	1,484		
Machinery & Equipment Maintenance	(618)		

2014 Budget

Total Expense – Major Changes (cont.) (000's)

Maintenance Agreements	251	
Building Maintenance	(538)	
All Other Terminal & Asset Maintenance	291	3,367
Fees & Services		
Consulting Fees	(1,913)	
All Other Fees & Services	(44)	(1,957)
Discretionary Expenses		
Advertising Media	1,223	
PHA Receptions Special Events	1,029	
Art & Productions	256	
Travel	239	
All Other Discretionary Expenses	(30)	2,717
All Other Expenses		
All Other	322	322
		<u>3,091</u>
2014 Budget		\$219,455

*Fees & Services include Consulting Fees

2014 Budget

Operations Expense – Summary (000's)

	2012 Budget	2012 Audited	2013 Actual Sep YTD	2013 Budget Scenario 3	2014 Budget	
Salaries	\$40,743	\$39,030	31,123	\$42,488	\$45,368	
						6.8%
Benefits	15,913	15,917	12,733	16,343	15,292	-6.4%
Retirement Benefits	10,584	8,512	5,614	7,278	7,758	6.6%
Depreciation & Amortization	54,056	54,071	40,040	53,811	55,960	4.0%
Terminal & Asset Maintenance	16,489	15,448	9,847	15,028	17,048	13.4%
Utilities & Fuel	7,551	7,703	5,696	7,458	7,704	3.3%
Insurance	4,004	4,153	3,280	4,426	4,283	-3.2%
Allocation to Others	(2,279)	(1,929)	403	834	677	-18.8%
Fees & Services	8,858	6,867	5,610	9,309	7,223	-22.4%
Demolition	0	196	31	2,362	3,256	37.8%
Discretionary Expenses	4,680	7,010	3,287	4,754	5,098	7.2%
Total Operating Expenses	\$160,599	\$156,978	\$117,664	\$164,091	\$169,667	3.4%

Percentages are based on 2013 Scenario 3 and 2014 Budget

2014 Budget

Operations Expense – Major Changes (000's)

2013 Budget Scenario 3		\$164,091
Salaries		
ILA Labor Expenses	1,392	
PHA Salary Expenses	1,417	
Other Salary Related Expenses	71	2,880
Benefits		
Decrease in Medical Insurance	(1,505)	
Other Benefit Expenses	454	(1,051)
Depreciation & Amortization		
Increase in Depreciation	3,039	
Increase in Amortization (Includes Amortization of Long Term Agreements)	(890)	2,149
Terminal & Asset Maintenance		
Building Maintenance	(718)	
Road Maintenance	1,122	
Wharf Maintenance	1,353	
Other Maintenance Items	263	2,020

2014 Budget

Operations Expense – Major Changes (cont.) (000's)

Fees & Services			
Consulting Fees	(1,749)		
Fees & Services	(337)	(2,086)	
Demolition			
Increase in Demolition Expenses	894	894	
Other Expenses			
Other	770	770	
			<u>5,576</u>
2014 Budget			\$169,667

2014 Budget G&A Expense – Summary (000's)

	2012 Budget	2012 Audited	2013 Actual Sep YTD	2013 Budget Scenario 3	2014 Budget	
Salaries	\$16,775	\$16,025	\$11,136	\$15,262	\$14,950	
Benefits	6,400	6,358	4,608	5,859	4,953	-2.0%
Retirement Benefits	10,892	9,369	7,023	8,687	8,322	-15.5%
Fees & Services	9,097	6,892	5,201	8,444	8,572	-4.2%
Depreciation & Amortization	2,170	2,207	1,902	2,658	3,085	1.5%
Terminal & Asset Maintenance	721	759	336	688	844	16.1%
Utilities & Fuel	567	643	378	522	556	22.7%
Insurance	697	727	357	484	521	6.5%
Discretionary Expenses	5,407	5,397	3,444	6,004	8,597	7.6%
Gross G&A Expenses	\$52,726	\$48,377	\$34,385	\$48,608	\$50,400	43.2%
Allocation to Others	(169)	(168)	(403)	(854)	(677)	3.7%
Allocated Expenses to CIP	(2,687)	(1,846)	(708)	(1,357)	(1,265)	-20.7%
Net G&A Expenses	\$49,870	\$46,363	\$33,274	\$46,397	\$48,458	-6.8%
						4.4%

Percentages are based on 2013 Budget Scenario 3 and 2014 Budget

2014 Budget

G&A Expense - Major Changes (000's)

2013 Budget Scenario 3		\$46,397
Salaries		
Decrease in Salaries	(312)	(312)
Benefits		
Decrease in Medical Insurance	(779)	
Decrease in Leavetime Benefits	(85)	
Other Insurance Benefits	(42)	(906)
Retirement Benefits		
Decrease in Pension Contribution	(448)	
Increase in Defined Contribution Plan Expense	67	
Other Retirement Benefits	16	(365)
Depreciation & Amortization		
Increase in Depreciation	427	427
Discretionary Expenses		
Advertising Media	1,205	
PHA Receptions Special Events	1,029	
Art & Production	248	
All Other Discretionary Expenses	110	2,592
Allocated Expenses to CIP		
Expenses Allocated to CIP	269	269
Other Expenses		
Other	356	356
		2,061
2014 Budget		\$48,458

2014 Budget

Income Statement (000's)

	<u>2012 Budget</u>	<u>2012 Audited</u>	<u>2013 Actual Sep YTD</u>	<u>2013 Budget Scenario 3</u>	<u>2014 Budget</u>
Operating Revenue*	\$214,797	\$223,495	\$174,323	\$230,445	\$249,121
Less: Operating Expense	<u>160,599</u>	<u>156,978</u>	<u>117,664</u>	<u>164,091</u>	<u>169,667</u>
Operating Income	54,198	66,517	56,659	66,354	79,454
Less: General & Administrative Expenses	<u>49,870</u>	<u>46,363</u>	<u>33,274</u>	<u>46,397</u>	<u>48,458</u>
Net Operating Income	4,328	20,154	23,385	19,957	30,996
Non-Operating Revenue (Expense)	<u>870</u>	<u>962</u>	<u>3,433</u>	<u>2,187</u>	<u>(671)</u>
Income before Contributions & Transfers	5,198	21,116	26,818	22,144	30,325
Contributions (to)/from Federal/State Agencies	4,507	8,551	11,508	13,360	6,145
Net Income	<u>\$9,705</u>	<u>\$29,667</u>	<u>\$38,326</u>	<u>\$35,504</u>	<u>\$36,470</u>
Cash Flow	<u>\$65,932</u>	<u>\$85,594</u>	<u>\$83,325</u>	<u>\$96,020</u>	<u>\$94,515</u>

*Includes G&A Revenues

2014 Budget

Net Operating Income - Major Changes (000's)

2013 Budget Scenario 3		\$19,957
DMA Fees	2,106	
Container Revenue	5,335	
Rent and Lease Revenue	6,598	
Increase in Depreciation	(3,466)	
Demolition Projects	(2,444)	
Decrease in Medical Insurance	2,283	
All Other Changes in Revenues/Expenses	628	<u>11,039</u>
2014 Budget		\$30,996

2014 Budget

Net Income - Major Changes (000's)

2013 Budget Scenario 3		\$35,504
Income from Federal Funds	(7,920)	
Reimbursement of Capital Expense	(5,243)	
Increase in Rent and Lease Revenue	6,598	
Container Revenue	5,335	
Increase in DMA Fees	2,106	
Increase in Depreciation	(3,466)	
Demolition Projects	(2,444)	
Unrealized Gain/Loss on Investments	5,047	
All Other Changes in Revenues/Expenses	953	966
2014 Budget		\$36,470

2014 Budget

Non-Operating - Summary (000's)

	2012 Budget	2012 Audited	2013 Actual Sep YTD	2013 Budget Scenario 3	2014 Budget
Nonoperating Revenues	\$870	\$339	\$7,614	\$7,358	\$659
Contribution from Federal/State Agencies	7,157	9,433	12,213	14,066	6,145
Total Non-Operating Revenues	\$8,027	\$9,772	\$19,827	\$21,424	\$6,804
Non-Operating Expenses	0	(623)	4,181	5,171	1,330
Contribution to Federal/State Agencies	2,650	882	705	706	0
Total Non-Operating Expenses	\$2,650	\$259	\$4,886	\$5,877	\$1,330
Non-Operating Income	\$5,377	\$9,513	\$14,941	\$15,547	\$5,474

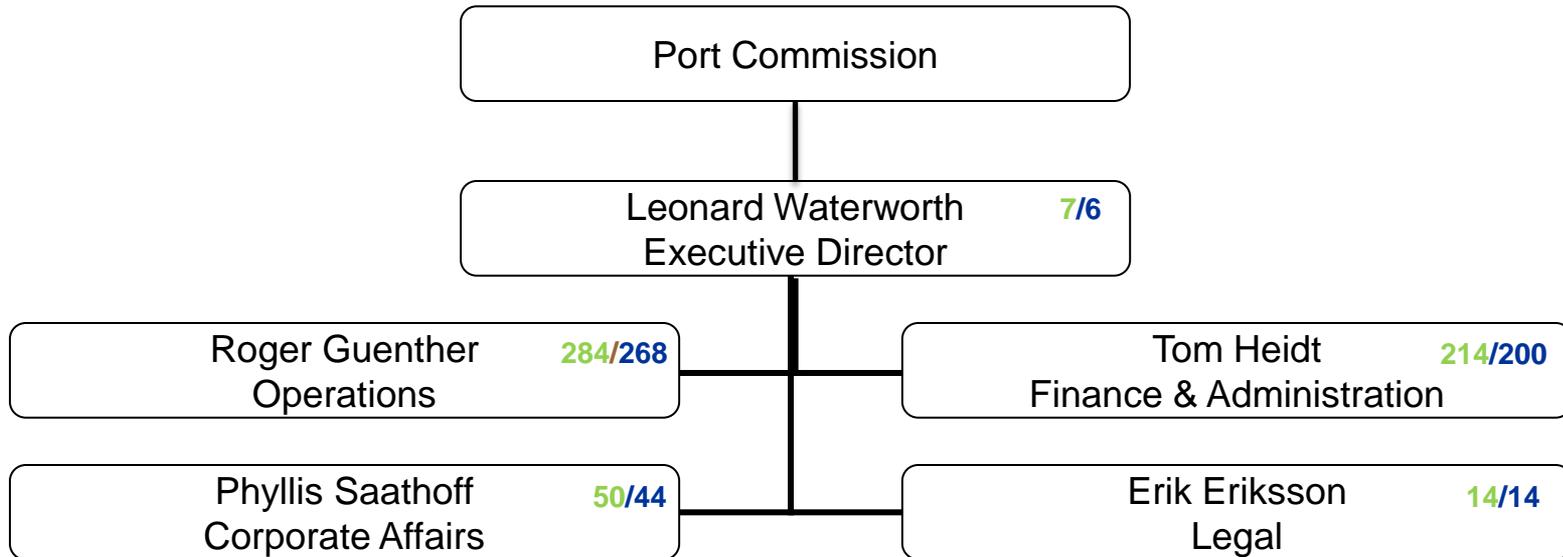
2014 Budget

Non-Operating - Major Changes (000's)

2013 Budget Scenario 3		\$15,547
Income from Federal Funds	(7,920)	
Reimbursement of Capital Expense	(5,243)	
Interest Income-Securities Current Fund	(1,383)	
Unrealized Gain/Loss on Investments	5,047	
All Other Changes in Revenues/Expenses	(574)	(10,073)
2014 Budget		\$5,474

2014 Budget PHA Staff Organization Structure

(As of November 13, 2013)



Total Employment:

2014 Budget = 569

2013 Budget = 586 2013 Actual = 532

2012 Budget = 606 2012 Actual = 542

2011 Budget = 592 2011 Actual = 578

Note: Executive Division revised to include Internal Audit Department starting in 2013

2014 Budget Executive (000's)

	<u>2012 Budget</u>	<u>2012 Audited</u>	<u>2013 Actual Sep YTD</u>	<u>2013 Budget Scenario 3</u>	<u>2014 Budget</u>
Salaries	\$468	\$422	\$499	\$698	\$797
Benefits	160	121	152	206	188
Retirement Benefits	269	217	199	255	301
Fees & Services	267	173	44	87	128
Insurance	11	10	7	9	4
Consulting Fees	100	131	0	50	100
Discretionary Expenses	<u>142</u>	<u>120</u>	<u>121</u>	<u>204</u>	<u>214</u>
Net Expense	<u>\$1,417</u>	<u>\$1,194</u>	<u>\$1,022</u>	<u>\$1,509</u>	<u>\$1,732</u>

Note: Revised to include expenses of Internal Audit Department starting in 2013

2014 Budget

Operations (000's)

	<u>2012 Budget</u>	<u>2012 Audited</u>	<u>2013 Actual Sep YTD</u>	<u>2013 Budget Scenario 3</u>	<u>2014 Budget</u>
Salaries	\$39,872	\$37,830	\$29,305	\$39,822	\$41,120
Benefits	14,898	14,922	11,750	15,031	13,631
Retirement Benefits	10,487	8,433	5,393	6,769	6,312
Depreciation & Amortization	48,351	48,490	35,497	47,624	48,967
Equipment & Terminal Maintenance	14,650	14,061	8,606	14,711	18,978
Fees & Services	1,447	1,688	1,062	1,323	1,361
Insurance	3,688	3,779	2,879	3,881	3,907
Utilities	4,190	4,026	2,791	3,916	3,908
Fuel	3,071	3,300	2,518	3,035	3,188
Consulting Fees	159	180	143	379	297
Discretionary Expenses	2,187	2,628	3,129	4,290	4,597
Gross Expense	\$143,000	\$139,337	\$103,073	\$140,781	\$146,266
Allocations	3,905	4,478	4,666	6,558	7,185
Net Expense	\$146,905	\$143,815	\$107,739	\$147,339	\$153,451

Note: Revised to include expenses for the reallocation of fuel costs starting in 2013

2014 Budget

Finance & Administration (000's)

	2012 Budget	2012 Audited	2013 Actual Sep YTD	2013 Budget Scenario 3	2014 Budget
Salaries	\$12,336	\$12,311	\$8,936	\$12,432	\$13,182
Benefits	5,541	5,567	4,052	5,215	4,762
Retirement Benefits	8,234	7,231	5,677	7,125	7,464
Depreciation & Amortization	4,000	3,913	3,577	4,985	5,530
Equipment & Terminal Maintenance	945	842	177	588	646
Fees & Services	8,634	7,181	5,537	8,015	8,473
Insurance	716	777	546	734	609
Utilities	109	104	69	96	99
Fuel	162	142	125	184	184
Consulting Fees	497	710	579	1,165	655
Discretionary Expenses	1,649	1,889	1,586	2,583	2,236
Gross Expense	\$42,823	\$40,667	\$30,861	\$43,122	\$43,840
Allocations	(6,672)	(6,406)	(5,434)	(8,110)	(8,856)
Grand Total	\$36,151	\$34,261	\$25,427	\$35,012	\$34,984

Note: Revised to include expenses for the reallocation of fuel costs starting in 2013

2014 Budget

Corporate Affairs (000's)

	<u>2012 Budget</u>	<u>2012 Audited</u>	<u>2013 Actual Sep YTD</u>	<u>2013 Budget Scenario 3</u>	<u>2014 Budget</u>
Salaries	3,667	3,350	2,573	3,532	3,895
Benefits	1,329	1,275	1,038	1,321	1,272
Retirement Benefits	1,927	1,549	1,014	1,335	1,467
Depreciation & Amortization	3,852	3,852	2,868	3,860	4,501
Equipment & Terminal Maintenance	200	163	262	1,185	253
Fees & Services	2,223	209	679	791	334
Insurance	267	297	194	269	277
Utilities	120	199	116	173	219
Fuel	36	44	28	40	48
Consulting Fees	1,877	1,530	935	3,521	2,186
Discretionary Expenses	5,435	7,505	3,377	5,628	8,410
Gross Expense	\$20,933	\$19,973	\$13,084	\$21,655	\$22,862
Allocations	80	81	60	173	406
Grand Total	\$21,013	\$20,054	\$13,144	\$21,828	\$23,268

Note: Revised to include expenses for the reallocation of fuel costs starting in 2013

2014 Budget

Legal (000's)

	<u>2012 Budget</u>	<u>2012 Audited</u>	<u>2013 Actual Sep YTD</u>	<u>2013 Budget Scenario 3</u>	<u>2014 Budget</u>
Salaries	\$1,175	\$1,141	\$946	\$1,266	\$1,324
Benefits	384	390	349	430	393
Retirement Benefits	561	451	355	482	535
Depreciation & Amortization	23	23	0	0	47
Equipment & Terminal Maintenance	1	48	35	51	21
Fees & Services	2,751	1,881	1,831	2,367	2,243
Insurance	19	16	12	16	6
Consulting Fees	0	3	0	55	20
Discretionary Expenses	69	63	79	135	100
Net Expense	\$4,983	\$4,016	\$3,607	\$4,802	\$4,689

2014 Capital Budget

2014 Budget

Total Capital Investments (000's)

	2012 Actual	2013 Scenario 3	2014 Budget
Channel Development	\$ 4,102	\$ 10,339	\$ 132,825
Bayport Terminal	3,631	9,983	122,454
Turning Basin Terminals	8,574	24,077	25,839
Barbours Cut Terminal	23,000	96,210	21,077
Bayport Railroad	-	-	6,775
Engineering	3,473	2,581	4,475
IT	9,566	4,607	3,150
HSSE	650	5,525	3,135
Executive Office Building	1,028	1,573	1,540
Miscellaneous Rents	-	8,698	300
Other	4,970	3,720	3,140
Total Capital	\$ 58,994	\$ 167,313	\$ 324,710
Grant Reimbursements	\$ (6,252)	\$ (12,814)	\$ (3,868)
Net Capital	\$ 52,742	\$ 154,499	\$ 320,842

2014 Budget
Channel Development (000's)

Major Projects	2014 Budget
Container Terminals Projects	\$ 132,825
Total Projects	\$ 132,825

2014 Budget

Bayport Terminal (000's)

Major Projects	2014 Budget
Wharf 2 (including Berth Dredging) *	\$ 55,845
3 Wharf Cranes at Wharf 2 (including Inspection)	39,379
Container Yard 6	25,850
Maintenance Equipment	1,130
Poly Com Spur	250
Total Projects	\$ 122,454

Bayport Railroad	2014 Budget
Purchase of Right of Way, Mainline Red Bluff to Bayport	\$ 6,775

* Wharf 2 partially funded by \$10 million U.S. Department of Transportation TIGER grant in 2015

2014 Budget

Turning Basin Terminals (000's)

Major Projects	2014 Budget
Concrete Repair of Spalling	\$ 10,256
Rehabilitation of Wharf 23	6,154
Replace Deck at Shed 46	4,102
Replace Fender Wharf 17	3,077
Retrofit Wharf 1 at Care Terminal	2,000
Other	250
Total Projects	\$ 25,839

2014 Budget

Barbours Cut Terminal (000's)

Major Projects	2014 Budget
C- 4 10 Acres Rehab	\$ 14,054
East End 20 Acres-Design	2,067
Power Distribution Feeders Design	1,000
Power Switch Yard	1,000
Maintenance Equipment	1,000
Other	1,957
Total Projects	\$ 21,078

2014 Budget Engineering (000's)

Major Projects	2014 Budget
Program Management & Design	\$ 2,250
Subsurface Utility Engineering Mapping Phase II	1,400
Project Assistance	750
Other	75
Total Projects	\$ 4,475

2014 Budget IT (000's)

Major Projects	2014 Budget
Virtual & Desktop Expansion	\$ 600
Storage & SAN Expansion	500
Upgrade Wireless and Generator at Bayport	375
Fiber Optic Upgrade	350
Business Intelligence Data Warehouse Phase 1	250
HCM Phase 2	200
Paperless Port Implementation	200
Navis N4 Expansion & Upgrade	150
TB Data Center Colocation	150
Cisco Phone System Upgrade	125
JDE Contract Management	100
Network & Access Auditing Software	75
Data Backup Environment Expansion	75
Total Projects	\$ 3,150

2014 Budget HSSE (000's)

Fire Department

Major Projects	2014 Budget
Fireboat Dock at Bayport	\$ 1,600
Vehicles	80
Total Projects	\$ 1,680

Port Police

Major Projects	2014 Budget
Bi-Fuel Generator	\$ 400
Vehicles	300
Bayport Container Yard Perimeter Security Cameras	290
Total Projects	\$ 990

Facility Security Officers

Major Projects	2014 Budget
Handheld TWIC Readers	\$ 175
Turning Basin Terminal Perimeter Fence	150
Install Card Reader Enhancements	100
Portable Guard Houses (2)	40
Total Projects	\$ 465

Grand Total HSSE Projects	\$ 3,135
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2014 Budget Real Estate (000's)

Major Projects

2014 Budget

Executive Office Building - Renovations

\$ 1,225

Executive Office Building - Entrance Door

200

Other

115

Total Projects

\$ 1,540



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