

2018 Budget Executive Summary

Port of Houston Authority
November 14, 2017





Foreword

- This 2018 operating budget and capital plan has been developed to guide staff in the operation and management of Port Authority facilities and activities for Fiscal Year 2018. It was presented to the Port Commission at an open meeting and approved on November 14, 2017.
- Note that the operating budget does not include tax revenues, which are used exclusively for debt service on the Port Authority's outstanding general obligation *ad valorem* tax bonds.
- While the capital plan may be approved as to maximum annual amount of capital expenditures, individual operating and capital projects exceeding \$50,000 will continue to be presented separately to the Port Commission for approval in accordance with statutory requirements.
- References to "2017 Budget Reforecast" refer to an update to the 2017 Budget that was prepared by staff as of July 2017 and submitted to the Port Commission. It has been posted on the Port Authority's website (www.portofhouston.com).



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Executive Summary – 2018 Budget

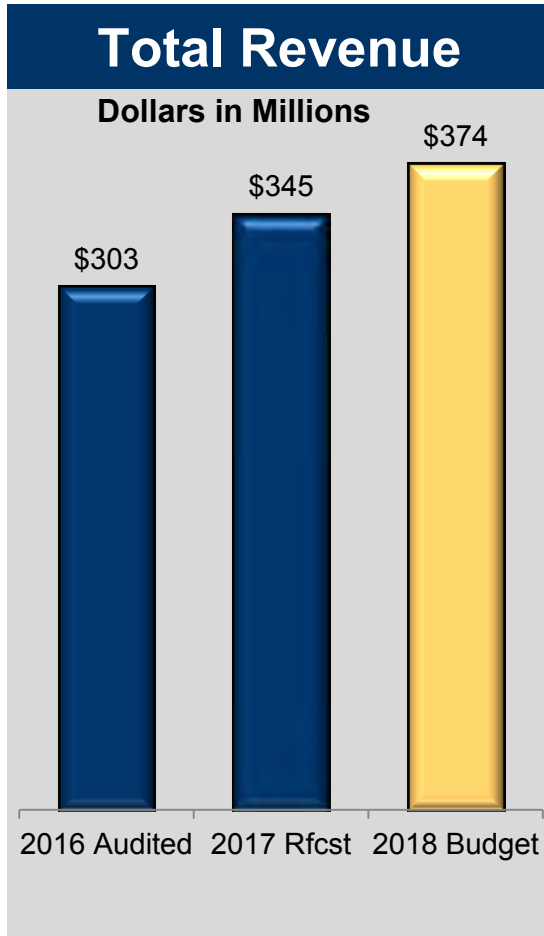
- Total Revenue growing 9% over 2017 mid-year forecast, fueled by Containers
 - Anticipating new resin production to ramp up in 2018
- Expenses up 8%* driven primarily by operations growth and terminal/asset investments, comprising 80% of the increase
- Net Operating Income up 14%*, with margin on revenue growth funding our operating and strategic objectives
- Headcount growth of 21 new positions for 2018
 - 18 Operations (volume growth); 3 G&A (1-Infrastructure, 1-HSSE, 1-Technology)
- Cash Flow increases 6%* in 2018 to \$158 million
- \$275 million Capital Plan focused primarily on Container Terminal development & reinvestment (~70% of Plan)
- Liquidity projections show sufficient resources to fund Capital Plans through 2019

* excluding settlement charges in 2017

Revenue expansion on continued growth in Container volumes



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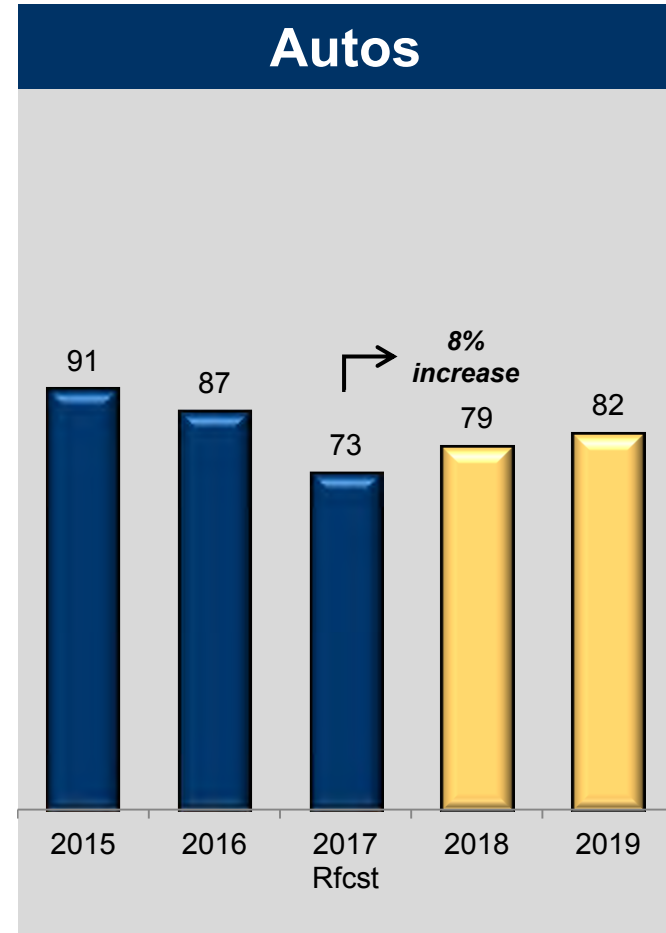
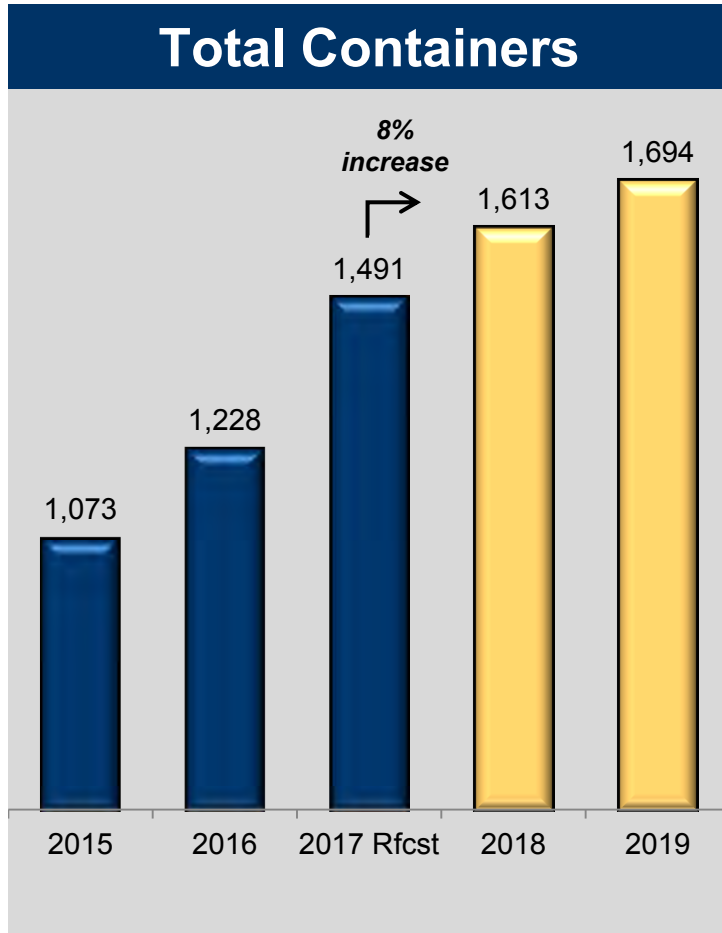
- **Total revenues increase 8.5%**
 - *Compared to 2017 Budget Reforecast*
- **13% Container Terminals revenue growth on a 9% increase in TEUs**
 - *Export loads up 15.5%, Import loads up 3%*
 - *Empty units up 5.8%*
- **Turning Basin showing modest growth of 1%**
 - *Steel up 3% and other general cargos 1%*

Container with continued growth; Autos up 8%

Units (000s)



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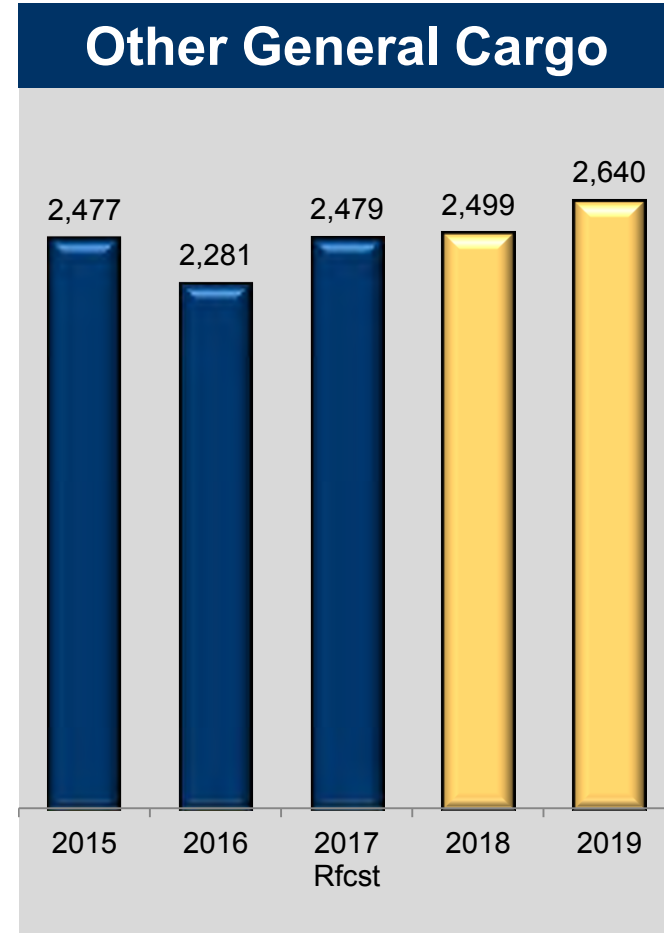
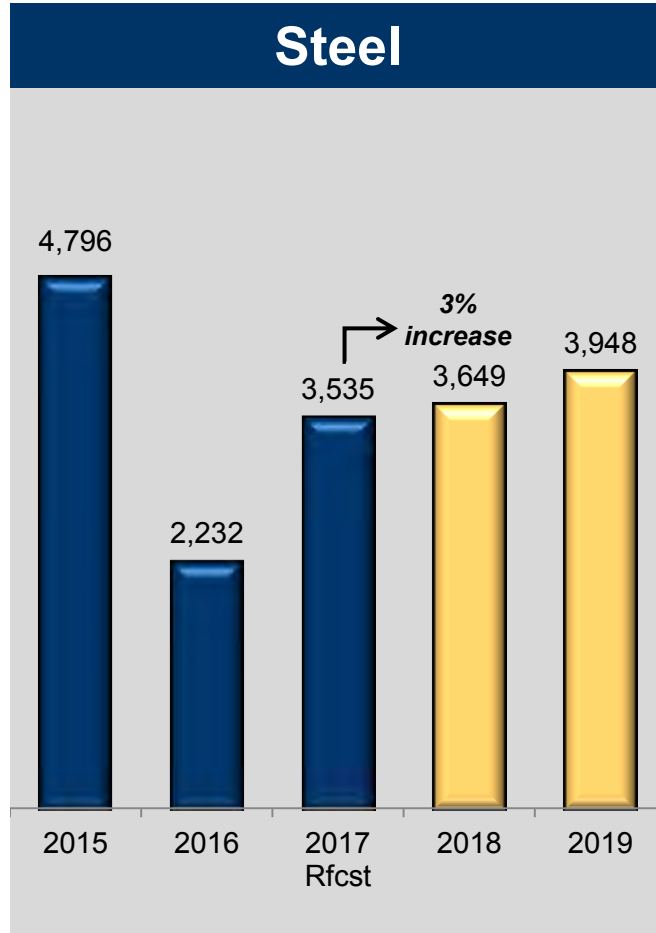


Steel growing slightly compared to 2017, other cargos “flat”

Short Tons (000s)



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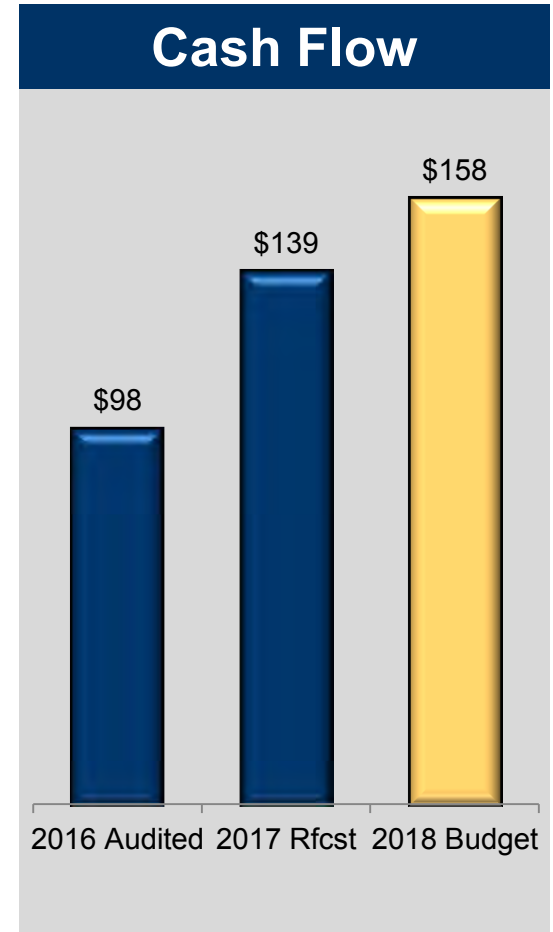
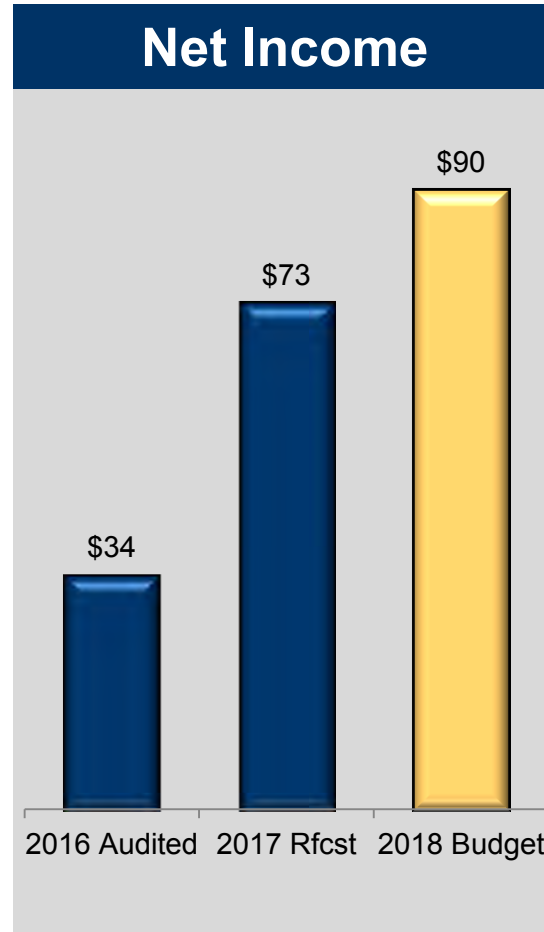
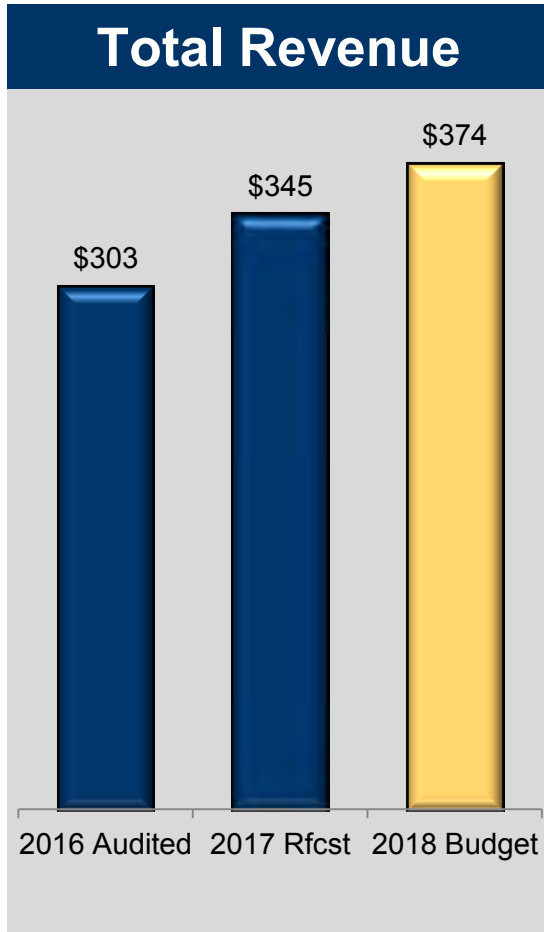


Outlook is for a strong 2018 with solid financial results

Dollars in Millions



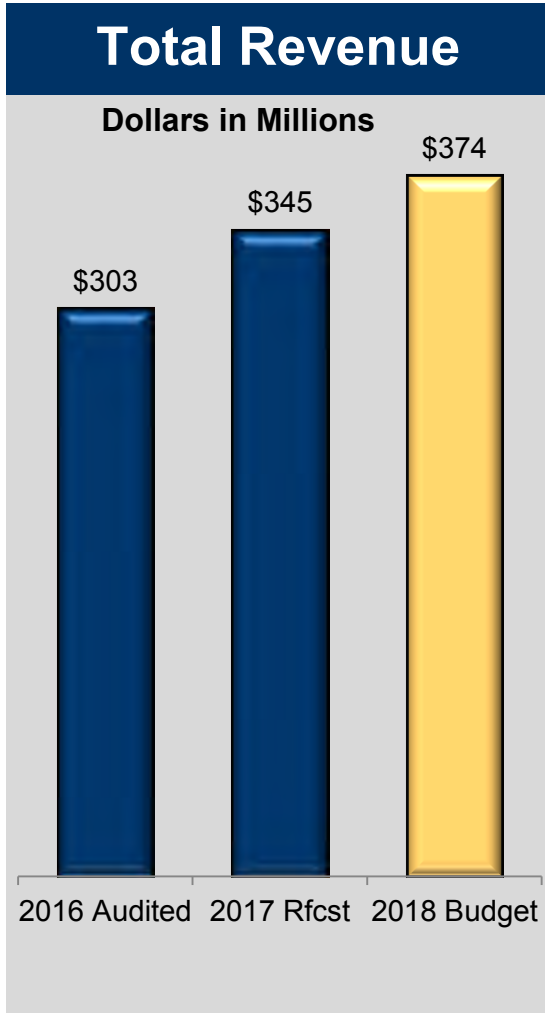
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2018 Revenue expected to increase on continued Container business execution



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Revenue Analysis

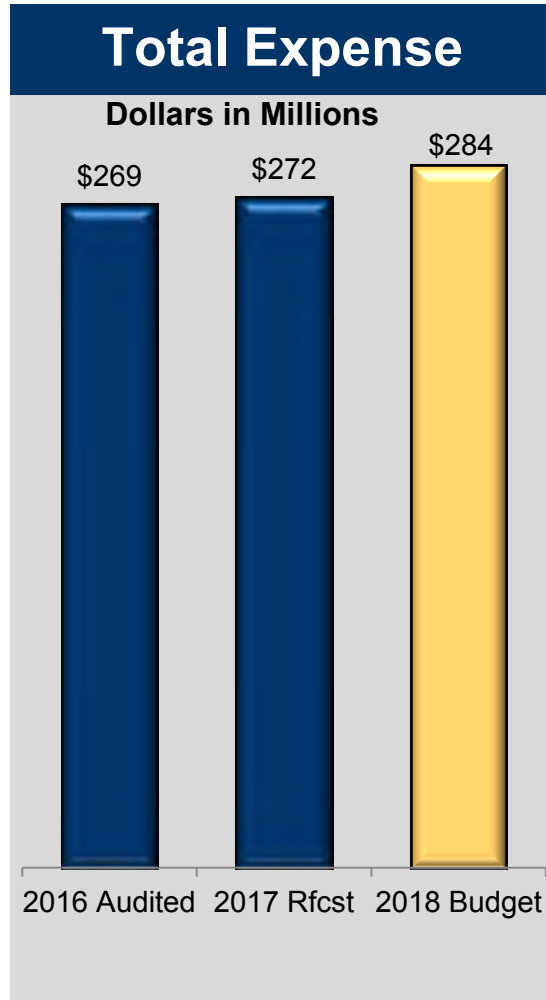
Dollars in Millions

2017 Reforecast – Total Revenue	\$345
	<u>Change</u>
• Increase in Container revenue driven by volume growth (primarily Export Loads)	33
• Increase in Channel Development revenue streams due to DMA Fees and Leases of Submerged lands	2
• Decrease in Nonoperating revenues, primarily driven by reduced Interest Income and decline in Grant funds	(6)
Subtotal	29
2018 Budget – Total Revenue	\$374

2018 expenses expected to increase primarily on operations growth and terminal / asset investments



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Expense Analysis

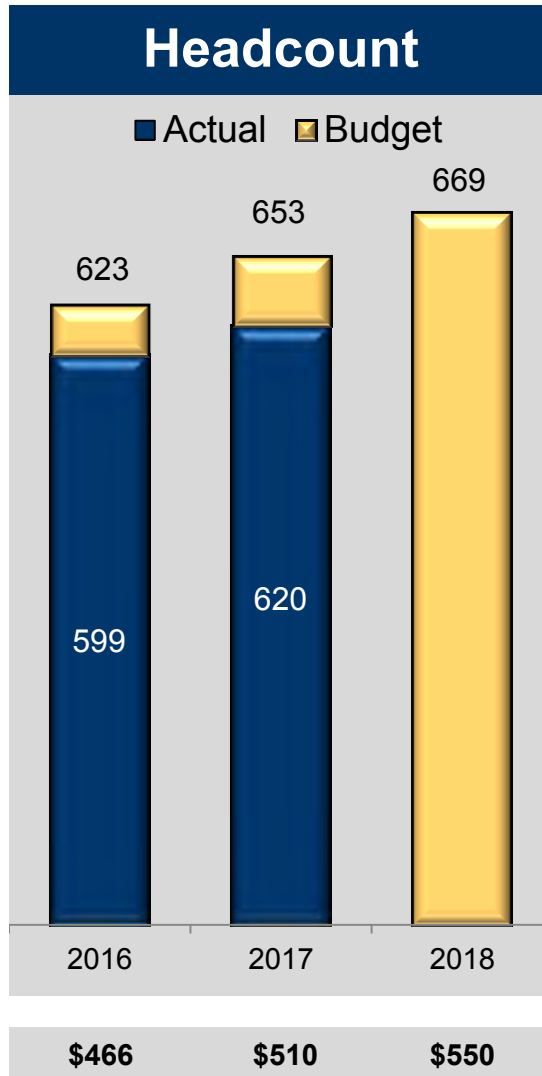
Dollars in Millions

2017 Reforecast – Total Expense, key drivers	\$272
	<u>Change</u>
<u>Changes in Operating and infrastructure-related:</u>	
• PHA terminal and ILA labor costs (volume-related)	8
• Terminal and asset maintenance	7
• Depreciation & amortization	2
• Asset management assessment of marine structures	2
• Judgments & Settlements	(9)
• Contribution to federal agencies	(3)
<u>Increase in General and administrative:</u>	
• Fees & services (Cyber security, Capacity studies, etc.)	3
• Building-related and other	2
Subtotal	12
2018 Budget – Total Expense	\$284

Staffing growth will support Operations and strategic initiatives



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Headcount Analysis

Number of Employees*

2017 Actual Headcount
(as of September 30, 2017)

Actual Headcount

Exempt	210
Nonexempt	410
Total Actual Headcount	620

Open Positions

Approved	49
Total Approved Positions	669

2018 Budget – Headcount	669
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* Does not include Casual Labor

2018 Operating Budget illustrates solid execution of operations and return of Cash for reinvestment in Growth



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Budget Overview

Dollars in Millions

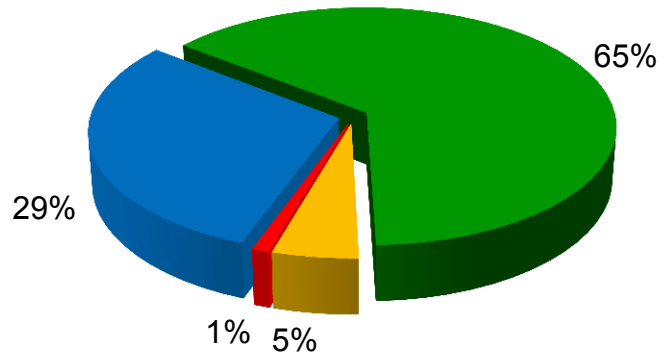
	2016 Audited	2017 Budget	2017 Reforecast	2018 Budget
Total Revenue	\$303	\$323	\$345	\$374
Total Expense	269	266	272	284
Net Income	\$34	\$57	\$73	\$90
Net Profit Margin	11%	18%	21%	24%
Cash Flow	\$98	\$132	\$139	\$158

Operating cash flow will fund the 2018 Capital budget of \$275 million



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2018 Capital Improvement Program \$275 Million



- Recapitalization
- Strategic
- Channel Development
- Maintenance/Other

- Recapitalization projects = \$79 million
 - *Investments required to sustain high service levels and/or enhance productivity*
- Strategic projects = \$179 million
 - *These investments support new growth opportunities*
- Channel projects = \$14 million
 - *Development at container terminals and DAMP areas*
- Remaining projects = \$3 million
 - *Includes maintenance equipment and other replacements*

Liquidity projections show 'coverage' through fiscal 2019



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Liquidity (000's)

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Funds Available, Beginning of Period	\$ 407,155	\$ 151,613	\$ 33,735
Contingency	(80,000)		
Other Reserves	(32,592)		
Construction Bond Funds	-		
Outstanding Capital PO's and Commitments	(213,240)		
	<u>81,323</u>	<u>151,613</u>	<u>33,735</u>
Sources:			
Net Operating Cash Flow	140,221	156,660	171,067
Available Resources	<u>221,544</u>	<u>308,273</u>	<u>204,802</u>
Uses:			
New Capital Investment			
Barbours Cut	5,532	97,501	37,232
Bayport Terminal	29,562	81,875	17,918
Turning Basin Terminals	8,766	24,314	18,900
Bayport Railroad	1,788	14,985	6,356
Channel Development	15,715	13,835	48,830
Real Estate	653	12,565	1,500
Maintenance	2,558	7,662	6,091
HSSE	3,046	7,073	680
Asset Management	-	7,000	5,000
Other	2,311	7,728	6,196
Net Uses	<u>69,931</u>	<u>274,538</u>	<u>148,703</u>
Funds Available, End of Period	<u><u>\$ 151,613</u></u>	<u><u>\$ 33,735</u></u>	<u><u>\$ 56,099</u></u>



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2018 Budget

Income Statement (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Operating Revenue*	\$290,205	\$311,898	\$245,769	\$333,028	\$368,151
Less: Operating Expense	<u>218,042</u>	<u>204,827</u>	<u>161,866</u>	<u>214,984</u>	<u>224,226</u>
Operating Income	72,164	107,072	83,903	118,044	143,925
Less: General & Administrative Expenses	47,687	56,160	35,869	50,340	55,931
% of revenue	<u>16%</u>	<u>18%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Net Operating Income	24,476	50,912	48,034	67,704	87,994
Non-Operating Revenue (Expense)	<u>9,109</u>	<u>383</u>	<u>2,640</u>	<u>3,092</u>	<u>(247)</u>
Income before Contributions & Transfers	33,585	51,295	50,674	70,796	87,747
Contributions (to)/from Federal/State Agencies	327	5,851	1,654	2,571	2,055
Net Income	\$33,912	\$57,146	\$52,328	\$73,367	\$89,802
Cash Flow	\$97,626	\$132,172	\$101,002	\$139,363	\$157,860

*Includes G&A Revenues

2018 Budget Operating and Capital Summary

Port of Houston Authority
November 14, 2017



2018 Budget



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Operating and Capital Budget Summary

	<u>Page</u>
Operating Budget	2-2
Market Forecast	2-3
Cargo Assumptions	2-7
Income Statement	2-9
Revenues	2-10
Expenses	2-14
<i>Operating</i>	2-21
<i>General & Administrative</i>	2-24
Net Income	2-27
Non-Operating	2-29
Organizational Structure	2-31
Divisional Summary	2-32
Promotion & Development	2-42
Capital Budget	2-48
Liquidity	2-59



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2018 Operating Budget

2018 Budget



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2018 Market Forecast – Global Economy

- Global economic outlook suggests 2018 will be similar to 2017.
- Countries classified as “Emerging Market and Developing Economics” as a group will continue to grow at twice the rate of Advanced Economies.
- European growth will hold steady in the face of Brexit headwinds, and Brazil will return to growth.
- 2018 GDP Growth Forecast versus 2017

	<u>2017</u>	<u>2018</u>
➤ Global	3.5 %	3.6 %
➤ Euro Area	1.9 %	1.7 %
➤ China	6.7 %	6.4 %
➤ India	7.2 %	7.7 %
➤ Brazil	0.3 %	1.3 %

- Commodities: Oil prices are unlikely to change significantly in 2018; international market prices for other commodities will also remain flat.

Sources: PHA Commercial Division, IMF – World Economic Outlook Update, July 2017 edition



2017 Market Forecast – U.S. Economy

- U.S. economy continues its gradual acceleration with 2018 GDP growth of 2.4%, slightly ahead of 2017 GDP growth currently estimated at 2.1%.
- Low inflation continues, consumer prices increasing 2.2% in 2018.
- U.S. unemployment rate will continue its very slow trend downward, falling 0.2% through 2018.
- The Federal Reserve Board anticipates that interest rates will remain low for years to come due to low inflation and is beginning to slowly sell its massive holdings of mortgage backed securities and treasury bonds accumulated as part of the Quantitative Easing program.

Sources: PHA Commercial Division, Federal Reserve Bank of Philadelphia – Survey of Professional Forecasters – 3rd Quarter 2017, Federal Reserve FOMC September 2017 Meeting Materials



2018 Market Forecast – Texas Economy

Harvey Impact

- In terms of material impact, Harvey is estimated to be one of the costliest U.S. Hurricanes in history.
- The Texas Gulf Coast is very resilient; research suggests that Houston's economy is likely to return to employment and economic growth after Harvey within a matter of months.

Texas Economy Overall

- Outside of Harvey impacts, the state is enjoying positive economic momentum with expected GDP growth of 4.3% in 2018.
- Home sales remain somewhat soft, even outside of Harvey-affected areas
- The oil and gas industry has been engaged in significant new hiring, a sign of strength.

Sources: PHA Commercial Division, Federal Reserve Bank of Dallas "Regional Economic Update", Sept 29, 2017



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2018 Budget

2017 Market Update – PHA

- PHA overall volumes are slightly higher
 - Total 2017 tonnage is 9% higher vs. 2016*
- Total container TEUs have grown 11% year-over-year**
 - Import loaded TEUs up 22% / Export loaded TEUs up 4%**
 - Import empty TEUs down -20% / Export empty TEUs up 31% **
- Steel tonnage year-to-date increase of 49%
 - Imports up 51% / Exports down -24% in 2017 vs. 2016 **
 - Steel recovery reflects improving conditions for oil and gas exploration

Sources: PHA Commercial Division, PHA Accounting

**based on September 2017 YTD versus 2016 for overall PHA tonnage excluding Bayport Industrial Complex*

*** based on 2017 September YTD vs. 2016*



2018 Budget

Cargo Assumptions – Container Terminals

Trends and Forecast (000's)

	2015 <u>Actual</u>	2016 <u>Budget</u>	2016 <u>Actual</u>	2017 <u>Budget</u>	2017 <u>Reforecast</u>	2018 <u>Budget</u>	2019 <u>Projection</u>
Units *	1,073	1,080	1,228	1,367	1,491	1,613	1,694
TEU (Imports)	815	843	979	1,043	1,182	1,215	1,278
TEU (Exports)	920	918	1,014	1,172	1,234	1,397	1,467
% Change in Units**			14.4%		21.4%	8.2%	5.0%
Budget Growth Assumption		19.7%		26.6%		8.2%	5.0%
Bayport Auto Terminal (Units)			1.0	7.1	8.3	9.5	10.4

* Units at PHA container terminals only, excluding units in leased terminals

** Percentages are based on 2015 Actual, 2016 Actual, 2017 Reforecast, 2018 Budget and 2019 Projection

- **Projected volumes based on PHA Economic Analysis Forecast Summary with updated 2017 data**
- **A tariff rate increase of 1% is incorporated into the 2018 Budget**
- **2018 Budget reflects growth of export loads at 15.5% and import loads at 3%, with a 5.8% increase in empty container volume**



2018 Budget

Cargo Assumptions – Turning Basin Terminals

Trends and Forecast (000's)

		2015	2016	2016	2017	2017	2018	2019
		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Reforecast</u>	<u>Budget</u>	<u>Projection</u>
Steel	(short tons)	4,796	4,672	2,232	2,283	3,535	3,649	3,948
<i>% Change*</i>				(53.5%)		58.4%	3.2%	8.2%
General Cargo	(short tons)	2,477	2,623	2,281	2,694	2,479	2,499	2,640
<i>% Change*</i>				(7.9%)		8.7%	0.8%	5.6%
Automobiles	(units)	91.3	85.7	85.5	78.1	64.8	69.4	71.4
<i>% Change*</i>				(6.4%)		(24.2%)	7.1%	2.9%

** Percentages are based on 2015 Actual, 2016 Actual, 2017 Reforecast, 2018 Budget and 2019 Projection*

- **Expect modest growth in Import and Export Steel volumes in 2018**
- **A tariff rate increase of 1% is incorporated into the 2018 Budget**



2018 Budget

Income Statement (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
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Net Income	\$33,912	\$57,146	\$52,328	\$73,367	\$89,802
Cash Flow	\$97,626	\$132,172	\$101,002	\$139,363	\$157,860

*Includes G&A Revenues

2018 Budget



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Total Revenue – Summary (000's)

	2016 Audited	2017 Budget	2017 Actual Sep YTD	2017 Reforecast	2018 Budget	
Container Terminals	\$213,397	\$235,713	\$186,901	\$255,037	\$288,033	
						12.9%
Turning Basin Terminals	48,230	50,885	39,965	52,275	52,671	
						0.8%
Lease Revenues	17,293	15,187	12,556	16,892	16,439	
						(2.7%)
Harbor Fees	6,403	6,880	4,800	6,520	6,949	
						6.6%
Channel Development	2,497	2,846	1,290	1,925	3,574	
						85.6%
Other Revenues	2,385	387	257	379	485	
						28.0%
Total Operating Revenues	290,205	311,898	245,769	333,028	368,151	
						10.6%
Non-Operating (Federal Grants, Insurance, Interest Income)	12,355	11,312	8,749	11,845	5,920	
						(50.0%)
Total Revenue	\$302,560	\$323,210	\$254,518	\$344,873	\$374,071	
						8.5%



2018 Budget

Total Revenue – Major Changes (000's)

2017 Reforecast

\$344,873

Container Terminals

Increase in Wharfage-Loaded Containers	11,757	
Increase in Full Container Receipt/Delivery	9,139	
Increase in Wharf Crane Rental	4,761	
Increase in Storage	2,435	
Increase in Dockage	1,593	
Increase in Empty Container Receipt or Delivery	922	
Increase in Security Fees	817	
Increase in Drayage	710	
Other Container Terminal Revenues	862	32,996

Turning Basin Terminals

Increase in Dockage	571	
Increase in Wharfage-Import	296	
Increase in Wharfage-Coastwise	174	
Decrease in Rent/Lease	(815)	
Other Turning Basin Terminals Revenue	170	396

Lease Revenues

Increase in Usage Fees	191	
Decrease in Rent/Lease	(638)	
Other Lease Revenues	(6)	(453)



2018 Budget

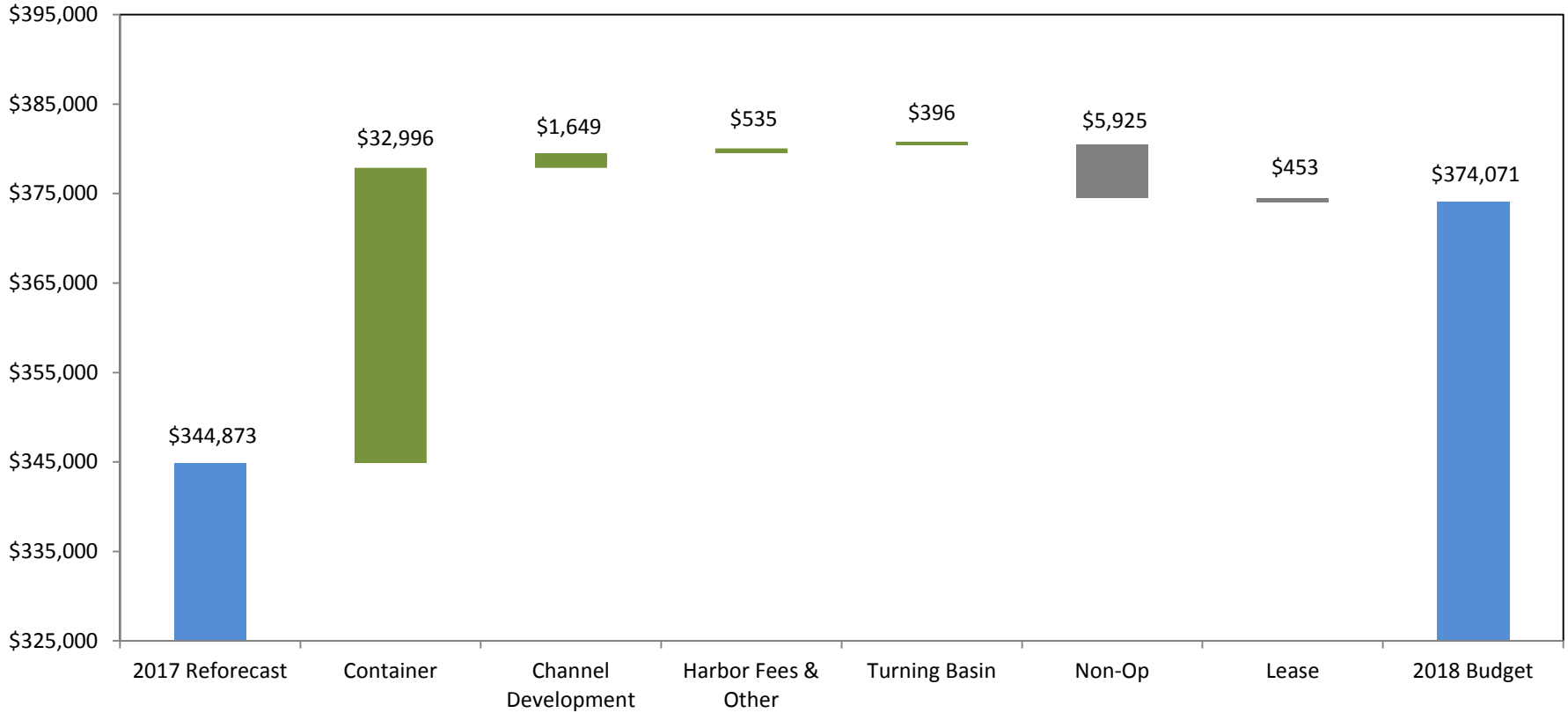
Total Revenue – Major Changes (000's)

Harbor Fees			
Harbor & Barge Fees	429	429	
Channel Development			
Increase in DMA Fees	951		
Increase in Rent/Lease (Submerged lands)	706		
Other Channel Development Revenue	(8)	1,649	
Other Revenue			
Increase in FTZ Annual Base Fees	94		
Other Revenue	12	106	
Non-Operating			
Interest Income-Securities Current Fund	(2,362)		
Income from Federal Funds	(2,117)		
Income from FEMA-Ike	(1,000)		
Other Non Operating Revenues	(180)		
Interest Income-Delinquent A/R	(141)		
Refund of Insurance	(125)	(5,925)	
			<u>29,198</u>
2018 Budget			\$374,071



2018 Budget

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





2018 Budget

Expense – Overview

- Increase in Salaries and Benefits, primarily ILA Labor, driven by higher cargo volumes.
- Increase in Terminal and Asset Maintenance costs related to BCT Lash Dock and crane demolitions; pavement repair; and Executive Office Building updates.
- Budget includes \$10 million of funding aligned with Strategic Plan 2018 Outcomes.



2018 Budget

Total Expense – Summary (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Salaries	\$74,739	\$77,685	\$62,765	\$83,814	\$91,592 9.3%
Benefits	29,059	31,978	24,783	31,642	36,274 14.6%
Retirement Benefits	13,149	13,908	13,846	17,396	13,748 (21.0%)
Depreciation & Amortization	79,443	75,026	48,779	66,101	68,058 3.0%
Terminal & Asset Maintenance	18,051	18,256	11,565	16,640	22,908 37.7%
Fees & Services	14,362	16,156	10,314	14,884	17,084 14.8%
Insurance	5,008	5,051	3,751	4,982	5,066 1.7%
Utilities	4,074	3,959	3,041	4,074	4,323 6.1%
Fuel	2,333	2,752	2,207	3,017	3,553 17.8%
Consulting Fees	3,197	4,893	1,610	4,139	5,399 30.4%
Discretionary Expenses	22,613	11,864	15,254	18,941	12,509 (34.0%)
Allocations	(300)	(541)	(179)	(303)	(357) 17.8%
Total Expenses Operations and G&A	265,728	260,987	197,736	265,327	280,157 5.6%
Non-Operating Expenses	2,919	5,078	4,455	6,182	4,112 (33.5%)
Net Expense	\$268,647	\$266,065	\$202,191	\$271,509	\$284,269 4.7%

2018 Budget



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Total Expense – Major Changes (000's)

2017 Reforecast

\$271,509

Salaries & Benefits

ILA Labor Due to Increased Volume	6,122	
PHA Salary & Overtime Expenses	3,774	
Increase in Medical Insurance	1,489	
Increase in Leavetime Benefits	689	
Increase in FICA	505	
Decrease in Retirement Benefits	(3,648)	
All Other Salaries & Benefits	(167)	8,764

Depreciation & Amortization

Increase in Depreciation	1,224	
Increase in Amortization	733	1,957

Terminal & Asset Maintenance

Increase in Prop and Equip Demo-Contractor	2,972	
Increase in Wharf Maintenance-Contractors	1,718	
Increase in Road Maintenance - Contractor	666	
Increase in Building Maintenance-Contractors	661	
Increase in Maintenance Agreements	576	
Increase in DMDA Maintenance	273	
Decrease in Machinery and Equipment Maintenance - P and S	(1,002)	
Decrease in Machinery and Equipment Maintenance-Contractor	(279)	
All Other Terminal & Asset Maintenance	684	6,269

Fees & Services

Increase in Fees & Services	1,499	
Increase in Consulting Fees	1,260	
Increase in Software License Fees	819	
All Other Fees & Services	(118)	3,460



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2018 Budget

Total Expense – Major Changes (000's)

Discretionary Expenses

Increase in Asset Management Assessment	1,630	
Increase in Travel	290	
Increase in Temporary Agency Labor	244	
Increase in Special Events	217	
Decrease in Judgments & Settlements	(9,196)	
Decrease in Engineering Design and Analysis Services	(539)	
Decrease in Bad Debt Expense	(315)	
All Other Discretionary Expenses	1,237	(6,432)

Non-Operating

Increase in Debt Issuance Cost	545	
Decrease in Contributions to State or Local Agencies	(2,664)	
All Other Non-Operating	49	(2,070)

All Other Expenses

All Other	812	812
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12,760

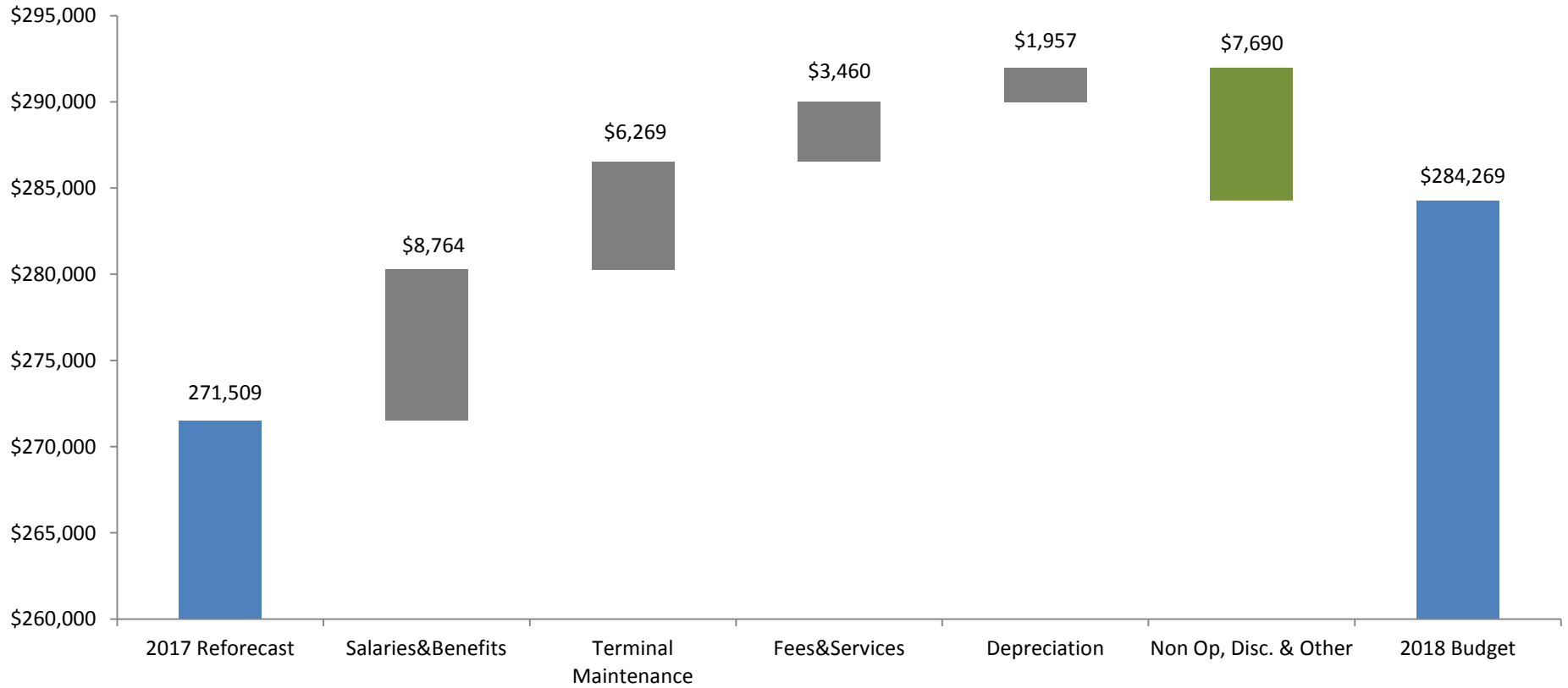
\$284,269

2018 Budget



2018 Budget

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



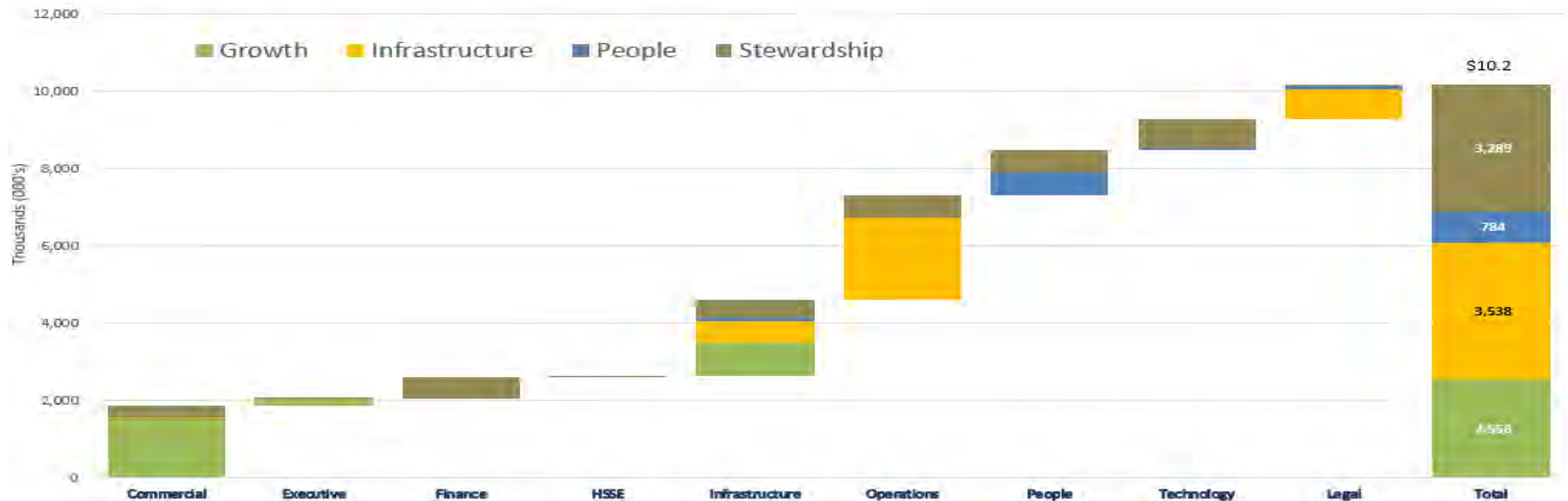
Strategic investments support short- and long-term performance



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	2017	2018
Total Recurring	\$4.5m	\$4.9m
Total Project	\$3.9m	\$5.3m
Combined Total	\$8.4m	\$10.2m

- Increased project spending driven by asset management, market development studies and cyber security investment
- Project and recurring expenses are tied to 2018 priority outcomes
- Expenditures support stretch goals required to achieve Port Houston’s Vision



	2017	2018
Recurring	<ul style="list-style-type: none"> • Online Training Tools (\$28,400) 	<ul style="list-style-type: none"> • Online Training Tools (\$50,000)
Project	<ul style="list-style-type: none"> • Leadership Development (\$250,000) 	<ul style="list-style-type: none"> • Compensation Study (\$200,000) • Leadership Development Programs (\$150,000) • Port Houston Academy (\$100,000) • Process Improvement (\$41,000)

People and Organization



	2017	2018
Recurring	<ul style="list-style-type: none"> • Print, Cable & Broadcast Advertising (\$511,200) • Promotional Marketing (\$589,700) 	<ul style="list-style-type: none"> • Print, Cable & Broadcast Advertising (\$489,000) • Promotional Marketing (\$702,000)
Project	<ul style="list-style-type: none"> • Market Research (\$126,800) • Trade Development International Representation (\$344,000) 	<ul style="list-style-type: none"> • Capacity Studies (\$550,000) • Market Analysis (\$185,000)

Growth



	2017	2018
Recurring	<ul style="list-style-type: none"> • State and Federal Policy Consulting (\$610,600) • Freight Mobility Consult (\$250,000) 	<ul style="list-style-type: none"> • State and Federal Policy Consulting (\$556,000) • Alliance for I 69 (\$57,500)
Project	<ul style="list-style-type: none"> • Facility Inspection and Condition Assessment Project (FICAP) Plan Development (\$250,000) • Asset Management (\$1,478,000) • GIS Consulting (\$173,500) 	<ul style="list-style-type: none"> • FICAP (\$2,139,300) • Enterprise Asset Software (\$110,000) • Truck Study and Visualization (\$90,000) • Penn City Connector Assessment (\$80,000)

Infrastructure



	2017	2018
Recurring	<ul style="list-style-type: none"> • Dust Suppression (\$600,000) • Stakeholder service agreements and event Sponsorships (\$1,288,600) 	<ul style="list-style-type: none"> • Dust Suppression (\$600,000) • Stakeholder service agreements and event sponsorships (\$1,398,300)
Project	<ul style="list-style-type: none"> • Cybersecurity Consulting (\$300,000) • Community Engagement Survey (\$15,000) 	<ul style="list-style-type: none"> • Environmental Leadership Sustainability Study (\$43,000) • Cybersecurity (\$450,000)

Stewardship





2018 Budget

Operations Expense – Summary (000's)

	2016 Audited	2017 Budget	2017 Actual Sep YTD	2017 Reforecast	2018 Budget
Salaries	\$57,685	\$58,972	\$49,611	\$66,136	\$72,848 10.1%
Benefits	22,190	24,190	19,042	24,607	28,497 15.8%
Retirement Benefits	6,053	6,242	7,272	8,992	7,113 (20.9%)
Depreciation & Amortization	76,092	71,247	46,428	63,010	65,106 3.3%
Terminal & Asset Maintenance	17,249	16,657	11,161	15,771	20,902 32.5%
Utilities & Fuel	6,198	6,422	5,094	6,869	7,608 10.8%
Insurance	4,322	4,170	3,153	4,193	4,306 2.7%
Allocation to Others	1,275	626	1,015	1,375	413 (70.0%)
Fees & Services	9,959	11,054	7,113	10,437	11,568 10.8%
Discretionary Expenses	17,019	5,247	11,977	13,594	5,865 (56.9%)
Total Operating Expenses	\$218,042	\$204,827	\$161,866	\$214,984	\$224,226 4.3%

2018 Budget



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Operations Expense – Major Changes (000's)

2017 Reforecast

\$214,984

Salaries

ILA Labor Expenses	6,122	
PHA Salary Expenses	2,615	
Increase in Medical Insurance	1,175	
Increase in Leavetime Benefits	478	
Increase in FICA	311	
Other PHA Salaries & Benefits	(99)	10,602

Retirement Benefits

Increase in Other Post Employment Benefits	301	
Decrease in Pension Contribution	(2,305)	
Other Retirement Benefits	126	(1,878)

Depreciation & Amortization

Increase in Depreciation	1,363	
Increase in Amortization	733	2,096

Terminal & Asset Maintenance

Increase in Prop and Equip Demo-Contractor	2,972	
Increase in Wharf Maintenance-Contractors	1,718	
Increase in Road Maintenance - Contractor	666	
Increase in Maintenance Agreements	372	
Decrease in Machinery and Equipment Maintenance - P and S	(1,002)	
Decrease in Building Maintenance-Contractors	(394)	
Other Terminal & Asset Maintenance	799	5,131

Fuel

Increase in Fuel Expenses	500	500
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2018 Budget



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

Discretionary Expenses

Increase in Asset Management Assessment	1,673	
Increase in Fees & Services	725	
Increase in Software License Fees	279	
Decrease in Judgments and Settlements	(9,196)	
Decrease in Engineering Design and Analysis Services	(529)	
Decrease in Bad Debt Expense	(315)	
Other Discretionary Expenses	764	(6,599)

Allocations

Maintenance Allocation	(1,163)	
Other Allocation	200	(963)

Other Expenses

Other	353	353
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9,242

\$224,226

2018 Budget



2018 Budget

G&A Expense – Summary (000's)

	2016 Audited	2017 Budget	2017 Actual Sep YTD	2017 Reforecast	2018 Budget
Salaries	\$17,055	18,713	13,154	17,677	\$18,744 6.0%
Benefits	6,869	7,787	5,741	7,035	7,777 10.6%
Retirement Benefits	7,097	7,666	6,574	8,404	6,635 (21.1%)
Fees & Services	7,601	9,995	4,811	8,586	10,914 27.1%
Depreciation & Amortization	3,351	3,779	2,351	3,090	2,952 (4.5%)
Terminal & Asset Maintenance	802	1,599	404	868	2,006 131.0%
Utilities & Fuel	210	289	154	221	267 20.8%
Insurance	683	881	597	790	762 (3.8%)
Discretionary Expenses	5,594	6,618	3,277	5,347	6,644 24.3%
Gross G&A Expenses	49,262	57,327	37,063	52,018	56,701 9.0%
Allocations	(1,575)	(1,167)	(1,194)	(1,678)	(770) (54.1%)
Net G&A Expenses	\$47,687	\$56,160	\$35,869	\$50,340	\$55,931 11.1%



2018 Budget

G&A Expense – Major Changes (000's)

2017 Reforecast			\$50,340
Salaries & Benefits			
Increase in Salaries	1,159		
Increase in Medical Insurance	313		
Increase in Leavetime Benefits	211		
Other Salaries & Benefits	127	1,810	
Retirement Benefits			
Decrease in Pension Contribution	(1,645)		
Decrease in Other Post Employment Benefits	(301)		
Other Retirement Benefits	177	(1,769)	
Terminal & Asset Maintenance			
Increase in Building Maintenance-Contractor	1,055		
Increase in Maintenance Agreement	203		
Decrease in Machinery and Equipment Maintenance-Contractor	(138)		
Other Terminal & Asset Maintenance	18	1,138	
Discretionary Expenses			
Increase in Consulting Fees	1,128		
Increase in Fees and Services	774		
Increase in Software License Fees	540		
Increase in Temporary Agency Labor	253		
Increase in Special Events	217		
Increase in Travel	214		
All Other Discretionary Expenses	500	3,626	



2018 Budget

G&A Expense – Major Changes (cont.) (000's)

Allocations			
Maintenance Allocation	1,163		
Environmental Allocation	(192)		
Other Allocations	(62)	909	
Other Expenses			
Other	(123)	(123)	
			5,591
2018 Budget			\$55,931



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2018 Budget

Net Operating Income – Major Changes (000's)

2017 Reforecast		\$67,704
Increase in Wharfage - Loaded Containers	11,757	
Decrease in Judgments and Settlements	9,196	
Increase in Full Container Receipt/Delivery	9,139	
Increase in Wharf Crane Rental	4,761	
Decrease in Pension Contribution	3,950	
Increase in Storage	2,447	
Increase in Dockage	2,163	
Decrease in Machinery and Equipment Maintenance P&S	1,002	
ILA Labor Due to Increased Volume	(6,122)	
PHA Labor Due to Increased Volume	(3,774)	
Increase in Prop and Equip Demo-Contractor	(2,972)	
Increase in Fees and Services	(2,199)	
Increase in Depreciation and Amortization	(1,957)	
Increase in Wharf Maintenance - Contractors	(1,718)	
Increase in Asset Management Assessment	(1,630)	
Increase in Medical Insurance	(1,489)	
Increase in Consulting Fees	(1,260)	
Other Changes in Revenues/Expenses	(1,004)	20,290
2018 Budget		\$87,994



2018 Budget

Net Income – Major Changes (000's)

2017 Reforecast		\$73,367
Increase in Wharfage - Loaded Containers	11,757	
Decrease in Judgments and Settlements	9,196	
Increase in Full Container Receipt/Delivery	9,139	
Increase in Wharf Crane Rental	4,761	
Decrease in Pension Contribution	3,950	
Decrease in Contributions to State or Local Agencies	2,664	
Increase in Storage	2,447	
Increase in Dockage	2,163	
Decrease in Machinery and Equipment Maintenance P&S	1,002	
ILA Labor Due to Increased Volume	(6,122)	
PHA Labor Due to Increased Volume	(3,774)	
Increase in Prop and Equip Demo-Contractor	(2,972)	
Decrease in Interest Income-Securities Current Fund	(2,362)	
Increase in Fees and Services	(2,199)	
Decrease in Income from Federal Funds	(2,117)	
Increase in Depreciation and Amortization	(1,957)	
Increase in Wharf Maintenance - Contractors	(1,718)	
Increase in Asset Management Assessment	(1,630)	
Increase in Medical Insurance	(1,489)	
Increase in Consulting Fees	(1,260)	
Other Changes in Revenues/Expenses	(3,044)	16,435
2018 Budget		\$89,802



2018 Budget

Non-Operating – Summary (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Aug YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Non-operating Revenues	\$9,902	\$2,028	\$3,676	\$4,533	\$1,788
Contribution from Federal/State Agency	2,454	9,284	5,073	7,312	4,132
Total Non-Operating Revenues	\$12,356	\$11,312	\$8,749	\$11,845	\$5,920
Non-operating Expenses	793	1,645	1,036	1,441	2,035
Contribution to Federal/State Agency	2,127	3,433	3,419	4,741	2,077
Total Non-Operating Expenses	\$2,920	\$5,078	\$4,455	\$6,182	\$4,112
Non-Operating Income	\$9,436	\$6,234	\$4,294	\$5,663	\$1,808



2018 Budget

Non-Operating – Major Changes (000's)

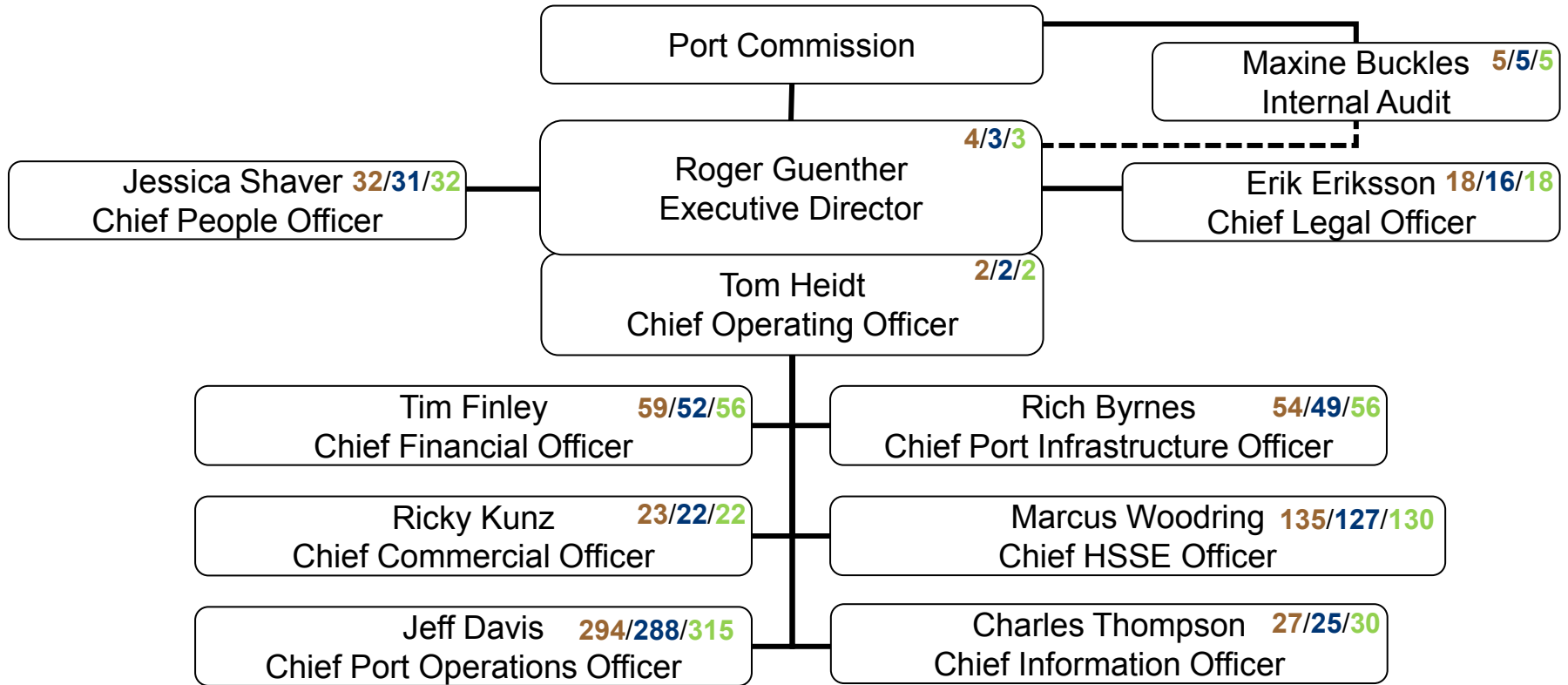
2017 Reforecast	\$5,663
Decrease in Contributions to State or Local Agencies	2,664
Decrease in Interest Income-Securities Current Fund	(2,363)
Decrease in Income from Federal Funds	(2,117)
Decrease in Income from FEMA-Ike	(1,000)
Increase in Debt Issuance Cost	(545)
All Other Changes in Revenues/Expenses	<u>(494)</u>
2018 Budget	\$1,808

2018 Budget ORGANIZATIONAL STRUCTURE

(As of September 30, 2017)



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2017 Budget = 653/2017 Actual = 620/2018 Budget = 669

2016 Budget = 623	2016 Actual = 599
2015 Budget = 592	2015 Actual = 585
2014 Budget = 569	2014 Actual = 539



PORT HOUSTON
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2018 Budget

Executive (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Salaries	\$1,176	\$1,427	\$901	\$1,213	\$1,268
Benefits	396	503	333	405	461
Retirement Benefits	249	359	404	477	302
Depreciation & Amortization	5	5	4	5	5
Fees & Services	114	143	92	126	153
Insurance	31	73	62	86	82
Consulting Fees	8	68	142	216	173
Discretionary Expenses	297	329	104	265	368
Net Expense	<u>\$2,276</u>	<u>\$2,907</u>	<u>\$2,042</u>	<u>\$2,793</u>	<u>\$2,812</u>



2018 Budget

Commercial (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Salaries	\$2,043	\$2,066	\$1,580	\$2,095	\$2,040
Benefits	777	844	651	790	807
Retirement Benefits	480	592	711	849	547
Depreciation & Amortization	1,127	1,088	799	1,072	1,040
Terminal & Asset Maintenance	1,079	1,750	500	740	1,527
Fees & Services	818	941	605	876	939
Insurance	175	211	162	219	230
Utilities	269	237	201	255	215
Fuel	-	16	3	4	7
Consulting Fees	466	519	285	451	544
Discretionary Expenses	2,016	2,188	1,265	1,895	2,251
Gross Expense	9,250	10,452	6,762	9,246	10,147
Allocations	29	347	17	23	845
Net Expense	\$9,279	\$10,799	\$6,779	\$9,269	\$10,992



PORT HOUSTON
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2018 Budget

Finance (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Salaries	\$4,049	\$4,353	\$3,086	\$4,136	\$4,251
Benefits	1,561	1,820	1,298	1,594	1,805
Retirement Benefits	2,095	1,042	1,162	1,412	991
Depreciation & Amortization	6	5	5	5	-
Fees & Services	812	829	441	718	746
Insurance	27	115	64	89	105
Fuel	-	2	-	1	1
Consulting Fees	143	158	31	52	150
Discretionary Expenses	743	737	405	671	855
Gross Expense	9,436	9,061	6,492	8,678	8,904
Allocations	-	3	-	-	1
Net Expense	\$9,436	\$9,064	\$6,492	\$8,678	\$8,905



2018 Budget

HSSE (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Salaries	\$8,148	\$7,797	\$6,116	\$8,194	\$8,484
Benefits	3,455	4,006	2,791	3,474	3,987
Retirement Benefits	958	1,845	2,142	2,661	2,089
Depreciation & Amortization	3,081	2,990	2,128	2,856	3,042
Terminal & Asset Maintenance	317	391	126	190	528
Fees & Services	6,435	6,802	4,464	6,405	7,008
Insurance	377	470	287	382	404
Utilities	69	117	35	82	117
Fuel	93	246	66	127	226
Consulting Fees	118	125	-	48	75
Discretionary Expenses	919	1,192	371	821	1,163
Gross Expense	23,970	25,981	18,526	25,240	27,123
Allocations	(9,257)	(6,855)	(6,563)	(9,034)	(8,171)
Net Expense	\$14,713	\$19,126	\$11,963	\$16,206	\$18,952



2018 Budget

Infrastructure (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Salaries	\$3,964	\$4,700	\$3,236	\$4,357	\$4,832
Benefits	1,533	1,950	1,330	1,635	1,917
Retirement Benefits	750	1,040	1,153	1,395	995
Depreciation & Amortization	739	793	501	684	1,249
Terminal & Asset Maintenance	469	430	189	357	630
Fees & Services	606	448	201	361	536
Insurance	152	179	158	202	177
Utilities & Fuel	1	24	6	10	25
Consulting Fees	1,401	2,413	585	1,842	2,543
Discretionary Expenss	495	414	551	733	646
Gross Expense	10,110	12,391	7,910	11,576	13,550
Allocations	(649)	(618)	(312)	(493)	(563)
Net Expense	\$9,461	\$11,773	\$7,598	\$11,083	\$12,987



PORT HOUSTON
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2018 Budget

Operations (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Salaries	\$49,579	\$51,063	\$43,391	\$57,798	\$64,181
Benefits	18,736	20,130	16,235	21,113	24,473
Retirement Benefits	5,091	4,390	5,119	6,314	5,002
Depreciation & Amortization	72,294	67,561	43,804	59,474	60,841
Terminal & Asset Maintenance	15,842	15,111	10,562	14,940	19,744
Fees & Services	2,319	2,956	2,192	3,020	3,448
Insurance	3,871	3,626	2,811	3,736	3,828
Utilities	3,723	3,604	2,796	3,723	3,974
Fuel	2,224	2,419	2,118	2,850	3,253
Consulting Fees	129	-	2	2	-
Discretionary Expenses	15,892	4,089	11,219	12,349	4,508
Gross Expense	189,700	174,949	140,249	185,319	193,252
Allocations	10,506	7,129	7,566	10,390	8,371
Net Expense	\$200,206	\$182,078	\$147,815	\$195,709	\$201,623



2018 Budget

People (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Salaries	\$1,974	\$2,365	\$1,558	\$2,145	\$2,393
Benefits	1,233	1,150	985	1,202	1,192
Retirement Benefits	2,787	3,709	2,156	3,081	3,019
Depreciation & Amortization	154	111	101	116	61
Terminal & Asset Maintenance	-	190	7	163	25
Fees & Services	298	386	237	324	410
Insurance	67	110	89	123	126
Utilities	12	-	8	13	16
Fuel	17	45	13	25	36
Consulting Fees	150	193	44	131	376
Discretionary Expenses	867	1,225	542	903	1,192
Gross Expense	7,559	9,484	5,740	8,226	8,846
Allocations	-	290	-	-	318
Net Expense	\$7,559	\$9,774	\$5,740	\$8,226	\$9,164



2018 Budget

Technology (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Salaries	\$2,163	\$2,154	\$1,633	\$2,179	\$2,406
Benefits	812	909	685	851	982
Retirement Benefits	376	452	433	537	413
Depreciation & Amortization	2,037	2,285	1,438	1,889	1,821
Terminal & Asset Maintenance	344	384	182	250	454
Fees & Services	2,227	2,141	891	1,510	2,471
Insurance	299	226	92	110	73
Fuel	-	-	1	1	4
Consulting Fees	194	717	42	710	886
Discretionary Expenses	1,182	1,325	618	1,045	1,156
Gross Expense	9,634	10,593	6,015	9,082	10,666
Allocations	(935)	(838)	(889)	(1,190)	(1,158)
Net Expense	\$8,699	\$9,755	\$5,126	\$7,892	\$9,508



PORT HOUSTON
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2018 Budget

Legal (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Salaries	\$1,644	\$1,759	\$1,264	\$1,698	\$1,737
Benefits	556	667	475	578	651
Retirement Benefits	362	480	567	669	389
Depreciation & Amortization	-	188	-	-	-
Fees & Services	735	1,511	1,191	1,544	1,375
Insurance	8	41	24	34	40
Fuel	-	-	-	-	1
Consulting Fees	588	700	479	688	651
Discretionary Expenses	200	365	179	258	367
Gross Expense	4,093	5,711	4,179	5,469	5,211
Allocations	7	-	-	-	1
Net Expense	\$4,100	\$5,711	\$4,179	\$5,469	\$5,212



2018 Budget

Internal Audit (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Salaries	\$427	\$483	\$321	\$440	\$486
Benefits	135	161	115	145	163
Retirement Benefits	84	113	113	136	98
Depreciation & Amortization	5	5	4	5	5
Fees & Services	14	8	(8)	(2)	9
Insurance	25	51	50	69	63
Consulting Fees	8	53	-	39	53
Discretionary Expenses	20	31	19	28	37
Net Expense	<u>\$718</u>	<u>\$905</u>	<u>\$614</u>	<u>\$860</u>	<u>\$914</u>

*Included in Executive Division



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2018 Budget

Promotion & Development (000's)

	2017 Reforecast	2018 Budget
838-Marketing and External Communications	\$1,731	\$1,788
881-M/V Sam Houston	942	1,277
853-Government Relations	823	794
839-Trade Development	510	787
837-Community Relations and Events	409	407
806-Small Business	266	336
810-Executive	304	328
170-FTZ and Economic Development	239	308
818-Education Outreach	195	232
832-Chief Commercial Officer Administration	78	211
813-Freight Mobility	-	96
854-Environmental Affairs	30	40
145-Channel Development	-	3
856-Media Relations	2	3
809-Chief Operating Officer	9	-
805-Treasury	1	-
	<u>\$5,539</u>	<u>\$6,610</u>

Note: The 2018 Budget includes expenditures classified as Promotion & Development in accordance with the P&D Policy enacted in 2013.



2018 Budget

Promotion & Development (000's)

	<u>2017 Reforecast</u>	<u>2018 Budget</u>
881-M/V Sam Houston		
Salaries	\$427	\$361
Allocation to Others	-	307
Benefits	191	204
Retirement Benefits	32	99
Discretionary Expenses	41	70
Tour Boat Events	42	65
Depreciation and Amortization	14	56
Utilities and Fuel	29	51
Insurance	10	39
Terminal and Asset Maintenance	156	25
Total 881-M/V Sam Houston	<u>942</u>	<u>1,277</u>
Other P&D Location Expenses	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Events	942	1,175
Consulting Fees	1,095	1,135
Economic Development & Educational Sponsorships	706	815
Advertising	492	563
Fees & Services	534	474
Travel	287	444
Art & Production	275	373
Discretionary Expenses	266	354
Total Other P&D Location Expenses	<u>4,597</u>	<u>5,333</u>
Total P&D Expenses	<u><u>\$5,539</u></u>	<u><u>\$6,610</u></u>



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2018 Capital Budget



PORT HOUSTON
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2018 Budget

Total Capital Investments (000's)

	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Barbours Cut	\$ 75,921	\$ 5,997	\$ 7,008	\$ 99,837
Bayport Terminal	102,383	25,695	28,945	83,597
Turning Basin Terminals	14,193	13,156	8,575	24,897
Bayport Railroad	3,139	10,163	20,306	15,343
Channel Development	15,415	5,360	13,687	13,835
Real Estate	3,808	2,633	513	12,565
Maintenance	517	3,717	3,446	7,662
HSSE	2,291	3,735	3,079	7,073
Asset Management	-	-	-	7,000
Other	4,786	2,973	3,854	2,729
Total Capital	<u>\$ 222,453</u>	<u>\$ 73,429</u>	<u>\$ 89,413</u>	<u>\$ 274,538</u>
Grant Reimbursements	(965)	(7,283)	(4,820)	(4,035)
Net Capital	<u>\$ 221,488</u>	<u>\$ 66,146</u>	<u>\$ 84,593</u>	<u>\$ 270,503</u>



2018 Budget

Barbours Cut Terminal (000's)

Major Projects	2018 Budget
3 STS Cranes-Wharf 3	\$ 37,500
Wharf 3 & SSB3 Reconstruction	31,296
8 RTG Cranes	15,200
C-1 N Reconstruction	10,591
Differential Global Positioning System	1,500
Gate Expansion - Design	1,500
Other	2,250
Total Projects	\$ 99,837



2018 Budget

Bayport Terminal (000's)

Major Projects	2018 Budget
Container Yard 7-Construction	\$ 46,417
9 RTG CY7	17,100
Bayport Fill Management	10,000
Pipeline Relo-Praxair Seg 3&4	7,500
Differential Global Positioning System	1,500
Other	1,080
Total Projects	\$ 83,597



2018 Budget

Turning Basin Terminal (000's)

Turning Basin North Terminal	
Major Projects	2018 Budget
Rehab Wharf CD9	\$ 6,170
Wharf Rehab M2 - Construction	6,170
Transit Shed Roof 30-31	1,645
Other	2,014
Total Projects	\$ 15,999

Jacintoport/Woodhouse Terminals	
Major Projects	
Rehab Wharves & Bollards	\$ 6,170
Potable Water System - Construction	1,028
Other	1,700
Total Projects	\$ 8,898

Grand Total Turning Basin Terminals Projects	\$ 24,897
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PORT HOUSTON
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2018 Budget

Bayport Railroad (000's)

Major Projects

3.1-7509 PTR A Track, South Bayport-Installation

3.1-7509 PTR A Track, Mainline Red Bluff to Bayport-ROW

Total Projects

2018 Budget

\$ 8,838

6,505

\$ 15,343



2018 Budget

Channel Development (000's)

Major Projects	2018 Budget
Maintenance Dredging	\$ 11,085
Ditching	2,650
Other	100
Total Projects	\$ 13,835



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2018 Budget

Real Estate (000's)

Major Projects	2018 Budget
Land Purchase	\$ 8,500
Beltway 8 Mitigation	3,000
Executive Office Bldg Build Out	1,000
Other	65
Total Projects	\$ 12,565



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2018 Budget

Asset Management (000's)

Major Projects	<u>2018 Budget</u>
AM Projects	\$ 7,000
Total Projects	<u>\$ 7,000</u>



PORT HOUSTON
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2018 Budget

Maintenance (000's)

Major Projects	2018 Budget
BCT Maintenance Total	\$ 2,988
TB Maintenance Total	2,489
BPT Maintenance Total	2,185
Total Projects	\$ 7,662



2018 Budget

HSSE (000's)

Emergency Management	
Major Projects	2018 Budget
Communication Towers	\$ 4,000
Other	148
Total Projects	\$ 4,148
Fire	
Major Projects	
Fireboat Dock at Bayport-Const.	\$ 2,000
Other	80
Total Projects	\$ 2,080
Police	
Major Projects	
Purchase Auto/Trucks 2018	\$ 320
Total Projects	\$ 320
Security	
Major Projects	
Electronic Gates Manchester	\$ 200
Perimeter Fence 2018	150
Bayport Gate 1 Awning	100
Other	75
Total Projects	\$ 525
Grand Total HSSE Projects	\$ 7,073



PORT HOUSTON
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2018 Budget

Liquidity (000's)

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Funds Available, Beginning of Period	\$ 407,155	\$ 151,613	\$ 33,735
Contingency	(80,000)		
Other Reserves	(32,592)		
Construction Bond Funds	-		
Outstanding Capital PO's and Commitments	(213,240)		
	<u>81,323</u>	<u>151,613</u>	<u>33,735</u>
Sources:			
Net Operating Cash Flow	140,221	156,660	171,067
Available Resources	<u>221,544</u>	<u>308,273</u>	<u>204,802</u>
Uses:			
New Capital Investment			
Barbours Cut	5,532	97,501	37,232
Bayport Terminal	29,562	81,875	17,918
Turning Basin Terminals	8,766	24,314	18,900
Bayport Railroad	1,788	14,985	6,356
Channel Development	15,715	13,835	48,830
Real Estate	653	12,565	1,500
Maintenance	2,558	7,662	6,091
HSSE	3,046	7,073	680
Asset Management	-	7,000	5,000
Other	2,311	7,728	6,196
Net Uses	<u>69,931</u>	<u>274,538</u>	<u>148,703</u>
Funds Available, End of Period	<u><u>\$ 151,613</u></u>	<u><u>\$ 33,735</u></u>	<u><u>\$ 56,099</u></u>



PORT HOUSTON
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2018 Budget

Income Statement (000's)

	<u>2016 Audited</u>	<u>2017 Budget</u>	<u>2017 Actual Sep YTD</u>	<u>2017 Reforecast</u>	<u>2018 Budget</u>
Operating Revenue*	\$290,205	\$311,898	\$245,769	\$333,028	\$368,151
Less: Operating Expense	<u>218,042</u>	<u>204,827</u>	<u>161,866</u>	<u>214,984</u>	<u>224,226</u>
Operating Income	72,164	107,072	83,903	118,044	143,925
Less: General & Administrative Expenses	47,687	56,160	35,869	50,340	55,931
% of revenue	<u>16%</u>	<u>18%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Net Operating Income	24,476	50,912	48,034	67,704	87,994
Non-Operating Revenue (Expense)	<u>9,109</u>	<u>383</u>	<u>2,640</u>	<u>3,092</u>	<u>(247)</u>
Income before Contributions & Transfers	33,585	51,295	50,674	70,796	87,747
Contributions (to)/from Federal/State Agencies	327	5,851	1,654	2,571	2,055
Net Income	\$33,912	\$57,146	\$52,328	\$73,367	\$89,802
Cash Flow	\$97,626	\$132,172	\$101,002	\$139,363	\$157,860

*Includes G&A Revenues