

2019 2nd Quarter Reforecast

Port of Houston Authority
August 1, 2019



MAERSK KALAMATA
HONG KONG

211



Foreword – 2019 Reforecast

- In November 2018, a proposed operating budget and capital plan was developed to guide staff in the operation and management of Port Authority facilities and activities for Fiscal Year 2019. It was presented to the Port Commission for consideration at a budget workshop open to the public.
- The Port Commission approved the 2019 Operating Budget and Capital Plan at an open meeting on November 13, 2018; this mid-year 2019 Reforecast was prepared by staff, concluding in August 2019. No action is required of the Commission associated with this update.
- Note that the operating budget does not include tax revenues. Property tax receipts are maintained in a separate account and used exclusively for principal and interest debt service payments due 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.

2019 Reforecast Executive Summary

Content



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- Narrative overview
- Income Statement summaries
- Revenue & expense analysis
- Capital & Liquidity
- Detailed Reforecast information

Executive Summary –Reforecast of 2019 Budget (Operating & Capital)

Narrative overview



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This Reforecast reflects actual results through June (revenues, expenses and Capital project awards by the Port Commission) combined with revised estimates for second-half of 2019.

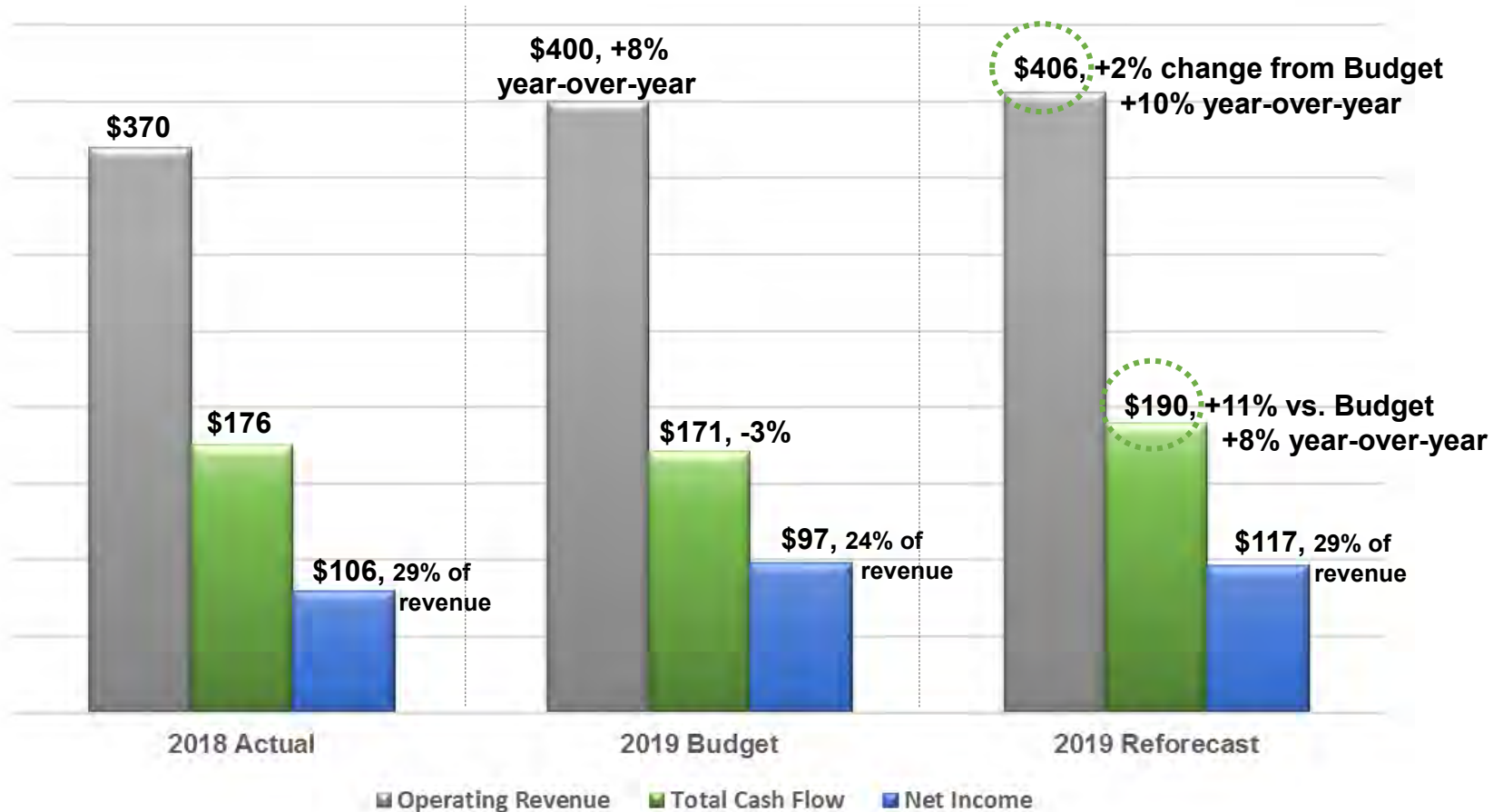
- Operating revenues reforecast for the year of \$406 million, up 2% from the budget and continuing the upside we've experienced in the first-half, reflecting ongoing strength in Container volumes, dampened by softening in General cargo tonnage (Steel).
- Expenses are down \$4 million for the year largely due to timing and shortfall in capacity to execute General & Administrative expense projects.
- Total Cash Flow projected at \$190 million, an increase of 11% from the budget, primarily on strength in the first-half (operating revenues, managed spending, favorable returns on investments).
- Headcount operating within budget-approved levels: 671 as of June 30th against approved positions of 703.
- Capital Plan reforecast to \$230 million against a \$287 million budget, reflecting a “push” of various projects to 2020 (Bayport container yards, maintenance dredging, Manchester recapitalization, other).
- Liquidity projections show sufficient resources to fund Capital Plans through the planning horizon, before consideration of Ship Channel Widening/Deepening project.

Mid-year Reforecast

Income Statement overview, \$ in millions



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Revenues on target; spending below budgeted levels; solid cash generation

Mid-year Reforecast

Income Statement, \$ in thousands



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	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2019 Actual June YTD</u>	<u>2019 Reforecast</u>	<u>2019 Reforecast v. Budget</u>	<u>%</u>
Operating Revenue	\$369,714	\$399,980	\$191,525	\$406,400	\$6,420	1.6%
Less: Operating Expense	<u>224,968</u>	<u>245,192</u>	<u>118,394</u>	<u>245,956</u>	<u>764</u>	<u>0.3%</u>
Gross Margin	144,746	154,788	73,131	160,444	5,656	3.7%
% of revenue	39.2%	38.7%	38.2%	39.5%	0.8pts	
Less: General & Administrative Expenses	49,601	56,292	24,091	51,512	(4,780)	(8.5%)
% of revenue	<u>13%</u>	<u>14%</u>	<u>13%</u>	<u>13%</u>	<u>(1pts)</u>	
Operating Income	95,145	98,496	49,040	108,932	10,436	10.6%
% of revenue	26%	25%	26%	27%	2pts	
Nonoperating items and Contributions*	<u>10,617</u>	<u>(1,513)</u>	<u>6,390</u>	<u>8,204</u>	<u>9,717</u>	
Net Income	<u>\$105,762</u>	<u>\$96,983</u>	<u>\$55,430</u>	<u>\$117,136</u>	<u>\$20,153</u>	<u>20.8%</u>
Cash Flow	\$175,527	\$170,932	\$89,333	\$189,695	\$18,763	11.0%
\$ of revenue	\$0.47	\$0.43	\$0.47	\$0.47	\$0.04	

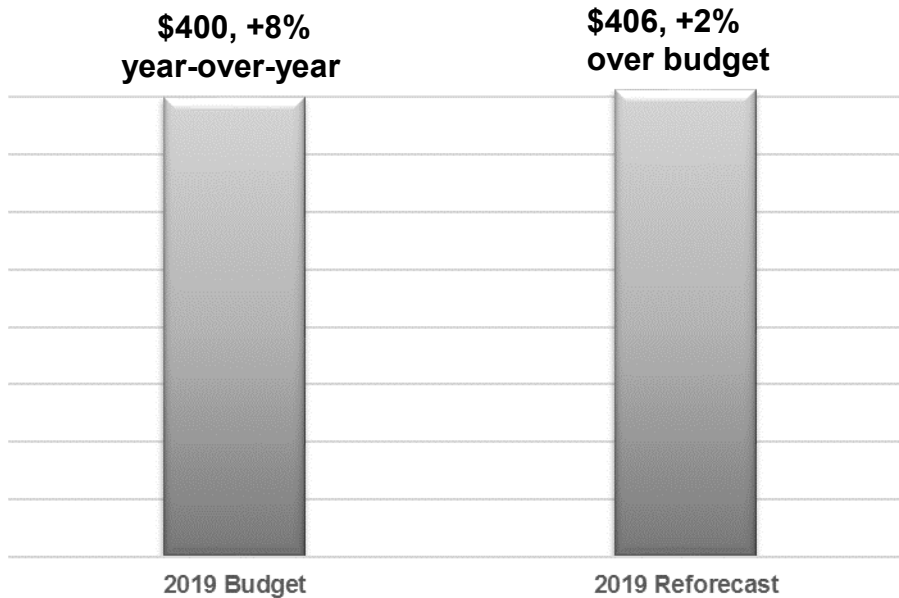
* Nonoperating improved based on interest income and market valuation of investments.

2019 Reforecast, Operating Revenue analysis

\$ in millions



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2019 Budget – Operating Revenue	\$400
	<u>Change</u>
• Increase in Container revenue driven by volume growth	10
• Decrease in Turning Basin from cargo revenues	(3)
• Increase in Lease revenues	1
• Decrease in Channel Development revenue streams due to timing of DMA Fees and Barge Fleeting	(2)
Subtotal	6
2019 Reforecast – Operating Revenue	\$406

2019 Reforecast, Expense analysis – Operating & G&A

\$ in millions



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2019 Budget – Expenses

\$301

Change

Changes in Operating and infrastructure:

- Increase PHA and ILA labor-related expenses (volume driven) 1
- Other various increases (Depreciation, Fuel, other fees and services) 1
- Terminal and asset maintenance (timing) (1)

Changes in General and administrative:

- Personnel salaries and benefits (1)
- Fees & services (timing) (1)
- Discretionary spend reduction (1)
- Depreciation and Maintenance (mainly Exec building renovation) (2)

Subtotal (4)

2019 Reforecast – Expenses \$297

**\$301, +10%
year-over-year**

**\$297, -1%
below budget**



2019 Budget



2019 Reforecast

Liquidity projections, 2019 Operating & Capital Budget

\$ in thousands



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	Budget 2019	Reforecast 2019
Funds Available, Beginning of Period *	\$ 194,476	\$ 194,476
Sources:		
Net Operating Cash Flow	170,932	189,695
Available Resources	\$ 365,408	\$ 384,171
Uses:		
New Capital Investment		
Barbours Cut	129,611	131,725
Bayport Terminal	93,473	51,875
Channel Development	20,092	9,982
Turning Basin Terminals	19,472	9,204
Maintenance	6,847	6,891
PSEO	5,946	4,998
Bayport Railroad	5,100	500
Real Estate	5,000	8,409
Other	1,856	6,418
Net Uses	287,397	230,002
Funds Available, End of Period	\$ 78,011	\$ 154,169

* "Funds available" represents gross Cash & Investments balances less reserves for contingencies, debt service, Commission awards, open purchase orders, etc.

Detailed Reforecast information



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Mid-year Reforecast

Income Statement, \$ in thousands



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	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2019 Actual June YTD</u>	<u>2019 Reforecast</u>	<u>2019 Reforecast v. Budget</u>	<u>%</u>
Operating Revenue	\$369,714	\$399,980	\$191,525	\$406,400	\$6,420	1.6%
Less: Operating Expense	<u>224,968</u>	<u>245,192</u>	<u>118,394</u>	<u>245,956</u>	<u>764</u>	<u>0.3%</u>
Gross Margin	144,746	154,788	73,131	160,444	5,656	3.7%
% of revenue	39.2%	38.7%	38.2%	39.5%	0.8pts	
Less: General & Administrative Expenses	49,601	56,292	24,091	51,512	(4,780)	(8.5%)
% of revenue	<u>13%</u>	<u>14%</u>	<u>13%</u>	<u>13%</u>	<u>(1pts)</u>	
Operating Income	95,145	98,496	49,040	108,932	10,436	10.6%
% of revenue	26%	25%	26%	27%	2pts	
Nonoperating items and Contributions*	<u>10,617</u>	<u>(1,513)</u>	<u>6,390</u>	<u>8,204</u>	<u>9,717</u>	
Net Income	<u>\$105,762</u>	<u>\$96,983</u>	<u>\$55,430</u>	<u>\$117,136</u>	<u>\$20,153</u>	<u>20.8%</u>
Cash Flow	\$175,527	\$170,932	\$89,333	\$189,695	\$18,763	11.0%
\$ of revenue	\$0.47	\$0.43	\$0.47	\$0.47	\$0.04	

* Nonoperating improved based on interest income and market valuation of investments.

2019 Reforecast Revenue (000's)



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	<u>2018 Budget</u>	<u>2018 Audited</u>	<u>2019 Budget</u>	<u>2019 Actual Jun YTD</u>	<u>2019 Reforecast</u>
Container Terminals	\$288,033	\$285,460	\$313,702	\$150,622	\$323,404
% Change to Budget					3.1%
Turning Basin Terminals	52,671	56,739	57,549	27,349	54,854
					(4.7%)
Lease Revenues	16,439	18,961	16,613	8,950	17,382
					4.6%
Harbor Fees	6,949	6,523	6,949	3,368	6,843
					(1.5%)
Channel Development	3,574	1,587	4,621	965	3,276
					(29.1%)
Other Revenues	485	444	546	271	641
					17.9%
Total Operating Revenues	<u>368,151</u>	<u>369,714</u>	<u>399,980</u>	<u>191,525</u>	<u>406,400</u>
					1.6%
Non-Operating (Federal Grants, Insurance, Interest Income)	5,920	13,634	4,020	7,380	12,198
Total Revenue	<u><u>\$374,071</u></u>	<u><u>\$383,348</u></u>	<u><u>\$404,000</u></u>	<u><u>\$198,905</u></u>	<u><u>\$418,598</u></u>
					3.6%

2019 Reforecast Revenue (000's)



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2019 Budget

\$404,000

Container Terminals

Wharfage-Loaded Containers	3,856	
Full Container Receipt/Delivery	1,915	
Dockage	1,914	
Empty Container Receipt or Delivery	1,779	
Transfer and Rehandle	1,283	
Wharf Crane Rental	1,164	
Storage	(3,137)	
Other Container Terminal Revenues	927	9,701

Turning Basin Terminals

Rent/Lease	778	
Wharfage-Import	(1,299)	
Wharfage-Export	(787)	
Security Fees	(455)	
Wharf Demurrage	(437)	
Other Turning Basin Terminals Revenue	(495)	(2,695)

Lease Revenues

Rent/Lease	708	
Other Lease Revenues	60	768

Harbor Fees

Harbor & Barge Fees	(106)	(106)
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Channel Development

DMA Fees	(1,000)	
Rent/Lease	(600)	
Other Channel Development Revenue	255	(1,345)

Other Revenue

Other Revenue	97	97
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2019 Reforecast Revenue (cont.) (000's)



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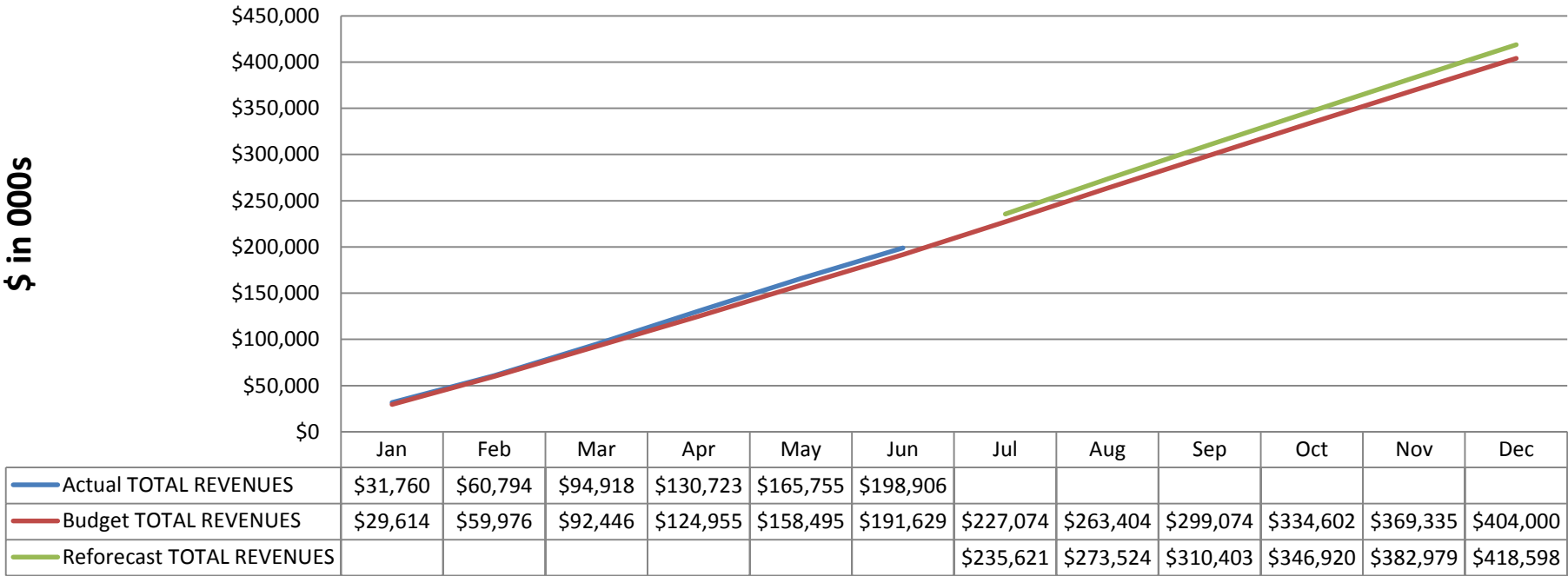
Non-Operating			
Interest Income-Securities Current Fund	4,881		
Interest Income-Time Deposits Current Fund	2,081		
Income from FEMA	524		
Miscellaneous Income	382		
Other Non Operating Revenues	310	8,178	
			<u>14,598</u>
2019 Reforecast			<u><u>\$418,598</u></u>

2019 Reforecast Revenue (000's)



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PHA Total Revenues



2019 Reforecast Total Expense (000's)



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	<u>2018 Budget</u>	<u>2018 Audited</u>	<u>2019 Budget</u>	<u>2019 Actual Jun YTD</u>	<u>2019 Reforecast</u>
Salaries	\$91,592	\$93,217	\$100,757	\$49,492	\$101,118
% Change to Budget					0.4%
Benefits	36,274	35,046	38,291	20,714	39,042
					2.0%
Retirement Benefits	13,748	11,346	13,862	6,173	13,038
					(5.9%)
Depreciation & Amortization	68,058	70,840	73,949	35,353	74,010
					0.1%
Terminal & Asset Maintenance	22,908	21,535	24,184	10,936	22,049
					(8.8%)
Fees & Services	17,084	16,463	17,728	7,906	17,720
					(0.0%)
Insurance	5,066	5,141	5,443	2,616	5,355
					(1.6%)
Utilities	4,323	4,676	4,401	2,405	4,623
					5.0%
Fuel	3,553	4,239	4,708	2,141	4,543
					(3.5%)
Consulting Fees	5,399	4,511	7,054	1,897	6,897
					(2.2%)
Discretionary Expenses	12,509	7,606	11,859	2,853	9,448
					(20.3%)
Allocations	(357)	(49)	(750)	0	(375)
					(50.0%)
Total Expenses Operations and G&A	280,157	274,571	301,486	142,486	297,468
					(1.3%)
Non-Operating Expenses	4,112	3,017	5,533	991	3,994
					(27.8%)
Net Expense	\$284,269	\$277,588	\$307,019	\$143,477	\$301,462
					(1.8%)

2019 Reforecast Total Expense (000's)



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2019 Budget

\$307,019

Salaries & Benefits

ILA Labor due to Increased Volume	1,111	
Increase in PHA Salaries & Overtime	507	
Decrease in Pension Benefits	(741)	
All Other Salaries & Benefits	(588)	289

Depreciation & Amortization

Increase in Depreciation	1,647	
Decrease in Amortization	(1,586)	61

Terminal & Asset Maintenance

Increase in Machinery and Equipment Maintenance	1,209	
Increase in Maint. to Items Other Than Equipment	933	
Decrease in Wharf Maintenance-Contractors	(1,923)	
Decrease in Prop and Equip Demo-Contractor	(979)	
Decrease in Building Maintenance	(620)	
Decrease in Maintenance Agreements	(531)	
Decrease in Road Maintenance	(171)	
All Other Terminal & Asset Maintenance	(53)	(2,135)

Fees & Services

Increase in Construction Permits and License Fees	185	
Decrease in Software License Fees	(210)	
Decrease in Consulting Fees	(157)	
All Other Fees & Services	17	(165)

Utilities & Fuel

Increase in Water	563	
Decrease in Electricity	(352)	
All Other Utilities & Fuel	(154)	57

2019 Reforecast Total Expense (cont.) (000's)



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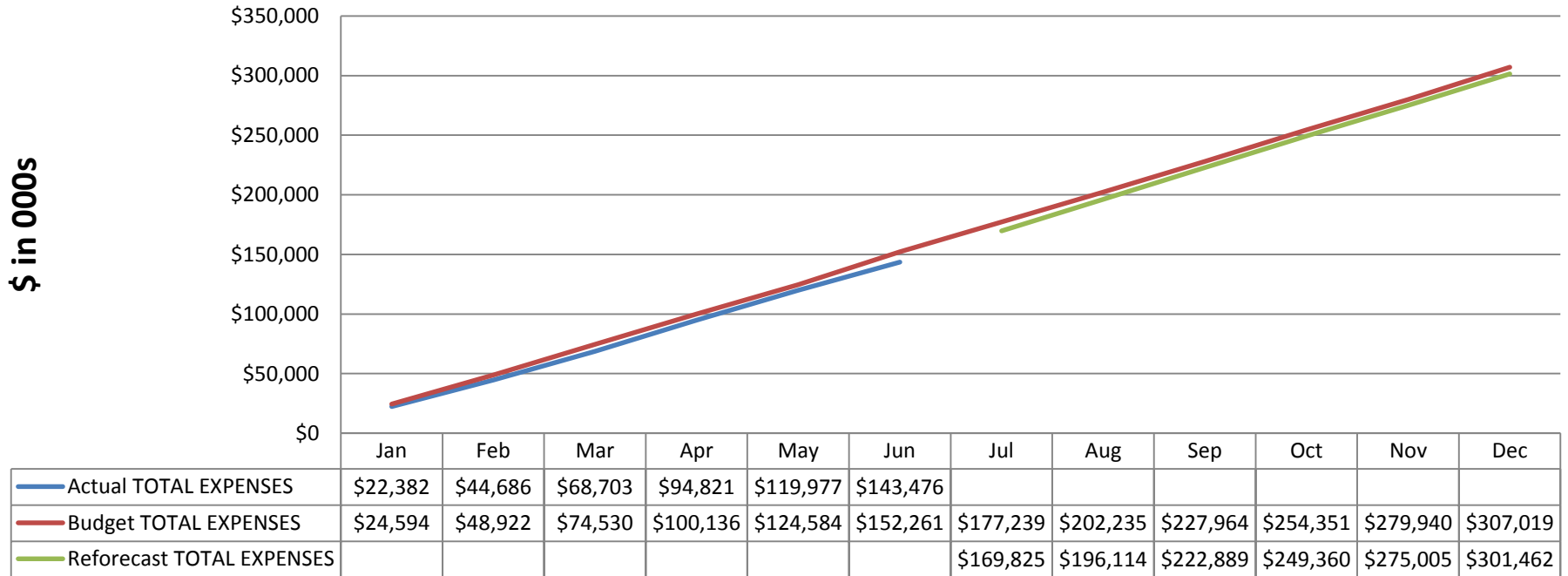
Discretionary Expenses		
Increase in Refund of Expenses-Marine	(768)	
Decrease in Equipment Purchases Expensed	(413)	
Decrease in Travel	(307)	
Decrease in Training Registration	(231)	
All Other Discretionary Expenses	(691)	(2,410)
Allocations		
Decrease in Wages & Benefits to CIP	375	375
Non-Operating		
Unrealized Gain on Investments	(1,450)	
All Other Non-Operating	(89)	(1,539)
All Other Expenses		
All Other	(90)	(90)
		<u>(5,557)</u>
2019 Reforecast		<u><u>\$301,462</u></u>

2019 Reforecast Total Expense (000's)



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PHA Total Expenses



2019 Reforecast Operations Expense (000's)



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	<u>2018 Budget</u>	<u>2018 Audited</u>	<u>2019 Budget</u>	<u>2019 Actual Jun YTD</u>	<u>2019 Reforecast</u>
Salaries	\$73,332	\$74,728	\$80,954	\$39,746	\$81,609
% Change to Budget					0.8%
Benefits	28,676	27,682	30,245	16,337	31,250
					3.3%
Retirement Benefits	7,213	5,825	7,356	3,175	6,825
					(7.2%)
Depreciation & Amortization	65,106	67,847	71,175	34,082	71,435
					0.4%
Terminal & Asset Maintenance	20,902	20,915	20,824	10,743	20,144
					(3.3%)
Utilities & Fuel	7,608	8,689	8,857	4,452	8,946
					1.0%
Insurance	4,312	4,456	4,737	2,292	4,684
					(1.1%)
Allocation to Others	414	891	1,634	662	1,479
					(9.5%)
Fees & Services	11,880	12,000	14,149	6,250	15,482
					9.4%
Discretionary Expenses	5,917	1,935	5,261	655	4,102
					(22.0%)
Total Operating Expenses	<u>\$225,360</u>	<u>\$224,968</u>	<u>\$245,192</u>	<u>\$118,394</u>	<u>\$245,956</u>
					0.3%

2019 Reforecast Operations Expense (000's)



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2019 Budget		\$245,192
Salaries		
PHA Overtime	1,509	
PHA Salaries	(802)	
ILA Labor Expenses	1,111	
Other Salaries & Benefits	(158)	1,660
Retirement Benefits		
Decrease in Pension Contribution	(497)	
Other Retirement Benefits	(34)	(531)
Depreciation & Amortization		
Increase in Depreciation	1,847	
Decrease in Amortization	(1,587)	260
Terminal & Asset Maintenance		
Decrease in Maintenance Agreements	(339)	
Increase in Building Maintenance	643	
Increase in Machinery and Equipment Maintenance	1,207	
Increase in Maint. to Items Other Than Equipment	933	
Decrease in Road Maintenance	(171)	
Decrease in Wharf Maintenance-Contractors	(1,923)	
Decrease in Prop and Equip Demo-Contractor	(979)	
Other Terminal & Asset Maintenance	(51)	(680)
Utilities & Fuel		
Increase in Fuel Expenses	89	89
Allocations		
Environmental Allocation	(215)	
Other Allocations	59	(156)

2019 Reforecast Operations Expense (cont.) (000's)



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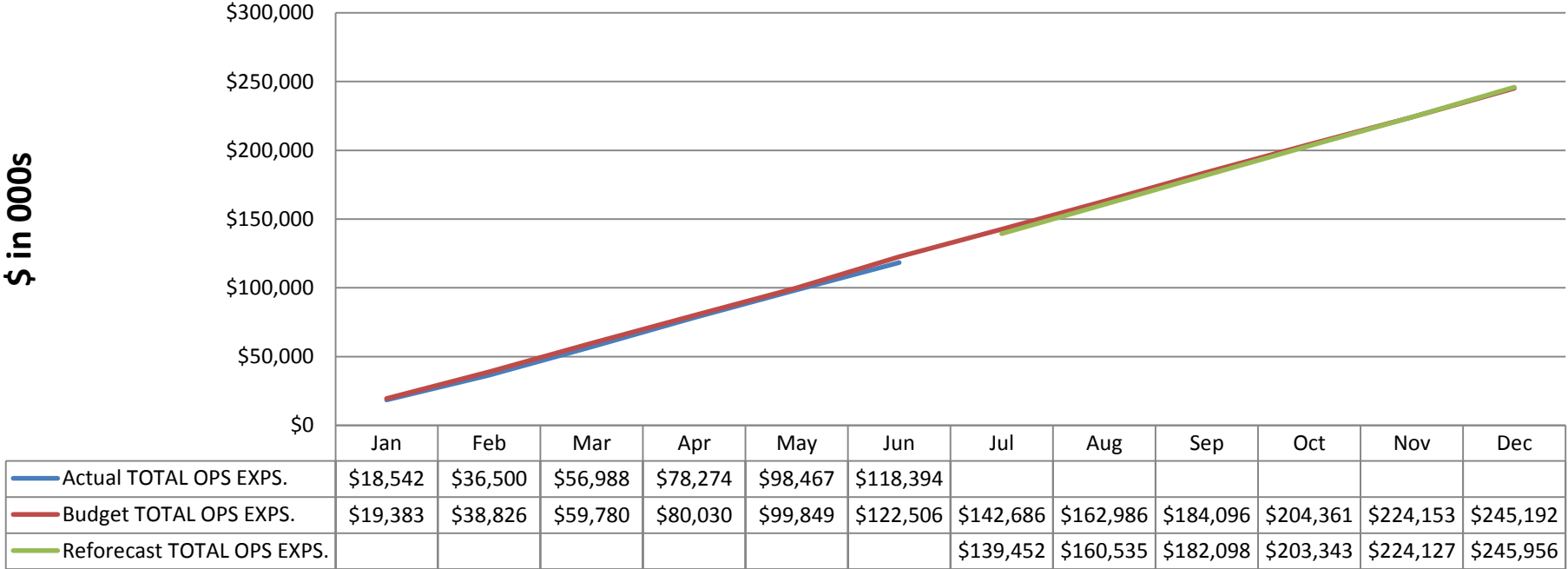
Discretionary Expenses		
Increase in Consulting Fees	593	
Increase in Fees and Services	468	
Increase in Construction Permits and License Fees	185	
Increase in Refund of Expenses-Marine	(768)	
Decrease in Equipment Purchases Expensed	(336)	
Other Discretionary Expenses	34	176
Other Expenses		
Other	(54)	(54)
		764
2019 Reforecast		\$245,956

2019 Reforecast Operations Expense (000's)



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PHA Operating Expenses



2019 Reforecast G&A Expense (000's)



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	<u>2018 Budget</u>	<u>2018 Audited</u>	<u>2019 Budget</u>	<u>2019 Actual Jun YTD</u>	<u>2019 Reforecast</u>
Salaries	\$18,260	18,489	19,803	9,746	\$19,509
% Change to Budget					(1.5%)
Benefits	7,599	7,364	8,046	4,377	7,792
					(3.1%)
Retirement Benefits	6,534	5,521	6,506	2,998	6,214
					(4.5%)
Fees & Services	10,602	8,974	10,633	3,552	9,134
					(14.1%)
Depreciation & Amortization	2,952	2,993	2,774	1,270	2,575
					(7.2%)
Terminal & Asset Maintenance	2,006	620	3,359	192	1,905
					(43.3%)
Utilities & Fuel	267	226	251	94	220
					(12.6%)
Insurance	754	685	706	324	672
					(4.8%)
Discretionary Expenses	6,593	5,669	6,598	2,200	5,345
					(19.0%)
Gross G&A Expenses	<u>\$55,567</u>	<u>\$50,541</u>	<u>\$58,676</u>	<u>\$24,753</u>	<u>\$53,366</u>
					(9.1%)
Allocations	(770)	(940)	(2,384)	(662)	(1,854)
					(22.3%)
Net G&A Expenses	<u>\$54,797</u>	<u>\$49,601</u>	<u>\$56,292</u>	<u>\$24,091</u>	<u>\$51,512</u>
					(8.5%)

2019 Reforecast G&A Expense (000's)



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2019 Budget

\$56,292

Salaries & Benefits

Decrease in Salaries and Benefits	(258)	
Decrease in Pension Contribution	(245)	
Increase in Leavetime Taken	(94)	
All Other Salaries & Benefits	(242)	(839)

Fees & Services

Decrease in Fees & Services	(482)	
Decrease in Software License Fees	(307)	
All Other Fees & Services	41	(748)

Consulting Fees

Decrease in Consulting Fees	(750)	(750)
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Depreciation & Amortization

Decrease in Depreciation	(199)	(199)
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Terminal & Asset Maintenance

Decrease in Building Maintenance-Contractor	(1,264)	
Decrease in Maintenance Agreements	(192)	
Other Terminal & Asset Maintenance	1	(1,455)

Discretionary Expenses

Decrease in Training Registration	(169)	
Decrease in Travel	(250)	
Decrease in PHA Trade Delegation Trips	189	
Decrease in Advertising Media	(198)	
Decrease in PHA Sponsored Events	(104)	
Decrease in PHA Receptions Special Events	(136)	
Decrease in Telephone	(132)	
All Other Discretionary Expenses	(454)	(1,254)

2019 Reforecast G&A Expense (cont.) (000's)



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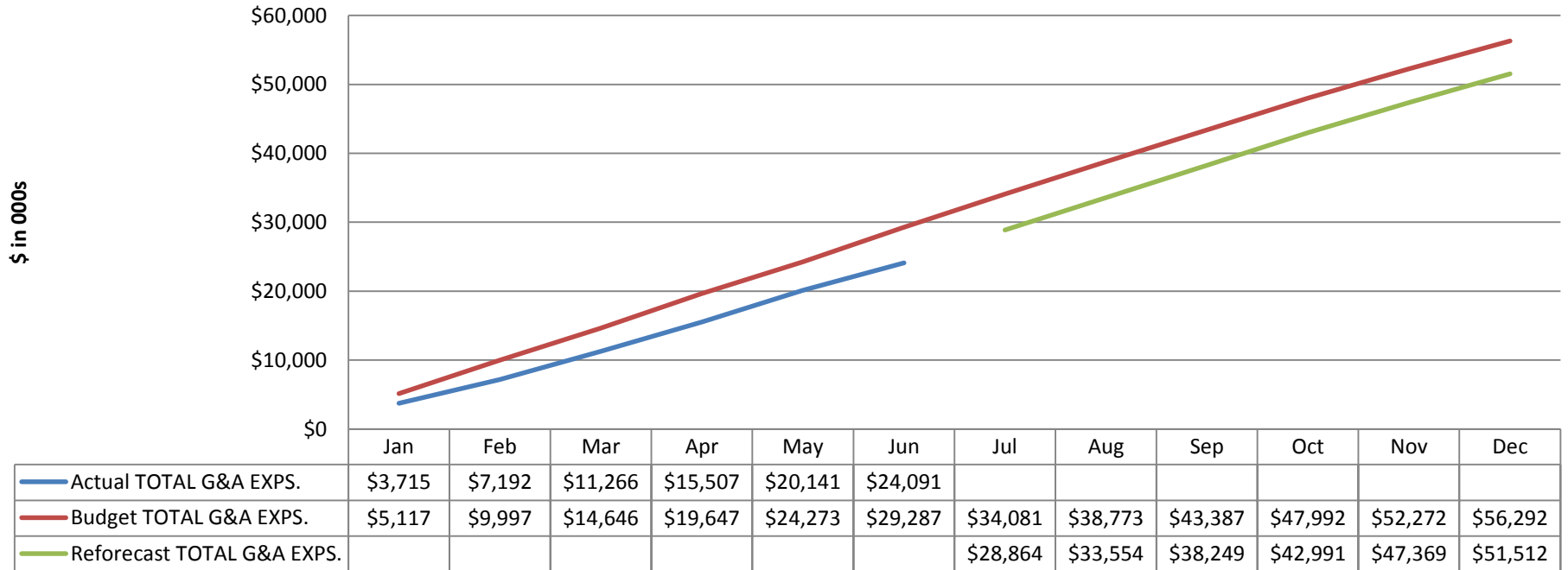
Allocations			
Environmental Allocation	215		
Wages & Benefits to CIP	375		
All Other Allocations	(59)	531	
Other Expenses			
Other	(66)	(66)	
			(4,780)
2019 Reforecast			\$51,512

2019 Reforecast G&A Expense (000's)



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PHA G&A Expenses

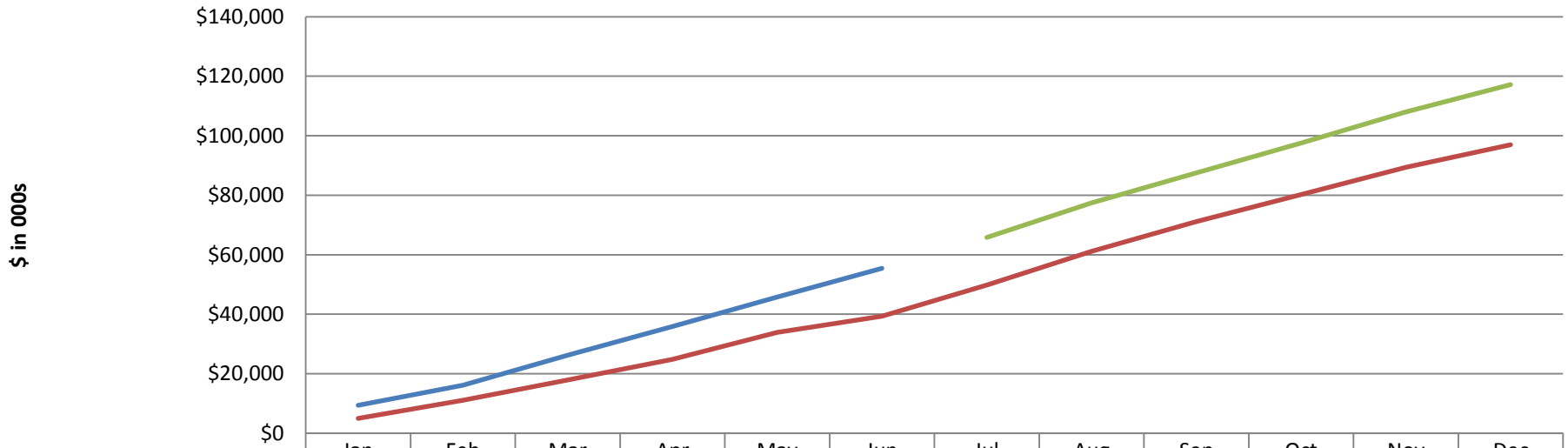


2019 Reforecast Net Income (000's)



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PHA Net Income



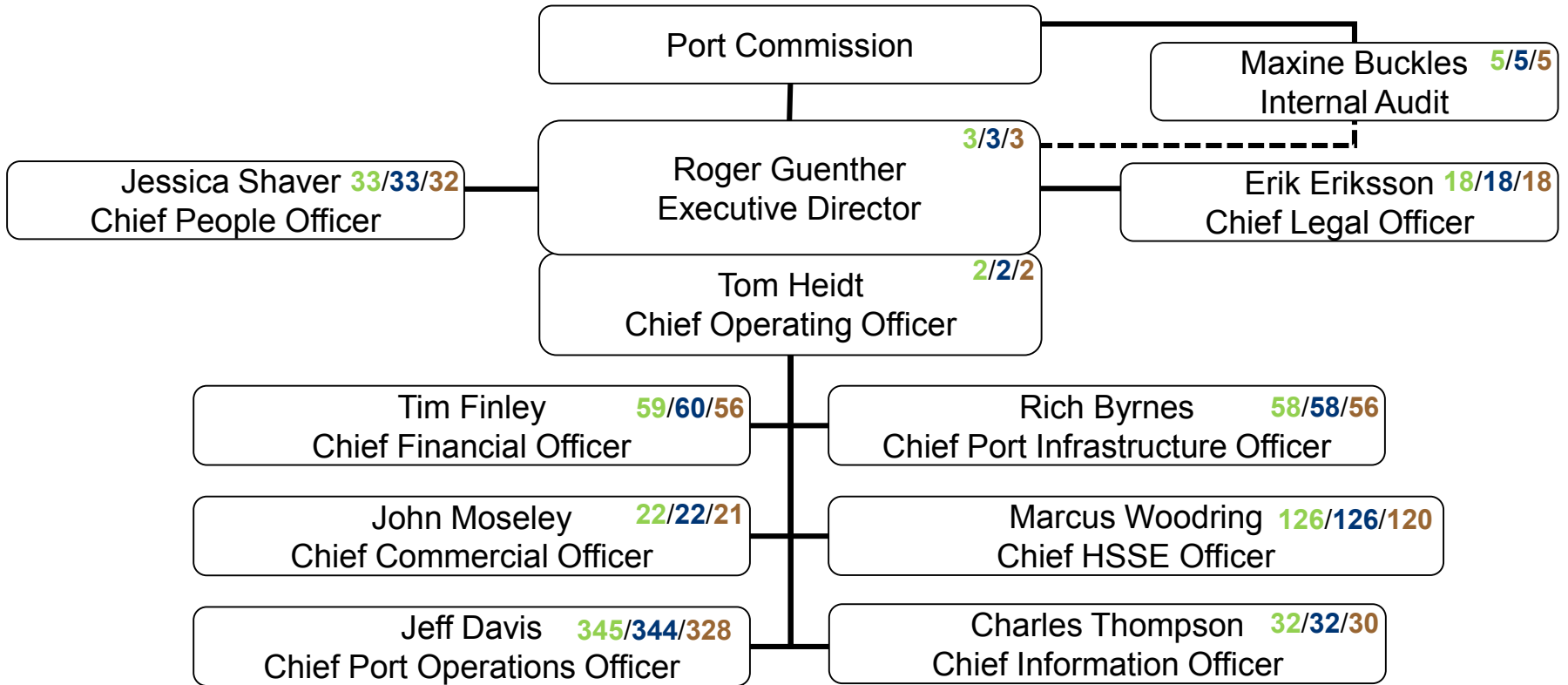
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual NET INCOME	\$9,378	\$16,108	\$26,215	\$35,901	\$45,777	\$55,430						
Budget NET INCOME	\$5,019	\$11,054	\$17,916	\$24,819	\$33,911	\$39,368	\$49,835	\$61,169	\$71,110	\$80,251	\$89,395	\$96,983
Reforecast NET INCOME							\$65,796	\$77,409	\$87,514	\$97,560	\$107,974	\$117,136

2019 Reforecast ORGANIZATIONAL STRUCTURE

(As of June 30, 2019)



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2019 Reforecast = 703/2019 Budget = 703/2019 Actual = 671

2018 Budget = 669 2018 Actual = 652

2017 Budget = 653 2017 Actual = 620

2019 Reforecast Capital (000's)



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	2019 Budget	2019 Reforecast
Barbours Cut	\$ 129,611	\$ 131,725
Bayport Terminal	93,473	51,875
Channel	20,092	9,982
Turning Basin	19,472	9,204
Maintenance	6,847	6,891
PSEO	5,946	4,998
Bayport Railroad	5,100	500
Real Estate	5,000	8,409
Other	1,856	6,418
	\$ 287,397	\$ 230,002
Grant Reimbursements	(1,598)	(1,733)
Net Capital	\$ 285,799	\$ 228,269

2019 Reforecast Executive (000's)



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

	2018 Budget	2018 Actual	2019 Budget	2019 Actual Jun_YTD	2019 Reforecast	Variance	Variance %
Salaries	\$1,268	\$1,344	\$1,412	\$723	\$1,428	\$16	1.1%
Benefits	461	447	489	286	485	(4)	(0.9%)
Retirement Benefits	302	290	320	120	278	(42)	(13.2%)
Depreciation & Amortization	5	5	5	3	5	0	0.0%
Fees & Services	153	94	150	89	166	16	10.6%
Insurance	82	41	30	16	31	1	3.7%
Consulting Fees	173	42	241	14	147	(94)	(39.0%)
Discretionary Expenses	368	169	357	89	351	(6)	(1.7%)
Allocations	0	2	5	2	5	(0)	(9.4%)
Net Expense	\$2,812	\$2,434	\$3,009	\$1,342	\$2,896	(\$113)	(3.8%)

2019 Reforecast Commercial (000's)



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

	2018 Budget	2018 Actual	2019 Budget	2019 Actual Jun_YTD	2019 Reforecast	Variance	Variance %
Salaries	\$2,040	\$2,207	\$2,157	\$1,077	\$2,130	(\$27)	(1.3%)
Benefits	807	794	814	452	790	(23)	(2.9%)
Retirement Benefits	547	547	512	224	460	(52)	(10.1%)
Depreciation & Amortization	1,040	1,095	1,035	521	1,039	4	0.4%
Terminal & Asset Maintenance	1,527	222	2,735	26	1,471	(1,264)	(46.2%)
Fees & Services	939	835	984	261	791	(193)	(19.6%)
Insurance	230	215	243	91	199	(44)	(18.1%)
Utilities	215	178	182	72	163	(19)	(10.6%)
Fuel	7	5	7	2	6	(2)	(23.0%)
Consulting Fees	544	545	487	200	443	(44)	(9.0%)
Discretionary Expenses	2,251	1,470	2,074	640	1,550	(524)	(25.3%)
Gross Expense	\$10,147	\$8,113	\$11,230	\$3,566	\$9,042	(\$2,187)	(19.5%)
Allocations	845	432	250	2	127	(123)	(49.3%)
Net Expense	\$10,992	\$8,545	\$11,480	\$3,568	\$9,169	(\$2,311)	(20.1%)

2019 Reforecast Finance (000's)



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

	2018 Budget	2018 Actual	2019 Budget	2019 Actual Jun_YTD	2019 Reforecast	Variance	Variance %
Salaries	\$4,542	\$4,385	\$4,762	\$2,208	\$4,486	(\$276)	(5.8%)
Benefits	1,924	1,728	1,924	1,017	1,782	(141)	(7.3%)
Retirement Benefits	1,042	183	1,037	449	943	(94)	(9.1%)
Fees & Services	746	777	749	243	706	(43)	(5.8%)
Insurance	114	107	119	59	121	2	1.4%
Fuel	5	1	3	0	2	(1)	(30.6%)
Consulting Fees	190	151	150	87	360	210	140.1%
Discretionary Expenses	992	743	829	373	749	(80)	(9.6%)
Gross Expense	\$9,555	\$8,075	\$9,573	\$4,436	\$9,149	(\$424)	(4.4%)
Allocations	15	9	1	1	1	(0)	(8.3%)
Net Expense	\$9,570	\$8,084	\$9,574	\$4,437	\$9,150	(\$424)	(4.4%)

2019 Reforecast PSEO (000's)



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

	2018 Budget	2018 Actual	2019 Budget	2019 Actual Jun_YTD	2019 Reforecast	Variance	Variance %
Salaries	\$8,193	\$8,023	\$8,571	\$4,192	\$8,426	(\$145)	(1.7%)
Benefits	3,867	3,508	3,799	2,088	3,787	(12)	(0.3%)
Retirement Benefits	2,038	2,037	1,974	864	1,824	(151)	(7.6%)
Depreciation & Amortization	3,042	2,685	2,679	1,293	2,685	5	0.2%
Terminal & Asset Maintenance	528	393	428	145	189	(239)	(55.9%)
Fees & Services	7,008	6,804	7,184	3,217	6,879	(305)	(4.3%)
Insurance	395	388	350	182	358	8	2.3%
Utilities	117	49	96	22	71	(26)	(26.8%)
Fuel	222	91	220	48	158	(62)	(28.3%)
Consulting Fees	35	28	15	20	20	5	33.3%
Discretionary Expenses	1,026	866	1,370	(576)	(22)	(1,392)	(101.6%)
Gross Expense	\$26,471	\$24,872	\$26,686	\$11,495	\$24,375	(\$2,311)	(8.7%)
Allocations	(8,185)	(8,336)	(10,143)	(4,579)	(9,720)	423	(4.2%)
Net Expense	\$18,286	\$16,536	\$16,543	\$6,916	\$14,655	(\$1,888)	(11.4%)

2019 Reforecast Infrastructure (000's)



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

	2018 Budget	2018 Actual	2019 Budget	2019 Actual Jun_YTD	2019 Reforecast	Variance	Variance %
Salaries	\$4,832	\$4,792	\$5,355	\$2,691	\$5,336	(\$19)	(0.4%)
Benefits	1,917	1,778	2,059	1,135	2,024	(36)	(1.7%)
Retirement Benefits	995	996	972	429	922	(50)	(5.1%)
Depreciation & Amortization	1,249	659	2,306	330	1,304	(1,002)	(43.5%)
Terminal & Asset Maintenance	630	301	550	136	469	(81)	(14.7%)
Fees & Services	536	514	545	321	596	52	9.5%
Insurance	177	179	177	89	164	(14)	(7.7%)
Utilities	0	42	0	21	21	21	0.0%
Fuel	25	9	16	5	12	(3)	(21.0%)
Consulting Fees	2,543	1,922	4,486	687	3,809	(677)	(15.1%)
Discretionary Expenses	646	2,670	506	238	577	71	14.0%
Gross Expense	\$13,550	\$13,862	\$16,972	\$6,082	\$15,234	(\$1,737)	(10.2%)
Allocations	(562)	(227)	(1,095)	(98)	(646)	449	(41.0%)
Net Expense	\$12,988	\$13,635	\$15,877	\$5,984	\$14,588	(\$1,289)	(8.1%)

2019 Reforecast Operations (000's)



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

	2018 Budget	2018 Actual	2019 Budget	2019 Actual Jun_YTD	2019 Reforecast	Variance	Variance %
Salaries	\$64,181	\$65,777	\$71,335	\$35,070	\$72,216	\$881	1.2%
Benefits	24,473	23,822	26,041	14,027	27,064	1,024	3.9%
Retirement Benefits	5,003	3,619	5,200	2,243	4,847	(353)	(6.8%)
Depreciation & Amortization	60,841	64,443	66,174	32,440	67,412	1,238	1.9%
Terminal & Asset Maintenance	19,744	20,221	19,846	10,462	19,486	(360)	(1.8%)
Fees & Services	3,448	3,761	3,861	2,114	4,718	857	22.2%
Insurance	3,828	3,978	4,297	2,065	4,251	(46)	(1.1%)
Utilities	3,974	4,395	4,108	2,286	4,358	250	6.1%
Fuel	3,253	4,104	4,424	2,075	4,335	(90)	(2.0%)
Consulting Fees	0	181	0	405	405	405	0.0%
Discretionary Expenses	4,508	(1,349)	3,625	1,076	3,746	121	3.3%
Gross Expense	\$193,253	\$192,952	\$208,911	\$104,263	\$212,838	\$3,927	1.9%
Allocations	8,371	9,072	11,551	5,250	11,095	(456)	(4.0%)
Net Expense	\$201,624	\$202,024	\$220,462	\$109,513	\$223,933	\$3,471	1.6%

2019 Reforecast People (000's)



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

	2018 Budget	2018 Actual	2019 Budget	2019 Actual Jun_YTD	2019 Reforecast	Variance	Variance %
Salaries	\$2,393	\$2,461	\$2,534	\$1,250	\$2,518	(\$17)	(0.7%)
Benefits	1,192	1,384	1,383	709	1,338	(45)	(3.3%)
Retirement Benefits	3,019	2,825	2,998	1,462	2,958	(40)	(1.3%)
Depreciation & Amortization	61	61	61	30	61	0	0.0%
Terminal & Asset Maintenance	25	1	83	1	82	(2)	(2.1%)
Fees & Services	410	333	378	241	374	(4)	(1.1%)
Insurance	126	127	117	60	119	2	1.8%
Utilities	16	12	14	4	11	(3)	(23.4%)
Fuel	36	27	37	11	29	(8)	(21.6%)
Consulting Fees	376	226	168	58	256	88	52.5%
Discretionary Expenses	1,192	1,252	1,308	493	1,089	(219)	(16.8%)
Gross Expense	\$8,846	\$8,709	\$9,081	\$4,319	\$8,835	(\$246)	(2.7%)
Allocations	318	200	2	0	1	(1)	(22.3%)
Net Expense	\$9,164	\$8,909	\$9,083	\$4,319	\$8,836	(\$247)	(2.7%)

2019 Reforecast Technology (000's)



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

	2018 Budget	2018 Actual	2019 Budget	2019 Actual Jun_YTD	2019 Reforecast	Variance	Variance %
Salaries	\$2,406	\$2,499	\$2,734	\$1,367	\$2,725	(\$9)	(0.3%)
Benefits	982	958	1,058	606	1,079	22	2.0%
Retirement Benefits	413	434	448	207	429	(19)	(4.3%)
Depreciation & Amortization	1,821	1,892	1,688	736	1,505	(183)	(10.9%)
Terminal & Asset Maintenance	454	397	541	165	352	(189)	(35.0%)
Fees & Services	2,471	2,119	2,497	947	2,135	(362)	(14.5%)
Insurance	73	69	73	37	74	2	2.4%
Fuel	4	2	0	1	1	1	0.0%
Consulting Fees	886	869	900	190	968	68	7.5%
Discretionary Expenses	1,156	1,597	1,246	323	987	(259)	(20.8%)
Gross Expense	\$10,666	\$10,836	\$11,185	\$4,579	\$10,255	(\$930)	(8.3%)
Allocations	(1,158)	(1,202)	(1,323)	(578)	(1,239)	84	(6.3%)
Net Expense	\$9,508	\$9,634	\$9,862	\$4,001	\$9,016	(\$846)	(8.6%)

2019 Reforecast Legal (000's)



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

	2018 Budget	2018 Actual	2019 Budget	2019 Actual Jun_YTD	2019 Reforecast	Variance	Variance %
Salaries	\$1,737	\$1,729	\$1,897	\$914	\$1,854	(\$43)	(2.3%)
Benefits	651	628	724	394	692	(32)	(4.4%)
Retirement Benefits	389	414	400	175	378	(22)	(5.6%)
Fees & Services	1,375	1,224	1,379	472	1,355	(24)	(1.7%)
Insurance	40	39	36	19	38	2	5.3%
Fuel	1	0	1	0	1	0	15.5%
Consulting Fees	651	546	607	236	488	(119)	(19.5%)
Discretionary Expenses	368	187	544	199	421	(123)	(22.6%)
Gross Expense	\$5,212	\$4,767	\$5,588	\$2,409	\$5,227	(\$361)	(6.5%)
Allocations	1	1	1	0	1	(0)	(8.3%)
Net Expense	\$5,213	\$4,768	\$5,589	\$2,409	\$5,228	(\$361)	(6.5%)

2019 Reforecast Internal Audit (000's)



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

	2018 Budget	2018 Actual	2019 Budget	2019 Actual Jun_YTD	2019 Reforecast	Variance	Variance %
Salaries	\$486	\$475	\$508	\$256	\$510	\$2	0.3%
Benefits	163	170	170	100	172	2	1.1%
Retirement Benefits	98	93	99	42	90	(8)	(8.4%)
Depreciation & Amortization	5	5	5	3	5	0	0.0%
Fees & Services	9	(38)	7	0	6	(1)	(17.4%)
Insurance	63	22	11	6	11	1	5.3%
Consulting Fees	53	22	61	0	43	(18)	(29.8%)
Discretionary Expenses	37	18	33	15	30	(3)	(7.7%)
Gross Expense	\$914	\$767	\$894	\$422	\$867	(\$27)	(2.9%)
Allocations	0	2	0	0	0	0	0.0%
Net Expense	\$914	\$769	\$894	\$422	\$867	(\$27)	(2.9%)