



PORT HOUSTONSM



2026 Operating and Capital Budget Presentation

FORWARD

2026 BUDGET

For over a century, Port Houston has served as a strategic leader for the Houston Ship Channel and is instrumental in the region's development.

- This proposed 2026 operating budget and capital plan has been developed to guide staff in the operation and management of Port Authority ("PHA" or "Port") facilities and initiatives. It is being presented to the Port Commission on November 11, 2025.
- Note that the operating budget does not include Harris County property tax receipts, which are used exclusively for debt service on the outstanding general obligation ("GO") *ad valorem* tax bonds. Debt service on PHA's revenue bonds is fully supported by the net revenues of the Port.
- While the capital plan may be approved as to maximum annual amount of capital appropriations, individual capital (and operating expense) projects exceeding \$100,000 will be presented separately to the Port Commission for approval in accordance with statutory requirements.
- For purposes of this presentation, 2026 Budget comparisons are made to the 2025 "Reforecast", which this year reflects 9 months of actuals plus 3 months of the original budget. Staff did not 'reforecast' the second half of the year given focus on implementation of Workday.

CONTENTS

2026 BUDGET

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

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

CONTENTS

2026 BUDGET

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

EXECUTIVE OVERVIEW

2026 BUDGET | OPERATING AND CAPITAL BUDGET

Considering industry and market signals, marginal container unit growth of 2.5% is projected, while other general-cargo tonnage appears more promising.

- Operating revenue of \$726 million is up 4.8% on anticipated growth of cargos and tariff adjustments; cash generation is essentially “flat” compared to projected 2025 results.
- Salaries and benefits reflect headcount growth; continuation of merit and short-term incentive programs; and Labor rate increases.
- Other spending increases target focused investment in support of strategic initiatives that will result in future growth and efficiencies to sustain and grow jobs and regional prosperity.
- PHA Capital awards of \$534 million are budgeted for next year, with the Container terminals representing 76% of investment; Project 11 awards are estimated at \$35 million.
- The liquidity outlook indicates sufficient cash to fund the 2026–2030 capacity expansion while maintaining a stable position; shortfalls commence with the subsequent container terminal project.

CONTENTS

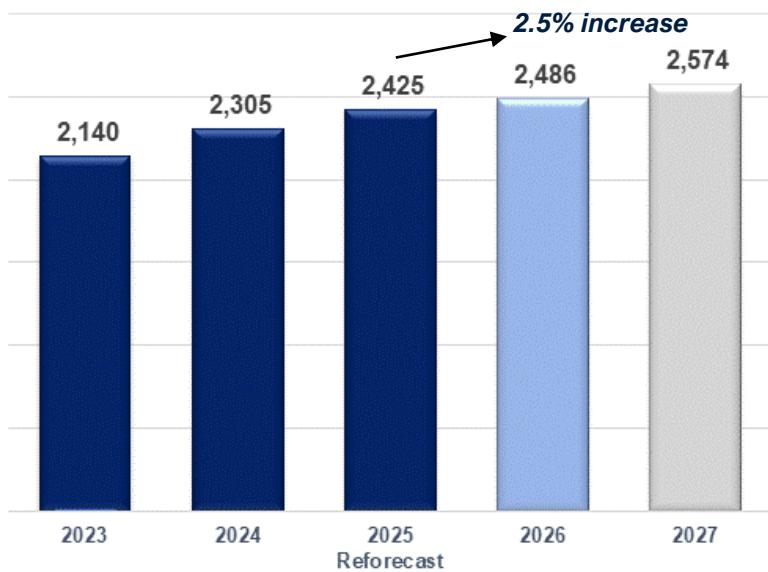
2026 BUDGET

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

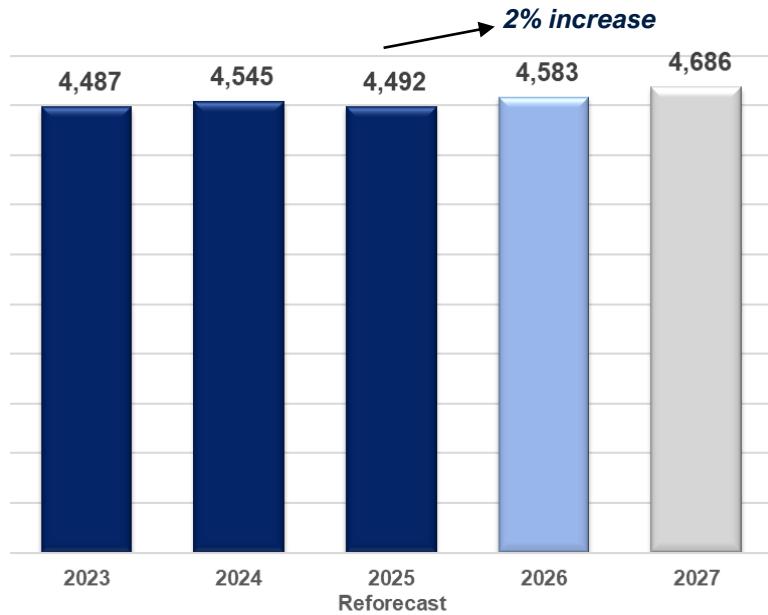
CARGO ASSUMPTIONS

2026 BUDGET | units and tons in thousands

Container Terminal Units



Steel Tonnage



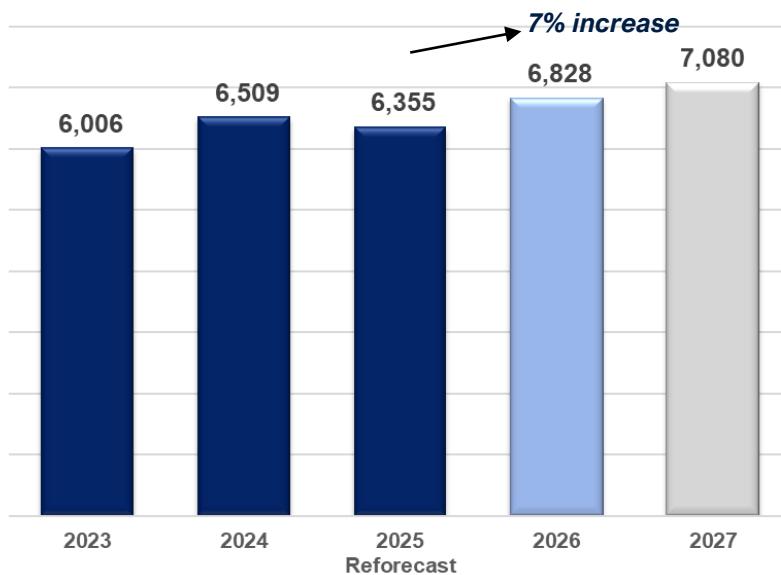
Export loads continue upward trajectory at 2.5%, while Import loads increase by 1.8%. Overall, TEUs grow 2.8% from 4,234 to 4,351 in 2026.

Import Steel growth, primarily coils and slabs for manufacturing, is projected to remain steady into the forecast horizon.

CARGO ASSUMPTIONS

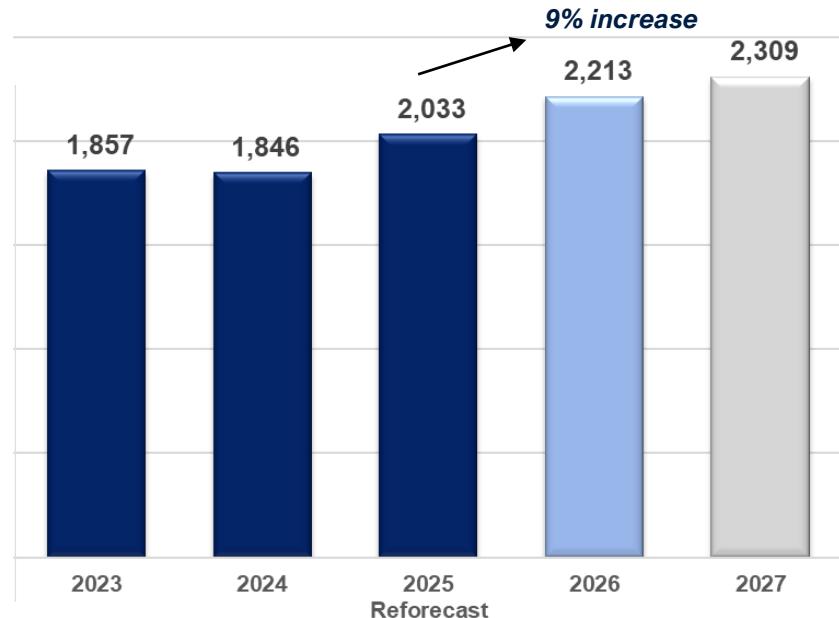
2026 BUDGET | tons in thousands

Dry Bulk Tonnage



Reflecting primarily import of bulk cement, aggregates, and export grains at leased facilities

Other General Cargo Tonnage



Represents largely 'revenue tonnage' at the Turning Basin Terminals, including project cargos, aluminum, bagged cement

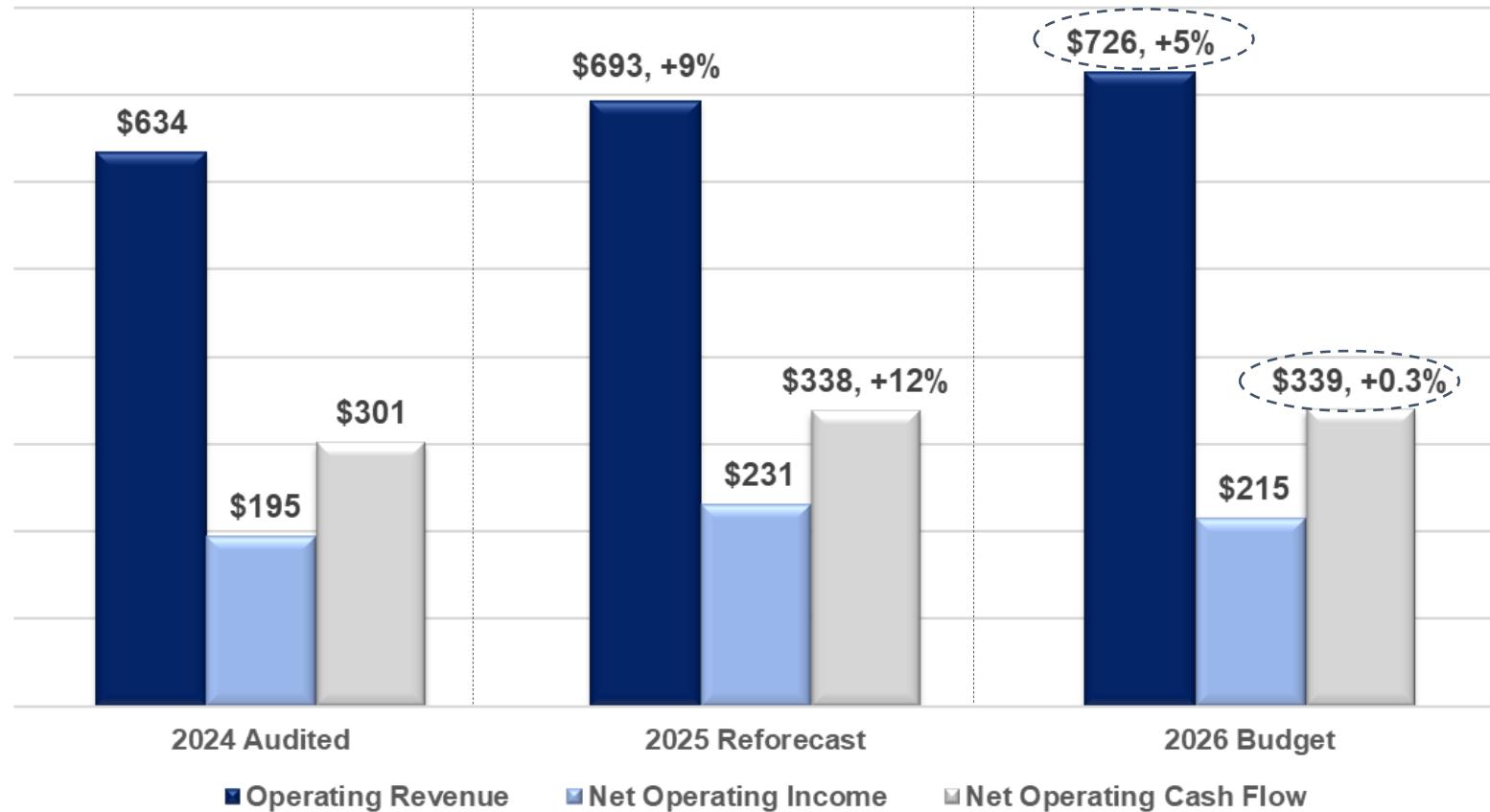
CONTENTS

2026 BUDGET

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

INCOME STATEMENT

SUMMARY | \$ in millions



Moderate container unit and breakbulk cargo growth pushing revenues higher, with stable flow-through in cash generation while investing in capacity and strategic initiatives.

INCOME STATEMENT

FULL VIEW | \$ in thousands

	Budget 2025	Actual Sep YTD	Reforecast 2025	Budget 2026	Budget 2026 v. Reforecast	%
Operating Revenue	\$673,733	\$520,709	\$692,658	\$725,938	\$33,280	4.8%
Operating Expense	398,078	289,464	389,569	420,872	31,304	8.0%
Gross Margin	275,655	231,245	303,089	305,066	1,977	0.7%
% of revenue	40.9%	44.4%	43.8%	42.0%	(1.7 pts)	
General & Administrative Expense	75,688	53,528	72,130	89,988	17,857	24.8%
% of revenue	11.2%	10.3%	10.4%	12.4%	2.0 pts	
Net Operating Income	199,967	177,717	230,959	215,078	(15,881)	-6.9%
% of revenue	30%	34%	33%	30%	(3.7 pts)	
Net Operating Cash Flow	309,711	256,848	337,685	338,795	1,110	0.3%
Interest expense	(33,777)	(25,007)	(33,343)	(33,189)	(6,035)	(7.6%)*
Other Nonoperating income, net	90,888	57,362	79,679	73,644		
Net Income	\$257,079	\$210,071	\$277,294	\$255,533	(\$21,761)	(7.8%)
% of revenue	38%	40%	40%	35%	(4.8 pts)	
Total Cash Flow (GAAP) ¹	\$348,512	\$273,614	\$366,949	\$360,325	(\$6,624)	(1.8%)
\$ of revenue	\$0.52	\$0.53	\$0.53	\$0.50	(\$0.03)	

Projecting consistent financial performance with market-based growth and investing in the future with resources and strategic initiatives - providing stakeholders and investors a stable outlook in an uncertain market.

¹ Includes impact of the principal portion of Revenue bond debt service payment

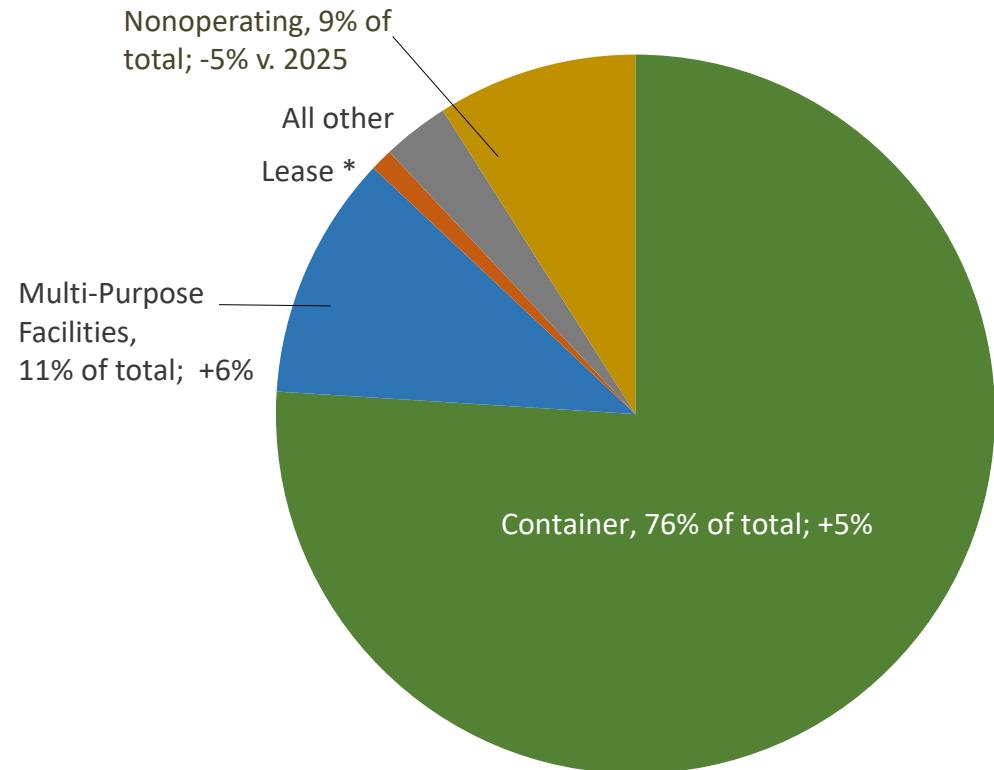
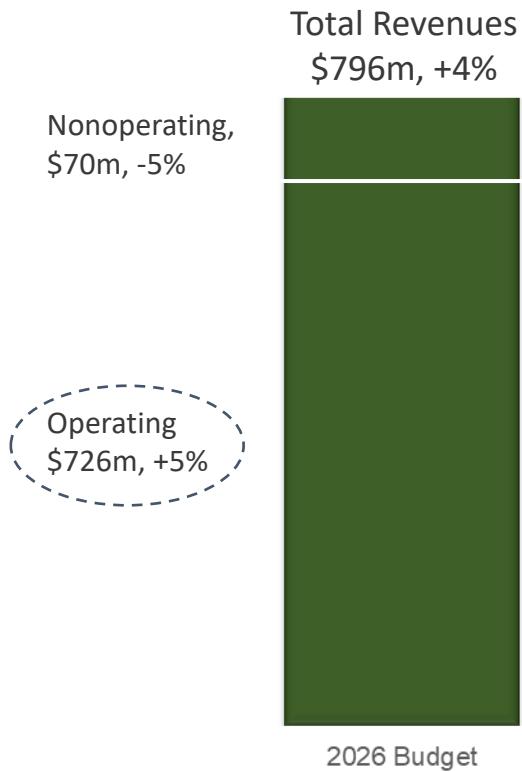
CONTENTS

2026 BUDGET

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

REVENUE ANALYSIS

2026 BUDGET | Revenue portfolio (\$ in millions)



- Container revenue increase of 5% is largely driven by unit growth and tariff changes. Multi-Purpose Facilities contribute an additional 6% revenue growth.
- Nonoperating down 5% led by interest income decline, softened by increased grant funding (Infra at BCT, Bayport CY8, TxDOT Bayport Southern Access Road).

REVENUE BRIDGE

2026 BUDGET | Operating Revenue (\$ in millions)

\$693m, +9%
year-over-year



\$726m, +5%

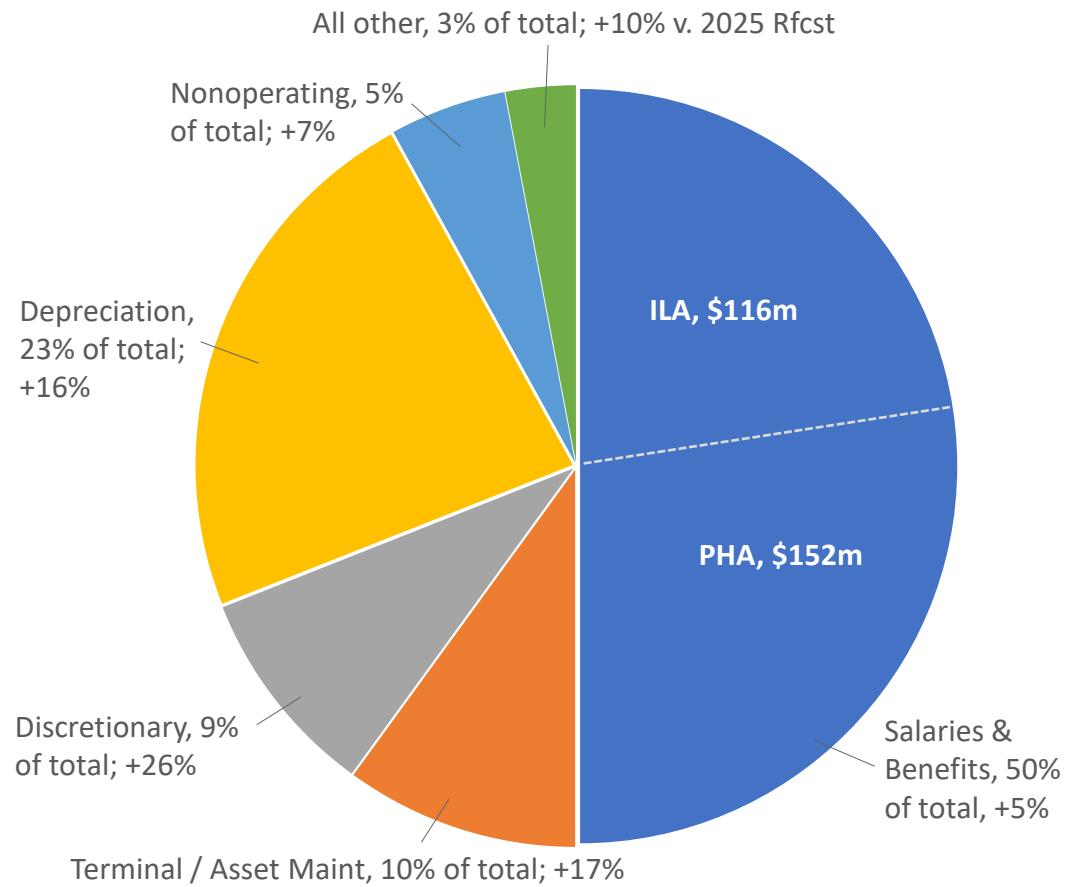
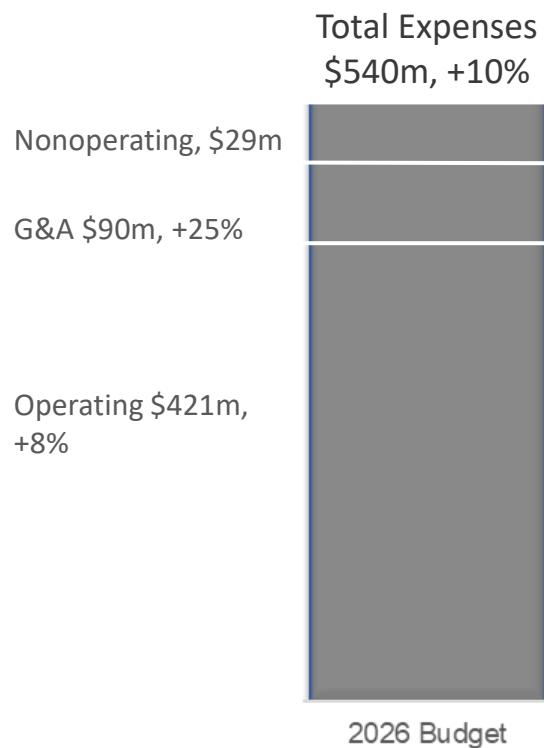


■ 2025 Reforecast ■ 2026 Budget

2025 Reforecast	
<u>Operating Revenue</u>	<u>\$693</u>
• Container 5% increase, units +2.5% plus tariff increase from CPI and Labor	28
- Loads +2%; Empties +4%	
• Turning Basin "up" 6%, including a 2.7% tariff increase tied to CPI	4
- Other general cargos up +9%; Steel up +2% year-over-year	
• Increase in Other revenues	1
- Primarily Pipeline License & DMA Fees	
<u>Subtotal</u>	<u>33</u>
<u>2026 Budget</u>	
<u>Operating Revenue</u>	<u>\$726</u>

EXPENSE ANALYSIS

2026 BUDGET | Mix of expenses (\$ in millions)

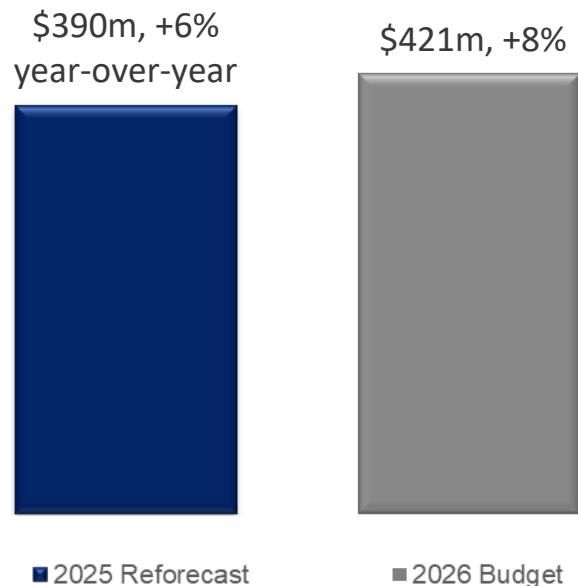


- Salaries & benefits increase tied to strategic initiatives and business growth; includes health care cost increases and labor rate increases.
- Depreciation is tied to capacity expansion: Bayport Wharf 7; BCT Wharf 4&5; RTGs and STS cranes at both terminals; rehabilitation of City Dock 20 & 21 and Wharf 2 at Turning Basin.

EXPENSE BRIDGE

Operating expenses

2026 BUDGET (\$ in millions)



2025 Reforecast	2026 Budget
Operating expenses	\$390
• Depreciation and amortization	13
• PHA Salaries / Benefits	6
• ILA Salaries / Benefits	6
• Maintenance & capacity support (BCT crane demos, Road, Machinery and DMDA Maintenance, Software, etc.)	4
• General Channel Services and Channel Sediment Sampling	2
Subtotal Operating changes	31
Operating expenses	\$421

EXPENSE BRIDGE

General & administrative

2026 BUDGET (\$ in millions)

\$72m, “flat”
year-over-year



\$90m, +25%



■ 2025 Reforecast

■ 2026 Budget

2025 Reforecast

General & administrative expenses

	\$72	10%
• Depreciation	3.9	
• Salaries / Benefits	3.7	
• Software maintenance & licenses	3.4	
• Container terminal strategy	2.8	
• Clean Ports Program	2.2	
• Economic Dev & Community Support	2.0	
• Capital Delivery program	1.0	
• All other, net	(1.0)	
Subtotal G&A changes	18.0	
2026 Budget		
General & administrative expenses	\$90	12%

2026 Budget

General & administrative expenses

	\$90	12%
Aggregate view:		
Strategic & community initiatives	\$8.0	0.9%
Base business costs	6.3	0.7%
Headcount, merit and medical increase	3.7	0.4%
Subtotal	18.0	2.0%
<i>less Grant-funded expenses</i>	(3.0)	(0.4%)
Net G&A increase	\$15.0	1.6%

EXPENSE ANALYSIS: P&D

2026 BUDGET | APPROVED PROMOTION & DEVELOPMENT FUND

	<u>2025 Budget</u>	<u>2026 Budget</u>
Organizational Partnership Funding		
Organizational Support	\$192,500	\$210,500
Memberships	79,825	84,825
Events & Sponsorships	256,425	276,975
Discretionary Funding	300,000	347,500
Strategic Programmatic Support		
Anchored in Action Program	250,000	1,000,000
Advocacy Support	1,158,000	1,229,887
Community Outreach Support	31,400	142,000
Community Grants Program	500,000	500,000
Inclusive Sourcing Program	170,300	153,500
Maritime Workforce Support	125,000	125,000
Public Boat Tour	1,329,529	1,094,668
Workforce Development Program	194,900	194,600
Miscellaneous	89,750	49,200
Subtotal P&D Expenses	\$4,677,629	\$5,408,655
P&D Capital Improvement Plan		
CIP Tour Boat Location	-	2,000,000
Total P&D Expenditure	\$4,677,629	\$7,408,655



Learn more about Port Houston and our community outreach or sign up for a **FREE M/V SAM HOUSTON BOAT TOUR**. Follow us on Facebook to keep up-to-date with our community outreach activities.



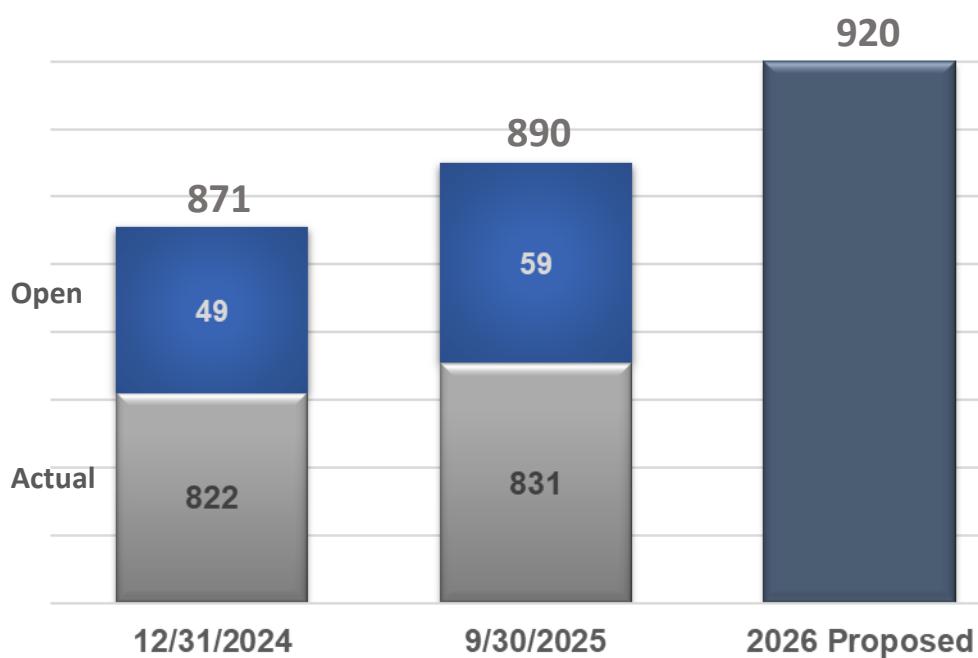
CONTENTS

2026 BUDGET

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

HEADCOUNT

2026 BUDGET



2026 Staffing

Exempt	312
Nonexempt	519
Headcount as of 9/30/2025	
Approved, Open positions	59
- 11 new from 2023 - 2025; 48 replacements	
New in 2026	30
2026 Proposed Headcount	
	920

New in 2026:

Executive (Bench)	6
Infrastructure	6
Technology	5
Finance	3
Commercial	2
Port Security	2
Operations	2
People	2
Government	1
Maintenance	1
New in 2026	30

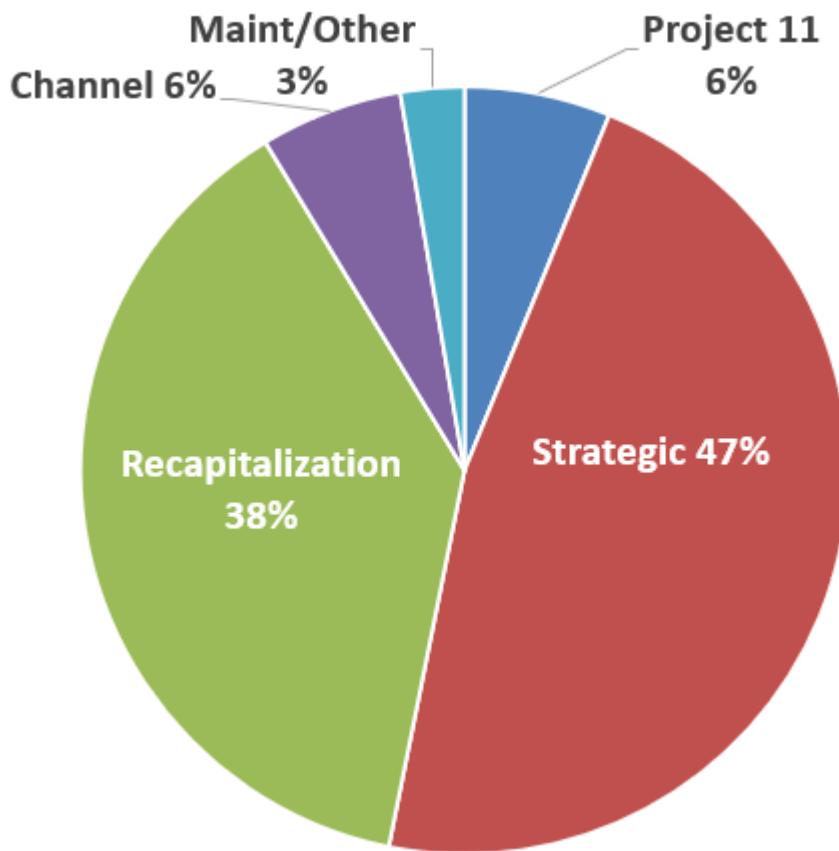
CONTENTS

2026 BUDGET

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

CAPITAL OVERVIEW

2026 BUDGET | \$569 million total Plan



- Strategic projects, \$268 million
 - *Bayport Wharf 1 and Southern Access Road*
- Recapitalization, \$217 million
 - *BCT Wharves 5 & 6 and STS cranes*
 - *Multi-Purpose cargo Manchester Wharf 2*
- Project 11 awards of \$35 million
 - *Package 8A,9,10,11 (cost share)*
- Channel maintenance, \$34 million
 - *Maintenance Dredge projects*
- Remaining projects, \$15 million
 - *CMT, Contingency, Maintenance equipment, other*

CAPITAL PLAN

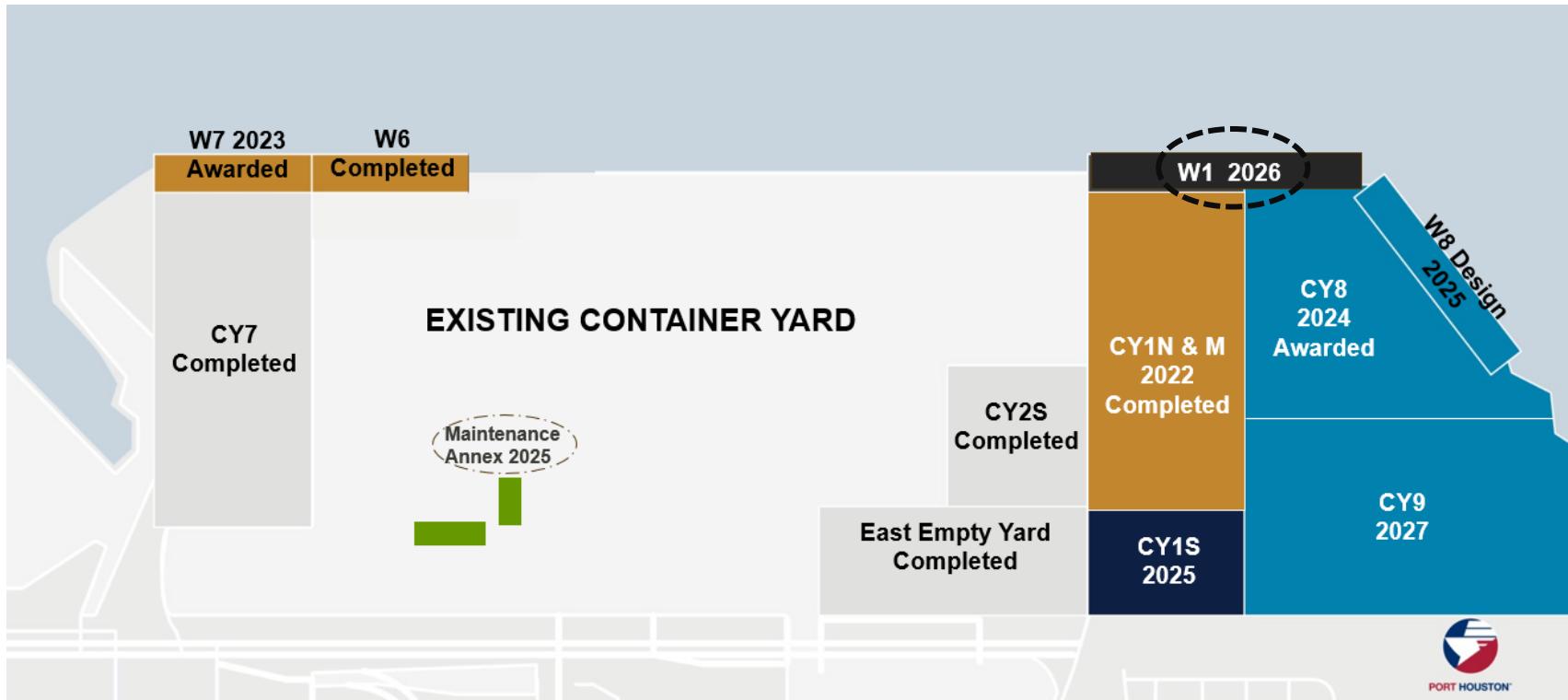
2026 BUDGET AWARDS (\$ in thousands)

	2025 Reforecast	2026 Budget
Bayport Terminal	\$ 120,622	\$ 229,785
Barbours Cut	27,825	173,635
Channel Development	9,119	34,121
Multi-Purpose Facilities	12,369	40,766
Maintenance	30,082	10,646
Real Estate	2,019	7,000
Port Security	21,102	16,215
Information Technology	3,576	13,131
Other	10,036	8,950
PHA Operating Capital	\$ 236,750	\$ 534,249
Project 11	(8,049)	35,053
Total Capital	<u>\$ 228,702</u>	<u>\$ 569,302</u>
Grant Reimbursements	\$ (46,974)	\$ (38,729)

- Note – 2026 ‘Other’ includes: Contingency/CMT for \$6m, Sam Houston for ~\$3m (includes shore power)

CAPITAL PLAN

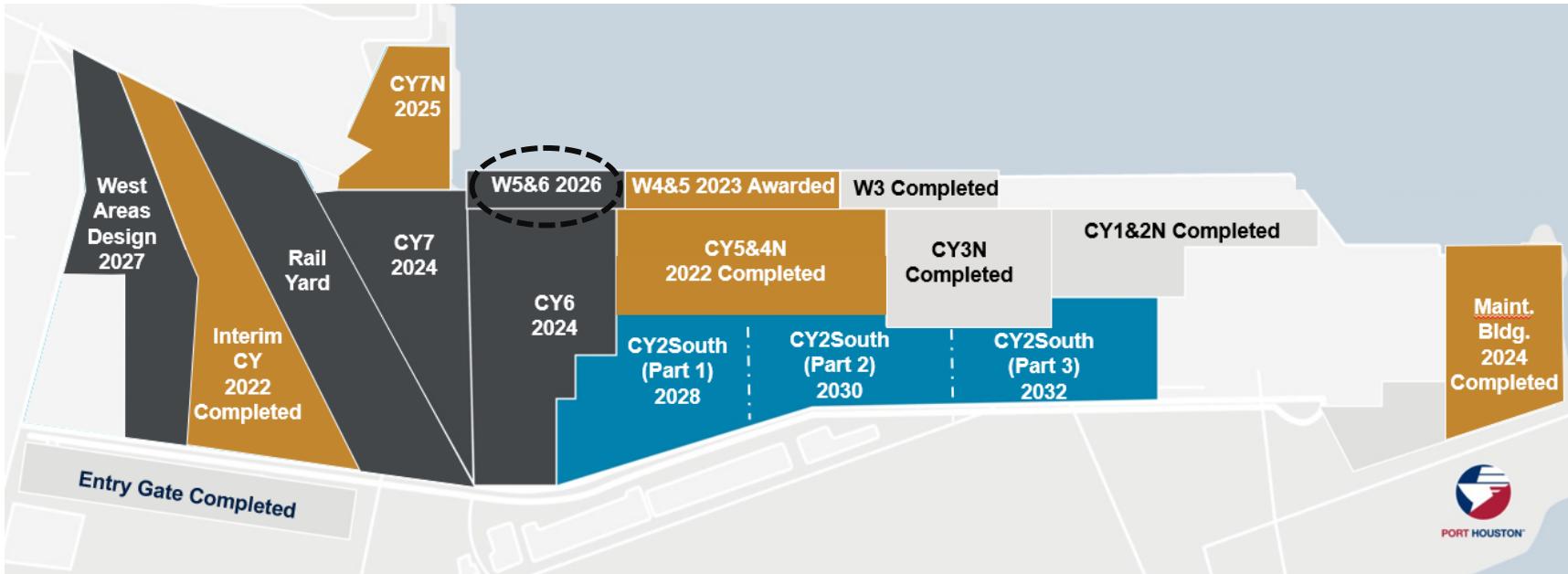
2026 BUDGET | BAYPORT TERMINAL DEVELOPMENT (not to scale)



Wharf 1 - Construction	\$ 165,000	Unless noted, dates are of construction award
Bayport South Access Road	37,000	
4 STS Cranes - Wharf 2, 4, and 7 Tariff	14,500	
Bayport South ILA Parking Lot	10,000	
Other (IT, Vehicles, etc.)	3,285	
Total Projects	\$ 229,785	

CAPITAL PLAN

2026 BUDGET | BARBOURS CUT TERMINAL DEVELOPMENT (not to scale)



Wharf 5 & 6 & SSB Construction (Phase 2)	\$ 100,000	Unless noted, dates are of construction award
4 STS Cranes - Wharf 5 & 6	58,000	
4 STS Cranes - Wharf 4 & 5 Tariff	14,500	
Other (Vehicles, etc)	1,135	
Total Projects	\$ 173,635	

CAPITAL PLAN



Multi-Purpose Facilities (ex - Manchester)		Manchester	
Rehab Wharf (2026)	\$ 10,000	Manchester-Wharf M2 Construction	\$ 17,525
Care and Jacintoport Concrete Repair	4,500	Manchester-Wharf M3 Design	225
New Roof 21a/25a - Construction	2,600	Manchester Total	\$ 17,750
Splash Zone Painting	2,200		
Other (Stabilize Lease Yards, etc)	3,716	Total Multi - Purpose Facilities Projects	\$ 40,766
Projects Total	\$ 23,016		26

LIQUIDITY PROJECTIONS

2026 BUDGET | CASH POSITION (\$ in thousands)

	Forecast	Budget	Plan
	2025	2026	2027
Beginning available, PHA Operating *	\$ 734,368	\$ 592,140	\$ 560,278
Sources:			
Operating cash flow and net grant funds	367,313	377,491	406,990
Available Resources	1,101,682	969,632	967,269
Uses:			
Debt Service	(45,478)	(45,477)	(45,479)
Operating Capital cash outflow	(464,064)	(350,058)	(383,548)
Project 11 funding inflow/outflow	-	(13,818)	-
Net Uses	(509,541)	(409,354)	(429,026)
Ending available, PHA Operating	\$ 592,140	\$ 560,278	\$ 538,243
Beginning available, Project 11			
	\$ 236,986	\$ 104,604	\$ 7,180
Project 11 funding inflow/outflow	-	13,818	-
Project 11 cash outflow, net of credits	(132,382)	(111,243)	-
Ending available, Project 11	\$ 104,604	\$ 7,180	\$ 7,180

- Projecting a stable liquidity position for operating funds as the Port invests in new capacity and recapitalization while providing debt service coverage for Project 11 bonds
- The Port's funding responsibilities for Project 11 will conclude in 2028.

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

STS crane tariffs are included at 25% in this and the 5-year plan; contingency liquidity modeling and sourcing strategies are being worked as the tariff landscape continues to evolve.

LIQUIDITY PROJECTIONS

2026 BUDGET | AWARD POSITION (\$ in thousands)

	Forecast 2025	Budget 2026	Plan 2027
Beginning Funds Available (Uncommitted) *	\$ 130,820	\$ 223,954	\$ 294,521
Sources:			
Operating cash flow and net grant funds	378,162	385,345	406,990
Available Resources	508,982	609,299	701,511
Commitments:			
PHA Operating CIP Awards	236,751	534,249	222,916
Project 11 Awards	2,800	35,053	-
Debt Service	45,478	45,477	45,479
Total Commitments	285,028	614,779	268,395
PHA Funds Available (Uncommitted)	\$ 223,954	\$ (5,479)	\$ 433,116
Credit instruments (ECP, Note purchase)	-	300,000	-
Ending Funds Available (Uncommitted)	\$ 223,954	\$ 294,521	\$ 433,116

- Award capacity includes awarding against \$300 million Extendible Commercial Paper facility (no draws).

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

EXECUTIVE SUMMARY

2026 BUDGET | KEY TAKEAWAYS

- Financial outlook for next year is stable and is supported by marginal growth in cargos and continued operational excellence across the enterprise.
- Container unit growth rates projected to increase in 2026 based on industry and market signals combined with consistent volumes in Steel imports.
- Capital plans continue for Container capacity expansion and General Cargo facility redevelopment to provide efficient growth opportunities for our Customers and job creation for the local economy.
- Liquidity position is sound, with Cash positions remaining favorable given these business assumptions.

2026 BUDGET

OPERATING & CAPITAL BUDGET

- This concludes the presentation of the 2026 Budget proposal for the Port Commission's consideration and possible adoption.
- The following 5-year Plan materials are provided to the Port Commission for review, though no action is required.

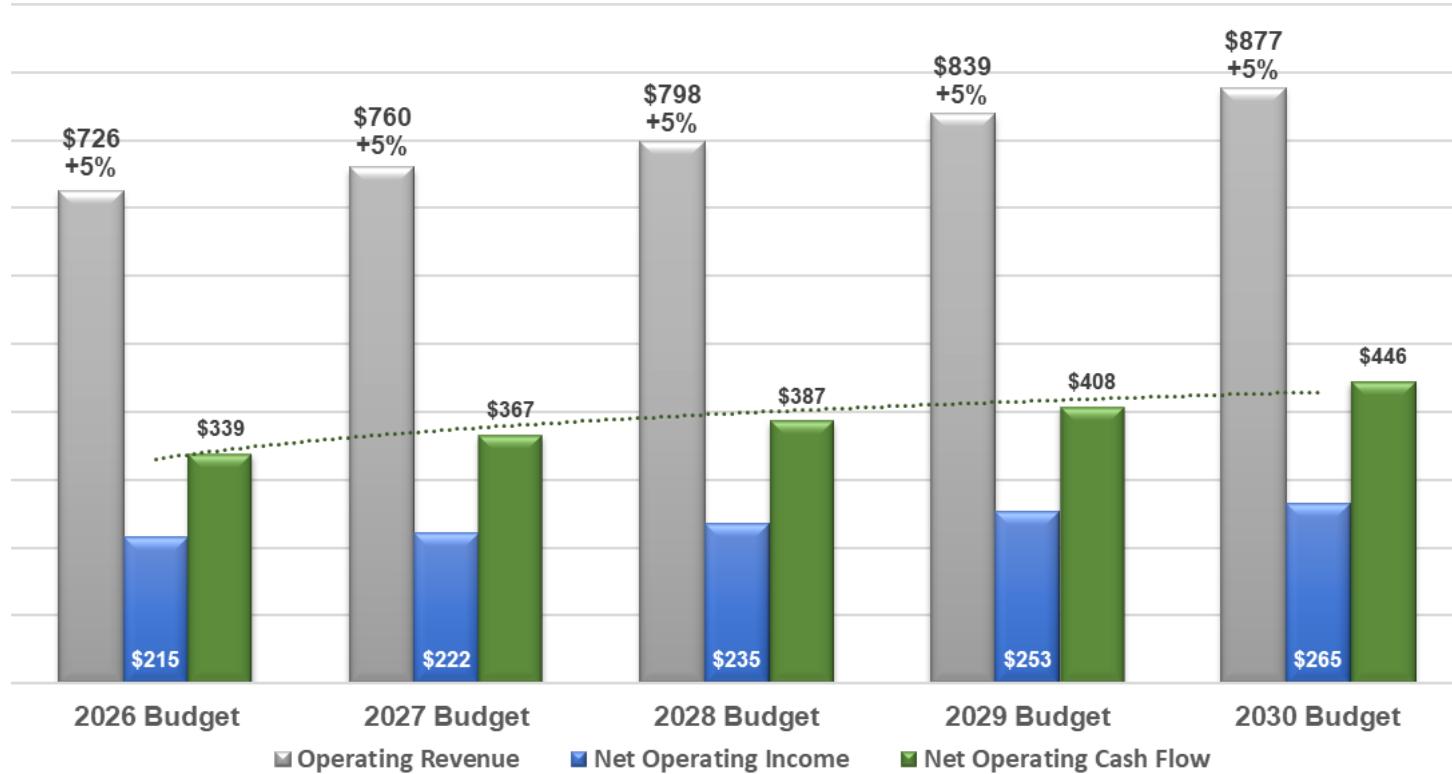
CONTENTS

2026 BUDGET

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

5-YEAR PLAN REVIEW

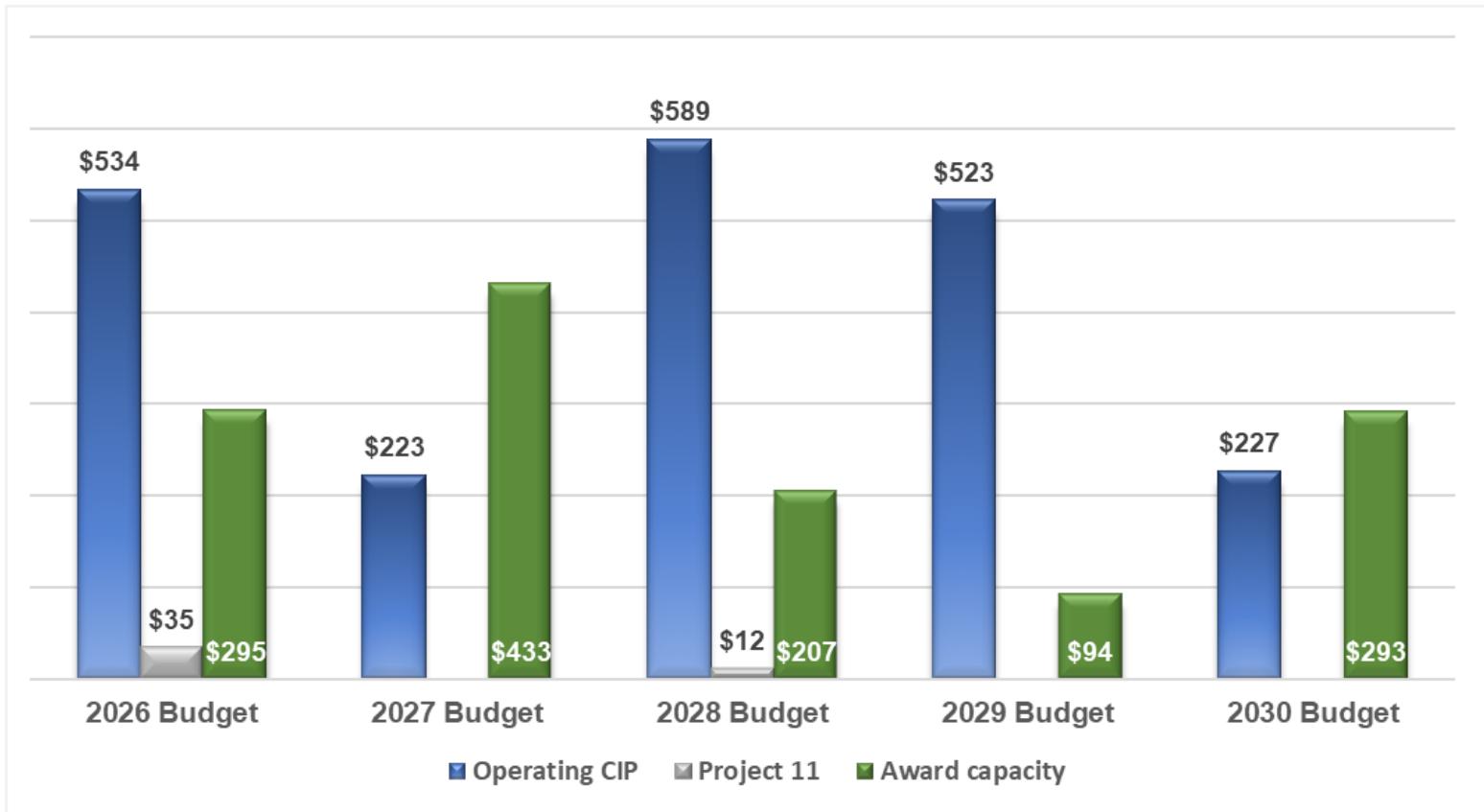
2026 BUDGET | SUMMARY VIEW OPERATING BUDGET (\$ in millions)



- With Container unit growth of 4%, Multi-Purpose cargos of 3%, the Plan illustrates revenues expanding 5% across this planning horizon while Net Operating Cash generation grows by 7%.
- Net operating income trend influenced by depreciation on capacity additions and PHA & ILA related salary cost.

5-YEAR PLAN REVIEW

2026 BUDGET | CAPITAL AWARDS AND LIQUIDITY (\$ in millions)



- Projected liquidity position reflects end of period cash and investment estimates; 'Award capacity' illustrates the ability for the Commission to appropriate funds for new capital projects and is stable across the time horizon.

5-YEAR PLAN REVIEW

2026 BUDGET | CASH POSITION ROLLFORWARD (\$ in thousands)

	Forecast 2025	Budget 2026	Plan 2027	Plan 2028	Plan 2029	Plan 2030
Beginning available, PHA Operating *	\$734,368	\$592,140	\$560,278	\$538,243	\$541,082	\$482,585
Sources:						
Operating cash flow and net grant funds	367,313	377,491	406,990	415,325	456,532	471,122
Available Resources	1,101,682	969,632	967,269	953,567	997,614	953,707
Uses:						
Debt Service	(45,478)	(45,477)	(45,479)	(45,476)	(45,479)	(45,480)
Operating Capital cash outflow	(464,064)	(350,058)	(383,548)	(367,009)	(469,551)	(502,788)
Project 11 funding inflow/outflow	-	(13,818)	-	-	-	-
Net Uses	(509,541)	(409,354)	(429,026)	(412,485)	(515,029)	(548,268)
Ending available, PHA Operating	\$592,140	\$560,278	\$538,243	\$541,082	\$482,585	\$405,439
Beginning available, Project 11						
	\$236,986	\$104,604	\$ 7,180	\$ 7,180	\$ -	\$ -
Project 11 funding inflow/outflow	-	13,818	-	-	-	-
Project 11 cash outflow, net of credits	(132,382)	(111,243)	-	(7,180)	-	-
Ending available, Project 11	\$104,604	\$ 7,180	\$ 7,180	\$ -	\$ -	\$ -

* Total cash and investments less prior year POs, self-insurance, contingency, other

5-YEAR PLAN REVIEW

2026 BUDGET | AWARD CAPACITY ROLLFORWARD, CONSOLIDATED (\$ in thousands)

	Forecast 2025	Budget 2026	Plan 2027	Plan 2028	Plan 2029	Plan 2030
Beginning Funds Available (Uncommitted) *	\$ 130,820	\$ 223,954	\$ 294,521	\$ 433,116	\$ 206,651	\$ 94,280
Sources:						
Operating cash flow and net grant funds	378,162	385,345	406,990	420,217	456,532	471,122
Available Resources	508,982	609,299	701,511	853,333	663,183	565,403
Commitments:						
PHA Operating CIP Awards	236,751	534,249	222,916	589,134	523,424	227,334
Project 11 Awards	2,800	35,053	-	12,072	-	-
Debt Service	45,478	45,477	45,479	45,476	45,479	45,480
Total Commitments	285,028	614,779	268,395	646,682	568,903	272,814
PHA Funds Available (Uncommitted)	\$ 223,954	\$ (5,479)	\$ 433,116	\$ 206,651	\$ 94,280	\$ 292,589
Credit instruments (ECP, Note purchase)	-	300,000	-	-	-	-
Ending Funds Available (Uncommitted)	\$ 223,954	\$ 294,521	\$ 433,116	\$ 206,651	\$ 94,280	\$ 292,589

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



PORT HOUSTON™

PORT HOUSTON FINANCIAL PLANNING

THANK YOU