



Department of Aviation Houston Airport System

FY2026 Proposed Budget
Workshop Presentation
May 14, 2025

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HAS Chief Financial Officer – Clint Stephen

Table of Contents



HAS Strategic Focus	3
VMERPO / Restructure	4-5
Revenue	6-8
Expenditures	9-13
Personnel	14
Trends & Destinations	15-17
HAS FY26 Initiatives	18-19
Major Capital Projects	20
Appendix	22-30





Strategic Alignment



MISSION

We exist to connect the people, businesses, cultures and economies of the world to Houston

VISION

To establish the Houston Airport System as a premier 5-star global air service gateway, a source of pride for Houstonians, and the actively preferred choice for connecting passengers.

STRATEGIC PRIORITIES



MAKE OUR PASSENGERS HAPPY

Houston Airports views the traveling passenger as a customer. Therefore, Houston Airports must be focused on continually providing an excellent customer experience at all touchpoints.



ACT RESPONSIBLY TO ACHIEVE SOCIAL, ENVIRONMENTAL, AND ECONOMIC SUSTAINABILITY

Houston Airports has determined three key areas that are critical to the system's sustainability — People (Social), Planet (Environmental) and Profit (Economic). The intersection of these areas will be at the heart of how Houston Airports operates.



BUILD PLATFORMS FOR FUTURE SUCCESS

Houston Airports is working to ensure that the physical, human, financial and system resources are in place to meet future demand. Houston Airports continues to implement systems and programs to manage our airports responsibly and enable us to exceed customer expectations.



INVEST IN OUR PARTNERSHIPS AND OUR EMPLOYEES

To provide a world-class customer experience, Houston Airports must continue to invest in its employees — the pillars of Houston Airports' success and the front line in the effort to improve the customer experience.



Voluntary Municipal Employee Retirement Payout Option (VMERPO)



Number Eligible for VMERPO	Number Accepting Option	% Accepting
370	102	28%

Reductions Included in Proposed Budget		
	Number of Employees	Value of Reduction
Non-Critical Positions Accepting Offer before April 20 th	60	\$7,286,997



Proposed Department Restructure

	Current State	Proposed State
Average Span of Control	5	6
% Managers/Supervisors with Less Than 4 Direct Reports	34%	20%
Layers of Management	7	6

Recommended New Job Classifications

ASIS Planner

Incident Command Center – Duty Manager

Terminal Operations

Conveyance SMEs

Returning to traditional Airport General Manager management model

Consolidating multiple employee groups into a single operating structure



HAS Revenue Highlights

Revenue for FY26 is projected to be \$738.7M, 4.8% over FY25 estimate

- Airline revenues from landing fees and terminal rents are projected to increase by \$27.2M (6.2%) due to:
 - Additional cost recovery in the airfields and terminals
 - Airlines utilizing larger aircrafts to accommodate higher enplanements.
- Parking is a significant source of non-airline revenue and is projected to increase \$7.0M (5.4%) due to increased passenger traffic, and \$8.6M (6.7%) budget over budget.
- Automobile rental concession revenue is projected to increase \$1.3M (3.4%), budget over budget is projected to increase \$2.0M (5.2%).



HAS Revenue by Airline / Non-Airline

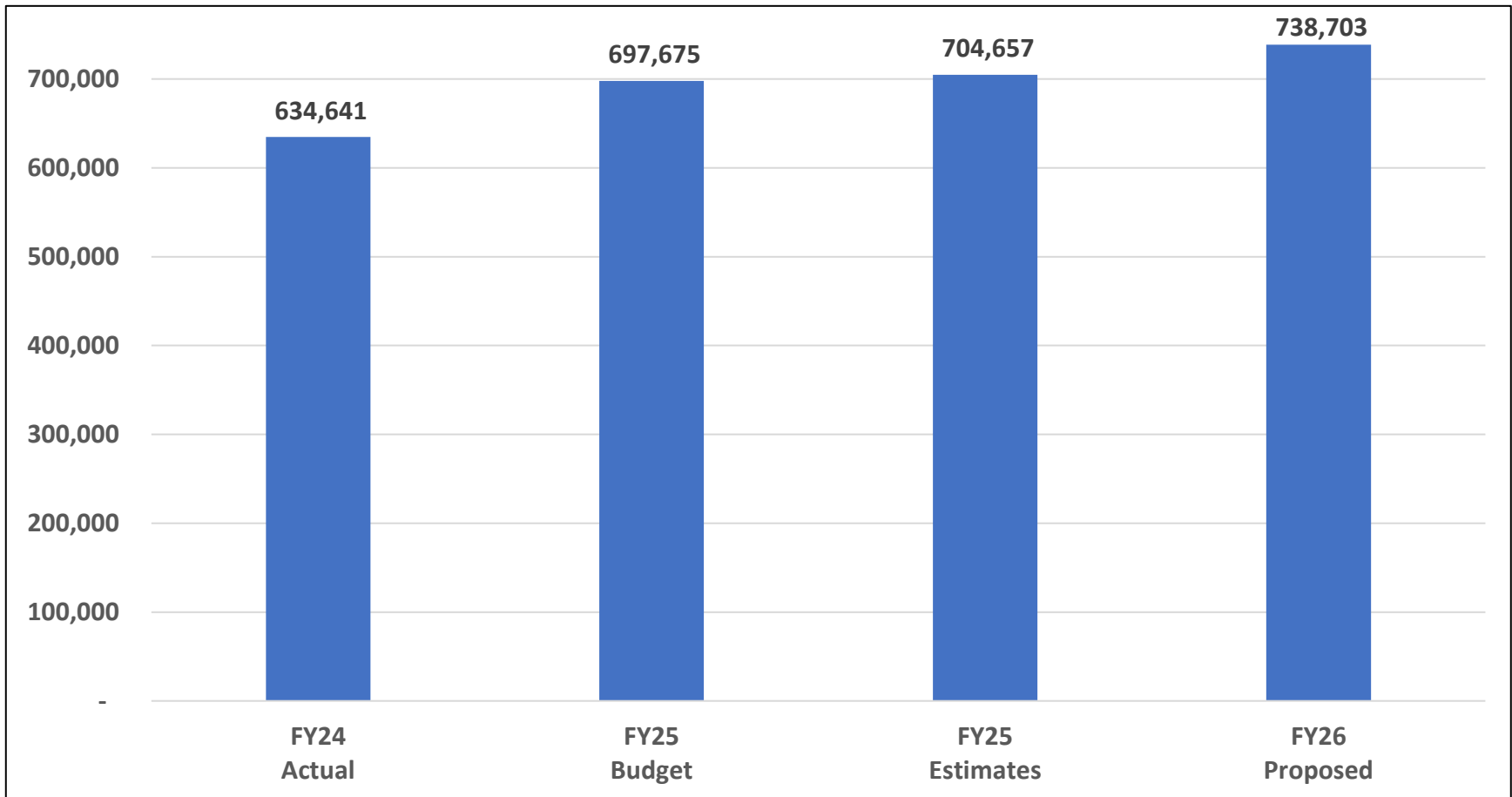
Values in \$ thousands

HAS - Revenue Fund 8001	FY24 Actual	FY25 Original Budget	FY25 Estimates	FY26 Proposed	Variance FY26 Prop/FY25 Estimates	% Change
Airline Landing Fees	94,488	114,638	104,638	98,203	(6,435)	(6.2)%
Airline Terminal Rentals and Usage Fees	250,353	276,541	270,541	300,213	29,672	11.0%
Subtotal Airline Revenues	344,841	391,179	375,179	398,416	23,237	6.2%
Garage & Surface Parking	122,588	127,703	129,306	136,292	6,986	5.4%
Ground Transportation & Retail Concession	77,315	80,801	85,826	95,536	9,710	11.3%
Auto Rental Concessions	38,849	38,633	39,335	40,659	1,324	3.4%
Other	51,048	59,359	75,013	67,800	(7,213)	(9.6)%
Subtotal Non-Airline Revenues	289,800	306,495	329,480	340,287	10,807	3.3%
TOTAL Revenue	634,641	697,674	704,659	738,703	34,044	4.8%



Revenue by Fund (8001)

Values in \$ thousands





HAS Expenditure Highlights

Accounting Change for Expenditures in Fund 8001

In an effort to enhance transparency in financial reporting, HAS will implement an accounting/reporting change for Fiscal Year 2026. This adjustment will reallocate Skyway and Parking expenditures back to Fund 8001 from 8011. While this change will result in a reduction of reported net revenue due to an overall increase in 8001 expenditures, actual net revenues, available for Airport Improvement, will remain unaffected. This change to the prior accounting methodology reflects a more transparent representation of the financial impact. We are making this adjustment thoughtfully and with a view toward long-term fiscal clarity.

✈ Parking and Skyway expenditures are budgeted to be \$62.8M for FY26.



HAS Expenditure Highlights

Total Expenditures for Fund 8001 in FY26 are projected to be \$738.7M, 4.8% over FY25 estimate

- ➔ O&M expenditures are budgeted to be \$476.0M, an increase of \$86.8M (22.3%) over FY25 estimate
- ➔ Personnel budgeted to decrease by \$3.0M (2.0%) due to retirements and vacancy factors
- ➔ Supplies and Non-Capital Equipment are budgeted to increase by \$0.38M (13.5%)
- ➔ Contracted Services are budgeted to increase \$89.4M (40.1%) due to Skyway and Parking accounting change and additionally for Terminal D complex and ICP maintenance
- ➔ HAS pays \$135.6M to the General Fund for services provided by HPD, HFD, HR, IT, Legal, Water/Sewer and others, an increase of \$8.9M (7.1%) over FY25 estimate
 - ➔ Police Services (HPD Interfund) \$42.4M - \$0.9M increase (2.17%)
 - ➔ Aircraft Rescue & Fire Fighting (ARFF Interfund) \$27.2M - \$1.7M increase (7.0%)
 - ➔ Utilities(Water, Sewer, Electricity & Natural Gas) \$28.9M - \$2.38M increase (7.7%)
 - ➔ Property Insurance of \$11.4M - \$0.3M increase (3.1%)



Expenditure by Fund

Values in \$ thousands

HAS - Expenses Fund 8001	FY24 Actual	FY25 Budget	FY25 Estimates	FY26 Proposed	Variance FY26 Prop/FY25 Estimates	% Change
Personnel	127,136	144,593	152,800	149,788	(3,012)	(2.0)%
Supplies	8,236	9,651	10,001	9,964	(37)	(0.4)%
Contracted Services & Charges	188,914	235,463	222,975	312,427	89,452	40.1%
Non-Capital	1,913	3,688	3,071	3,497	426	13.9%
Total O & M Expenditures	326,200	393,395	388,848	475,676	86,828	22.3%
Debt Services & Other Uses	325,158	304,279	315,811	263,024	(52,787)	(16.7)%
HAS Revenue Fund (O&M) 8001	651,358	697,674	704,659	738,703	34,044	4.8%

HAS - Expenses Fund 8012	FY24 Actual	FY25 Budget	FY25 Estimates	FY26 Proposed	Variance FY26 Prop/FY25 Estimates	% Change
Building Improvements & FFE	3,072	-	-	-	-	-
Computer HW & Developed SW	467	2,487	299	2,994	2,695	901.3%
Vehicles & Rolling Stock	11,335	18,213	10,329	17,035	6,706	64.9%
Furniture Fixtures and Equip	68	255	203	251	48	23.6%
HAS Capital Outlay Fund 8012	14,942	20,955	10,831	20,280	9,449	87.2%



Expenditure by Fund

Values in \$ thousands

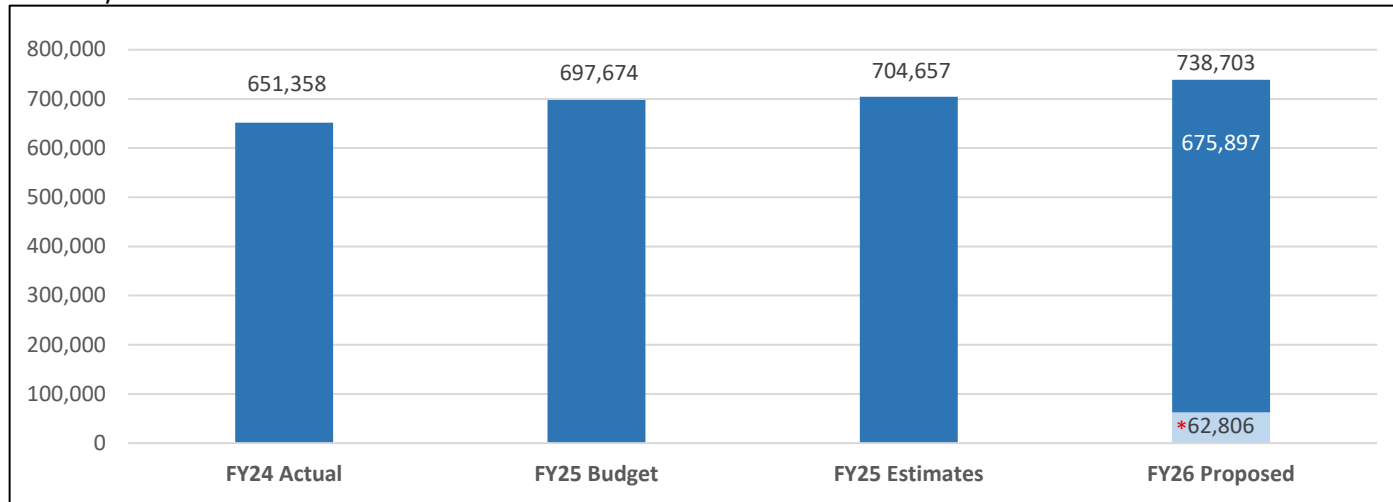
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Supplies	8,236	10,001	10,001	9,964	(37)	(0.4)%
Contracted Services & Charges	188,914	222,975	222,975	312,427	89,452	40.1%
Non-Capital	1,913	3,070	3,070	3,497	427	13.9%
Total O & M Expenditures	326,200	388,846	388,846	475,676	86,830	22.3%
FY26 Budget Less:						
Reclass Skyway & Parking*				(62,806)		
HOPE Increases				(4,391)		
Impact of new facilities				(3,170)		
Total O & M Expenditures	326,200	388,846	388,846	405,309	16,463	4.2%

* Skyway maintenance contract and parking services contract were appropriated from fund 8011 since March 2021.



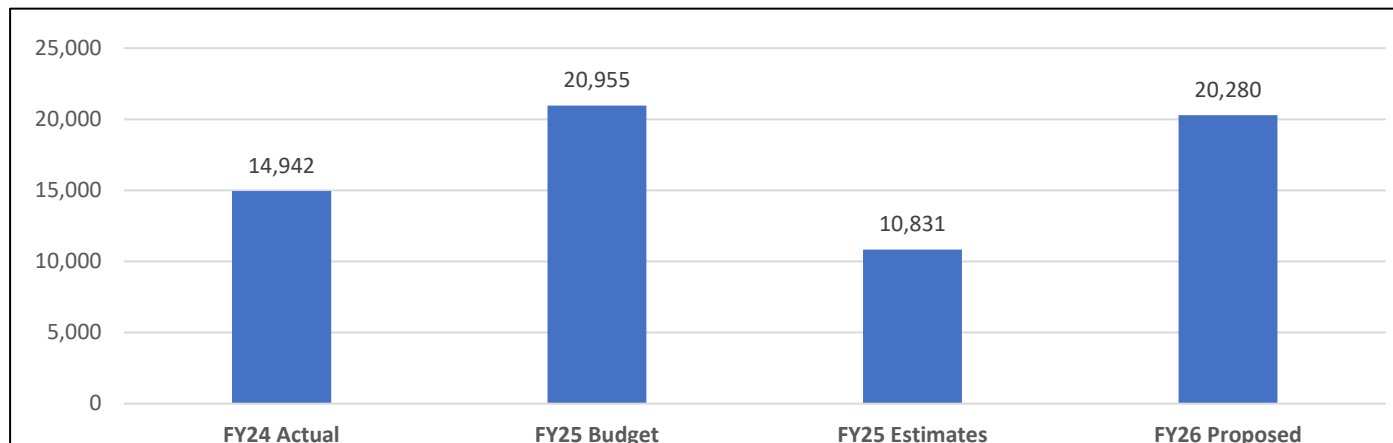
Expenditure by Fund (in Thousands)

Values in \$ thousands *Fund 8001*



*Parking and Skyway fund reclass

Fund 8012



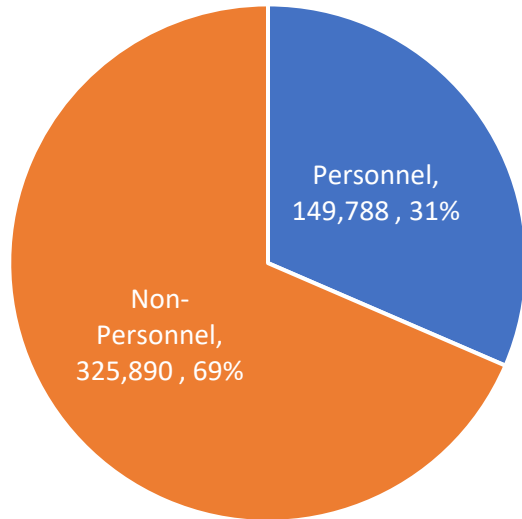


Personnel vs. Non-Personnel

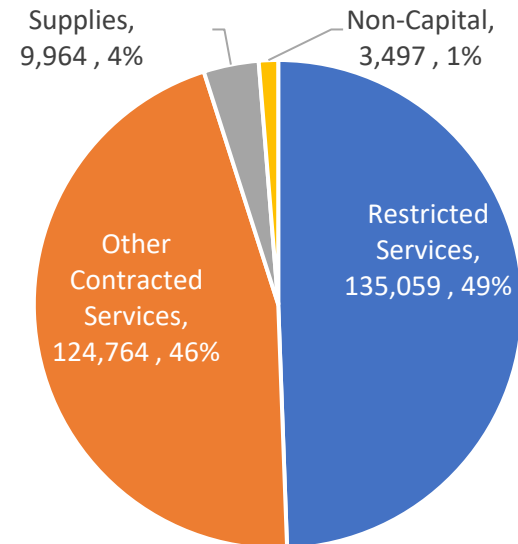
FY 26 Proposed

Values in \$ thousands

Revenue Fund (M&O) 8001



Non-Personnel



Other Category Breakdown

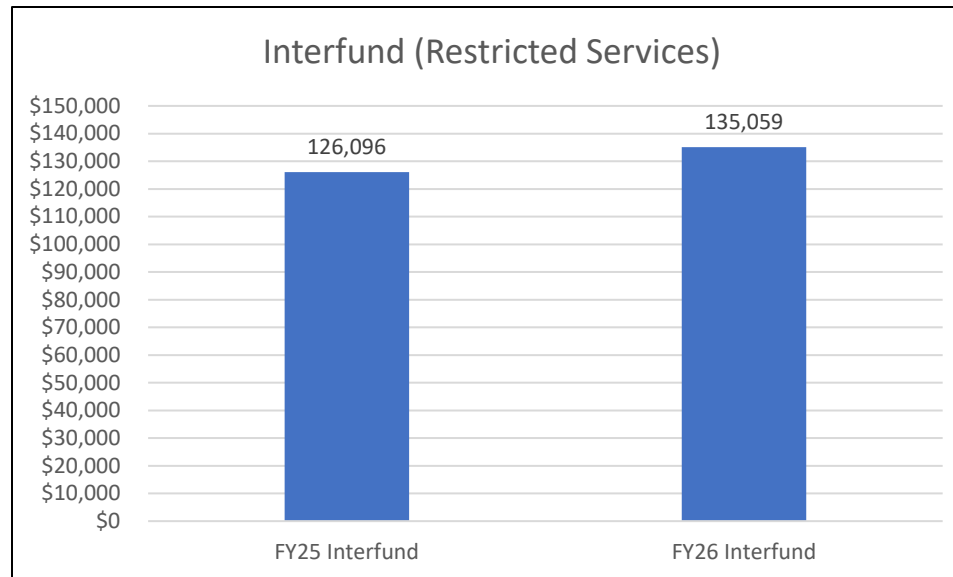
Personnel	149,788
Supplies	9,964
Contracted Services & Charges	312,427
Non-Capital	3,497
Total	475,678

Interfund (Restricted Services)	135,059
Other Contracted Services	124,764
Supplies	9,964
Non-Capital	3,497
Total	325,890

Interfund (Restricted Services) FY25 vs FY26



Values in \$ thousands



Interfund (Restricted Services)	
FY25 Interfund	126,096
FY26 Interfund	135,059
YOY Variance	8,963
YOY % change	7.1%



Our Global Reach

FY25: 201* Non-stop flights - 129 Domestic & 72 International



** 3 nonstop destinations to Asia and one direct destination to Asia + total 4 destinations in Asia

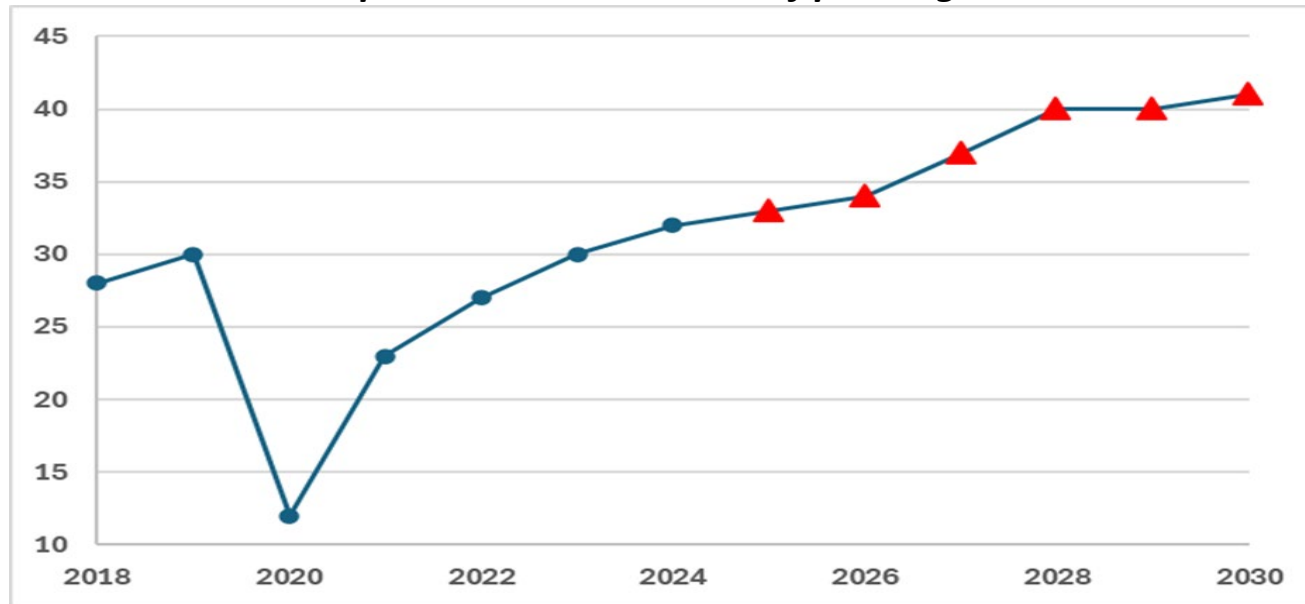
**Total number of destinations for FY'25 (July 1, 2024 – June 30, 2025 schedules). This includes seasonal destinations which fluctuate based on seasons.

Houston requires world class facilities to meet projected travel demands



HAS Total Enplanements (2018 – 2030)

Enplanements in millions of passengers



- ➔ Both commercial airports (IAH & HOU) are vital components of the US air traffic system and Houston continues to be an important destination for both business and leisure travelers
- ➔ FAA's long-term forecast projects enplanement growth to double over 25 years for Houston area airports
- ➔ Future enplanement growth driven primarily by higher airport utilization as airlines schedule more flights using larger planes to simultaneously meet demand while maximizing profit margins
 - All values are for calendar year
 - 2018 – 2024 – Actual values
 - 2025 total – Actuals through Feb 25 + Forecasted values from Mar 25 through Dec 25
 - 2026 - 2030 – Forecasted values for entire year



Houston Airport System FY26 Initiatives

*Improving Customer Experience - **From Curb to Gate***



Terminal Upgrades

- New restrooms in Terminals A, D, and at HOU
- United Airlines will commence restroom upgrades in Terminals C&E
- Terminal curb cleaning and coatings
- FIFA fan experience and processing



Sustainability

- ACI Carbon Accreditation Level 1 Achieved
- ACI Carbon Accreditation Level 2 Achieved
- ACI Carbon Accreditation Level 3 In Process

Upgraded Amenities, Concessions and Overall Customer Experience

- Complete concessions transition at HOU
- Rehab food courts in Terminal A
- Sensory room at HOU
- Identify path forward for a lounge at HOU





Houston Airport System FY26 Initiatives

Improving Customer Experience - From Curb to Gate



Landside Improvement

- Commence employee parking lot expansion
- Move from Terminal Management to a Terminal Operations organization
- Complete master plan traffic analysis



Airfield Excellence

- Regrooving of select runways at IAH
- HOU Rwy 4/22 upgrades
- Safety Management System Program implementation
- Clearway extensions at EFD
- Taxiway SA/SB rehabilitation at IAH



Secure Additional Air Service

- New airline
 - ZIPAIR Tokyo
- New non-stop destinations
 - Medellin, Colombia
 - Hartford, CT
 - Puerto Escondido, Mexico
 - Salina, KS
 - Gulf Shores, AL
 - Wilmington, NC
 - Portland, ME
 - Edmonton, Canada (reinstating)



Major Capital Projects



IAH Terminal B Transformation

- \$2.5B terminal modernization adding 40 domestic & international gates
- Improving IAH traffic by expanding curbside and roadway capacity
- Constructing 115,000 ft² of state-of-the-art food and retail space
- Creating a multimedia interactive park along with a comfort zone for passengers needing to decompress and relax
- Projected completion in late 2026 / early 2027



HOU West Concourse Expansion

- ~\$500M terminal expansion adding 7 new domestic & international gates
- Renovating the baggage handling system and expanding baggage claim area
- Upgrading existing infrastructure (HVAC, sewer, water, etc.) to be able to support increased passenger counts
- Projected completion in 2027

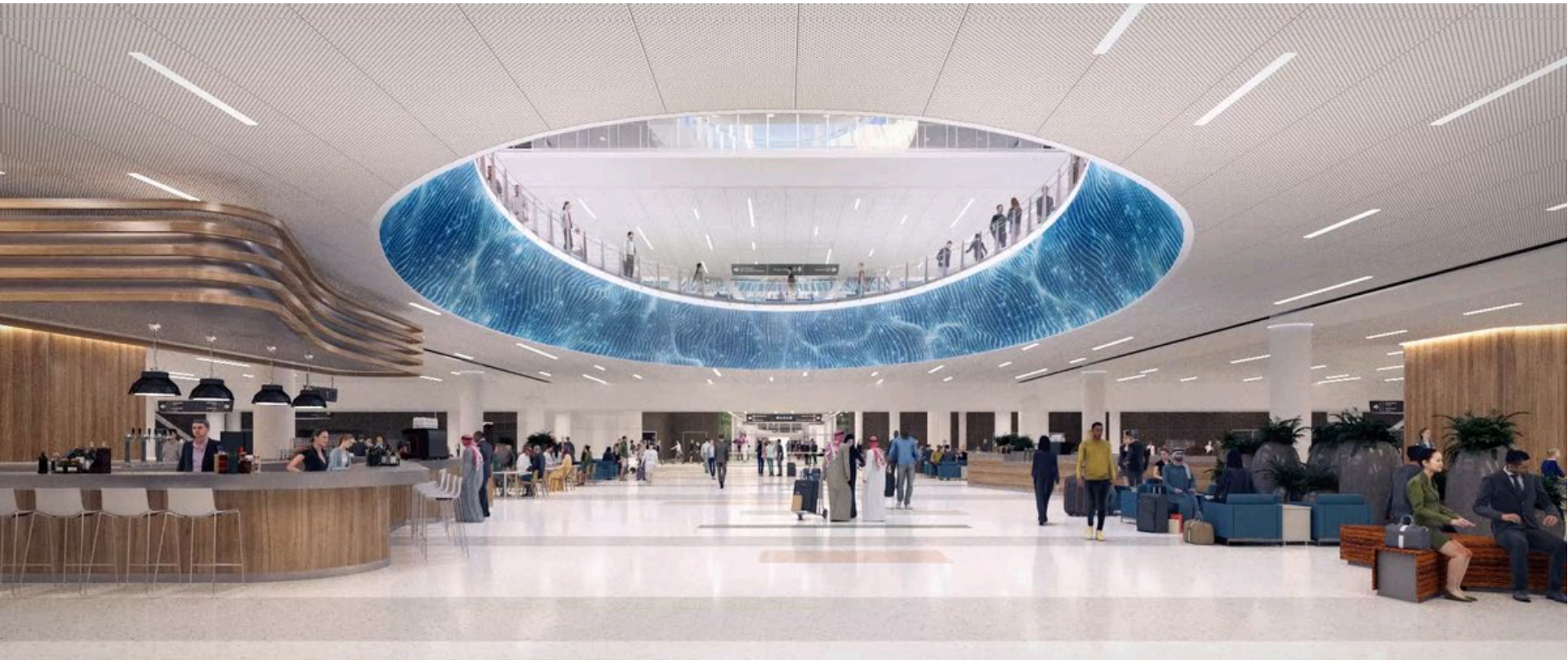


IAH Central Utility Plant Upgrade (CUP)

- ~\$120M Replacement of CUP assets reaching end of life
- Adding additional capacity and efficiency upgrades required for future domestic terminal expansion
- Projected completion in 2028



Questions?

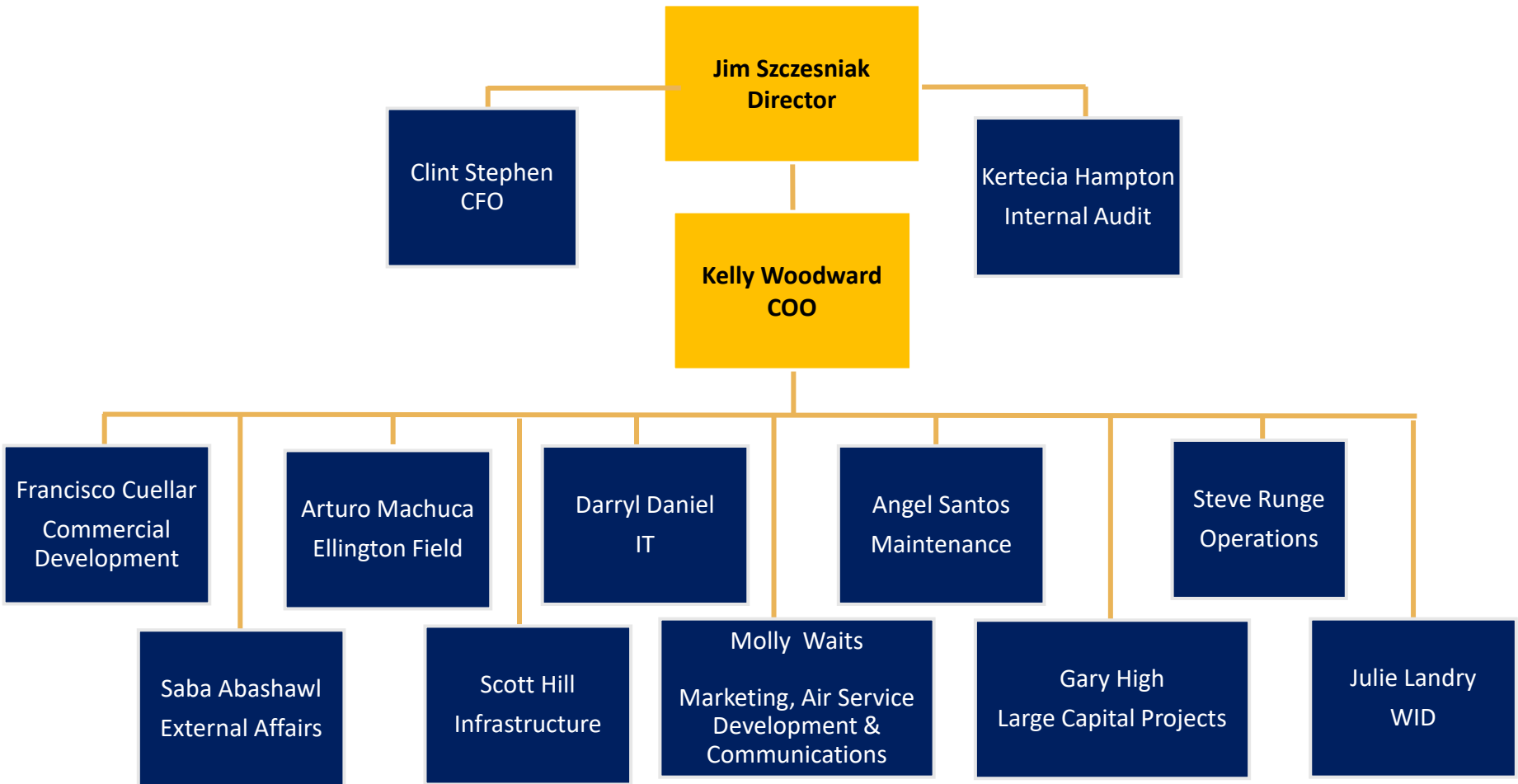


Appendix





Department Organization Chart





Interfund (Restricted Services)

Values in \$ thousands

GL Description	Justification & Cost Drivers	FY26 Proposed Budget
Interfund Police Service	HAS cost for services supported by Houston Police Department (HPD) at the airports.	42,493
Interfund Fire Protection Service	HAS cost for Aircraft Rescue and Fire Fighting (ARFF) services supported by 152 employees of the HFD assigned to Stations 54, 81, 92 and 99 which provide emergency response services for hazardous materials, technical rescue, and aircraft fire fighting at the airports.	27,240
Interfund Electricity	HAS cost for electricity accounts which are administered by the CoH SPD and Finance.	20,135
Interfund Insurance	Cost for monthly property insurance premiums.	11,417
Interfund Drainage Charge	Fee is based on impervious service.	5,075
Interfund Natural Gas	HAS cost for natural gas accounts which administered by SPD and CoH Finance.	1,781
Interfund Vehicle Services	HAS cost for repair, maintenance, and administrative support from FMD for all rolling stock equipment.	16,956
Indirect Cost Recovery	HAS cost for services administered by through the General Fund.	5,888



Interfund (Restricted Services)

Values in \$ thousands

GL Description	Justification & Cost Drivers	FY26 Proposed Budget
Sewer Services	HAS cost for sewer services which are administered by the Combined Utility System (CUS) of the Houston Public Works Department.	3,385
Interfund HR Client Services	HAS cost for HR operations reflecting health benefits and restricted accounts increase.	3,427
Water Services	HAS cost for water services which are administered by the Combined Utility System (CUS) of the Houston Public Works Department.	2,969
Interfund Application Services	HAS cost for Microsoft Enterprise licenses, SAP licenses maintenance and support, various Enterprise Application and Server support personnel, eSignature, Project Management, Infor, eDiscovery, Cyber Security Office software and support, HITS Budget Support via the Finance Department and other various technical matters.	3,338
Interfund Vehicle Fuel	HAS cost for fuel which is are administered by the Fleet Management Department.	1,063
Interfund Voice Services	HAS portion of Voice Exp costs administered by CoH Information Technology Department.	473
Interfund Legal Services	HAS cost for legal services/support from the City of Houston's Legal Department	444



Interfund (Restricted Services)

Values in \$ thousands

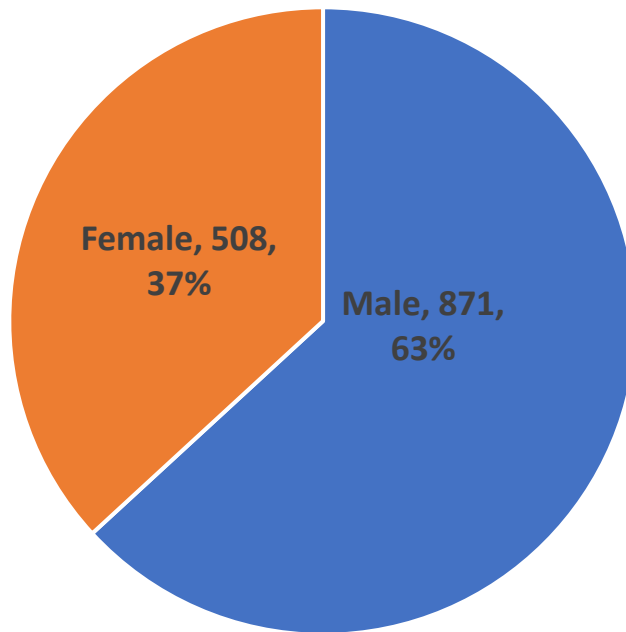
GL Description	Justification & Cost Drivers	FY26 Proposed Budget
Interfund Payroll Services	HAS cost for payroll services, HR operations, reflecting health benefits and restricted account increases.	346
Interfund Network Services	HAS portion of Network Service cost administered by CoH Technology Department.	255
Interfund Data Services	HAS portion of Data Service cost administered by CoH Information Technology Department.	795
Interfund HEC Services	HAS cost for calls dispatched through the Houston Emergency Center.	280
Interfund GIS Services	HAS cost for personnel, software licenses and maintenance associated with city of Houston's Enterprise Geographic Information System (EGIS).	257
KRONOS Service Chargeback	HAS cost for software license and maintenance costs associated with the city of Houston's Time and Attendance System (KRONOS).	94
Interfund Voice Labor	HAS cost for payroll services HR operations reflecting health benefits and restricted accounts increase.	25
INTERFUND TRANSFERS TO GENERAL FUND		135,059



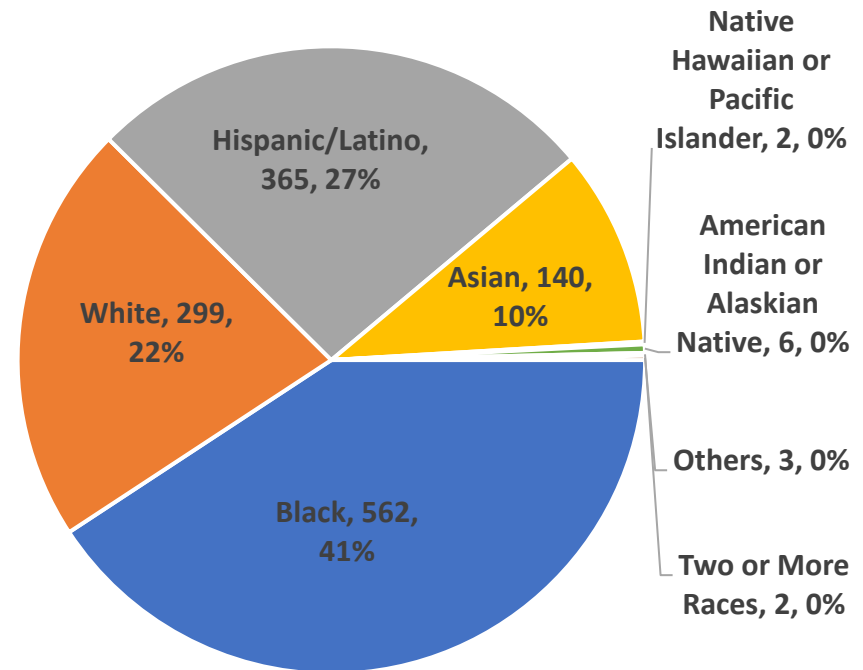
Department Demographic Breakdown

(gender & ethnicity)

HAS Headcount by Gender



HAS Headcount by Race/Ethnicity

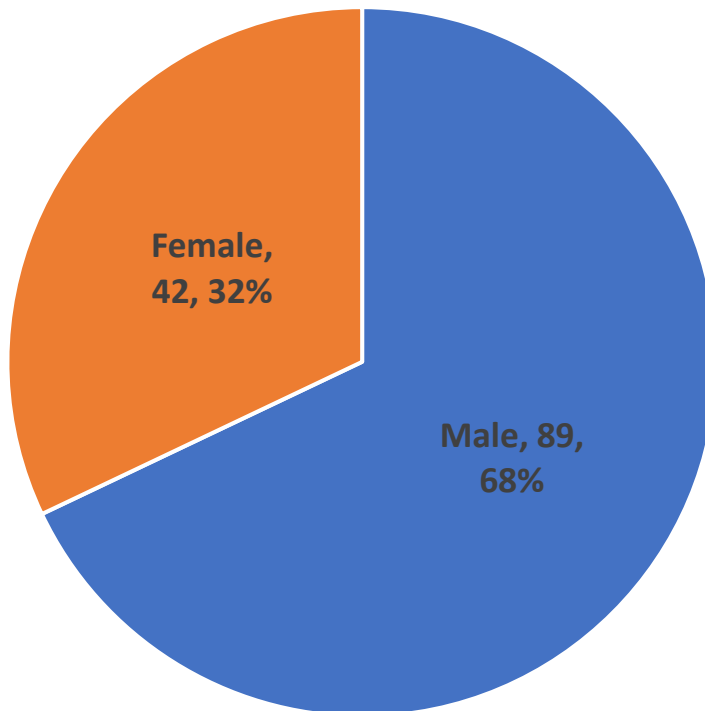




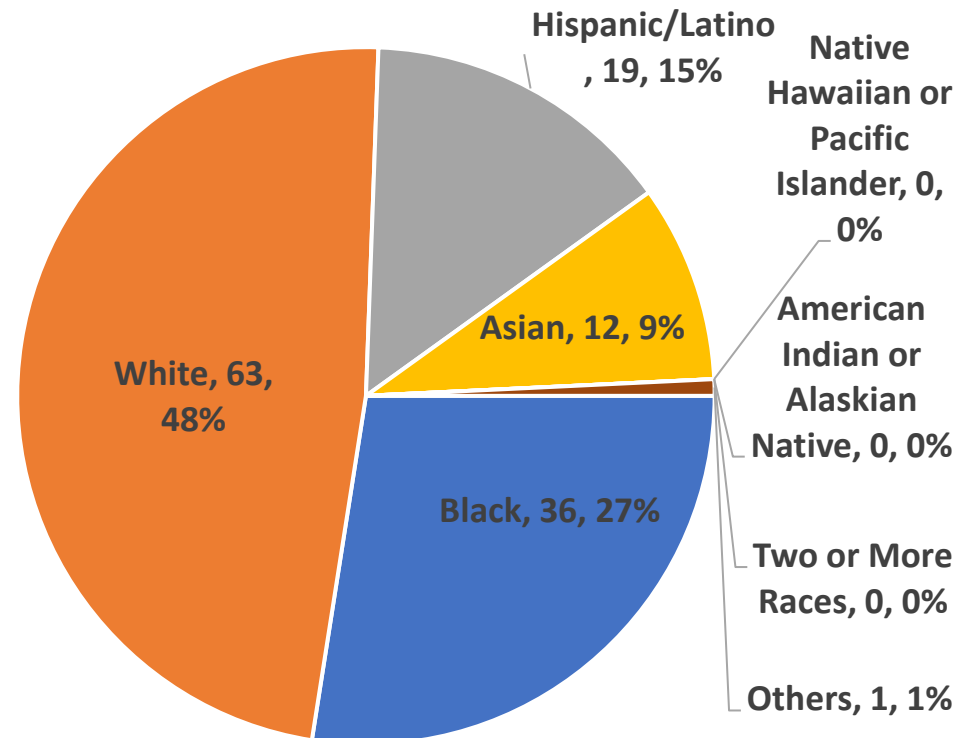
Department Demographic Breakdown

(gender & ethnicity)

*HAS Headcount by Gender
(Pay Grade 29+)*



*HAS Headcount by Race/Ethnicity
(Pay Grade 29+)*





HAS Ratings and Credit Strengths

Extremely strong enterprise risk profile with stable outlook

- ✈ Monopoly position, managing both commercial service airports in the combined statistical area
- ✈ Economically strong air service market area with strong population growth
- ✈ Geographic location that supports hub operations

	Fitch	Moody's	S&P	Kroll
Subordinate Lien	A+	A1	A	AA-



HAS Performance Measures

Measure	Mayor's Priority
Days of cash on hand	Government that Works
Revenue per passenger	Government that Works
Accounts Payable CIP Avg Days to Process	Government that Works
Accounts Payable O&M Avg Days to Process	Government that Works
Achieve IAH Skytrax Rating of 5 stars	Infrastructure
Maintain Skytrax rating of 5 stars at HOU	Infrastructure
Number of destinations	Infrastructure
Number of domestic enplanements	Infrastructure
Number of International enplanements	Infrastructure
% of Corrective maintenance complete on schedule	Infrastructure
% of Scheduled maintenance complete on time	Infrastructure
Skyway Uptime	Infrastructure
Subway Uptime	Infrastructure
ASQ Score-Overall-HOU (Quarterly Report)	Infrastructure
ASQ Score-Overall-IAH (Quarterly Report)	Infrastructure
HOU - Overall Monthly Roadway Travel Congestion	Infrastructure
IAH -Overall Monthly Roadway Travel Congestion	Infrastructure
Restroom Feedback Ratio-HOU	Infrastructure
Restroom Feedback Ratio-IAH	Infrastructure
Restroom Feedback Ratio-IAH FIS	Infrastructure
Restroom Feedback Ratio-IAH Terminal A	Infrastructure
Restroom Feedback Ratio-IAH Terminal D	Infrastructure
HOU Wi-Fi	Public Safety
IAH Wi-Fi	Public Safety