



# Department of Aviation Houston Airport System

FY2027 Proposed Budget  
Workshop Presentation  
May 13, 2026

**Director of Aviation - Jim Szczesniak**

**HAS Chief Financial Officer - Clint Stephen**

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# 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.



# CY2025 Passenger Traffic

- 62 Million Passengers Served
  - 48 million passengers at IAH
  - 14 million passengers at HOU
- International Passenger Growth at IAH
  - 12.4 million passengers, a 2.5% increase from 2024
- Growth driven by sustained international demand and new destinations





# Houston Airports Economic Impact

207,787 Jobs

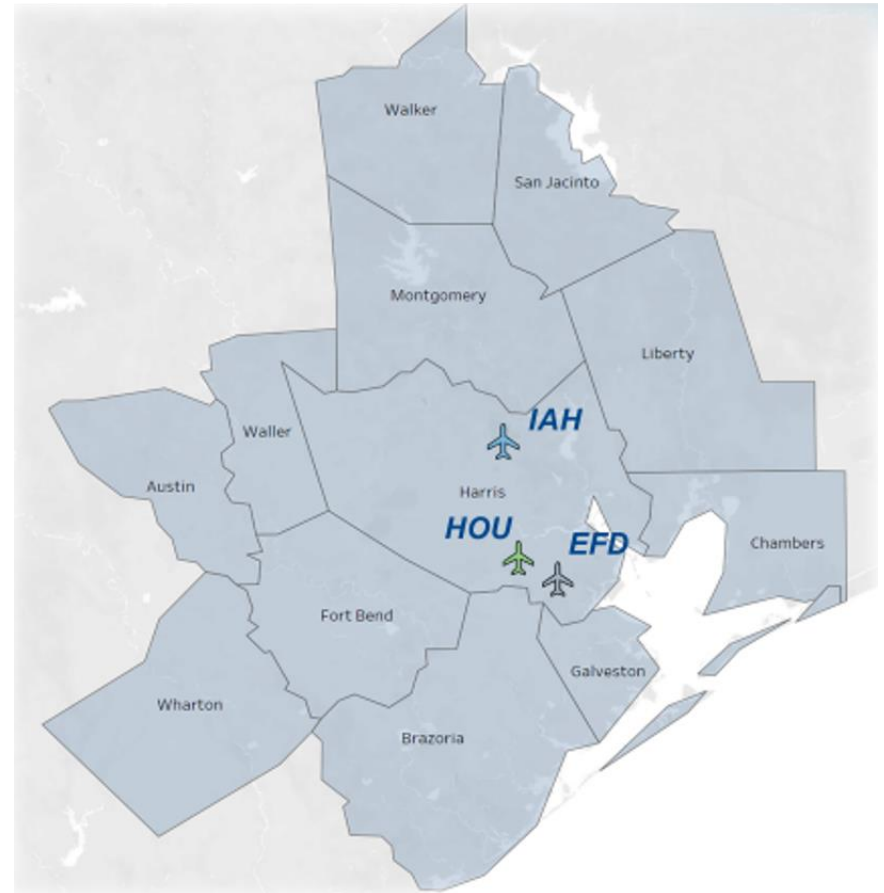
\$40.6 billion in Total Output

\$13.2 billion in Labor  
Income

\$2.4 billion in State/Local  
Taxes

\$13.8 billion in Cargo-  
Related Output

\$0 from CoH General Fund

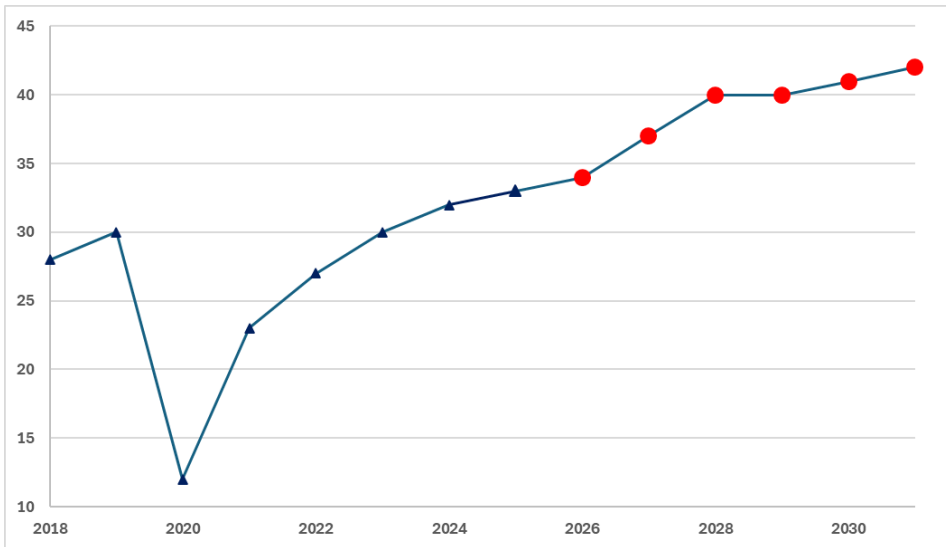


12 county economic impact area (EIA)



# HAS budget will increase to meet the demands of continued passenger growth

**HAS Total Enplanements (2018 – 2031)**  
*Enplanements in millions of passengers*



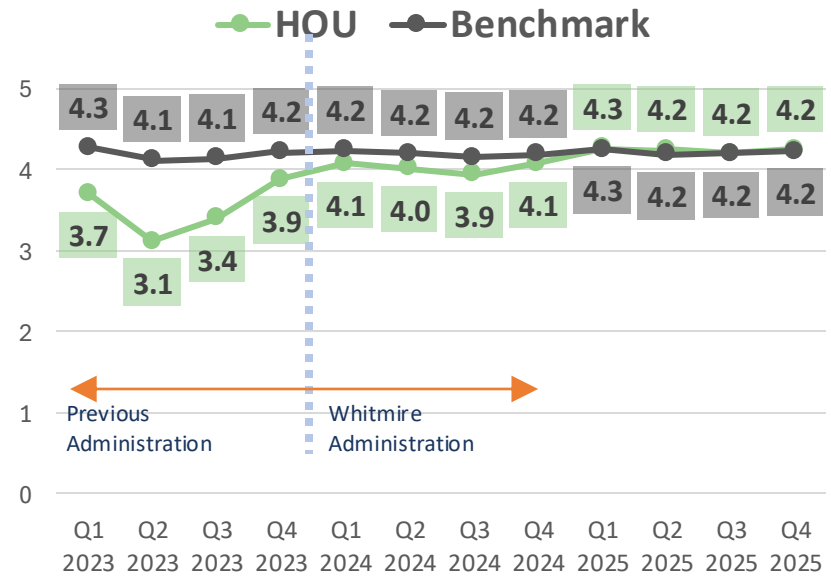
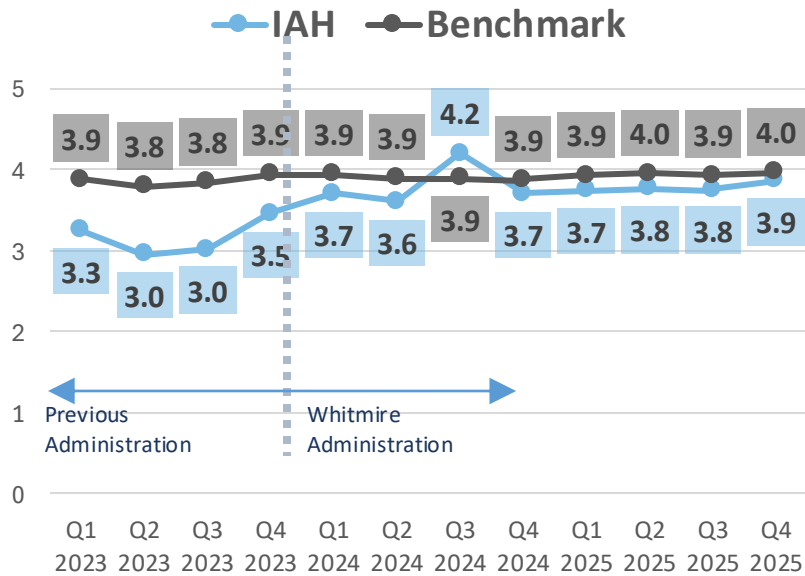
- *All values are for calendar year*
- *2018 – 2025 – Actual values*
- *2026 total – Actuals through Jan 26 + Forecasted values from Feb 26 through Dec 26*
- *2026 - 2031 – Forecasted values for entire year*

- Both Houston airports 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 nearly 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

# Passenger satisfaction continues to progress



## Overall Satisfaction Trend vs. Benchmark



# \$1.7B Invested in Houston's Economy this Fiscal Year



## HAS FY26 Projected Capital Expenditures

\$498,245,302

- **Airline Development Projects**
  - **~\$1.25B Total**

Terminal B Transformation  
\$961M

Hobby West  
Concourse Expansion  
\$172M

UA Flight Kitchen  
\$51M

UA Ground Service Equipment  
Facility  
\$61M



# International Terminal Redevelopment Completed



- Opened the new Terminal E Ticketing Lobby at IAH, 17 TSA lanes and restored full curbside capacity



# FY27 Includes IAH Terminal B Transformation



- \$2.55 Billion Construction Project to Redevelop an original IAH Terminal



May 2024

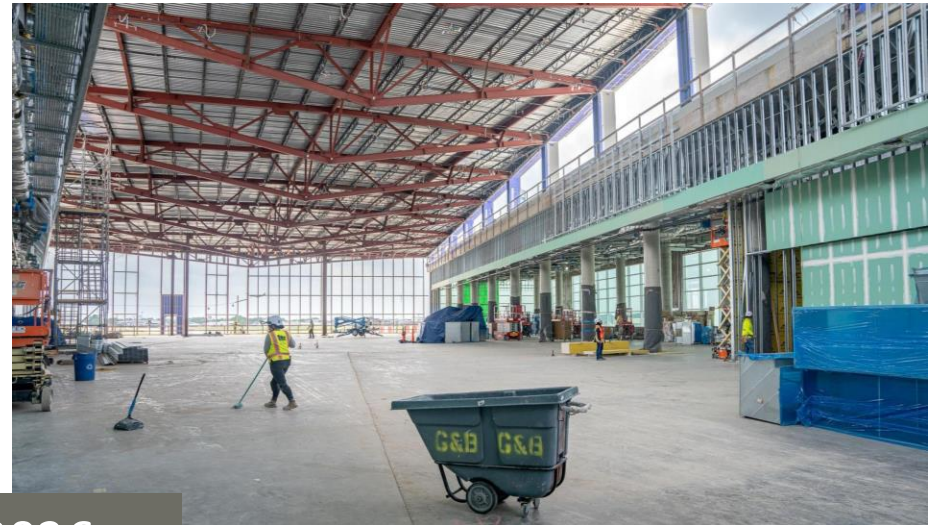


April 2026

# FY27 Includes HOU West Concourse Expansion



- To be completed early 2027, the expansion will introduce seven new gates capable of serving domestic and international flights

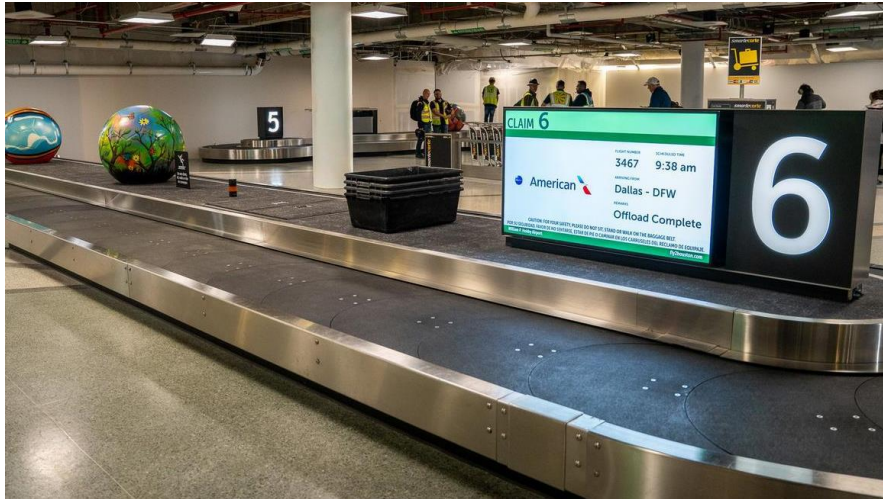


April 2026



# HOU West Concourse Expansion

- Two New Baggage Carousels, New Inbound Baggage System
- New Restrooms



New Women's Restroom



# Improved Guest Experience

- Reduced curbside congestion and improved parking flow through cashless upgrades
- Invested \$30 million to renovate more than 40 restrooms, with satisfaction above 90%





# Airfield Improvements

- Runway resurfacing & regrooving
- Taxiway rehabilitation & new Taxiway L at EFD
- New HFD 92 Air Rescue Fire Fighting Station



HFD 92



Runway regrooving at  
IAH



# FY26 Accomplishments

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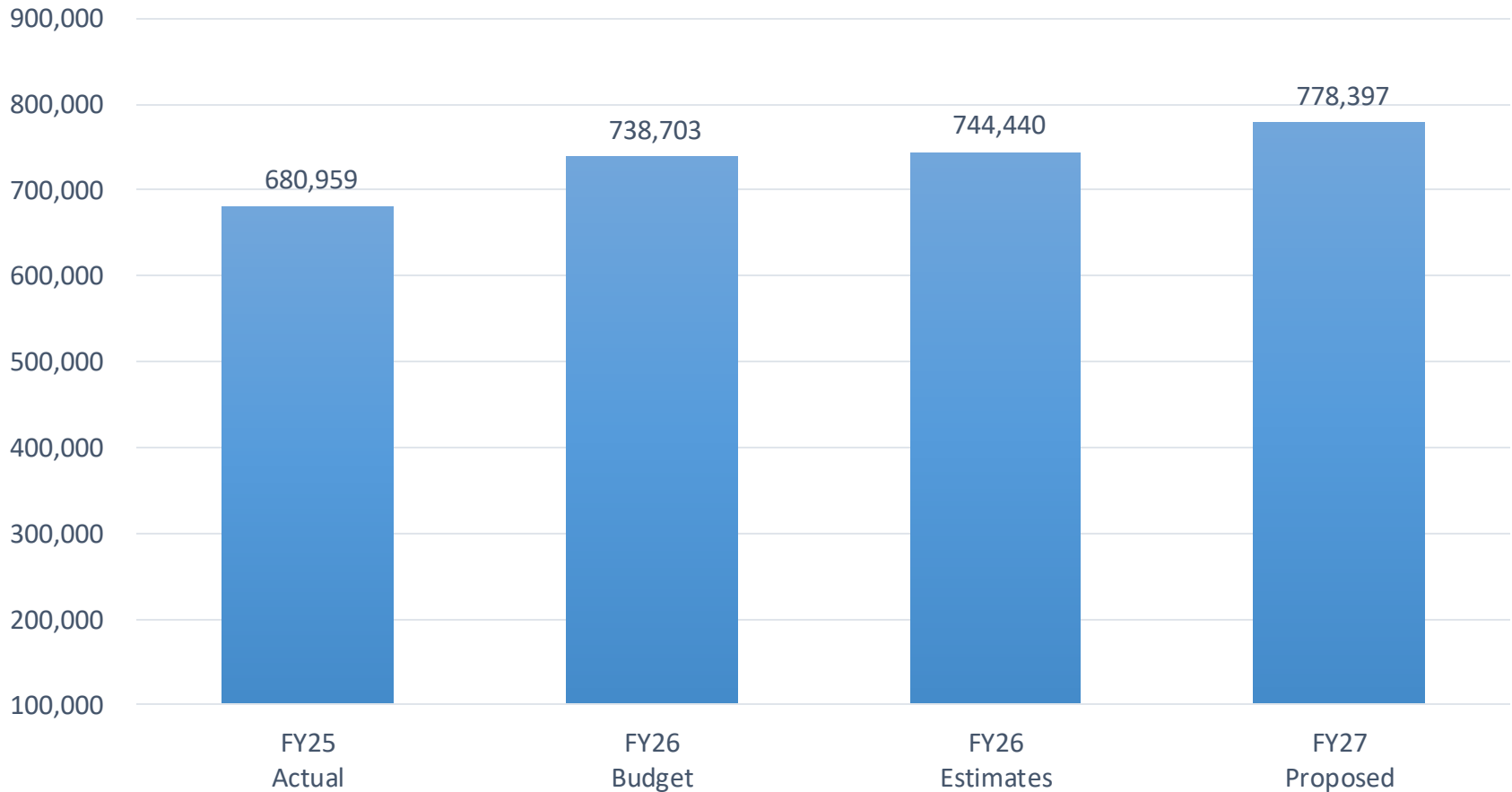
- Hobby Airport rated 5-stars for the past five years and remains the only 5-star airport in North America.
- Hobby Airport was also voted as the cleanest airport in North America by passengers
- Bush Airport maintained a 4-star rating for nine consecutive years
- Bush Airport ranked in the world's top 10 for airport dining
- Houston Airport System recognized as the World's Best Airport Art for the fourth consecutive year.





# Revenue by Fund (8001)

Values in \$ thousands





# HAS Revenue Highlights

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## **Revenue for FY27 is projected to be \$33,957, or 4.6 % more than FY26 estimate**

- Airline revenues from landing fees and terminal rents are projected to increase by \$38.8M (10.3%) due to:
  - Cost recovery in the airfields and terminals due to completion of ITRP & Runway projects
  - Airlines utilizing larger aircraft to accommodate higher enplanements.
- Parking is a significant source of non-airline revenue and is projected to increase \$8.1M (6.0%) over FY26 estimate due to increased passenger traffic, and \$7.4M (5.5%) budget over budget.
- Automobile rental concession revenue is projected to increase \$9.8K (2.6%), over FY26 estimate and budget over budget is projected to decrease \$1.1M (2.8%).



# HAS Revenue by Airline / Non-Airline

Values in \$ thousands

HAS- Revenue Fund 8001	FY25 Actual	FY26 Original Budget	FY26 Estimates	FY27 Proposed	Variance FY27 Prop/FY26 Estimates	% Change
Airline Landing Fees	97,668	98,203	100,950	113,535	12,585	12.5%
Airline Terminal Rentals and Usage	238,586	300,214	274,784	301,013	26,229	9.5%
<b>Airlines Revenue Total</b>	<b>336,254</b>	<b>398,417</b>	<b>375,734</b>	<b>414,548</b>	<b>38,814</b>	<b>10.3%</b>
Garage & Surface Parking	133,300	136,292	135,583	143,770	8,187	6.0%
GT & Retail Concessions	82,184	95,537	90,737	102,956	12,219	13.5%
Auto Rental Concessions	39,051	40,660	38,524	39,513	989	2.6%
Other	90,168	67,797	103,862	77,610	(26,252) *	-25.3%
<b>Non-Airline Revenues</b>	<b>344,704</b>	<b>340,286</b>	<b>368,706</b>	<b>363,849</b>	<b>(4,857)</b>	<b>-1.3%</b>
<b>Total Revenue</b>	<b>680,959</b>	<b>738,703</b>	<b>744,440</b>	<b>778,397</b>	<b>33,957</b>	<b>4.6%</b>

\*\$20M one time sale of land in FY26

\*Interest revenue \$6M higher in FY26. Expect to collect less interest because of projected falling interest rates.



# HAS Expenditure Highlights

## Total Expenditures, \$778.4 for Fund 8001 in FY27, are projected to be \$34M, 4.6% more than FY26 estimate

- O&M expenditures are budgeted to be \$510.4M, an increase of \$36.8M (7.8%) over FY26 estimate
- Personnel budgeted to increase by \$16.9M (11.2%) due to:
  - The opening of the ICP, Terminal B transformation and additional curb management
  - Decreasing vacancy factor for FY27
  - Health Insurance Increases averaging 15.8%
  - Hope increase of 3.5%
- Supplies and Non-Capital Equipment are budgeted to increase by \$1.1M (8.6%)
- Contracted Services are budgeted to increase \$18.9M (6.1%) due to:
  - Scheduled contractual increases
  - Parking Contractual increase
- HAS pays \$141.2M to the General Fund for services provided by HPD, HFD, HR, IT, Legal, Water/Sewer and others, an increase of \$2.5M (1.8%) over FY26 estimate
  - Police Services (HPD Interfund) \$49.2M - \$4.6M increase (10.4%)
  - Utilities(Water, Sewer, Electricity & Natural Gas) \$25.5M - \$1.43M increase (5.9%)
  - Technology and Communication \$5M - \$1M increase (25.0%)
  - Property Insurance of \$11.4M - \$0.9M increased (9.8%)
  - Aircraft Rescue & Fire Fighting (ARFF Interfund) \$28.3M - \$5.3M decrease (-15.8%)
  - Legal services \$800K - \$0.1M decrease (-11.4%)



# Expenditure by Fund

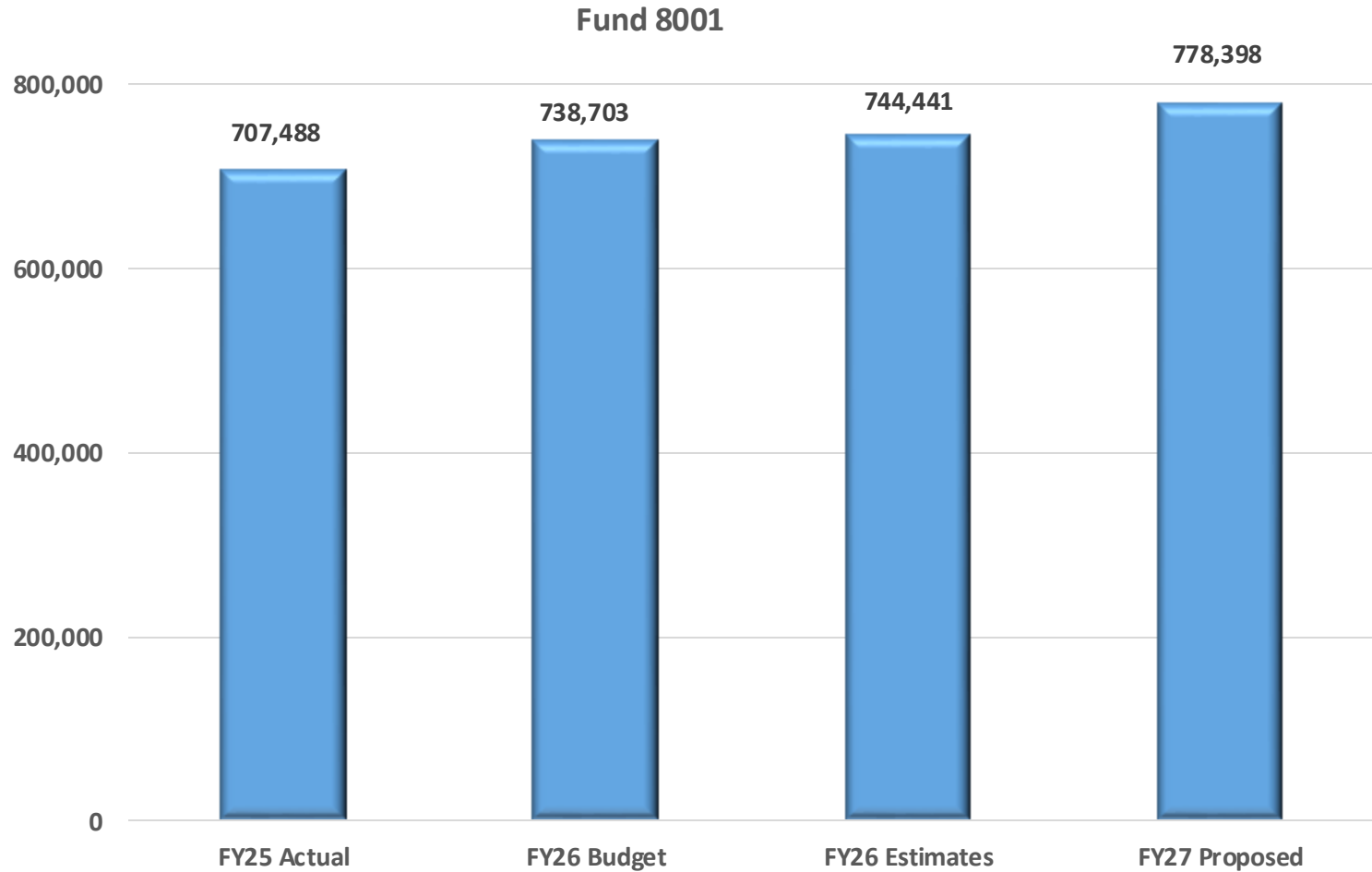
Values in \$ thousands

HAS - Expenses Fund 8001	FY 25 Actual	FY26 Budget	FY26 Estimates	FY27 Proposed	Variance FY27 Prop/FY26 Estimates	% Change
Personnel	150,914	149,789	151,245	168,177	16,932	11.2%
Supplies	10,821	9,965	9,879	10,305	427	4.3%
Contracted Services & Charges	220,192	312,427	309,967	328,821	18,854	6.1%
Non-Capital	1,936	3,497	2,484	3,124	639	25.7%
<b>Total O &amp; M Expenditures</b>	<b>383,863</b>	<b>475,678</b>	<b>473,575</b>	<b>510,427</b>	<b>36,852</b>	<b>7.8%</b>
Debt Services & Other Uses	323,625	263,025	270,866	267,971	(2,895)	-1.1%
<b>HAS Revenue Fund (O&amp;M) 8001</b>	<b>707,488</b>	<b>738,703</b>	<b>744,441</b>	<b>778,398</b>	<b>33,958</b>	<b>4.6%</b>

HAS - Expenses Fund 8012	FY 25 Actual	FY26 Budget	FY26 Estimates	FY27 Proposed	Variance FY27 Prop/FY26 Estimates	% Change
Improvements other than Buildings	0	0	30	13	(17)	-56.7%
Computer HW & SW	694	2,869	1,168	4,470	3,302	282.7%
Vehicles & Rolling Stock	7,193	17,036	11,757	17,327	5,570	47.4%
Furniture Fixtures and Equip	225	251	366	625	259	70.8%
Communications Equipment	0	126	0	203	203	100.0%
<b>HAS Capital Outlay Fund 8012</b>	<b>8,112</b>	<b>20,282</b>	<b>13,321</b>	<b>22,638</b>	<b>9,317</b>	<b>69.9%</b>



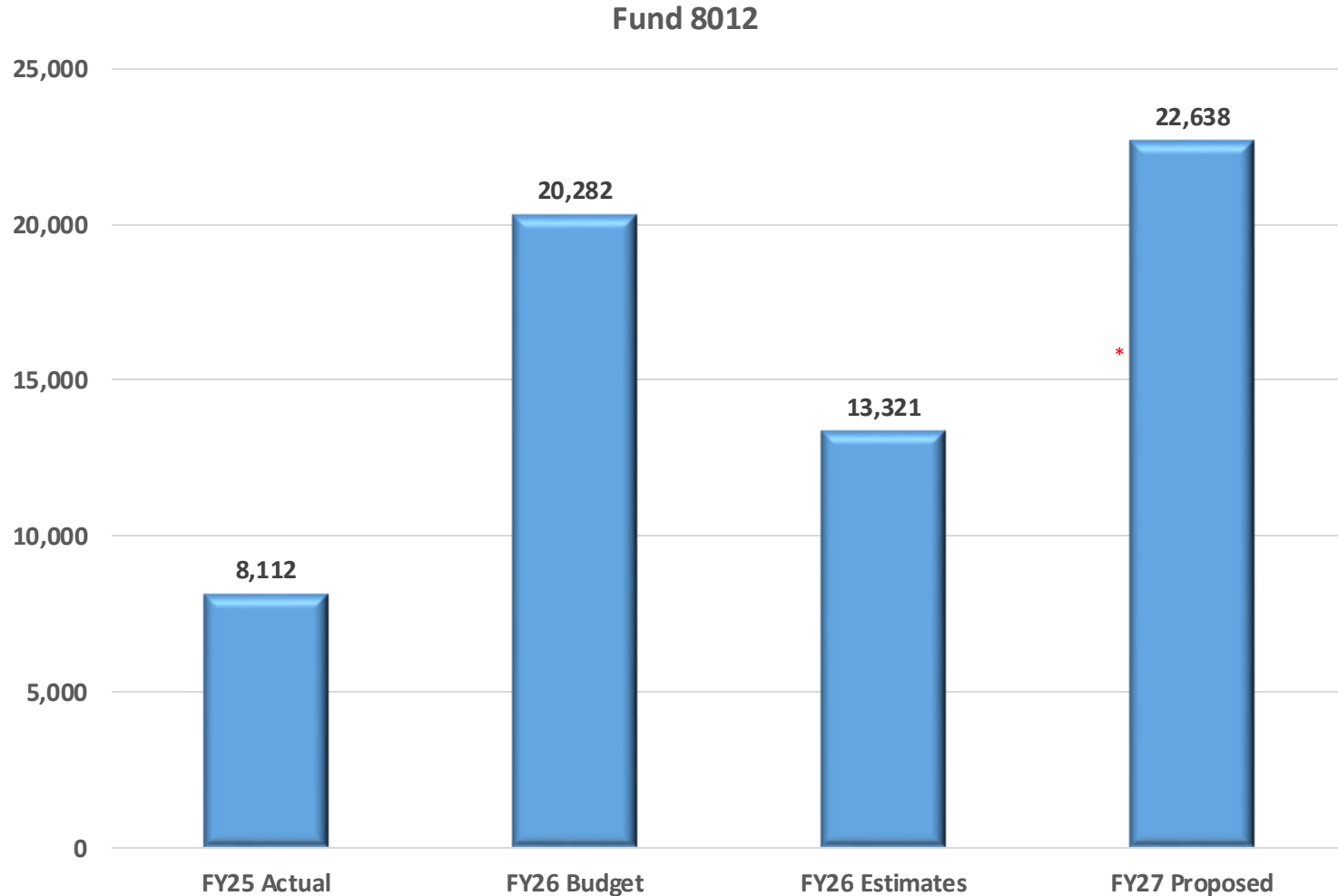
# Expenditure by Fund





# Expenditure Fund 8012 (in Thousands)

Values in \$ thousands

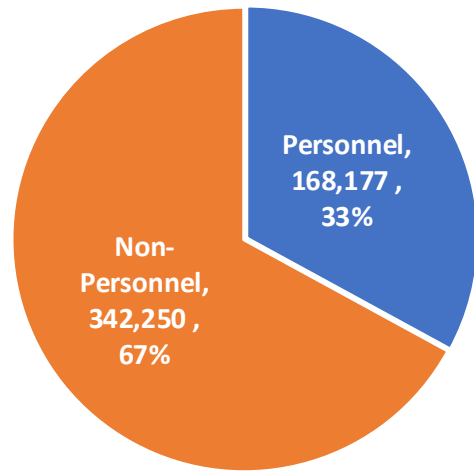




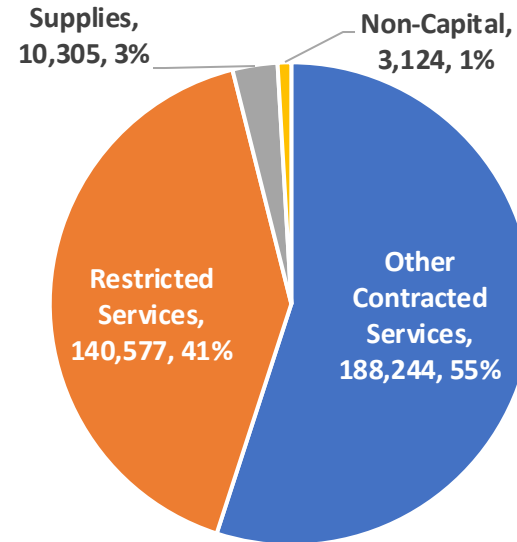
# Personnel vs. Non-Personnel FY 27 Proposed

Values in \$ thousands

## Revenue Fund (M&O) 8001



## Non-Personnel

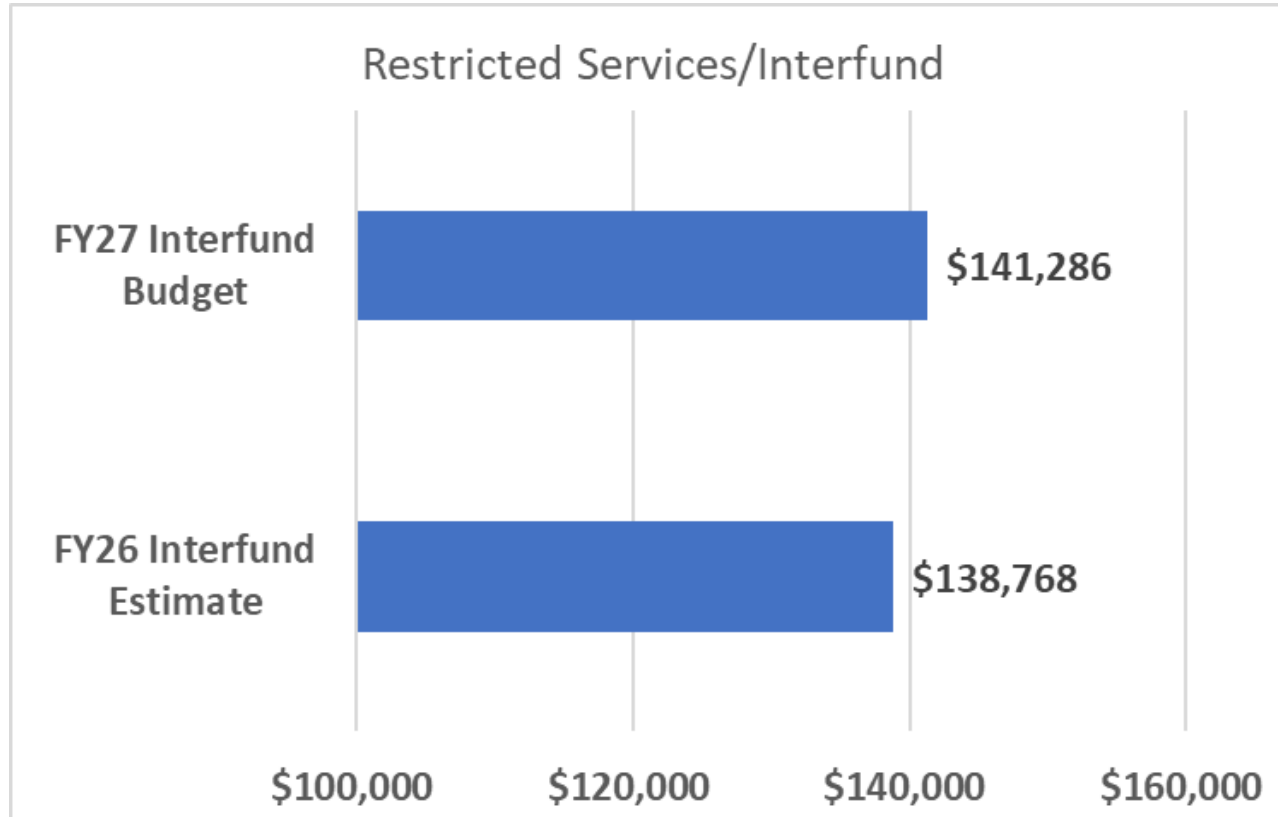


### Other Category Breakdown

Contracted Services & Charges	328,821
Personnel	168,177
Supplies	10,305
Non-Capital	3,124
<b>Total</b>	<b>510,427</b>

Other Contracted Services	188,244
Restricted Services	140,577
Supplies	10,305
Non-Capital	3,124
<b>Total</b>	<b>342,250</b>

# Interfund (Restricted Services) FY26 vs FY27



Interfund	
FY26 Interfund Estimate	\$138,768
FY27 Interfund Budget	\$141,286
YOY Variance	\$2,518
YOY % change	1.8%



# Continue to Grow Our Global Reach

**FY26: 209\* Non-stop flights - 137 Domestic & 72 International**



\*Total number of destinations for FY'26 (July 1, 2025 – June 30, 2026, schedules). This includes seasonal destinations which fluctuate based on seasons.

\*\* 3 nonstop destinations to Asia (Tokyo NRT & HND)



# Houston Airport System FY27 Initiatives

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



### **Terminal Upgrades**

- ➔ New restrooms in Terminals A, D, and at HOU
- ➔ United Airlines will continue 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 Achieved



### **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 FY27 Initiatives

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



### **Airfield Excellence**

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



### **Secure Additional Air Service**

- New airline
  - ITA Airways - Rome, Italy
- New non-stop destinations
  - San Luis Potosi, Mexico
  - Morelia, Mexico
  - New York, New York
  - Tepic, Mexico
  - Guatemala City, Guatemala
  - San Salvador, El Salvador
  - San Pedro Sula, Honduras
  - Chattanooga, Tennessee
  - Montgomery, Alabama
  - Alexandria, Louisiana
  - Natchez, Mississippi
  - Queretaro, Mexico
  - Puebla, Mexico



# Questions?

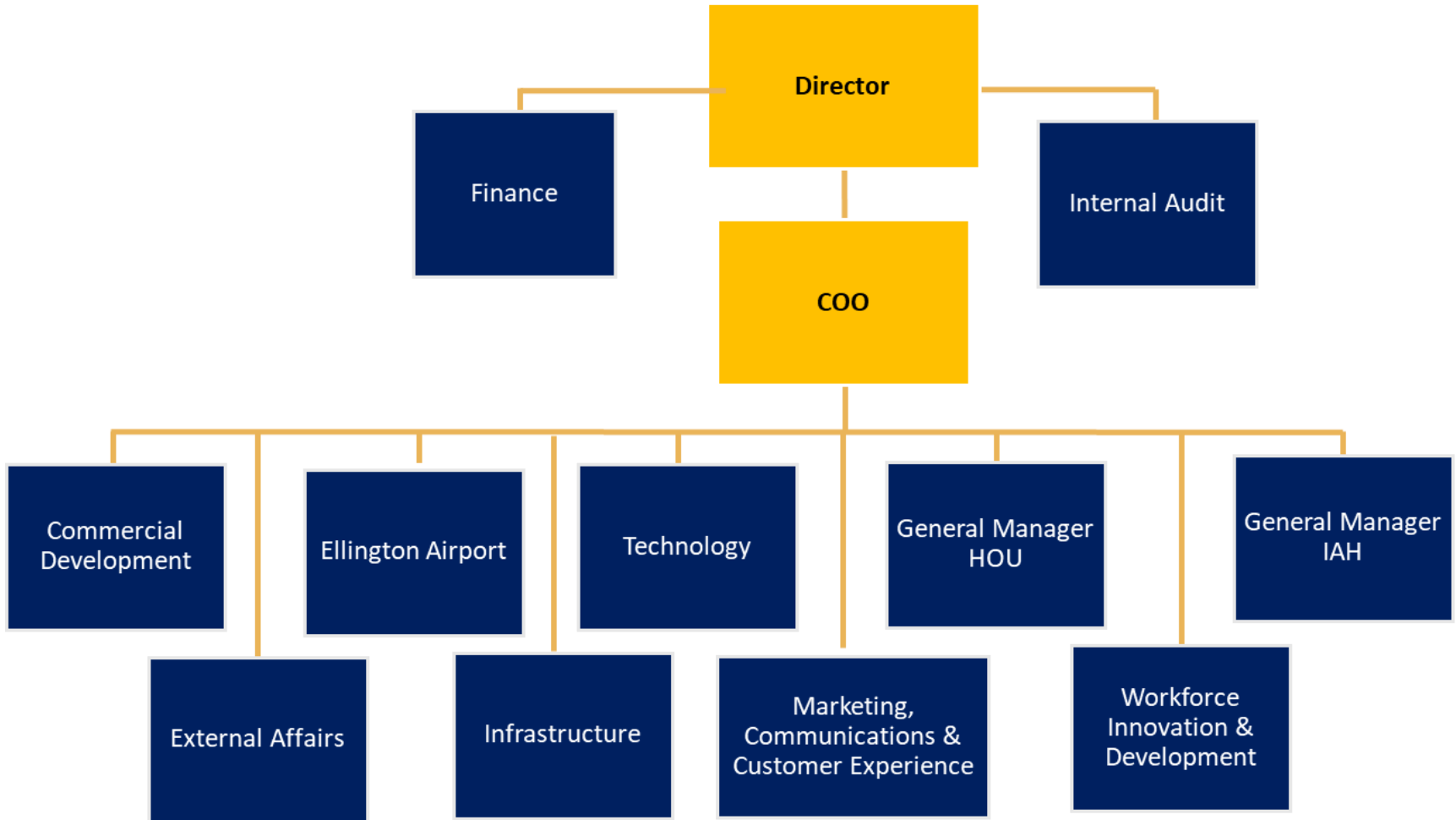


# Appendix





# Department Organization Chart



\* The Director's Office also includes Planning & Environmental, Internal Audit and Council Liaisons sections

\* Finance also includes Strategy



# Interfund (Restricted Services)

Values in \$ thousands

GL Description	Justification & Cost Drivers	FY27 Proposed Budget
Interfund Police Service	HAS cost for services supported by Houston Police Department (HPD) at the airports.	49,247
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.	28,251
Interfund Electricity	HAS cost for electricity accounts which are administered by the CoH SPD and Finance.	17,545
Interfund Insurance	Cost for monthly property insurance premiums.	10,390
Indirect Cost Recovery	HAS cost for services administered by through the General Fund.	5,673
Interfund Drainage Charge	Fee is based on impervious service.	5,075
Interfund Vehicle Services	HAS cost for repair, maintenance, and administrative support from FMD for all rolling stock equipment.	4,587
Sewer Services	HAS cost for sewer services which are administered by the Combined Utility System (CUS) of the Houston Public Works Department.	3,219
Interfund HR Client Services	HAS cost for HR operations reflecting health benefits and restricted accounts increase.	3,136



# Interfund (Restricted Services)

Values in \$ thousands

GL Account	GL Description	Justification & Cost Drivers	FY27 Proposed Budget
521435	Water Services	HAS cost for water services which are administered by the Combined Utility System (CUS) of the Houston Public Works Department.	2,850
522724	Interfund Application Services	HAS cost for Microsoft Enterprise licenses, SAP licenses maintenance and support, various Enterprise Application and	2,285
522844 522845	Interfund Natural Gas	HAS cost for natural gas accounts which administered by SPD and CoH Finance.	1,894
522846	Interfund Vehicle Fuel	HAS cost for fuel which is administered by the Fleet Management Department.	1,297
522765	Interfund Legal Services	HAS cost for legal services/support from the City of Houston's Legal Department	880
522726	Interfund Data Services	HAS portion of Data Service cost administered by CoH Information Technology Department.	874
522734	Interfund Other HITS	HAS cost for services provided by CoH HITS Department for SAP Hanna installation and upgrades	810
522727	Interfund Voice Services	HAS portion of Voice Exp costs administered by CoH Information Technology Department.	625
522865	Interfund HR Risk Mgmt. Svcs	Interfund HR Risk Mgmt. Svcs	448
520100	Temporary Services	Temporary Services	350



# Interfund (Restricted Services)

Values in \$ thousands

GL Description	Justification & Cost Drivers	FY27 Proposed Budget
Other Interfund Services	HAS cost for services provided by other CoH Departments	338
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).	217
Interfund Vehicle Accidents	Interfund Vehicle Accidents	214
Application Services	Application Services	211
Interfund Network Services	HAS portion of Network Service cost administered by CoH Technology Department.	153
Data Services	Data Services	139
KRONOS Service Chargeback	HAS cost for software license and maintenance costs associated with the city of Houston's Time and Attendance System (KRONOS).	100
Interfund HR Onboard	HAS cost for services provided by downtown for new hirers	90
Interfund Payroll Svcs	HAS cost for payroll services, HR operations, reflecting health benefits and restricted account increases.	35



# Interfund (Restricted Services)

Values in \$ thousands

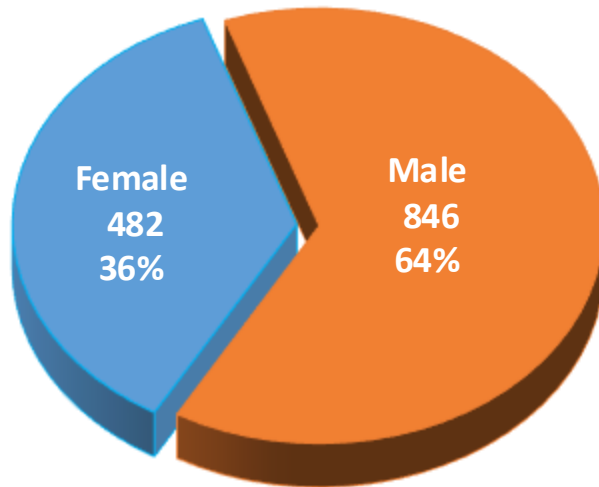
GL Description	Justification & Cost Drivers	FY27 Proposed Budget
Interfund Voice Labor	HAS cost for payroll services HR operations reflecting health benefits and restricted accounts increase.	35
Interfund Print Shop Svcs	HAS cost for printed materials provided by CoH i.e., business cards, stationary, etc.	31
Interfund Wireless Svcs	Interfund Wireless Svcs	10
	<b>INTERFUND TRANSFERS TO GENERAL FUND</b>	<b>141,286</b>

# Department Demographic Breakdown

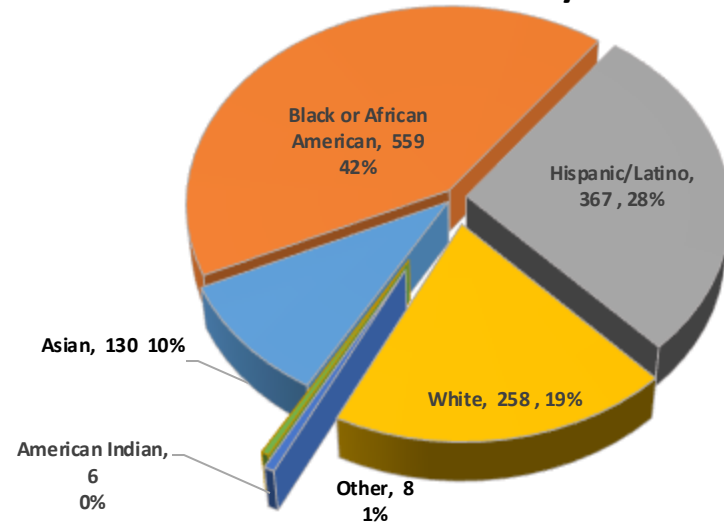
Pay Grade <28



**Headcount by Gender**



**Headcount by Race**



**Category Breakdown**

Female	482
Male	846
<b>Total</b>	<b>1,328</b>

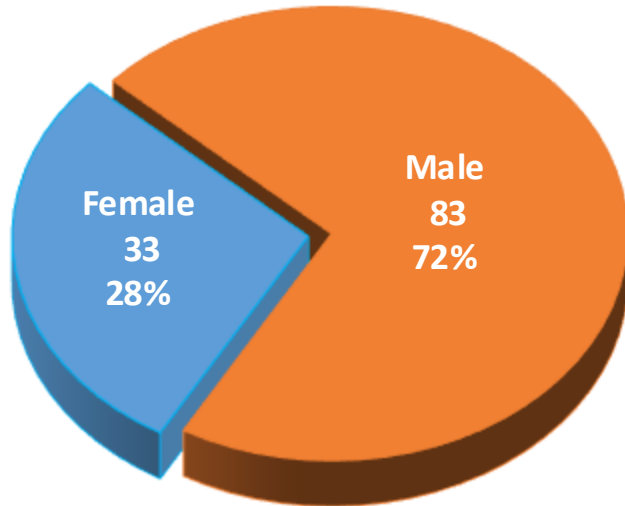
American Indian	6
Asian	130
Black or Afr. American	559
Hispanic/ Latino	367
White	258
Other	8
<b>Total</b>	<b>1,328</b>

# Department Demographic Breakdown

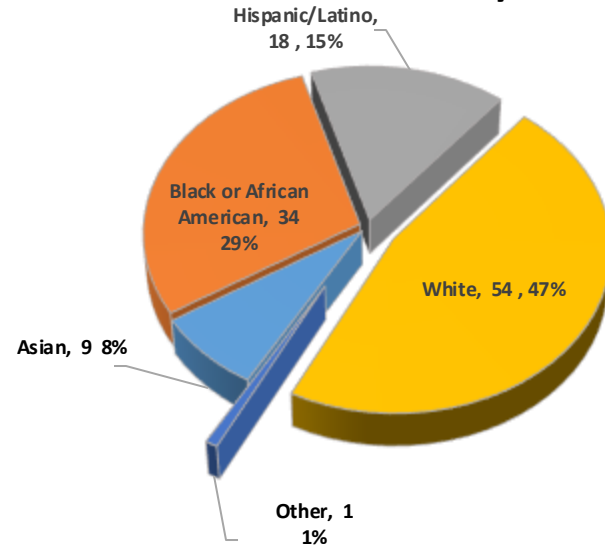
## Pay Grade 29+



### Headcount by Gender



### Headcount by Race



### Category Breakdown

Female	33
Male	83
<b>Total</b>	<b>116</b>

Asian	9
Black or Afr. American	34
Hispanic/ Latino	18
White	54
Other	1
<b>Total</b>	<b>116</b>

# HAS Ratings and Credit Strengths



*Extremely strong enterprise risk profile with stable outlook*

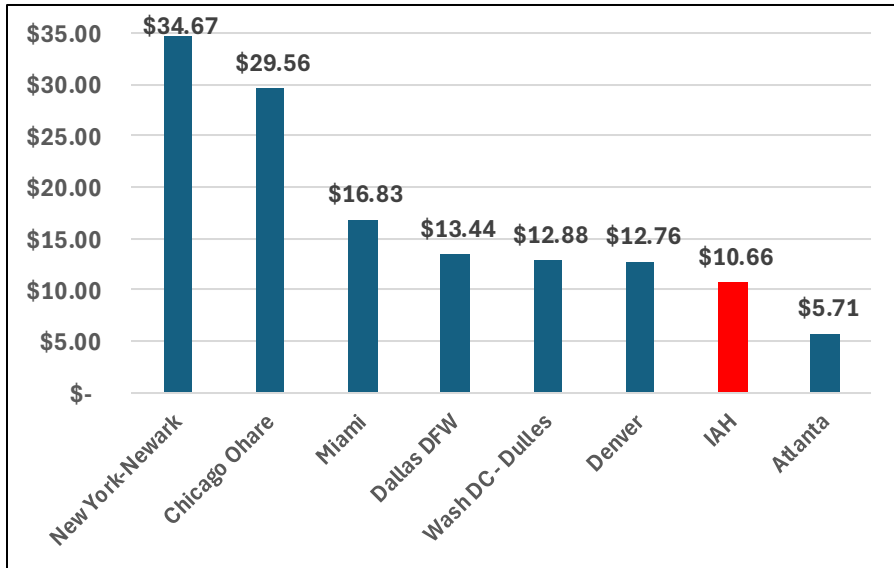
- Monopoly position, managing both commercial service airports in the combined statistical area
- Economically strong air service market area with strong population growth
- Geographic location that supports hub operations

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

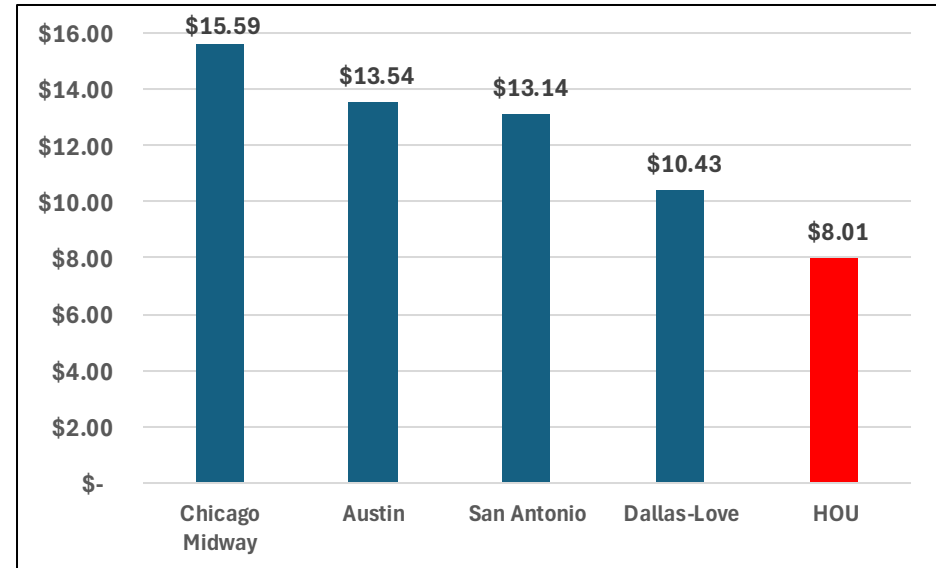
# Houston Airports continue to be a competitive, cost-effective option compared to peer airports



## Large Hub Airports



## Medium Hub Airports



Data from FAA Airport financial database for federal FY 2024

# HAS Performance Measures



Measure	Mayor's Priority
Days of cash on hand	Government that Works
Revenue per passenger	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
Accounts Payable CIP Avg Days to Process	Public Safety
Accounts Payable O&M Avg Days to Process	Public Safety
HOU Wi-Fi	Public Safety
IAH Wi-Fi	Public Safety