

2020



Legislative Reference Bureau

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PORT MILWAUKEE



2020 Proposed Plan and Executive Budget Review

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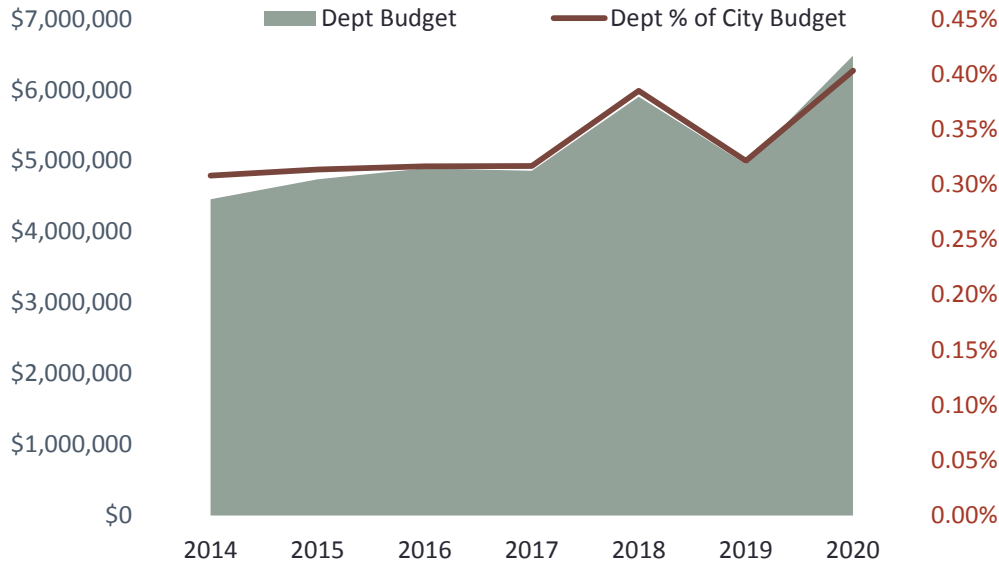
Budget Hearing: 9:00 a.m. on Monday, October 7, 2019



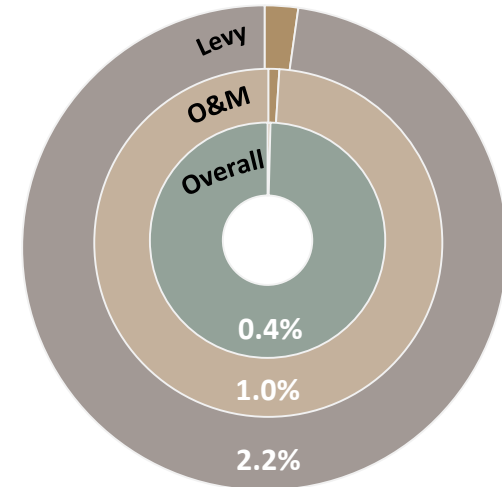
\$6,483,900
Proposed 2020 Budget

\$1,530,745
Change in Proposed Budget

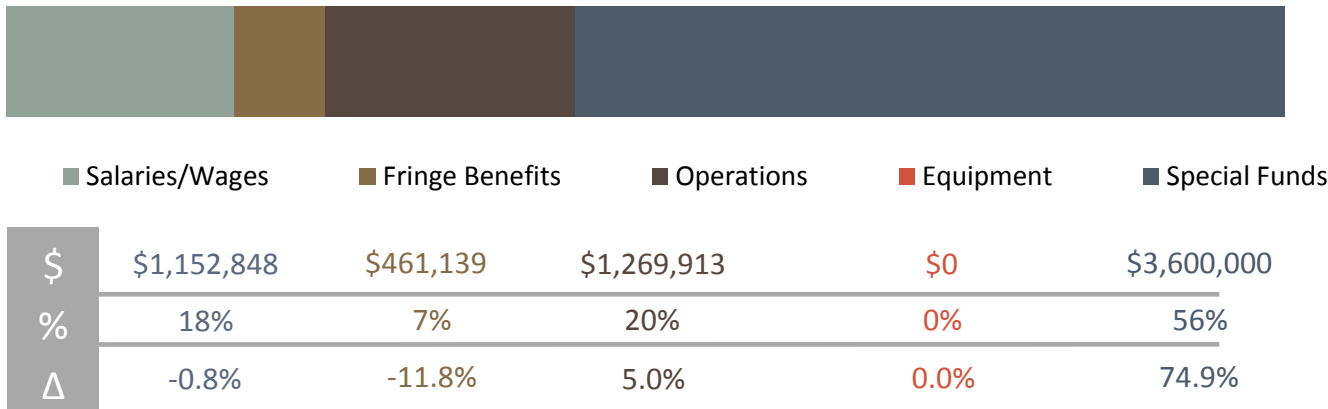
30.9%
% Change in Proposed Budget



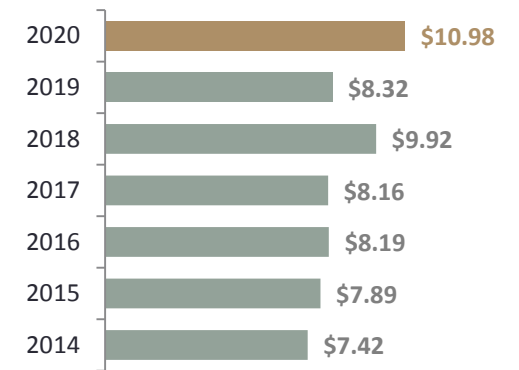
Departmental Budget Impact



Departmental Budget Appropriation Category



Budget per Capita



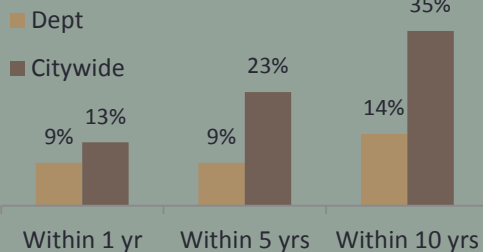
\$488,061

Difference between Port revenues and expenditures for 2018, compared to a “surplus” of \$834,674 in 2017.

-7.5%

Change in Port’s total tonnage handled, 2017 to 2018, led by decreases in dry bulk cargoes, particularly salt.

Retirement Eligible



0

Change in Positions

0.0%

% Change in Positions

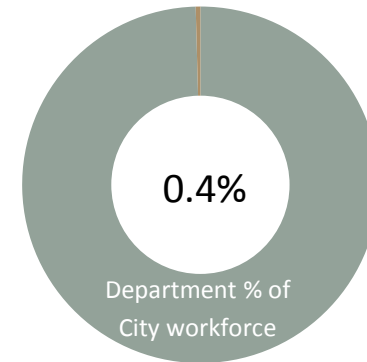
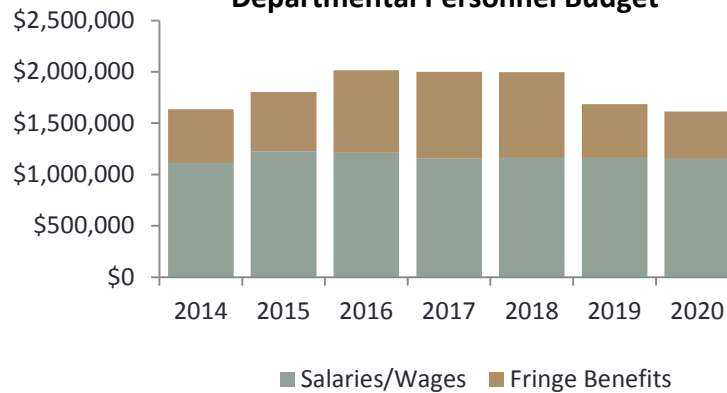
1

Current Vacancies

1

Voluntary Separations

Departmental Personnel Budget

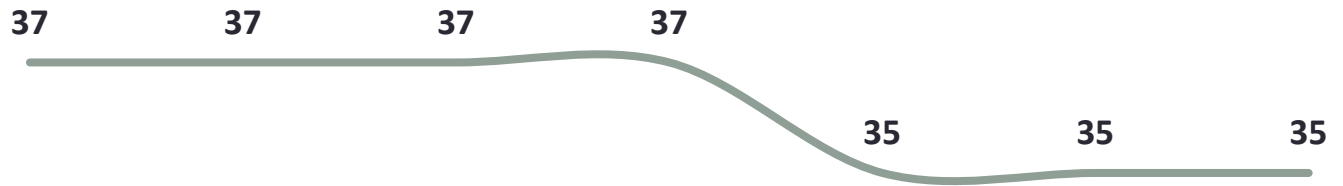


Staffing

- No change in number of authorized positions for 2020.
- One position, Market Development Manager, is currently vacant (since 8/30/19). The department intends to fill this position by the start of 2020.

Staffing

- The position of Trade Dev. Rep.-Sr. was recently reclassified to Market Dev. Mgr.; the salary range for the other Trade Dev. Rep. was also increased. Both changes are intended to boost recruitment and retention.
- The department’s 2 College Intern positions were not filled in 2019, for both financial and operational reasons.



**Department Positions
2014-2020**

\$48,250

Increase in Other Operating Services line item (+43.9%), related in part to implementing Board of Harbor Commissioners' marketing plan.

16

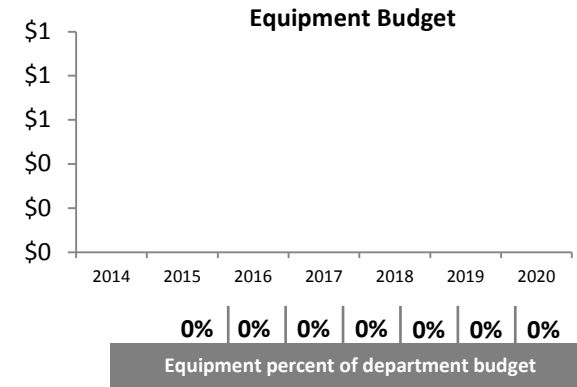
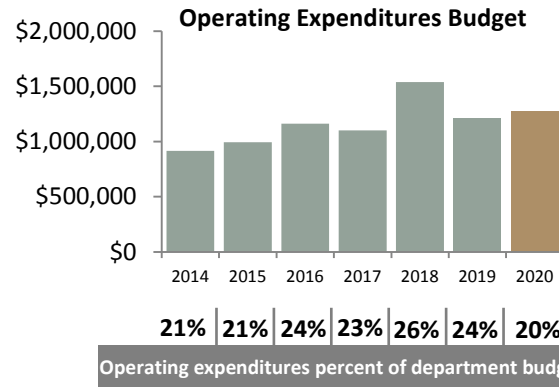
Total days with a cruise ship docked at Port Milwaukee in 2019, compared to 6 days in 2018.

15.4%

Increase in total cargo tonnage shipped through Port Milwaukee, 2018 to 2019 (through August), with strong gains in North American salt and international steel cargoes.

32.5%

Increase in Port's crane rental revenue, 2018 to 2019 (through August). Port Milwaukee is one of few Great Lakes ports to offer crane rental to customers.



Operating Expenditures (significant changes)

- Infrastructure Services (\$260,000; down \$66,700 from 2019) – account funds minor repairs; for 2020, department will focus on larger repairs (see Special Funds).
- Other Operating Services (\$158,250; up \$48,250 from 2019) – funding increased to support Board of Harbor Commissioners' marketing plan costs.

Special Funds (major changes)

- Leasehold Demolition/Facilities Upgrade (\$450,000; up from \$50,000 in 2019 Budget; 2018 actual expenditures of \$306,888) – funds demolition of outdated/unused structures and site preparation for future development.
- Major Maintenance - Terminals & Piers (\$300,000; up from \$80,000 in 2019 Budget; 2018 actual expenditures of \$74,386) - a major use of these funds will be for roof repair to terminal buildings..
- Major Rehab. & Upgrades-Equipment (\$280,000; up from \$109,000 in 2019 Budget; 2018 actual expenditures of \$66,109) – supports maintenance and replacement of Port-owned equipment.
- Funding levels increased for all 3 for 2020 to address deferred maintenance needs and to renew Port's strategic assets (i.e., terminals, land, major pieces of equipment).

Major Revenues Sources (2020 est.)

Milw. World Festivals Lease	\$2,520,000
Rental Income (facilities)	\$2,234,000
Wharfage Charges	\$811,000
Water/Sewer Charges	\$324,000
Dockage Charges	\$318,200

1,278

Estimated number of trucks diverted from Wisconsin highways in 2018 as a result of direct vessel-to-rail or rail-to-vessel transfers at Port Milwaukee (based on one rail car = 4.5 truckloads of steel).

\$1,080,000

Total Special Funds appropriation for 2020 (excluding MWF revenue transfer to General Fund), up from \$509,000 for 2019 – an increase of 112%.

5,137

Number of employees at the 7 active Foreign Trade Zone No. 41 operators in southeastern Wisconsin.

248

Total number of commercial vessels, including barges and cruise ships, that used Port Milwaukee in 2018, a decrease of 53 (-17.6%) from 2017.

Cargo Trends

- 2018 tonnage: 2.394 mill. metric tons (down 7.5% from 2017)
- 2019 tonnage (through August): 1.559 mill. metric tons (up 15.4% from comparable period in 2018)
- 2019 increase is largely attributable to stabilization of the salt market, as well as strong cement and limestone trades.

Milwaukee World Festivals, Inc. Lease

For 2020, the City’s lease with Milwaukee World Festivals, Inc., will produce contractual revenues of \$2,520,000 – nearly \$1 million more than 2019. This represents about 39% of total projected 2020 revenues for the Port of Milwaukee.

Capital Improvement Project Highlights

- Rail Track & Service Upgrades (\$275,000) – continues the rail track and crossing replacement program that began in 2013; \$275,000 was also provided in 2019.
- Roadway Paving (\$200,000) – new capital project for 2020; will fund necessary repairs to Jones Island roadways that are damaged or failing due to subsurface conditions, severe winter weather and/or the large volume of truck traffic at the Port .

Cargo by Commodity Type (metric tons)

Commodity	2018	2018	2019
		YTD	YTD
Dry bulk	1,497,682	1,037,689	1,346,582
Steel/general cargo	175,407	97,973	121,109
Liquid cargo	81,359	46,647	34,008
Grain	239,352	168,413	57,478

Port Surplus Revenue Transferred to City General Fund

2011	\$1,590,000	2015	\$1,165,000
2012	\$1,211,000	2016	\$722,000
2013	\$1,315,000	2017	\$835,000
2014	\$1,587,000	2018	\$488,000

Revenue Trends

Through August, Port Milwaukee’s revenue trends in major categories were:

Revenue Category	2018 YTD	2019 YTD	Pct. Change
Facility rent	\$1,597,692	\$1,258,674	-21.2
Wharfage	440,163	455,747	3.5
Dockage	155,503	121,535	-21.8
Crane rental	72,325	95,860	32.5

- **Rail Crossing Replacement** – In November, 2018, Port Milwaukee embarked on a project to replace 20 rail crossings on Jones Island (i.e., upgrade each location where a railroad track crosses a public street). This work is funded by a \$1.76 million WisDOT grant received in 2017, as well as City capital funding. Four crossings have been completed to date. Another 5 are projected for completion by year-end, with the remaining 11 being done in 2020. The new crossings will reduced Port maintenance costs and damage potential.
- **Intermodal Operations** – Port Milwaukee continues to look for ways to restart its rail-to-truck intermodal operations. The Port’s intermodal container facility closed several years ago when one of its major railroads decided to move intermodal business elsewhere. However, in late 2018, Port Milwaukee was awarded a WisDOT Freight Preservation Program grant of nearly \$3 million to rehabilitate and construct more than 8,00 feet of track and 13 new rail turn-outs, providing the infrastructure needed to resume intermodal freight shipping. Also, Port Milwaukee is actively working to attract intermodal partners, operators and customers, and is a founding member of the Intermodal Freight Subcommittee of WisDOT’s Freight Advisory Committee.
- **Foreign Trade Zone** - Port Milwaukee is the grantee and administrator of Foreign Trade Zone (FTZ) 41, which covers all of Wisconsin but focuses on the 12 counties of Southeastern Wisconsin. Participating businesses in an FTZ are able to import and re-export goods duty free, saving them millions of dollars. There are currently 12 approved “zones” (businesses) within FTZ 41, of which 7 are active, including Mercury Marine (Fond du Lac), Broan Nu-Tone (Hartford) and Generac (Waukesha). The 7 active FTZ businesses have over 5,100 employees. The Port’s 2018 revenues from the FTZ program were \$54,550; administrative costs totaled \$24,335.
- **Cruise Ships** - Port Milwaukee projects a total of 10 cruise-ship transits to Milwaukee by year-end 2019, up from 4 in 2018. Also, there will be 16 total days where a cruise ship is “in port,” compared to 6 days in 2018. Because of recent high water levels, as well as the sizes of the particular ships visiting Milwaukee, the vast majority of cruise ships are now using the cruise-ship dock at Pier Wisconsin, the preferred dock given its direct access to Downtown (in past years, most ships docked at a more remote location on the South Harbor Tract). In addition, Milwaukee has become a “turnaround” destination for Great Lakes cruise ships: passengers now both disembark and embark on Great Lakes cruises from vessels docked in Milwaukee.
- **Economic Impacts Report** – In 2018, Port Milwaukee hired a consultant, Martin Associates of Pennsylvania, to undertake a study of the economic impacts of the Port on the Milwaukee region and beyond. This study, *Economic Impacts of the Port of Milwaukee*, found that in 2017, cargo and vessel activity at Port Milwaukee supported 1,309 Wisconsin jobs (including 630 direct jobs), generated personal income of \$88.1 million (wages, salaries and local consumption expenditures), produced \$106.5 million in revenue for cargo-transportation-related businesses, and resulted in the payment of \$9.7 million in taxes to the State of Wisconsin.