



# Port Milwaukee

2021 Budget Overview

Finance & Personnel Committee

October 13, 2020

# Performance Measures

| Key Performance Measures               | 2019 Actual                    | 2020 Projected                 | 2021 Planned                   |
|--|--------------------------------|--------------------------------|--------------------------------|
| Tonnage growth                         | 11.58%                         | 0%                             | 0%                             |
| % of total expenses covered by revenue | 119%                           | 100%                           | 100%                           |
| Port related job growth                | 630 (direct)<br>679 (indirect) | 630 (direct)<br>679 (indirect) | 630 (direct)<br>679 (indirect) |
| Cruise ship visits                     | 10                             | 0                              | 15                             |

# 2021 Budget Summary

|                            | <b>2020<br/>Adopted<br/>Budget</b> | <b>2021<br/>Proposed<br/>Budget</b> | <b>Amount<br/>Change</b> | <b>Percent<br/>Change</b> |
|----------------------------|------------------------------------|-------------------------------------|--------------------------|---------------------------|
| FTEs – O&M                 | 19.00                              | 19.00                               | 0.00                     | 0.0%                      |
| FTEs - Other               | 0.00                               | 0.00                                | 0.00                     | 0.0%                      |
| Total Positions Authorized | 35                                 | 35                                  | 0                        | 0.0%                      |
|                            |                                    |                                     |                          |                           |
| Salaries & Wages           | \$1,152,848                        | \$1,213,049                         | \$60,201                 | 5.2%                      |
| Fringe Benefits            | 461,139                            | 558,003                             | 96,864                   | 21.0%                     |
| Operating Expenditures     | 1,269,913                          | 1,208,125                           | -61,788                  | -4.9%                     |
| Special Funds              | 3,600,000                          | 2,719,243                           | -880,757                 | -24.5%                    |
| <b>TOTAL</b>               | <b>\$6,483,900</b>                 | <b>\$5,698,420</b>                  | <b>-\$785,480</b>        | <b>-12.1%</b>             |

## Changes:

- Reclassification of three positions in Marketing & Finance sections
- Salary increases and personnel changes
- General operating reductions

# Special Funds

| Account                         | 2020 Adopted Budget | 2021 Proposed Budget | Amount Change     | Percent Change |
|---------------------------------|---------------------|----------------------|-------------------|----------------|
| Summerfest Transfer             | \$2,520,000         | \$1,679,243          | -\$840,757        | -33.4%         |
| Demolition/Facility Upgrades    | 450,000             | 180,000              | -270,000          | -60.0%         |
| Dockwall & Breakwater Rehab.    | 50,000              | 270,000              | 220,000           | 440.0%         |
| Maintenance - Terminals & Piers | 300,000             | 500,000              | 200,000           | 66.7%          |
| Rehab. & Upgrades - Equipment   | 280,000             | 0                    | -280,000          | -100.0%        |
| Equipment Rehab & Upgrades      | 0                   | 90,000               | 90,000            | 100.0%         |
| <b>TOTAL</b>                    | <b>\$3,600,000</b>  | <b>\$2,719,243</b>   | <b>-\$880,757</b> | <b>-24.5%</b>  |

## Changes:

- 2020 represented the “Every 5<sup>th</sup> Year” increase in the Milwaukee World Festivals (MWF) lease agreement
- Other changes reflect Port Milwaukee’s effort to take a more strategic approach to project funding, balancing needs between the operating & capital budgets

# Lease-based Revenues

|                                | <b>2020<br/>Adopted<br/>Budget</b> | <b>2021<br/>Proposed<br/>Budget</b> | <b>Amount<br/>Change</b> | <b>Percent<br/>Change</b> |
|--------------------------------|------------------------------------|-------------------------------------|--------------------------|---------------------------|
|                                |                                    |                                     |                          |                           |
| Operating Revenue              | \$3,963,727                        | \$4,019,177                         | \$55,450                 | 1.40%                     |
| MWF Lease                      | \$2,520,173                        | \$1,679,243                         | -\$840,930               | -33.37%                   |
| <b>Harbor Commission Total</b> | <b>\$6,483,900</b>                 | <b>\$5,698,420</b>                  | <b>-\$785,480</b>        | <b>-12.11%</b>            |

## 2020 Comment and 2021 Changes:

- As of September 30, 2020 (70% fiscal year complete), Port Milwaukee has already collected 79% of its total expected revenues.
- New lease-based revenues (DeLong, Michels) coming online in 2021

# Capital Improvements Budget

| <b>Project</b>                  | <b>2020<br/>Adopted<br/>Budget</b> | <b>2021<br/>Proposed<br/>Budget</b> | <b>Amount<br/>Change</b> | <b>Percent<br/>Change</b> |
|---------------------------------|------------------------------------|-------------------------------------|--------------------------|---------------------------|
| Terminal & Facility Maintenance | \$0                                | \$200,000                           | \$200,000                | 100.0%                    |
| Roadway Paving                  | 200,000                            | 200,000                             | 0                        | 0.0%                      |
| Rail Track & Service Upgrades   | 275,000                            | 275,000                             | 0                        | 0.0%                      |
| <b>TOTAL</b>                    | <b>\$475,000</b>                   | <b>\$675,000</b>                    | <b>\$200,000</b>         | <b>42.1%</b>              |

## Changes:

- Ongoing January 11, 2020 flood remediation and mitigation

# 2020 Trade Activity at Port Milwaukee

| Port Commodity        | 2019<br>(Overall) | 2019<br>(YTD*) | 2020<br>(YTD*)             | Factors & Impacts  |
|-----------------------|-------------------|----------------|----------------------------|--|
| Dry Bulk              | 1,935,727         | 1,458,477      | 1,483,411<br>(2% increase) | Increasing stabilization of the North American salt market; strong cement and bottom ash demand.                         |
| General Cargo & Steel | 189,280           | 139,334        | 123,972<br>(11% decrease)  | International tariffs remain on steel. Partially countered by desire for tin in bulk grocery market. USMCA = 2021 gains? |
| Liquid Cargo          | 57,803            | 36,190         | 34,071<br>(6% decrease)    | Stable utilization of Liquid Bulk terminal at Port Milwaukee. Ongoing infrastructure Port improvements = 2021 gains?     |
| Grains                | 123,565           | 77,478         | 107,500<br>(39% increase)  | Strong tug/barge early season via Mississippi; USACE locks now closed. Late season use of international vessels.         |
| Port Milwaukee        | 2,182,810         | 1,634,001      | 1,641,454<br>(1% increase) | Maintaining pace with historic 2019 tonnage. Other Great Lakes and U.S. ports down by 15-30% due to COVID.               |
| ALL CARGO             | 2,668,624         | 1,697,317      | 1,748,954<br>(3% increase) | Overall public (Port) AND private (e.g. companies in Milwaukee Harbor) remains economically resilient.                   |

\* Port Milwaukee tonnage through October 1, 2020



# Viking Cruises

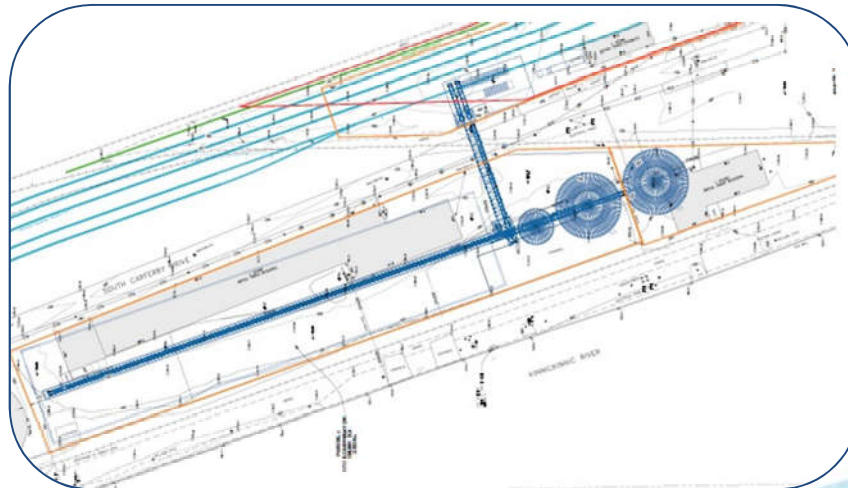
- **January 2020:** Viking Cruises announced its entrance into the Great Lakes market with “Viking Expeditions”, selection of Milwaukee as homeport for three itineraries
- **April 2022:** Forecasted arrival of Viking to Port Milwaukee
- **Future:** 12,000+ cruise passengers/year; infrastructure completion





# DeLong

- **February 2020:** \$20+ Million in Federal & State grants announced for Port Milwaukee's Maritime Agricultural Export Facility
- **September 2020:** Council approves long-term lease with DeLong
- **December 2020 (TBD):** Council to review PIDP grant agreement
- **April 2023 (TBD):** Facility fully operational for international shipping



# Michels

- **2019:** Port, DCD, and Harbor District review Request for Proposal (RFP) responses for commercial development at Grand Trunk
- **Spring 2020:** Port Negotiations with Michels Corporation
- **Sept. 2020:** Council approves long-term lease with Michels
- **July 1, 2021:** Michels new lease begins, concurrent to ongoing Grand Trunk wetland remediation efforts



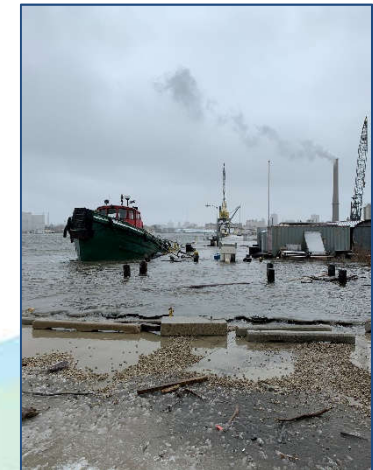
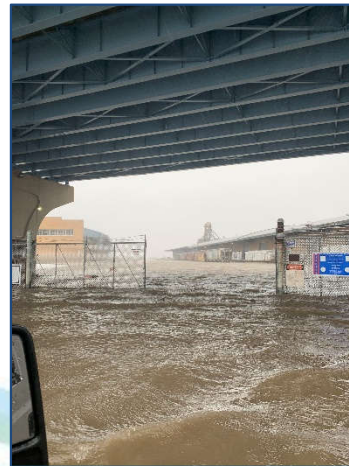
# Capital Asset Renewal Plan (CARP)

- **June 2020:** Wisconsin Department of Administration announces Coastal Management Program grant to Port Milwaukee for CARP
- **October 2020:** Request for Proposals (RFP) publicly issued to create the CARP; Comptroller presents Port Capital Asset Audit findings to Council
- **Summer 2021:** Delivery of the preventative maintenance schedule and CARP to Harbor Commissioners, Common Council



# Flood Recovery (~\$2M in damage)

- **January 11, 2020:** Historically high Great Lakes water levels, storm surge floods Port Milwaukee and parts of southeastern Wisconsin
- **March 2020:** State and Federal emergency is declared
- **May 2020:** Council authorizes Port flood relief funds
- **September 2020:** Governor Evers announces \$1.5M in emergency grant funding for Port flood relief
- **Future:** Remediation, mitigation, and ongoing FEMA coordination





# COVID-19: Impact on Operations

- **March 2020:** Implementation of Safer at Home City-wide guidance
- **Ongoing:** Port has maintained 24/7 operations, updates reflective of regulatory and health guidance (U.S. Coast Guard, U.S. Customs, State, City)
- **Ongoing:** Essential, frontline Port operations crews remain on-site; non-essential, office-based workers at ~100% telework
- **Ongoing:** Port Administration Building remains closed to the public through at least January 1, 2021



# COVID-19: Impact on Revenues

| Revenue Source                 | 2019 (Actual)      | 2020 (Budgeted)    | 2021 (Proposed)    |
|--------------------------------|--------------------|--------------------|--------------------|
| Leases                         | \$2,546,694        | \$2,430,984        | \$2,557,940        |
| Foreign Trade Zone (FTZ)       | \$48,950           | \$48,950           | \$36,080           |
| Milwaukee World Festival (MWF) | \$1,549,442        | \$2,520,173        | \$1,679,243        |
| Variable Revenues              | \$2,013,125        | \$1,483,793*       | \$1,425,157        |
| <b>TOTAL</b>                   | <b>\$6,158,210</b> | <b>\$6,483,900</b> | <b>\$5,698,420</b> |



- **Stable Revenues**
  - Leases = Consistent
- **Variable Revenues**
  - Trade & Transportation = Market Dynamics
  - \* \$1.5M (2020 YTD), ~\$2M is typical annually

# Other 2021 Goals for Port

- ✓ Equity Framework; Workforce Planning & Transition Planning (*Council*)
- ✓ Modifications to Harbor Mooring Permitting (*Council*)
- ✓ Milwaukee Estuary Area of Concern (AOC) Remediation (*DCD*)
- ✓ Dredged Material Management Facility (DMMF) Extension (*DCD*)
- ✓ Komatsu South Harbor Campus Development (*DCD*)
- ✓ Commercial Reuse of the Intermodal Yard (*DCD*)
- ✓ Repaving South Lincoln Memorial Drive (*DPW*)
- ✓ Addressing Storm Water/Flooding on East Bay Street (*DPW*)



# Thank you for your continued support!

*On behalf of the Staff of  
Port Milwaukee:*

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