

# 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) 679 (indirect)	630 (direct) 679 (indirect)	630 (direct) 679 (indirect)
Cruise ship visits	10	0	15

# 2021 Budget Summary

Summary	2020 Adopted Budget	2021 Proposed Budget	Amount Change	Percent Change
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 Adopted Budget</b>	<b>2021 Proposed Budget</b>	<b>Amount Change</b>	<b>Percent 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

Project	2020 Adopted Budget	2021 Proposed Budget	Amount Change	Percent Change
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 (Overall)	2019 (YTD*)	2020 (YTD*)	Factors & Impacts
Dry Bulk	1,935,727	1,458,477	1,483,411 (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 (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 (6% decrease)	Stable utilization of Liquid Bulk terminal at Port Milwaukee. Ongoing infrastructure Port improvements = 2021 gains?
Grains	123,565	77,478	107,500 (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 (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 (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

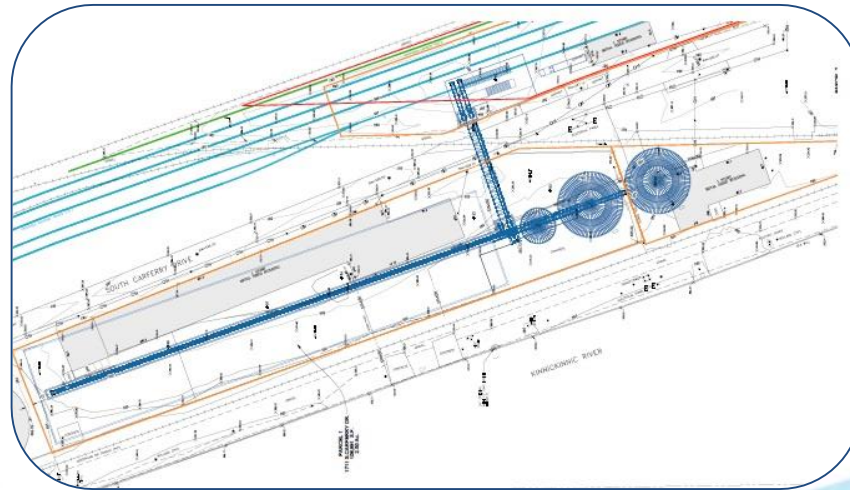
- **January 2020:** Viking Cruises announced its entrance into the Great Lakes market with “Viking Expeditions”, selection of Milwaukee as homeport for three itineraries
- **April 2022:** Forecasted arrival of Viking to Port Milwaukee
- **Future:** 12,000+ cruise passengers/year; infrastructure completion





# 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



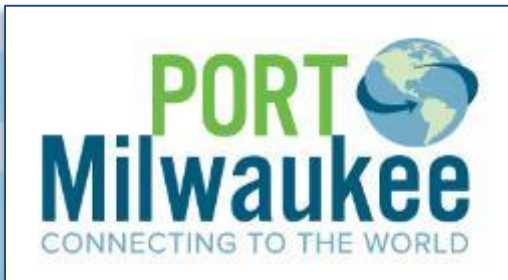
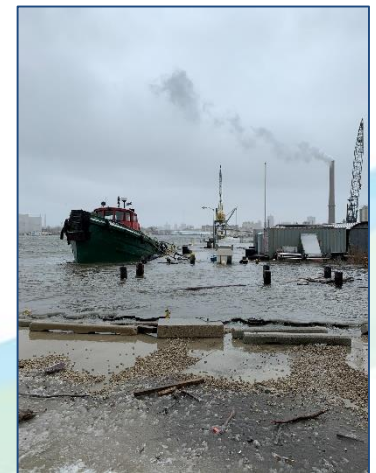
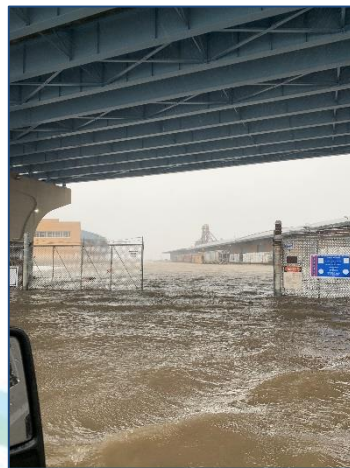
# Capital Asset Renewal Plan (CARP)

- **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

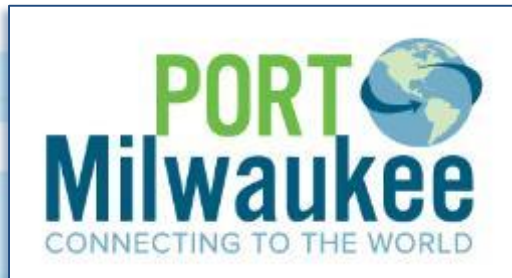
- **March 2020:** Implementation of Safer at Home City-wide guidance
- **Ongoing:** Port has maintained 24/7 operations, updates reflective of regulatory and health guidance (U.S. Coast Guard, U.S. Customs, State, City)
- **Ongoing:** Essential, frontline Port operations crews remain on-site; non-essential, 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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