

2019



Legislative Reference Bureau

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# PORT MILWAUKEE



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## 2019 Proposed Plan and Executive Budget Review

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Budget Hearing: 9:00 a.m. on Monday, October 8, 2018

Last Updated: October 2, 2018

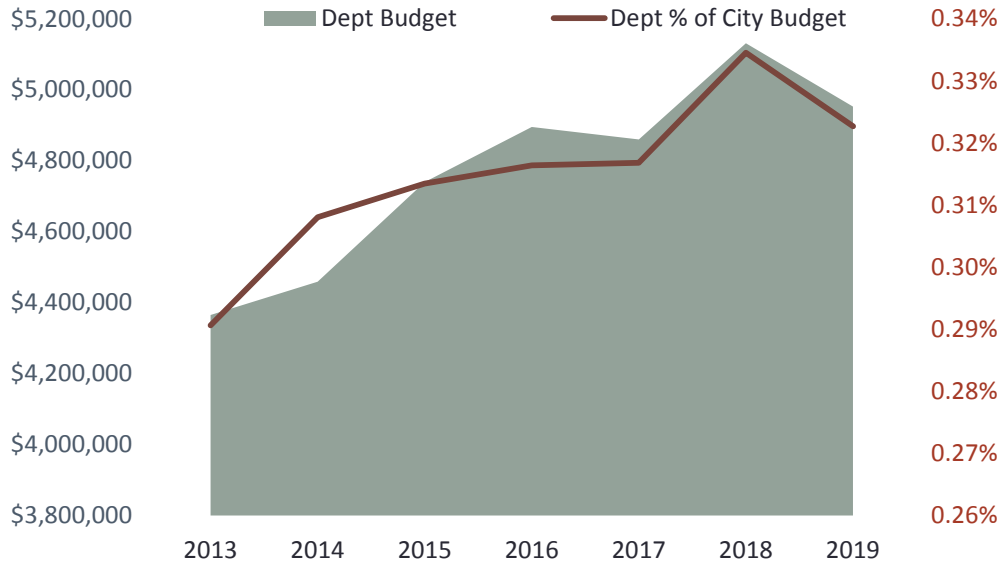
Version 1.0



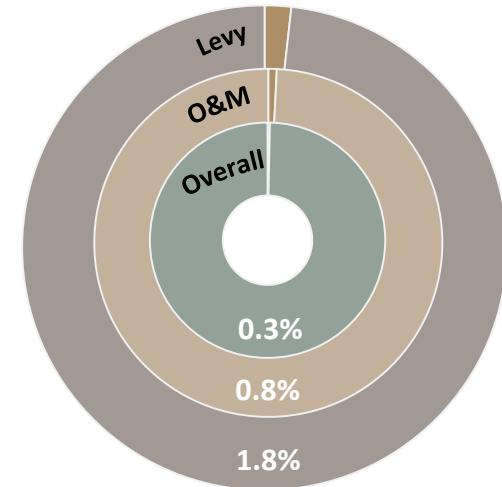
**\$4,953,155**  
Proposed 2019 Budget

**-\$178,538**  
Change in Proposed Budget

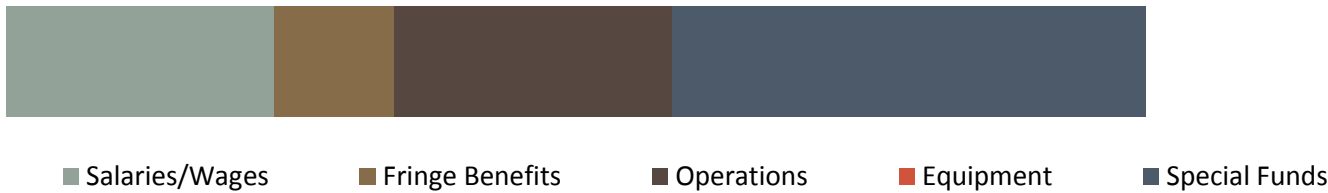
**-3.5%**  
% Change in Proposed Budget



Departmental Budget Impact

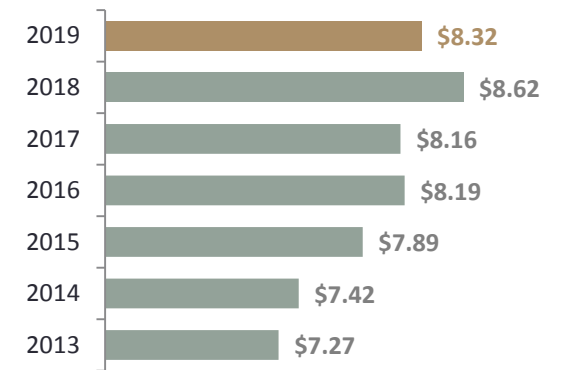


Departmental Budget Appropriation Category



\$	\$1,162,383	\$523,072	\$1,209,700	\$0	\$2,058,000
%	23%	11%	24%	0%	42%
Δ	-5.3%	-7.3%	-0.5%	0.0%	-3.1%

Budget per Capita



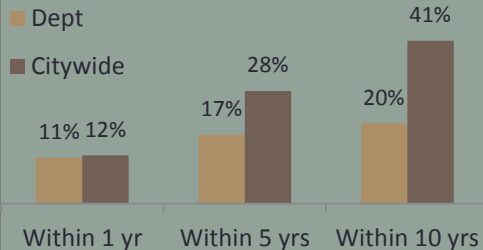
**\$834,674**

Difference between Port revenues and expenditures for 2017, an increase of 15.5% from the 2016 "surplus".

**5.4%**

Increase in Port's total tonnage handled, 2016 to 2017, led by growth in cement, limestone and salt shipments.

**Retirement Eligible**



**0**

Change in Positions

**0.0%**

% Change in Positions

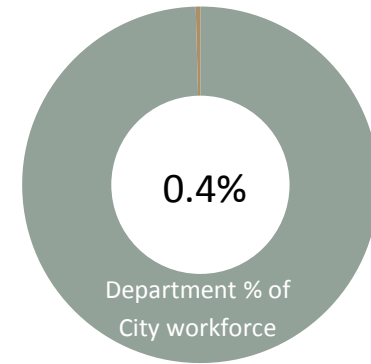
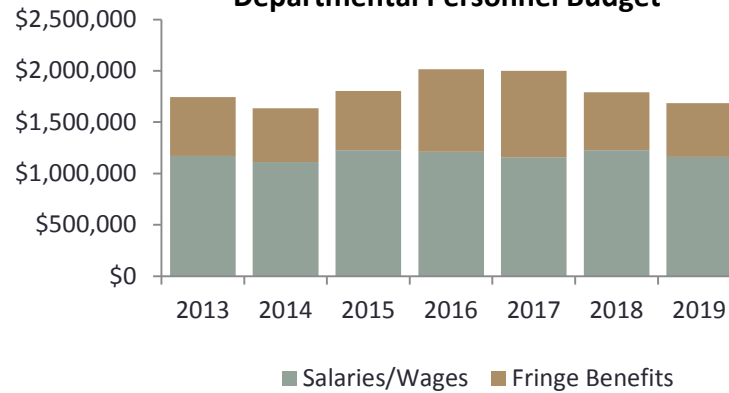
**1**

Current Vacancies

**3**

Voluntary Separations

**Departmental Personnel Budget**

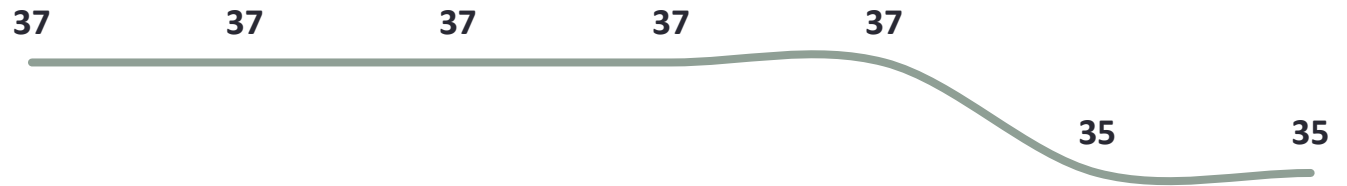


**Staffing Update**

- No change in number of authorized positions for 2019.
- One position of Port Operations Technician is currently vacant. The department intends to submit a request-to-fill to the Finance and Personnel Committee in the near future.

**Staffing Update**

- 2019 Proposed Budget reflects a restructuring of the Cargo Handling-Repair & Maintenance Section that occurred in 2017 (CCFN 170619, 9/26/2017).
- 3 position titles collapsed into one.
- Intended to create a career ladder that provides opportunities to learn new skills and take on new responsibilities.



**Department Positions  
2013-2019**

**-\$59,300**

Change in Infrastructure Services line item (-18.2%), a reflection of expenditure history and anticipated changes for 2019.

**26**

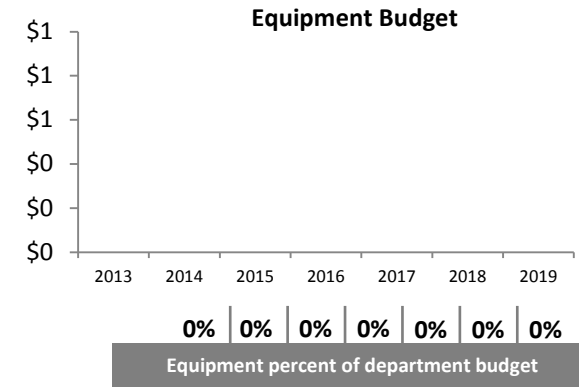
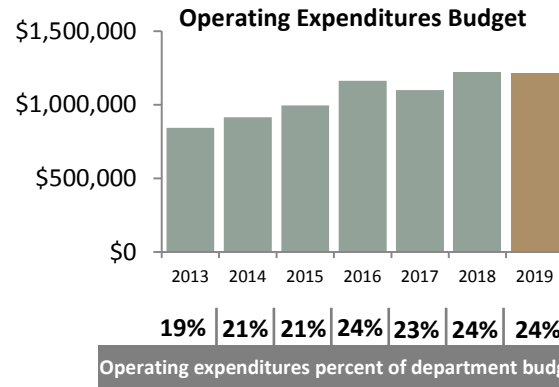
Number of tenants leasing Port facilities. Facility leases (not including Milw. World Festivals lease) generated \$1.93 million in revenue in 2017.

**222%**

Increase in liquid cargo shipped through the Port, 2017 to 2018 (through August), reflecting completion of Liquid Cargo Pier in March, 2018.

**\$105,673**

Increase in revenues from Billable Labor and Equipment, through August (a 62.0% increase).



**Operating Expenditures (significant changes)**

- Infrastructure Services (\$326,700; down \$59,300 from 2018) – based on history of actual expenditures, as well as anticipated changes in 2019.
- Energy (\$58,500; down \$14,500 from 2018) – based on actual energy use levels and anticipated energy prices in 2019.

**Major Revenues Sources (2019 est.)**

Facility Rental	\$2,166,000
Milw. World Festivals Lease	\$1,549,000
Wharfage Charges	\$780,700
Water/Sewer Charges	\$332,800
Dockage Charges	\$273,000

**Special Funds (major changes)**

- Equipment Rehab. and Upgrade (\$75,000; down from \$210,000 in 2018 Budget) -- reflects a change in the method of paying for debt service on the Port's new crane.
- Leasehold Demolition/Facilities Upgrade (\$50,000; no funding in 2018 Budget; 2017 actual expenditures of \$102,112) – funds will be used to replace entrance at Port Administration Building; current wood doors swell and stick.

28

Number of railroad switches the Port has repaired as part of its ongoing Rail Track & Service Upgrades project, which is funded by City capital and WisDOT grants.

2.57 million

Tons of cargo that passed through the Port in 2017, a 5.4% increase attributable to a strong construction industry and rebounding of salt shipments.

4,137

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

301

Total number of commercial vessels, including barges and cruise ships, that used the Port in 2017, an increase of 27 (9.9%) from 2016.

**Cargo Trends**

- 2017 tonnage: 2.573 mill. metric tons (up 5.4% from 2016)
- 2018 tonnage (through August): 1.332 mill. metric tons (down 15.8% from comparable period in 2017)
- 2018 decrease is largely the result of lower salt shipments related to a labor strike at largest Canadian salt mine.

**Milwaukee World Festivals, Inc. Lease**

For 2019, the City’s lease with Milwaukee World Festivals, Inc., will produce revenues of \$1,549,000. This represents about 31% of total projected 2019 revenues for the Port of Milwaukee.

**Capital Improvement Project Highlights**

- WisDOT Rail Grant (\$750,000) – provides 20% local match for grant to upgrade rail track to make Port more attractive to shippers and potential tenants.
- Rail Track & Service Upgrades (\$275,000) – continues the rail track and crossing replacement program that began in 2013; \$300,000 was provided in 2018.
- ADA Improvements (\$225,000) – new account to fund ADA-required projects, including restroom renovations, parking signage and ADA-compliant hardware.

**Cargo by Commodity Type (metric tons)**

Commodity	2017	2017 YTD	2018 YTD
Dry bulk	1,718,894	1,299,181	1,038,820
Steel/general cargo	188,480	91,026	97,983
Liquid cargo	25,452	14,452	46,647
Grain	245,803	177,513	148,413

**Port Surplus Revenue Transferred to City General Fund**

2010	\$902,000	2014	\$1,587,000
2011	\$1,590,000	2015	\$1,165,000
2012	\$1,211,000	2016	\$722,000
2013	\$1,315,000	2017	\$835,000

**Revenue Trends**

Through August, the Port’s 2018 revenues are up \$489,632, or 14.6%, over last year. Revenue categories with substantial increases this year include:

- Billable labor & equipment +62.0%
- Facility rent (excluding Milwaukee World Festivals) +27.8%
- Utility recovery +19.6%

- **Liquid Cargo Pier Rehabilitation** - In March, 2018, rehabilitation of the Port's Liquid Cargo Pier was completed. In April, U.S. Oil, a Port tenant, loaded its first barge at the Pier. Currently, U.S. Oil is shipping ethanol from the Pier. However, the Liquid Cargo Pier can accommodate other liquid commodities. This project was funded with a \$1.2 million Wisconsin Harbor Assistance Grant, along with \$300,000 in City capital funding.
- **Intermodal Operations** – The Port continues to look for ways to restart its intermodal operations (rail-to-truck or rail-to-ship). The Port's intermodal container facility closed several years ago when one of its major railroads decided to move its intermodal business elsewhere. However, Port officials are now in discussion with both Class I railroads about the possibility of reviving the service. Also, WisDOT has created an "intermodal subcommittee" which involves several relevant stakeholders (including Foxconn and a major steamship company) and is currently conducting a survey of container-using businesses.
- **Foreign Trade Zone** - The Port of 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 11 approved "zones" (businesses) within FTZ 41, of which 7 are active, including Mercury Marine (Fond du Lac), Broan NuTone (Hartford) and Generac (Waukesha). The 7 active FTZ businesses have over 4,100 employees. The Port's 2017 revenues from the Foreign Trade Zone program were \$37,833.
- **Cruise Ships** - In 2017, 4 passenger cruise ships visited Milwaukee, compared to 3 in 2015 and 4 in 2016. Cruise ships continue to dock on Jones Island, rather than the designated cruise ship berth at Pier Wisconsin, where dredging work costing at least \$500,000 is needed to make the shipping channel of sufficient depth to accommodate large cruise ships.
- **Harbor District Initiative** – The Harbor District, Inc., is a non-profit entity created in 2015 to develop a vision for revitalizing an area of over 1,000 acres encompassing the Port of Milwaukee and extending west to 2<sup>nd</sup> Street. As the largest landowner in the District, the Port has a vested interest in the success of this initiative. The president of the Board of Harbor Commissioners serves on the Harbor District's board of directors, along with representatives of the public-sector, philanthropic, non-profit and business communities. In February, 2018, the Common Council approved the *Harbor District Water and Land Use Plan* and amended the Near South Side and Southeast Side Area Comprehensive Plans accordingly (File Number 171211).
- **Grand Trunk Wetlands Restoration** – In April, 2018, RACM received a \$3 million grant from the U.S. EPA Great Lakes Restoration Initiative for restoration of the 7.5-acre Grand Trunk wetlands, a Port-owned property located north of Barnacle Bud's.