

2021



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PORT MILWAUKEE



2021 Proposed Plan and Executive Budget Review

Prepared by: Jeff Osterman, Legislative Research Supervisor
Budget Hearing: 1:30 p.m. on Tuesday, October 13, 2020



\$5,698,420

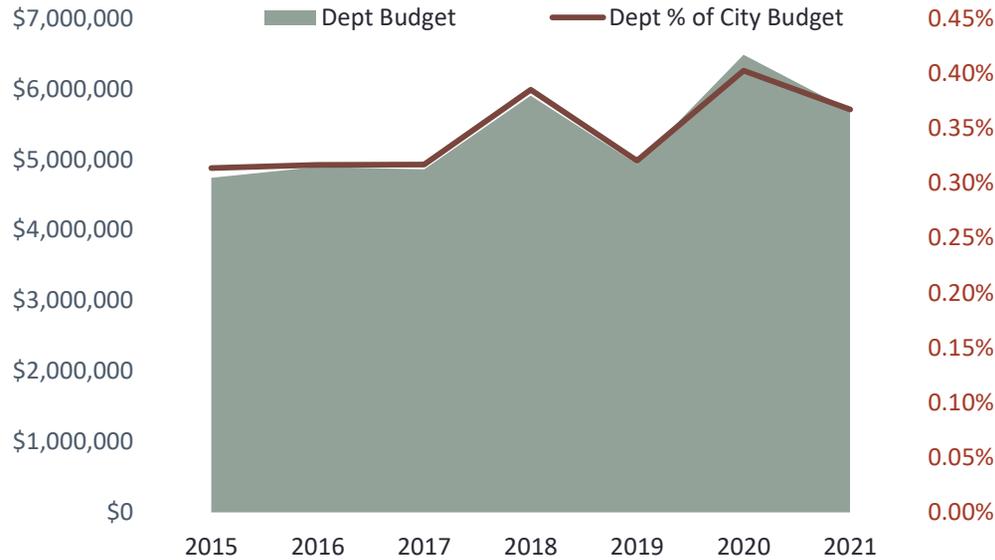
Proposed 2021 Budget

-\$785,480

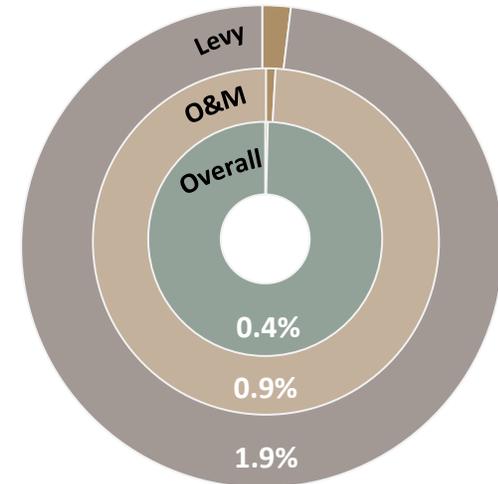
Change in Proposed Budget

-12.1%

% Change in Proposed Budget



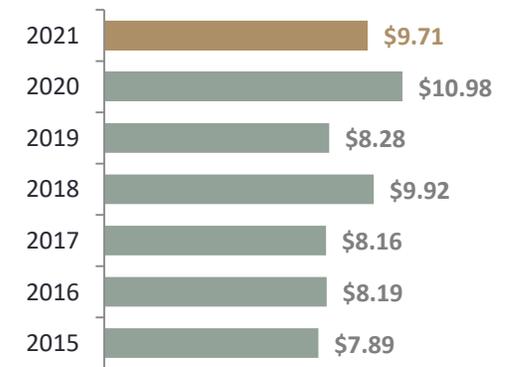
Departmental Budget Impact



Departmental Budget Appropriation Category



Budget per Capita



	Salaries/Wages	Fringe Benefits	Operations	Equipment	Special Funds
\$	\$1,213,049	\$558,003	\$1,208,125	\$0	\$2,719,243
%	21%	10%	21%	0%	48%
Δ	5.2%	21.0%	-4.9%	0.0%	-24.5%

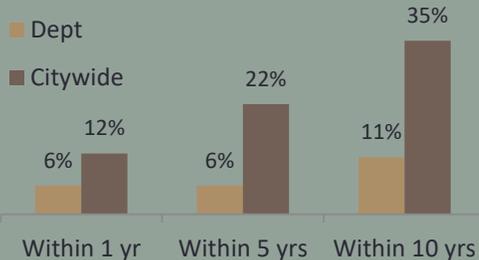
\$742,249

Difference between Port revenues and expenditures for 2019, compared to a “surplus” of \$488,061 in 2018.

11.6%

Increase in Port’s total tonnage handled, 2018 to 2019, led by a 56% increase in salt shipments.

Retirement Eligible



0

Change in Positions

0.0%

% Change in Positions

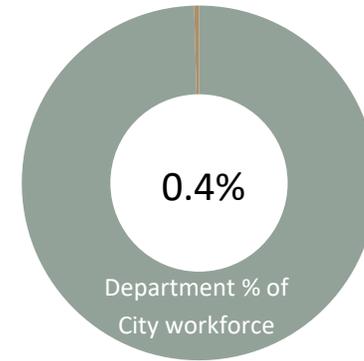
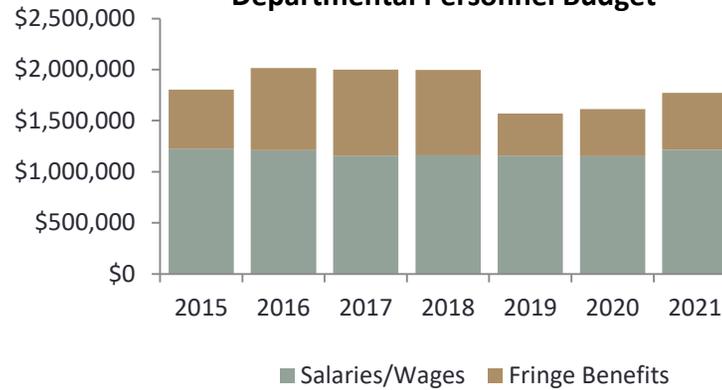
1

Current Vacancies

2

Voluntary Separations

Departmental Personnel Budget

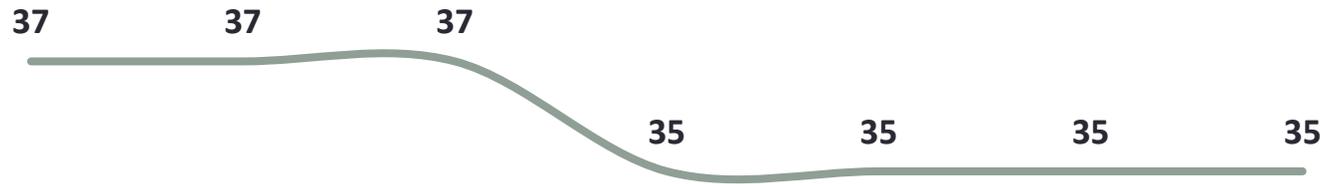


Staffing

- No change in number of authorized positions for 2021.
- One position, Civil Engineer II, is currently vacant (since April, 2020). The department intends to fill this position in early 2021. Cost savings have been used to fund the temporary appointment of the Port’s recently-retired Mgmt. Civil Engineer-r.

Staffing

- The Proposed Budget reflects a recent reclassification of the Port Finance Officer to the title of Finance & Administration Manager, with an accompanying salary increase of approximately \$12,000.
- The department is currently using its auxiliary position authority to fill the auxiliary Mgmt. Civil Engineer-Sr. (chief engineer) position.



**Department Positions
2015-2021**

-\$30,740

Decrease in Other Operating Supplies line item (-57.7%), related in part to the completion of several office-related improvements in 2020.

12,000

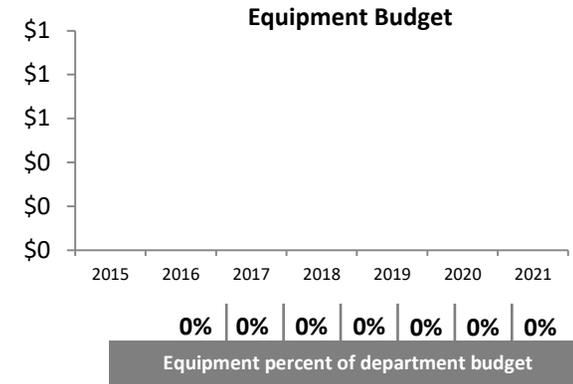
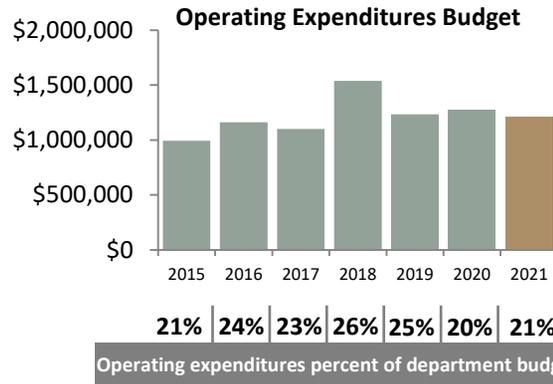
Number of cruise-ship passengers expected to visit Milwaukee annually beginning in 2022.

-3.1%

Small decrease in total cargo tonnage shipped through Port Milwaukee, 2019 to 2020 (through August), notwithstanding COVID-19-related economic downturn.

17.8%

Increase in Port's revenue from facility rental, 2019 to 2020 (through August). Facility rental is Port Milwaukee's top revenue source.



Operating Expenditures (significant changes)

- Other Operating Supplies (\$22,000; down \$30,740 from 2020) – several office-related improvements completed in 2020 .
- Tool & Machinery Parts (\$12,000; down \$16,000 from 2020) – reduction to amount closer to actual expenditure experience.
- Energy (\$55,125; down 20,898 from 2020) – reduction reflects expected low fuel prices.

Special Funds (major changes)

- Leasehold Demolition/Facilities Upgrade (\$180,000; down from \$450,000 in 2020 Budget; no 2019 expenditures) – funds demolition of outdated/unused structures and site preparation for future development.
- Major Maintenance - Terminals & Piers (\$500,000; up from \$300,000 in 2020 Budget; 2019 actual expenditures of \$185,454) - supports repairs to Lake Express and other Port terminal buildings Port Administration Building.
- Dockwall & Breakwater Rehab. (\$270,000; up from \$50,000 in 2020 Budget; 2019 actual expenditures of \$99,885) – funds rehab and maintenance of Port's 10-mile dockwall system, which has been adversely affected by record-high river and lake levels. Also funds emergency breakwater repairs.

Major Revenues Sources (projections for 2021)

Rental Income (facilities)	\$2,232,000
Milw. World Festivals Lease	\$1,679,000
Wharfage Charges	\$800,000
Water/Sewer Charges	\$300,000
Dockage Charges	\$283,000

20

Total number of railroad crossings replaced on the Port’s railroad network as part of multi-year project funded by City WisDOT Harbor Assistance grants and City capital funding.

\$1,040,000

Total Special Funds appropriation for 2021 (excluding MWF revenue transfer to General Fund), all of which is to be used for maintaining and improving Port facilities.

4,770

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

274

Total number of commercial vessels, including barges and cruise ships, that used Port Milwaukee in 2019, an increase of 26 (+10.5%) from 2018.

Cargo Trends

- 2019 tonnage: 2.669 mill. metric tons (up 11.2% from 2018)
- 2020 tonnage (through August): 1.511 mill. metric tons (down 3.1% from comparable period in 2019)
- 2020 decrease is spread among most cargo types; cement and grain shipments actually increased slightly.

Milwaukee World Festivals, Inc. Lease

For 2021, the City’s lease with Milwaukee World Festivals, Inc., will produce contractual revenues of \$1,679,000. This represents about 29.5% of total projected 2021 revenues for Port 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 2020.
- Roadway Paving (\$200,000) – this account funds 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 . The same level of funding was provided in 2020.

Cargo by Commodity Type (metric tons)

Commodity	2019	2019	2020
		YTD	YTD
Dry bulk	1,935,728	1,361,252	1,324,587
Steel/general cargo	189,280	121,151	103,025
Liquid cargo	57,803	34,008	32,599
Grain	123,565	57,478	67,500

Port Surplus Revenue Transferred to City General Fund

2012	\$1,211,000	2016	\$722,000
2013	\$1,315,000	2017	\$835,000
2014	\$1,587,000	2018	\$488,000
2015	\$1,165,000	2019	\$742,000

Revenue Trends

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

Revenue Category	2019 YTD	2020 YTD	Pct. Change
Facility rent	\$1,258,674	\$1,482,415	17.8
Wharfage	455,747	405,153	-11.1
Dockage	121,535	161,806	33.1
Thru-put charges	97,965	117,988	20.4

- **COVID-19 Pandemic Impacts** – Port Milwaukee cargo volumes have remained surprisingly strong in 2020 despite the global economic downturn related to the COVID-19 pandemic. Through August, total tonnage shipped through the Port was down just over 3%, while other Great Lakes ports (e.g., Duluth and Cleveland) have reported declines of at least 30%. While shipments of some commodities (e.g., limestone) are down because of COVID-19, volumes for other commodities (e.g., steel and tin, which are used in grocery products) have actually increased. On the operations side, to protect the safety of Port staff, customers and tenants, the Port’s Finance, Trade Development and Engineering staff have been largely working from home, while Administration and Operations staff work regular hours on-site to sustain day-to-day operations of the Port.
- **Intermodal Operations** – Port Milwaukee continues to look for ways to restart its rail-to-truck intermodal operations. In March, 2019, Port Milwaukee was highlighted as a potential container transshipment site in the Wisconsin Freight Advisory Committee’s “Overview of Intermodal Freight” report. Also, in November, 2019, Port Milwaukee organized the first Intermodal Summit for Southeastern Wisconsin. However, the economic fallout from the COVID-19 pandemic has significantly decreased the likelihood that either of the Class 1 railroads serving the Port will undertake establishment of a new intermodal service in Milwaukee.
- **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 nearly 4,800 employees. The Port’s 2019 revenues from the FTZ program were \$48,950; administrative costs totaled \$40,925.
- **Cruise Ships** - After a record year for cruise ship traffic at Port Milwaukee, the COVID-19 pandemic resulted in the cancellation of all cruise ship visits in 2020. However, Port Milwaukee’s cruise partners have indicated a strong desire to resume a regular cruise schedule in 2021, and the Port has accepted cruise-dock reservations through 2025. In addition, in January, 2020, Viking Cruises announced that Port Milwaukee will be the home port for its new Expedition-class cruise ships. Port Milwaukee anticipates over 12,000 cruise passengers annually, beginning in 2022; as recently as 2018, the annual total was under 1,000.
- **International Lumber Shipment** – In 2019, Port Milwaukee handled its first international lumber shipment in the modern era. This shipment of European lumber, which otherwise would have gone through a Mid-Atlantic port, demonstrated the Port’s ability to help shippers of various commodities realize significant cost savings, as well as its capabilities and expertise in coordinating and executing multi-modal shipments.