

## LRB-FISCAL REVIEW SECTION ANALYSIS

JULY 30, 2001 AGENDA

ITEM 4, FILE 010249

ECONOMIC DEVELOPMENT COMMITTEE

JAMES CARROLL

File #010249 is a resolution authorizing the issuance of Airport Facility Revenue Bonds.

### Background

1. Air Wisconsin, based in Appleton, is one of the nation's largest regional airlines. Flying exclusively as United Express, it serves 44 cities in 21 states, including United Airlines' hubs at O'Hare Airport in Chicago and Denver International Airport. It serves approximately 5% of General Mitchell International Airport (GMIA) passengers.
2. As part of a major expansion, Air Wisconsin recently announced a \$1.7 billion purchase of 75 of the latest technology Canadair CRJ-200 regional jet aircraft.
3. Air Wisconsin proposes to construct a 55,000 s.f. Maintenance facility for the new jets at GMIA. This location was selected over proposals received from numerous other cities, including Madison, Fort Wayne, Moline, South Bend, Lansing, and others.
4. On July 19<sup>th</sup>, the Milwaukee County Board agreed to lease a 4.25-acre site at GMIA for the new maintenance facility. The hangar will be located at the site of the old Air National Guard hangar on S. Howell Avenue, just south of facilities operated by Skyway Airlines and Signature Flight Support. The term of the lease will be thirty-two years.

### Discussion

1. The resolution sets forth the intent of the City of Milwaukee to issue industrial development revenue bonds in an amount not to exceed \$6 million to finance costs related to construction and equipping of an Air Wisconsin maintenance facility at GMIA.
2. The estimated project costs are shown below:

Site Improvement	\$ 349,320
New Construction	2,960,746
Equipment	1,656,700
Design/Engineering	66,000
Bond Issuance	133,000
Contingency	<u>260,000</u>
 TOTAL	 \$5,425,766

3. The maintenance facility will initially employ 103. Over 90 will be mechanics paid an average of \$37,000 per year. Some of these positions will be filled by personnel relocated from Air Wisconsin's current maintenance facility in Appleton.

4. The new maintenance facility will accommodate up to six aircraft at one time.
5. Construction is expected to begin August 15<sup>th</sup> and be completed December 15<sup>th</sup>.
6. The resolution requires that Wisconsin Air use its “ best efforts” to utilize disadvantaged businesses in the construction of the facility.

### **Fiscal Impact**

The resolution has no fiscal impact because additional Common Council action is required before any bonds are sold.

cc: Marianne Walsh  
Michal Dawson  
Tom Croasdaile  
Jean Laskowski  
Jim Scherer

Prepared by: James Carroll, X8679  
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