

2022



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**Legislative Reference Bureau**

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# PORT MILWAUKEE



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## 2022 Proposed Plan and Executive Budget Review

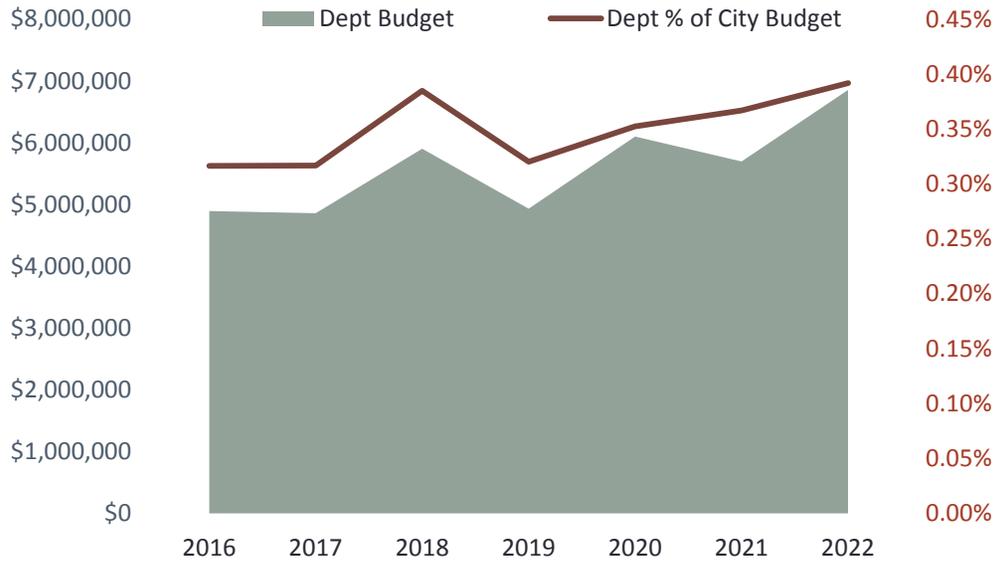
Prepared by: Jeff Osterman, Legislative Research Supervisor  
Budget Hearing: 1:30 p.m. on Tuesday, October 12, 2021



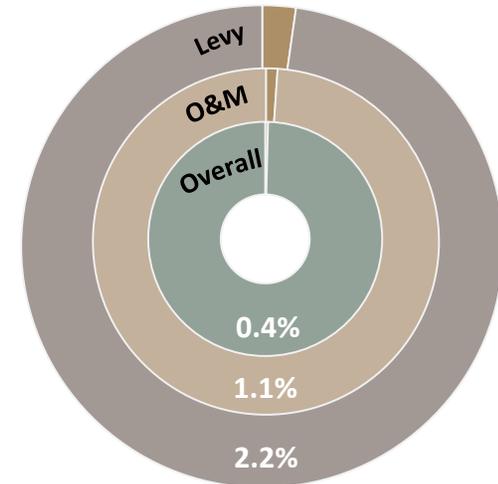
**\$6,856,288**  
Proposed 2021 Budget

**\$1,157,868**  
Change in Proposed Budget

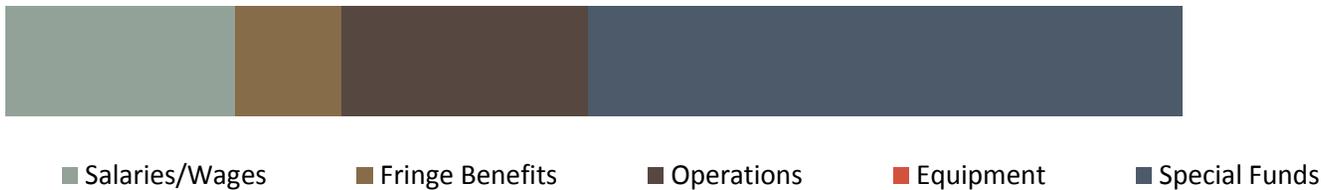
**20.3%**  
% Change in Proposed Budget



Departmental Budget Impact

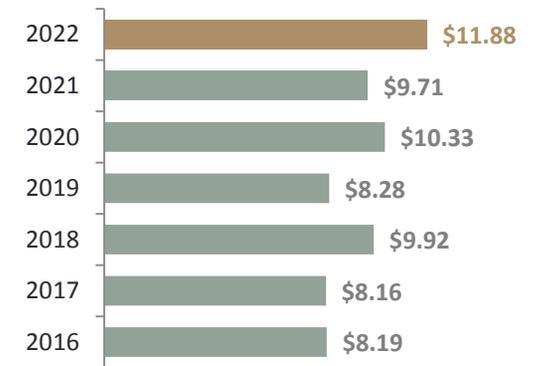


Departmental Budget Appropriation Category



	Salaries/Wages	Fringe Benefits	Operations	Equipment	Special Funds
\$	\$1,339,579	\$616,206	\$1,437,000	\$0	\$3,463,503
%	20%	9%	21%	0%	51%
Δ	10.4%	10.4%	18.9%	0.0%	27.4%

Budget per Capita



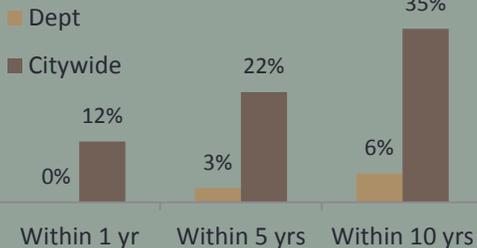
**\$780,490**

Difference between Port revenues and expenditures for 2020, compared to a “surplus” of \$742,249 in 2019.

**5.4%**

Increase in Port’s total tonnage handled, 2019 to 2020, led by agricultural exports and handling of cement.

**Retirement Eligible**



**0**

Change in Positions

**2**

Current Vacancies

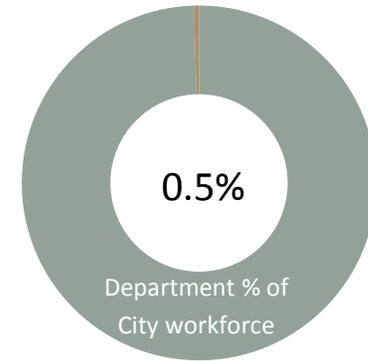
**0.0%**

% Change in Positions

**2**

Voluntary Separations

**Departmental Personnel Budget**

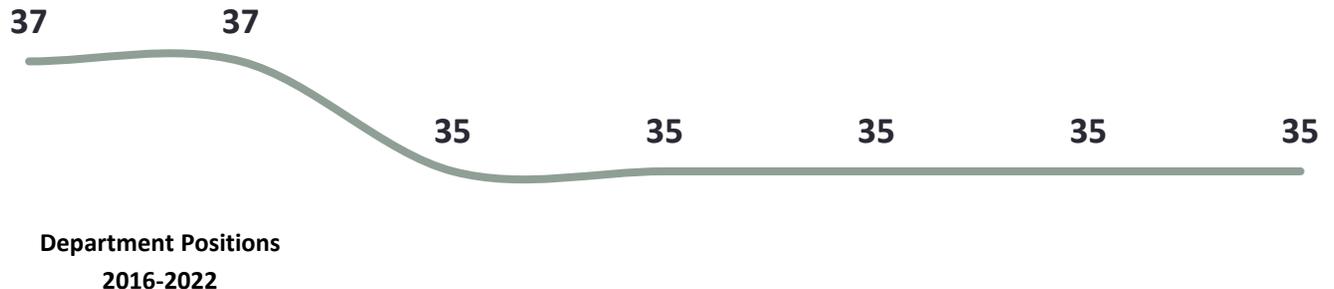


**Staffing**

- No change in number of authorized positions for 2022; however, funding for salaries and wages is increased 10.4%.
- One unfunded auxiliary position of Civil Engineer III is replaced by a regular, funded position of Civil Engineer III.
- The 2022 Proposed Budget funds 6 of the Port’s 8 Port Operations Technicians, up from 5 funded positions in 2021.

**Vacancies**

- Harbor Crane Operator – vacant since 6/12/21. DER hosted a written exam for candidates on 9/22/21. An on-site skills test for candidates is planned for 10/20/21.
- Civil Engineer II – vacant since 5/14/21. Request to fill position has been approved. Port is working with DER to specifically target candidates with water-related infrastructure experience.



**\$228,875**

Increase in Port's total Operating Expenditures (+18.9%), driven by need to account for new City street lighting fee and anticipated marketing expense increase.

**9,000+**

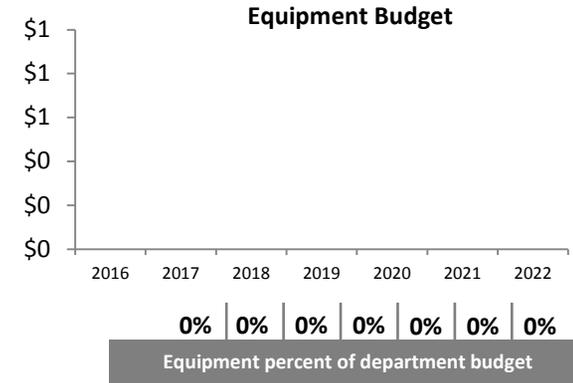
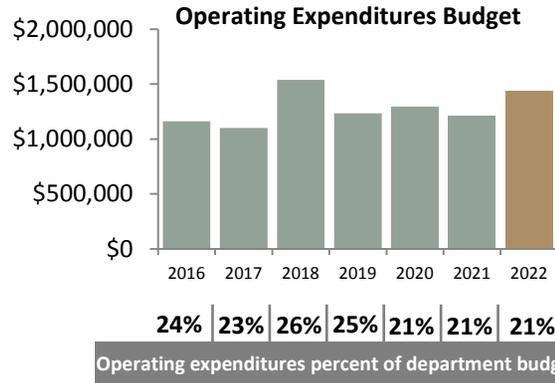
Number of cruise-ship passengers expected to visit Milwaukee in 2022, assuming public health guidance allows

**-16.2%**

Decrease in total cargo tonnage shipped through Port Milwaukee, 2020 to 2021 (through August), led by decreases in salt and cement.

**\$700,000**

Recurring, annual appropriation for new special fund to pay debt service on \$5.7 million RACM loan that will be used to fund Agricultural Maritime Export Facility.



**Operating Expenditures (significant changes)**

- Infrastructure/Property Services (\$940,000; up \$184,600 from 2021) – higher appropriation relates to increased security costs, water/sewer charges and street lighting fee.
- Other Operating Services (\$175,000; up \$60,000 from 2021) – increase reflects higher marketing-related expenses for memberships, travel and advertising

**Major Revenues Sources (projections for 2022)**

Rental Income (facilities)	\$2,557,000
Milw. World Festivals Lease	\$1,698,000
Wharfage Charges	\$780,000
Water/Sewer Charges	\$310,000
Dockage Charges	\$265,000

**Special Funds**

- Debt Service Payment – RACM Loan (\$700,000; new special fund for 2022) – will fund annual debt service on a \$5.7 million loan from RACM being used to pay part of the cost of constructing the Port's new \$34.7 million Agricultural Maritime Export Facility. These debt service payments will be necessary for the next 10 years.
- Leasehold Demolition/Facilities Upgrade (\$200,000; \$180,000 appropriated for 2021; 2020 actual expenditures of \$84,298) – funds demolition of outdated/unused structures and site preparation for future development.
- No significant changes in the appropriations for any of the Port's other special funds.

**-20.2%**

Decrease in Port revenue from Dockage and Wharfage, 2020 to 2021 (through August each year), due largely to delayed economic impacts of COVID-19.

**\$1,765,000**

Total Special Funds appropriation for 2022 (excluding MWF revenue transfer to General Fund), all of which will be used to build, maintain or improve Port facilities.

**6,103**

Number of employees at the 7 active Foreign Trade Zone No. 41 operators in southeastern Wisconsin in 2020.

**349**

Total number of commercial vessels, including barges, that used Port Milwaukee in 2020, an increase of 75 (+27.4%) from 2019.

**Cargo Trends**

- 2020 tonnage: 2.812 mill. metric tons (up 5.4% from 2019)
- 2021 tonnage (through August): 1.262 mill. metric tons (down 19.4% from comparable period in 2020)
- 2021 decrease is spread among most cargo types; grain and liquid bulk shipments increased slightly.

**Milwaukee World Festivals, Inc. Lease**

For 2022, the City’s lease with Milwaukee World Festivals, Inc., will produce contractual revenues of \$1,698,000. This represents about 24.8% of total projected 2022 revenues for Port Milwaukee.

**Capital Improvement Project Highlights**

- Port Capital Asset Renewal Plan released in August, 2021.
- Rail Track & Service Upgrades (\$1,441,000) – continues the rail track and crossing replacement program that began in 2013; \$275,000 was provided in both 2020 and 2021.
- Pier, Berth and Channel Improvements (\$967,000) – this account funds ongoing maintenance and improvements to the Port’s heavy lift dock, mooring basin and outer harbor. No funding was provided in 2021.

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

Commodity	2020	2020 YTD	2021 YTD
Dry bulk	2,286,313	1,307,507	1,062,484
Steel/general cargo	183,351	98,930	93,349
Liquid cargo	45,714	32,599	34,256
Grain	224,688	67,500	72,000

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

2013	\$1,315,000	2017	\$835,000
2014	\$1,587,000	2018	\$488,000
2015	\$1,165,000	2019	\$742,000
2016	\$722,000	2020	\$780,000

**Revenue Trends**

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

Revenue Category	2020 YTD	2021 YTD	Pct. Change
Facility rent	\$1,482,415	\$1,419,685	-4.2%
Wharfage	405,153	304,861	-24.8%
Dockage	161,806	147,832	-8.6%
Thru-put charges	117,988	116,214	-1.5%

- **Agricultural Maritime Export Facility (AMEF)** – Port Milwaukee is embarking on the largest one-time investment in its history – construction of a \$34.7 Agricultural Maritime Export Facility. The AMEF, which is being developed in partnership with the DeLong Co. Inc., will be constructed on Port property along South Carferry Drive. Funding for the facility is coming from a variety of sources, including a \$15.9 million USDOT grant, a \$4.7 million dollar grant from the State of Wisconsin, and \$5.7 million from the City/Port (through the issuance of RACM revenue bonds). Initially, DeLong will export Dried Distiller’s Grains with Solubles (DDGs) from the AMEF, with the exporting of other local agricultural products planned for the long term. Site preparation work, including the demolition of 3 antiquated Port structures, is nearing completion. Groundbreaking for the new facility is planned for October 13, 2021.
- **Rail Projects** – Port Milwaukee continues work on 2 rail infrastructure projects, Rehab Rail Crossings and Rail Track Reconstruction, both of which are funded by WisDOT grants (80% of total cost). With respect to the latter, 7 new at-grade crossings were completed in 2020, while 6 crossings were reconstructed in 2021. As for Rail Track Reconstruction, which involves replacement of track in the intermodal and classification yard with heavier-grade rails, approximately 2,800 feet of track and 3 turnouts have been reconstructed. Another 2,800 feet of track and 7 turnouts remain to be reconstructed. The Proposed Budget provides \$1,441,000 for these projects.
- **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 over 6,100 employees. The Port’s 2020 revenues from the FTZ program were \$43,600; administrative costs totaled \$46,906.
- **Cruise Ships** - After a record year for cruise ship traffic in 2019, the COVID-19 pandemic resulted in the cancellation of all cruise ship visits in 2020 and 2021. However, Port Milwaukee’s cruise partners have indicated a strong desire to resume a regular cruise schedule in 2022, 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 conservatively estimates that over 9,000 cruise passengers will visit Milwaukee annually, beginning in 2022; as recently as 2018, the annual total was under 1,000.
- **Capital Asset Renewal Plan** – In August 2021, Port Milwaukee completed, with the assistance of the Ramboll engineering consulting firm, a Capital Asset Renewal Plan that establishes a long-term maintenance and replacement schedule for Port facilities and infrastructure. The CARP determined that the current value of all Port-owned and –operated assets is over \$190 million, and that the total cost of renewing those assets over the next 50 years is over \$202 million, or approximately \$4 million annually.