

2023



Legislative Reference Bureau

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# PORT MILWAUKEE



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## 2023 Proposed Plan and Executive Budget Review

Prepared by: Jeff Osterman, Legislative Research Supervisor  
Budget Hearing: 1:30 p.m. on Tuesday, October 11, 2022



**\$6,423,600**

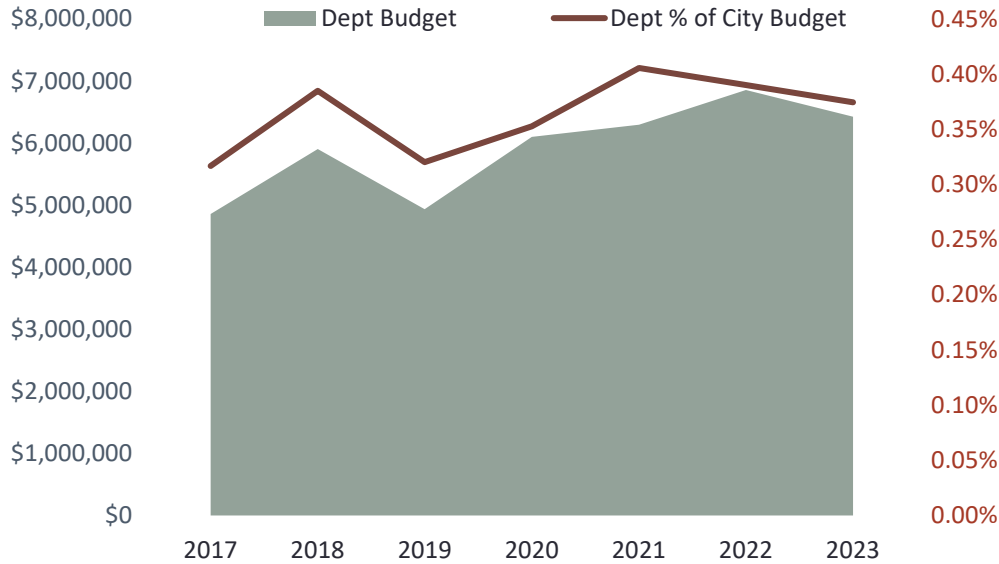
Proposed 2023 Budget

**-\$432,688**

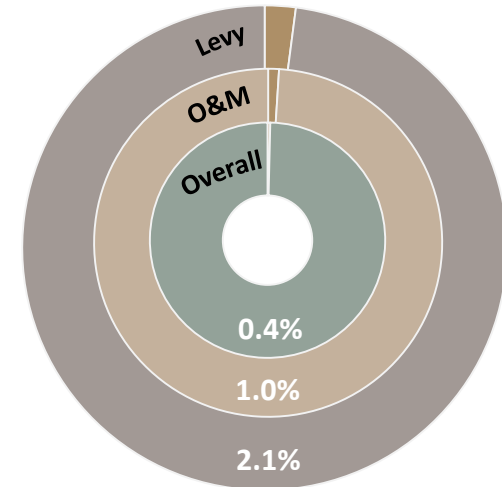
Change in Proposed Budget

**-6.3%**

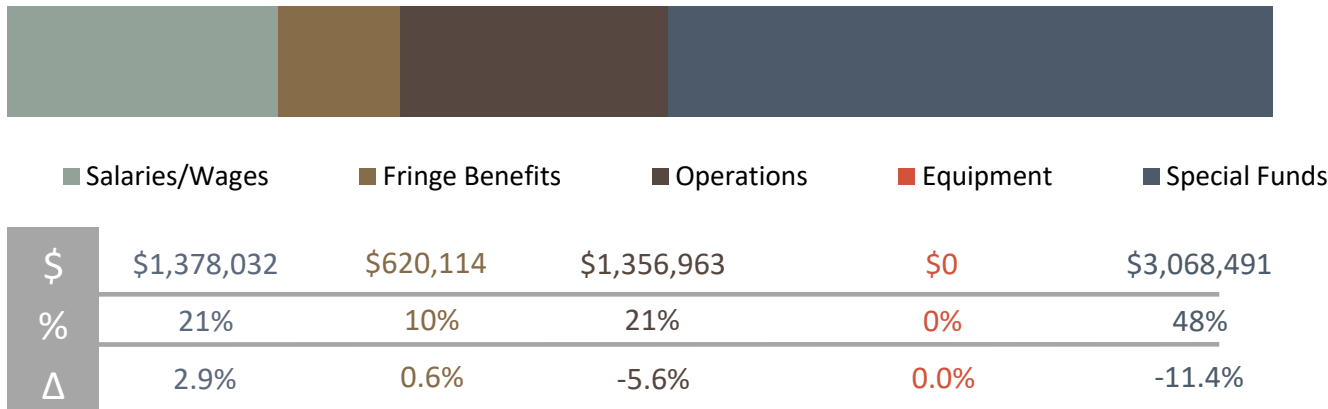
% Change in Proposed Budget



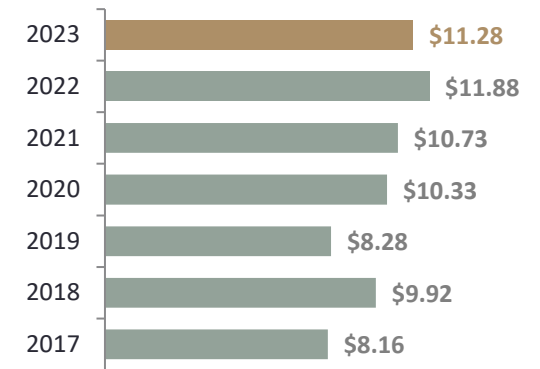
Departmental Budget Impact



Departmental Budget Appropriation Category



Budget per Capita



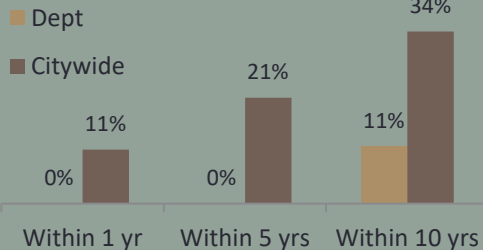
**\$6,423,600**

Requested Budget.  
The same as the department's  
Proposed Budget.

**-16.5%**

Decrease in Port's total tonnage handled, 2020 to 2021, attributable in part to supply-chain disruptions and weather-related issues.

**Retirement Eligible**



**0**

Change in Positions

**1**

Current Vacancies

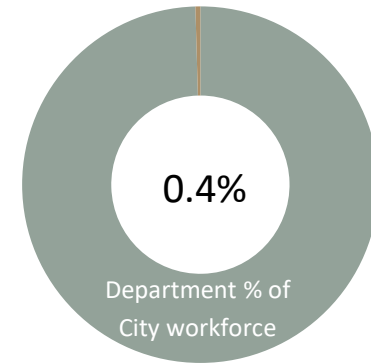
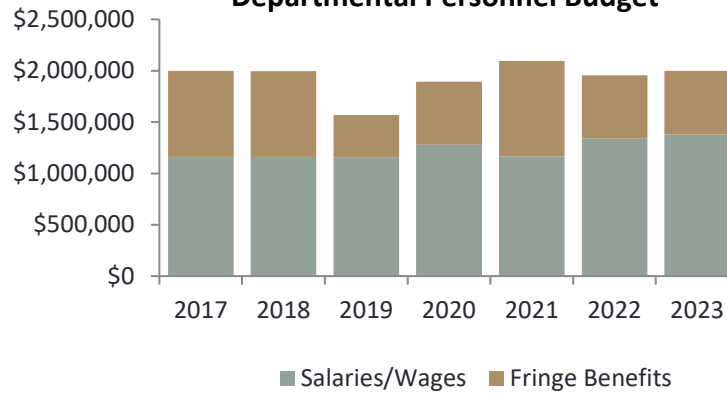
**0.0%**

% Change in Positions

**1**

Voluntary Separations

**Departmental Personnel Budget**

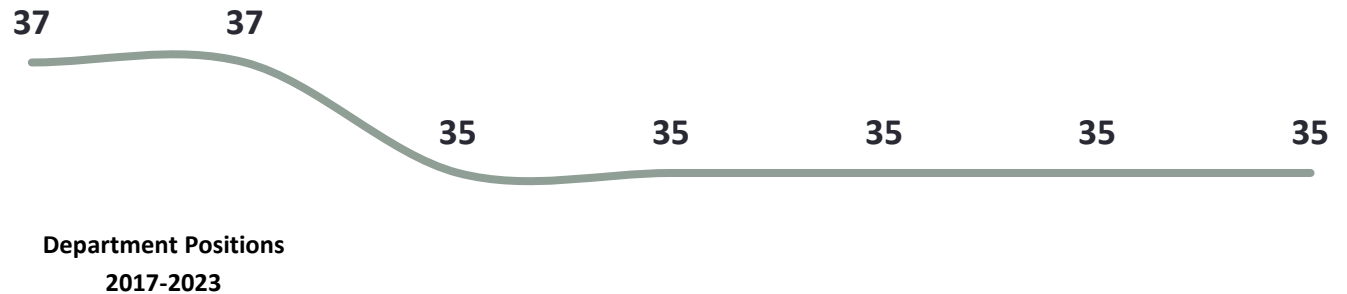


**Staffing**

- No change in number of authorized positions for 2023. Funding for salaries and wages is increased by 2.9%.
- One position, Port Operations Technician, is currently vacant (since 8-7-22). Recruitment for this position closed on 10-7-22.

**Staffing**

- Port Milwaukee has 3 authorized auxiliary positions. None have been filled at any time in 2022.
- The 2023 Proposed Budget provides \$17,000 for Overtime Compensation at the Port. The 2022 figure was \$8,000. Increased overtime is necessary for Port workers supporting cruise ships.



**-\$140,000**

Decrease in Property Services line item (-25.9%), bringing the funding level in line with actual annual expenditures (\$378,956 in 2021).

**33**

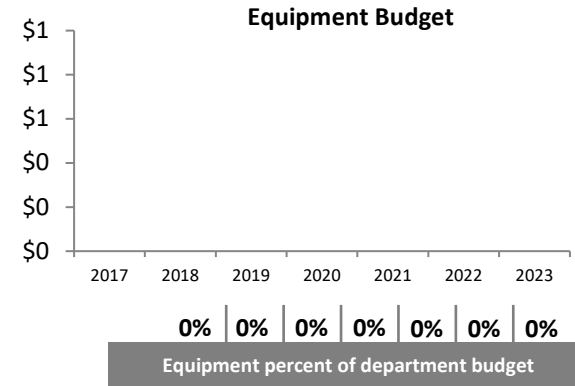
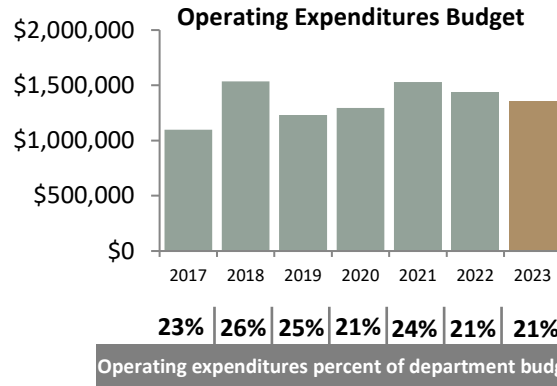
Number of cruise-ship visits to Port Milwaukee in 2022, bringing over 12,000 cruise-ship visitors to Milwaukee this year.

**-11.4%**

Decrease in total cargo tonnage shipped through Port Milwaukee, 2021 to 2022 (through August), due largely to a 21% decline in salt shipments.

**\$376,222**

Difference between Port revenues and expenditures for 2021, compared to a “surplus” of \$780,490 in 2020.



**Operating Expenditures (significant changes)**

- Property Services (\$400,000; down \$140,000 from 2022) – brings budget funding in line with actual expenditures (\$378,956 in 2021).
- Reimburse Other Departments (\$85,000, down \$52,000 from 2022) – again, brings the funding level closer to actual expenditures (\$73,316 in 2021).

**Major Revenues Sources (projections for 2023)**

Rental Income (facilities)	\$2,762,300
Milw. World Festivals Lease	\$1,718,400
Wharfage Charges	\$745,000
Dockage Charges	\$330,000
Water/Sewer Charges	\$326,700

**Special Funds (major changes)**

- Major Maintenance - Terminals & Piers (\$350,000; down from \$500,000 in 2022 Budget; 2021 actual expenditures of \$306,487) - supports repairs to Lake Express, other Port terminal buildings, and Port Administration Building.
- Dockwall & Breakwater Rehab. (No new funding, compared to \$275,000 in 2022 Budget; 2021 actual expenditures of \$21,522) – funds rehab and maintenance of Port’s 10-mile dockwall system. Carry-over funding and capital balances from previous years are available.
- No other significant changes in appropriations for the Port’s special funds.
- Total Port special fund appropriations decrease by \$395,012, or -11.4%, for 2023.

**\$7.0%**

Increase in Port revenue, 2021 to 2022 (through August of each year), due to increases in most major revenue categories, including rent, wharfage, and dockage.

**\$1,350,001**

Total Special Funds appropriation for 2023 (excluding MWF revenue transfer to General Fund), all of which is to be used for maintaining and improving Port facilities.

**7,062**

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

**400**

Total number of commercial vessels, including barges and cruise ships, that used Port Milwaukee in 2021, an increase of 51 (+14.6%) from 2020.

**Cargo Trends**

- 2021 tonnage: 2.349 mill. metric tons (down 16.5% from 2020).
- 2022 tonnage (through August): 1.107 mill. metric tons (down 11.4% from comparable period in 2021).
- 2022 decrease is mainly from drops in salt and “other dry bulk” shipments; steel and liquid bulk shipments actually increased 37% and 43%, respectively.

**Milwaukee World Festivals, Inc. Lease**

For 2023, the City’s lease with Milwaukee World Festivals, Inc., will produce contractual revenues of \$1,718,490. This represents about 26.8% of total projected 2023 revenues for Port Milwaukee.

**Capital Improvement Project Highlights**

- Cruise Ship Terminal (\$2 million) – this new account will provide funding needed for the new \$7.2 million South Shore Cruise Dock.
- Pier, Berth and Channel Improvements (\$1.029 million) – this account funds ongoing maintenance and improvements to the Port’s heavy lift dock, mooring basin and outer harbor. Funding is 6.4% higher than 2022.
- Port Security Upgrades (\$290,000) – this account will be used to complete grant-funded security upgrades on Jones Island that are needed to comply with Department of Homeland Security audit findings.

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

Commodity	2021	2021 YTD	2022 YTD
Dry bulk	1,582,014	1,062,680	876,982
Steel/general cargo	173,813	93,349	124,692
Liquid cargo	49,343	34,256	48,896
Grain	Not avail.	58,500	56,000

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

2014	\$1,587,000	2018	\$488,000
2015	\$1,165,000	2019	\$742,000
2016	\$722,000	2020	\$780,000
2017	\$835,000	2021	\$376,000

**Revenue Trends**

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

Revenue Category	2021 YTD	2022 YTD	Pct. Change
Facility rent	\$1,419,685	\$1,672,043	17.8
Wharfage	304,861	408,062	33.9
Dockage	147,832	202,832	37.2
Water/sewer charges	154,335	166,806	8.1

- **Cruise Ships** – Port Milwaukee is experiencing a record year for cruise-ship traffic and passengers: a total of 33 cruise-ship visits and over 12,000 passengers are expected by the end of the 2022 season. This level of activity is aided by the fact that Port Milwaukee has signed a 20-year agreement with Pearl Seas Cruises for priority berthing at the Pier Wisconsin Cruise Dock. Also, Viking Cruises has chosen to make Milwaukee the home port for its Great Lakes itineraries. This means that Viking cruises both begin and end in Milwaukee, resulting in increased economic benefits to the community.
- **Agricultural Maritime Export Facility (AMEF)** – On October 15, 2021, Port Milwaukee and The DeLong Company broke ground on a now-\$40 million Agricultural Maritime Export Facility 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, 3 grants from the State of Wisconsin totaling \$9.5 million, 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. The new facility, which will be capable of handling and exporting agricultural commodities by truck, rail and marine vessel, is expected to be fully operational by summer 2023.
- **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 9 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 7,000 employees. The Port’s 2021 revenues from the FTZ program were \$44,350; administrative costs totaled \$31,794.
- **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.
- **South Shore Cruise Dock** – The Port is embarking on a \$7.25 million project to enlarge, enhance and modernize the South Shore Cruise Dock, which, like the Pier Wisconsin Cruise Dock, is not currently large enough to accommodate the largest cruise ships on the Great Lakes (those ships must currently use the Port’s Heavy Lift Dock in the Inner Harbor). Funding sources include a \$3.5 million from the State of Wisconsin’s ARPA Tourism Capital Grant, a \$500,000 Wisconsin Harbor Assistance Program Grant, and \$2.0 million in capital funding in the 2023 Proposed Budget. Construction bidding could begin by December, with project completion in 2024.