

Port Milwaukee

2023 Budget Overview

Finance & Personnel Committee

October 11, 2022

2023 Budget Summary

	2022 Adopted Budget	2023 Proposed Budget	Amount Change	Percent Change
FTEs – O&M	21.00	21.00	0.00	0.0%
FTEs - Other	0.00	0.00	0.00	0.0%
Total Positions Authorized	35.00	35.00	0.00	0.0%
Salaries & Wages	\$1,339,579	\$1,378,032	\$38,453	3%
Fringe Benefits	616,206	620,114	3,908	0.6%
Operating Expenditures	1,437,000	1,356,963	(80,037)	-5.6%
Special Funds	3,463,503	3,068,491	(395,012)	-11.4%
TOTAL	\$6,856,288	\$6,423,600	(\$432,688)	-6.3%

- Port is 95% staffed, participating in DER-led City-wide market studies
- 1 vacancy

Operating

	2022 Adopted Budget	2023 Proposed Budget	Amount Change	Percent Change
Professional Services	\$65,000	\$30,000	(\$35,000)	-54%
Property Services	540,000	400,000	(140,000)	-26%
Infrastructure Services	400,000	550,000	150,000	37.5%
Other Operating Supplies	20,000	12,000	(8,000)	-40.0%
Reimburse Other Departments	137,000	85,000	(52,000)	-38.0%
TOTAL	\$1,437,000	\$1,356,963	(\$80,037)	-5.6%

- Operating expenditures based on sustained service in 2023
 - No disruption to multimodal operations
 - Increase Port service contracts, long-term lease agreements
 - Maintain commercial performance despite market variability, global supply chain challenges
 - Water rates, commodity pricing, material shortages, operating and maintenance costs fluctuate

Special Funds

Account	2022 Adopted Budget	2023 Proposed Budget	Amount Change	Percent Change
Summerfest Revenue Transfer to Gen. Fund	\$1,698,502	\$1,718,490	\$19,988	1.2%
Debt Service Payment - RACM Loan	700,000	700,000	-	0.0%
Lease Payment Transfer	1	1	-	0.0%
Leasehold Demolition/Facilities Upgrade	200,000	200,000	-	0.0%
Dockwall and Breakwater Rehabilitation	275,000	-	(275,000)	-100.0%
Major Maintenance-Terminals & Piers	500,000	350,000	(150,000)	-30.0%
Equipment Rehab. and Upgrade	90,000	100,000	10,000	11.1%
TOTAL	\$3,463,503	\$3,068,491	(395,012)	-11.4%

- Debt Service Payment – Year 2 of 10
 - DeLong agricultural facility
 - Match funds
- \$650K Remaining Balance
 - Port maintenance
 - Discrete capital asset projects

Revenues

Category	2022 Adopted Budget	2023 Proposed Budget	Amount Change	Percent Change
Summerfest Lease	\$1,698,000	\$1,718,000	\$20,000	1%
Other revenue	5,158,288	4,705,600	(452,688)	-9%
TOTAL	\$6,856,288	\$6,423,600	(\$432,688)	-6.3%

- Port Tariff rate increase planned for April 1, 2023
- Conservative estimate based on multi-year revenue analysis and market variability
- Primary “other revenue” highlights:
 - **Facility Rent:** \$2.3M (52%)
 - **Wharfage:** \$758K (16%)
 - **Water/Sewer:** \$304K (7%)
 - **Dockage:** \$278K (7%)
 - **Throughput:** \$215K (5%)

Capital Improvements Budget

Project	2022 Adopted Budget	2023 Proposed Budget	Amount Change	Percent Change
Pier, Berth and Channel Improvements	\$967,000	\$1,029,000	\$62,000	+6.4%
Terminal & Facility Maintenance	404,000	-	(404,000)	-100.0%
Cruise Ship Terminal	-	2,000,000	2,000,000	-
Port Security Upgrades	-	290,000	290,000	-
Rail Track Upgrades	1,441,000	-	(1,441,000)	-100.0%
TOTAL	\$2,812,000	\$3,319,000	\$507,000	18.0%

- \$1M PBC: Capital asset and preventative maintenance
 - Lower CARP spending in 2023 due to grant projects
- \$2M Cruise Ship: Grant-funded upgrades to South Shore Dock (14th District)
 - State contribution = \$4 million
- \$290K Port Security: Grant-funded security upgrades to comply with Homeland Security audit
 - U.S. Port Security Grant Program = \$868K

Economic Indicators

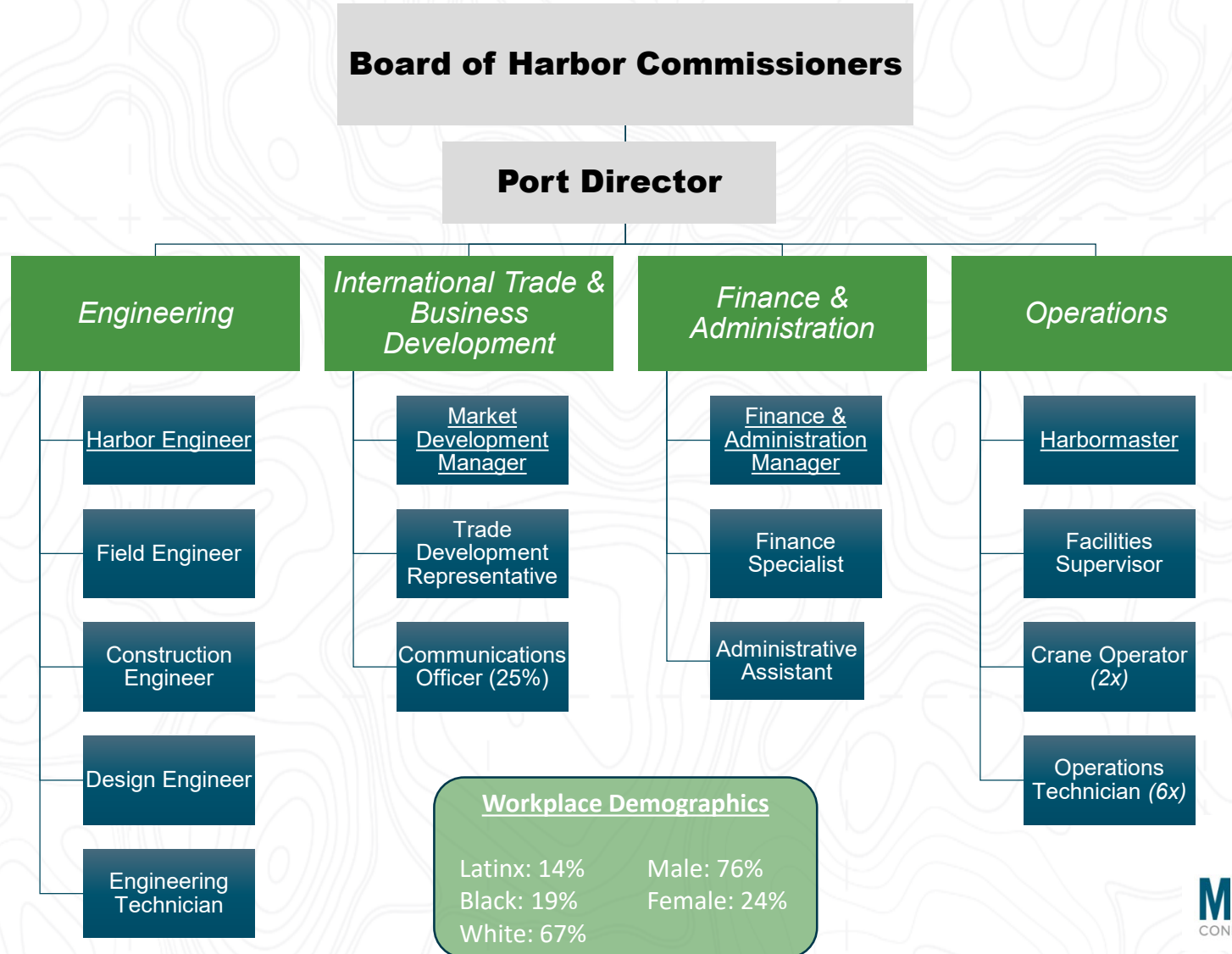
Key Performance Measures	2021 Actual	2022 Projected	2023 Planned
Tonnage growth	-11.4%	0%	0%
Percentage of total expenses covered by revenues	100%	100%	100%
Port related job growth	630 (direct) 679 (indirect)	630 (direct) 679 (indirect)	630 (direct) 679 (indirect)
Cruise ship visits	0	33	40

■ Cruise ship passengers

- 2019: 3,200
- 2020: 0 (COVID-19)
- 2021: 0 (COVID-19)
- 2022: 10,000 – 12,000 (projected)
- 2023: 10,000 – 12,000 (projected)

ORGANIZATIONAL CHART

For safe, efficient multimodal and freight handling services



EQUITY AND INCLUSION GOALS

A new economic status quo, removing barriers to Port business



Foreign Trade Zone No. 41

Port Milwaukee

A Framework for Advancing
Equity and Opportunity



Final
June 2020

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A City of Milwaukee Operation

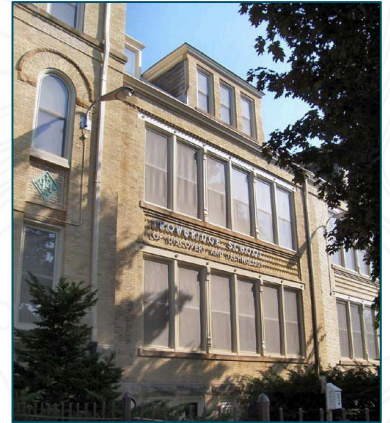


- The Port as a noted “workplace of choice” in Milwaukee. Actions taken:
 - Reviewed internal processes to increase collaboration with diverse partners
 - Established Port employee workgroup to address workplace equity
 - Create a new, more inclusive Mission and Vision for the Port
 - Collaborate on City-wide equity initiatives



COMMUNITY ENGAGEMENT

Port as the industrial heart of Milwaukee Harbor for work and play



PORT COMMERCIAL TONNAGE

Commodity diversification despite historic supply chain challenges

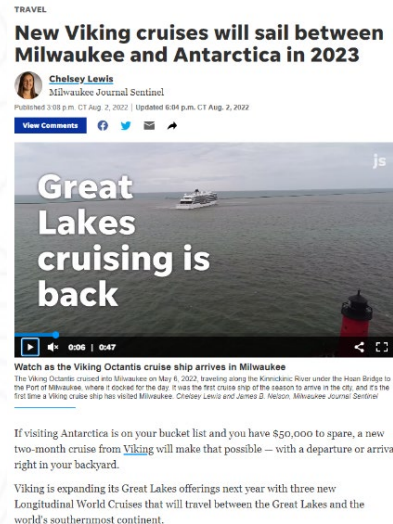
Description	2020	2021	2021 (as of 9/1)	2022 (as of 9/1)	2022 (% Change)
Dry Bulk (incl. cement)	1,919,135	1,582,014	1,062,680	876,982	-31%
Steel	182,955	169,748	91,166	124,511	+37%
Gen. Cargo	396	4,065	2,183	181	-92%
Liquid Cargo	45,714	35,921	34,256	48,896	+43%
Grain	224,688	107,053	58,500	56,000	-4%
PUBLIC PORT	2,148,200	1,804,973	1,190,285	1,050,571	-12%
OVERALL	2,812,008	2,348,419	1,248,785	1,106,571	-11%

- Decrease in salt, dry bulk commodities due to mild winters
- Increase in high-value commodities due to terminal repairs, increase market demand, and ease of international tariffs

INTERNATIONAL CRUISE ACTIVITY

Record-setting year for Milwaukee as leading Great Lakes locale

- Estimated 33 cruise visits, 10,000 – 12,000 cruise tourists in 2022
- Secured \$4 million in State of Wisconsin grants to fund South Shore Cruise Dock project; work starting 2023
- Became “turnaround” port for Pearl Seas, Viking Cruises, and other lines
- Created ~\$250k in new cruise-related income for the City in 2022
- Generated ~\$4 million in new economic impact in Milwaukee

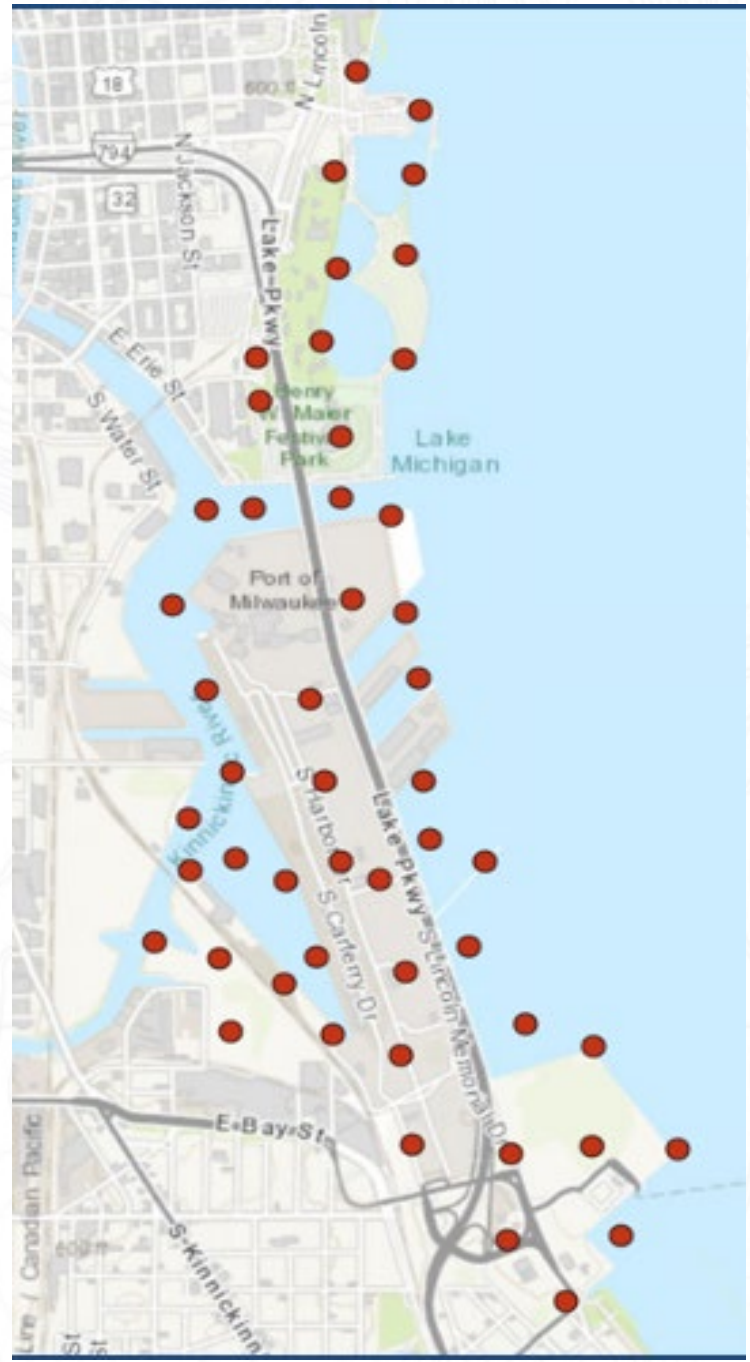


CAPITAL ASSET RENEWAL PLAN

VISIONING INVESTMENT NEEDED TO SUSTAIN PORT SERVICES

- 50 year strategic plan to manage and invest in Port assets
 - **Current assets valued at \$187M**
- Coastal resiliency key consideration of the plan
- Assets grouped into 10 primary categories
- Preventative maintenance with funding schedule
 - **Renewal cost through 2070 estimated at \$205M**

Buildings, Terminals, and Warehouses	Dockwalls	Pavement and Roads	Navigational Areas
Fencing	Green Infra. & Public Spaces	Lighting	Rail
	Utilities	Vehicles, Vessels, Cranes, and Equipment	



ONGOING PROJECTS

Supporting economic growth and environmental sustainability



AGRICULTURAL MARITIME EXPORT FACILITY

- \$40M investment
- Partnership with the DeLong Co.
- Export of DDGs, Soy, Grain, Corn
- Increase Port tonnage 400K metric tons/year
- ~\$40M worth of product/annually
- Operational in 2023
- RACM bond repayment \$700K/year for 10 years



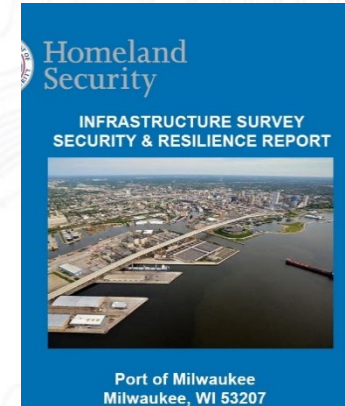
DREDGED MATERIAL MANAGEMENT FACILITY

- Key Area of Concern (AOC) project
- Storage of 1.9M cubic yards of removed contaminated sediment from Milwaukee rivers
- City, State, Federal collaborative effort
- Economic and environmental benefits
- ~\$150 million constructions
- AOC projects to begin in 2023



JANUARY 2020 FLOOD RECOVERY

- Approximately \$2M in damage, 95% remediated to-date
- WisDOT and FEMA emergency grant funding implemented
- Final paving and dockwall repair work underway
- Remaining items to be fully resolved by December 1, 2022

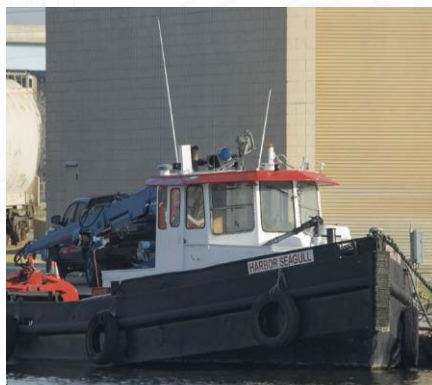


HOMELAND SECURITY AUDIT

- Completed by DHS Cybersecurity and Infrastructure Security Agency (CISA)
- Analyzed safety and security of Jones Island
- Identifies assets, actions, vulnerabilities and options for Port implementation to disrupt hazards

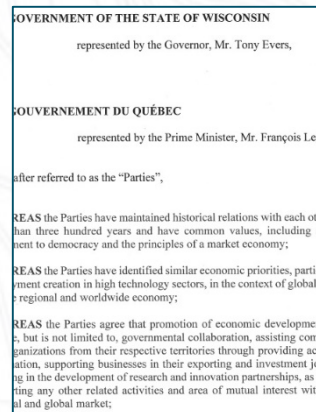
ONGOING PROJECTS

Supporting economic growth and environmental sustainability (cont.)



HARBOR SEAGULL SINKING

- Port-owned tugboat sunk due to failed rudder tube packing system and bulkhead compromises
- Decision to use internal Port staff for vessel repair; less expensive/more time
- Estimated cost: \$350K
- Total cost (to-date): \$129K equipment + \$17K staff time
- Months-long delay in delivery of transducer



WISCONSIN/QUEBEC NEW AGREEMENT

- Port-led effort to update 2000 Cooperation Agreement
- Executed and signed in 2022
- Framework expansion includes education, sustainable energy, and maritime transportation
- Wisconsin Economic Development Corporation (WEDC) to lead effort going forward



FOREIGN TRADE ZONE NO. 41

- Port is grantee on behalf of U.S. Department of Commerce
- \$12+ Billion in economic activity within FTZ No. 41 in 2022
- 7 active operators, 2 additional operators approved
- Supports 7,000+ jobs in southeastern Wisconsin



NEW ECO-INITIATIVE StewardSHIP

- New incentive for vessels that implement emission reduction and environmental improvements
- Dockage discount applied to vessel owner
- 14 approved vessels since April 2022



THANK YOU FOR YOUR CONSIDERATION

