

2016



Legislative Reference Bureau

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# PORT OF MILWAUKEE

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## 2016 Proposed Plan and Executive Budget Review

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Budget Hearing: October 16, 2015

Last Updated: October 8, 2015

Version 8.1



# \$4,801,671

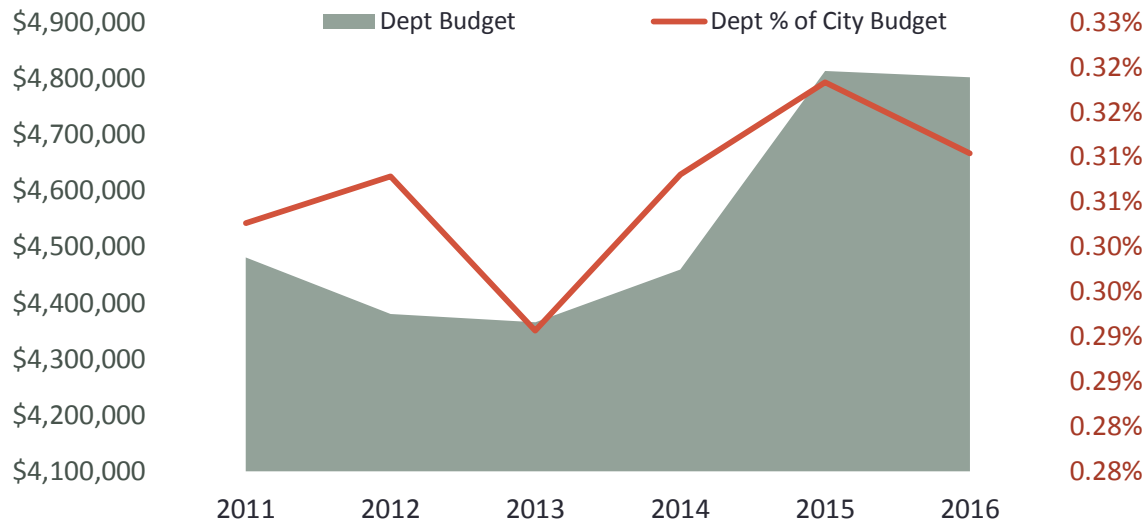
Proposed 2016 Budget

# \$11,178

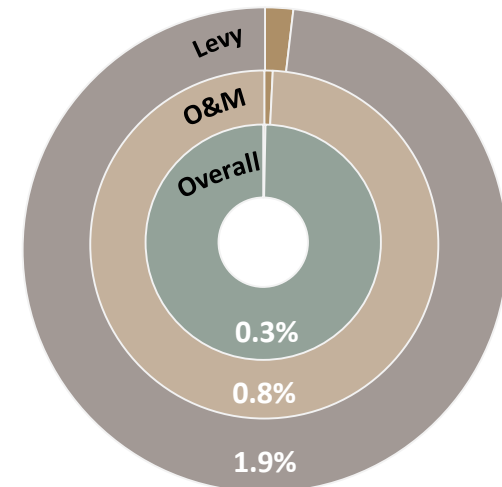
Change in Proposed Budget

# 0.2%

% Change in Proposed Budget



## Departmental Budget Impact



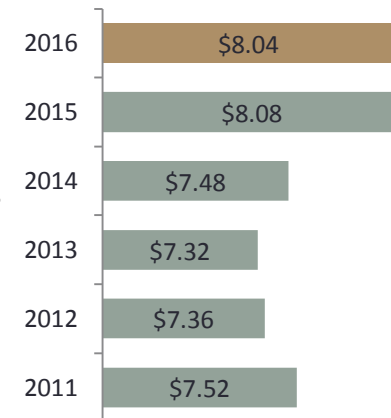
## Departmental Budget Appropriation Category



Salaries/Wages Fringe Benefits Operations Equipment Special Funds

\$	\$1,228,156	\$589,515	\$933,000	\$0	\$2,051,000
%	26%	12%	19%	0%	43%
Δ	1.2%	7.9%	1.1%	0.0%	-3.7%

## Budget per Capita



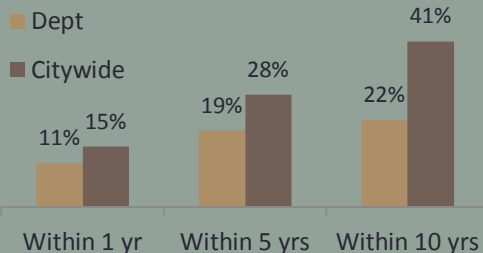
**\$550,000**

Funding in 8 Port special funds for maintenance and improvement of the Port's facilities, the same level of funding as 2015.

**\$2.66 million**

Total expenditures for the Port's rail track upgrade project to date; funding roughly split between 2013-2015 City capital funds and State grant funds.

#### Retirement Eligible



**0**

Change in Positions

**0.0%**

% Change in Positions

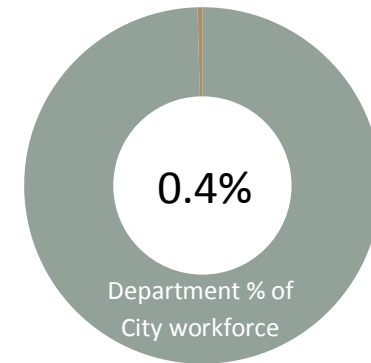
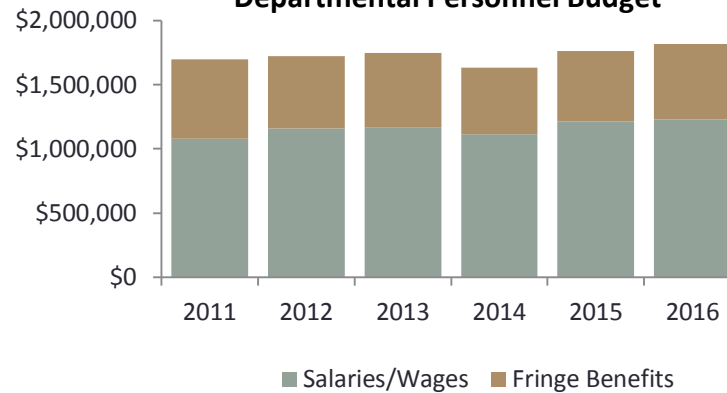
**1**

Current Vacancies

**1**

Voluntary Separations

#### Departmental Personnel Budget



#### Staffing Update – Vacancies

- Only one current vacancy, compared to 5 vacancies at this time last year.
- Civil Engineer II position has been vacant since 8/1/2014; request to fill approved by Finance & Personnel Committee 9/17/2014.

#### Staffing Update – Overtime, Auxiliary Positions

- 2014 overtime expenditures - \$8,767; 2015 year-to-date - \$4,494
- Department has 8 authorized auxiliary positions; has not used any of this position authority in 2015.



## \$4.56 million

Total Port revenues for 2014, not including Milwaukee World Festivals (MWF) lease revenue – a 4% increase over 2013.

## 27

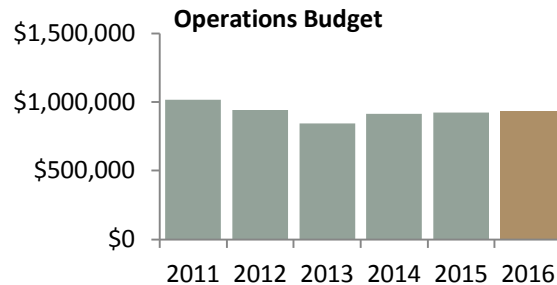
Number of tenants leasing Port facilities. Facility leases (not including the MWF lease) generated \$2.23 in revenues in 2014.

## \$1.59 million

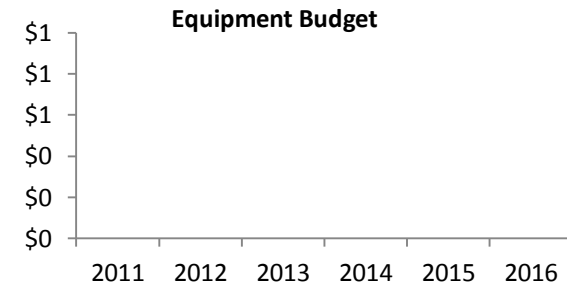
Difference between Port's operating revenues and operating expenditures in 2014 – the "surplus" transferred to the City's General Fund.

## \$4 million

Estimated cost of new heavy-lift crane to replace 36-year-old crane; funds to be secured through RACM financing (bond sales).



23% | 21% | 19% | 21% | 19% | 19%  
Operations percent of department budget



0% | 0% | 0% | 0% | 0% | 0%  
Equipment percent of department budget

### Operating Expenditures (major changes)

- Non-Vehicle Equipment Rental (\$6,000; down \$94,000 from 2015) - less funding needed to rent cranes for tenants.
- Property Services (\$420,000; up \$145,000 from 2015) – increase relates to higher water/sewer user fees.
- Infrastructure Services (\$130,000; down \$30,000 from 2015) - match 2014 actual.

### Major Revenue Sources (2016 est.):

\$1,760,000	Facility Rental
\$1,502,000	Summerfest Lease
\$750,000	Wharfage Charges
\$300,000	Dockage Charges
\$265,000	Crane Rental

### Special Funds (major changes)

- Sewer System Upgrade (new \$25,000 appropriation for 2016) – funding needed to pay for mandatory maintenance of Port's water and sewer mains.
- Energy Efficiency Upgrade (new \$20,000 appropriation for 2016) – will be used to fund electrical upgrades to terminals and other Port buildings.
- Harbor Maintenance Dredging (no new funding for 2016; \$25,000 for 2015) – due to continued high water levels, no additional funding needed next year.
- Major Maintenance-Terminals & Piers (\$80,000 for 2016; down \$20,000 from 2015) – reduction reflects less work anticipated for 2016.

# 3,624

Total number of employees at the 7 Foreign Trade Zone grantee businesses in FTZ No. 41, administered by the Port of Milwaukee.

# \$62,000

Energy-cost savings in the first 3 years of operation of the Port's wind turbine, including revenues from sale of surplus energy to the electricity grid.

# 3.02 million

Tons of cargo that passed through the Port in 2014, a 1.24% decrease from 2013 primarily attributable to declines in dry bulk tonnage (Note: figure includes cargo shipped through private docks.)

# 231

Number of vessels that used the Port of Milwaukee in 2014, a decrease of 20 (-8.0%) from 2013.

## Cargo Trends (excluding private docks)

- 2014 total tonnage: 2.403 mill. metric tons (-6.2% from 2013)
- 2015 tonnage through August: 1.387 mill. metric tons (-12.7% from comparable period in 2014)

## Milwaukee World Festivals, Inc. Lease

For 2016, the City's lease with Milwaukee World Festivals, Inc., will produce revenues of \$1,501,900. This represents about 31% of total projected 2016 revenues at the Port of Milwaukee.

## Capital Requests

- New Crane (\$4 mill. cash revenues) – RACM funding to replace a 36-year-old heavy-lift crane.
- Rail Track & Service Upgrades (\$400,000 in new borrowing) – to improve 9,500 feet of track and 10 switches, allowing the rail system to support heavier loads and reopening now-closed portions of system.

## Cargo by Commodity Type (metric tons)

Commodity	2014	2014 YTD	2015 YTD
Dry bulk	2,178,895	1,466,305	1,284,729
Steel/general cargo	200,631	102,564	86,202
Liquid cargo	23,096	20,404	15,682
Grain*	172,311	40,113	36,588

\* Grain is handled at a private terminal and not included in total municipal port tonnage.

## Port Surplus Revenue Transferred to City General Fund

2007	\$1,634,000	2011	\$1,590,000
2008	\$208,000	2012	\$1,211,000
2009	\$1,076,000	2013	\$1,315,000
2010	\$902,000	2014	\$1,587,000

## Municipal Port Director

Vacant since July, 2012, this position was finally filled through the appointment and confirmation of Paul Vornholt in June, 2015.

- When the RACM-funded crane replacement is excluded, total capital funding for 2016 Port of Milwaukee projects is only \$400,000, down from \$1 million (-60%) in the 2015 Budget.
- Coal accounted for 16% of the Port's tonnage in 2013, but only 10% of total tonnage in 2014. This stems from conversion of one of the 2 units at the We Energies Valley Power Plant from coal to natural gas in late 2014. With conversion of the second unit expected to be completed yet this year, the Port will experience further erosion of tonnage and revenues from the loss of coal. On the other hand, reduction in this commodity creates opportunities for new tenants and activities at the current coal-pile site.
- The Port has approximately a dozen unused parcels totaling over 50 acres. Leasing these parcels could result in a substantial increase in the Port's annual revenues.
- The purchase of a new heavy-lift crane for the Port has been in the City's capital plan since at least 2009. This crane will replace a circa-1971 Lima Crawler that has been out of service for over 6 years. The new crane will be the main shore crane used for the Port's everyday cargo work. Bid specifications for the new crane have been fully developed.
- In 2014, 6 cruise ships visited Milwaukee, 2 more than in 2013. While not a huge number, the 945 cruise-ship passengers in 2014 presented opportunities for Milwaukee to increase its exposure among travelers and to reap economic development benefits in the form of expenditures at local attractions, restaurants and other businesses.
- The Liquid Cargo Pier project was funded through a \$1.5 million 2007 Wisconsin Harbor Assistance Grant, along with \$550,000 in City capital funding. Completion of the project and re-opening of the Liquid Cargo Pier was initially delayed because the Port did not have a tenant. In May, 2014, the Port signed a 10-year lease with U.S. Venture, Inc., for use of the Liquid Cargo Pier. However, the project is still incomplete; work on the Hoan Bridge has delayed the completion date to December, 2016.
- In 2014, the Port's Foreign Trade Zone program had revenues of \$33,000 and received a state grant of \$2,770. Expenses (personnel and operating) totaled \$71,187, for a difference of -\$35,417. So far in 2015, the FTZ program's income has been \$46,445, while expenditures have totaled \$53,006, for a more favorable balance of -\$6,561.