

2018



Legislative Reference Bureau

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PORT OF MILWAUKEE



2018 Proposed Plan and Executive Budget Review

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Budget Hearing: 1:30 pm on Tuesday, October 17, 2017

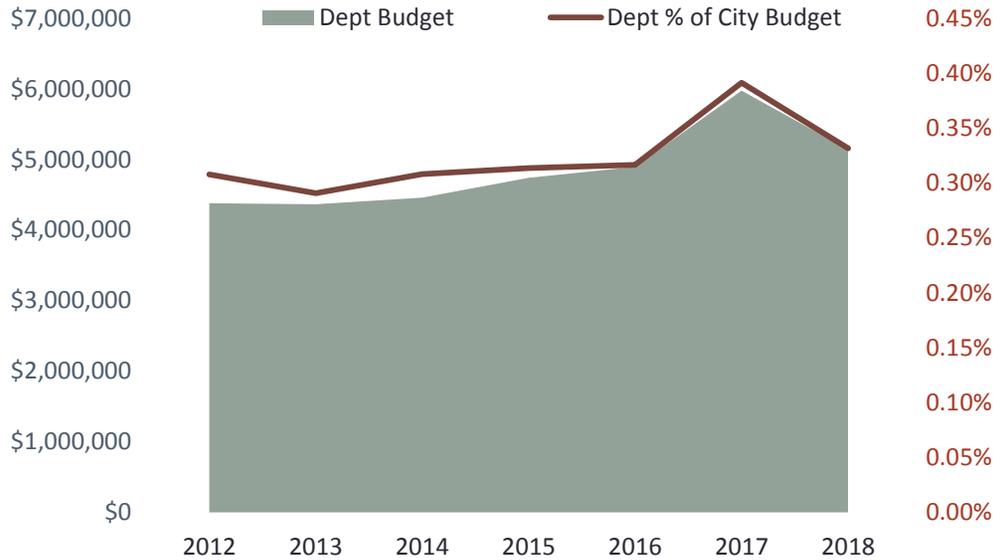
Last Updated: October 6, 2017

Final Version

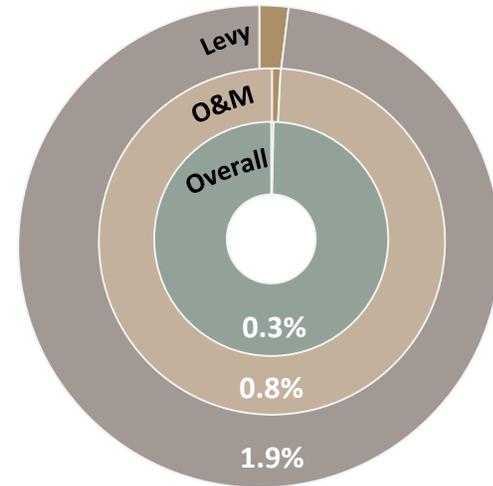
\$5,140,180
Proposed 2018 Budget

-\$835,612
Change in Proposed Budget

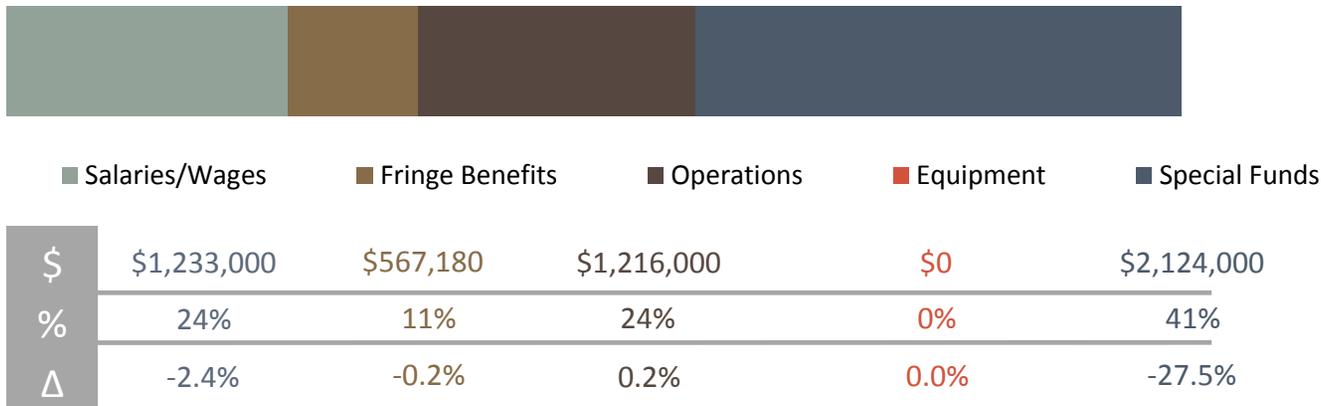
-14.0%
% Change in Proposed Budget



Departmental Budget Impact



Departmental Budget Appropriation Category



Budget per Capita



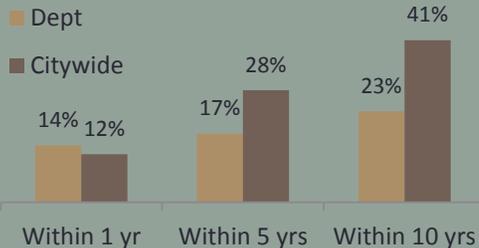
\$722,486

Difference between Port revenues and expenditures for 2016, a decrease of 38.0% from the 2015 "surplus".

-7.5%

Decrease in the Port's total tonnage handled, 2015 to 2016, largely attributable to lower salt shipments related to mild winter weather.

Retirement Eligible



-2

Change in Positions

2

Current Vacancies

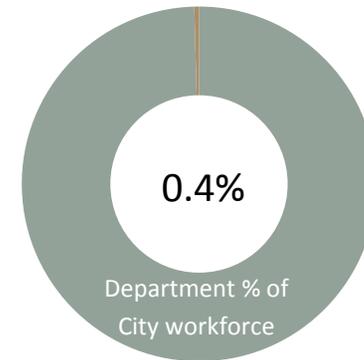
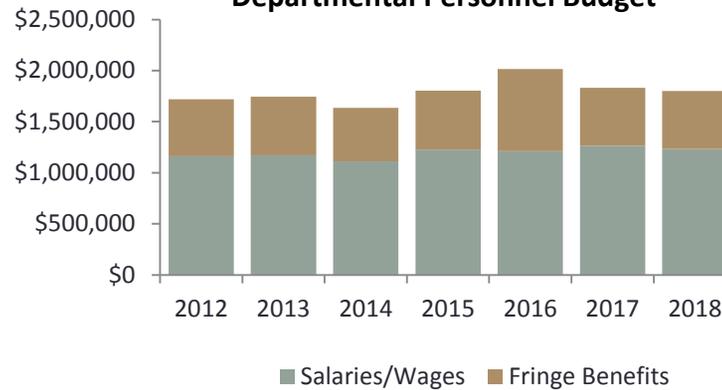
-5.4%

% Change in Positions

3

Voluntary Separations

Departmental Personnel Budget

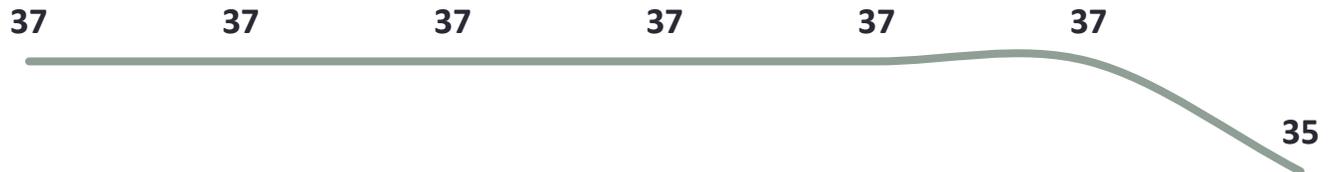


Staffing Update

- Position authority and funding for the Port Marketing Manager are eliminated, leaving 2 positions in Marketing Section
- Position has been vacant since November, 2016
- Port indicates position's duties have been absorbed by Port Director and the 2 remaining Marketing Section positions.

Staffing Update

- Two College Intern positions were added for 2017 and funded at the level of 0.5 FTE (both positions combined).
- Positions were not filled based on anticipated need for budget reductions.
- Positions not funded for 2018.
- One vacant, unfunded auxiliary Civil Engineer III position eliminated.



**Department Positions
2012-2018**

-\$806,000

Change in total special funds appropriation for 2018, primarily the result of delaying a project funded by the Leasehold Demolition / Facilities Upgrade account.

\$43,665

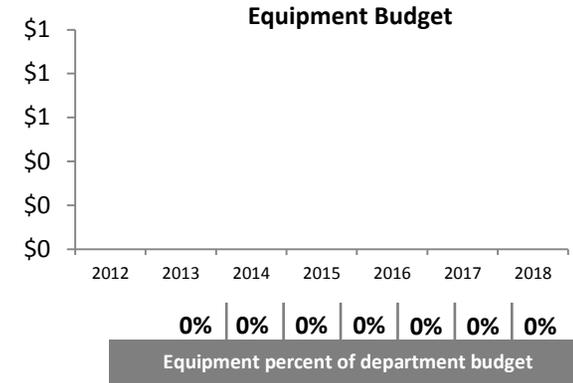
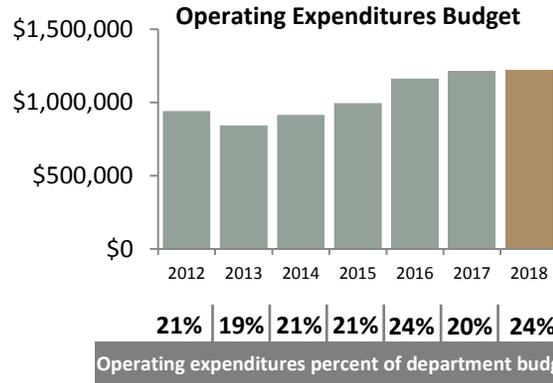
2018 appropriation for “Other” personnel costs; funds will be used to fund career ladder advancement for Port’s Operations section staff.

26

Number of tenants leasing Port facilities. Facility leases (not including Milw. World Festivals lease) generated \$2.07 million in revenues in 2016.

\$20,000

Increase in Other Operating Services line item. Will be used to fund marketing activities and offset loss of Marketing Manager.



Operating Expenditures (significant changes)

- Other Operating Services (\$105,000; up \$20,000 from 2017) – additional funding to fund marketing activities, mitigating the elimination of the Marketing Manager.
- Energy (\$73,000; down from \$83,000 in 2017) – reduced to reflect actual expenditures from tis account and low fuel prices.

Special Funds (major changes)

- Leasehold Demolition/Facilities Upgrade (no funding for 2018; 2017 appropriation of \$744,000) - most of 2017 funding was intended for the repair or demolition of the Advance Boiler building; the Port has indefinitely postponed this project in hopes of finding a revenue-generating tenant for the building..
- Major Rehab. & Upgrades – Equipment (\$109,000; down from \$185,000 in 2017) - the need to replace equipment is expected to decrease in 2018; the decline also reflects the Port’s late-2016 acquisition of a new crane, which has substantially reduced costs. (Note: 2016 actual expenditures totaled \$36,104)

Major Revenue Sources (2018 est.)

Facility Rental	\$2,081,500
Milw. World Festivals Lease	\$1,530,700
Wharfage Charges	\$654,500
Dockage Charges	\$246,900
Crane Rental	\$228,900

17

Miles of railroad track owned by the Port, currently being upgraded from 90-lb. rail to 115-lb. rail with capital funding from the Rail Track & Services Upgrades account.

2.44 million

Tons of cargo that passed through the Port in 2016, a 7.5% decline largely explained by a weather-related decline in salt shipments.

\$700,000

Total capital improvement funding for the Port, compared to 5-year (2013-2017) average of \$773,000 (excluding 2016 crane funding).

274

Total number of vessels, including barges and cruise ships, public and private docks, that used the Port in 2016, a decrease of 39 (-12.5%) from 2015.

Cargo Trends

- 2016 tonnage: 2.441 mill. metric tons (-7.5% from 2015)
- 2017 tonnage (through August): 1.579 mill. metric tons (up 31.8% from comparable period in 2016)
- Salt shipments up 85.0% so far in 2017 (through August).

Milwaukee World Festivals, Inc. Lease

For 2018, the City’s lease with Milwaukee World Festivals, Inc., will produce revenues of \$1,530,700. This represents about 28% of total projected 2018 revenues at the Port of Milwaukee.

Capital Improvement Projects

- Rail Track & Service Upgrades (\$300,000) – continues the rail track and crossing replacement program that began in 2013; project is also supported by a \$1.76 mill. WisDOT grant.
- Dockwall Rehabilitation (\$200,000) – funds ongoing program of repairs to Port’s 10-mile dockwall system; no funding had been provided in 2017.
- Pier, Berth & Channel Improvements (\$200,000) – City’s 20% matching funds for a WisDOT grant to make harbor improvements.

Cargo by Commodity Type (metric tons)

Commodity	2016	2016 YTD	2017 YTD
Dry bulk	1,478,682	872,344	1,299,1818
Steel/general cargo	188,115	100,153	88,285
Liquid cargo	31,877	19,814	14,452
Grain	389,752	205,988	177,513

Port Surplus Revenue Transferred to City General Fund

2009	\$1,076,000	2013	\$1,315,000
2010	\$902,000	2014	\$1,587,000
2011	\$1,590,000	2015	\$1,165,000
2012	\$1,211,000	2016	\$722,000

Revenue Trends

Through July, the Port’s 2017 revenues are up \$528,468, or 35.2%, over last year. Revenue categories with substantial increases this year include:

- Wharfage +63.9%
- Foreign Trade Zone fees +51.6%
- Miscellaneous +45.8%
- Facility rent +36.6%

- **Rail Track & Service Upgrade** - The Port is continuing a multi-year project to upgrade its rail system, including removing and replacing rail ties, upgrading to a heavier-gauge rail and repairing switches. Also, previously-closed portions of the system have been reopened. These improvements will allow the rail system to accommodate heavier loads, thus making the Port more attractive to existing and potential new customers. This project has a projected remaining total cost of \$2.218 million through 2023. The bulk of the rail project has been funded with WisDOT grant money; City capital appropriations have covered the remainder.
- **Storm Water Management Fee Billing** – In 2017, the Port’s Infrastructure Services line item was increased by \$256,000 to fully fund Storm Water Management Fee charges. The Port anticipated tenant revenues would offset 60% of this cost. For the first 2 quarters of 2017, the Port has recovered about 54% of the Storm Water Management Fee charges billed. Several Port tenants are disputing the Port’s authority to pass these charges on to its tenants; the City Attorney’s Office is handling these legal challenges.
- **Foreign Trade Zone** - The Port of 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 7 approved “zones” (businesses) within FTZ 41, of which are active, including Mercury Marine (Fond du Lac) and Broan NuTone (Hartford). The 6 active FTZ businesses have over 4,200 employees. The Port’s 2016 revenues from the Foreign Trade Zone program were \$34,650.
- **Cruise Ships** - In 2016, 3 passenger cruise ships visited Milwaukee, compared to 4 in 2015 and 6 in each of the 2 preceding years. Cruise ships continue to dock on Jones Island, rather than the designated cruise ship berth at Pier Wisconsin, where dredging work costing at least \$500,000 is needed to make the shipping channel of sufficient depth to accommodate large cruise ships.
- **Harbor District Initiative** – The Harbor District, Inc., is a non-profit entity created in 2015 to develop a vision for revitalizing an area of over 1,000 acres encompassing the Port of Milwaukee and extending west to 2nd Street. As the largest landowner in the District, the Port has a vested interest in the success of this initiative. The president of the Board of Harbor Commissioners serves on the Harbor District’s board of directors, along with representatives of the public-sector, philanthropic, non-profit and business communities. To date, the Harbor District has organized both a UWM-led design charrette and a community design and development forum.