

DOT-AIRPORT (5040) BUDGET

DEPT: DOT-Airport

UNIT NO. 5040

FUND: Enterprise – 0076

Budget Summary

Category	2016 Actual	2017 Actual	2018 Budget	2019 Budget	2019/2018 Variance
Expenditures					
Personnel Costs	\$27,201,690	\$27,254,088	\$26,353,527	\$29,198,634	\$2,845,107
Operation Costs	\$23,129,105	\$24,627,759	\$25,841,677	\$30,609,924	\$4,768,247
Debt & Depreciation	\$24,195,798	\$21,767,373	\$24,046,697	\$24,314,785	\$268,088
Capital Outlay	\$207,276	\$818,007	\$898,308	\$585,000	(\$313,308)
Interdept. Charges	\$11,133,916	\$10,426,292	\$11,160,977	\$11,732,868	\$571,891
Total Expenditures	\$85,867,784	\$84,893,520	\$88,301,186	\$96,441,211	\$8,140,025
Revenues					
Direct Revenue	\$85,089,998	\$83,981,873	\$87,671,461	\$95,874,545	\$8,203,084
Intergov Revenue	\$203,800	\$244,040	\$210,000	\$180,000	(\$30,000)
Indirect Revenue	\$573,986	\$510,612	\$419,725	\$423,175	\$3,450
Total Revenues	\$85,867,784	\$84,736,525	\$88,301,186	\$96,477,720	\$8,176,534
Tax Levy	\$0	\$0	\$0	\$0	\$0
Personnel					
Full-Time Pos. (FTE)*	277.5	278.5	284.4	281.8	3.6
Seas/Hourly/Pool Pos.	5.7	5.7	5.7	5.8	0.1
Overtime \$	\$956,361	\$966,902	\$950,640	\$1,045,308	\$94,688

NOTE: Actual revenues have been restated to remove the year-end entries made by the Comptroller's Office for the annual CAFR.

*The 2019 Budget FTEs include Vacancy & Turnover (VANDT) & Overtime (OT). The 2018 Budget, 2017 Actual, and 2016 Actual FTEs are restated to reflect this change. Program Area tables include these changes as well.

Department Mission: The Airport Division will plan, enhance, operate and maintain efficient, cost-effective air transportation facilities that meet the current and future needs of the region, airlines and tenants while remaining responsive to the concerns of the Airport's neighboring residents.

Department Description: The Airport Division provides the administration and manages all activities necessary for the efficient day-to-day operation of General Mitchell International Airport (GMIA or the Airport) and Lawrence J. Timmerman Field (LJT or Timmerman). Airport operations are divided into the following strategic program areas: GMIA, MKE Regional Business Park, and LJT.

For purposes of presentation, a change in tax levy is identified for each budget highlight; however, the Airport's actual tax levy is \$0 because as an enterprise fund, its expenses are charged to all airport users.

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Strategic Program Area 1: General Mitchell International Airport

Service Provision: Discretionary

Strategic Outcome: Economic Opportunity

What We Do: Activity				
Activity	2016 Actual	2017 Actual	2018 Budget	2019 Budget
Airport Cost Per Enplanement	\$25.38	\$24.54	\$25.58	\$26.45
Enplanements ¹	3,383,271	3,452,544	3,450,936	3,627,329
Total Passengers	6,757,357	6,904,670	6,885,125	7,254,658
Landed Weight (total) 000 lb. unit	4,629,896	4,639,744	4,997,386	4,733,003

¹ Enplanement means "a person boarding in the United States in scheduled or nonscheduled commercial service on aircraft in intrastate, interstate, or foreign air transportation."

How We Do It: Program Budget Summary					
Category	2016 Actual	2017 Actual	2018 Budget	2019 Budget	2019/2018 Var
Expenditures	\$84,488,481	\$82,969,629	\$86,303,647	\$94,505,054	\$8,201,407
Revenues	\$84,727,596	\$83,538,944	\$87,021,574	\$95,656,962	\$8,635,388
Tax Levy*	(\$239,115)	(\$569,315)	(\$717,927)	(\$1,151,908)	(\$433,981)
FTE Positions	280.43	280.6	286.7	284.2	(2.5)

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How Well We Do It: Performance Measures				
Performance Measure	2016 Actual	2017 Actual	2018 Budget	2019 Budget
Customer Satisfaction Survey	4.10	4.16	N/A*	N/A*
Non-Airline Revenue as a % of Airport Revenue	63.2%	69.1%	64.0%	61.5%

*Airport Customer Satisfaction is measured by a third party vendor. The Airport changed vendors, which will result in a new measurement scale for 2018 and future years.

Major Changes in FY 2019:

For 2019 major capital projects include:

- Howell Avenue Tunnel Rehabilitation \$2,663,768
- Parking Access and Revenue Control System Replacement \$2,939,606
- GMIA Taxiway E & F Pavement Rehabilitation \$3,046,403*
- Jet Bridge Replacement \$2,280,056
- Terminal Building and Skylight Roof Replacement \$3,644,881
- GMIA Ticket Area Remodeling \$3,459,081

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- GMIA Concourse D Flooring Replacement \$2,634,562
- Physical Access Control System \$5,462,761
- Heavy Vehicle and Equipment Replacement \$2,110,000
- Parking Access and Revenue Control System Replacement \$2,939,606

**Implementation in 2019 contingent upon receipt of Federal and State grant funding*

For 2019, the staffing levels change as follows:

- One Air Service Analyst position is added to the Air Service section to increase the Airport's air service development capacity including research, analysis and reporting with the goal of securing additional flights to the Airport from existing and new airlines within the highly competitive marketplace.
- One Marketing and Advertising Coordinator position is added to the Marketing and Public Relations section to promote awareness and availability of destinations served by the Airport to the traveling public with the added goal of attracting additional passenger traffic.
- One Aviation Analyst position is added to the Airport Planning section to assist with maintaining noise compliance efforts, Master Plan updates for both GMIA and LJT, as well as support the Airport's business intelligence efforts including further development and refining of measurement metrics.
- One Database Administrator position is added to the Airport IT section to manage the continually increasing and complex data footprint of the Airport and to streamline the administrative burden associated with data aggregation and reporting.
- One Properties Specialist position was authorized as part of the 2018 Budget; however, the position was not reflected in the budget base or added to position control. For 2019 Budget this is a technical correction.
- Eleven Airport Maintenance Worker Assistant positions that are vacant are eliminated in the Maintenance Section as certain custodial services will be delivered by an external service provider.
- One Assistant Facilities Supervisor position that is vacant is eliminated in the Maintenance Section as certain custodial services will be delivered by an external service provider.

Strategic Overview: GMIA is broken down into the following operating sections to fulfill its mission.

Administration is responsible for general administration, accounting, budget, and purchasing.

Airport Information Technology is responsible for maintaining the complex airport network, voice communications, fire protection system, stand-alone security system, and the security surveillance network on a 24/7 basis.

Air Service Development is responsible for both maintaining existing and attracting additional commercial air carrier service to the Airport.

Marketing and Public Relations is responsible for the branding and marketing of the airport, including maintaining existing and attracting additional passengers to the Airport. This area is also responsible for community, media, and social media relations.

Airport Planning is responsible for developing the airport's long term planning efforts and reviewing/forecasting passenger demand over the long term. This area also oversees noise compliance as well as certain required statistical reporting.

Business Development is responsible for parking, real estate, and concessions development.

Parking Operations records the various expenses of operating the parking structure, debt service and associated interest expense on the parking structure. This group also oversees all GMIA ground transportation activities including taxi, shuttle, limousine, transportation network companies (TNCs) and off-airport operators providing services to and from GMIA. This includes ensuring transportation operators are properly licensed and compliant with the standards set forth in Milwaukee County General Ordinances. This section collects and accounts for parking revenue fees.

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Properties is responsible for oversight of tenants occupying airport leased space for both commercial and general aviation leaseholders, as well as food and beverage and retail concessionaires.

Operations and Maintenance is responsible for airfield movement and operations, building and ground maintenance, fire protection, security, and environmental.

Operations is responsible for keeping the airfield and ramp areas open for business at all times. This area coordinates and oversees aircraft operating at the airport and ensures compliance with Federal Aviation Administration (FAA), and state and local regulations as well as coordinating emergency responses, construction activities, special events and snow removal. In addition, this section oversees day-to-day operations of the terminal that include addressing passenger safety issues, terminal construction activities, special events, and signage.

Maintenance is responsible for the Airport's structures and grounds. This includes custodial, HVAC, electrical services, snow plowing and grass cutting.

Fire Protection maintains 24/7 staffing and handles emergencies on the airfield, within the terminal, parking structure and parking lots. This section responds to emergency needs involving airlines, patrons, tenants and airport staff.

Safety and Security is responsible for the safety and security functions within the airfield perimeters by working closely with other agencies and taking necessary actions to keep the Airport in compliance with FAA and TSA standards and regulations.

Environmental and Safety is responsible for activities related to workplace safety, compliance with governmental safety requirements, glycol recovery programs and wastewater treatment programs.

Strategic Implementation: Consolidation in the airline industry has continued to result in fewer air carriers in the commercial air service market overall. The remaining carriers have cut back flight operations but are flying with higher load factors. Within this environment, GMIA continues to experience year over year growth in passenger enplanements. While the results of these changes within the aviation industry have been significantly profitable for the airlines, airports have been experiencing more modest gains in revenue. GMIA's goal is to be a cost-effective, modernized airport that will attract additional air service from existing and new airlines.

An external service provider will be utilized in 2019 to provide 3rd shift custodial services that will also include the cleaning of both hard surface and carpeted areas throughout the airport. The vacant Airport Maintenance Worker Assistant and vacant Assistant Facilities Supervisor positions eliminated have proven extremely difficult to fill over time and suffer from a chronically high turnover rate.

Revenue enhancements:

Parking revenue increases \$1,400,000 to \$3,400,000 reflecting the \$1 rate increase that went into effect on March 1, 2018 and a mid-year 2018 implementation of the valet parking program at GMIA.

Car rental revenue is estimated to increase \$500,000 from \$10,500,000 to \$11,000,000 based on past actual performance.

Expenditures:

Expenditures included in the 2019 Budget represent the resources necessary to maintain the Airport's significant infrastructure and invest in the airport in a manner that meets overall customer expectations while ensuring services offered remain cost competitive with other medium hub airports.

The Airport continues to coordinate with the Milwaukee County Fleet Management Division for the purchase of Airport-specific vehicles and/or equipment. The Airport continues to coordinate with the Milwaukee County Highways Division for street and curb repairs. These partnerships have proven effective in managing costs.

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The expenditure abatement included in the 2018 Budget is removed for 2019 increasing expenditures by \$447,399. Costs allocated to the Airport for legacy fringe benefits increase \$592,001 over the 2018 amount. Budgeted cross-charges from other Milwaukee County departments for services provided to the Airport increased \$571,891 to \$11,732,868.

Multi-year Contracts*

The Airport intends to enter into the following multi-year contracts during 2019:

- Wildlife Mitigation at GMIA and LJT. The initial term of the contract is three (3) years beginning in 2019 at an estimated annual cost of \$170,000 per year.
- Background Check Processes. The initial term of the contract is five (5) years beginning in 2019 at an estimated annual cost of \$175,000 per year.
- Operating and Maintenance Contract for GMIA Security Camera System. The initial term of the contract is 3.5 years valued at an estimated cost of \$170,000 in 2019 (partial year cost) and \$340,000 annually for the following years thereafter.

*Multi-year contracts requiring the expenditure of funds from future fiscal years or contracts that cannot be fully encumbered by a currently adopted budget(s) must be approved by the County Board. Contracts that provide for options to extend into future fiscal years using funds from adopted fiscal years may be extended if the option to extend the contract vests in the County, either jointly or in its sole discretion, the authority to exercise the option. The exercise of such options can only occur if funds for the extension can be fully encumbered in the currently adopted budget(s).

Strategic Program Area 2: MKE Regional Business Park

Service Provision: Committed

Strategic Outcome: Economic Opportunity

What We Do: Activity				
Activity	2016 Actual	2017 Actual	2018 Budget	2019 Budget
Leased Buildings	23	25	28	30
Occupied Buildings	45	46	46	46
Vacant Buildings	16	15	11	9*
Vacancy Percentage	26.2%	24.5%	19.3%	16.4%

*For the 2019 Budget the change in the number of Vacant Buildings includes the demolition of four structures taking place over the course of 2018 and then the demolition of two structures over the course of 2019.

How We Do It: Program Budget Summary					
Category	2016 Actual	2017 Actual	2018 Budget	2019 Budget	2019/2018 Var
Expenditures	\$806,855	\$979,053	\$1,404,579	\$1,267,265	(\$137,314)
Revenues	\$888,041	\$937,058	\$1,035,000	\$528,000	(\$507,000)
Tax Levy*	(\$81,186)	\$41,995	\$369,579	\$739,265	\$369,686
FTE Positions	0.9	0.9	0.9	1.0	0.1

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How Well We Do It: Performance Measures				
Performance Measure	2016 Actual	2017 Actual	2018 Budget	2019 Budget
Occupancy Rate	73.8%	75.5%	80.7%	83.6%

Strategic Overview: The MKE Regional Business Park is the former 440th Air Reserve Base. By the end of 2019 the MKE Business Park will consist of 55 buildings on 102 acres. The property is located in the City of Milwaukee adjacent to GMIA, at the intersection of South Howell Avenue and East College Avenue. The MKE Regional Business Park Service Area is responsible for the rental and maintenance of existing facilities for aviation, Airport use and related business services.

Strategic Implementation: For 2019 the estimated airline subsidy for this service area increases \$369,686 to \$739,265 as income from rented buildings is reduced. In late 2017, SkyWest made a substantial investment to purchase the former Midwest hangars located on Air Cargo way vacating its rented space within the MKE Business Park. While the vacated space within the MKE Business Park is being actively marketed for leasing, rental income is only budgeted for a partial year in 2019.

Strategic Program Area 3: LJ Timmerman General Aviation

Service Provision: Committed

Strategic Outcome: Economic Opportunity

What We Do: Activity				
Activity	2016 Actual	2017 Actual	2018 Budget	2019 Budget
Number of Based Aircraft	74	101	101	105

How We Do It: Program Budget Summary					
Category	2016 Actual	2017 Actual	2018 Budget	2019 Budget	2019/2018 Var
Expenditures	\$572,630	\$787,843	\$592,960	\$668,892	\$75,932
Revenues	\$252,329	\$260,523	\$244,612	\$256,249	\$11,637
Tax Levy*	\$320,301	\$527,320	\$348,348	\$412,643	\$64,295
FTE Positions	2.8	2.7	2.5	2.4	(0.1)

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How Well We Do It: Performance Measures				
Performance Measure	2016 Actual	2017 Actual	2018 Budget	2019 Budget
Aircraft Takeoffs/Landings	24,895	28,156	27,000	31,000

Strategic Overview: Timmerman is located on the northwest side of Milwaukee and is the General Aviation (GA) reliever airport in Milwaukee County's airport system. Airline lease agreements govern revenues and expenditures associated with the operation of LJT. A new fixed base operator has helped increase activity at Timmerman which helps offset airline subsidy costs.

Strategic Implementation: A business plan was completed for LJT in late 2017. Information from the business plan will assist to inform the overall long-term master plan process for LJT that began in mid-2018. The 2019 budget will result in a subsidy to LJT of \$412,643 from airlines serving GMIA.