

DOT-AIRPORT (5040) BUDGET

DEPT: DOT-Airport

UNIT NO. 5040

FUND: Enterprise – 0076

Budget Summary

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2020/2019 Variance
Expenditures					
Personnel Costs	\$27,254,088	\$24,572,102	\$29,161,114	\$28,738,330	(\$422,784)
Operation Costs	\$24,627,759	\$25,680,254	\$30,647,444	\$30,010,621	(\$636,823)
Debt & Depreciation	\$26,835,369	\$24,002,580	\$24,314,785	\$23,812,132	(\$502,653)
Capital Outlay	\$818,007	\$247,808	\$585,000	\$480,000	(\$105,000)
Interdept. Charges	\$10,426,292	\$10,635,636	\$11,732,868	\$14,747,438	\$3,014,570
Total Expenditures	\$89,961,515	\$85,138,380	\$96,441,211	\$97,788,521	\$1,347,310
Revenues					
Direct Revenue	\$89,206,863	\$84,245,784	\$95,838,036	\$97,304,581	\$1,466,545
Intergov Revenue	\$244,040	\$345,640	\$180,000	\$240,000	\$60,000
Indirect Revenue	\$510,612	\$546,955	\$423,175	\$243,940	(\$179,235)
Total Revenues	\$89,961,515	\$85,138,380	\$96,441,211	\$97,788,521	\$1,347,310
Tax Levy	\$0	\$0	\$0	\$0	\$0
Personnel					
Full-Time Pos. (FTE)	278.5	284.4	278.3	269.4	(8.9)
Seas/Hourly/Pool Pos.	5.7	5.7	9.2	9.2	0
Overtime \$	\$966,902	\$1,340,018	\$1,045,308	\$1,249,308	\$204,000

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

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 MKE Mitchell 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	2017 Actual	2018 Actual	2019 Budget	2020 Budget
Airport Cost Per Enplanement	\$24.54	\$23.99	\$27.42	\$26.40
Enplanements ¹	3,452,544	3,548,817	3,627,329	3,620,148
Total Passengers	6,904,670	7,096,714	7,254,658	7,240,296
Landed Weight (total) 000 lb. unit	4,639,744	4,692,523	4,733,033	4,739,596

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	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2020/2019 Var
Expenditures	\$88,386,614	\$78,603,533	\$94,505,054	\$95,953,249	\$1,448,195
Revenues	\$80,856,319	\$84,825,453	\$95,656,962	\$96,615,958	\$958,996
Tax Levy*	\$7,530,295	(\$6,221,919)	(\$1,151,908)	(\$662,709)	\$489,199
FTE Positions	280.6	280.6	284.2	275.2	(8.9)

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How Well We Do It: Performance Measures				
Performance Measure	2017 Actual	2018 Actual	2019 Budget	2020 Budget
Customer Satisfaction Survey	4.16	4.29	N/A*	4.5
Non-Airline Revenue as a % of Airport Revenue	69.1%	59.6%	61.5%	58.5%

*Airport Customer Satisfaction is measured by a third-party vendor. The Airport changed vendors, which resulted in a new measurement scale.

Major Changes in FY 2020:

For 2020 major capital projects include:

- GMIA E Concourse Phase 2 Construction \$25,112,809
- GMIA Taxiway A Extension \$9,532,487*
- GMIA Terminal Fire Alarm System Replacement Construction \$7,552,519
- GMIA Administrative Office Renovation \$2,099,281
- GMIA Parking Access and Revenue Control System Repl Addtl Approp \$1,054,350

*Implementation in 2020 contingent upon receipt of Federal and State grant funding

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For 2020, the staffing levels change as follows:

- One vacant Electrical Mech position is abolished and one Plumber is created to better meet Maintenance workload demand.
- Two vacant Airport Maintenance Worker Assistant positions are abolished in the Maintenance Section. Service provider contract increased to meet the additional custodial services demand for the rental car area.
- In 2020, the Airport Fleet Management Section moves to the Milwaukee County Department of Transportation Fleet Management Division. The following positions are reflected as a transfer out of the Airport and into MCDOT Fleet. One Assistant Parts, One Supervisor Fleet, Nine Mechanic Airport, and One Lead Mechanic Airport.
- In 2020, One Airport Emergency Management Coordinator is transferred out of the Airport and into the Office of Emergency Management.

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.

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.

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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 actual passengers enplaned. 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.

The Airport Fleet Management Section moves to the Milwaukee County Department of Transportation Fleet Management Division for 2020 and results in a centralization for all countywide fleet services under the MCDOT Fleet Management Division. Services provided by MCDOT Fleet Management will be crosscharged to the Airport.

The Airport Emergency Management Coordinator is centralized to the Office of Emergency Management for 2020 and will continue to be dedicated full time and crosscharged to the Airport.

Revenue enhancements:

Parking revenue remains at \$30,000,000.

Car rental revenue is estimated to decrease \$200,000 from \$11,000,000 to \$10,800,000 based on past actual performance.

Expenditures:

Expenditures included in the 2020 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 procure vehicles and/or equipment through Milwaukee County Department of Transportation Fleet Management Division. The Airport continues to coordinate with the Milwaukee County Highways Division for street and curb repairs. These partnerships have proven effective in managing costs.

Budgeted cross-charges from other Milwaukee County departments for services provided to the Airport increased \$2,990,811 to \$14,723,679. This increase primarily represents the centralization of fleet services to the Milwaukee County Department of Transportation Fleet Management which for 2020 will be crossed charged to the Airport.

Multi-year Contracts*

The Airport intends to enter into the following multi-year contracts during 2020:

- Airport Security Program. Assess and rewrite program, move standard operating procedures into standalone document and develop quick reference guide. The initial term of the contract is two (2) years beginning in 2020 at an estimated total cost of \$110,000.

*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	2017 Actual	2018 Actual	2019 Budget	2020 Budget
Leased Buildings	25	24	30	28
Occupied Buildings	46	43	46	43
Vacant Buildings	15	17	9	9
Vacancy Percentage	24.5%	28.3%	16.4%	17.3%

How We Do It: Program Budget Summary					
Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2020/2019 Var
Expenditures	\$979,054	\$911,304	\$1,267,265	\$973,631	(\$293,634)
Revenues	\$937,058	\$582,851	\$528,000	\$910,000	\$382,000
Tax Levy*	\$41,995	\$328,453	\$739,265	\$63,631	(\$675,634)
FTE Positions	0.9	1.0	1.0	1.0	0.0

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How Well We Do It: Performance Measures				
Performance Measure	2017 Actual	2018 Actual	2019 Budget	2020 Budget
Occupancy Rate	75.5%	71.7%	83.6%	82.7%

Strategic Overview: The MKE Regional Business Park is the former 440th Air Reserve Base. By the end of 2020 the MKE Business Park will consist of 52 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 2020 the estimated airline subsidy for this service area decreases \$675,634 to \$63,631 due to expected rent from business park buildings.

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Strategic Program Area 3: LJ Timmerman General Aviation

Service Provision: Committed

Strategic Outcome: Economic Opportunity

What We Do: Activity				
Activity	2017 Actual	2018 Actual	2019 Budget	2020 Budget
Number of Based Aircraft	101	107	105	105

How We Do It: Program Budget Summary					
Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2020/2019Var
Expenditures	\$787,843	\$551,551	\$668,892	\$861,641	\$192,749
Revenues	\$260,523	\$265,217	\$256,249	\$262,563	\$6,314
Tax Levy*	\$527,320	\$286,334	\$412,643	\$599,078	\$186,435
FTE Positions	2.7	2.5	2.5	2.4	(0.1)

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How Well We Do It: Performance Measures				
Performance Measure	2017 Actual	2018 Actual	2019 Budget	2020 Budget
Aircraft Takeoffs/Landings	28,156	26,818	31,000	25,544

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.

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 late 2019. The 2020 budget results in a subsidy to LJT of \$599,078 from airlines serving GMIA.