

## BUDGET SUMMARY

Category	2023 Actual	2024 Actual	2025 Budget	2026 Requested Budget	2025/2026 Variance
<b>Expenditures</b>					
Personnel Costs	25,869,511	24,254,733	27,839,660	28,625,034	785,374
Operations Costs	30,621,679	29,453,634	36,250,961	37,281,882	1,030,921
Debt & Depreciation	21,320,059	19,118,304	19,524,233	18,637,727	(886,506)
Capital Outlay	874,814	1,640,098	874,154	1,170,904	296,750
Interdepartmental Charges	16,907,430	17,553,967	20,123,047	19,798,995	(324,052)
<b>Total Expenditures</b>	<b>\$95,593,494</b>	<b>\$92,020,735</b>	<b>\$104,612,055</b>	<b>\$105,514,542</b>	<b>\$902,487</b>
<b>Revenues</b>					
Other Direct Revenue	83,538,227	82,322,604	104,198,851	105,060,143	861,292
State & Federal Revenue	11,719,228	9,337,322	62,984	0	(62,984)
Indirect Revenue	336,040	360,810	350,220	454,400	104,180
<b>Total Revenues</b>	<b>\$95,593,495</b>	<b>\$92,020,735</b>	<b>\$104,612,055</b>	<b>\$105,514,543</b>	<b>\$902,488</b>
<b>Tax Levy</b>	<b>(\$1)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1)</b>	<b>(\$1)</b>
<b>Personnel</b>					
<b>Full Time Pos (FTE)</b>	234.00	234.00	234.00	236.00	2.00
Overtime \$	881,396	958,613	918,865	893,056	(25,809)
Seasonal/Hourly/Pool	10,763	297,880	314,325	325,103	10,778

**Department Mission:**

DOT - AIRPORT

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 residences.

**Department Description:**

The Airport Division administers and manages all activities necessary for the efficient day-to-day operation of Milwaukee Mitchell International Airport (MKE or the Airport) and Lawrence J. Timmerman Field (LJT or Timmerman). Airport operations are divided into two strategic program areas: MKE and LJT.

**Major Changes**

- Reduction in enplanements In 2020, due to the COVID pandemic, passenger traffic, at 2.63 million, declined 62% below the 2019 pre-pandemic level. The Airport saw a steady traffic recovery from 2021 through 2024. Starting in late 2024 and through the first half of 2025, the Airport notes a continual decline in traffic. It is anticipated that there will be a 5.0% decline in traffic in 2025 from 2024. A slight decline of 0.1% in traffic forecast in 2026 over the 2025 projection. The passenger traffic for 2025 was re-forecasted in June 2025 based on actual activity levels from January through May of 2025. This is incorporated into a statistical demand model prepared by the Airport's financial consultant, Unison Consulting, to arrive at the 2026 budgeted enplanements. Below shows the passenger traffic trend from 2019-2026.
 

Year	Passengers	2019 Actual	6,894,894	2020 Actual	2,625,295	2021 Actual	4,524,345	2022 Actual	5,439,055	2023 Actual	6,015,731	2024 Actual	6,316,245	2025 Budget	6,898,048	2025 Re-forecast	5,997,827	2026 Budget	5,990,314
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 Some of the drivers of consumers' decision to fly less are wider macroeconomic headwinds, softening Gross Domestic Product (GDP), stubborn inflation rates, diminished consumer confidence, higher airfare, increasing employment concerns, and widespread global trade tensions, which are elements creating headwinds. Alleviation of these conditions in 2025 and beyond will help improve air service demand. This softening of passenger demand has been

widely reported by the airlines and is not something specific to Milwaukee. It should be noted that airlines provided 7,895,974 available seats in 2024, of which only 6,316,245 were filled, or a load factor of 80% (filled), with 20% unfilled. This high percentage of unfilled seats indicates a slowing of passenger demand for travel. The airport considers re-forecasted enplanements and focuses on controllable expenditures to produce a 2026 budget that maintains competitive rates and charges.

- **Focus on recruitment and retention**The 2026 budget addresses difficulties the airport has in hiring and retaining staff. This is reflected in the high vacancy rates over the last few years. In Quarter 1 of 2024, the vacancy rate was 18% and in Quarter 4 of 2024, it was 12%. In Quarter 1 of 2025, the vacancy rate was 15.38%, and in Quarter 2 of 2025, it remains at 15.38%. In the 2026 Budget, a 2% increase is planned to address any potential market-based compensation issues that may arise during the year for recruitment and retention purposes. Additional personnel resources are needed within the Airport Finance and Safety and Security areas to ensure adequate staffing support. To this end, the 2026 Budget creates two full time equivalent positions (FTE): Sr Analyst, Budget and Management (1.0 FTE) and Airport Public Safety & Security 2 (1 FTE).
- **Adverse Impact on Inflation**Although the World Health Organization did not declare an official end to the COVID-19 pandemic until May 5, 2023, the economy began recovering from the pandemic's effects well before that date. With the economic recovery came a substantial combination of increasing prices and inflation. After peaking at a 40-year high of 9.1% in June 2022, the Consumer Price Index (for all Urban consumers) has fallen to 2.4 percent over the period May 2024 to May 2025. Even though inflation has come down from the COVID pandemic-era high, prices remain high. The higher prices continue to impact both the Airport's operating and capital budgets.
- **Eliminate Strategic Program Area 2 - MKE Regional Business Park**Strategic Program Area 2 - MKE Regional Business Park in previously adopted budgets is rolled into Strategic Program Area 1 - General Mitchell International Airport in the 2026 Budget. With the execution of the lease with Crow Holding to build a 337,000 square foot cargo development facility in 2025, most of the buildings in this area have been razed, and all remaining tenants have been displaced. Together, these changes eliminate the need for a distinct strategic program area.
- **Almost Flat Revenues**In the 2026 Budget, revenues increase slightly by 0.86% over the previous budget. This covers expenses completely and has no impact on the tax levy. Due to diminished passenger traffic, almost all related revenues are expected to decline in 2026. This will impact the Airport Development Fund (ADF) and the Passenger Facility Charge (PFC) revenues as well. Ten percent of sales revenues from terminal concessions, rental car, retail, and parking fund the ADF revenue. The airlines collect PFC revenues from passengers at \$4.50 per enplanement and retain \$0.11 in handling charges. The Airport received \$4.39 in PFC fees per enplanement. This fee rate is controlled nationally by federal regulation and has not been adjusted for inflation in over three decades. These two revenues, ADF and PFC, are largely used to fund capital projects. The 2026 Budget anticipates that these revenues will decrease by 5.5% and 1.6% respectively. Unlike 2021-2024, when the Airport received pandemic-related operating revenues, no new revenue is anticipated in 2026. To assist airports nationally during the COVID pandemic with capital infrastructure needs, the Bipartisan Infrastructure Law, now renamed the Infrastructure Investment and Jobs Act (IIJA), was enacted in November 2021. This bill allocates funding in each of the federal fiscal years 2022 through 2026. To date, MKE has been awarded \$8.9 million each in both federal fiscal year 2022 and 2023, \$8.6 million in 2024, and \$8.0 million in 2025; LJT has been awarded \$0.3 million during each of those years. With some limited exceptions, IIJA funds airfield capital projects. In general, Airport local discretionary dollars (ADF being the primary source) are needed to cover not only the local share of federally eligible projects but also projects that are either partially or fully ineligible for federal or state dollars. Overall, capital needs exceed local discretionary dollars available to fund all these needs.
- **Almost Flat Expenses in 2026**In keeping with reduced enplanements and resulting revenues, expenses in the 2026 requested budget are almost flat vis-à-vis the 2025 budget. There is a slight increase of 0.86% or approximately \$900,000 over the 2025 Budget. While all other expense categories decrease, only two areas increase - fringe benefits and certain operating expenses, explained below. The increases in personnel expenses are primarily due to increases in fringe benefits of \$550,000 over the prior budget. Increases in operating costs are primarily due to a parking garage enhancement. The parking garage at the airport is the single largest source of non-aeronautical revenue. It yields a revenue of about \$34.0 million annually and contains approximately 3.6 million square feet of space. The current parking information system is inoperable and beyond repair. A customer must go through the entire garage to find an open parking spot. The new Automated Parking Guidance System ("APGS") helps identify available parking options in the garage, improving the customer's parking experience. This enhancement will increase the time a customer spends within the terminal, which has the potential to increase concession revenue. As part of the parking operator's performance-based contract, they are to make system enhancements. The parking contractor will procure, install, and operate this system for a sum of \$1.4 million annually for 5 years. Ownership of the APGS will transfer to the County at the expiration of the agreement without any additional cost.

- New non-stop destinationThe following new non-stop destinations are added in 2025: San Diego (Southwest), LAX (Spirit), Nashville (Spirit), Austin (Southwest), and Detroit (Spirit).

**The following contracts are included in the 2026 Budget in lieu of separate review and approval from the County Board during the fiscal year:**

<b>Vendor</b>	<b>Contract Description</b>	<b>Contract Amount</b>
SP Plus Corporation	Amendment to the 2024 through 2029 (plus two option years) Parking Management Agreement with SP Plus Corporation. The Amendment: (i) exercise the two option years, extending the term through 2031, and (ii) increases the current contract value by adding reimbursable expense for SP Plus Corporation's implementation and operation of an Automated Parking Guidance System in the Airport's parking structure. The expected reimbursement amount to the Vendor will be an annual cost not to exceed \$1,400,000 for five years, after which the Airport will own the installed equipment ( $\$1,400,000 * 5 = \$7,000,000$ ).	7,000,000

**Strategic Program Area: General Mitchell International Airport**

**Service Provision:** Discretionary

**How We Do It: Program Budget Summary**

Category	2023 Actual	2024 Actual	2025 Budget	2026 Budget	2025/2026 Variance
Expenditures	94,788,217	91,251,766	103,366,282	104,047,164	680,882
Revenues	95,257,570	91,740,554	104,330,584	105,219,122	888,538
Tax Levy	(469,353)	(488,788)	(964,302)	(1,171,958)	(207,656)
Full Time Pos (FTE)	246.00	249.00	231.00	233.00	2.00

**What We Do With It: Activity Data**

Activity	2023 Actual	2024 Actual	2025 Target	2026 Target
Airport Cost Per Enplanement	\$32	\$29	\$30	\$22
Enplanements	3,010,701	3,154,811	3,449,024	2,995,157
Landed Weight (total) 000 lb. unit	3,988,720	4,269,617	4,487,519	4,033,017
Total Passengers	6,015,731	6,316,245	6,898,048	5,990,314

**How Well We Do It: Performance Measures**

Performance Measure	2023 Actual	2024 Actual	2025 Target	2026 Target
Customer Satisfaction Survey	4.5	4.5	4.5	4.5
Non-Airline Revenue as a Percent of Airport Revenue	68.25%	67.80%	64.00%	59.90%

**Strategic Overview:**

MKE is broken down into the following operating sections to fulfill its mission.

Administration is responsible for general administration, contracts/procurement/purchasing, information technology (IT)/ geographic information systems (GIS), business intelligence and performance management, airport planning, and is the Airport's liaison to the centralized county functions of risk management and human resources.

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

Airport Planning is responsible for developing the Airport's long-term planning efforts, intergovernmental process coordination, certain required statistical reporting, and reviewing/forecasting passenger demand over the long term. This area also oversees noise compliance.

Finance is responsible for accounting, budget, financial forecasting and cash flow analysis, auditing, grants, the Passenger Facility Charge (PFC) program, and financial regulatory compliance.

Project Management is responsible for airport-wide coordination of the projects contained in the Capital Improvement Plan and major operating budget project-based initiatives.

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.

MKE Business Park, the former 440th Air Reserve Base, is responsible for the rental and maintenance of existing facilities for aviation, Airport use, and related business services.

Parking Operations is responsible for the public parking structure and all other parking locations. This group also oversees all MKE ground transportation activities, including taxi, shuttle, limousine, transportation network companies (TNCs), and off-airport operators providing services to and from MKE. This includes ensuring transportation operators are properly licensed and compliant with the standards outlined in Milwaukee County General Ordinances. This section collects and accounts for parking revenue fees.

Operations is responsible for keeping the airfield and ramp areas open at all times. This area coordinates and oversees aircraft operating at the Airport and ensures compliance with FAA, 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 which includes 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, and grass cutting.

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

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.

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

**Strategic Implementation:**

The Airport operates under a long-term Airline Use and Lease Agreement (AULA) and Capital Improvement Plan (CIP) with the signatory airlines, which began January 1, 2024, and covers the period from 2024 to 2028.

On the supply side, airlines are reducing the number of destinations or frequencies of flights due to economic headwinds. Nationally, airlines have cited factors such as softening passenger demand and equipment shortages due to older aircraft retirement and delays in the delivery of newly ordered aircraft to account for supply reduction.

In the 2026 requested budget, passenger-driven revenues decrease due to lower enplanements. Some major revenues that decrease are parking, retail, and restaurant.

Parking revenues decrease by \$3,875,000 or 10.3% from \$37,650,000 in the 2025 Budget to \$33,775,000 in the 2026 Budget. The reason for this downward revision is a projected decline in passenger traffic at the airport over the previous budget. No parking fee increases are planned in the 2026 Budget after two consecutive increases in 2024 and 2025.

Retail (non-Food and Beverage) revenue decreases \$100,000 or 4.4% from \$2,300,000 in the 2025 Budget to \$2,200,000 in the 2026 budget.

Restaurant revenue decreases by \$134,147 or 3.6% from the 2025 Budget \$3,780,569 to \$3,646,422 in the 2026 budget.

Some of these decreases are offset by increases in the following revenues:

FBO revenue increases by \$200,000 or 29.4% from \$680,000 in the 2025 Budget to \$880,000 in the 2026 budget. This is driven by higher rent rates for the new Signature lease.

Car Rental revenues increase by \$403,461 or 3.0% from \$13,597,744 in the 2025 budget to \$14,001,205 in the 2026 budget. This increase in the FY26 requested budget is due to new contracts with rental car vendors in 2025, which increase the Minimum Annual Guarantee (MAG) and the share in percentage of sales.

The overall expenses grow very slightly by 0.86% or approximately \$900,000. In the 2026 budget, only three categories of costs increased over the 2025 Budget: personnel, operating, and capital outlay,

Personnel costs increase by \$785,374 or 2.8% from \$27,839,660 in the 2025 Budget to \$28,625,034 in the 2026 budget. This increase is primarily due to higher costs for fringe benefits in both healthcare and pension of approximately \$550,000 for both active staff and retirees. Two new positions are requested in the budget: Sr Analyst, Budget and Management (1.0 FTE) and Airport Public Safety & Security Coordinator 2 (1.0 FTE). Additional personnel resources are needed within the Airport Finance and Safety and Security area to ensure adequate staffing support. These position changes have no tax levy impact. The vacancy and turnover rate is increasing from 3% in the prior budget to 7% to better reflect vacancy trends.

Commodities decrease by \$190,202 or 2.63% from \$4,540,869 in the 2025 budget to \$4,421,667 in the 2026 requested budget.

Chemical and Industrial gases decrease by \$170,719 or 9.6% from \$1,782,455 in the 2025 Budget to \$1,611,736 in the 2026 Budget. This decrease is in line with prior years' utilization.

Services increase by \$1,120,123 or 3.54% from \$31,627,092 in the 2025 budget to \$32,747,215 in the 2026 requested budget.

Parking garage expenses increase by \$1,300,093 or 24.58% from \$5,289,684 in the 2025 budget to \$6,589,777 in the 2026 requested budget. This includes \$1.4 million for the automated parking guidance system and a net decrease of approximately \$100,000 for management and salary increases.

Marketing increases advertising by \$55,000 related to additional promotional item costs and events for the Airport's centennial celebrations in 2026.

Environmental increases by \$15,000 for costs to excavate, remove, replace, and restore rusted manholes on the HVAC underground storage tanks.

Utility expenses, including water, electricity, gas, storm water, and sewage, decrease by \$422,047 from \$5,761,325 in the 2025 budget to \$5,339,278 in the 2026 budget.

Professional services decrease by \$123,000 from \$4,072,065 in the 2025 budget to \$3,948,760 in the 2026 budget due to a decline in consulting services.

Capital outlays net of contras increase by \$296,750 or 34.0%, from \$874,154 in the 2025 Budget to \$1,170,904 in the 2026 Budget.

Major Maintenance Building increases by \$59,500 or 16.0% from \$373,000 in the 2025 Budget to \$432,500 in the 2026 Budget. Most of the increase is related to the Timmerman tower project.

Major Maintenance Land Improvement increases by \$160,250 or 148.4% from \$108,000 in the 2025 Budget to \$268,250 in the 2026 Budget. The increase is for work on the baggage north and south storm piping replacement (\$94,000), the College Avenue Lift station (\$47,000), and Fire Hydrant work (\$20,000).

Major Maintenance Computer Equipment (Expensed) increases by \$115,000 or 36.5% from \$315,154 in the 2025 Budget to \$430,154 in the 2026 Budget. The increase is for the replacement of 12 distribution switches (\$200,000) and no longer needing to do the Server replacement project (\$75,000).

Debt and Depreciation expense for this Program Area decreases by \$886,506 from \$19,524,233 in the 2025 budget to \$18,637,727 in the 2026 Budget. The Airport expects to continue issuing new Airport Revenue Bond Debt over the next several years, as debt financing is a necessary component of capital infrastructure renewal.

Cross-charge expenses decrease by \$324,052 from \$20,123,047 in the 2025 budget to \$19,798,995 in the 2026 budget. A majority of this decrease is due to lower cost allocation for fleet services of \$389,811, Engineering services of \$99,250, Sheriff's office of \$4,633, Administration services of \$18,375, and radio communications services of \$20,602. These decreases are offset by increases in the central service charge of \$183,106 and the Department of Administration Services of \$22,363.

**Strategic Program Area: LJ Timmerman General Aviation**

**Service Provision:** Committed

**How We Do It: Program Budget Summary**

Category	2023 Actual	2024 Actual	2025 Budget	2026 Budget	2025/2026 Variance
Expenditures	805,277	768,970	1,245,773	1,467,378	221,605
Revenues	335,925	280,182	281,471	295,421	13,950
Tax Levy	469,352	488,788	964,302	1,171,957	207,655
Full Time Pos (FTE)	3.00	3.00	3.00	3.00	0.00

**What We Do With It: Activity Data**

Activity	2023 Actual	2024 Actual	2025 Target	2026 Target
Number of Based Aircraft	105	101	97	103

**How Well We Do It: Performance Measures**

Performance Measure	2023 Actual	2024 Actual	2025 Target	2026 Target
Aircraft Takeoffs/Landings	23,010	25,001	28,842	27,548

**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. The Airline Use and Lease Agreement (AULA) governs the treatment of revenues and expenditures associated with the operation of LJT.

**Strategic Implementation:**

A long-term master plan process for LJT began and is expected to conclude in 2026. After the Timmerman Master Plan, future qualifying Timmerman-based projects will be eligible for federal and state funding.

The 2026 Budget results in a subsidy to operate LJT of \$1,171,957 from airlines serving MKE. The increase in the subsidy to operate LJT in 2026 results from higher expenditures, with revenues remaining relatively constant. The higher expenditures are due to the Airport staff's continued efforts to reflect the operating costs at LJT, as some of these costs in the past had been blended with MKE. A major item in the LJT's 2026 budget is a focus on aging infrastructure associated with the tower. About \$245,000 is included for updates to the tower for remediation of: lead pipe, asbestos, flooring, electrical wiring, and panel. Also, about \$103,000 is included for the north ramp pavement project to remediate a sinkhole/depression, which is a safety concern.