

10. FINANCIAL ANALYSIS

This section presents a financial analysis of the MPU for MKE. It describes the framework for the financial operation at the Airport, including the airline rates and charges methodology, as specified in the approved Amended Airport Use and Lease Agreement (Amended AULA), which became effective on January 1, 2016. The Amended AULA was scheduled to terminate on December 31, 2020. As a result of the COVID-19 pandemic, the Airport decided to postpone negotiations and approached the airlines to extend the current Amended AULA, which is now set to expire on December 31, 2023. This section also includes an analysis of the Airports historical revenues and expenses for calendar years (CYs) 2017 through 2021 and projections of anticipated CIP funding sources and MPU funding sources, as well as operating revenues and operating expenses for CYs 2022 through 2045.

The potential capital improvements necessary to accommodate the future needs of MKE were presented in Section 9, Implementation Plan, in the following four phases: Phase I (2022 through 2025), Phase II (2026 to 2030), Phase III (2031 to 2040), and Phase IV (beyond 2040).

The financial projections reflect the anticipated effects of funding the MPU, to the extent of availability of the identified funding sources through 2045. The funding plan anticipates the use of FAA Airport Improvement Program (AIP) grants; airport noise discretionary grants; state grants; passenger facility charges (PFCs); rental car customer facility charges (CFCs); Capital Improvement Reserve Account (CIRA); private funding; monies from the Airport Development Fund; and bonds. The financial analysis leverages the approved air traffic forecast presented in Section 3, Forecast of Aviation Activity, as a basis for estimating operating revenues, operating expenses, and funding sources through 2045.

10.1 AIRPORT'S ORGANIZATIONAL AND FINANCIAL FRAMEWORK

MKE and MWC comprise the Airport System, which is owned and operated by Milwaukee County. The Airport System is a division of Milwaukee County's DOT and is accounted for as an enterprise fund in the County's financial statements.

The audited financial statements for the year ending December 31, 2020 (the most recent FY for which audited financial statements are available) show that as of December 31, 2020, MKE had total assets of \$494.1 million, total liabilities of \$239.4 million, and net assets of \$254.7 million. MKE's FY is the same as the calendar year (12 months ending December 31).

10.2 PROPOSED CAPITAL PROGRAM

Table 10-1 presents the project costs and funding sources for the recommended CIP projects presented in Section 9, Implementation Plan, and the Airport's Capital Improvement Plan.

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TABLE 10-1 (1 OF 7) ESTIMATED CAPITAL COSTS AND FUNDING SOURCES FOR THE CAPITAL IMPROVEMENT PROGRAM PROJECTS

PROJECT	PROJECT NUMBER	TOTAL	AIP		AIRPORT NOISE DISCRETIONARY GRANTS	STATE GRANTS	PFC		ADF	CIRA	GARB	PRIVATE FUNDING	CFC	CARES ACT
			ENTITLEMENTS	DISCRETIONARY			PAYGO	BONDS						
Phase I – through 2023														
Runway 1R-19L Decommissioning; Conversion to Taxiway	A1A	\$7,848,083	\$1,102,499	\$4,783,564	-	\$981,010	\$981,010	-	-	-	-	-	-	-
Airfield Signage and Marking Revision (Decommissioning of Runway 1R-19L)	A1B	158,633	-	118,975	-	19,829	19,829	-	-	-	-	-	-	-
Concourse E Redevelopment – Phase 1A	T1A	59,246,294	-	-	-	-	-	-	-	-	59,246,294	-	-	-
Concourse E Redevelopment – Phase 1B	T1B	10,667,029	-	-	-	-	-	-	-	-	10,667,029	-	-	-
Northeast Quadrant GA Campus – Phase 1	GA1	28,951,756	-	-	-	-	-	-	-	-	-	28,951,756	-	-
GA Access Road and Service Road Relocation – Northeast Quadrant	GA2	5,594,131	-	-	-	-	-	-	-	-	-	5,594,131	-	-
South Cargo Development – Phase 1	C1	36,676,027	-	-	-	-	-	-	-	-	-	36,676,027	-	-
Aircraft Fuel Truck Fill Station Modification – Phase 1	A3-1	5,868,152	1,531,714	2,869,400	-	733,519	-	-	-	-	733,519	-	-	-
Construct 4 Replacement GA/Corporate Hangars in NE Hangar Area	GA3	10,874,529	-	-	-	-	-	-	-	-	-	10,874,529	-	-
New Northeast Quadrant GA Campus Taxiway	A5	4,349,657	-	3,262,243	-	543,707	543,707	-	-	-	-	-	-	-
Tenant Building Relocation	TN1	19,738,402	-	-	-	-	-	-	-	-	-	19,738,402	-	-
FBO Aircraft Ramp Expansion	TN2	3,048,354	-	-	-	-	-	-	-	-	-	3,048,354	-	-
FBO Vehicle and Aircraft Parking Expansion	TN3	1,726,119	-	-	-	-	-	-	-	-	-	1,726,119	-	-
South FBO Facility	TN4	39,183,566	-	-	-	-	-	-	-	-	-	39,183,566	-	-
Supplemental Glycol Storage Tanks and Employee Support Facility	A6	2,592,296	1,268,975	675,247	-	324,037	-	-	-	-	324,037	-	-	-
Northeast Quadrant Detention Basin	GA4	746,928	-	560,196	-	93,366	93,366	-	-	-	-	-	-	-
Taxiway F Realignment	A30	5,614,176	-	4,210,632	-	701,772	-	-	-	-	701,772	-	-	-
Runway Guard Lights (Taxiway A4)	A31	543,279	-	407,459	-	67,910	-	-	-	-	67,910	-	-	-
Future Taxiway CC Construction – Phase 1	A8-1	15,891,390	1,652,262	10,266,280	-	1,986,424	-	1,986,424	-	-	-	-	-	-
Baggage Makeup Area Expansion – Phase 1	T9A	5,471,183	-	-	-	-	-	-	-	-	5,471,183	-	-	-
Stormwater Master Plan Study	P1	263,169	-	-	-	-	263,169	-	-	-	-	-	-	-
Northeast Quadrant GA Campus Development Master Plan	P2	105,268	-	-	-	-	-	-	-	105,268	-	-	-	-
Comprehensive Pavement Management Plan	P3-1	315,803	-	-	-	-	-	-	315,803	-	-	-	-	-
Pen-and-Ink ALP Revision	P4-1	51,350	-	-	-	-	-	-	-	51,350	-	-	-	-
Physical Access Control Design and Construction	CIP1	3,684,366	-	-	-	-	3,684,366	-	-	-	-	-	-	-
HVAC Cooling Tower Replacement	CIP2	2,692,227	-	-	-	-	2,019,170	-	673,057	-	-	-	-	-
MKE Parking Structure Refurbish Metal Panels	CIP3	3,288,519	-	-	-	-	-	-	-	-	2,893,897	-	394,622	-
Concourse D Roof Replacement Design	CIP4-1	616,200	-	-	-	-	462,150	-	154,050	-	-	-	-	-
MKE Terminal Floor Replacement	CIP5	4,724,200	-	-	-	-	-	-	-	-	4,724,200	-	-	-
MKE Parking Structure Expansion Joint Replacement – Phase 1	CIP6-1	736,873	-	-	-	-	-	-	-	648,448	-	-	88,425	-
Taxiway A Extension – Design	CIP7-1	1,200,000	-	-	-	-	-	-	-	-	-	-	-	1,200,000
Taxiway A Extension – Design and Construction	CIP7-2	13,337,608	-	13,337,608	-	-	-	-	-	-	-	-	-	-
South Maintenance AHU Replacement	CIP8-1	259,575	-	-	-	-	-	-	259,575	-	-	-	-	-
South Maintenance AHU Replacement	CIP8-2	4,108,000	-	-	-	-	-	-	4,108,000	-	-	-	-	-
MKE Part 150 Noise Study (Update)	CIP9	2,594,583	-	-	2,075,667	259,458	-	-	-	-	259,458	-	-	-
MKE PFC-Eligible SRE Replacement	CIP10	3,638,250	-	-	-	-	3,638,250	-	-	-	-	-	-	-
Taxiway H Pavement Reduction and Partial Rehab	CIP12	3,887,570	-	2,915,677	-	485,946	485,946	-	-	-	-	-	-	-
Jet Bridge Replacement	CIP13	4,105,436	-	-	-	-	-	-	-	-	4,105,436	-	-	-
Snow Removal Equipment	CIP14-0	2,038,595	-	-	-	-	2,038,595	-	-	-	-	-	-	-
MKE PFC-Eligible SRE – Phase 1	CIP14-1	6,778,200	-	-	-	-	-	-	-	-	-	-	-	6,778,200
GRE Apron Rehabilitation – Phase 1	CIP16-1	4,000,000	-	3,000,000	-	500,000	500,000	-	-	-	-	-	-	-
North Apron Rehabilitation	CIP17-1	1,664,058	-	1,248,044	-	208,007	208,007	-	-	-	-	-	-	-
Runway 1L-19R Rehabilitation (South of Runway 7R)	CIP18-1	41,170,738	-	30,878,054	-	5,146,342	5,146,342	-	-	-	-	-	-	-
Taxiways D and D1 Demolition	CIP19	2,609,209	-	1,956,907	-	326,151	326,151	-	-	-	-	-	-	-
MKE Parking Structure Elevator T Rehabilitation	CIP22	950,526	-	-	-	-	-	-	-	836,463	-	-	114,063	-
MKE Terminal Facility Upgrades	CIP23	5,000,000	-	-	-	-	3,000,000	-	-	-	2,000,000	-	-	-
Obstacle Mitigation Program and Removal	CIP50	248,467	-	-	-	-	-	-	248,467	-	-	-	-	-
MKE Parking Structure Expansion Joint Replacement – Design	CIP6-0	94,378	-	-	-	-	-	-	-	83,053	-	-	11,325	-
MKE Bullseye Replacement (Asphalt to Concrete)	CIP139	11,789,971	-	8,842,478	-	1,473,746	1,473,746	-	-	-	-	-	-	-

TABLE 10-1 (2 OF 7) ESTIMATED CAPITAL COSTS AND FUNDING SOURCES FOR THE CAPITAL IMPROVEMENT PROGRAM PROJECTS

PROJECT	PROJECT NUMBER	TOTAL	AIP		AIRPORT NOISE DISCRETIONARY GRANTS	STATE GRANTS	PFC		ADF	CIRA	GARB	PRIVATE FUNDING	CFC	CARES ACT
			ENTITLEMENTS	DISCRETIONARY			PAYGO	BONDS						
Phase I – through 2023 (Continued)														
MKE Master Plan Update	CIP148	2,724,482	-	2,043,362	-	340,560	340,560	-	-	-	-	-	-	-
MKE Terminal Switchgear	CIP151	707,580	-	-	-	-	-	-	707,580	-	-	-	-	-
MKE Terminal Roof and Skylight	CIP152	3,903,757	-	-	-	-	-	-	-	-	3,903,757	-	-	-
MKE Terminal Fire Alarm (Construction)	CIP154	12,226,263	-	-	-	-	-	6,113,132	-	-	6,113,132	-	-	-
MKE Parking Access Revenue Control System	CIP155	3,993,956	-	-	-	-	-	-	3,993,956	-	-	-	-	-
MKE Parking Structure Façade Rehab	CIP156	335,571	-	-	-	-	-	-	335,571	-	-	-	-	-
MKE Runway 7R-25L Pavement Rehabilitation	CIP160	10,600,000	-	7,950,000	-	1,325,000	-	-	-	-	1,325,000	-	-	-
MKE Ticketing Area Remodel	CIP161	3,894,359	-	-	-	-	-	-	-	-	3,894,359	-	-	-
MKE Ticketing Area Remodel	CIP162	3,488,400	-	-	-	-	3,488,400	-	-	-	-	-	-	-
MWC Support Pavement Rehab (To Be Split)	CIP163	1,183,677	-	-	-	-	-	-	-	1,183,677	-	-	-	-
MWC Airport Master Plan	CIP164	718,900	-	-	-	-	-	-	-	718,900	-	-	-	-
MWC Wildlife and Security Fence	CIP165	388,747	-	-	-	194,374	-	-	194,374	-	-	-	-	-
MWC Maintenance Garage Rehabilitation	CIP166	736,873	-	-	-	-	-	-	-	736,873	-	-	-	-
MWC Obstruction Removal	CIP167	315,803	-	-	-	-	-	-	315,803	-	-	-	-	-
Total Phase I – through 2023		\$435,961,492	\$5,555,450	\$99,326,125	\$2,075,667	\$15,711,160	\$28,712,766	\$8,099,555	\$11,306,235	\$4,364,032	\$106,430,983	\$145,792,884	\$608,436	\$7,978,200
Phase II – 2024 to 2028														
Demolish Four Terminal-Area Corporate Hangars and USPS Facility	A4	6,608,820	-	-	-	-	-	-	-	-	-	6,608,820	-	-
Concourse D-E Connector – Phase 1	T1C	20,267,678	-	-	-	-	-	-	-	-	20,267,678	-	-	-
Aircraft Fuel Truck Fill Station Modification – Phase 2	A3-2	516,774	-	387,580	-	64,597	-	-	-	-	64,597	-	-	-
South Deice Pad and Taxiway R Realignment – Phase 1	A7-1	42,357,304	-	31,767,978	-	5,294,663	-	5,294,663	-	-	-	-	-	-
Taxiway U and Taxiway G Demolition	A9	4,327,268	-	3,245,451	-	540,908	540,908	-	-	-	-	-	-	-
Implementation of Common-Use Airline Check-in Facilities – Phase 1	T2	3,689,933	-	-	-	-	-	-	-	-	3,689,933	-	-	-
Future Taxiway CC Construction – Phase 2 (North)	A8-2	18,938,458	1,772,458.75	12,431,385	-	2,367,307	-	-	-	-	2,367,307	-	-	-
Taxiway N Realignment	A10	6,463,752	-	4,847,814	-	807,969	807,969	-	-	-	-	-	-	-
Future High-Speed Taxiway (Runway 1L-19R Exit Taxiway)	A11	9,171,914	-	6,878,936	-	1,146,489	1,146,489	-	-	-	-	-	-	-
Northeast Quadrant GA Campus – Phase 2	GA5	32,682,852	-	-	-	-	-	-	-	-	12,482,852	20,200,000	-	-
Concourse C SSCP Expansion – Phase 1	T3	8,370,611	-	-	-	-	8,370,611	-	-	-	-	-	-	-
Concourse C - Concourse D Connector	T4	20,892,152	-	-	-	-	-	-	-	-	20,892,152	-	-	-
Concourse D Hammerhead Expansion	T19	40,367,150	-	-	-	-	-	-	-	-	40,367,150	-	-	-
Concourses C and Concourse D Gate Restriping and Fuel Pit Modifications	T10	1,990,479	-	-	-	-	-	-	-	-	1,990,479	-	-	-
Centralized Security Checkpoint – Phase 1	T11A	32,818,544	-	-	-	-	20,000,000	4,613,908	8,204,636	-	-	-	-	-
International Arrivals Building (IAB) Demolition	T8	2,861,405	-	-	-	-	-	-	-	-	2,861,405	-	-	-
Remain-Overnight Ramp Expansion	A12	6,393,178	-	4,794,883	-	799,147	799,147	-	-	-	-	-	-	-
South Cargo Development – Phase 2	C2	76,163,975	-	38,443,767	-	6,407,294	-	6,407,294	-	-	-	24,905,620	-	-
Milwaukee County Facilities Reconfiguration	S4	5,480,831	-	-	-	5,480,831	-	-	-	-	-	-	-	-
Airport Maintenance Area Improvements: Extend/Reconfigure Service Road to South Ramp Area	S1	35,911,672	-	26,933,754	-	4,488,959	-	-	-	-	4,488,959	-	-	-
SRE Pad Construction	S2A	7,043,401	-	-	-	-	-	-	-	-	7,043,401	-	-	-
Temporary SRE Staging Area	S2B	3,525,973	-	-	-	-	-	-	-	-	3,525,973	-	-	-
South Garage – Phase 1	L1	136,221,907	-	-	-	-	-	-	-	-	136,221,907	-	-	-
South Garage Connector Walkway	L10	35,114,296	-	-	-	-	-	-	-	-	35,114,296	-	-	-
Cell Phone Lot Relocation	L2	374,669	-	-	-	-	-	-	374,669	-	-	-	-	-
Terminal Curbside Modifications	L3	125,646	-	94,235	-	-	15,706	-	15,706	-	-	-	-	-
Air Cargo Way and Airport Spur Exit Ramp Realignment	L4	9,335,600	-	7,001,700	-	1,166,950	1,166,950	-	-	-	-	-	-	-
Future Taxiway CC Construction – Phase 2 (South)	A8-3	8,673,744	1,814,705.50	4,690,602	-	1,084,218	1,084,218	-	-	-	-	-	-	-
Taxiway F1 Demolition	A16-1	925,469	-	694,102	-	115,684	115,684	-	-	-	-	-	-	-
Security Access Gate on Hutsteiner Drive	L15	138,763	-	104,072	-	17,345	17,345	-	-	-	-	-	-	-
Baggage Makeup Area Expansion – Phase 2	T9B	10,066,261	-	-	-	-	-	-	-	-	10,066,260.78	-	-	-
Commercial Vehicle Staging and Surface Parking Relocation	L5	3,405,726	-	-	-	-	-	-	1,702,863	-	-	-	1,702,863	-
Taxiway B Centerline Shift	A32	916,105	-	687,079	-	114,513	-	-	-	-	114,513	-	-	-

TABLE 10-1 (3 OF 7) ESTIMATED CAPITAL COSTS AND FUNDING SOURCES FOR THE CAPITAL IMPROVEMENT PROGRAM PROJECTS

PROJECT	PROJECT NUMBER	TOTAL	AIP		AIRPORT NOISE DISCRETIONARY GRANTS	STATE GRANTS	PFC		ADF	CIRA	GARB	PRIVATE FUNDING	CFC	CARES ACT
			ENTITLEMENTS	DISCRETIONARY			PAYGO	BONDS						
Phase II – 2024 to 2028 (Continued)														
Comprehensive Pavement Management Plan	P3-2	205,400	-	-	-	-	-	-	205,400	-	-	-	-	-
Pen-and-Ink ALP Revision	P4-2	53,845	-	-	-	-	-	-	53,845	-	-	-	-	-
Pen-and-Ink ALP Revision	P4-3	55,475	-	-	-	-	-	-	55,475	-	-	-	-	-
Prepare VALE Study	P5	135,936	-	-	-	-	-	-	135,936	-	-	-	-	-
Concourse D Roof Replacement Construction	CIP4-2	5,492,142	-	-	-	-	4,119,107	-	1,373,036	-	-	-	-	-
MKE Parking Structure Expansion Joint Replacement – Phase 2	CIP6-2	988,687	-	-	-	-	-	-	-	-	870,045	-	118,642	-
MKE PFC-Eligible SRE Replacement – Phase 2	CIP14-2	3,023,714	-	-	-	-	3,023,714	-	-	-	-	-	-	-
MKE PFC-Eligible SRE Replacement – Phase 3	CIP14-3	3,506,729	-	-	-	-	3,506,729	-	-	-	-	-	-	-
MKE PFC-Ineligible SRE Replacement – Phase 1	CIP15-1	3,670,726	-	-	-	-	-	-	-	-	3,670,726	-	-	-
MKE PFC-Eligible SRE Replacement – Phase 4	CIP15-2	4,983,764	-	-	-	-	637,922	-	-	-	4,345,842	-	-	-
MKE PFC-Ineligible SRE Replacement – Phase 2	CIP15-3	4,983,764	-	-	-	-	-	-	-	-	4,983,764	-	-	-
Concourse D Fuel Pit	CIP20	297,623	-	-	-	-	-	-	-	-	297,623	-	-	-
MKE East Hangar Apron Rehab (Common-Use Apron)	CIP21	2,120,974	-	-	-	-	-	-	-	-	-	2,120,974	-	-
Airport Administration Remodel and Reconfiguration	CIP25	2,745,342	-	-	-	-	-	-	2,745,342	-	-	-	-	-
Runway 1L-19R Rehabilitation	CIP26	42,117,786	-	-	31,588,339	-	5,264,723	5,264,723	-	-	-	-	-	-
Elevators L and N	CIP27	1,877,180	-	-	-	-	-	-	1,877,180	-	-	-	-	-
MKE Parking Structure Moving Walkways	CIP28	1,076,891	-	-	-	-	-	-	-	1,076,891	-	-	-	-
MKE Parking Structure Membrane Replacement – Phase 1	CIP34-1	1,446,597	-	-	-	-	-	-	-	1,273,005	-	-	173,592	-
MKE Parking Structure Membrane Replacement – Phase 2	CIP34-2	1,677,453	-	-	-	-	-	-	-	-	1,476,159	-	201,294	-
South Maintenance Roof Replacement	CIP35	1,708,479	-	-	-	-	-	-	1,708,479	-	-	-	-	-
Part 150 Noise: Noise Barrier Design	CIP36	1,076,891	-	-	861,513	107,689	107,689	-	-	-	-	-	-	-
Part 150 Noise: Ramp Electrification Design	CIP37	376,912	-	-	301,529	37,691	37,691	-	-	-	-	-	-	-
Central Plant Chillers 1, 2, and 4 Replacement	CIP38-1	2,262,511	-	-	-	-	1,696,883	-	565,628	-	-	-	-	-
County-Based Fuel Infrastructure (New Infrastructure for Concourse E)	CIP39	4,380,892	-	-	-	-	-	-	4,380,892	-	-	-	-	-
Replace Air Cargo Building Pavement at the Dock	CIP40	315,803	-	-	-	-	-	-	315,803	-	-	-	-	-
Terminal Charging Tables and Seating	CIP41	328,567	-	-	-	-	-	-	328,567	-	-	-	-	-
Ground Power Units (Electrical) Jet Bridges	CIP42A-1	489,624	-	-	-	-	-	-	119,028	-	370,596	-	-	-
Preconditioned Air Units	CIP42B-1	729,791	-	-	-	-	-	-	177,413	-	552,379	-	-	-
Passenger Loading Bridge Study	CIP42C	315,803	-	-	-	-	-	-	315,803	-	-	-	-	-
Passenger Loading Bridge Replacement Program	CIP42D-1	5,571,012	-	-	-	-	-	-	-	-	5,571,012	-	-	-
Rental Car Lobby Restroom Rehabilitation	CIP43	332,851	-	-	-	-	-	-	-	-	-	-	332,851	-
Rental Car Lobby Renovation	CIP44	1,164,979	-	-	-	-	-	-	-	-	-	-	1,164,979	-
Rehab Existing Employee Lot	CIP138	4,531,213	-	-	-	-	-	-	4,531,213	-	-	-	-	-
Air Cargo Building Roof	CIP69	1,614,245	-	-	-	-	-	-	-	-	1,614,245	-	-	-
Terminal/Concourse Renovation Study	CIP137	346,978	-	-	-	-	-	-	346,978	-	-	-	-	-
Vehicle Replacement – ARFF Equipment (Rolling Replacement) – AIP Eligible	CIP108A	1,595,430	-	-	-	-	1,595,430	-	-	-	-	-	-	-
Vehicle Replacement – ARFF Equipment (Rolling Replacement) – Non-AIP	CIP108C	1,595,430	-	-	-	-	-	-	1,595,430	-	-	-	-	-
Vehicle Replacement – ARFF Equipment (Rolling Replacement) – Non-AIP	CIP108D	711,103	-	-	-	-	-	-	711,103	-	-	-	-	-
Terminal Roadway Study	CIP107A	339,841	-	-	-	-	-	-	339,841	-	-	-	-	-
ARFF Overhead Doors	CIP114	631,606	-	-	-	-	-	-	631,606	-	-	-	-	-
PFAS Work Placeholder	CIP140	1,132,803	-	-	-	-	-	-	-	-	1,132,803	-	-	-
MKE Parking Structure Repair and Major Maintenance	CIP168	1,660,096	-	-	-	-	-	-	-	-	1,460,884	-	199,212	-
MKE Concourse D Moving Walkways	CIP169	5,813,317	-	-	-	-	-	-	-	-	5,813,317	-	-	-
MKE Concourse D Flooring Replacement (High Traffic Areas)	CIP170	3,083,842	-	-	-	-	-	-	-	-	3,083,842	-	-	-
MKE Super Saver Lot A Rehab	CIP171	3,389,170	-	-	-	-	-	-	3,389,170	-	-	-	-	-
MKE Surface Lot Rehab	CIP172	1,741,143	-	-	-	-	-	-	-	-	1,741,143	-	-	-
MKE Concourse D Remodel	CIP141	5,782,960	-	-	-	-	-	-	-	-	5,782,960	-	-	-
MKE Bollards Outside Ticketing	CIP142	1,108,537	-	-	-	-	-	-	1,108,537	-	-	-	-	-
MKE Part 150 Noise: Implement Noise Study Recommendations	CIP143	1,132,803	-	-	906,243	113,280	113,280	-	-	-	-	-	-	-
MKE South Apron Rehab	CIP173	24,145,447	-	18,109,085	-	3,018,181	3,018,181	-	-	-	-	-	-	-
MKE Concourse D Escalator Replacement	CIP174	2,652,853	-	-	-	-	-	-	-	-	2,652,853	-	-	-

TABLE 10-1 (4 OF 7) ESTIMATED CAPITAL COSTS AND FUNDING SOURCES FOR THE CAPITAL IMPROVEMENT PROGRAM PROJECTS

PROJECT	PROJECT NUMBER	TOTAL	AIP		AIRPORT NOISE DISCRETIONARY GRANTS	STATE GRANTS	PFC		ADF	CIRA	GARB	PRIVATE FUNDING	CFC	CARES ACT
			ENTITLEMENTS	DISCRETIONARY			PAYGO	BONDS						
Phase II – 2024 to 2028 (Continued)														
Sanitary Sewer	CIP94-1	1,095,223	-	-	-	-	-	-	-	-	1,095,223	-	-	-
MWC Joint Fill and Seal Coat	CIP175	51,691	-	46,522	-	2,585	-	-	-	2,585	-	-	-	-
MWC Obstruction Removal (15L-33R Specific)	CIP176	285,618	-	257,056	-	14,281	-	-	-	14,281	-	-	-	-
MWC Terminal Facility	CIP177	3,148,114	-	-	-	1,200,000	-	-	-	1,898,114	50,000	-	-	-
MWC Terminal Facility Public Parking Lot	CIP178	603,149	-	-	-	-	-	-	-	-	603,149	-	-	-
MWC East Entrance Road Reconstruction/Relocation	CIP144	843,689	-	759,320	-	42,184	-	-	-	42,184	-	-	-	-
MWC Runway 15L-33R Realignment and Extension (Design)	CIP179	545,421	-	490,879	-	27,271	-	-	-	27,271	-	-	-	-
MWC Runway 15L-33R Realignment and Extension (Land)	CIP180	6,196,925	-	5,577,232	-	309,846	-	309,846	-	-	-	-	-	-
MWC Runway 15L-33R Realignment and Extension (EA)	CIP181	339,519	-	305,567	-	16,976	-	-	-	16,976	-	-	-	-
MWC Runway 15L-33R Realignment and Extension (Construction)	CIP182	17,862,249	-	16,076,024	-	893,112	-	-	-	893,112	-	-	-	-
MWC FAA Control Tower Parking Lot	CIP145	92,650	-	-	-	-	-	-	-	-	92,650	-	-	-
MWC Taxiway B and Connectors Realignment and Extension Design Plan	CIP146	1,423,223	-	1,280,901	-	71,161	-	-	-	71,161	-	-	-	-
MWC Taxiway B and Connectors Realignment and Extension	CIP147	12,080,101	-	10,872,091	-	604,005	-	-	-	604,005	-	-	-	-
Total Phase II – 2024 to 2028		\$799,232,839	\$3,587,164	\$228,366,353	\$2,069,284	\$41,619,862	\$57,186,377	\$16,625,712	\$37,309,576	\$5,919,586	\$348,820,080	\$53,835,414	\$3,893,433	-
Phase III – 2029 to 2040														
Concourse D-E Connector Phase 2	T1D	22,625,044	-	-	-	-	-	-	-	-	22,625,044	-	-	-
Additional Concourse E Gates	T7	3,952,967	-	-	-	-	-	-	-	-	3,952,967	-	-	-
Airline GSE Building Relocation – Phase 1	T6-1	3,446,401	-	-	-	-	-	-	-	-	-	3,446,401	-	-
Parking Exit Revenue Plaza Relocation	L6	7,462,837	-	-	-	-	-	-	-	3,731,419	3,731,419	-	-	-
Landside Dry Detention Basin	L16	1,924,554	-	1,443,415	-	240,569	240,569	-	-	-	-	-	-	-
Concourse C Hammerhead Expansion	T5	23,155,521	-	-	-	-	-	-	-	-	23,155,521	-	-	-
Tenant Taxiway Relocation (Abeam Taxiway R6)	TN6	2,109,632	-	1,582,224	-	263,704	263,704	-	-	-	-	-	-	-
Taxiway R Realignment – Phase 2	A7-2	23,790,738	1,879,085.00	15,963,969	-	2,973,842	2,973,842	-	-	-	-	-	-	-
Taxiway R Realignment – Phase 3	A7-3	17,927,412	-	13,445,559	-	2,240,927	2,240,927	-	-	-	-	-	-	-
Runway 13-31 Decommissioning	A14	15,231,476	1,836,061.25	9,587,546	-	1,903,935	-	1,903,935	-	-	-	-	-	-
Taxiways F and C Extension	A15	10,101,975	1,900,731.50	5,675,750	-	1,262,747	1,262,747	-	-	-	-	-	-	-
Zulu Pad Demolition	A16-2	3,872,545	-	2,904,409	-	484,068	484,068	-	-	-	-	-	-	-
Future Taxiway CC Construction – Phase 3	A8-4	82,515,118	-	61,886,338	-	10,314,390	10,314,390	-	-	-	-	-	-	-
South Ramp Demolition	A18A	8,569,905	1,857,524.75	4,569,904	-	1,071,238	1,071,238	-	-	-	-	-	-	-
Rehabilitate South Ramp	A18B	7,790,904	-	5,843,178	-	973,863	973,863	-	-	-	-	-	-	-
Deicing Fluid Storage Tank Relocation	C3	345,908	-	-	-	-	-	-	345,908	-	-	-	-	-
Super Saver Lot B Demolition	C4	2,452,534	-	-	-	-	-	-	2,452,534	-	-	-	-	-
West Cargo Area Expansion	C5	61,032,921	-	-	-	-	-	-	-	-	31,432,921	29,600,000	-	-
Northeast Quadrant GA Campus – Phase 3	GA6	22,179,774	-	-	-	-	-	-	-	-	8,679,774	13,500,000	-	-
Northwest Quadrant GA Campus – Phase 1	GA7	28,213,660	-	-	-	-	-	-	14,713,660	-	-	13,500,000	-	-
Centralized Security Checkpoint – Phase 2	T11B	15,486,561	-	-	-	-	11,614,920	-	3,871,640	-	-	-	-	-
Implementation of Common-Use Airline Check-in Facilities – Phase 2	T12	24,912,993	-	-	-	-	24,912,993	-	-	-	-	-	-	-
Baggage Screening Area Expansion	T18	7,080,469	-	-	-	-	7,080,469	-	-	-	-	-	-	-
Employee Parking, Service Road (Phase 1), and Guard Post Relocation	L7	7,477,307	-	5,607,981	-	934,663	934,663	-	-	-	-	-	-	-
Vehicle Service Road Relocation	A20	3,058,192	-	2,293,644	-	382,274	382,274	-	-	-	-	-	-	-
Aircraft Maintenance Facility Relocation	TN7	10,800,892	-	-	-	-	-	-	3,700,892	-	-	7,100,000	-	-
Runway 7L Extension	A21	2,861,902	1,376,487.75	769,938	-	357,738	357,738	-	-	-	-	-	-	-
Parallel Taxiway (Outboard of Runway 7L-25R)	A22	41,683,052	2,115,566.25	29,146,722	-	5,210,381	5,210,381	-	-	-	-	-	-	-
Central Deice Pad	A23	27,622,633	-	20,716,975	-	3,452,829	3,452,829	-	-	-	-	-	-	-
South Parking Structure – Phase 2	L8	136,887,884	-	-	-	-	-	-	-	-	136,887,884	-	-	-
South Aircraft Maintenance Campus	TN8	78,882,698	-	-	-	-	-	-	-	-	-	78,882,698	-	-
Baggage Makeup Area Expansion – Phase 3	T9C	5,566,132	-	-	-	-	5,566,132	-	-	-	-	-	-	-

TABLE 10-1 (5 OF 7) ESTIMATED CAPITAL COSTS AND FUNDING SOURCES FOR THE CAPITAL IMPROVEMENT PROGRAM PROJECTS

PROJECT	PROJECT NUMBER	TOTAL	AIP		AIRPORT NOISE DISCRETIONARY GRANTS	STATE GRANTS	PFC		ADF	CIRA	GARB	PRIVATE FUNDING	CFC	CARES ACT
			ENTITLEMENTS	DISCRETIONARY			PAYGO	BONDS						
Phase III – 2029 to 2040 (Continued)														
Data Recovery Center Relocation	S3	12,958,128	-	9,718,596	-	1,619,766	1,619,766	-	-	-	-	-	-	-
AWOS/ASDE Relocation	A24	3,374,239	-	2,530,680	-	421,780	421,780	-	-	-	-	-	-	-
North RON Pad	A25	17,003,868	2,031,016.00	10,721,885	-	2,125,484	2,125,484	-	-	-	-	-	-	-
Northwest Quadrant GA Campus – Phase 2	GA8	51,351,686	-	-	-	-	-	-	-	-	29,651,686	21,700,000	-	-
Terminal Roadway Realignment – Inbound	L9	2,696,184	-	-	-	-	2,696,184	-	-	-	-	-	-	-
Joint-Use Rental Car / Parking Garage Expansion and QTA	L11	64,816,311	-	-	-	-	-	-	29,000,000	-	3,408,156	-	32,408,156	-
West Aircraft Maintenance Facility (Adjacent to Cessna Facility)	TN9	64,291,649	-	34,343,737	-	5,723,956	5,723,956	-	-	-	-	18,500,000	-	-
Northeast Quadrant GA Campus – Phase 4	GA9	12,927,330	-	-	-	-	-	-	6,127,330	-	-	6,800,000	-	-
Runway 1L-19R Extension	A27	8,039,765	2,073,648	3,956,177	-	1,004,971	1,004,971	-	-	-	-	-	-	-
Hutsteiner Drive and Howell Avenue Intersection Improvements	L12	2,342,499	-	-	-	-	-	-	2,342,499	-	-	-	-	-
Concession Expansion	CIP47	553,949	-	-	-	-	-	-	553,949	-	-	-	-	-
GRE Apron Rehabilitation – Phase 2	CIP16-2	4,000,000	1,385,860.70	1,614,139	-	500,000	500,000	-	-	-	-	-	-	-
GRE Structure Rehabilitation (Sound Dampening Materials)	CIP49	2,049,654	-	1,537,241	-	256,207	256,207	-	-	-	-	-	-	-
Airport-Wide Security Camera System Replacement Study	CIP51	12,056,790	-	9,042,592	-	1,507,099	1,507,099	-	-	-	-	-	-	-
Airport-Wide Security Camera System Replacement	CIP51-2	14,237,627	2,052,411	8,625,809	-	1,779,703	1,779,703	-	-	-	-	-	-	-
FIDS (Current or New; Components to Be Determined) Screen Replace	CIP52	1,076,116	-	807,087	-	134,515	134,515	-	-	-	-	-	-	-
Paging System Full Replacement	CIP53	4,013,115	-	-	-	-	4,013,115	-	-	-	-	-	-	-
PARCs (Update/Replace) Hardware/Software	CIP54	4,923,993	-	-	-	-	-	-	-	3,423,993	1,500,000	-	-	-
Parking Availability Indicator System	CIP56	5,904,402	-	-	-	-	-	-	-	-	-	-	-	-
Parking Structure Major Rehabilitation/Reconstruction	CIP57	602,839	-	-	-	-	-	-	-	-	602,839	-	-	-
Super Saver Lot B Pavement Rehab	CIP58	1,468,581	-	-	-	-	-	-	-	-	1,468,581	-	-	-
Taxi Staging (Taxi Lot)	CIP60	508,328	-	-	-	-	-	-	508,328	-	-	-	-	-
Terminal Roadway Signage	CIP61	1,693,588	-	-	-	-	-	-	1,693,588	-	-	-	-	-
Taxi Dispatch (Software)	CIP62	530,499	-	-	-	-	-	-	530,499	-	-	-	-	-
Building 217 FCAP Concrete Stairs, Grating Metal Stairs, Concrete Filled Metal Pan Stairs Renewal	CIP63	254,279	-	-	-	-	-	-	254,279	-	-	-	-	-
Building 217 FCAP Electrical Emergency Light and Power, HVAC Renewals	CIP64	678,132	-	-	-	-	-	-	169,533	-	-	508,599	-	-
Building 217 FCAP 2031-2035 Building Systems and Component Rehabilitation Program – Phase 2	CIP65	935,559	-	-	-	-	-	-	935,559	-	-	-	-	-
Building 217 FCAP 2036-2040 Building Systems and Component Rehabilitation Program – Phase 3	CIP66	191,212	-	-	-	-	-	-	191,212	-	-	-	-	-
Administration Building Exterior Cladding and Curtainwall Windows Replacement	CIP68	2,675,410	-	-	-	-	-	-	2,675,410	-	-	-	-	-
Air Cargo Roadway	CIP70	1,809,681	-	-	-	-	-	-	1,809,681	-	-	-	-	-
Bag Claim (Electrical)	CIP71	5,053,449	-	-	-	-	2,526,724	-	-	-	2,526,724	-	-	-
Bag Claim (Hard Surface Floors)	CIP72	133,771	-	-	-	-	66,885	-	66,885	-	-	-	-	-
Bag Claim (HVAC)	CIP73	1,230,998	-	-	-	-	615,499	-	615,499	-	-	-	-	-
Bag Claim (Restrooms)	CIP74	123,100	-	-	-	-	-	-	123,100	-	-	-	-	-
Bag Claim (Water, Sprinkler, Sanitary Sewer)	CIP75	546,319	-	-	-	-	273,159	-	273,159	-	-	-	-	-
Cargo Apron Rehab	CIP76-0	4,308,494	-	-	-	-	-	-	-	-	-	4,308,494	-	-
Cargo Apron – East Phase 1	CIP76-1	3,848,794	-	-	-	-	-	-	-	-	-	3,848,794	-	-
Cargo Apron – East Phase 2	CIP76-2	3,848,794	-	-	-	-	-	-	-	-	-	3,848,794	-	-
Cargo Apron – West Phase 1	CIP77-1	3,066,211	-	-	-	-	-	-	-	-	-	3,066,211	-	-
Cargo Apron – West Phase 2	CIP77-2	3,066,211	-	-	-	-	-	-	-	-	-	3,066,211	-	-
Concourse C	CIP80	401,312	-	-	-	-	-	-	401,312	-	-	-	-	-
Concourse D	CIP81	401,312	-	-	-	-	-	-	401,312	-	-	-	-	-
Electrical Feeder Replacement Plan	CIP82	200,000	-	-	-	-	-	-	200,000	-	-	-	-	-
Hutsteiner Roadway	CIP83	1,477,198	-	-	-	-	-	-	1,477,198	-	-	-	-	-
HVAC Central Plant Building Exterior Cladding and Curtainwall Windows Replacement	CIP84	13,944,787	-	-	-	-	-	-	-	-	13,944,787	-	-	-
Main Boilers	CIP85	3,873,971	-	-	-	-	-	-	3,873,971	-	-	-	-	-

TABLE 10-1 (6 OF 7) ESTIMATED CAPITAL COSTS AND FUNDING SOURCES FOR THE CAPITAL IMPROVEMENT PROGRAM PROJECTS

PROJECT	PROJECT NUMBER	TOTAL	AIP		AIRPORT NOISE DISCRETIONARY GRANTS	STATE GRANTS	PFC		ADF	CIRA	GARB	PRIVATE FUNDING	CFC	CARES ACT
			ENTITLEMENTS	DISCRETIONARY			PAYGO	BONDS						
Phase III – 2029 to 2040 (Continued)														
Main Terminal Building Exterior Cladding and Curtainwall Windows Replacement	CIP86	20,917,180	-	-	-	-	-	-	-	-	20,917,180	-	-	-
Maintenance Garage Pavement	CIP87	2,338,897	-	-	-	-	-	-	2,338,897	-	-	-	-	-
Maintenance Mechanical Interior Infrastructure (Lifts, Overhead Crane, Compressors, etc.)	CIP88	1,808,518	-	-	-	-	-	-	1,808,518	-	-	-	-	-
North FBO Apron (Concrete Area) Leased	CIP89	6,828,985	-	-	-	-	-	-	-	-	-	6,828,985	-	-
North FBO Apron (Concrete Area) Not Leased	CIP90	2,091,718	-	1,568,788	-	261,465	261,465	-	-	-	-	-	-	-
Rolling HVAC/CRAC Unit Replacements	CIP92	1,234,615	-	-	-	-	-	-	1,234,615	-	-	-	-	-
Rolling Uninterrupted Power Supply (UPS) Replacement	CIP93	271,794	-	-	-	-	-	-	271,794	-	-	-	-	-
Sanitary Sewer	CIP94-2	1,205,679	-	-	-	-	-	-	1,205,679	-	-	-	-	-
Skywalk Glass	CIP95	6,146,086	-	-	-	-	-	-	-	-	6,146,086	-	-	-
South Maintenance Road (Citation Way)	CIP96	1,638,956	-	-	-	-	-	-	1,638,956	-	-	-	-	-
SRE Replacement (PFC Eligible)	CIP97-1	16,389,563	-	-	-	-	16,389,563	-	-	-	-	-	-	-
SRE Replacement (Not PFC Eligible)	CIP97-2	9,560,578	-	-	-	-	-	-	9,560,578	-	-	-	-	-
SRE Storage Facility (Replace Current Storage Location at 440th)	CIP98	24,113,579	-	18,085,184	-	3,014,197	3,014,197	-	-	-	-	-	-	-
Terminal Apron – Alley C-D Phase 1	CIP99	4,535,921	-	3,401,940	-	566,990	566,990	-	-	-	-	-	-	-
Terminal Apron – Alley C-D Phase 2	CIP100	4,535,921	-	3,401,940	-	566,990	566,990	-	-	-	-	-	-	-
Terminal Apron – Alley D-E Phase 1	CIP101	4,456,577	-	3,342,432	-	557,072	557,072	-	-	-	-	-	-	-
Terminal Apron – Alley D-E Phase 2	CIP102	4,456,577	-	3,342,432	-	557,072	557,072	-	-	-	-	-	-	-
Terminal Apron – D Hammerhead Phase 2	CIP103	8,195,986	-	6,146,990	-	1,024,498	1,024,498	-	-	-	-	-	-	-
Terminal Apron – IAB Phase 1	CIP104	5,713,129	2,009,482	2,275,364	-	714,141	714,141	-	-	-	-	-	-	-
Terminal Apron – IAB Phase 2	CIP105	5,713,129	-	4,284,846	-	714,141	714,141	-	-	-	-	-	-	-
Terminal LED Lighting	CIP106	6,028,395	-	-	-	-	-	-	6,028,395	-	-	-	-	-
Terminal Roadway Rehabilitation	CIP107B	12,832,430	-	-	-	-	-	-	-	-	12,832,430	-	-	-
Vehicle Replacement – ARFF Equipment (Rolling Replacement) – AIP Eligible	CIP108B	1,901,144	-	-	-	-	1,901,144	-	-	-	-	-	-	-
Water Main Installation Concourse D to Concourse C	CIP109	1,256,849	-	942,637	-	157,106	157,106	-	-	-	-	-	-	-
Firehouse Access Road (Taxiway R)	CIP111	635,096	-	476,322	-	79,387	79,387	-	-	-	-	-	-	-
Firehouse Access Road (Taxiway Y)	CIP112	1,024,348	-	768,261	-	128,043	128,043	-	-	-	-	-	-	-
Property Management, Leasing, and Accounts Receivable System (ABRM)	CIP113	912,908	-	-	-	-	-	-	912,908	-	-	-	-	-
Fire Detection (Hardware and Software)	CIP115	17,483,124	-	-	-	-	8,741,562	-	-	-	8,741,562	-	-	-
IT Fire Suppression (Clean Agent)	CIP117	399,421	299,565.97	-	-	49,928	49,928	-	-	-	-	-	-	-
Public Safety Radio Repeaters	CIP118	1	-	1	-	-	-	-	-	-	-	-	-	-
Intrusion Detection Systems	CIP120	4,183,436	-	3,137,577	-	522,929	522,929	-	-	-	-	-	-	-
PACs – Complete System Replacement	CIP121	8,982,701	-	-	-	-	-	-	-	-	8,982,701	-	-	-
Radio Replacement	CIP122	2,338,244	-	-	-	-	-	-	2,338,244	-	-	-	-	-
Security Gates in Perimeter Fencing – Phase 1	CIP123-1	819,478	-	614,609	-	102,435	102,435	-	-	-	-	-	-	-
Security Gates in Perimeter Fencing – Phase 2	CIP123-2	786,115	589,586.00	-	-	98,264	98,264	-	-	-	-	-	-	-
Security Gates in Perimeter Fencing – Phase 3	CIP123-3	802,623	601,967.30	-	-	100,328	100,328	-	-	-	-	-	-	-
Ground Power Units (Electrical) Jet Bridges	CIP42A-2	1,072,802	-	-	-	-	-	-	-	-	1,072,802	-	-	-
Preconditioned Air Units	CIP42B-2	1,599,028	-	-	-	-	-	-	-	-	1,599,028	-	-	-
Passenger Loading Bridge Replacement Program	CIP42D-2	12,989,584	-	-	-	-	-	-	12,989,584	-	-	-	-	-
Central Plant Chiller 3 Replacement	CIP38-2	828,620	-	-	-	-	621,465	-	207,155	-	-	-	-	-
Total Phase III – 2029 to 2040		\$1,265,542,406	\$22,008,993	\$316,124,819	-	\$56,355,635	\$141,471,516	\$1,903,935	\$125,748,662	\$7,155,412	\$343,860,091	\$218,505,187	\$32,408,156	-
Phase IV – 2040 and Beyond														
Taxiway V Relocation	A28	-	-	-	-	-	-	-	-	-	-	-	-	-
West Cargo Building Renovation – Phase 1	C6	-	-	-	-	-	-	-	-	-	-	-	-	-
West Cargo Building Renovation – Phase 2	C7	-	-	-	-	-	-	-	-	-	-	-	-	-
Bypass Taxiway (Runway 25L End)	A29	-	-	-	-	-	-	-	-	-	-	-	-	-
West Parking Structure	L13	-	-	-	-	-	-	-	-	-	-	-	-	-
Concourse C Checkpoint Expansion – Phase 2	T15	-	-	-	-	-	-	-	-	-	-	-	-	-
Concourse D Checkpoint Expansion	T16	-	-	-	-	-	-	-	-	-	-	-	-	-
Concourse E Expansion – Phase 4	T17	-	-	-	-	-	-	-	-	-	-	-	-	-

TABLE 10-1 (7 OF 7) ESTIMATED CAPITAL COSTS AND FUNDING SOURCES FOR THE CAPITAL IMPROVEMENT PROGRAM PROJECTS

PROJECT	PROJECT NUMBER	TOTAL	AIP		AIRPORT NOISE DISCRETIONARY GRANTS	STATE GRANTS	PFC		ADF	CIRA	GARB	PRIVATE FUNDING	CFC	CARES ACT
			ENTITLEMENTS	DISCRETIONARY			PAYGO	BONDS						
Phase IV – 2040 and Beyond (Continued)														
Relocate Airline GSE Building – Phase 2	T6-2	-	-	-	-	-	-	-	-	-	-	-	-	-
South Parking Structure – Phase 3	L14	-	-	-	-	-	-	-	-	-	-	-	-	-
South Aircraft Maintenance Campus – Phase 2	TN10	-	-	-	-	-	-	-	-	-	-	-	-	-
Terminal Roadway Realignment - Outbound	L17	-	-	-	-	-	-	-	-	-	-	-	-	-
Fiber Optic Cabling to Business Park	CIP124	454,607	-	-	-	-	-	-	454,607	-	-	-	-	-
IT Cabling to Parking Operator	CIP125	309,436	-	-	-	-	-	-	309,436	-	-	-	-	-
Taxi (Restroom Building)	CIP126	-	-	-	-	-	-	-	-	-	-	-	-	-
Bag Claim (Envelope)	CIP127	-	-	-	-	-	-	-	-	-	-	-	-	-
In-Line Baggage (Envelope)	CIP128	-	-	-	-	-	-	-	-	-	-	-	-	-
Perimeter Bridge over Howell Avenue	CIP129	-	-	-	-	-	-	-	-	-	-	-	-	-
West Ramp	CIP130	3,558,512	-	2,668,884	-	444,814	444,814	-	-	-	-	-	-	-
Fire Detection (Infrastructure)	CIP131	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire House (1 of 3; Structure Only)	CIP132	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire House (3 of 3; Structure Only)	CIP133	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire House Garage (2 of 3; Structure Only)	CIP134	-	-	-	-	-	-	-	-	-	-	-	-	-
Perimeter Fence	CIP135	3,333,784	-	2,500,338	-	416,723	416,723	-	-	-	-	-	-	-
7R Deicer Pad	CIP136	8,664,203	2,142,728	4,355,425	-	1,083,025	1,083,025	-	-	-	-	-	-	-
Ground Power Units (Electrical) Jet Bridges	CIP42A-3	1,095,331	-	-	-	-	-	-	-	-	1,095,331	-	-	-
Preconditioned Air Units	CIP42B-3	1,632,607	-	-	-	-	-	-	-	-	1,632,607	-	-	-
Terminal Roadway Signage Structure	CIP61-2	4,186,421	-	-	-	2,093,210	-	-	2,093,210	-	-	-	-	-
Passenger Loading Bridge Replacement Program	CIP42D-3	25,231,207	-	-	-	-	12,615,603	-	-	-	12,615,603	-	-	-
Total Phase IV – 2040 and Beyond		\$48,466,108	\$2,142,728	\$9,524,647	-	\$4,037,773	\$14,560,166	-	\$2,857,253	-	\$15,343,542	-	-	-

NOTES: Projects include price escalation equal to project inflation.

ADF – Airport Development Fund

AHU – Air Handling Unit

AIP – Airport Improvement Program

ALP – Airport Layout Plan

ARFF – Aircraft Rescue and Fire Fighting

ASDE – Airport Surface Detection Equipment

AWOS – Automated Weather Observing System

CARES – Coronavirus Aid, Relief, and Economic Security

CFC – Customer Facility Charge

CIP – Capital Improvement Program

CIRA – Capital Improvement Reserve Account

EA – Environmental Assessment

FBO – Fixed Base Operator

FIDS – Flight Information Display System

GA – General Aviation

GARB – General Airport Revenue Bond

GRE – Ground Run-up Enclosure

GSE – Ground Service Equipment

HVAC – Heating, Ventilation, and Air Conditioning

IAB – International Arrivals Building

IT – Information Technology

LED – Light-Emitting Diode

MKE – Milwaukee Mitchell International Airport

MWC – Lawrence J. Timmerman Airport

PARCS – Parking Access and Revenue Control System

PFAS – Perfluoroalkyl and Polyfluoroalkyl Substances

PFC – Passenger Facility Charge

QTA – Quick Turnaround

RON- Remain Overnight

SRE – Snow Removal Equipment

SSCP – Security Screening Checkpoint

UPS – Uninterrupted Power Supply

USPS – US Postal Service

VALE – Voluntary Airport Low Emissions Program

SOURCES: KNOEMA US Inflation Forecast. <https://knoema.com/kyaewad/us-inflation-forecast-2022-2023-and-long-term-to-2030-data-and-charts> (accessed April 2022); Milwaukee Mitchell International Airport; Unison Consulting Inc., September 2022.

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10.3 PROPOSED FUNDING PLAN

The recommended funding plan includes the following sources:

- FAA AIP grants (entitlement and discretionary grants)
- Airport noise discretionary grants
- PFCs
- WisDOT grants (state grants)
- CFCs
- CIRA
- private funding
- Coronavirus Aid, Relief, and Economic Security (CARES) Act funds
- Airport Development Fund
- General Airport Revenue Bonds (GARBs)

In the current economic and industry environment, airports are facing significant challenges related to the funding of capital improvements. The industry experienced a dramatic decrease in air travel demand during the COVID-19 pandemic, starting when the COVID-19 pandemic was declared a national emergency in the United States on March 13, 2020. The subsequent COVID-19 related regulations significantly disrupted travel and business operations, and the U.S. entered a recession. The U.S. economy began to recover in the second half of 2020, as states began to reopen and ease travel restrictions. Economic recovery continued in 2021, Air traffic has continued on a strong recovery path, with many airports facing the need to improve and expand their facilities to accommodate anticipated future increases in demand.

With the recovery of air travel demand, U.S. airports are facing increasing challenges when funding needed capital improvements. The FAA's National Plan of Integrated Airport Systems (NPIAS), which was published on September 30, 2021 (2021 NPIAS Report), covered federal fiscal years 2021-2025, and identified a total of \$43.6 billion in unfunded AIP eligible capital needs for the period, or an average of approximately \$8.7 billion per year, net of anticipated AIP funding. After the 2021 NPIAS Report was published, additional funding did become available through the Bipartisan Infrastructure Law (BIL), which provides approximately \$3.9 billion for AIP eligible projects. However, even after accounting for BIL funding, there are an average of \$4.8 billion in estimated unfunded AIP eligible needs per year through 2025. Moreover, the 2021 NPIAS Report noted that construction costs had increased by 3.1% since the publication of the prior NPIAS report in 2019. Based on recent inflation trends, it is likely that construction costs have increased further since 2021.

The AIP, a federal grant program administered by the FAA, provides funds to public use airports for airport capital projects that meet certain criteria. AIP funding comes from revenue deposited into the Airport and Airway Trust Fund derived from revenues from ticket taxes and aviation fuel taxes. AIP grants can cover between 75 percent and 95 percent of the costs of eligible projects, depending on the type of project and the size of the airport. In developing the recommended funding plan presented in this chapter, we considered the potential amount and timing of AIP funds for eligible project costs, as described further below.

Some airport capital costs can be charged to the airlines, most commonly through either annual amortization charges (for project costs paid from airport funds), or annual debt service charges (for project costs funded with the

proceeds of revenue bonds or other debt instruments). The effect of charges to the airlines for capital projects varies by airport, depending on each airport's cost center structure, each airport's airline rates and charges methodology, the nature of the capital projects, and other airport-specific factors. However, in general, airlines often resist the funding of capital projects that will have an impact on their terminal rental rates, landing fees, and other fees and charges assessed by airports to recover capital costs. Usually the airlines are very sensitive to increases in airline rates and charges assessed by airports, even though such rates and charges are actually a relatively minor component of the airlines' overall cost structure. Labor and fuel costs are by far the major components of the airlines operating costs. However, the airlines often scrutinize any proposed or projected increases in rates and charges assessed by airports because they view airport-assessed fees as the one cost element over which airlines are able to assert some control. This is particularly true at airports with a residual rates and charges methodology and strong Majority-In-Interest (MII) provisions, under which the airlines are able to approve/disapprove major capital projects.

PFCs were originally authorized to (1) fill the gap between airport capital needs and available funding sources; and (2) provide airports with a funding source outside of incumbent airline control that could be used to foster airline competition. The gap between capital needs and other funding sources has grown over time. The need for a funding source that is not subject to airline control, so that airports can provide the facilities necessary for effective competition likewise remains or has grown over time. The originally authorizing legislation for the PFC set a maximum PFC rate (or cap) of \$3.00 per enplaned passenger. In 2000, Congress passed the Wendall H. Ford Aviation and Investment Reform Act for the 21st Century (Air-21), which included a provision to increase the PFC cap to \$4.50. However, due to inflation, the present PFC cap has substantially reduced the purchasing power of the PFC and thus the ability of the PFC to address these concerns. In developing the funding plan in this chapter, we considered the projected availability and use of PFCs for eligible capital project costs.

Given the funding challenges described above, the Master Plan team worked to develop the recommended funding plan in a way that would optimize the use of AIP funding, PFC funding, and state funding. The eligibility of each capital project was established to best leverage the Airport's AIP, PFC, and state funding resources. The Airport's AIP entitlement grants were projected based on the forecasts of enplaned passengers and matched against the anticipated AIP-eligible project costs. AIP-eligible costs that exceeded projected AIP entitlement funds were considered for AIP discretionary funding, based on the nature of each project. PFC funding was identified for all projects meeting the FAA's eligibility criteria and were subject to the projected availability of PFC revenues. State grant funding was assumed to be used for a matching portion of AIP-eligible projects. The Airport is also planning to use CARES Act funds for eligible capital costs in the near term.

The recommended strategic use of these federal and state funds is designed to minimize the effect of the capital project costs on airline rates and charges. The funding plan also utilizes CFCs and private funding, where appropriate, for specific capital projects. As a result of the analysis and projection of Airport cash flow, the funding plan seeks to utilize Airport cash flow to the extent possible. Due to the magnitude of the estimated project costs during the planning horizon, it is assumed that funding from GARB financings will be needed, with the timing and amount of each financing recommended to minimize the financial impact on the Airport's cash flow and the airline rates and charges.

The other funding sources we identified as follows (and described further in the sub-sections that follow):

- CFC funding was assumed to be used for projects that will benefit the rental car companies.
- The CIRA was used for the matching portion for certain select projects.

- Private funding was assumed to be used for specific projects that could attract private investment, such as GA and cargo projects.
- The Airport plans to apply CARES Act funds for the design cost of the Taxiway A Extension project and SRE.
- The Airport Development Fund represents the Airport's net cash flow funds that are expected to be used for projects and portions of projects that are not eligible for the other funding sources, to the extent such cash flow resources are projected to be available.
- GARBs are assumed to fund the remaining project costs.

The proposed sources and uses of capital funding by project type are summarized in **Table 10-2**. The largest funding sources are GARBs, which are estimated to fund 33.0 percent of the total CIP costs. AIP grants are projected to fund a total of 27.0 percent, followed by 16.4 percent from private funding. The largest uses of funding are estimated for terminal expansion and renovation projects and taxiway and runway projects totaling approximately 18.3 percent and 17.3 percent, respectively, of total estimated CIP costs. **Exhibit 10-1** depicts the source of funds on a percentage basis.

TABLE 10-2 (1 OF 2) SOURCES AND USES OF CAPITAL FUNDING

SOURCES OF CAPITAL FUNDING	PHASE I 2022 – 2025	PHASE II 2026 – 2030	PHASE III 2031 – 2040	PHASE IV BEYOND 2041	TOTAL
AIP – Entitlements	\$5,555,450	\$3,587,164	\$22,008,993	\$2,142,728	\$33,294,334
AIP – Discretionary	99,326,125	228,366,353	316,124,819	9,524,647	653,341,944
Airport Noise Discretionary Grants	2,075,667	2,069,284	-	-	4,144,951
State Grants	15,711,160	41,619,862	56,355,635	4,037,773	117,724,429
Pay-As-You-Go PFCs	28,712,766	57,186,377	141,471,516	14,560,166	241,930,825
GARBs Funded with PFCs	8,099,555	16,625,712	1,903,935	-	26,629,202
ADF	11,306,235	37,309,576	125,748,662	2,857,253	177,221,726
Capital Improvement Reserve Account (CIRA)	4,364,032	5,919,586	7,155,412	-	17,439,029
General Airport Revenue Bonds (GARBs)	106,430,983	348,820,080	343,860,091	15,343,542	814,454,697
Private Funding	145,792,884	53,835,414	218,505,187	-	418,133,485
CFC	608,436	3,893,433	32,408,156	-	36,910,024
CARES Act	7,978,200	-	-	-	7,978,200
Total Sources	\$435,961,492	\$799,232,839	\$1,265,542,406	\$48,466,108	\$2,549,202,846

TABLE 10-2 (2 OF 2) SOURCES AND USES OF CAPITAL FUNDING

USES OF CAPITAL FUNDING	PHASE I 2022 – 2025	PHASE II 2026 – 2030	PHASE III 2031 – 2040	PHASE IV BEYOND 2041	TOTAL
Taxiway/Runway	\$102,702,052	\$133,891,800	\$205,920,513	-	\$442,514,365
Terminal Expansion/Renovation	114,050,702	175,042,465	153,830,884	25,231,207	468,155,258
Apron	5,664,058	32,659,598	74,971,914	3,558,512	116,854,083
Parking and Roadways	9,399,823	201,508,690	188,222,277	4,186,421	403,317,211
Other Airfield Improvements	158,633	-	27,622,633	3,333,784	31,115,050
FBO	43,958,039	-	8,920,703	-	52,878,741
Cargo Facilities	36,676,027	78,094,023	91,781,998	-	206,552,048
Fuel Farm / Fuel Storage	8,460,448	5,195,289	-	-	13,655,737
General Aviation	39,000,812	32,682,852	114,672,450	-	186,356,115
Hangar	10,874,529	6,608,820	-	-	17,483,349
Rental Car	-	1,497,830	64,816,311	-	66,314,141
Maintenance Area and Facilities	4,367,575	37,620,150	152,407,119	-	194,394,844
Snow Removal Equipment	12,455,045	30,738,071	50,063,721	-	93,256,837
Other	48,193,748	63,693,251	132,311,883	12,156,184	256,355,066
Total Uses	\$435,961,492	\$799,232,839	\$1,265,542,406	\$48,466,108	\$2,549,202,846

NOTES:

ADF – Airport Development Fund

AIP – Airport Improvement Program

CARES – Coronavirus Aid, Relief, and Economic Security

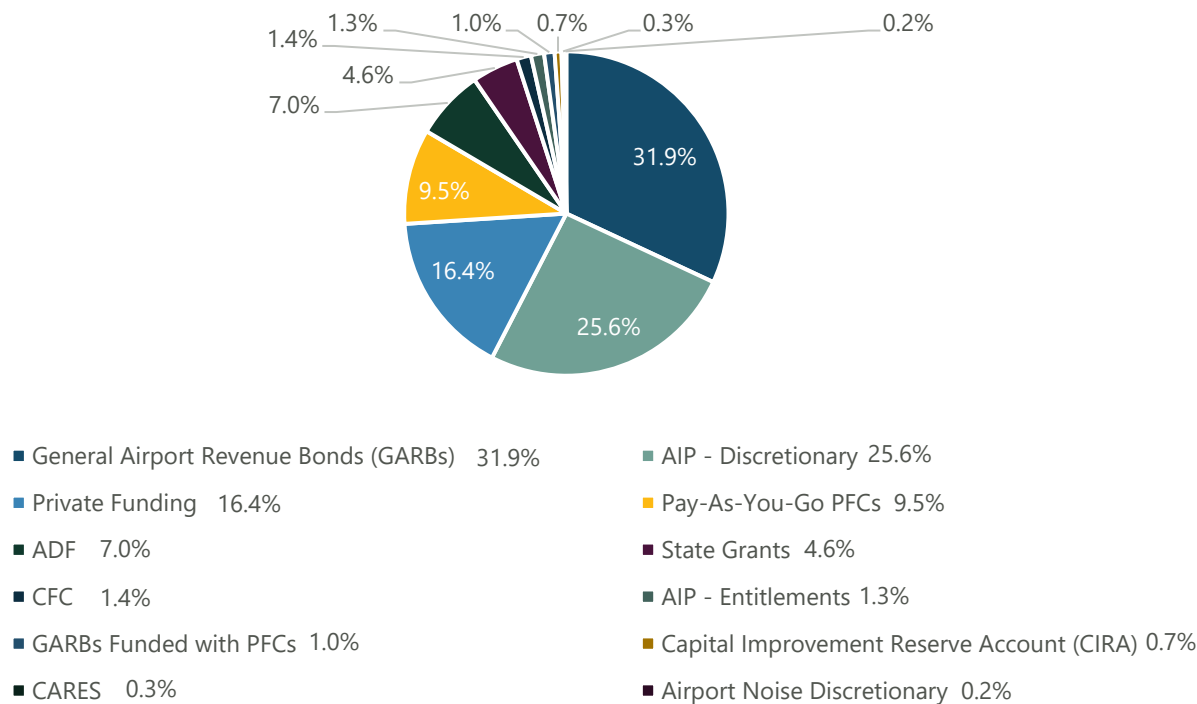
CFC – Customer Facility Charge

FBO – Fixed Base Operator

PFC – Passenger Facility Charge

SOURCES: Milwaukee Mitchell International Airport; Unison Consulting Inc., September 2022.

EXHIBIT 10-1 SOURCES OF FUNDS



SOURCE: Unison Consulting, July 2022.

10.3.1 FEDERAL AVIATION ADMINISTRATION AIRPORT IMPROVEMENT PROGRAM GRANTS

AIP grants are administered to construct and maintain infrastructure projects that increase the capacity, safety, and security at airports across the United States. The FAA issues either entitlement or discretionary grants for projects. Entitlement grants are awarded based on a formula that considers the number of passengers using the airport. The FAA awards AIP discretionary grants based on established funding priorities and the allocation of discretionary funds among nine FAA regions. The distribution of the funds to the FAA regions is based on considerations including the number and types of airports in each region, and the identified capital needs of those airports. Demand for AIP discretionary grant funding consistently exceeds funding availability. AIP discretionary grant funding amounts are based on an evaluation of amounts that can be reasonably expected to be made available to the Airport considering historic AIP discretionary grant funding provided to the Airport, the timing of projects identified for AIP discretionary grant funding, and the level of AIP discretionary grant funding support provided to similar projects at comparable airports. This analysis assumes that the FAA AIP grant program will continue throughout the projection period.

Table 10-3 presents the projections for AIP entitlement grants for MKE over the projection period. The funding plan assumes a total of \$33.3 million in entitlement grants and that \$655.3 million will be awarded in discretionary grants.

TABLE 10-3 PROJECTED AIRPORT IMPROVEMENT PROGRAM ENTITLEMENTS

AIP ENTITLEMENTS	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2040	2045
Enplaned Passengers ¹	1,379,995	2,045,899	3,096,854	3,579,050	4,059,835	4,143,874	4,228,822	4,314,245	4,400,099	4,834,295	5,264,590	5,764,763
\$15.60 for first 50,000 Passengers	\$780,000	\$780,000	\$780,000	\$780,000	\$780,000	\$780,000	\$780,000	\$780,000	\$780,000	\$780,000	\$780,000	\$780,000
\$10.40 for next 50,000 Passengers	520,000	520,000	520,000	520,000	520,000	520,000	520,000	520,000	520,000	520,000	520,000	520,000
\$5.20 for next 400,000 Passengers	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000
\$1.30 for next 500,000 Passengers	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
\$1.00 for each Passenger over 1 Million	379,995	1,045,899	2,096,854	2,579,050	3,059,835	3,143,874	3,228,822	3,314,245	3,400,099	3,834,295	4,264,590	4,764,763
Subtotal of AIP Entitlements	\$4,409,995	\$5,075,899	\$6,126,854	\$6,609,050	\$7,089,835	\$7,173,874	\$7,258,822	\$7,344,245	\$7,430,099	\$7,864,295	\$8,294,590	\$8,794,763
Reduction due to PFC	(3,307,496)	(3,806,924)	(4,595,141)	(4,956,787)	(5,317,376)	(5,380,406)	(5,444,117)	(5,508,184)	(5,572,574)	(5,898,221)	(6,220,943)	(6,596,072)
Total AIP Entitlements	\$1,102,499	\$1,268,975	\$1,531,714	\$1,652,262	\$1,772,459	\$1,793,469	\$1,814,706	\$1,836,061	\$1,857,525	\$1,966,074	\$2,073,648	\$2,198,691

NOTES:

AIP – Airport Improvement Program

PFC – Passenger Facility Charge

¹ Based on enplaned passengers from 2 fiscal years prior. For example, the 2022 AIP entitlements are based on the 2020 enplaned passengers.

SOURCES: Milwaukee Mitchell International Airport records; FAA.gov; Unison Consulting, September 2022.

10.3.2 AIRPORT NOISE DISCRETIONARY GRANTS

The FAA works with airport operators to help reduce aircraft noise. The FAA supports several initiatives to reduce the number of people who are exposed to aviation-related noise, and it provides federal funds to help eliminate or reduce the noise impacts in homes and schools near airports. The funding plan assumes these grants will be used to fund approximately \$4.1 million of project costs.

10.3.3 PASSENGER FACILITY CHARGES

PFCs are fees imposed by an airport operator based on enplaned passengers; they are used for specific projects approved by the FAA. According to federal regulations, PFC projects must (1) preserve or enhance the safety, security, or capacity of the national air transportation system; (2) reduce noise or mitigate noise impacts resulting from an airport; or (3) furnish opportunities for enhanced competition between or among air carriers. The Airport is currently authorized by the FAA to collect a PFC of \$4.50 per enplaned passenger at MKE.

Since the inception of the PFC program, the Airport has received cumulative approval to collect and use a total of approximately \$383.4 million in PFCs. The Airport's most recent application, Application 19, was approved on December 21, 2021, and it extends the right to collect PFCs until June 1, 2027. In 2022, The Airport pledged approximately \$8.3 million in PFCs to pay debt service for projects that were funded with GARBs that were backed by PFCs. This amount will decline during the projection period as the bonds expire over time.

Table 10-4 shows the projected PFC collections. The funding plan assumes that the Airport will submit several future PFC applications for PFC-eligible project costs at the Airport. In addition, the PFC cash flow includes approximately \$10.7 million of PFC revenues that will be paid back to the Airport Development Fund. The funding plan assumes the Airport will apply approximately \$268.6 million in PFCs for the Airport's MPU projects. Projects will be funded with approximately \$241.9 million in PFC pay-as-you-go money and \$26.6 million in GARBs, with debt service payments paid from PFCs. This bond structure will allow the Airport to receive the most favorable financing. The bonds are projected to be sold in 2024 and 2029. The estimated debt service associated with the bond issues are approximately \$1.1 million and \$997,000 per year, respectively.

10.3.4 WISCONSIN DEPARTMENT OF TRANSPORTATION GRANTS

The Airport anticipates the use of WisDOT grants as part of the MPU funding. These grants are funds administered by the state for the purpose of assisting airport operators in funding various capital improvement projects. All projects funded with state grants must meet the FAA's eligibility criteria. For any project eligible for state funding, MKE receives 12.5 percent of the funding after the FAA grant. State grants are expected to fund approximately \$117.7 million of the project costs.

10.3.5 CUSTOMER FACILITY CHARGES

A rental car CFC is a user fee that is imposed by the airport operator on each rental car user. CFCs are only permitted to be used for projects or expenses that benefit the rental car users or the rental car companies. At MKE, the Airport currently charges a CFC of \$0.50 per vehicle rental day. The fee is collected from the rental car customers by the rental car companies and remitted to the Airport. CFCs will be used to fund approximately \$36.9 million of the project costs.

TABLE 10-4 PROJECTED PASSENGER FACILITY CHARGE REVENUE

PFC CASH FLOW		BUDGET 2022	BUDGET 2023	2024	2025	2026	2027	2028	2029	2030	2035	2040	2045
Enplaned Passengers		3,096,854	3,579,050	4,059,835	4,143,874	4,228,822	4,314,245	4,400,099	4,486,340	4,572,926	5,007,928	5,432,265	5,997,660
Percent of Ineligible Enplaned Passengers	11.3%	349,945	404,433	458,761	468,258	477,857	487,510	497,211	506,956	516,741	565,896	613,846	677,736
PFC Eligible Enplaned Passengers		2,746,910	3,174,617	3,601,074	3,675,616	3,750,965	3,826,735	3,902,888	3,979,384	4,056,185	4,442,032	4,818,419	5,319,924
PFC Beginning Balance		\$42,637,288	\$28,707,238	\$31,057,093	\$21,057,166	\$782,445	\$8,079,377	\$15,774,257	\$17,449,301	\$1,402,045	\$37,202,755	\$58,517,312	\$102,714,666
Annual PFC Revenue	\$4.39	12,058,934	13,936,569	15,808,713	16,135,955	16,466,737	16,799,368	17,133,677	17,469,494	17,806,654	19,500,521	21,152,860	23,354,466
Interest Received	1%	426,373	287,072	310,571	210,572	7,824	80,794	157,743	174,493	14,020	372,028	585,173	1,027,147
Payback to ADF		(9,663,867)	-	-	-	-	-	-	-	-	-	-	-
PFC PAYGO for Master Plan Update Projects		(8,465,241)	(3,628,625)	(16,853,229)	(27,407,423)	-	(49,928)	(6,526,445)	(23,639,645)	(3,664,867)	(17,329,633)	(13,936,828)	(326,748)
Existing PFC Debt Service		(8,286,250)	(8,245,162)	(8,209,258)	(8,157,100)	(8,120,906)	(8,078,630)	(8,033,207)	(7,998,212)	(5,774,623)	(716,651)	-	-
PFC Bond Series 2024		-	-	(1,056,724)	(1,056,724)	(1,056,724)	(1,056,724)	(1,056,724)	(1,056,724)	(1,056,724)	(1,056,724)	(1,056,724)	(1,056,724)
PFC Bond Series 2029		-	-	-	-	-	-	-	(996,661)	(996,661)	(996,661)	(996,661)	(996,661)
PFC Bond Series 2030										(494,068)	(494,068)	(494,068)	(494,068)
PFC Ending Balance		\$28,707,238	\$31,057,093	\$21,057,166	\$782,445	\$8,079,377	\$15,774,257	\$17,449,301	\$1,402,045	\$7,235,776	\$36,481,566	\$63,771,063	\$124,222,076

NOTES:

ADF – Airport Development Fund

PAYGO – Pay as You Go

PFC – Passenger Facility Charge

SOURCES: Milwaukee Mitchell International Airport records; Unison Consulting, Inc., September 2022.

10.3.6 CAPITAL IMPROVEMENT RESERVE ACCOUNT

The CIRA was initially funded in 1985 by the Airport. The CIRA funds can be used to pay for capital improvements or major maintenance at MKE or MWC, or they may be used as the matching portion for federally funded projects. Any CIRA funds used for projects will be depreciated over the useful life of the project and deposited back into the CIRA. **Table 10-5** shows the annual beginning balance, depreciation from CIRA-funded projects that is deposited back into the CIRA, and the MPU project expenditures.

10.3.7 PRIVATE FUNDING

The Airport anticipates the use of private funding to pay for approximately \$418.1 million of the MPU projects. The Airport intends to aggressively pursue this type of financing and will delay the start of projects until funding is secured. For purposes of this financing plan, except for ground rents, no operating revenues are anticipated to be generated by this effort.

10.3.8 CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT FUNDS

The CARES Act was signed into law on March 27, 2020. The act included \$10 billion of relief funds for eligible airports to help with the impacts of the COVID-19 pandemic. The CARES Act provided funds without a required matching portion to allow airport operators to fund critical projects that may have been delayed as a result of the COVID-19 pandemic. The funding plan estimates that approximately \$6.8 million of CARES Act funds will be used for SRE, and \$1.2 million will be used for the design of the Taxiway A Extension project.

10.3.9 AIRPORT DEVELOPMENT FUND

The Airport Development Fund is a fund that was established to provide the Airport with discretionary funds to use for Airport System capital improvements or maintenance projects. Funds from the Airport Development Fund can also be used for the matching portion of federally funded and state-funded projects. The annual contributions to the Airport Development Fund are equal to 10 percent of MKE concessions and parking revenues **Table 10-6** shows the beginning balance, annual deposits, the transfer from the PFC fund and the annual MPU project expenditures. The current AULA caps the ADF balance at \$15 million per year. This cap has been in place since 2011. For this analysis, it is assumed the ADF cap will be increased in upcoming negotiations with the airlines to account for increased construction costs and inflationary factors.

10.3.10 GENERAL AIRPORT REVENUE BONDS

A GARB is a debt instrument secured by the Airport's annual revenues. MKE currently has outstanding bonds with various expiration dates (Series 2013A and 2013B, Series 2014A, Series 2016A, and Series 2019A and 2019B). A portion of annual debt service on the currently outstanding bonds is paid with pledged PFC revenues. The funding plan assumes several future GARB issues in 2022, 2023, 2024 (paid with pledged PFC revenues), 2026, 2028, 2029 (paid with pledged PFC revenues), 2034, 2037, 2040, and 2042. It was assumed that the GARB issues all include a 25-year term with semi-annual payments based on a 5 percent annual interest rate, 1.5 percent cost of issuance, and capitalized interest for 2 years. The Series 2024 and Series 2029 bonds do not include any capitalized interest. The funding plan assumes a total of \$841.1 million of GARB funding (\$814.4 million of GARBs paid with general Airport revenues and \$26.6 million paid with pledged PFC revenues). **Table 10-7** shows the total debt service by issue and by cost center.

TABLE 10-5 CAPITAL IMPROVEMENT RESERVE ACCOUNT CASH FLOW

CIRA CASH FLOW	BUDGET 2022	BUDGET 2023	2024	2025	2026	2027	2028	2029	2030	2035	2040	2045
Beginning Balance	\$7,760,967	\$6,933,403	\$5,207,636	\$4,052,160	\$2,163,676	\$2,684,184	\$1,460,643	\$712,955	\$1,462,385	\$2,317,989	\$2,439,511	\$5,291,350
Transfer from Depreciation Fund	91,952	228,160	335,112	576,710	579,668	674,574	749,430	749,430	749,430	621,331	807,902	359,291
Expenditures from Master Plan Update Projects	(919,516)	(1,953,927)	(1,490,589)	(2,465,194)	(59,160)	(1,898,114)	(1,497,117)	-	-	-	-	-
Ending Balance	\$6,933,403	\$5,207,636	\$4,052,160	\$2,163,676	\$2,684,184	\$1,460,643	\$712,955	\$1,462,385	\$2,211,815	\$2,939,320	\$3,247,413	\$5,650,640

NOTE:

CIRA – Capital Improvement Reserve Account

SOURCES: Milwaukee Mitchell International Airport records; Unison Consulting Inc., September 2022.

TABLE 10-6 AIRPORT DEVELOPMENT FUND CASH FLOW

ADF CASH FLOW	BUDGET 2022	BUDGET 2023	2024	2025	2026	2027	2028	2029	2030	2035	2040	2045
Parking	\$24,638,500	\$28,350,000	\$36,660,519	\$37,419,394	\$38,186,483	\$38,957,851	\$39,733,117	\$45,575,868	\$46,455,480	\$56,526,737	\$67,448,065	\$81,237,265
Car Rental	9,144,116	9,507,777	10,892,838	11,229,504	11,574,303	11,926,185	12,285,153	12,651,201	13,024,322	14,990,834	17,090,531	19,831,853
Gifts and Novelty	1,618,200	1,866,040	2,164,026	2,230,910	2,299,409	2,369,317	2,440,631	2,513,351	2,587,477	2,978,155	3,395,292	3,939,896
Food and Beverage	3,263,000	4,647,508	4,363,625	4,498,492	4,636,617	4,777,580	4,921,381	5,068,017	5,217,488	6,005,266	6,846,395	7,944,557
TNC	751,000	623,250	706,973	721,608	736,400	751,276	766,226	781,244	796,322	872,073	945,966	1,044,423
Other	1,632,100	1,132,470	1,297,444	1,337,545	1,378,613	1,420,526	1,463,283	1,506,883	1,551,325	1,785,556	2,035,651	2,362,169
Total	\$41,046,916	\$46,127,045	\$56,085,426	\$57,437,452	\$58,811,827	\$60,202,735	\$61,609,791	\$68,096,564	\$69,632,414	\$83,158,621	\$97,761,899	\$116,360,163
Beginning Balance	\$4,567,553	\$12,790,963	\$12,741,844	\$13,791,087	\$13,962,286	\$12,388,669	\$18,353,467	\$13,306,885	\$11,357,773	\$14,690,572	\$28,939,109	\$22,913,164
Percent Deposited in ADF	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
ADF Deposit	4,104,692	4,612,705	5,608,543	5,743,745	5,881,183	6,020,273	6,160,979	6,809,656	6,963,241	8,315,862	9,776,190	11,636,016
ADF Refund from PFC Funds	9,663,867											
Transfer to ADF-D	-	-	-	-	-	-	-	-	-	-	-	-
ADF Expenditures from Master Plan Update Projects	(5,545,149)	(4,661,824)	(4,559,299)	(5,572,546)	(7,454,800)	(55,475)	(11,207,561)	(8,758,768)	(1,380,880)	(10,870,770)	(20,927,799)	(296,441)
Ending Balance	\$12,790,963	\$12,741,844	\$13,791,087	\$13,962,287	\$12,388,669	\$18,353,467	\$13,306,885	\$11,357,773	\$16,940,134	\$12,135,665	\$17,787,500	\$34,252,740

NOTES:

ADF – Airport Development Fund

PFC – Passenger Facility Charge

TNC – Transportation Network Company

SOURCES: Milwaukee Mitchell International Airport records; Unison Consulting Inc., September 2022.

TABLE 10-7 PROJECTED DEBT SERVICE

DEBT SERVICE	BUDGET 2022	BUDGET 2023	2024	2025	2026	2027	2028	2029	2030	2035	2040	2045
Series 2013A Bonds	\$3,271,688	\$3,268,188	\$3,272,338	\$3,272,025	\$3,267,250	\$3,268,013	\$3,268,788	\$3,269,313	\$3,269,325	\$3,269,963	-	-
Series 2013B Bonds	347,144	-	-	-	-	-	-	-	-	-	-	-
Series 2014A Bonds	2,283,250	2,286,000	2,284,750	2,284,500	2,285,000	2,286,000	2,282,250	2,283,750	-	-	-	-
Series 2016A Bonds	4,523,250	4,522,250	4,529,250	4,518,500	4,525,500	4,524,000	4,524,000	4,530,000	4,521,250	-	-	-
Series 2019A Bonds	3,367,500	3,255,250	3,143,000	3,030,750	2,918,500	2,806,250	2,694,000	2,581,750	2,469,500	-	-	-
Series 2019B Bonds	3,718,000	3,549,000	-	-	-	-	-	-	-	-	-	-
Future GARBs:												
Series 2022	-	-	786,931	786,931	786,931	786,931	786,931	786,931	786,931	786,931	786,931	-
Series 2023	-	-	-	8,900,307	8,900,307	8,900,307	8,900,307	8,900,307	8,900,307	8,900,307	8,900,307	-
Series 2024 (paid with PFCs)	-	-	1,056,724	1,056,724	1,056,724	1,056,724	1,056,724	1,056,724	1,056,724	1,056,724	1,056,724	1,056,724
Series 2026	-	-	-	-	-	-	10,152,603	10,152,603	10,152,603	10,152,603	10,152,603	10,152,603
Series 2029 (paid with PFCs)	-	-	-	-	-	-	-	996,661	996,661	996,661	996,661	996,661
Series 2028	-	-	-	-	-	-	-	-	18,607,335	18,607,335	18,607,335	18,607,335
Series 2034	-	-	-	-	-	-	-	-	-	-	6,928,776	6,928,776
Series 2037	-	-	-	-	-	-	-	-	-	-	3,831,236	3,831,236
Series 2040	-	-	-	-	-	-	-	-	-	-	-	5,381,682
Series 2042	-	-	-	-	-	-	-	-	-	-	-	1,069,224
Total	\$17,510,831	\$16,880,688	\$15,072,993	\$23,849,738	\$23,740,213	\$23,628,225	\$33,665,604	\$34,558,040	\$51,254,705	\$44,264,592	\$51,754,641	\$48,518,309
Airfield	\$60,913	\$60,881	\$60,970	\$230,094	\$230,124	\$230,116	\$3,273,694	\$3,273,750	\$4,775,059	\$4,735,415	\$8,244,258	\$11,477,185
Terminal	9,141,630	8,552,610	5,723,973	14,383,803	14,310,408	14,240,712	21,279,935	21,210,620	38,135,540	36,265,073	40,962,930	34,493,671
Apron	22,039	22,035	22,069	22,016	22,050	22,043	22,043	22,072	22,030	-	-	-
PFC	8,286,250	8,245,162	9,265,983	9,213,824	9,177,630	9,135,354	9,089,931	10,051,597	8,322,076	3,264,104	2,547,454	2,547,454
Total	\$17,510,831	\$16,880,687	\$15,072,993	\$23,849,738	\$23,740,213	\$23,628,225	\$33,665,604	\$34,558,040	\$51,254,705	\$44,264,592	\$51,754,641	\$48,518,309

NOTES:

GARB – General Airport Revenue Bond

PFC – Passenger Facility Charge

SOURCES: Milwaukee Mitchell International Airport records; Unison Consulting, Inc., September 2022.

Total debt service is projected to decrease from \$17.5 million in 2022 to \$16.9 million in 2023 as the Series 2013B is set to expire. Debt service is projected to decrease further to \$15.1 million in 2024 as the Series 2019B is set to expire. A portion of the decrease is offset with the debt service from the Series 2022 and Series 2024 bonds being added to the debt service requirement. Debt service is projected to increase to \$23.8 million in 2025 as a result of the issuance of the Series 2023 GARBs. In 2028, debt service is projected to increase to \$33.7 million as a result of the Series 2026 GARBs being issued. In 2030, debt service is projected to increase to approximately \$51.3 million as the debt service from the Series 2028 GARBs is projected to be part of the debt service. Debt service is projected to decrease as a result of the scheduled maturity of several series of bonds in 2031 and 2032. In 2036, debt service is projected to increase to \$51.2 million as the debt service from the Series 2034 GARBs is included in the debt service requirement. Debt service continues to increase to \$51.8 million in 2039 as the Series 2037 debt service becomes rate based. In 2042, debt service is projected to increase to \$56.9 million before increasing to a high of \$57.1 million in 2044 with the projected issuance of the Series 2042 bonds.

10.4 AIRLINE RATES AND CHARGES METHODOLOGY

The Airport and the airlines originally entered into the AULA on October 1, 2010. The Airport executed the Amended AULA to extend the terms of the AULA for an additional 5 years, ending December 31, 2020. The Amended AULA retains most of the provisions of the AULA, including the cost center residual rate-making methodology. A residual methodology transfers the risk of revenue shortfalls to the signatory airlines, which benefit from the concessions and other non-aeronautical revenues. The signatory airlines are the airlines that have signed the Amended AULA. The signatory passenger airlines are Air Canada, Alaska, American, Delta, Frontier, JetBlue, Southwest, Spirit, and United. In addition, the signatory cargo airlines are CSA Air, FedEx, Freight Runners Express, Pro Aire Cargo, and UPS. Airlines that operate at MKE without signing the Amended AULA, operate as nonsignatory airlines and are charged 125 percent of fees. The most noteworthy change to the Amended AULA is an updated pre-approved 5-year CIP for 2016 to 2020 totaling \$147.8 million, with a Net Financing Requirement totaling \$9.0 million. The 5-year CIP was subsequently reduced to \$143.7 million, reflecting the Airport's decision to defer certain projects.

The Amended AULA was scheduled to terminate on December 31, 2020. The Airport and the airlines began negotiating an updated AULA in 2019; however, as a result of the COVID-19 pandemic, the Airport decided to postpone negotiations and approached the airlines to extend the current Amended AULA. The extensions are set to expire on December 31, 2023. Lease negotiations with the airlines have not formally restarted; however, it is assumed that the overall rate methodology in the new agreement will be similar to the Amended AULA.

The primary rates charged by the Airport are landing fees, terminal rents, apron fees, and flexible response security charges. The Amended AULA uses a residual rate-making methodology with annual deposits to the Airport Development Fund. There are five cost centers: Airfield, Terminal, Apron, Flexible Response Security, and MKE Regional Business Park. The direct and indirect costs are allocated to these cost centers, and the costs are recovered from the specific users of the facilities. The costs allocated to each cost center include O&M expenses, debt service, and depreciation. Because of the residual nature of the rates, all revenues, except for the 10 percent of concessions and parking revenues that are deposited into the Airport Development Fund, are allocated to their respective cost center to pay for each cost center's costs. The remaining costs are covered by the airlines through their rates and charges.

10.4.1 LANDING FEES

The landing fee is the sum of allocated airfield O&M expenses, debt service, and depreciation of capital expenditures, minus non-signatory airline landing fees, GA revenues, air cargo rentals, the net revenue or loss from the MKE Regional Business Park, and any other revenues attributed to the airfield, which equals the Airfield Cost

Center requirement. The signatory airline landing fee calculates the rate (per thousand pounds of landed weight) by dividing the airfield requirement by the signatory airline landed weight. In the 2022 budget, the signatory airline landing fee is \$5.34 per 1,000 pounds. The non-signatory airline landing fee is equal to 125 percent of the signatory airline landing fee. In the 2022 budget, it is equal to \$6.68 per 1,000 pounds.

10.4.2 TERMINAL RENTAL RATE

The terminal rental rate is the sum of allocated terminal O&M expenses, debt service, and depreciation of capital expenditures, minus 90 percent of concession revenues, 90 percent of parking revenues, and any other revenues attributed to the terminal, which equals the Terminal Cost Center requirement. The terminal requirement is divided by the sum of the rented square footage to determine the terminal rate per square foot. In the 2022 budget, the terminal rental rate is \$54.03.

10.4.3 APRON FEE

The apron fee is the sum of allocated apron O&M expenses, debt service, and depreciation of capital expenditures, minus any revenues attributed to the apron, which equals the Apron Cost Center requirement. The apron requirement is divided by the sum of the rented linear feet to determine the apron fee per linear foot. In the 2022 budget, the apron fee per linear foot is \$539.36.

10.4.4 FLEXIBLE RESPONSE SECURITY CHARGES

Flexible response security charges are the sum of allocated flexible response security O&M expenses and depreciation of capital expenditures, which equals the Flexible Response Security Cost Center requirement. The flexible response security requirement is divided by the sum of enplaned passengers to determine the per-passenger fee.

10.5 OPERATION AND MAINTENANCE EXPENSES

The major categories of O&M expenses are salaries and fringe benefits, contractual services, intra-county services, commodities, major maintenance, and other. The largest expense category is salaries and fringe benefits, which represented 38.1 percent of expenses in 2021. Contractual services and intra-county services are the next largest expense categories (31.7 percent and 23.3 percent of 2021 expenses, respectively).

As presented in **Table 10-8** O&M expenses increased from \$62.9 million in 2017 to \$63.7 million in 2019 before decreasing to \$59.5 million in 2020. In 2021, O&M expenses increased to \$61.7 million. Overall, expenses decreased by an average of 0.5 percent per year. The decrease in 2020 was a result of the Airport reducing expenses by implementing a hiring freeze and limiting expenses wherever possible in response to the COVID-19 pandemic.

Prior to the COVID-19 pandemic, the growth in O&M expenses at the Airport averaged 0.7 percent from 2017 to 2019, which was typical for the industry. O&M expenses are projected to increase by an average annual rate of 3.1 percent during the projection period. O&M expenses are projected to increase from \$70.8 million in the 2022 budget to \$77.4 million in the 2023 budget. O&M expenses are projected to increase to \$143.2 million in 2045. **Table 10-9** lists the projected operation and maintenance expenses.

10.5.1 SALARIES AND FRINGE BENEFITS

Salaries and fringe benefits decreased from \$27.2 million in 2017 to \$23.5 million in 2021. The decrease is a result of fringe benefits decreasing from a high of \$14.1 million in 2017 to \$10.3 million in 2021 because of a county-wide actuarial change to the treatment of pension and legacy funds. In addition, in response to the COVID-19 pandemic, the Airport implemented a hiring freeze to help mitigate the impact of the reduced traffic.

TABLE 10-8 HISTORICAL OPERATION AND MAINTENANCE EXPENSES

AIRPORT EXPENSES	ACTUAL					CAGR 2017–2021
	2017	2018	2019	2020	2021	
BY EXPENSE CATEGORY						
Salaries and Fringe Benefits						
Salaries	\$13,124,888	\$13,666,416	\$13,965,987	\$12,926,787	\$13,159,847	0.1%
Fringe Benefits	14,129,201	10,905,686	10,924,329	10,465,427	10,337,703	-7.5%
Subtotal	\$27,254,088	\$24,572,102	\$24,890,315	\$23,392,214	\$23,497,550	-3.6%
Contractual Services						
Utilities	\$5,589,511	\$5,737,580	\$5,208,584	\$4,771,438	\$5,252,325	-1.5%
Repairs/Maintenance	3,699,921	2,604,194	3,782,036	3,197,273	4,010,122	2.0%
Professional Services/Admin	8,876,816	9,550,984	10,833,611	8,210,079	9,015,037	0.4%
Other	1,614,662	1,326,149	1,541,914	1,120,814	1,269,242	-5.8%
Subtotal	\$19,780,910	\$19,218,907	\$21,366,145	\$17,299,605	\$19,546,725	-0.3%
Intra-County Services						
Sheriff	\$6,775,729	\$7,097,040	\$7,627,756	\$7,569,086	\$7,925,839	4.0%
Fleet Maintenance	-	76,380	(63,125)	2,619,234	2,199,414	N/A
Professional Services	804,263	705,075	660,841	598,103	995,025	5.5%
Insurance	386,243	713,670	287,583	467,671	1,117,177	30.4%
Other	2,460,058	2,043,472	2,506,449	2,472,728	2,117,699	-3.7%
Subtotal	\$10,426,292	\$10,635,636	\$11,019,504	\$13,726,822	\$14,355,155	8.3%
Commodities	\$4,452,520	\$5,017,435	\$5,016,596	\$2,350,378	\$3,196,685	-8.0%
Major Maintenance	\$600,470	\$228,764	\$621,701	\$195,580	\$161,498	-28.0%
Other	\$454,869	\$157,081	\$769,232	\$2,512,019	\$943,366	20.0%
Total O&M Expenses	\$62,969,149	\$59,829,924	\$63,683,494	\$59,476,618	\$61,700,980	-0.5%
BY COST CENTER						
Terminal	\$35,406,289	\$34,226,482	\$36,450,513	\$32,573,496	\$34,759,363	-0.5%
Airfield	22,204,023	20,954,344	22,238,726	21,909,289	22,171,597	0.0%
Apron	1,227,651	1,186,523	1,166,389	1,153,385	1,155,810	-1.5%
Flexible Response Security	2,818,423	2,248,819	2,395,761	2,392,765	2,492,417	-3.0%
MKE Regional Business Park	1,312,762	1,213,756	1,432,105	1,447,683	1,121,794	-3.9%
Total O&M Expenses	\$62,969,149	\$59,829,924	\$63,683,494	\$59,476,618	\$61,700,980	-0.5%

NOTES:

CAGR – Compound Annual Growth Rate

O&M – Operation and Maintenance

SOURCES: Milwaukee Mitchell International Airport records; Unison Consulting, Inc., September 2022.

TABLE 10-9 PROJECTED OPERATION AND MAINTENANCE EXPENSES

AIRPORT EXPENSES	BUDGET 2022	BUDGET 2023	PROJECTED										CAGR 2022–2045
			2024	2025	2026	2027	2028	2029	2030	2031	2040	2045	
BY EXPENSE CATEGORY													
Salaries and Fringe Benefits													
Salaries	\$16,034,769	\$15,894,096	\$16,370,919	\$16,862,046	\$17,367,908	\$17,888,945	\$18,425,613	\$18,978,382	\$19,547,733	\$20,134,165	\$26,270,519	\$30,454,732	2.8%
Fringe Benefits	11,530,112	11,185,595	11,521,163	11,866,798	12,222,802	12,589,486	12,967,170	13,356,185	13,756,871	14,169,577	18,488,084	21,432,757	2.7%
Subtotal	\$27,564,881	\$27,079,691	\$27,892,082	\$28,728,844	\$29,590,710	\$30,478,431	\$31,392,784	\$32,334,567	\$33,304,604	\$34,303,742	\$44,758,603	\$51,887,488	2.8%
Contractual Services													
Utilities	\$5,560,600	\$5,824,100	\$6,027,944	\$6,238,922	\$6,457,284	\$6,683,289	\$6,917,204	\$7,159,306	\$7,409,882	\$7,669,228	\$10,452,370	\$12,414,137	3.6%
Repairs/Maintenance	4,252,652	5,382,926	5,490,585	5,600,396	5,712,404	5,826,652	5,943,185	6,062,049	6,183,290	6,306,956	7,537,396	8,321,894	3.0%
Professional Services/Admin	12,114,581	16,188,660	16,674,320	17,174,549	17,689,786	18,220,479	18,767,094	19,330,107	19,910,010	20,507,310	26,757,388	31,019,147	4.2%
Other	1,507,645	1,907,878	1,946,036	1,984,956	2,024,655	2,065,149	2,106,451	2,148,581	2,191,552	2,235,383	2,671,490	2,949,541	3.0%
Subtotal	\$23,435,478	\$29,303,564	\$30,138,883	\$30,998,823	\$31,884,129	\$32,795,569	\$33,733,934	\$34,700,042	\$35,694,734	\$36,718,877	\$47,418,644	\$54,704,718	3.8%
Intra-County Services													
Sheriff	\$7,989,435	\$7,820,545	\$8,055,161	\$8,296,816	\$8,545,721	\$8,802,092	\$9,066,155	\$9,338,140	\$9,618,284	\$9,906,832	\$12,926,169	\$14,984,973	2.8%
Fleet Maintenance	2,808,804	2,354,111	2,424,734	2,497,476	2,572,401	2,649,573	2,729,060	2,810,932	2,895,260	2,982,117	3,890,987	4,510,720	2.1%
Professional Services	919,288	750,829	773,354	796,554	820,451	845,065	870,417	896,529	923,425	951,128	1,241,006	1,438,666	2.0%
Insurance	1,426,631	1,557,126	1,588,269	1,620,034	1,652,435	1,685,483	1,719,193	1,753,577	1,788,648	1,824,421	2,180,352	2,407,285	2.3%
Other	2,165,323	2,389,978	2,437,778	2,486,533	2,536,264	2,586,989	2,638,729	2,691,503	2,745,333	2,800,240	3,346,546	3,694,857	2.4%
Subtotal	\$15,309,481	\$14,872,589	\$15,279,296	\$15,697,414	\$16,127,271	\$16,569,202	\$17,023,553	\$17,490,681	\$17,970,950	\$18,464,739	\$23,585,061	\$27,036,502	2.5%
Commodities	\$3,811,274	\$3,959,458	\$4,058,445	\$4,159,906	\$4,263,903	\$4,370,501	\$4,479,763	\$4,591,758	\$4,706,551	\$4,824,215	\$6,024,784	\$6,816,490	2.6%
Major Maintenance	\$551,307	\$1,609,500	\$1,641,690	\$1,674,524	\$1,708,014	\$1,742,175	\$1,777,018	\$1,812,558	\$1,848,810	\$1,885,786	\$2,253,689	\$2,488,254	6.8%
Other	\$111,000	\$577,500	\$589,050	\$100,831	\$602,848	\$114,905	\$617,203	\$629,547	\$142,138	\$144,980	\$694,710	\$236,204	3.3%
Total O&M Expenses	\$70,783,421	\$77,402,302	\$79,599,445	\$81,360,342	\$84,176,875	\$86,070,782	\$89,024,256	\$91,559,153	\$93,667,787	\$96,342,339	\$124,735,490	\$143,169,656	3.1%
BY COST CENTER													
Terminal	\$39,553,582	\$44,529,483	\$45,793,498	\$46,806,541	\$48,426,890	\$49,516,453	\$51,215,584	\$52,673,908	\$53,887,004	\$55,425,672	\$71,760,229	\$82,365,390	3.2%
Airfield	25,583,077	27,220,734	27,993,422	28,612,692	29,603,206	30,269,252	31,307,926	32,199,395	32,940,957	33,881,539	43,866,803	50,349,705	3.0%
Apron	1,356,527	1,435,923	1,476,683	1,509,350	1,561,601	1,596,735	1,651,527	1,698,553	1,737,671	1,787,288	2,314,021	2,656,001	3.0%
Flexible Response Security	2,647,116	2,609,952	2,684,038	2,743,414	2,838,386	2,902,247	3,001,836	3,087,311	3,158,413	3,248,597	4,205,994	4,827,582	2.6%
MKE Regional Business Park	1,643,119	1,606,210	1,651,804	1,688,345	1,746,792	1,786,094	1,847,383	1,899,985	1,943,743	1,999,244	2,588,443	2,970,978	2.6%
Total O&M Expenses	\$70,783,421	\$77,402,302	\$79,599,445	\$81,360,342	\$84,176,875	\$86,070,782	\$89,024,256	\$91,559,153	\$93,667,787	\$96,342,339	\$124,735,490	\$143,169,656	3.1%

NOTES:
CAGR – Compound Annual Growth Rate
O&M – Operation and Maintenance
SOURCES: Milwaukee Mitchell International Airport records; Unison Consulting, September 2022.

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Salaries and fringe benefits are budgeted to increase to \$27.6 million in 2022, as a result of the Airport filling positions that were held vacant during the pandemic and adding new positions. In addition, all county positions, except for the fire department, received a 2 percent general wage increase in the 2022 budget. Salaries and fringe benefits are budgeted to decrease slightly to \$27.1 million in the 2023 budget. Salaries and fringe benefits are projected to increase by an average of 2.8 percent per year to \$51.9 million in 2045.

10.5.2 CONTRACTUAL SERVICES

Contractual services expenses include utility expenses, repair and maintenance expenses, professional services and administrative expenses, and other contractual services expenses. These expenses increased from approximately \$19.8 million in 2017 to \$21.4 million in 2019 before decreasing to \$17.3 million in 2020. In 2021, contractual services expenses increased to \$19.5 million. The most significant increase occurred in professional services and administrative expenses, which increased because the Airport hired an outside company to perform housekeeping services at the Airport and additional consulting fees occurred for an information technology (IT) assessment and the relocation of the main data center at the Airport. In addition, there was an increase in repairs and maintenance expenses for the maintenance of Airport computer equipment. In 2020, the Airport reduced contractual services expenses in response to the COVID-19 pandemic. In 2021, the Airport began to restore some of the expenses that were delayed or eliminated in 2020.

Contractual services expenses are budgeted to increase to \$23.4 million in 2022 because, after the deferral of some maintenance during the pandemic, the Airport expects the maintenance to return to pre-pandemic levels. In addition, the Airport plans to increase advertising, marketing, air service development, and other consulting needs in 2022, because these types of expenses were reduced in 2020 and 2021. In the 2023 budget, these expenses are budgeted to increase to \$29.3 million because of increased contracted winter maintenance services, and the Airport is planning multiple infrastructure studies to evaluate future repair and capital maintenance needs and associated costs. Contractual services expenses are projected to increase by an average of 3.8 percent per year to \$54.7 million in 2045.

10.5.3 INTRA-COUNTY SERVICES

Intra-county services expenses are the costs charged to the Airport System by the other county departments. These expenses include sheriff expenses, fleet expenses, professional services expenses, insurance expenses, and other county expenses. Intra-county services expenses increased by an average of 8.3 percent from \$10.4 million in 2017 to \$14.4 million in 2021. The increase is a result of the fleet services being provided by Milwaukee County and cross-charged to the Airport, as well as an increase in insurance expenses.

Intra-county services expenses are budgeted to increase to \$15.3 million in 2022. The increase is budgeted to occur because of a 2.8 percent increase in sheriff wages, 2.0 percent increase in fleet maintenance wages, and an increase in insurance expenses. Intra-county services expenses are projected to increase by an average of 2.5 percent per year to \$27.0 million in 2045.

10.5.4 COMMODITIES

Commodities expenses include building, plumbing, roadway, and other materials and supply expenses. Commodities expenses often fluctuate with the amount of snow at MKE, because more snow requires more supplies, like salt and deicer fluid. Commodities expenses increased from approximately \$4.5 million in 2017 to \$5.0 million in 2019. In 2020, these expenses decreased to \$2.3 million before increasing to \$3.2 million in 2021. The decrease in 2020 was the result of the Airport's efforts to reduce expenses during the pandemic, as well as more favorable

weather conditions than what is typical. In 2021, the weather conditions were still more favorable than what is typical; however, some expenses began to return to pre-pandemic levels.

Commodities expenses are budgeted to increase to \$3.8 million in 2022 and \$3.9 million in 2023. When budgeting for commodities, the Airport used an average expenditure level for winter chemicals and supplies, which was an increase from 2021. Commodities expenses are projected to increase by an average of 2.6 percent per year to \$6.8 million in 2045.

10.5.5 MAJOR MAINTENANCE

Major maintenance expenses are the expenses related to major repairs and maintenance of facilities, equipment, and land improvements. Major maintenance expenses fluctuated during the historical period based on annual Airport needs. In 2020, the Airport deferred as many maintenance projects as possible in response to the COVID-19 pandemic. Major maintenance expenses were approximately \$162,000 in 2021.

In 2022, major maintenance expenses are budgeted to increase to approximately \$550,000 because of the Airport's plans to demolish up to four buildings in the MKE Regional Business Park. These expenses are budgeted to increase to \$1.6 million in 2023 because of an increase in the capitalization threshold for 2023 and subsequent years. This change will increase the threshold for expensed items from \$2,500 for noncomputing items and \$1,000 for computing items to \$50,000 for all items. Major maintenance expenses are projected to increase by 6.8 percent per year to approximately \$2.5 million in 2045.

10.5.6 OTHER

Other expenses include interest, bad debt expense, certain expenses related to the issuance of bonds, and other miscellaneous charges. Other expenses increased significantly in 2020 due to one-time unusual expenses. This expense category fluctuates from year to year, with a budget of approximately \$110,000 in 2022 and \$578,000 in 2023. The increase in the 2023 budget includes approximately \$500,000 for expenses related to the issuance of bonds. Other expenses are projected to increase by an average of 3.3 percent per year, plus an additional amount for bond issuance expenses in the years in which bonds are anticipated to be issued.

10.6 REVENUES

As shown in **Table 10-10**, total Airport revenues decreased by an average of 2.3 percent per year from \$94.7 million in 2017 to \$86.3 million in 2021. Revenues decreased in 2020 and 2021 from a high of \$94.8 million in 2019 because of the reduced activity at the Airport. The revenues in 2020 included approximately \$22.5 million of federal relief funds, which helped to increase revenues.

As shown in **Table 10-11**, total Airport revenues are budgeted to increase to \$97.5 million in 2022 and \$103.5 million in 2023. The revenues in 2022 and 2023 include approximately \$10.7 and \$15.4 million of federal relief funds, respectively. The remaining federal relief funds are expected to be used in future years to offset O&M expenses. Total Airport revenues are projected to increase by an average of 3.5 percent per year to \$205.7 million in 2045.

TABLE 10-10 HISTORICAL REVENUES

AIRPORT REVENUES	ACTUAL					CAGR 2017–2021
	2017	2018	2019	2020	2021	
AIRFIELD						
Landing Fees						
Signatory Landing Fees	\$20,645,100	\$17,208,082	\$19,794,027	\$13,749,581	\$16,805,044	-5.0%
Non-Signatory Landing Fees	1,468,201	1,377,361	1,275,203	909,983	1,000,002	-9.2%
Total Landing Fees	\$22,113,301	\$18,585,444	\$21,069,229	\$14,659,564	\$17,805,046	-5.3%
General Aviation and Other						
Hangar Rentals	628,837	881,614	776,812	813,804	826,949	7.1%
Fuel and Oil Flowage Fees	222,615	253,102	227,536	189,393	285,593	6.4%
Fixed Base Operator	447,855	485,294	491,524	557,394	597,877	7.5%
Other	1,772,670	2,254,221	2,095,772	1,330,125	1,865,771	1.3%
Total GA and Other	\$3,071,976	\$3,874,230	\$3,591,644	\$2,890,717	\$3,576,190	3.9%
Air Cargo Rentals	541,031	578,246	528,588	550,539	544,643	0.2%
TOTAL AIRFIELD REVENUES	\$25,726,308	\$23,037,920	\$25,189,461	\$18,100,819	\$21,925,879	-3.9%
TERMINAL						
Space Rentals						
Space Rentals	6,325,101	2,218,150	4,397,747	8,635,771	11,491,760	16.1%
Other Charges and Fees	377,225	297,308	272,850	454,197	860,920	22.9%
Total Space Rentals	\$6,702,326	\$2,515,458	\$4,670,597	\$9,089,969	\$12,352,680	16.5%
Concessions						
Car Rental	10,996,255	10,545,569	11,220,595	6,323,086	9,063,767	-4.7%
Gifts and Novelty	1,759,862	1,865,193	1,890,429	1,082,742	1,678,401	-1.2%
Food and Beverage	3,791,619	3,852,234	3,811,901	3,612,088	1,571,337	-19.8%
TNC	-	-	878,016	296,385	460,842	N/A
Other	2,555,519	2,745,998	2,691,970	939,361	1,095,962	-19.1%
Total Concessions	\$19,103,256	\$19,008,993	\$20,492,910	\$12,253,661	\$13,870,310	-7.7%
Public Parking	27,703,163	29,621,343	28,783,304	11,143,718	18,467,093	-9.6%
Other Terminal Revenues	2,220,814	1,520,655	2,382,049	1,925,594	2,140,336	-0.9%
TOTAL TERMINAL REVENUES	\$55,729,559	\$52,666,448	\$56,328,860	\$34,412,943	\$46,830,419	-4.3%
Apron						
Signatory Apron Fees	1,032,226	1,133,233	954,233	1,210,177	1,089,515	1.4%
Other Apron Revenues	380,458	439,254	423,321	213,262	192,864	-15.6%
Total Apron Revenues	\$1,412,683	\$1,572,487	\$1,377,554	\$1,423,439	\$1,282,379	-2.4%
Other						
Flexible Response Security	2,117,888	2,249,787	2,399,431	951,542	2,307,575	2.2%
MKE Regional Business Park	973,053	451,828	521,816	745,637	546,881	-13.4%
Total Other Revenues	\$3,090,941	\$2,701,615	\$2,921,246	\$1,697,179	\$2,854,456	-2.0%
PFC Pledged Revenues	8,725,083	8,543,876	8,954,916	8,415,328	8,321,360	-1.2%
Federal Relief Funds	-	-	-	22,494,687	-	N/A
Over-Collected Airline Revenues	-	-	-	-	5,095,908	N/A
TOTAL AIRPORT REVENUES	\$94,684,574	\$88,522,348	\$94,772,037	\$86,544,396	\$86,310,400	-2.3%

NOTES:

CAGR – Compound Annual Growth Rate

N/A – Not Applicable

PFC – Passenger Facility Charge

TNC – Transportation Network Company

SOURCES: Milwaukee Mitchell International Airport records; Unison Consulting Inc., September 2022.

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TABLE 10-11 PROJECTED REVENUES

AIRPORT REVENUES	BUDGET 2022	BUDGET 2023	PROJECTED										CAGR 2022–2045
			2024	2025	2026	2027	2028	2029	2030	2035	2040	2045	
AIRFIELD													
Landing Fees													
Signatory Landing Fees	\$18,175,284	\$18,727,715	\$24,707,569	\$25,441,812	\$27,100,082	\$27,085,209	\$31,349,212	\$31,824,444	\$33,906,892	\$36,366,931	\$44,648,758	\$50,416,307	4.7%
Non-Signatory Landing Fees	1,685,515	937,711	1,699,856	1,713,543	1,783,075	1,750,904	1,992,815	1,997,741	2,110,954	4,336,059	5,323,508	6,011,177	6.0%
Total Landing Fees	\$19,860,799	\$19,665,426	\$26,407,425	\$27,155,355	\$28,883,156	\$28,836,114	\$33,342,028	\$33,822,185	\$36,017,846	\$40,702,990	\$49,972,265	\$56,427,485	4.9%
General Aviation and Other													
Hangar Rentals	816,024	796,700	812,634	828,887	845,464	862,374	879,621	897,214	915,158	1,010,408	1,115,572	1,231,682	1.9%
Fuel and Oil Flowage Fees	247,000	319,000	359,044	363,653	368,270	372,861	377,443	381,787	386,414	409,904	434,880	457,063	2.8%
Fixed Base Operator	599,413	634,450	689,950	698,806	707,679	716,500	725,305	733,654	742,544	787,684	835,679	878,307	1.8%
Other	1,599,083	1,690,276	1,724,082	1,758,563	1,793,734	1,829,609	1,866,201	1,903,525	1,941,596	2,143,679	2,366,795	2,613,132	2.3%
Total GA and Other	\$3,261,520	\$3,440,426	\$3,585,710	\$3,649,908	\$3,715,148	\$3,781,344	\$3,848,570	\$3,916,180	\$3,985,711	\$4,351,675	\$4,752,926	\$5,180,185	2.1%
Air Cargo Rentals	545,124	613,000	567,147	578,490	590,060	601,861	613,898	626,176	638,700	705,176	778,571	859,606	2.1%
TOTAL AIRFIELD REVENUES	\$23,667,443	\$23,718,852	\$30,560,281	\$31,383,753	\$33,188,364	\$33,219,319	\$37,804,496	\$38,364,541	\$40,642,257	\$45,759,840	\$55,503,763	\$62,467,275	4.5%
TERMINAL													
Space Rentals													
Space Rentals	7,501,717	4,796,094	3,395,253	12,047,847	14,095,881	12,046,721	23,754,544	14,987,577	31,701,207	25,547,675	27,259,228	13,574,713	2.7%
Other Charges and Fees	265,403	211,328	491,168	506,415	521,993	537,810	553,860	570,143	586,650	671,903	758,715	837,683	5.4%
Total Space Rentals	\$7,767,120	\$5,007,422	\$3,886,421	\$12,554,262	\$14,617,874	\$12,584,531	\$24,308,404	\$15,557,719	\$32,287,857	\$26,219,578	\$28,017,943	\$14,412,396	2.8%
Concessions													
Car Rental	9,144,116	9,507,777	10,892,838	11,229,504	11,574,303	11,926,185	12,285,153	12,651,201	13,024,322	14,990,834	17,090,531	19,831,853	3.6%
Gifts and Novelty	1,618,200	1,866,040	2,164,026	2,230,910	2,299,409	2,369,317	2,440,631	2,513,351	2,587,477	2,978,155	3,395,292	3,939,896	4.1%
Food and Beverage	3,263,000	4,647,508	4,363,625	4,498,492	4,636,617	4,777,580	4,921,381	5,068,017	5,217,488	6,005,266	6,846,395	7,944,557	4.1%
TNC	751,000	623,250	706,973	721,608	736,400	751,276	766,226	781,244	796,322	872,073	945,966	1,044,423	1.5%
Other	1,632,100	1,132,470	1,297,444	1,337,545	1,378,613	1,420,526	1,463,283	1,506,883	1,551,325	1,785,556	2,035,651	2,362,169	1.7%
Total Concessions	\$16,408,416	\$17,777,045	\$19,424,907	\$20,018,058	\$20,625,343	\$21,244,884	\$21,876,674	\$22,520,696	\$23,176,934	\$26,631,884	\$30,313,835	\$35,122,898	3.5%
Public Parking	24,638,500	28,350,000	36,660,519	37,419,394	38,186,483	38,957,851	39,733,117	45,575,868	46,455,480	56,526,737	67,448,065	81,237,265	5.6%
Other Terminal Revenues	1,828,549	1,295,233	1,159,908	1,183,106	1,206,769	1,230,904	1,255,522	1,280,632	1,306,245	1,442,200	1,592,305	1,758,034	-0.2%
TOTAL TERMINAL REVENUES	\$50,642,585	\$52,429,700	\$61,131,755	\$71,174,820	\$74,636,469	\$74,018,170	\$87,173,716	\$84,934,916	\$103,226,516	\$110,820,399	\$127,372,148	\$132,530,593	4.5%
Apron													
Signatory Apron Fees	1,194,049	1,226,952	1,540,085	1,572,081	1,623,746	1,658,257	1,712,434	1,758,879	1,797,347	2,035,520	2,345,931	2,684,378	3.8%
Non-Signatory Apron Fees	115,735	56,062	59,827	60,447	61,066	61,683	62,297	62,907	63,514	66,480	69,251	72,783	-2.1%
Total Apron Revenues	\$1,309,784	\$1,283,013	\$1,599,913	\$1,632,527	\$1,684,812	\$1,719,940	\$1,774,731	\$1,821,786	\$1,860,861	\$2,102,000	\$2,415,182	\$2,757,162	3.4%
Other													
Flexible Response Security	2,246,822	2,109,244	2,684,038	2,743,414	2,838,386	2,902,247	3,001,836	3,087,311	3,158,413	3,636,750	4,205,994	4,827,582	3.5%
MKE Regional Business Park	565,000	395,651	403,564	411,635	419,868	428,265	436,831	445,567	454,479	501,781	554,007	611,668	0.4%
Total Other Revenues	\$2,811,822	\$2,504,895	\$3,087,602	\$3,155,050	\$3,258,254	\$3,330,512	\$3,438,667	\$3,532,878	\$3,612,892	\$4,138,531	\$4,760,001	\$5,439,250	3.0%
PFC Pledged Revenues	8,286,250	8,245,162	9,265,983	9,213,824	9,177,630	9,135,354	9,089,931	10,051,597	8,322,076	3,264,104	2,547,454	2,547,454	-5.2%
Federal Relief Funds Applied to O&M	10,748,556	14,883,221	-	-	-	-	-	-	-	-	-	-	N/A
Federal Relief Funds Applied to Concessions	-	480,343	-	-	-	-	-	-	-	-	-	-	N/A
TOTAL AIRPORT REVENUES	\$97,466,439	\$103,545,187	\$105,645,533	\$116,559,975	\$121,945,529	\$121,423,294	\$139,281,541	\$138,705,718	\$157,664,603	\$166,084,875	\$192,598,547	\$205,741,733	3.5%

NOTES:
CAGR – Compound Annual Growth Rate GA – General Aviation
N/A – Not Applicable O&M – Operation and Maintenance
PFC – Passenger Facility Charge TNC – Transportation Network Company
Totals may not match due to rounding.
SOURCES: Milwaukee Mitchell International Airport records; Unison Consulting Inc., September 2022.

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10.6.1 AIRFIELD REVENUES

Airfield revenues include landing fees, GA and other airfield revenues, and air cargo rentals. Airfield revenues decreased by an average of 3.9 percent per year during the historical period. In 2020, airfield revenues decreased from \$25.2 million to \$18.1 million. Most of the decrease occurred because of the reduction in landing fee revenues as a result of the significant reduction in airline activity in 2020. Airfield revenues increased to \$21.9 million in 2021 because of increased landing fees.

Airfield revenues are budgeted to increase to \$23.7 million in 2022 and 2023. Airfield revenues are projected to increase by an average of 4.5 percent to \$62.5 million in 2045.

10.6.1.1 LANDING FEES

Landing fees include landing fees received from signatory passenger airlines, signatory cargo airlines, non-signatory passenger airlines, and non-signatory cargo airlines. Non-signatory airlines are charged the non-signatory landing fee, which includes an additional 25 percent surcharge. Revenue from landing fees decreased by an average of 5.3 percent per year from \$22.1 million in 2017 to \$17.8 million in 2021. A significant decrease in landing fee revenues occurred in 2020 as a result of the reduction in airline activity during the pandemic.

As presented in **Table 10-12**, landing fees are projected based on the projected landed fee rate, which is calculated in accordance with the Amended AULA. The signatory airline landing fee rate is projected to increase from \$4.68 in the 2022 budget to \$9.02 in 2045. The non-signatory airline landing fee rate is equal to 125 percent of the signatory airline landing fee, and it is projected to increase from \$5.85 in the 2022 budget to \$11.27 in 2045. Revenue from landing fees are projected to increase to \$56.4 million in 2045. The increase is driven by increased debt service and increased O&M expenses.

10.6.1.2 GENERAL AVIATION AND OTHER

GA and other airfield revenues include hangar rentals, fuel and oil flowage fees, fees from FBOs, and other airfield revenues. These revenues increased by an average of 3.9 percent per year from \$3.1 million in 2017 to \$3.6 million in 2021. These revenues had a significant decrease in 2020 as a result of the reduced activity.

GA and other airfield revenues are projected to increase by an average of 2.1 percent per year to \$5.2 million in 2045.

10.6.1.3 AIR CARGO RENTALS

Air cargo rental revenues are generated from building rent received for space rented in the air cargo building, air cargo ramp rent, and ground rent received from an air cargo building. Air cargo rental revenue remained relatively flat during the historical period. Air cargo rental revenue was approximately \$545,000 in 2021. These revenues are projected to increase by an average of 2.1 percent per year to approximately \$860,000 in 2045.

10.6.2 TERMINAL REVENUES

Terminal revenues include terminal space rental revenue, concession revenues, parking revenues, and other terminal revenues. Terminal revenues decreased by an average of 4.3 percent per year from \$55.7 million in 2017 to \$46.8 million in 2021. The significant decrease occurred in 2020 when the concession and parking revenues decreased as a result of the reduction in passenger activity.

Terminal revenues are budgeted to increase to \$50.6 million in 2022 and \$52.4 million in 2023. Terminal revenues are projected to increase by an average of 4.5 percent to \$132.5 million in 2045.

TABLE 10-12 PROJECTED LANDING FEE

LANDING FEE	BUDGET 2022	BUDGET 2023	2024	2025	2026	2027	2028	2029	2030	2035	2040	2045
O&M Expenses	\$25,583,077	\$27,220,734	\$27,993,422	\$28,612,692	\$29,603,206	\$30,269,252	\$31,307,926	\$32,199,395	\$32,940,957	\$37,929,821	\$43,866,803	\$50,349,705
Debt Service	60,913	60,881	60,970	230,094	230,124	230,116	3,273,694	3,273,750	4,775,059	4,735,415	8,244,258	11,477,185
Debt Service Coverage	-	-	-	-	760,893	-	375,346	-	-	-	-	-
Depreciation	1,079,334	769,495	1,257,650	1,264,258	1,267,216	1,362,122	1,436,978	1,436,978	1,436,978	1,358,266	1,358,266	1,252,054
Total Airfield Expense	\$26,723,323	\$28,051,110	\$29,312,041	\$30,107,043	\$31,861,439	\$31,861,490	\$36,393,944	\$36,910,123	\$39,152,993	\$44,023,502	\$53,469,327	\$63,078,943
Less: Credits												
Federal Relief Funds	3,888,381	5,234,110	-	-	-	-	-	-	-	-	-	-
Non-Signatory Landing Fees	1,685,515	937,711	1,699,856	1,713,543	1,783,075	1,750,904	1,992,815	1,997,741	2,110,954	4,336,059	5,323,508	6,011,177
MKE Regional Business Park Net Revenue (Loss)	(828,944)	(901,853)	(1,248,240)	(1,276,710)	(1,326,924)	(1,357,828)	(1,410,552)	(1,454,418)	(1,489,264)	(1,736,339)	(2,034,436)	611,668
GA and Other Airfield Revenues	3,261,520	3,440,426	3,585,710	3,649,908	3,715,148	3,781,344	3,848,570	3,916,180	3,985,711	4,351,675	4,752,926	5,180,185
Air Cargo Rentals	545,124	613,000	567,147	578,490	590,060	601,861	613,898	626,176	638,700	705,176	778,571	859,606
Total Airfield Credits	\$8,551,597	\$9,323,395	\$4,604,473	\$4,665,232	\$4,761,358	\$4,776,281	\$5,044,732	\$5,085,679	\$5,246,101	\$7,656,571	\$8,820,569	\$12,662,636
Airfield Requirement	\$18,171,727	\$18,727,715	\$24,707,569	\$25,441,812	\$27,100,082	\$27,085,209	\$31,349,212	\$31,824,444	\$33,906,892	\$36,366,931	\$44,648,758	\$50,416,307
Signatory Landed Weight (in 1,000 pounds)	3,883,706	3,771,256	3,976,988	4,171,125	4,344,017	4,497,984	4,638,007	4,752,815	4,831,984	5,106,288	5,319,106	5,590,434
Signatory Landing Fee	\$4.68	\$4.97	\$6.21	\$6.10	\$6.24	\$6.02	\$6.76	\$6.70	\$7.02	\$7.12	\$8.39	\$9.02
Non-Signatory Landing Fee	\$5.85	\$6.21	\$7.77	\$7.62	\$7.80	\$7.53	\$8.45	\$8.37	\$8.77	\$8.90	\$10.49	\$11.27

NOTES:

GA – General Aviation

O&M – Operation and Maintenance

SOURCES: Milwaukee Mitchell International Airport records; Unison Consulting Inc., September 2022.

10.6.2.1 SPACE RENTALS

Space rental revenues increased by an average of 16.5 percent per year from \$6.7 million in 2017 to \$12.4 million in 2021. The increase in space rental revenue was driven by a reduction in concession and parking revenues, which reduced the terminal rental revenue, as described in the Amended AULA. In addition, the space rental revenue increased as a result of increased O&M expenses allocated to the Terminal Cost Center.

Space rental revenue is projected to increase to \$29.4 million in 2042 before decreasing to \$14.4 million in 2045. As presented in **Table 10-13**, the increase is driven by the increase in debt service that is projected as a result of the implementation of the MPU projects. The decrease in 2045 is a result of a reduction in debt service and increased concession and parking credits. The terminal rental rate is projected to increase from \$49.21 per square foot in the 2022 budget to a high of \$183.12 in 2030 before decreasing to \$69.49 in 2045.

10.6.2.2 CONCESSIONS

Concession revenues include car rental revenue, gifts and novelty revenues, food and beverage revenues, TNC revenues, and other concession revenues. The Airport earns concession revenues as a percentage of gross sales, as determined by the concession agreements. Concession revenues decreased by an average of 7.7 percent per year from \$19.1 million in 2017 to \$13.9 million in 2021. The significant decrease in 2020 was a result of the reduction in passenger activity due to Covid-19.

Concession revenues are budgeted to increase to \$16.4 million in 2022. The concession revenue projections assume the future concession agreements will have similar terms. The concession revenues are projected to increase at the rate of enplaned passengers plus inflation. Concession revenues are projected to increase by an average of 3.5 percent per year to \$35.1 million in 2045.

10.6.2.3 PARKING

Parking revenues decreased from \$27.7 million in 2017 to \$11.1 million in 2020 before increasing to \$18.5 million in 2021. The decrease in 2020 occurred because of the reduction in passenger activity due to Covid-19.

Parking revenues are budgeted to increase to \$24.6 million in 2022. Parking revenues are projected to increase at the rate of enplaned passengers. In addition, it is assumed there will be a \$2 parking rate increase in each lot every 5 years of the projection period beginning in 2024. Parking revenues are projected to increase to \$81.2 million in 2045.

10.6.2.4 OTHER TERMINAL

Other terminal revenues include all remaining terminal revenues that are not included in the ADF deposit calculation. Other terminal revenues decreased by an average of 0.9 percent per year during the historical period. Other terminal revenues decreased from \$2.2 million in 2017 to \$2.1 million in 2021.

Other terminal revenues are budgeted to decrease to \$1.8 million in 2022. These revenues are projected to decrease to \$1.3 million in the 2023 budget, and they are projected to be \$1.8 million in 2045.

10.6.3 APRON REVENUES

Apron revenues include apron fees received from the signatory airlines, apron fees from the non-signatory airlines, and apron parking fees. Apron revenues decreased by an average of 2.4 percent per year during the historical period. Apron revenues decreased from \$1.4 million in 2017 to \$1.3 million in 2021, and they are budgeted to remain at \$1.3 million in 2022.

TABLE 10-13 PROJECTED TERMINAL RENTAL RATE

TERMINAL RENTAL RATE	BUDGET 2022	BUDGET 2023	2024	2025	2026	2027	2028	2029	2030	2035	2040	2045
O&M Expenses	\$39,553,582	\$44,529,483	\$45,793,498	\$46,806,541	\$48,426,890	\$49,516,453	\$51,215,584	\$52,673,908	\$53,887,004	\$62,048,119	\$71,760,229	\$82,365,390
Debt Service	9,141,630	8,552,610	5,723,973	14,383,803	14,310,408	14,240,712	21,279,935	21,210,620	38,135,540	36,265,073	40,962,930	34,493,671
Debt Service Coverage	-	-	-	-	1,777,258	-	4,276,487	-	-	-	494,884	-
Depreciation	3,848,945	3,777,685	4,005,741	4,240,731	4,240,731	4,240,731	4,240,731	4,240,731	4,240,731	4,191,344	4,377,915	4,035,516
Total Terminal Expense	\$52,544,156	\$56,859,778	\$55,523,212	\$65,431,075	\$68,755,286	\$67,997,896	\$81,012,737	\$78,125,259	\$96,263,275	\$102,504,537	\$117,595,958	\$120,894,577
Less: Credits												
Federal Relief Funds	6,006,264	9,042,648	-	-	-	-	-	-	-	-	-	-
Other Terminal Revenues	2,093,952	1,506,561	1,651,076	1,689,521	1,728,761	1,768,714	1,809,382	1,850,775	1,892,895	2,114,103	2,351,020	2,595,717
Concession Revenues ¹	14,767,574	15,999,341	17,482,416	18,016,252	18,562,809	19,120,396	19,689,007	20,268,626	20,859,241	23,968,696	27,282,451	31,610,609
Parking Revenues ¹	22,174,650	25,515,000	32,994,467	33,677,455	34,367,835	35,062,066	35,759,805	41,018,281	41,809,932	50,874,063	60,703,258	73,113,538
Total Terminal Credits	\$45,042,440	\$52,063,549	\$52,127,959	\$53,383,228	\$54,659,405	\$55,951,175	\$57,258,194	\$63,137,683	\$64,562,068	\$76,956,862	\$90,336,730	\$107,319,864
Terminal Requirement	\$7,501,716	\$4,796,229	\$3,395,253	\$12,047,847	\$14,095,881	\$12,046,721	\$23,754,544	\$14,987,577	\$31,701,207	\$25,547,675	\$27,259,228	\$13,574,713
Rented Square Feet	152,430	155,837	155,837	155,837	155,837	155,837	173,122	173,122	173,122	173,122	195,349	195,349
Terminal Rental Rate	\$49.21	\$30.78	\$21.79	\$77.31	\$90.45	\$77.30	\$137.21	\$86.57	\$183.12	\$147.57	\$139.54	\$69.49

NOTES:

O&M – Operation and Maintenance

¹ Of these revenues, 10 percent are deposited into the Airport Development Fund.

SOURCES: Milwaukee Mitchell International Airport records; Unison Consulting Inc., September 2022.

As presented in **Table 10-14**, apron fees are projected to grow based on the apron fee that is calculated in accordance with the Amended AULA. The other apron revenues are projected to increase at the rate of the non-signatory airline landed weight. Apron revenues are projected to increase by an average of 3.5 percent per year to \$2.8 million in 2045. The apron fee is projected to increase from \$512.14 per linear foot in the 2022 budget to \$1,089.88 in 2045. The increase is driven by increasing O&M expenses during the projection period.

10.6.4 OTHER

Other revenues include flexible response security charges and revenues received from the MKE Regional Business Park. Other revenues decreased from \$3.1 million in 2017 to approximately \$2.9 million in 2021.

Other revenues are budgeted to be \$2.8 million in 2022, and they are projected to increase to approximately \$5.4 million in 2045, or by an average of 3.0 percent per year.

10.6.4.1 FLEXIBLE RESPONSE SECURITY CHARGES

Flexible response security charges revenue represents amounts collected from the airlines for services provided by the Milwaukee County Sheriff's Department at the concourse checkpoints. These revenues are determined based on a per-passenger fee charged to the airlines. Flexible response security charges decreased to a low of approximately \$952,000 in 2020 as a result of reduced passenger activity.

Flexible response security charges are budgeted to be \$2.2 million in 2022. These revenues are projected to grow at the rate of enplaned passengers to \$4.8 million in 2045.

10.6.4.2 MKE REGIONAL BUSINESS PARK

MKE Regional Business Park revenues are rents collected by the Airport for renting space in the MKE Regional Business Park, which is located on Airport grounds. MKE Regional Business Park revenues fluctuated during the historical period based on the amount of space that was leased in each year. MKE Regional Business Park revenue was approximately \$547,000 in 2021.

MKE Regional Business Park revenue is budgeted to be \$565,000 in 2022. These rental revenues are projected to increase by an average of 0.4 percent per year to approximately \$612,000 in 2045.

10.6.5 PLEDGED PASSENGER FACILITY CHARGE REVENUES

Pledged PFC revenues are PFCs pledged to the payment of debt service on the bonds that funded PFC-eligible capital project costs. Therefore, the PFC-pledged revenues are equal to the amount of the PFC-eligible portion of debt service. Pledged PFC revenue was \$8.3 million in 2021.

Pledged PFC revenues are budgeted to be \$8.3 million in 2022. Based on the funding plan previously discussed, pledged PFC revenues are projected to reach a peak of \$10.1 million in 2029 before some of the existing debt service paid with pledged PFC revenues matures. Pledged PFC revenues begin to decrease in 2030 and are projected to be \$2.5 million in 2045.

TABLE 10-14 PROJECTED APRON FEE

APRON FEE	BUDGET 2022	BUDGET 2023	2024	2025	2026	2027	2028	2029	2030	2035	2040	2045
O&M Expenses	\$1,356,527	\$1,435,923	\$1,476,683	\$1,509,350	\$1,561,601	\$1,596,735	\$1,651,527	\$1,698,553	\$1,737,671	\$2,000,839	\$2,314,021	\$2,656,001
Debt Service	22,039	22,035	22,069	22,016	22,050	22,043	22,043	22,072	22,030	-	-	-
Depreciation	137,208	101,161	101,161	101,161	101,161	101,161	101,161	101,161	101,161	101,161	101,161	101,161
Total Apron Expense	\$1,515,774	\$1,559,118	\$1,599,913	\$1,632,527	\$1,684,812	\$1,719,940	\$1,774,731	\$1,821,786	\$1,860,861	\$2,102,000	\$2,415,182	\$2,757,162
Less: Credits												
CARES Act / ARPA Funds	205,990	276,105	-	-	-	-	-	-	-	-	-	-
Other Apron Revenues	115,735	56,062	59,827	60,447	61,066	61,683	62,297	62,907	63,514	66,480	69,251	72,783
Total Apron Credits	\$321,725	\$332,167	\$59,827	\$60,447	\$61,066	\$61,683	\$62,297	\$62,907	\$63,514	\$66,480	\$69,251	\$72,783
Apron Requirement	\$1,194,049	\$1,226,952	\$1,540,085	\$1,572,081	\$1,623,746	\$1,658,257	\$1,712,434	\$1,758,879	\$1,797,347	\$2,035,520	\$2,345,931	\$2,684,378
Rented Linear Feet	2,332	2,463	2,463	2,463	2,463	2,463	2,463	2,463	2,463	2,463	2,463	2,463
Apron Fee	\$512.14	\$498.15	\$625.29	\$638.28	\$659.26	\$673.27	\$695.26	\$714.12	\$729.74	\$826.44	\$952.47	\$1,089.88

NOTES:

ARPA – American Rescue Plan Act

CARES – Coronavirus Aid, Relief, and Economic Security

O&M – Operation and Maintenance

SOURCES: Milwaukee Mitchell International Airport records; Unison Consulting, Inc., September 2022.

10.6.6 FEDERAL RELIEF FUNDS

The CARES Act was established in March 2020 by the US Treasury to provide financial assistance to states and eligible units of local government impacted by the COVID-19 outbreak. The Airport was awarded approximately \$29.1 million in grants from the CARES Act. The Airport applied approximately \$22.5 million during 2020 to cover eligible operating expenses. The remaining balance of CARES Act funds is anticipated to be applied to personnel expenses and debt service in future years to mitigate any lost revenues and stabilize airline rates.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of 2021 includes billions in supplemental appropriations for COVID-19 relief that were allocated to the transit industry during the COVID-19 outbreak. The Airport was awarded approximately \$7.7 million from the CRRSAA in 2021. The CRRSAA funds are projected to be applied to offset losses and stabilize airline rates.

The American Rescue Plan Act (ARPA) was passed by Congress in March 2021 to provide additional relief to address the continued impact of COVID-19. The Airport was awarded approximately \$23.8 million in 2022 from the ARPA. The Airport applied approximately \$10.7 million and 14.9 million in the 2022 budget and 2023 budget, respectively, to cover eligible operating expenses. The remaining balance of ARPA funds is anticipated to be applied to offset losses and stabilize airline rates.

10.6.7 OVER-COLLECTED REVENUES

In 2021, Airport staff validated a liability account containing \$6.6 million of undistributed over collections from various airlines serving the Airport between approximately 1980 and 2000. After further internal review, it was determined these funds could be applied to reduce the 2021 airlines rates and charges as an additional revenue credit. The total revenue credit was allocated to each airline cost center based on the proportionate percent share of the airline cost center's 2021 O&M expenses.

10.7 DEBT SERVICE COVERAGE

Debt service coverage is calculated as net revenues, plus other available funds, divided by total annual GARB debt service. Other available funds, as defined in the bond resolution, include the unencumbered balances in the coverage fund and the surplus fund. However, other available funds to be included in the debt service coverage calculation shall not exceed 25 percent of the current-year debt service. Pursuant to the bond resolution, annual debt service coverage must be at least 1.25 times the debt service.

As presented in **Table 10-15**, annual debt service coverage is projected to fluctuate between a high of 1.98 times debt service coverage in 2024 to a low of 1.48 times debt service coverage in 2043. The average debt service during the projection period is projected to be 1.61 times the debt service. The reduction in coverage is due to increased future debt. Despite this decline, debt service coverage is projected to exceed the 1.25 times the debt service minimum requirements throughout the projection period.

TABLE 10-15 PROJECTED DEBT SERVICE COVERAGE

DEBT SERVICE COVERAGE	BUDGET 2022	BUDGET 2023	2024	2025	2026	2027	2028	2029	2030	2035	2040	2045
Revenues	\$86,717,883	\$88,661,966	\$105,645,533	\$116,559,975	\$121,945,529	\$121,423,294	\$139,281,541	\$138,705,718	\$157,664,603	\$166,084,875	\$192,598,547	\$205,741,733
Other Revenues – CARES Act / ARPA Funds	10,748,556	14,883,221	-	-	-	-	-	-	-	-	-	-
O&M Expenses	70,783,421	77,402,302	79,599,445	81,360,342	84,176,875	86,070,782	89,024,256	91,559,153	93,667,787	107,853,649	124,735,490	143,169,656
Net Revenues	\$26,683,018	\$26,142,885	\$26,046,088	\$35,199,633	\$37,768,654	\$35,352,512	\$50,257,286	\$47,146,566	\$63,996,816	\$58,231,226	\$67,863,057	\$62,572,078
Debt Service Coverage	4,377,708	4,220,172	3,768,248	5,962,434	5,935,053	5,907,056	8,416,401	8,639,510	12,813,676	11,066,148	12,938,660	12,129,577
Net Revenues Plus Coverage	\$31,060,726	\$30,363,057	\$29,814,337	\$41,162,067	\$43,703,707	\$41,259,569	\$58,673,687	\$55,786,075	\$76,810,492	\$69,297,374	\$80,801,717	\$74,701,655
Debt Service	\$17,510,831	\$16,880,687	\$15,072,993	\$23,849,738	\$23,740,213	\$23,628,225	\$33,665,604	\$34,558,040	\$51,254,705	\$44,264,592	\$51,754,641	\$48,518,309
Debt Service Coverage	1.77	1.80	1.98	1.73	1.84	1.75	1.74	1.61	1.50	1.57	1.56	1.54

NOTES:

ARPA – American Rescue Plan Act

CARES – Coronavirus Aid, Relief, and Economic Security

O&M – Operation and Maintenance

Totals may not match due to rounding.

SOURCES: Milwaukee Mitchell International Airport records; Unison Consulting, Inc., September 2022.

10.8 SIGNATORY AIRLINE COST PER ENPLANED PASSENGER

The projected airline cost per enplanement (CPE) is shown on **Table 10-16**. In general, the CPE is projected to increase in future years due to the projected increases in the annual debt service requirements related to the new facilities recommended in the MPU. Also contributing to the increases in the CPE are projected increases in O&M expenses and the exhaustion of all available COVID-19 pandemic federal relief funds. The CPE is projected to range from a low of \$6.88 in the 2023 budget to a high of \$14.89 in 2030.

CPE is often used as an industry measure of the costs charged to the airlines by airports, to assess the reasonableness of costs at one or more airports. However, there are limitations to comparing CPE levels among airports. For example, the effect of charges to the airlines for capital projects varies by airport, depending on each airport's cost center structure, each airport's airline rates and charges methodology, the nature of the capital projects, and other airport-specific factors. Rates and charges assessed by airports are a relatively minor component of the airlines' overall cost structure, because labor and fuel costs are by far the major components of the airlines' operating costs. However, the airlines often scrutinize any proposed or projected increases in rates and charges assessed by airports because they view airport-assessed fees as the one cost element over which airlines are able to assert some control. This is particularly true at airports with a residual rates and charges methodology and strong Majority-In-Interest (MII) provisions, under which the airlines are able to approve/disapprove major capital projects.

Simple comparisons of CPE levels in 2020 is problematic, mainly because of the unusual circumstances that affected CPE calculations due to the onset of the COVID-19 pandemic. CPE data for FY2021 may be slightly more representative, since the recovery of air travel had started by that year. According to data compiled by the FAA through Certification Activity Tracking System Form 127, the 2021 CPE levels at 10 airports considered comparable to MKE ranged from a low of \$8.00 (Cincinnati/Northern Kentucky) to a high of \$22.88 (Sacramento International). To evaluate pre-pandemic CPE levels, we considered the 2019 CPE levels for those 10 airports, which ranged from a low of \$4.57 (Cincinnati/Northern Kentucky International) to a high of \$14.07 (Cleveland-Hopkins International).

The projected CPE for MKE appears reasonable, considering the level of capital improvements recommended in the MPU. Some of the comparable airports already have CPE levels at or near the highest CPE level projected for MKE during the planning horizon – which reflects the anticipated effects of the capital improvement costs included in the MPU. It is important to note that other medium-hub airports will likely complete capital programs during the planning horizon, which will most likely increase the CPE range for medium-hub airports. In addition, the CPE at peer airports will increase over time as a result of increasing wages, expenses, and other inflationary factors.

10.9 CONCLUSIONS

The financial analysis presented in this section demonstrates that the capital projects included in the MPU are financially feasible. As discussed near the beginning of this section, airports face a very challenging environment in which to fund needed capital improvements. The funding plan recommended in this chapter seeks to maximize the use of available AIP, PFC, and state funding for all eligible project costs. The Airport is also planning to use CARES Act funds for eligible capital costs in the near term. The recommended strategic use of these federal and state funds is designed to minimize the effect of the capital project costs on airline rates and charges. The funding plan also utilizes CFCs and private funding, where appropriate, for specific capital projects. As a result of the analysis and projection of Airport cash flow, the funding plan seeks to utilize Airport cash flow to the extent possible. Due to the magnitude of the estimated project costs during the planning horizon, it is assumed that funding from GARB financings will be needed, with the timing and amount of each financing recommended to minimize the financial impact on the Airport's cash flow and the airline rates and charges.

TABLE 10-16 PROJECTED COST PER ENPLANED PASSENGER

COST PER ENPLANED PASSENGER	BUDGET 2022	BUDGET 2023	2024	2025	2026	2027	2028	2029	2030	2035	2040	2045
Passenger Landing Fees ¹	\$16,995,050	\$16,497,549	\$22,384,064	\$23,180,279	\$24,830,282	\$24,917,954	\$28,947,408	\$29,466,997	\$31,454,598	\$35,944,938	\$44,130,664	\$49,831,289
Terminal Rental Fees	7,501,716	4,796,229	3,395,253	12,047,847	14,095,881	12,046,721	23,754,544	14,987,577	31,701,207	25,547,675	27,259,228	13,574,713
Apron Fees	1,194,049	1,226,952	1,540,085	1,572,081	1,623,746	1,658,257	1,712,434	1,758,879	1,797,347	2,035,520	2,345,931	2,684,378
Security Fees	2,246,822	2,109,244	2,684,038	2,743,414	2,838,386	2,902,247	3,001,836	3,087,311	3,158,413	3,636,750	4,205,994	4,827,582
Signatory Airline Revenue	\$27,937,637	\$24,629,974	\$30,003,441	\$39,543,621	\$43,388,295	\$41,525,178	\$57,416,221	\$49,300,763	\$68,111,565	\$67,164,883	\$77,941,817	\$70,917,962
Enplaned Passengers	3,096,854	3,579,050	4,059,835	4,143,874	4,228,822	4,314,245	4,400,099	4,486,340	4,572,926	5,007,928	5,432,265	5,997,660
Cost per Enplaned Passenger	\$9.02	\$6.88	\$7.39	\$9.54	\$10.26	\$9.63	\$13.05	\$10.99	\$14.89	\$13.41	\$14.35	\$11.82

NOTE:

¹ Does not include cargo landing fees.

SOURCES: Milwaukee Mitchell International Airport records; Ricondo & Associates, Inc.; Unison Consulting, Inc., September 2022.