

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** February 14, 2024

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** From the Director, Department of Transportation and the Airport Director, Department of Transportation seeking authorization to enter into a Management Agreement for Airport Parking and Shuttle Operations Management.

**FISCAL EFFECT:**

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| <input type="checkbox"/> No Direct County Fiscal Impact<br><input type="checkbox"/> Existing Staff Time Required<br><input checked="" type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below)<br><input checked="" type="checkbox"/> Absorbed Within Agency's Budget<br><input type="checkbox"/> Not Absorbed Within Agency's Budget<br><input type="checkbox"/> Decrease Operating Expenditures<br><input type="checkbox"/> Increase Operating Revenues<br><input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures<br><input type="checkbox"/> Decrease Capital Expenditures<br><input type="checkbox"/> Increase Capital Revenues<br><input type="checkbox"/> Decrease Capital Revenues<br><input type="checkbox"/> Use of contingent funds |
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*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
<b>Operating Budget</b>	Expenditure	\$3,100,000	\$5,900,000
	Revenue	\$3,100,000	\$5,900,000
	Net Cost	\$0	\$0
<b>Capital Improvement Budget</b>	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
- A. The Department of Transportation, Airport Division, is seeking authorization to enter into a new multi-year management agreement with SP Plus Corporation (“Agreement”), who was selected by competitive solicitation, for parking and shuttle operations management at Milwaukee Mitchell International Airport. Under the Agreement, SP Plus Corporation will manage airport parking and shuttle operations twenty-four (24) hours per day, seven (7) days per week, each day of the year in a similar manner as currently done.
- B. 2024 Agreement revenue/expense covers the period of 06/01/24 – 12/31/24.
- Revenue:
    - 2024 projected revenue attributable to Agreement is approximately \$18.6 million.
    - Annual average revenue thereafter will be approximately \$34 million.
    - Revenue is included in 2024 budget and will be included in subsequent annual budgets.
  - Expense:
    - 2024 projected expense attributable to Agreement is approximately \$3.1 million.
    - Average annual expense thereafter will be approximately \$6.2 million.
    - Expenses are included in 2024 budget and will be included in subsequent annual budgets.
- C. Budgetary Impacts
- Revenues/expenses associated with new agreement accounted for in 2024 budget.
  - Revenues will be significantly higher than expenses.
  - 2024 total budgeted revenue is \$31.8 million.

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<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners’ review is required on all professional service and public work construction contracts.

- 2024 total budgeted expense is \$5.6 million.
- Average annual expense over term of Agreement will be approximately \$6.2 million.
- Average annual revenue over term of Agreement will be approximately \$34 million.

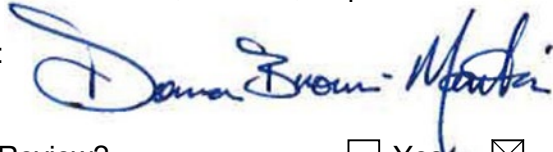
D. Assumptions:

- Parking operations will continue to be managed by current operator under expiring management agreement for the period of 01/01/24 – 05/30/24.
- Authorization will be granted to enter into a new management agreement with SP Plus Corporation for Airport parking and shuttle operations management.
- Agreement term is June 1, 2024 through December 31, 2029 and includes two, 1-year optional extensions exercisable at County's choice.
- Agreement starts June 1, 2024.
- Revenue generated by parking related activities is significantly higher than the associated operating expense.
- No budgetary impact is anticipated with the proposed action in the Airport's 2024 budget.

Prepared By: Matthew Hoffman, Director, Business & Commercial Development, Airport Division,  
Department of Transportation

Approved By: Donna Brown-Martin, Director, Department of Transportation

Authorized Signature:



Did DAS-Fiscal Staff Review?  Yes  No

Did CBDP Review?<sup>2</sup>  Yes  No  Not Required