

**COUNTY OF MILWAUKEE**  
Inter-Office Communication

Date: April 19, 2024

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Donna Brown-Martin, Director, Department of Transportation

Subject: From the Director, Department of Transportation and the Airport Director, Department of Transportation providing an Informational Report regarding an update on Proposed Cargo Development for the former 440<sup>th</sup>/MKE Business Park.

File Type: Informational Report

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This informational report provides an update on the Airport's redevelopment of the former 440<sup>th</sup>/MKE Business Park site.

**BACKGROUND**

Milwaukee Mitchell International Airport took control of the former 440<sup>th</sup> site in 2005 when the 440<sup>th</sup> Airlift Wing moved from the airfield. Since that time, the Airport has leased buildings once used by the military for various purposes with limited success. The Airport has continuously listed the property for lease since its transfer to the county and has considered multiple offers on the property from time to time. However, the Airport has always maintained that a development deal that made use of the ramp to stimulate air traffic was the highest and best use of the site. This notion was codified in the approval of the Airport's master plan by the Milwaukee County Board of Supervisors in March of 2022 and approved by the FAA later that year.

In late 2021, Crow Holdings approached the Airport with a proposal to convert the south and west areas of the former 440<sup>th</sup> site to an air cargo facility. This eventually included the development of a 337,000 square-foot air cargo facility and improvement of 483,000 square feet of aircraft ramp area capable of holding five 747-400 aircraft at one time. Crow Holdings is working in conjunction with Diamond Realty Investments to help finance the project and CBRE to seek potential users.

The development site sits entirely on a former Air Force base, which was examined for environmental contamination at the time of its transfer to the county. A relatively small and controlled petroleum-based plume was on the site. However, at the time of the

inspection, PFAS was not readily inspected or considered a concern. Due to the increased awareness and need for remediation of PFAS, the site was inspected as part of due diligence. Given its prior use, it is not surprising that the site has a considerable amount of PFAS. The Crow development team, along with their environmental review firm and the Airport, has been closely monitoring the testing results and has worked through a preliminary plan to control on-site PFAS remediation. It has taken two years to get to this point. Now that the PFAS situation is known with a controllable remediation approach, a ground lease could be structured with these considerations in mind.

There are other regulations that the Airport and county must take into account for the development to be successful. The FAA requires that any Airport that utilizes snow removal equipment (SRE) must keep that equipment in a covered and heated storage facility. MKE currently uses one of the former 440<sup>th</sup> buildings to house SRE vehicles. This building is part of the planned cargo development site. The Airport has worked with Crow to replace the highway building portion of the combined airport/highway maintenance building. The Airport will be able to store all of its equipment in the vacated highway south shop and other existing airport shop locations, and the Highway Division of MCDOT will get a new building as part of the project.

While this is a large project, it can be broken down and better understood by the following:

#### **Direct County and Airport Benefits from the Deal:**

- New Highway Division south shop building built at developer's cost.
- New and improved taxiway to access the facility site.
- New cargo facility that will help diversify the Airport's revenue streams.
- Two years' worth of environmental site examination, awareness of PFAS, and a mitigation plan undertaken at the developer's cost.

#### **What the Deal is Expected to Deliver:**

- The contract with Crow is structured to incentivize Group V aircraft which is basically the heaviest aircraft by weight. The airport assesses landing fee charges by weight. With a maximum landed weight of 652,000 pounds, each 747-400 is expected to generate \$1.3 million in landing fees annually, with a total potential increased collection of \$6.5 million.
- In addition to landing fees, the site will collect rent at least equal to the prior rent and expenditures of the former 440<sup>th</sup> site, which were \$1.1 million.
- As the operator brings in heavier aircraft, rent is reduced with anticipated increased landing fees.
- Ability to move state and locally manufactured goods through Milwaukee's airport vs. Illinois based airports.
- Possible reduction of 2,200 trucks annually on interstate between Milwaukee and Chicago.
- Reduction in pollution related to reduced trucking activity.

**Timeframe of the Project:**

- The project is expected to kick off later this year, with an estimated completion date of late 2025.

**Capital Project Establishment:**

- Need for grant support to pay local share to go to finance committee.
- The developer is willing to pay for the local share of a taxiway and ramp improvement project to support the additional weight of the anticipated aircraft.
- A taxiway will need to be developed in the current ramp area of the former 440<sup>th</sup> site sufficient to carry the weight of large-scale cargo aircraft.

**What is Still Needed Prior to Construction:**

- Federal NEPA clearance is needed from the FAA now that final WisDNR approval is in hand.
- In addition to regulatory clearance, Airport and A&E staff still need final approval of project design deliverables for all buildings and ramp improvements.

**NEXT STEPS**

All of the elements listed above make this project the most advantageous for Milwaukee County and the ongoing use of the former 440<sup>th</sup> site.

The Airport anticipates bringing forward a fund transfer to establish a county project that seeks an FAA-based grant and would oversee the construction of a taxiway and ramp development project with the local match provided by the developer. It is anticipated that this will occur in the June or July 2024 board cycle.

**ALIGNMENT TO STRATEGIC PLAN**

3B: Enhance the County's fiscal health and sustainability.

Alignment to the above strategic objectives is articulated in response to the questions below.

**FISCAL EFFECT**

The report is informational only; there is no fiscal impact.

**VIRTUAL MEETING INVITES**

Donna Brown-Martin, Director, Department of Transportation  
Brian Dranzik, Airport Director, MCDOT – Airport Division

**PREPARED BY:**

Brian Dranzik A.A.E., Airport Director, Department of Transportation, Airport Division

**APPROVED BY:**

A handwritten signature in blue ink that reads "Donna Brown-Martin". The signature is written in a cursive style with a horizontal line underneath the name.

Donna Brown-Martin, Director, Department of Transportation

**ATTACHMENTS:**

- Proposed Site Plan

cc: Kelly Bablitch, Chief of Staff, Milwaukee County Board of Supervisors  
Janelle M. Jensen, Legislative Services Division Manager, Office of the County Clerk