

**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE: February 16, 2021

TO: Marcelia Nicholson, Chair, Transportation, Public Works and Transit Committee

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

SUBJECT: Airport Coronavirus Impact Update

POLICY

This report is information only.

BACKGROUND

The following is an update intended to provide awareness of the current condition of Milwaukee Mitchell International Airport related to the COVID-19 pandemic. The airport last status report to the board regarding the COVID-19 pandemic impact was in September 2020.

Passenger Levels and Passenger Experience

After experiencing some increased passenger activity through the summer and early fall, enplaned passenger levels began to fall once again in November and December. There was a measurable uptick during the last two weeks of December over the holiday time period; however, passenger levels once again decreased by 70% from normal activity levels in January. While there are some signs of improvement, factors contributing to continued low passenger levels include state and local travel restrictions, and recent CDC guidance related to foreign travel. In addition, many businesses still have travel restrictions in place for their employees. Therefore, passenger traffic has limited to leisure or family need based travel.

From what the airport has experienced to date, it is unlikely we will see passenger levels return to pre-pandemic levels until larger numbers of individuals have had vaccinations for COVID, or if the virus itself subsides.

From a facilities perspective, the airport has made improvements by installing UV cleaning units on the handrails of the escalators and has installed air purifying ionizers in the air handling units to remove harmful air particles. The airport's cleaning regiment remains in place and certain low traffic areas remain closed. While a federal mask mandate has been put in place recently, mandatory mask policies have been in place since last summer which has been adhered to with a high degree of compliance by most passengers.

Federal Aid

At the end of 2020, Congress passed an aid package that provide some financial assistance for airports. The aid package for airports totaled \$2 billion dollars versus \$10 billion provided in aid back in the spring of 2020. At the time of this report, the total allocation for dollars has not been published so it is unclear exactly how much money Milwaukee's airport will receive. Our financial consultants have applied their best estimate of how the funds will be distributed and have come up with an amount of roughly \$7 million dollars. This is substantially less than the \$29 million provided last summer; however, there is some talk that more aid will be provided in future federal bill.

In addition, there is a total \$200 million nationwide for concessions relief for on-airport parking, on-airport car rental operators, and in-terminal food and beverage, and retail concessionaires. As of the time of this report, the distribution of these funds has not been made public yet by the FAA, nor has any programmatic guidance as to how these funds need to be applied or allocated.

Fiscal Year End

While it is still early in the year end close out process, it appears likely that the airport will have met its budget target without a need for supplemental funds from the airlines. This was largely achieved by applying much needed CARES funds as a revenue supplement. In addition, expenditure reduction measures were also taken throughout last year such as closely monitor overtime, deferring projects that could be delayed, holding certain position vacancies, and perform duties more efficiently such as providing training for work functions like our paint crew, which was well received by staff who take part in the training.

Impact to Airlines and Service Providers

Airlines are still reacting to the lower demand levels with lower service levels to fewer destinations. While it is expected that service will return, particularly to key business destinations, it likely will not take place until later in 2021. Many businesses are still operating with staff working from home. Some have indicated that they could see staff returning on-site potentially by mid-year with business travel returning sometime thereafter.

As stated previously, the airport expects most travel to be leisure or family based, particularly as the vaccine roll out becomes more widespread. Travel restrictions, particularly international restrictions, may put a damper on some travel to certain destinations. Spring break is one of the airport's busiest timepoints throughout the year, however this year it will likely be much less than past years.

As passenger levels increase, we continue to be in discussion with our concessions providers to return to full operation. Many locations are still closed with hours of flight operations remaining sporadic throughout the day. This makes it challenging for locations to anticipate consistent

business levels. Regardless, there still needs to be a balance of locations open since airlines are not providing inflight service, or modest in-flight service at best.

Concession Development Progress

There was some good news at the end of the year. Two new food and beverage locations along with two retail locations were completed. Great American Bagel and Garden District Restaurant and Bar opened on Concourse D. The Garden District Restaurant and Bar is named after the neighborhood district that the airport is located in. This site is not yet fully open due to low passenger levels. Great American Bagel is open throughout the day providing a much-needed breakfast option for travelers on the D Concourse. HMS Host has also rolled out a contactless ordering and payment system at its restaurant locations.

No Boundaries, an outdoor apparel store, opened in the main terminal just before Christmas and the popular PGA store was refreshed. Both of these retail locations are in the terminal pre-security, open and available to the general public.

In addition, the airport has started a trunk to terminal parking program with our parking operator allowing for people to remain at their vehicle instead of walking to and waiting at the pickup locations. This reduces the need for people congregating in small space like the warming shelters particularly in times of inclement weather. This program has been well received by travelers.

In closing, the airport will continue and monitor the situation and adjust as necessary to keep pace with changes in policy and changes in passenger levels to provide a safe, and comfortable experience for those who choose to travel.

RECOMMENDATION

Informational report only.

Prepared by: Brian Dranzik, Airport Director

Approved by:

Julie Esch, Deputy Director

Donna Brown-Martin, Director
Department of Transportation