

## TRIUMPH GULF COAST, INC. PRE-SCREENING FORM

### APPLICANT INFORMATION:

**Name of Individual/Entity/ Organization:** Eric Olson, Office of the Mayor, City of Pensacola

**Description of Background of Individual/Entity/Organization:** City Administrator, City of Pensacola on behalf of Mayor Ashton Hayward and the Pensacola International Airport

#### Contact Information:

**Primary Contact Information:** Eric Olson

**Title:** City Administrator

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**Co-applicants/partners:** Florida West, Department of Economic Opportunity, Florida Department of Transportation, and Pensacola International Airport

### REQUIRED EXECUTIVE SUMMARY:

#### Proposed Project:

A City of Pensacola, Florida (City) owned Commercial Aircraft Maintenance, Repair and Overhaul Campus (MRO Campus) expansion at Pensacola International Airport (Airport). The Proposed Project will result in the development of a 775,000 square foot commercial aircraft MRO Campus with commitments to create 1,600 new aerospace and directly related jobs in Northwest Florida within five to seven years or less.

MRO Facilities at the Airport	Facilities in sq. ft.	Estimated MRO Jobs
Existing MRO facilities (Occupancy March 20, 2018)	173,000	400
Proposed new MRO Campus	775,000	1,600
Total	948,000	2,000

- (i) **Amount of funds being sought from Triumph Gulf Coast:** \$130,000,000 over 5 years (2018 through 2022), see paragraph v. below for detailed timing of commitment.
- (ii) **Amount and identity of other sources of funds for the proposed project or program:**
- |                      |               |
|----------------------|---------------|
| Public/Private Funds | \$70,000,000  |
| Total Project Cost   | \$200,000,000 |
- (iii) **Location of the project or program:** Pensacola International Airport, City of Pensacola, Escambia County

**(iv) Summary description of the proposed project or program including how it will be transformational and promote economic recovery, diversification and enhance the disproportionately affected counties:**

The Proposed Project is to develop an MRO Campus at Pensacola International Airport for the benefit of multiple aviation users and education/training partners. This Project creates City owned facilities and infrastructure that will become a Center of Excellence in the MRO industry, which is part of the State of Florida and Northwest Florida FORWARD's growth strategy for the Aerospace targeted industry program, which will build upon the historical growth at the Airport in the Aviation and Aerospace industry sector.

**TRANSFORMATIONAL:** This project is transformational as it (a) creates 1,325 direct new, high paying jobs in the aerospace industry plus 275 supporting positions, (b) creates approximately 3,400 indirect new jobs in related industries, and (c) establishes Northwest Florida as a leader in the global MRO industry.

**PROMOTES ECONOMIC RECOVERY:** As a result of the increase in new direct and indirect jobs arising from this project, NW Floridians will realize increases in personal net income by over \$400 million, **every year** and the state of Florida will realize an increase in Florida GDP by over \$600 million, **every year** (See attached *Economic Impact of Proposed Expansion of Pensacola International Airport*, Haas Center report dated August 28, 2017). A one-time commitment of Triumph funds not only promotes regional economic recovery, but the Triumph funds are leveraged **every year** to drive net incomes and GDP growth in the state.

**DIVERSIFICATION:** This project diversifies the regional economy by establishing a significant aviation and aerospace industry for the region, in addition to the existing tourism, military and financial services economy. This diversification creates long-term stability for the economy and the region.

**ENHANCE THE AFFECTED COUNTIES:** The Proposed Project provides a path to the *middle-class* for many Northwest Floridians and also provides excellent job prospects for retiring, retired or discharged military veterans. Further, this project will enhance and leverage existing educational resources, such as Pensacola State College, George Stone Technical College and Washington T Booker HS Aviation Career Academy to train and certify the workforce required to fill these new jobs. Improving the educational infrastructure to train and develop the necessary workforce to support this project will greatly enhance the region.

### **Project Overview**

The Proposed Project is a natural extension of the City's growth in the MRO industry and the initial presence of VT Mobile Aerospace Engineering, Inc. (VT) in Pensacola. Currently, the City is constructing a 173,000-square foot MRO hangar at a cost \$46 million that will be occupied by VT under a 30-year lease. When this facility is completed in March 2018, it will result in the creation of 400 new high paying jobs in Northwest Florida. This MRO Campus builds upon the growth of the MRO industry segment and consequently when fully developed, will result in the direct employment of 2,000 NW Floridians in the Aviation industry and thousands more indirect jobs in related industries.

New infrastructure and MRO facilities to be constructed include the development of additional hangars, shops and warehouses, engineering and training facilities, as well as taxiways and aircraft parking ramps. Specifically, the Proposed Project includes (1) development of three additional aircraft hangars (totaling approximately 555,000 square feet) capable of accommodating aircraft as large as the Boeing 767/A300; (2) specialty shops, warehousing and support facilities (totaling approximately 100,000 square feet); (3) an Administrative Offices facility that will accommodate engineering, training (workforce education and training for A&P Mechanics and aviation technicians) and administrative functions (totaling approximately 120,000 square feet); (4) aircraft parking aprons adjacent to hangars; and (5) taxiways connecting the hangars to the airfield. Much of the city-owned infrastructure being developed will have multiple users. For example, within the MRO hangars, a training center will be established for use by a secondary education provider to

offer aviation maintenance technology programs to prepare students for a career in the commercial aviation industry. Also, administrative offices are being developed for use by the Federal Aviation Administration representatives and airline representatives (i.e. Delta, American, UPS, etc.) to be on site while their aircraft are being overhauled. Further, all of the common usage aprons and taxiways will be utilized by general airfield traffic (all airlines and other aircraft operators).

The Proposed Project together with the MRO facilities currently under construction creates a Center of Excellence and critical mass of MRO activity in Northwest Florida that will enhance the ability of the region to attract additional aviation and aerospace business opportunities. An expanded MRO industry not only creates new direct economic activity but also generates indirect activity in terms of construction jobs, supply chain providers, service providers and customers located at the Airport and the surrounding area, providing jobs and economic activity at a series of levels to grow the regional economy. As this project spans a construction timeline of 5 years, significant economic stimulus is realized by the construction activity alone and is in addition to the favorable economic impacts noted previously.

In addition to regional economic diversification and the creation of high-quality new jobs, an MRO campus further leverages the expanding Aviation and MRO industry opportunities along the Gulf Coast. Through this project, the region will participate in the projected global growth of the MRO industry, expected to grow from total gross revenues of \$75.6 billion in 2017 to an estimated \$109.2 billion in 2027, thus benefitting our state and region. Although not part of the current project, there is room for one additional MRO hangar if future expansion is needed. In addition, approximately 2,400 people are separated from local military bases every year, which has the potential to provide a substantial, technically trained workforce to support this future growth. To attract additional capital investment and keep this talent in the region, continued investment in assets supporting the aviation sector are necessary.

As part of a longer-term strategic vision, upon completion and build out, the MRO campus will be one of the largest commercial MRO Service Centers in the United States. The Service Center will leverage and enhance existing workforce development programs through Washington High School (Aviation Maintenance Academy), George Stone Technical Center (Airframe & Power plant Technology) and Pensacola State College certification programs in addition to transitioning veteran military personnel to commercial aviation and aerospace jobs.

This project firmly establishes an Aerospace and Aviation industry sector in the regional economy and will diversify economic activity in the region. Significant MRO activity adds an additional dimension to the regional economy that complements the emerging sectors of Clean Energy Wind Turbines (200 jobs), Cyber Security (140 jobs), Financial Services (6,200 jobs), MRO activity at the Airport (1,725 jobs), Tourism and Military/Government activity. Continuing investment in infrastructure along with an existing and future highly trained workforce paves the way for successful economic enhancement of the targeted aviation/aerospace industry. According to the 2014 Military Transitioning Study completed by UWF Haas Center, relevant skills are essential to continue to attract aviation investment in NAICS Targeted Industry Sectors. Specifically, this investment supports a growth strategy over the next five years to increase the number of jobs by 1,325 in Aircraft Maintenance, Modification (NAICS Code 336411, \$44,720), Support Engineering, Materials Fabrication (NAICS Code 336411, \$27,700) and Administration (NAICS Code 551114, \$70,833).

**(v) Summary timeline for the proposed project or program:**

The following is the anticipated timeline for the planning and construction of the Aviation MRO Campus. As the project would occur over a 5-year time period, the request for Triumph funds mirrors the construction schedule. The timeline below represents a five-year strategy to grow the airport MRO capacity beyond Phase 1 currently under construction.

## Construction Timeline

- 1) Hangar 1 – Completion March 2018 (not part of funding request)
- 2) Hangar 2
  - a. Plans/Specifications/Bidding – March 2018 to January 2019
  - b. Construction – February 2019 to July 2020
- 3) Hangars 3 and 4, Support Facilities and Administration Building
  - a) Environmental – May 2018 to April 2019
  - b) Plans/Specifications/Bidding – May 2018 to October 2019
  - c) Construction Hangar 3 – October 2019 to April 2021
  - d) Construction Hangar 4 – May 2020 to October 2021
  - e) Construction Administration Building – January 2020 to December 2021
  - f) Construction Warehousing/Shops/Support Facilities – January 2020 to June 2022

A commitment of Triumph Funds is being requested over the anticipated construction timeline above, as follows:

2018	\$60 million
2019	-0-
2020	\$24 million
2021	\$23 million
2022	\$23 million
Total over five years	\$130 million

Additional Triumph matching funds of \$70 million are anticipated through a combination of state and local project grants and private investment. In addition, it is expected that approximately \$18 million of private funds will be invested for the addition of furniture, fixture and equipment.